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# Annual Report On Corporate Governance of Listed Corporations

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# Annual Report On Corporate Governance of Listed Corporations

## A. Structure of the property

### A.1 Complete the following table regarding company's share capital:

Date of last modification	Share capital (€)	Number of shares	No. of voting rights
06/07/2012	37,027,478.40	617,124,640	617,124,640

State if there are different categories of shares with different associated rights:

No

### A.2 Details of direct and indirect holders of significant shareholdings, of the company at financial year end, excluding directors:

Name or business name of shareholder	No. of direct voting rights	No. of indirect voting rights	% of total voting rights
Ms. Mirta Maria Giesso Cazenave	1,898,320	32,879,867	5.64%
Gubel, S.L.	309,026,930	0	50.08%
Fmr LLC	0	24,452,187	3.96%
Oppenheimer International Growth Fund	30,969,685	0	5.02%
Oppenheimer Acquisition Corporation	0	34,957,437	5.66%
Invesco Limited	0	11,595,772	1.88%

Name or business name of the indirect owner of the share	Via: Name or business name of the direct owner of the share	No. of voting rights
Ms. Mirta Maria Giesso Cazenave	As Inversiones, S.L.	32,879,867
Gubel, S.L.	Gubel, S.L.	0
Fmr LLC	Miscellaneous Funds	24,452,187
Oppenheimer International Growth Fund	Oppenheimer International Growth Fund	0
Oppenheimer Acquisition Corporation	Miscellaneous Funds	34,957,437
Invesco Limited	Miscellaneous Funds	11,595,772

State the most significant changes to the shareholder structure during the financial year:

Name or business name of shareholder	Date of the transaction	Description of the transaction
Fmr LLC	24/02/2017	Share capital has increased 3%
Cantillon Capital Management LLC	01/12/2017	Share capital has decreased 3%

**A.3 Complete the following tables regarding with the members of the company's board of directors that hold voting rights over shares in the company:**

Name or business name of director	No. of direct voting rights	No. of indirect voting rights	% of total voting rights
Ms. Helena Irene Revoredo Delvecchio	0	309,240,330	50.11%
Mr. Christian Gut Revoredo	885,430	0	0.14%

Name or business name of the indirect owner of the share	Via: Name or business name of the direct owner of the share	No. of voting rights
Ms. Helena Irene Revoredo Delvecchio	Gubel, S.L.	309,026,930
Ms. Helena Irene Revoredo Delvecchio	Prorevosa, S.L.	213,400
Mr. Christian Gut Revoredo	Mr. Christian Gut Revoredo	0

<b>total voting rights in the hands of the board of directors</b>	<b>50.25%</b>
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Complete the following tables regarding with the members of the company's board of directors who hold rights over company's shares:

Name or business name of director	No. of direct voting rights	No. of indirect voting rights	No. of equivalent shares	% of total voting rights
Mr. Christian Gut Revoredo	797,380	0	797,380	0.13%

**A.4 State, where applicable, the familiar, commercial, contractual or business existing relationships between the holders of significant shareholdings, insofar as these as known by the company, except where they are scarcely relevant or derive from ordinary commercial traffic or business:**

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A. STRUCTURE OF THE PROPERTY

**A.5 State, where applicable, the familiar, commercial, contractual or business existing relationships between the holders of significant shareholdings, and the company and/or its group, except where they are scarcely relevant or derive from ordinary commercial traffic or business:**

#### **Name or business name related parties**

Proactinmo, S.L.U.

Prosegur Compañía De Seguridad, S.A.

**Type of relationship:** Commercial

**Short description:**

In October 2005 a lease agreement for the building on calle Santa Sabina, number 8, Madrid adjacent to a building on calle Pajaritos, number 24 was signed with Proactinmo, S.L.U (Controlled by Gubel, S.L.). The total cost for this lease agreement during fiscal year 2017 was 1.164 million euros.

In December 2015, a lease agreement of the building located in Calle Pajaritos, no. 24, in Madrid was signed with Proactinmo, S.L.U (controlled by Gubel, S.L.). The total cost for this lease agreement during fiscal year 2017 was 757 thousand euros.

#### **Name or business name related parties**

Euroforum Escorial S.A.

Prosegur Compañía de Seguridad, S.A.

**Type of relationship:** Commercial

**Short description:**

During the fiscal year the Euroforum Group (controlled by Gubel, S.L.) billed hotel services to Prosegur for 193 thousand euros.

**A.6 State whether the company has been notified of shareholder agreements that affect it as stipulated in articles 530 and 531 of the Spanish Companies Act. Where applicable, describe them briefly and list the shareholders related to the agreement:**

No

State whether the company knows of the existence of joint actions between its shareholders. Where applicable, describe them briefly:

No

Where there was any change to or termination of these agreements or joint actions during the financial year, expressly state it:

N/A

**A.7 State whether there is any individual or legal entity that exercises or may exercise control over the company as provide the article 4 of Securities Market Law. Where applicable, identify it:**

Yes

Name or company name
Ms. Helena Irene Revoredo Delvecchio
Observations
Through the company GUBEL, S.L.

**A.8 Complete the following tables regarding the company's treasury stock:**

At year end:

No. of direct shares	No. of indirect shares (*)	total % of share capital
18,627,835	0	3.02%

(\*) Via:

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

Explain the significant variations
There was a change in the company's own shares:  Delivery of a total of 67,035 shares to employees as part of their variable remuneration on 23/03/2017

**A.9 Details the conditions and term of the current mandate of the shareholder's meeting to the board of directors to issue, re-purchase or transmit the company's own shares.**

The Ordinary General Meeting of Shareholders of Prosegur Compañía de Seguridad, S.A., held on 27 April 2016, resolved to renew the authorisation granted at the General Shareholders' Meeting (on 27 June 2011) for the derivative acquisition of treasury stock 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 Spanish Companies Act, in compliance with the requirements stipulated in applicable legislation at all times and under the following conditions.

- a. Purchases can be made directly by the Company or indirectly through their subsidiaries and the purchases can be made by contract of sale, exchange, or any other legally recognised method.
- b. The face value of the shares to be purchased when added to the value of the shares already owned, directly or indirectly, cannot exceed the legally permitted maximum percentage at any time.
- c. The minimum purchase price of each share will be the face value, and the maximum price will be that listed on the stock market on the purchase date increased by 10%.
- d. This authorisation is granted for a period of five years.

It is expressly stated that this authorisation may be used wholly or partially for the acquisition of treasury stock to be delivered or transmitted to directors or employees of the company or its affiliates, directly or as a consequence of these aforementioned parties exercising their stock options, all within the framework of the remuneration systems referenced to the market price of the shares of Prosegur Compañía de Seguridad, S.A.

2. It is authorised for the purposes of the provisions of the last paragraph of section a) of Article 146.1 of the Spanish Companies Act, that the shares acquired by the company or its subsidiaries under this authorisation to earmark all or partly to be delivered to employees or directors of the Company or its subsidiaries, either directly or as a result of exercising the option rights they hold.
3. 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.
4. Terminate, in the part unused, the authorisation granted in point seven of the agenda for the Ordinary General Shareholders' Meeting held on 27 June 2011.

#### A.9.bis Estimated floating capital:

	%
<b>Estimated Floating Capital</b>	32.75

**A.10 State whether there is any restriction on the transfer of shares and/or any restriction on voting rights. In particular, the existence of any type of restriction that may make a takeover of the company through acquisition of shares on the market difficult will be notified:**

No

**A.11 Indicate whether the general Shareholders meeting has resolved anti-takeover measures in accordance with the provisions in Law 6/2007:**

No

Where appropriate, explain the s approved measured and the terms under which the inefficiency of restrictions will be produced:

#### **A.12 Indicates if the company has issued securities that are not traded in a regulated community market:**

No

Where applicable, state the different types of shares and, for each category of share, the rights and obligations they entail.

## **B. General Shareholders' Meeting**

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#### **B.1 State whether there are any differences from the minimum requirements of the Spanish Companies Act (LSC) regarding the quorum for constituting the general shareholders' meeting and, where applicable, give details of the same:**

No

#### **B.2 State whether there are any differences from the requirements of the Spanish Companies Act (LSC) for adopting company's agreements and, where applicable, give details of the same:**

No

Describe how it differs from the requirements of the LSC.

#### **B.3 State the rules applicable to changing company's bylaws. In particular, the majorities required for changing bylaws and, where applicable, the rules for safeguarding the rights of partners when changing bylaws will be notified:**

The board of directors submits the proposals for changing or adding to the company bylaws to the general shareholders' meeting with the corresponding directors' report on those changes to the bylaws.

All the documentation relating to the changes to bylaws is made available to shareholders when the general shareholders' meeting is announced where the changes are approved.

The announcement of the general shareholders' meeting gives details of the shareholders' right to examine and obtain all the documentation in this regard at the company's registered address, and also to request it to be sent to them immediately and free of charge.

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B. GENERAL  
SHAREHOLDERS' MEETING



With regard to majorities, article 17.2 of the regulations of the General Shareholders' Meeting stipulates that, for the General Shareholders' Meeting to validly approve a change to the bylaws, shareholders holding at least fifty per cent (50%) of the subscribed capital with a right to vote must be present or represented at the first meeting announced. The attendance of shareholders holding twenty-five per cent (25%) of this capital will be sufficient at the second meeting.

When shareholders representing less than (50%) of subscribed capital with a right to vote attend, the agreements mentioned in the above paragraph may only be adopted validly with the vote in favour of two thirds (2/3) of the capital present or represented at the general shareholders' meeting.

#### B.4 State the details of attendance at general shareholders' meetings held during the year that this report refers to and those held the previous year:

Details of attendance					
Date of general shareholders' meeting	% of physical presence	% by proxy	% remote voting		Total
			E-vote	Others	
29/05/2017	0.17%	84.22%	0.00%	0.00%	84.39%

#### B.5 State whether there is any bylaws restriction that stipulates a minimum number of shares required for attending the general shareholders' meeting:

Yes

<b>Number of shares required for attending the general shareholders' meeting</b>	<b>1,000</b>
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#### B.6 Section revoked.

