



**Directors' Remuneration
Policy**
**Prosegur Compañía de
Seguridad, S.A.**
May 29, 2018



I.- INTRODUCTION

Pursuant to article 529 *novodecies* of the Companies Law (*Ley de Sociedades de Capital*), the General Shareholders' Meeting must approve the directors' remuneration policy at least every three years, as a separate item on the agenda.

The bases and principles of the directors' remuneration policy of Prosegur Compañía de Seguridad, S.A. (the "**Company**") are laid down in article 22.3 through article 22.5 of the Company's by-laws which, for such purpose, provide as follows:

- 1.- 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, which shall remain in force unless amended by the General Shareholders' Meeting. The Board of Directors shall establish the exact amount to be paid within this limit and how it is to be distributed among the Directors, pursuant to the recommendations of the Appointments and Remuneration Committee.
- 2.- Irrespective of the provisions set forth in the preceding paragraph, remuneration systems referenced to the market price of the shares or involving the delivery of shares or stock options may be established for the Directors. Such systems must be approved by the General Shareholders' Meeting in accordance with legal provisions.
- 3.- 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, including, where appropriate, participation in any incentive systems generally established for the senior management of the Company, which may include shares or stock options, or payments indexed to value of the shares, in any case subject to the applicable legal requirements, and participation in the relevant pension plans and insurance premiums. Upon termination, Directors may be entitled, under the terms and conditions approved by the Board of Directors, to appropriate financial compensation.

By virtue thereof, the Company's General Shareholders' Meeting approved this Directors' Remuneration Policy of the Company (the "**Remuneration Policy**"), which will remain in force during 2018, 2019 and 2020. Any amendment or replacement of this Remuneration Policy during that time will require the prior approval of the General Shareholders' Meeting, in accordance with the procedure established for obtaining such approval.

II.- GENERAL PRINCIPLES

The remuneration policy is aimed at ensuring that the remuneration of the Company's directors is in line with their dedication and liability and consistent with the remuneration paid on the market by comparable companies at national and international level, bearing in mind the long-term interests of all shareholders.

Thus, the Remuneration Policy must be in line with the circumstances existing at any given time, with special attention to changes in legislation, in best practices, recommendations and trends, both national and international, in the remuneration of directors of listed companies and to the conditions prevailing on the market.



Accordingly, article 28 of the Board Regulations provides that the Board will procure that the directors' remuneration is moderated in line with the demands of the market and, as the case may be, if it deems appropriate, that one part is linked to the Company's income. In connection with nonexecutive directors, article 29 of the Board Regulations provides that the Board of Directors and the Appointments and Remuneration Committee will take all measures available to them to ensure that the remuneration of nonexecutive directors complies with the following guidelines:

- a) The nonexecutive director must be remunerated in line with his actual dedication.
- b) The nonexecutive director must be excluded from welfare schemes financed by the Company for cases of resignation, death or any other.
- c) The amount of the remuneration must be calculated in such a way as to offer incentives for his dedication, but not to create a barrier to his independent opinion.

In turn, in connection with executive directors, the fundamental criteria is that of offering remuneration schemes which make it possible to attract, retain and motivate outstanding professionals, with a view to enabling the Company to achieve its strategic objectives within the increasingly competitive and internationalized context in which it pursues its activities.

Consequently, the remuneration policy is based on the following principles and criteria:

- a) creation of long-term value for the Company, aligning the remuneration schemes with the strategic plan;
- b) attraction, motivation and retention of the best professionals;
- c) responsible achievement of objectives, in accordance with the Company's risk management policy; and
- d) transparency in the remuneration policy.

This Remuneration Policy distinguishes between the remuneration scheme for holding office as director, as such, and the remuneration scheme for the discharge of executive functions by executive directors.

III.- REMUNERATION SCHEME FOR HOLDING OFFICE AS DIRECTOR, AS SUCH

1.- Company Policy

Pursuant to article 22.3 of the by-laws, the office of director is remunerated.

The total remuneration payable by the Company to all its directors, as such, cannot exceed the maximum amount stipulated for such purpose by the General Shareholders' Meeting, which amount will remain in force until the Shareholders' Meeting resolves to modify it. Accordingly, at the Company's General Shareholders' Meeting held on May 29, 2017, those present resolved to stipulate €2,000,000 as the maximum amount of total annual remuneration payable by the Company to all its directors, as such, excluding the remuneration of executive directors for executive functions.

The Board of Directors must set the exact amount payable within this limit and determine its allocation among the various directors, at the proposal of the Appointments and Remuneration Committee.



With the exceptions provided for under paragraph two of this section and bearing in mind the maximum limit indicated in the preceding paragraph, the remuneration of directors, as such, is structured, within the statutory and by-law framework, around the following items:

(i) Annual fixed allowance

Each year directors receive a fixed amount in line with market standards, having regard to the offices they hold on the Board of Directors and on the Committees on which they sit, at all times bearing in mind the limit on the remuneration of directors, as such. It is paid on a quarterly basis.