#### B.7 State the URL and access way on the company website for information on corporate governance and other information on general shareholders' meetings that should be available to shareholders on the company website:

URL: [www.prosegur.com](http://www.prosegur.com)

Way to access corporate governance content: Home page/Investors & Shareholders/Corporate governance and Home page/Investors & Shareholders/General Ordinary Shareholders' Meeting

## C. Structure of the Company Administration

### C.1 Board of directors

C.1.1 Maximum and minimum number of directors provided for in the company's bylaws:

<b>Maximum number of directors</b>	<b>15</b>
<b>Maximum number of directors</b>	<b>5</b>

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

Name or business name of director	Representative	Category of the director	Role on the board	Date first appoint	Date last appoint	Election procedure
Mr. Fernando D'Ornellas Silva		Independent	Director	27/04/2016	27/04/2016	General Shareholders' Meeting Agreement
Mr. Eugenio Ruiz- Gálvez Priego		Other External	Director	27/06/2005	29/05/2017	General Shareholders' Meeting Agreement
Ms. Helena Irene Revoredo Delvecchio		Nominee	Chairman	30/06/1997	27/04/2016	General Shareholders' Meeting Agreement
Mr. Isidro Fernández Barreiro		Other External	Vice Chairman	19/06/2002	27/04/2016	General Shareholders' Meeting Agreement
Mr. Christian Gut Revoredo		Executive	Director Director	30/06/1997	27/04/2016	General Shareholders' Meeting Agreement
Mr. Fernando Vives Ruiz		Independent	Director	29/05/2012	28/04/2015	General Shareholders' Meeting Agreement
Ms. Chantal Gut Revoredo		Nominee	Director	30/06/1997	27/04/2016	General Shareholders' Meeting Agreement
Mr. Ángel Duráñez Adeva		Independent	Director	29/05/2017	29/05/2017	General Shareholders' Meeting Agreement

<b>Total number of directors</b>	<b>8</b>
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State the resignations from the board of directors during the reporting period:

Name or business name of director	Category of the director at the time of termination	Leaving date
Mr. Pedro Guerrero Guerrero	Independent	29/05/2017

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C. STRUCTURE OF THE  
COMPANY ADMINISTRATION

C.1.3 Complete the following tables regarding the Board members and their different categories:

#### Executive directors

Name or business name of director	Role in the company's organisational table
Mr. Christian Gut Revoredo	Managing Director
<b>Total number of executive directors</b>	<b>1</b>
% of the total board	12.50%

#### External proprietary directors

Name or business name of director	Name of the significant shareholder he or she represents or how proposed his or her appointment
Ms. Helena Irene Revoredo Delvecchio	Gubel, S.L.
Ms. Chantal Gut Revoredo	Gubel, S.L.
<b>Total number of proprietary directors</b>	<b>2</b>
% of the total board	25.00%

#### External independent directors

**Name or business name of director:**

Mr. Fernando D'Ornellas Silva.

**Profile:**

Degree in Law and Economics from ICADE E3.

MBA from IESE.

Director of Prosegur Compañía de Seguridad S.A. since 2016.

Director of Meliá Hotels International since 2012.

Chief Executive Officer Bergé Group between 2007 and 2012.

Director of Endesa S.A. between 2007 and 2009.

**Name or business name of director:**

Mr. Fernando Vives Ruiz.

**Profile:**

Doctor of Law, Comillas Pontifical University (ICADE).

Degree in Economics and Business Science, Comillas Pontifical University (ICADE).

Chairman and Managing Partner of the legal firm JA Garrigues, S.L.P.

Professor of Business Law, Comillas Pontifical University (ICADE).

Member of the Consultative Committee of the National Securities Market Commission.

Prosegur director since 2012.

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**Name or business name of director:**

Mr. Ángel Durández Adeva.

**Profile:**

Degree in Economics, Merchant Professor, Chartered Accountant and founding member of the Federation of Accountants and Auditors. Arthur Anderson was incorporated in 1965 and was a member from 1976 to 2000. Until March of 2004 he had directed the EuroAmerican Foundation, of which he was the founder trustee. Currently he is a Director of Mediaset España, S.A., Director of Repsol, S.A., Director of Quantica Producciones, S.L., Director of Ideas4all, S.L., Chairman of Arcadia Capital, S.L., Member of the Independent Foundation and Vice-President of the EuroAmerica Foundation.

<b>Total number of independent directors</b>	<b>3</b>
total % of the board	37.50%

State whether any director qualified as independent receives from the company, or from its group, any amount or benefit other than director's remuneration, or maintains or has maintained, during the last financial year, a business relationship with the company or with any company in its group, whether in their own name or as a significant shareholder, director or senior management of an entity that maintains or has maintained the aforementioned relationship.

**Name or business name of director:** Fernando Vives Ruiz.

Description of the relationship: Managing director of the law firm J&A Garrigues, S.L.P., which provides legal and tax advisory services to the Company of a recurrent and ordinary nature. The total fees invoiced to the Company by J&A Garrigues S.L.P. for these services in 2017 amounts to EUR 1,305 thousand which represents less than 0.5% of the total administrative expenses of the Company and less of 0.5% of the total turnover of J&A Garrigues S.L.P. in 2017.

**Reasoned statement:** The firm J&A Garrigues, S.L.P. has been providing Prosegur Group, in a recurring manner and since long before the appointment of Fernando Vives as a director of the Company, legal and tax advisory services, within the ordinary course of business and in market conditions. The Prosegur Group does not work exclusively with the firm J&A Garrigues, S.L.P., receiving legal and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from the Prosegur Group are not significant for the firm in material terms, as they represent less than 1% of the total turnover, nor do they represent a significant amount in the Prosegur Group accounts. The remuneration of Mr. Fernando Vives as member of J&A Garrigues, S.L.P. is totally independent and is not linked in any way to the billing of the office to the Prosegur Group. Therefore, the Board of Directors considers that the business relationship between the firm J&A Garrigues, S.L.P. and the Prosegur Group, due to its recurring nature in the ordinary course of business, its non-exclusivity and its scant importance in the aforementioned terms, does not in any way affect the independent nature of Fernando Vives for performing the role of director of Prosegur and being classed as independent. In addition, Prosegur provides surveillance services at the Garrigues head office on Calle Hermosilla in Madrid. The total invoicing to J&A Garrigues S.L.P. for said services in 2017 amounts to EUR 524 thousand which represents less than 0.5% of the total sales of the Company.

**Name or business name of director:** Fernando D'Ornellas Silva

Description of the relationship: Senior Advisor of Lazard Asesores Financieros S.A. since 2013.

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C. STRUCTURE OF THE COMPANY ADMINISTRATION

Reasoned statement: Prosegur Compañía de Seguridad, S.A. in 2017 hired equity advisory services from Lazard Asesores Financieros, S.A. in the scope of the preparation process of the market listing of their division of business of Cash from the Prosegur Group, Prosegur Cash, S.A. After the market listing of Prosegur Cash, S.A. the contractual relationship ended with Lazard Asesores Financieros, S.A. Mr. D'Ornellas did not form part of the advising team that provided services to Prosegur at that time. The hiring of Lazard Asesores Financieros, S.A. was the result of an internal selection process in which Mr. D'Ornellas did not participate or have any influence in the final decision. The relationship between Mr. D'Ornellas and Lazard Asesores Financieros, S.A. is a business relationship of providing advisory services in the Latin America area and his remuneration does not imply sharing in the profits of Lazard Asesores Financieros, S.A. The billing of Lazard Asesores Financieros, S.A. to Prosegur Compañía de Seguridad, S.A. by virtue of the contracted equity advisory services has not represented more than 5% of the annual billing of Lazard Asesores Financieros, S.A. in fiscal year 2017. Furthermore, the remuneration of Mr. D'Ornellas as senior advisor of Lazard Asesores Financieros, S.A. is totally independent and is not linked in any way to the billing of this entity to the Prosegur Group nor in the market listing operation previously indicated. Therefore, the Board of Directors considers that the business relationship between Lazard Asesores Financieros, S.A. and the Prosegur Group, due to their limited nature to a specific operation in which Mr. D'Ornellas does not participate in the advisory team of Lazard Asesores Financieros, S.A. nor affects in any way his remuneration, in the ordinary course of business, non-exclusive and of little importance in the terms detailed, does not affect in any way the independence of Mr. Fernando D'Ornellas to perform the position of independent director of Prosegur.

Where applicable, a reasoned statement by the board will be included regarding the reasons for which it considers that the director may perform his or her duties as an independent director.

#### Other external directors

The other external directors will be identified and details will be given of the reasons why they may not be considered proprietary or independent and their connections, whether with the company, its directors or its shareholders:

##### Name or business name of director:

Mr. Eugenio Ruiz-Gálvez Priego.

##### Company, management or shareholder with whom the he has ties:

Prosegur Compañía De Seguridad, S.A.

##### Reasons:

Course of the legal term of consecutive years as director to be considered independent.

##### Name or business name of director:

Mr. Isidro Fernández Barreiro.

##### Company, management or shareholder with whom the he has ties:

Prosegur Compañía De Seguridad, S.A.

##### Reasons:

Course of the legal term of consecutive years as member of the board to be considered independent.

<b>Total number of other external directors</b>	<b>2</b>
total % of the board	25.00%

State the variations, where applicable, that occurred during the period in the category of each director:

Name or business name of director	Date of change	Previous category	Current category
Mr. Eugenio Ruiz-Gálvez Priego	29/05/2017	Independent	Other External

C.1.4 Complete the following table with information relating to the number of female directors over the past 4 years, and the nature of these directors:

	No. of female directors				% of the total directors of each type			
	Financial year 2017	Financial year 2016	Financial year 2015	Financial year 2014	Financial year 2017	Financial year 2016	Financial year 2015	Financial year 2014
	Executive	0	0	0	1	0.00%	0.00%	0.00%
Nominee	2	2	3	2	100.00%	100.00%	100.00%	100.00%
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:	2	2	3	3	25.00%	25.00%	33.33%	33.33%

C.1.5 Explain the measures that, where applicable, have been adopted to try to include a number of women on the board of directors that ensures a balanced presence of men and women:

Explanation of the measures	N/A

C.1.6 Explain the measures that, where applicable, have been agreed by the appointments committee so that the selection procedures do not suffer from implicit bias that hinders the selection of female directors, and so that the company make a conscious effort to include women with the desired professional profile among potential candidates:

Explanation of the measures	
	The Policy of selecting candidates for Directors approved by the Board of Directors of 24/02/2016 states that selecting candidates for director will start with an analysis of the needs of the Company and the group of companies whose company is dominant, which shall be carried out by the Board of Directors with the advice and report provided by the Appointments Committee. Among other conditions, people will be sought whose appointment favours diversity of knowledge, experiences, nationalities and gender within the Board of Directors. The Policy of selecting candidates for Directors will ensure that the number of female directors continues to represent thirty percent of the total members of the Board of Directors.

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C. STRUCTURE OF THE COMPANY ADMINISTRATION

When, in spite of the measures that, where applicable, have been adopted, the number of female directors are low or null, give reasons to justify this:

<b>Explanation of reasons</b>	Prosegur Compañía de Seguridad, S.A. has directors that represent 25% of the members of the Board of Directors, however, during the last fiscal years (2013, 2014 and 2015) the number of directors represented more than 30% of the total and continued their commitment to fulfilling this percentage in accordance with that established in its Board of Directors candidate selection policy.
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C.1.6 bis Explains the conclusions of the appointments committee regarding the verification of compliance with the directors selection policy. And, in particular, regarding how that policy is promoting the objective of the number of female directors representing, at least, 30% of the total members of the board of directors by 2020:

<b>Explanation of conclusions</b>	Prosegur has directors that represent 25% of the members of the Board of Directors, however, during the last fiscal years (2013, 2014 and 2015) the number of directors represented more than 30% of the total members of the Board and the Company continues in their commitment of complying with this percentage in accordance with that established in its Board of Directors candidate selection policy.
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C.1.7 Explain how shareholders with significant shareholdings are represented on the board of directors.

Gubel, S.L. has two proprietary directors. Mr Christian Gut Revoredo is an executive director proposed by Gubel S.L.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding participation is less than 3% of the share capital:

**Name or business name of shareholder:**

<b>Justification:</b>	N/A
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State whether formal requests have not been answered for a presence on the board from shareholders whose shareholdings are equal to or more than those of others at whose request proprietary directors have been appointed. Where applicable, give the reasons why they were not answered:

No

C.1.9 State whether any director has resigned before the end of their mandate, if he or she gave reasons and by which means, to the board and, if they were given in writing to the board as a whole, explain the reasons given, at least, below:

C.1.10 State what authority, if any, the managing director/s has/have:

**Name or business name of director:**

Mr. Christian Gut Revoredo.

**Short description:**

The managing director has all the authority of the board of directors in his or her favour, except for those that may not be delegated by Law, by the bylaws or by the regulations of the board of directors.

C.1.11 Identify, where applicable, the board members that assume administrative or management roles in other companies that form part of the listed company's group:

Name or business name of director	Business name of the group company	Role	Do they have executive functions?
Mr. Christian Gut Revoredo	Prosegur Cash, S.a.	Chairman	Yes
Ms. Chantal Gut Revoredo	Prosegur Cash, S.a.	Director	No

C.1.12 Give details, where applicable, of the company directors that are board members of other companies listed on the official stock markets other than those of its group, that have been notified to the company:

Name or business name of director	Business name of the group company	Role
Mr. Fernando D'Ornellas Silva	Melia Hotels International S.A.	Director
Ms. Helena Irene Revoredo Delvecchio	Endesa, S.A.	Director
Ms. Helena Irene Revoredo Delvecchio	Mediaset España Comunicación. S.A	Director
Mr. Ángel Durández Adeva	Repsol,S.A.	Director
Mr. Ángel Durández Adeva	Mediaset España Comunicacion, S.A.	Director

C.1.13 State and, where applicable, explain whether the company has stipulated rules regarding the number of boards on which its directors may sit:

No

C.1.14 Section revoked.

C.1.15 Indicate the overall remuneration of the board of directors:



State the global remuneration of the board of directors (thousands of EUR)	2,383
Amount of global remuneration that corresponds to the pension rights accumulated by directors (thousands of EUR)	0
Amount of global remuneration that corresponds to the pension rights accumulated by former directors (thousands of EUR)	0

C.1.16 Identify the members of senior management who are not executive directors and indicate the total accrued remuneration to them during the fiscal year:

Name or company name	Role
Mr. Javier Taberbero Da Veiga	Security Global Director
Mr. Rafael Ros Montero	Alarms Global Director
Mr. Fernando Abos Pueyo	Global Director of Risk Management
Mr. Antonio Rubio Merino	Chief Financial Officer
Mr. Francisco Javier Poveda Gil	Internal Audit Director
Mr. Rodrigo Zulueta Galilea	Chairman Prosegur Latam
Ms. Sagrario Fernández Barbe	Corporate Legal Director
Mr. Miguel Ángel Bandrés Gutiérrez	Corporate Director of Human Resources
<b>Total remuneration of senior management (thousands of EUR)</b>	<b>2,861</b>

C.1.17 State, 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 or business name of director	Business name of significant shareholder	Role
Ms. Helena Irene Revoredo Delvecchio	Gubel, S.L.	Chairman
Mr. Christian Gut Revoredo	Gubel, S.L.	Director
Ms. Chantal Gut Revoredo	Gubel, S.L.	Director

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

**Name or business name of related director:**

Ms. Helena Irene Revoredo Delvecchio.

**Name or business name of related significant shareholder:**

Gubel, S.L.

**Description of the relationship:**

Shareholder individually having control.

**Name or business name of related director:**

Mr. Christian Gut Revoredo.

**Name or business name of related significant shareholder:**

Gubel, S.L.

**Description of the relationship:**

Shareholder with non-controlling minority shareholding.

**Name or business name of related director:**

Ms. Chantal Gut Revoredo.

**Name or business 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 regulations of the board of directors during the financial year:

Yes

Description of the changes
<p>The Board of Directors in their meeting on 30/10/2017 approved the modification of the following articles of the Board of Directors Regulations with the purpose of exclusively attributing to the Audit Committee the power of assessing and reporting on the transactions with related parties or that imply or could imply conflicts of interest.</p> <p>Modification of article 5.3.q) of the Regulations that, from here on out, shall be drafted as follows:            "The approval, prior to report of the Audit Committee, of the operations that the Company or companies of its group perform with directors, in the terms of articles 229 and 230 of the Companies Act, or with owning shareholders, individually or together with others, of a significant interest, including shareholders represented in the Company's Board of Directors or of other companies that form part of the same group or with persons related to them ("related-party transactions"), in the terms and conditions established in this Regulation".</p> <p>Addition of a new section t) to article 16.3 of the Regulations with the following drafting:            "Report on the related-party transactions or the transactions that imply or could imply conflicts of interest, in the terms established in the law and in this Regulation".</p> <p>Modification of article 17.3.n) of the Regulations that, hereinafter, shall be drafted as follows:            "Report on the subjects covered in chapter IX of this Regulation attributed to the Appointments and Remuneration Committee".</p> <p>Modification of article 39.1 of the Regulation:            "The Board of Directors formally reserves the prior approval of the Audit Committee of any transaction that the Company or companies of its group perform with directors, with owning shareholders, individually or together with others, of a significant interest, including shareholders represented in the Company's Board of Directors or of other companies that form part of the same group, or with persons related to them ("related-party transactions")".</p> <p>Modification of article 39.2 of the Regulations that, hereinafter, shall be drafted as follows:            "Under no circumstance shall a related-party transaction with a shareholder be authorised without a prior report by the Audit Committee which assesses the transaction from the point of view of equal treatment of shareholders and market conditions".</p> <p>Modification of article 39.3 of the Regulation:            "In the case of transactions during ordinary corporate business that are common or recurring, it shall only be necessary for the Board of Directors to issue a prior, generic authorisation for the line of transactions and their execution conditions. However, a report must first be submitted by the Audit Committee."</p>



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

(i) Selection.

In the policy selecting candidates for director of the Company, it is established that the selection shall be carried out by the Board of Directors with the advice and report provided by the Appointments and Remuneration Committee.

Candidates must be honourable, suitable individuals of acknowledged solvency, skill, experience, qualification, training, availability and commitment to their duties. Specifically, the candidates must be upstanding professionals whose conduct and professional career is in line with the principles in the Group's Code of Ethics as well as with the Group's mission, vision and values.

Candidates will also be sought whose appointment favours diversity of knowledge, experiences, nationalities and gender within the Board of Directors.

(ii) Appointment.

The Company bylaws provide that the Board of Directors shall comprise, at least, five and, at most, fifteen members to be appointed at the General Shareholders' Meeting.

The appointment of Directors at the company is subject to the decision of the General Shareholders' Meeting. Only on certain occasions, in accordance with the provisions of the Spanish Companies Act, may directors be appointed through co-option, and this decision is then ratified at the next General Shareholders' Meeting. The Board shall ensure that the composition of the body, external directors constitute a majority over executive directors, and reduce their number to a minimum.

In accordance with the provisions of article 20 of the Regulation of the Board of Directors, proposals for the appointment of directors which the Board of Directors decides to submit to the General Shareholders' Meeting and the decisions regarding appointments by co-option must be subject to the corresponding proposal (in the case of independent directors) or report (in the case of other directors) issued by the Appointments and Remuneration Committee.

The proposals must always be submitted with a justification report by the Board of Directors which assesses the skill, experience and merit of the candidate. Any proposal for appointing or re-electing a non-independent director must also be preceded by a report from the Appointments and Remuneration Committee. The foregoing also applies to natural persons that have been appointed representatives of directors that are legal entities.

(iii) Re-election.

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

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 by the Appointments and Remuneration Committee, evaluating the quality of the work and professional dedication of the directors proposed during the previous term.

(iv) Assessment.

In accordance with the provisions of article 17 of the Regulations of the Board, the Appointments and Remuneration Committee will organise and coordinate the periodic evaluation of the Chairperson of the Board of Directors and, with this, the periodic evaluation of the Board of Directors, of its members and the CEO of the Company.

(v) Termination.

In accordance with Article 24 of Regulations of the Board of Directors, Directors will cease to hold their post when their appointment's term elapses and when it is so decided by the Shareholders' Meeting or the Board of Directors pursuant to their legal or bylaw-based powers.

The Board may only propose that the appointment of an independent director be terminated before the end of their term when there is just cause as determined by the Board with the aid of a report from the Appointments and Remuneration Committee.

Directors must present their resignation to the Board of Directors and, if deemed advisable, formalise their resignation in the following cases:

- (i) When no longer exercising the executive positions, to those that are related to their appointment, or representing shareholders in the case of proprietary directors, or when the reasons for their appointing no longer exist.
- (ii) When they fulfil any of the legally established conditions of incompatibility or prohibition.
- (iii) When they are prosecuted for an allegedly criminal offence or are object of a disciplinary file due to a serious or very serious offence.
- (iv) When they are severely reprimanded by the Audit Committee for having infringed their obligations as directors.
- (v) When their membership in the Board of Directors may affect the credit or reputation of the Company or put its interests at risk.

Directors who terminate their position before the end of their term (be it because they resign or for any other reason) must state their reasons in a letter sent to all directors. Without prejudice to reporting this termination as a relevant fact, the reason therefor must be described in the annual corporate governance report.

C.1.20 Explain to what extent the annual evaluation of the board has given rise to significant changes in its internal organisation and in the procedures applicable of its activities:

<b>Description of the changes</b>	The annual assessment has not given rise to changes as they were not considered necessary
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C.1.20.bis Describe the assessment process and the assessed areas that the auxiliary board of directors has performed, where applicable, by an external consultant, respect to the diversity in their composition and powers, of the operation and the committees composition, of the performance of the chairman of the board of directors and the first executive of the company and the performance and approval of each director.

In accordance with Article 5 of the Regulations of the Board of Directors, one of the main missions of the Board of Directors is the general supervisory function highlighting among others overseeing its own organisation and operation.

Article 17 of the Regulations of the Board highlights that the Appointments and Remuneration Committee will organise and coordinate the periodic evaluation of the Chairperson of the Board of Directors and, with this, the periodic evaluation of the Board of Directors, of its members and the CEO of the Company. .

The Company does not have an external consultant so the Appointments and Remuneration Committee will directly perform the duty of assessment.

C.1.20.ter Breakdown, where applicable, the consultant or any company of its group business relationships maintains with the company or any company of its group:

N/A

C.1.21 Indicate the circumstances under which the resignation of directors is mandatory:

In accordance with Article 24.3, directors must offer their resignation to the Board of Directors and, if deemed necessary by the latter, present their resignation formally in the following cases:

- i) When no longer exercising the executive positions to which their appointment as director is related or when the reasons for their appointment no longer exist. Specifically, in the case of nominated directors, when the shareholder(s) that proposed, required or determined their appointment sell(s) or transfer(s) their participation partially or in full and, as a consequence, the shareholder(s) no longer hold a significant or sufficient equity participation to justify the appointment.
- (ii) When they fulfil any of the legally established conditions of incompatibility or prohibition.
- (iii) When they are prosecuted for an allegedly criminal offence or are object of a disciplinary file due to a serious or very serious offence instructed by the supervisory authorities.
- (iv) When they are severely reprimanded by the Audit Committee for having infringed their obligations as directors.