(ii) Attendance fees

Directors receive fees for attending meetings of the Board of Directors and of the Committees on which they sit.

2.- Application to financial year 2018

For financial year 2018, the Board of Directors approved the following remuneration for the aforesaid items:

| | Chairman | Member |
|--|-----------------|---------------|
| Board of Directors | | |
| Annual fixed allowance | €79,500 | €79,500 |
| Attendance fees | €1,850 | €1,850 |
| Audit Committee | | |
| Annual fixed allowance | €33,750 | €25,000 |
| Attendance fees | €1,850 | €1,850 |
| Appointments and Remuneration Committee | | |
| Annual fixed allowance | €17,850 | €14,700 |
| Attendance fees | €1,400 | €1,400 |

Also, for holding office as Chairman of the Company's Board of Directors, the Board approved specific remuneration, additional to that referred to above, consisting of an annual fixed allowance of €470,596.

For holding office as Deputy Chairman of the Company's Board of Directors, the Board approved specific remuneration, additional to that referred to above, consisting of an annual fixed allowance of €157,500.

At all times within the limit imposed by the General Shareholders' Meeting on the total remuneration of all directors, as such (currently, as indicated above, €2,000,000), the Board of Directors, following a report by the Appointments and Remuneration Committee and pursuant to the by-laws, may adjust the foregoing amounts for future years.



IV.- REMUNERATION SCHEME FOR THE DISCHARGE OF EXECUTIVE FUNCTIONS

1.- Company Policy

The remuneration receivable by executive directors for the discharge of execution functions at the Company (different, therefore, from the functions linked to their office as Board member, which will be remunerated pursuant to the preceding section of this Remuneration Policy), is structured as follows:

(i) Fixed remuneration

Determined having regard to the substance of the executive functions attributed to them, and to the fact that this part of the remuneration must be in line with the remuneration paid on the market by comparable companies in terms of capitalization, volume and international implementation.

(ii) Remuneration of the post-contractual non-competition clause, should such a clause be included in the executive director's contract.

If the executive director's contract includes a post-contractual non-competition clause, the executive director's remuneration may include a suitable fixed cash amount, payable periodically, as remuneration for the director's submission to the clause.

(iii) Variable remuneration

The variable remuneration of executive directors is aimed at strengthening their commitment to the Company and creating an incentive for the optimum discharge of their functions. It comprises short-term variable remuneration (annual bonus) and medium- and long-term variable remuneration (long-term incentive).

a) Short-term variable remuneration (annual bonus): The annual bonus will be payable in cash and will be linked, for the most part, to the achievement of the Company's economic-financial objectives, as well as to the performance of personal objectives.

The target amount cannot exceed 80% of the annual fixed remuneration and the maximum amount, 150% of such remuneration.

The Appointments and Remuneration Committee must approve the objectives of the annual bonus at the beginning of each year and assess performance after year-end. When doing so, the Appointments and Remuneration Committee may contract the advisory services of an independent expert.

This assessment is made on the basis of the audited performance, following an analysis by the Audit Committee, as well as on the degree of achievement of objectives. The Appointments and Remuneration Committee also considers the quality of performance on the long-term, any associated risk in the proposal of variable remuneration and other significant aspects, such as the impact of the exchange rate or similar.

Following this analysis, the Appointments and Remuneration Committee establishes a proposal for the bonus, which will be submitted to the Board of Directors for approval.

b) Medium- and long-term variable remuneration (long-term incentive): The Company also considers the application of a medium- and long-term incentive scheme to its executive



directors (consisting of a multi-year bonus, the award of shares, stock options or warrants or schemes referenced to share value or analogous systems) related, for the most part, to the Company's performance in connection with certain economic-financial parameters aligned with the Company's strategic objectives, with a view to retaining and motivating executive directors and creating value on the long term. Schemes linked to Company shares will be submitted to the General Shareholders' Meeting for approval, as stipulated by law.

In this connection, the Company intends to set up a long-term incentive plan with an approximate time horizon of three years (i.e., the plan would cover a period of three consecutive years, 2018, 2019 and 2020). The objectives of the plan will be linked to the creation of value for the Company at global or unit (region, country) level, having regard to the position held by the beneficiary, the scope of his liability and, where appropriate, personal objectives. The creation of value is calculated having regard to metrics significant to the business, such as EBITA, debt, capex, etc. during the period of reference. Between 50% and 100% of the incentive receivable, as the case may be, will be paid in Company shares and the remainder in cash, notwithstanding the possibility of making a cash settlement (at market value) of the part of the incentive payable in shares.

In general, the value on the grant date cannot exceed 200% of the annual fixed remuneration at that time, multiplied by the number of years of reference of the plan (generally, three years), establishing a minimum achievement, a target achievement and a maximum achievement of the incentive (the maximum can be up to 200% of the objective, at most).