(v) When their membership in the Board of Directors may affect the credit or reputation of the Company or in any other way put its interests at risk.

C.1.22 Section revoked.

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

No

Where appropriate, describe the differences.

C.1.24 Explain whether there are specific requirements, other than the requirements relating to Directors, to be appointed chairman of the board of directors:

No

C.1.25 Indicate if the Chairman has a tie-breaking vote:

Yes

<b>Matters where there is a quality vote</b>	In accordance with article 23.6 of the Company Bylaws. Notwithstanding legal provisions relating to majorities, resolutions are adopted by an outright majority of the Directors attending the meeting. In the event of deadlock, the Chairman has the casting vote.
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C.1.26 State whether board bylaws or regulations stipulates any Directors age limit:

No

C.1.27 State whether the bylaws or the board regulations stipulate a term limit for independent directors, other than the one stipulated in regulations:

No

C.1.28 State whether the bylaws or the regulations of the board of directors stipulate specific rules for delegating votes to the Board of Directors, how this is done and, in particular, the maximum num-

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ber of proxies that can be held by one director, as well as whether there is any limit to the number of categories that can be made proxy, other than the limitations imposed by law. In the event, give a brief outline of these rules.

Article 23.5 of the Company's Bylaws stipulates 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. In any event, non-executive directors may only delegate their representation to another non-executive director.

Furthermore, in accordance with the provisions of Article 19 of the 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. In any event, nonexecutive directors may only delegate their representation to another non-executive director.

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

<b>Number of Board meetings</b>	<b>11</b>
<b>Number of Board meetings without the chairman in attendance</b>	<b>1</b>

If there is an executive director, state the number of meetings held without the attendance or representation of any executive director and chaired by the coordinating director:

<b>Number of meetings</b>	<b>0</b>
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State the number of meetings held in the year by the different board committees:

<b>Commission</b>	<b>No. of meetings</b>
Auditing committee	5
Appointments and remuneration committee	5

C.1.30 Indicate the number of meetings held by the Board of Directors during the fiscal year with all members attending. Include attendance with representation involving specific instructions:

<b>Number of meetings with all members in attendance</b>	<b>9</b>
<b>% of attendance out of total votes during the year</b>	<b>80.00%</b>

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

Yes

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

Name	Role
Mr. Antonio Rubio Merino	Chief Financial Officer

C.1.32 Explain, if applicable, the mechanisms stipulated 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.

Article 8 of the Regulations of the Audit Committee establishes that it is a power, amongst others, of the Audit Committee, to ensure that the Board of Directors presents the accounts of the General Meeting without limitations or exceptions in the audit report and, in the exceptional cases in which there are exceptions, to explain, via the Chairman of the Audit Committee, and ensure that the auditors explain the content and scope of these limitations or exceptions clearly to the shareholders.

Lastly, Article 44 of the Regulations of the Board stipulates 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 a director?:

No

If the Secretary is not a director, complete the following table:

Name or business name of secretary	Representative
Ms. Sagrario Fernández Barbe	

C.1.34 Section revoked.



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

Article 9 of the Regulations of the Audit Committee establishes that the Audit Committee has the following powers of information, advising and proposal in relation with the auditor:

- Make recommendations to the Board of Directors for appointment, re-election and replacement of the external auditor, being responsible for the selection process in accordance with that established in the law, as well as the contract conditions and regularly gather the auditor information regarding the auditing plan and its execution, in addition to preserving their independence in the exercising of their functions.
- Ensure that the remuneration of the external auditor in their work does not compromise their quality or their independence.
- Ensure that the Company and the external auditor observe current rules and policies on the provision of services other than audit services, the limitations on the concentration of business of the auditor and, in general, other rules and policies regarding independence of auditors.
- Establish and maintain the appropriate relationships with the external auditor to receive information regarding matters that could compromise the independence thereof for consideration by the Committee, and any other matters related to the account auditing development process, and, when applicable, the authorisation of the services other than those prohibited, in the terms mentioned in the law, as well as other communications established in the account auditing legislation and in the auditing policies. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding their independence from the company or companies that are directly or indirectly linked to the Audit Committee. The auditor must also provide detailed and individual information about any additional services that have been provided by the auditor and paid for by these companies, or any additional services provided by individuals or companies linked to the auditor pursuant to the legislation in force.
- Annually issue, prior to the issuance of the account auditing report, a report in which an opinion is expressed on whether the independence of the auditor is compromised. In all events, this report must contain an opinion about the substantiated assessment of the provision of each and every additional service mentioned above (individually and as a group), which is different from legal auditing and in connection with the independence system or the regulations on account auditing.

Article 23.2. of the Regulations of the Audit Committee "Relationships with shareholders and other interested parties" establishes that the operating report of the Audit Committee will include, amongst other aspects, their opinion regarding the independence of the auditor.

Article 25. of the Regulations of the Audit Committee "Relationships with the auditor" establishes that:

- The relationships of the Audit Committee with the Company auditor will be respectful with their independence, in accordance with that established in this Regulation and in the applicable regulation.
- The Committee shall require from the auditor an annual independence certification from the firm as a whole and from the members of the team that participate in the audit process of the annual accounts of the Group, as well as information of the additional services of any type provided by the auditors or other related persons in accordance with that established in the legislation regarding account auditing. The auditor shall also include a statement in the annual certification that it sends to the Audit Committee in which it reports on compliance with the application of the internal quality assurance procedures and independence safeguards that have been implemented.

In this regard, Article 44 of the Regulations of the Board stipulates 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.

Regarding financial analysts and investment banks as well as with regard to the rating agencies, at present no procedure is established in order to ensure the independence of the same, although Prosegur has always acted transparently with them and their criteria have always been based on the principles of professionalism, solvency and independence in their views.

C.1.36 Indicate whether the Company has changed the external auditor during the fiscal year. 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 other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage represented of these aggregate fees charged to the company and/or its group:

Yes

	Company	Group	Total
Fees for work other than auditing (thousands of EUR)	5		
Fees for work other than auditing/Total fees billed by the audit firm (%)	5		

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

Yes

C.1.39 State the number of consecutive financial years that the current auditing firm has been auditing the annual accounts for the company and/or its group Likewise, state the percentage represented by the number of financial years audited by the current auditing firm out of the total number of financial years that the annual accounts have been audited:

	Company	Group
Number of consecutive years	8	8
No. of fiscal years audited by the current audit firm / No. of fiscal years in which the company has been audited (in %)	26.66%	26.66%

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

Yes

<b>Provide details of the procedures</b>	<p>The procedures are described in detail in Article 27 of the Regulations of the Board.</p> <p>External directors may request that legal, accounting, financial advisers or other experts be hired, payable by the Company. The experts must be commissioned to work on specific problems that are relatively important and complex.</p> <p>The decision to engage the services of experts must be notified to the Chairman and may be vetoed by the Board of Directors if it is proven that:</p> <ol style="list-style-type: none"> <li>a. That it is not necessary for the proper performance of the duties entrusted to the external directors;</li> <li>b. That its cost is not reasonable in light of the significance of the issues and the assets and income of the Company; or</li> <li>c. That the technical assistance sought may be adequately provided by the Company's own experts and technical personnel.</li> </ol>
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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

<b>Provide details of the procedures</b>	<p>In accordance with that established in Article 18 of the Regulations of the Board of Directors, the holding of the meetings will take place with a minimum notice of three days and will always include the agenda of the meeting and will be accompanied, where applicable, by the relevant information as deemed necessary.</p> <p>Likewise Article 26 and 27 of the Regulations of the Board of Directors establish the power of information of the directors as well as their right to request the help from experts.</p>
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C.1.42 State whether the company has stipulated 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

<b>Explain the rules</b>	<p>In accordance with Article 24.2, sections 3 and 4 of the Rules and Regulations of the Board, directors must offer their resignation to the Board of Directors and, if deemed necessary by the latter, present their resignation formally in the following cases:</p> <ul style="list-style-type: none"><li>(i) When no longer exercising the executive positions to which their appointment as director is related or when the reasons for their appointment no longer exist. Specifically, in the case of nominated directors, when the shareholder(s) that proposed, required or determined their appointment sell(s) or transfer(s) their participation partially or in full and, as a consequence, the shareholder(s) no longer hold a significant or sufficient equity participation to justify the appointment.</li><li>(ii) When they fulfil any of the legally established conditions of incompatibility or prohibition.</li><li>(iii) When they are prosecuted for an allegedly criminal offence or are object of a disciplinary file due to a serious or very serious offence instructed by the supervisory authorities.</li><li>(iv) When they are severely reprimanded by the Audit Committee for having infringed their obligations as directors.</li><li>(v) When their membership in the Board of Directors may affect the credit or reputation of the Company or in any other way put its interests at risk.</li></ul> <p>Directors must inform the Board of Directors of any court proceedings they are defendants in and any disciplinary proceedings initiated by the supervisory authorities due to a serious or very serious incident. In both events, the directors must inform of any subsequent actions. If a legal action were initiated against a director or an order to proceed to a public hearing were issued due to any of the crimes listed in the legislation on companies, the Board of Directors must analyse the case as soon as possible and, based on the specific circumstances, decide whether or not the director must retain his/her position. All details shall be carefully described in the annual corporate governance report.</p>
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C.1.43 Indicate whether any board member has informed the Company that he/she has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes contemplated in Section 213 of the 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.

Line of credit agreement syndicated for 200 million euros, between Prosegur Compañía de Seguridad, S.A. and a syndicate of accrediting entities, dated 10 February 2017. On 31 December 2017, the available capital was 0.0 euros. In the event of change of control, the accrediting entities would no longer be obliged to make available to the Company the quantities required by it and would be able to request early termination.

Line of credit agreement syndicated for 300 million euros, between Prosegur Cash, S.A. and a syndicate of accrediting entities, dated 10 February 2017. On 31 December 2017, the available capital was 0.0 euros. In the event of change of control, the accrediting entities would no longer be obliged to make available to the Company the quantities required by it and would be able to request early termination.

Syndicated financing agreement for 70 million Australian dollars, dated 28 April 2017, between the Australian subsidiaries of the Company as accredited and a syndicate of accrediting entities. On 31 December 2017, the available capital was 70 million Australian dollars. In the event of change of control of Prosegur Cash, S.A., the accrediting entities would no longer be obliged to make available to the accredited companies the quantities required by it and would be able to request early termination.

Financing agreement for 272 million Rands, dated 29 January 2016. This agreement was initially signed by Prosegur Compañía de Seguridad, S.A. and on 14 July 2017 was given to Prosegur Cash, S.A., which since then changed to be accredited. On 31 December 2017, the available capital was 272 million Rands. In the event of change of control, the accrediting entity would no longer be obliged to make available to the Company the quantities required by it and would be able to request early termination.

Issuance on 2 April 2013 of a bond on behalf of Prosegur Compañía de Seguridad, S.A. for 500 million euros and maturing on 2 April 2018. In the event of a change of control, the bond holders could request the resale of the obligations if the change of control comes accompanied by the loss of investment degree rating (under BBB-).

Issuance on 4 December 2017, to the increase of the issue of securities of fixed income programme (Euro Medium Term Note Programme) of the Company, of ordinary obligations on behalf of Prosegur Cash, S.A. for 600 million euros and maturing 4 February 2026. In the case of change of control, the bond holders may request the resale of the obligations if the change of control comes accompanied by the loss of investment degree rating (under BBB-).

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:

	<b>Board of Directors</b>	<b>General Shareholders'</b>
Body authorising the clauses	Yes	No
<b>Is the General Shareholders' Meeting informed about the clauses?</b>		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 executive, proprietary, independent and other external directors they comprise:

### Auditing Committee

<b>Name</b>	<b>Role</b>	<b>Category</b>
Mr. Fernando D'Ornellas Silva	Chairman	Independent
Mr. Ángel Durández Adeva	Member	Independent
Mr. Isidro Fernández Barreiro	Member	Other External

<b>% of proprietary directors</b>	0.00%
<b>% of independent directors</b>	66.67%
<b>% of other external directors</b>	33.33%

Explain the duties assigned to this committee, describe the organisational and operational procedures and rules for the same and summarise its most important actions during the financial year.

In accordance with article 16 of the Regulations of the Board of Directors:

1. The Audit Committee will comprise, at least, three and, at most, five non-executive directors. The members, and especially its Chair, shall be appointed based on their knowledge and experience in accounting, auditing or risk management. Most of its members must be independent directors.
2. The Board will appoint as Chairman from amongst the independent directors. The duration of the position will be a maximum period of four years, after which period such person may not be re-elected until passing, at least, one year from terminating this position, notwithstanding their continuity or re-election as member of the Committee.
3. The Audit Committee shall perform the following basic duties:
  - a. Report to the General Shareholders' Meeting with respect to issues raised therein in matters in their area of authority.
  - b. Ensure that the Board of Directors presents the accounts to the General Meeting without limitations or exceptions in the audit report.
  - c. Make recommendations to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor, as well as the conditions of their hiring.
  - d. As for the external auditor: (I) consider, where appropriate, the reasons for his resignation; (ii) ensure that their remuneration does not compromise their quality and independence; (iii) monitor that the Company reports any change of auditor as a significant event to the CNMV (iv) ensure that the external auditor holds an annual meeting with the Board to communicate their work and the evolution of the accounting situation and risks of the Company; (V) monitor compliance with the audit contract; and (vi) Ensure that regulations concerning the provision of various services respecting the audit.
  - e. Establish and maintain timely relationships with the external auditor in the terms included in the law.
  - f. Annually issue, prior to the issuance of the account auditing report, a report on if the independence of the auditor is compromised.
  - g. Supervise internal audit.
  - h. Supervise the drawing up process and presentation of the required financial information.
  - i. Supervise the efficiency of the internal control of the Company and the risk management systems, including the tax risks, presenting, where applicable, recommendations to the Board of Directors.
  - j. Supervise the operation of the control and risk management unit of the Company.
  - k. Analyse and report the economic conditions, the accounting impact and, where applicable, the exchange rate proposed of the structural and corporate operations and modifications that the Company plans to perform, before being submitted to the Board of Directors.
  - l. Report, with anticipation, to the Board of Directors, regarding all the subjects established in the law and the By-Laws.
  - m. Review the prospectuses of issuing and any other relevant information that the Board of Directors should supply to the markets and their supervisory bodies.
  - n. Establish and supervise a system that allows employees to communicate, confidentially and where applicable, anonymously, any potentially important irregularity.

- o. Evaluate the suitability of the Company's corporate governance system and supervise compliance with the internal conduct codes and corporate governance rules.
  - p. Supervise the communication strategy and relationship with shareholders and investors, including small and medium shareholders.
  - q. Review the Company's corporate responsibility policy.
  - r. Evaluate everything relating to the non-financial risks of the company.
  - s. Coordinate the non-financial and diversity information reporting process, in accordance with the applicable regulation and the international reference standards.
4. The Audit Committee shall meet periodically and at least four times a year.
  5. Any member of the management team or Company or Group personnel, including the auditor if required, shall be obligated to attend the Audit Committee meetings and lend their collaboration and access to information that they have.
  6. They will be able to gather the advice from external professionals, for which purpose will be to apply that established in article 27 of this Regulation.
  7. The Chairman shall render account to the Board of Directors of the issues dealt with and the decisions adopted within, in the first meeting of the Board of Directors after a meeting of this Committee. Additionally, the Audit Committee's minutes must be available to the directors.

The Audit Committee approved a Regulation of the Audit Committee on 19 December 2017 that you may access on the Company's website: [www.prosegur.com-Investors&Shareholders-corporate-governance-corporate-governance-regulations-Regulations-of-the-Company's-Audit-Committee](http://www.prosegur.com-Investors&Shareholders-corporate-governance-corporate-governance-regulations-Regulations-of-the-Company's-Audit-Committee).

Identify the director on the audit committee who was appointed taking into account his or her knowledge and experience in the accountancy area, audit or in both and report on the number of years that the Chairman of this committee has been in the role.

<b>Name of the director with experience</b>	<b>Mr. Isidro Fernández Barreiro</b>
<b>No. of years the Chairman in role</b>	<b>1</b>

#### Appointments and remuneration committee

<b>Name</b>	<b>Role</b>	<b>Role</b>
Mr. Ángel Duráñez Adeva	Member	Independent
Mr. Fernando D'Ornellas Silva	Member	Independent
Mr. Isidro Fernández Barreiro	Member	Other External
Mr. Fernando Vives Ruiz	Chairman	Independent
Ms. Chantal Gut Revoredo	Member	Nominee

<b>% of proprietary directors</b>	20.00%
<b>% of independent directors</b>	60.00%
<b>% of other external directors</b>	20.00%



Explain the duties assigned to this committee, describe the organisational and operational procedures and rules for the same and summarise its most important actions during the financial year.

In accordance with Article 17 of the Regulations of the Board:

1. The Appointments and Remuneration Committee consists of between three and five non-executive directors appointed by the Board of Directors. They must have the knowledge, skills and experience necessary for performing their duties in the Committee. Most of the members of the Appointments and Remuneration Committee must be independent directors.
2. The Board of Directors shall appoint the Chair of the Appointments and Remuneration Committee from among the independent directors that are part of the Committee.
3. Without prejudice to the duties assigned by the Board of Directors, the Appointments and Remuneration Committee shall perform the following basic duties:
  - a. Evaluate the powers, knowledge and experience of the directors.
  - b. Report to the Board of Directors regarding the issues relative to gender diversity and establish a representation target for the least represented sex in the Board of Directors.
  - c. Make recommendations to the Board for appointment of independent directors for their appointment by co-optation or for their submitting to the opinion of the General Meeting, as well as proposals for the re-election or separation of these directors by the General Shareholder's Meeting.
  - d. Report proposals for the appointment, re-election, or separation of the remaining directors of the Company.
  - e. Annually verify the compliance with the directors selection policy and report it in the annual corporate governance report.
  - f. Report the proposals for appointment and separation of positions within the Board of Directors and propose to the Board of Directors the members that should form part of each of the committees.
  - g. Examine and organise the transfer of the Chairman of the Board of Directors and the first executive of the Company.
  - h. Organise and coordinate the periodic assessment of the Chairman of the Board of Directors and, along with this, the periodic assessment of the Board of Directors, of its members and of the first executive of the Company.
  - i. Report the proposals for appointment and separation of senior officers and propose to the Board of Directors the basic conditions of their contracts.
  - j. Propose to the Board of Directors the director remuneration policy and of the general managers or who performs their powers of senior management under the direct authority of the Board, of executive committees or of delegated directors, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring their observance.
  - k. Check the observance of the remuneration policy established by the Company.
  - l. Periodically review the remuneration policy applied to the directors and senior officers, including the remuneration systems with, or referencing, shares of the Company and their application, weighing their appropriateness and their performance, as well as guaranteeing their individual remuneration whether proportionate to which is paid to the other directors and senior officers of the Company.
  - m. Verify the information regarding remuneration of the directors and senior officers contained in the different corporate documents, including the annual report on director remuneration.
  - n. Report in relation to the transactions that imply or could imply conflicts of interests.
  - o. Ensure that the possible conflicts of interest do not harm the independence of the external consulting provided, where applicable, to the Committee.

4. The Appointments and Remuneration Committee must consider the suggestions from the Chair, the members of the Board of Directors, executives or shareholders.
5. The Appointments and Remuneration Committee shall consult with the Chair of the Board of Directors and the Company's top executive, especially in matters relating to the executive directors and senior executives.
6. The Appointments and Remuneration Committee shall meet every time the Board of Directors or its Chair requests a report or that proposals be adopted and, in any event, whenever it is advisable for correct performance of its duties. In any case, it will meet once a year.
7. The Chair of the Appointments and Remuneration Committee shall inform the Board of Directors about any issues discussed and decisions made by the Committee. Additionally, the Committee's minutes must be available to the directors.

C.2.2 Complete the following table with information on the number of women directors sitting on the Board of Directors' committees over the past four years:

	No. of female directors							
	Financial year 2017		Financial year 2016		Financial year 2015		Financial year 2014	
	Number	%	Number	%	Number	%	Number	%
Auditing Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Appointments and Remuneration Committee	1	20.00%	1	20.00%	1	20.00%	1	20.00%

C.2.3 Section revoked.

C.2.4 Section revoked.

C.2.5 Indicate, if applicable, the existence of regulations of the board committees, where such regulations may be accessed and the amendments made during the fiscal 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 is regulated in the By-Laws and specifically in the Regulations of the Board of Directors (Article 17), documents that are available for your viewing on the Company's website and on the website of the National Stock Market Committee. On 30 October 2017, the Board of Directors approved the modification of articles 5.3.q), 16.3.t), 17.3.n), 39.1, 39.2 and 39.3 of the Regulations of the Board of Directors with the purpose of exclusively attributing to the Audit Committee the power of assessing and making recommendations on the transactions with related parties or that imply or could imply conflicts of interest, power currently attributed to the Appointments and Remuneration Committee. The Appointments and Remuneration Committee annually drafts a report on the Committee's activity.

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### **Auditing committee**

The organisation and operation of the Board of Directors Committees is regulated in the By-Laws, the Regulations of the Board of Directors (Article 16) and specifically in the Regulations of the Audit Committee approved by them on 19 December 2017, documents that are available for your viewing on the Company's website and on the website of the National Stock Market Committee. On 30 October 2017, the Board of Directors approved the modification of articles 5.3.q), 16.3.t), 17.3.n), 39.1, 39.2 and 39.3 of the Regulations of the Board of Directors with the purpose of exclusively attributing to the Audit Committee the power of assessing and making recommendations on the transactions with related parties or that imply or could imply conflicts of interest, power currently attributed to the Appointments and Remuneration Committee. The Audit Committee annually drafts a report on the Committee's activity.