(iv) Remuneration in kind

With a view to offering a competitive and attractive remuneration package, executive directors will be able to receive remuneration in kind, such as (without limitation) life and accident insurance, health insurance, annual medical checkup or company car, depending on the Company's policies. In any case, the remuneration in kind cannot exceed 20% of the annual fixed remuneration.

2.- Application to financial year 2018

For financial year 2018, the remuneration package of the Chief Executive Officer, Mr. Christian Gut Revoredo, at the Company is composed as indicated below. For such purpose, regard must be had to the fact that, notwithstanding the foregoing, Mr. Christian Gut Revoredo also holds, as executive director, the office of Executive Chairman of Prosegur Cash, S.A., a listed subsidiary of the Company, harmonizing both relationships (CEO of the Company and Executive Chairman of Prosegur Cash, S.A.) and dividing his dedication between the two companies reasonably and equitably, so that he may suitably attend to the businesses of both, also receiving the related remuneration from Prosegur Cash, S.A., pursuant to its directors' remuneration policy and to the annual report on directors' remuneration of Prosegur Cash, S.A.

- (i) Fixed remuneration: €460,000 gross per year.
- (ii) 2018 short-term remuneration (2018 annual bonus): target amount of €307,500 gross and maximum amount of €461,250 gross.
- (iii) Medium and long-term variable remuneration (long-term incentive): the Chief Executive Officer (as well as other executives of the Prosegur Group) will participate in the Company's 2018-2020 Long-Term Incentive Plan known as "Plan 2018-2020", which will be submitted, together



with this Remuneration Policy, to the upcoming 2018 Annual Shareholders' Meeting of the Company for approval. The 2018-2020 objectives will be linked to the creation of value for the Company at global or unit (region or country) level, having regard to the position held by the beneficiary, the scope of his liability and, where appropriate, personal objectives. The creation of value is calculated having regard to metrics significant to the business during the three-year period of reference, pursuant to the regulation of the plan approved by the Board of Directors.

The incentive receivable, as the case may be, will be paid, in the case of the Chief Executive Officer, entirely in Company shares, stipulating a maximum number of shares awardable to the Chief Executive Officer (maximum achievement of the incentive) of 478,428 common shares of the Company for Plan 2018-2020, in its entirety.

- (iv) Remuneration in kind: The Chief Executive Officer receives remuneration in kind consisting of life and accident insurance, health insurance, annual medical check-up and company car, within the limit imposed in this Remuneration Policy.

The CEO's remuneration package for future years will be adjusted, in the context of this Remuneration Policy, bearing in mind, in particular, the worthiness and merits of the executive, the market conditions at comparable companies and the extent to which it can be borne by the Company, with a maximum increase of 50% per year in the total package.

Record is hereby left that the Company's 2015-2017 Long-Term Incentive, approved by the General Shareholders' Meeting at its meeting held on April 28, 2015, will be settled in 2018.

In this connection, the Board of Directors, following a report by the Appointments and Remuneration Committee, has valued the calculation of the creation of value linked to the aforesaid plan determined in euros (difference in EBITA, less debt) at a degree of achievement equal to 150%. The effect of the difference calculated in local currency with respect to the estimated inflation/devaluation is 56 percentage points. Certain quantitative facts not considered in the initial strategic plan, as well as qualitative facts, were produced (singularly the materialization of value disclosed on the flotation of the subsidiary Prosegur Cash, S.A.) which the Appointments and Remuneration Committee deemed it appropriate to consider, also weighting the fact that part of the creation of value was generated as a result of the favorable evolution of inflation/devaluation in certain territories in which it pursues its activity. Having regard to all of these factors, the Board of Directors, following a report by the Appointments and Remuneration Committee, has decided to propose to the Shareholders' Meeting that, in this remuneration policy, the creation of value linked to the plan merits the recognition of a degree of achievement equal to 125%.

BASIC TERMS OF THE CONTRACTS OF EXECUTIVE DIRECTORS

The following are the basic terms of the Chief Executive Officer's contract:

- (i) Term

The contract of the Company's Chief Executive Officer has an indefinite term, and may be terminated by either party at any time, without restriction, through written notice served to the other party, which does not have to be notified in advance, and without the CEO being entitled to any type of severance or indemnification for said termination.



(ii) Clause on return of remuneration

The Chief Executive Officer's contract stipulates that he agrees to return the amount of any variable remuneration (annual or multi-year) received, if evidence is provided that the payment was not consistent with the established performance conditions or where it was paid having regard to data later proven inaccurate.

(iii) Ethical duties

The Chief Executive Officer must conduct himself in compliance with the duties of good faith and loyalty, refraining from any direct or indirect participation in situations which could give rise to a conflict between his personal interests and those of the Company.

(iv) Professional secrecy

The Chief Executive Officer is obliged to uphold professional secrecy in connection with any of the Company's confidential data or information known to him by virtue of his office, undertaking not to make undue use of such information, either for his own benefit or for that of a third party, to the detriment of the Company.

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