C.2.6 Section revoked.

## D. Related-party and intra-group transactions

### D.1 Explain, where applicable, the procedure for approving related-party and intra-group transactions.

<b>Procedure for approving related-party transactions</b>	<p>Article 5.3.q) of the Regulations of the Board of Directors establishes that it is a non-transferable power of the Board of Directors the approval, prior to a report from the Audit Committee, of the transactions that the Company or companies of their group perform with directors, in the terms of articles 229 and 230 of the Companies Act, or with owning shareholders, individually or together with others, of a significant interest, including shareholders represented in the Board of Directors of the Company or of other companies that form part of the same group or with persons related to them ("related-party transactions"), in the terms and conditions established in this Regulation.</p> <p>Article 16.3.n) of the Regulations of the Board of Directors establishes that notwithstanding others committed assigned to them by the bylaws or the Board of Directors, the Audit Committee will have amongst their basic responsibilities that of informing regarding related-party transactions or the transactions that imply or could imply conflicts of interest, in the terms established in the law and in this Regulation.</p> <p>Article 39 of the Regulations of the Board of Directors establishes that The Board of Directors formally reserves the prior approval of the Audit Committee of any transaction that the Company or companies of its group perform with directors, with owning shareholders, individually or together with others, of a significant interest, including shareholders represented in the Board of Directors of the Company or of other companies that form part of the same group, or with persons related to them ("related-party transactions").</p> <p>Under no circumstance shall a related-party transaction with a shareholder be authorised without a prior report by the Audit Committee which assesses the transaction from the point of view of equal treatment of shareholders and market conditions. In the case of transactions during ordinary corporate business that are common or recurring, it shall only be necessary for the Board of Directors to issue a prior, generic authorisation for the line of transactions and their execution conditions. However, a report must first be submitted by the Audit Committee.</p> <p>Nevertheless, the Board's authorisation shall not be necessary if the transactions fulfil the following three conditions: (i) they are conducted in connection with contracts whose conditions are standardised and apply to a high number of customers; (ii) they are conducted at general prices or rates set by the good or service providers; and (iii) their value does not exceed one percent of the Company's annual revenue in accordance with the audited financial statement regarding the last closed financial year as of the date of the transaction.</p>
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D. RELATED-PARTY AND  
INTRA-GROUP TRANSACTIONS

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

Name or business name of significant shareholder	Name or business name of company or member of its group	Nature of the relationship	Type of transaction	Amount (thousands of EUR)
Gubel, S.L.	Proactinmo, S.L	Commercial	Operating leases	1,921
Gubel, S.L.	Euroforum Escorial, S.A.	Commercial	Provision of services	193
Gubel, S.L.	Prosegur Compañía de Seguridad S.A.	Corporate	Dividends and others distributed incomes	193,397
Oppenheimer Acquisition Corporation	Prosegur Compañía de Seguridad S.A.	Corporate	Dividends and others distributed incomes	21,862
As Inversiones, S.L.	Prosegur Compañía de Seguridad S.A.	Corporate	Dividends and others distributed incomes	21,750
Fmr LLC	Prosegur Compañía de Seguridad S.A.	Corporate	Dividends and others distributed incomes	15,292
Invesco Limited	Prosegur Compañía de Seguridad S.A.	Corporate	Dividends and others distributed incomes	7,252

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

Name or business name of the directors or executives of the company	Name or business name of related party	Relationship	Nature of the transaction	Amount (thousands of EUR)
Ms. Helena Irene Revoreda Delvecchio	Proactinmo, S.L.U.	Controls Proactinmo, S.L.U..	Operating leases	1,921
Mr. Christian Gut Revoreda	Proactinmo, S.L.U.	Its parent controls Proactinmo, S.L.U.	Operating leases	193
Ms. Chantal Gut Revoreda	Proactinmo, S.L.U.	Its parent controls Proactinmo, S.L.U.	Operating leases	193,397
Ms. Helena Irene Revoreda Delvecchio	Euroforum Escorial, S.A.	It controls Euroforum Escorial, S.a.	Provision of services	21,862
Mr. Christian Gut Revoreda	Euroforum Escorial, S.A.	Its parent controls Euroforum Escorial, S.A.	Provision of services	21,750
Ms. Chantal Gut Revoreda	Euroforum Escorial, S.A.	Its parent controls Euroforum Escorial, S.A.	Provision of services	15,292

**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 State the amount of transactions conducted with other related parties.**

50,000 (in thousands of euros).

**D.6 Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, officers or significant shareholders.**

In accordance with the provisions of article 33 of the Regulations of the Board of Directors, the director must notify the Board of Directors, through the Chairman or Secretary to the Board, of any situation of conflict of interest, direct or indirect, he/she finds himself/herself in.

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

- Disclosure obligations: in accordance with Article 38 of the aforementioned Rules and Regulations, the directors must notify the Company of all the posts 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 Regulations of the Board of Directors: unless they have obtained the waiver stipulated in Article 230 of the Spanish Companies Act, directors must refrain from:
  - a. make transactions with the Company, unless they involve ordinary transactions, made in standard conditions for the customers and of little importance, understood as those whose information is not necessary to express the fair view of the equity, of the financial situation and of the entity's income;
  - b. obtain advantages or remuneration from third parties other than from the Company and its group associated with the performance of their position, unless they involve mere courtesy; and
  - c. in general, attend and intervene in the deliberations and in the voting that affects the issues in which there is a conflict of interest.

With regard to significant shareholders, Article 39 of the Rules and Regulations of the Board stipulates 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?:

Yes

Identify subsidiaries that are listed in Spain:

### Listed subsidiary

Prosegur Cash S.A.

State whether the respective areas of activity and possible business relations between them have been publicly and accurately defined, as well as those of the listed dependent company with the other companies in the group:

Yes

### Define the potential business relations between the parent company and the listed subsidiary, and between the latter and the rest of the companies in the group

The relationships between the Prosegur Group and the Group of companies of its listed subsidiary Prosegur Cash, S.A. are regulated in the Master Agreement dated 17 February 2017 signed by the Compañía and Prosegur Cash, S.A.

This Master Agreement was published as a significant event entering into effect on 17 March 2017 and is available on the Company's website and on the website of the National Stock Market Committee (CNMV).

Identify the mechanisms in place to solve possible conflicts of interest between the listed subsidiary and the other companies in the group:

### Mechanisms to solve potential conflicts of interest

The Master Agreement from 17 February 2017, signed by the Company and its listed subsidiary Prosegur Cash, S.A., predicts the mechanisms to resolve the possible conflicts of interest amongst both groups of companies.

This Master Agreement was published as a significant event entering into effect on 17 March 2017 and is available on the Company's website and on the website of the National Stock Market Committee (CNMV).

## E. Risk management and control systems

### E.1 Outline the scope of the Company's Risk Management System, including tax risk.

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 objectives. Accordingly, it safeguards the assets and interests of customers, employees and shareholders.

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

## **E.2 Identify which corporate bodies are responsible for preparing and executing the Risk Management System, including tax risk.**

Board of Directors, Audit Committee, Corporate Risk Committee and the unit for the internal risk management and control function.

## **E.3 State the main risks, including tax risk, that might affect the achievement of the business objectives.**

1. Transactions in markets with a temporary reduction in the demand for security services. Target volumes not met for organic business.
2. Transactions in highly competitive markets. Pressure on prices and margins.
3. Difficulty obtaining expected results for alarms business.
4. Inadequate management of indirect costs.
5. Adverse regulatory changes. Increase in the intervention of governments or regulators.
6. Transactions in highly regulated markets. Risk of non-compliance with regulations, including applicable tax regulations in each market and/or as a group.
7. Failures or incidents in the IT infrastructure.
8. Incidents involving assets held or loss of cash.
9. Loss or theft of own or customers' confidential information. Cyberattacks and computer and security faults.
10. Decline in liquidity generation or in cash management.
11. Reputational risks. Negative publicity regarding name. Loss of brand value.

## **E.4 Identify whether the company has a risk tolerance level, including tax risk.**

Prosegur has defined a model for the identification of critical risk and a procedure for the evaluation and supervision of its management through key risk indicators. The identification of critical risks and their prioritisation is updated annually according to a model that, basically, considers the risks related to Prosegur's main business and corporate objectives.

The indicators-based evaluation model identifies significant parameters (indicators) that provide a useful measure of how each risk is managed. 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 to evaluate risk management and anticipate situations of non-compliance with objectives that are relevant for Prosegur.

According to the above criteria, the indicators are usually:

- Values that may be easily obtained from accountancy or other similarly reliable records.
- Budgeted magnitudes, which allows defining limits for the indicator.

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E: RISK MANAGEMENT AND  
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As a general rule, the tolerance levels (acceptable risk level) are defined considering a percentage of the limit of the indicator in each country. These tolerance levels are consistent with economic indicators used in the application of local and corporate incentive programmes.

In the case of risks that do not allow the identification of indicators with the general criteria that has been defined, the party responsible for their management proposes alternative methods for the assessment and supervision of their management that are validated by the Corporate Risk Committee.

### **E.5 State what risks, including tax risk, 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 held, 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, including tax risk.**

Prosegur periodically and repeatedly identifies, evaluates and prioritises the risks it considers to be critical, considering their impact on relevant objectives, in particular.

Depending on the type of risk and its relevance, Prosegur management and the parties directly responsible for its management have established appropriate procedures to allow the effects of any risk that may materialise to be prevented, detected, avoided, mitigated, compensated or shared.

The results of risk management and control are periodically reviewed and analysed by the Corporate Risk Committee. The whole risk management system and its results are supervised by the Audit Committee.

## **F. Internal risk management and control systems in relation to the Process of financial reporting (icfr)**

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

### **F.1 The company's 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 Regulations of the Board of Directors updated on October 30th, 2017 stipulates that said body has a general supervisory function. Except for the matters which are reserved for the General Shareholders' Meeting, the Board of Directors is the Company's top decision-making body.

For this purpose, Article 5 of the Regulations of the Board of Directors stipulates that the Board of Directors undertakes to carry out the following duties directly: determining "the Company's general policies and strategies and, in particular, the risk management and control policy, including tax risk, as well as the periodic monitoring of internal information and control systems".

In article 16 of the Regulations, it establishes that the Audit Committee will have, amongst others, the responsibility of "supervising the drawing up and presentation of the required financial information and making recommendations or proposals to the Board of Directors aimed at safeguarding its integrity. In connection to this, the Committee is responsible for overseeing preparation and integrity of the financial information about the Company and the Group; reviewing compliance with regulations, and ensuring correct delimitation of the consolidation perimeter and the correct application of accounting criteria, with the Board of Directors being duly informed thereof; "overseeing the efficacy of the Company's internal control and the risk management systems (including tax risks) and discussing any significant weaknesses of the internal control system with the account auditor which have been detected during auditing. Independence must never be compromised. Following from this, and when appropriate, the Committee must submit recommendations or proposals to the Board of Directors and indicate the follow-up time frame. In this context, it must propose the risk control and management policy to the Board of Directors. This policy must at least identify: (i) the types of risk (operative, technological, financial, legal and reputational) to which the Company faces; (ii) securing the risk level that the Company considers acceptable; (iii) the measures to mitigate the impact of the risks identified in the case that they are materialised; and (iv) the control and information systems that are used to control and manage the risks mentioned"; "supervise the operation of the control and risk management unit of the Company responsible for: (i) guarantee that the risk control and management systems work properly, specifically guaranteeing that all major risks affecting the Company are identified, managed and quantified; (ii) actively participate in drawing up the risk strategy and making important decisions about risk management; and (iii) ensure that the risk control and management systems mitigate risks appropriately and in accordance with the policy defined by the Board of Directors.

"Furthermore, the Board of Directors approved the Audit Committee Regulations in December of 2017 that aimed to develop the By-Laws and the Board of Directors Regulations, determine the principles of operation of the Audit Committee, the basic rules for its organisation and operation and the policies of conduct for its members, all favouring the independence of the Committee. In article 1 of this Regulation, it states that the Audit Committee, as a collegiate body, has specific consulting responsibilities to the Board of Directors and supervision and control responsibilities of the drafting process and presentation of the financial information, of the independence of the auditor and of the effectiveness of the internal control and risk management systems, notwithstanding the responsibility of the Board of Directors".

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 Prosegur Board of Directors according to their regulations is obliged, in particular, to directly exercise the appointment and dismissal of the delegated directors of the Company, as well as the establishment of the conditions of their contract and the appointment and dismissal of the officers that had direct authority from the Board of Directors or any of their members, as well as the establishment of the basic conditions of their contracts, including their remuneration.

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 functions, in addition to the profile of the position and necessary power of each of the work positions, are defined by each superior officer and are approved by the managers of the areas with the help of experts from the Human Resources Department and approved by the corresponding 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. The organisation chart of the Company is on the corporate intranet and is accessible for all their personnel.

- 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.

The company has available a Code of Ethics and Conduct approved by the Board of Directors that is applicable to all the companies included in the Prosegur Group and in all the businesses and activities that Prosegur performs in all 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 a guideline on how all Prosegur professionals should conduct themselves. 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.

All professionals of Prosegur have the obligation of knowing and fulfilling the Code of Ethics and Conduct and of collaborating to make its implementation easier, as well as communicating the possible incompliance of which they are aware.

The Code stipulates 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 non-compliances 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 non-compliance.

Within the legal compliance section of the Code of Ethics 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 has been disseminated to all Prosegur workers through numerous actions aimed at spreading awareness of it and having employees sign it.

Likewise, the Code of Ethics and Conduct describes in its third article that the Prosegur professionals accept the norms summarized in said Code, being linked to the fulfilment through its subscription.

Subsequent to the last update on 2013, a plan to implement and disseminate the Code of Ethics and Conduct was 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 for the diffusion of the new version of the Code of Ethics and Conduct to all employees of Prosegur via different means: Intranet, website, corporate magazines, noticeboards, e-mail, etc.
- Knowledge on behalf of all the employees of the Code of Ethics and Conduct via different means.
- Integrated continuous classroom training in the training courses performed from the human resources areas and regulation compliance and online via courses offered in the Prosegur Corporate University.

In 2017, dissemination and training actions in relation to the Code of Ethics and of Conduct continued in all the countries where Prosegur operates.

- 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 Report Channel, which allows any interested party to communicate any conduct that is irregular, illegal or contrary to Prosegur's Code of Ethics and Conduct safely and confidentially, including in terms of financial and accounting nature that occur in the development of the activities that the Company carries out.

The report channel consists of a form available on the website [www.prosegur.com](http://www.prosegur.com) which is permanently open, which permits conserving the necessary anonymity to guarantee the integrity of the persons that use 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.

The personnel included in the Financial Economic Management (mainly the Tax and Financial Information area) and the Internal Audit Division, continuously attend training sessions to update the regulation and legislative changes.

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

Prosegur has centralised management of the training processes via the Prosegur Corporate University. The University hosts the Financial Community, aimed at professionals who form part of the financial and economic areas in the countries where the Company has a presence. The main objectives 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 2017, persons involved in the preparation, review and reporting of financial information received various updates and attended courses on new regulatory developments that took place throughout the year.

## F.2 Risk assessment of the financial information Report.

At least, of:

F.2.1 Which are 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 Financial Economic Division annually identifies, via the SCIIF scope matrix, the risks that affect the financial information from the point of view of the accounting records and of a possible incompliance with

accounting principles. After analysis of the risks, the design of the controls that mitigate the risks are documented along with the corresponding evidence.

- Whether the process covers all the financial reporting objectives (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 latest audited Consolidated Financial Statements that are available. Said matrix is updated every year, after the Consolidated Financial Statements are prepared. In 2017, the scope matrix was last updated based on the figures contained in the Financial Statements on 31 December 2016.

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 identification of the consolidation perimeter is carried out each month. The changes in the consolidation perimeter are recorded in the Group consolidation software system, where the map of the structure of ownership of the companies within the perimeter is permanently updated. The Business Development Division together with the Legal Division are those in charge of performing the communication to the Financial Economic Division of operations that are expected to be performed in their area and that affect the group structure and the consolidation perimeter.

The Finance Department, through the Tax Department, keeps a record of all the entities included in the consolidation perimeter, the means of control or influence, the legal format and the type of direct or indirect participation of all the companies. It is continuously updated and allows historical changes in the perimeter to be tracked.

The Audit Committee analyses and informs the economic conditions, the accounting impact and, where applicable, the proposed exchange rate of the operations of structural and corporate modifications that the Company expects to perform, before being submitted to the Board of Directors, in accordance with section k) of article 16.3 of the Regulations of the Board of Directors.

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F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS  
IN RELATION TO THE PROCESS OF FINANCIAL REPORTING (ICFR)

- 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.

The Prosegur Corporate Risk Committee performs annually an identification and prioritisation of the critical risks of any type (operational, financial, strategic, normative compliance, technological and others) that, in the case of materialising, could negatively affect the achieving of important Company objectives.

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

Supervision of ICFR is the responsibility of the Audit Committee. The Internal Audit Management Department uses specific programs to verify the internal control of financial information under the supervision of the Audit Committee.

### F.3 Control activities.

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

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.

The parent company's annual financial statements, Prosegur's consolidated annual financial statements and the half-yearly financial reports are all reviewed by the Audit Committee prior to being prepared by the Board of Directors, in accordance with Article 16 of their Regulations.

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

The Board of Directors approves and, where applicable, formulates the financial information presented, which is later published via the Spanish Securities Markets Commission and presented to third parties.

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 Finance 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 Finance 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 Finance Department is ultimately responsible for financial reporting. In the description of the flow of activities in the accounting closure process, the control activities that ensure the reliability of the information are defined. The corporate areas within the Finance Department analyse and supervise the information prepared.

The Finance Department has documented the risk of error or fraud in financial reporting and the controls that affect all critical processes/sub-processes. 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 regard, 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:

- Descriptive of each of the sub-processes associated with each process.
- Details of the information systems that affect the sub-processes:
  - Details of the procedures and internal policies approved by the Division, and that regulate these sub-processes.
  - Description of the key and non-key controls that mitigate each of the identified risks.

For each control, the following have been identified:

- Organising structures and/or functions of responsible positions of each of the key and non-key controls identified.
- Control frequency.
- Control automation level.
- Control type: preventive or detective.
- Existence of fraud risk.
- Business line to which it applies.
- Detail of the information systems that affect the controls.

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 Financial Economic Manager and the Chief Executive Officer analyse the reports issued and approve the financial information before its presentation in the Audit Committee and the Board of Directors.

F.3.2 Internal control policies and procedures concerning information systems (including access security, 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:

- Align the objectives of information security with the main strategic lines of the business.
- Implement Prosegur information security as a global and integrated activity in the business.
- Coordinate and approve the proposals received of projects related with information security.
- Provide the resources necessary for the development of the initiatives of information security.
- Identify and evaluate the security risks respect to the business needs.

The Information Security Committee monitors all these functions through a Master Plan. Finalised the works of the Director Plan of 2015-2017 is in process of defining a new roadmap for the continuous improvement of information security management in the next 3 years.

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

There is a process in place for managing changes to software applications before the systems are put into production.

Prosegur systems and information are backed up and in a redundant infrastructure that allows business continuity.

As a part of the continuous improvement, Prosegur continues working to reinforce the information security management processes in all the countries and the 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. Occasionally Prosegur requests advice from independent experts in situations of the following kind:

- a. Valuation of the tax impact of corporate restructuring transactions.
- b. Tax advising in the dependent entities for the drafting of the tax statements subject to specific regulation.
- c. Valuations of the fair value of certain assets, branches of activity or businesses.

- d. Verifications of the effectiveness of the money laundering prevention system.
- e. Valuation of the assignment of the purchase price of the new companies.

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 uses the services of experts for work that underpins 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 results of the assessments, calculations and valuations assigned to third parties in accounting, legal or tax terms are supervised by the corporate departments of the Financial Economic Division or the Legal Division. In addition, the relevant departments of Prosegur have adequate personnel to validate the conclusions of the reports issued.

## F.4 Reporting and communication.

State, indicating their main characteristics, whether there are 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 responsible persons 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 Information Department that forms an integral part of the Financial Economic Division has responsibility for the drafting, issuing, publication and later application of the Accounting Standards applicable to Prosegur under the internal certification of the 3P processes management (Policies, Processes, Prosegur). It also analyses and resolves the queries, doubts or conflicts regarding the interpretation and appropriate application of each of the policies.

Amongst the functions of the Corporate Financial Information Department is the analysis of the International Policies of Financial Information to be able to meet:

- The establishment of Support Policies or procedures helping personnel related with the financial information drafting process.
- The analysis of transactions that require a specific accounting treatment.
- The administrative decision of consultations regarding the application of specific accounting policies.
- The assessment of possible future impacts on the financial statements, as a result of news or modifications of the international accounting regulation.
- The relationship with the external auditors in relation to the criteria applied, the estimations and accounting opinions.
- The administrative decision of any doubt arising from different interpretations of the regulation.

Prosegur's accounting manual is updated annually. There is good communication with all of the managers involved in preparing financial information and updates made after the latest changes to regulations are also distributed and made available to employees with accounting duties.

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F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS  
IN RELATION TO THE PROCESS OF FINANCIAL REPORTING (ICFR)

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 of compiling and preparing 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, which ensures that the financial information of the companies is reliable, complete and consistent. 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 half-yearly reporting process for obtaining the necessary information for the line items of the consolidated annual accounts and half-yearly report. 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 the main characteristics of, 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. There is also information on 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 Regulations of the Board of Directors, among the basic responsibilities of the Audit Committee are the following:

- Report to the General Shareholders' Meeting regarding the issues raised in relation with those subjects that under authority of the Committee and, in particular, regarding the audit result, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
- Ensure that the Board of Directors presents the accounts to the General Meeting without limitations or exceptions in audit report and, in the exceptional event in which there are exceptions, explain, via the Chairman of the Audit Committee, and ensure that the auditors explain the content and scope of these limitations or exceptions clearly to the shareholders.
- Make recommendations to the Board of Directors for appointment, re-election and replacement of the external auditor, being responsible for the selection process in accordance with that established in the law, as well as the contract conditions and regularly gather the auditor information regarding the auditing plan and its execution, in addition to preserving their independence in the exercising of their functions.
- As for the external auditor: (i) if the external auditor resigns, analyse the circumstances behind this decision; (ii) ensure that the external auditor's remuneration does not compromise the quality or independence of his/her work; (iii) oversee that the Company informs the Spanish National Securities Market

Commission of the change of auditor as a relevant fact and adds a statement about any potential disagreements with the auditor and, if applicable, explains the nature of these disagreements; (iv) ensure that the external auditor meets with the full session of the Board of Directors on an yearly basis to report about his/her work and the progress of the Company's accounting situation and risks; (v) oversee compliance with the auditing contract and ensure that the opinion about the financial statement and the main content of the audit report is written clearly and accurately; and (vi) ensure that the Company and the external auditor comply with applicable rules on audit service provision, limits on concentration of auditing business and, in general, all other rules about the independence of auditors.

- Establish and maintain the appropriate relationships with the external auditor to receive information regarding matters that could compromise the independence thereof for consideration by the Committee, and any other matters related to the account auditing development process, and, when applicable, the authorisation of the services other than those prohibited, in the terms mentioned in the law, as well as other communications established in the account auditing legislation and in the auditing policies. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding their independence from the company or companies that are directly or indirectly linked to the Audit Committee. The auditor must also provide detailed and individual information about any additional services that have been provided by the auditor and paid for by these companies, or any additional services provided by individuals or companies linked to the auditor pursuant to the legislation in force.
- Annually issue, prior to the issuance of the account auditing report, a report in which an opinion is expressed on whether the independence of the auditor is compromised. In all events, this report must contain an opinion about the substantiated assessment of the provision of each and every additional service mentioned above (individually and as a group), which is different from legal auditing and in connection with the independence system or the regulations on account auditing.
- Supervise the internal audit and, in particular, (i) ensure the independence and efficacy of the internal audit function; (ii) propose the selection, appointment, reappointment and removal of the head of the internal audit service; (iii) propose the department's budget; (iv) review the annual work plan of the internal audit and the annual activity report; (v) receive regular information on its activities; and (vi) verify that senior management takes into account the findings and recommendations of its reports.
- Supervise the drafting process and presentation of the required financial information and make recommendations or proposals to the administration body aimed at safeguarding its integrity. In connection to this, the Committee is responsible for overseeing preparation and integrity of the financial information about the Company and the Group: review compliance with regulations, and ensure correct delimitation of the consolidation perimeter and the correct application of accounting criteria. The Board of Directors must be duly informed.
- Supervise the efficiency of the internal control of the Company and the risk management systems, including the tax risks, as well as discussing with the auditor the significant weaknesses of the internal control system detected in the performance of the audit, all of this without affecting their independence. Following from this, and when appropriate, the Committee must submit recommendations or proposals to the Board of Directors and indicate the follow-up time frame. In this context, it must propose the risk control and management policy to the Board of Directors. This policy must at least identify: (i) the type of risk (operational, technological, financial, legal and reputational) which the Company faces; (ii) set the risk level which the Company deems to be acceptable; (iii) the measures for mitigating the impact of identified risks were they to materialise; and (iv) the control and information systems used to control and manage risks.
- Supervise the operation of the control and risk management unit of the Company responsible for: (i) guarantee that the risk control and management systems work properly, specifically guaranteeing that all major

risks affecting the Company are identified, managed and quantified; (ii) actively participate in drawing up the risk strategy and making important decisions about risk management; and (iii) ensure that the risk control and management systems mitigate risks appropriately and in accordance with the policy defined by the Board of Directors.

- Analyse and inform the economic conditions, the accounting impact and, where applicable, the exchange rate proposed of the structural and corporate operations and modifications that the Company plans to perform, before being submitted to the Board of Directors.
- Report, with anticipation, to the Board of Directors, regarding all the subjects established in the law and the By-Laws, and, in particular, regarding: (i) the financial information which the Company must disclose periodically; and (ii) creation or acquisition of equity participation in special purpose vehicles or companies headquartered in countries or territories that are considered to be tax havens.
- Review the prospectuses of issuing and any other relevant information that the Board of Directors should supply to the markets and their supervisory bodies.
- Establish and supervise a system whereby staff can report, confidentially and, if possible and considered appropriate, anonymously, potentially significant irregularities, especially financial or accounting, within the Company that they detect.
- Periodically evaluate the suitability of the Company's corporate governance system, with the purpose of meeting its mission of promoting corporate interest and keeping in mind, as it corresponds, the legitimate interests of the remaining stakeholders, make the necessary proposals for their improvement and supervise compliance with the Company's internal codes of conduct and corporate governance rules. Specifically, the Audit Committee must receive information and, when appropriate, generate a report about (i) the actions and decisions made by the Regulatory Compliance Division when performing its duties pursuant to the Company's internal code of conduct; and (ii) the disciplinary measures which must be applied, when appropriate, to members of the Company's senior executive team.
- Supervise the communication strategy and relationship with shareholders and investors, including the small and medium shareholders.
- Review the Company's corporate responsibility policy, ensuring that it is aligned with the creation of value and supervise the strategy and practices of corporate social responsibility and the assessment of its compliance degree, as well as the processes relating with the different stakeholders.
- Evaluate everything relating to the non-financial risks of the company - including the operative, technological, legal, social, environmental, political and reputational risks.
- Coordinate the non-financial and diversity information reporting process, in accordance with the applicable regulation and the international reference standards.
- Report on the related-party transactions or the transactions that imply or could imply conflicts of interest, in the terms established in the law and in the Regulations of the Board of Directors.

Prosegur has an Internal Audit Department that is functionally dependent on the Audit Committee. Its objectives 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 SCIIF review programme that is regularly executed in period of two years and that is integrated in the annual work programmes that are submitted to the approval of the Audit Committee.

The Internal Audit Department continuously updates their verification programmes to make them match the changes that, possibly, the Financial Information Department introduces in the SCIIF.

F.5.2. Whether there is a discussion procedure in which the auditor (in accordance with technical auditing standards), the internal auditing role 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.

In 2017, the external auditors attended three Audit Committee meetings for the review of conclusions on the auditing of annual accounts and of the agreed procedures performed regarding the interim half-yearly financial statements. At the same time, external auditors report on possible weaknesses in internal control and opportunities for improvement identified during the course of their work.

Likewise, the Financial Economic Director, responsible for preparing the annual accounts and the intermediate financial information that Prosegur provides to the markets and their supervising bodies, attends the meetings of the Audit Committee, to review and discuss any issue relevant to the drafting process and presentation of the regulated financial information.

The Director of Internal Audit regularly presents in each meeting of the Audit Committee, the conclusions of their verification works of the operation and efficiency of the procedures that compose SCIIF, the control weaknesses identified, the recommendations made and the status of the execution of the action plans approved for mitigation.

## F. 6 Other significant information.

N/A.

## F. 7 External auditor report.

Report of:

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 appendix. Otherwise, it should explain why.

Prosegur has submitted the ICFR information sent to the markets for the financial year 2017 for review by the external auditor, whose report is attached to this document as appendix I. 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 in July 2013 (updated in December 2015), issued by the Spanish Auditors' Institute (Instituto de Censores Jurados de Cuentas de España).

## G. Degree of implementation of corporate governance guidelines

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State the degree in which the company has adhered to the recommendations of the Good Governance Code of Listed Companies.

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 listed companies Bylaws 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:

Compliant

2. When the parent company and a subsidiary of it are both listed, they should both publicly and accurately define:
  - a. The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.
  - b. The mechanisms in place to resolve any possible conflicts of interest.

Compliant

3. At the general shareholders' meeting, in addition to the written dissemination of the annual corporate governance report, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the company's corporate governance and, in particular:
  - a. Of the changes made from the last annual general shareholder's meeting.
  - b. Of the specific reasons for which the company does not follow one of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules that apply in this matter.

Compliant

4. The Company should define and promote a policy of communication and contact with shareholders, institutional investors and advisors on voting that fully respects rules against market abuse and applies equal treatment to shareholders in the same position.

The Company should publish this policy on its website, including information in relation to the way in which it has been put into practice and identifying the contact persons or parties responsible for carrying it out:

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#### Compliant

5. The board of directors should not submit to the general shareholders' meeting a proposal for delegation of powers for issuing shares or convertible bonds excluding the right to preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

When the board of directors approves any issuing of shares or convertible bonds excluding the right to preferential subscription, the Company should immediately publish the reports on its website regarding this exclusion, which are referred to by commercial legislation:

#### Partially compliant

The General Shareholders' Meeting of 27/04/2016 approved delegating to the Board of Directors powers for issuing shares or convertible bonds excluding the right to preferential subscription, for a maximum amount corresponding to 20% of capital at the time of delegation.

Since such delegation the Board has not approved any issuing of shares or convertible bonds excluding the right to preferential subscription.

6. Listed companies that prepare the reports listed below should, whether in a mandatory or voluntary manner, publish them on their website sufficiently in advance of the general shareholders' meeting, although it is not compulsory to disseminate them:
  - a. Report on the independence of the auditor.
  - b. Operating reports of the auditory, appointments and remuneration committees.
  - c. Report on the audit committee regarding related-party transactions.
  - d. Report on the corporate social responsibility policy.

#### Compliant

7. The Company should broadcast the general shareholders' meeting on its website in real time:

#### Explain

The Company considers that, to date, the dissemination systems and channels of information to shareholders regarding the holding of the General Meetings has been sufficient and there has been no need to broadcasting the meeting.

8. The audit committee should ensure that the board of directors seek to present the financial statement to the general shareholders' meeting based on an audit report with no qualifications or reservations. In the exceptional event of reservations, both the chairman of the audit committee and the auditors must explain the content and scope of these limitations and reservations to the shareholders:

#### Compliant

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9. The Company must permanently publish, on its website, the requirements and procedures that it will accept for certifying ownership of shares, the right to attend the general shareholders' meeting and for using or delegating voting rights.

And these requirements and procedures should favour shareholders attending and using their rights and be applied in a non-discriminatory manner:

Compliant

10. When any legitimate shareholder has exercised the right to complete the agenda or submit new proposals for agreement, before the general shareholders' meeting, the Company:

- a. Spread immediately such complementary points and new proposals of agreement.
- b. Make public the model of attendance card or voting delegation or absentee voting form with the necessary modifications so that they can vote on the new points of the agenda and proposed alternatives of agreement in the same terms as those proposed by the board of directors.
- c. Submitted all these points or alternative proposals to voting and applied the same voting rules to them as those formed by the board of directors, including, in particular, the assumptions or deductions on the sense of vote.
- d. After the general shareholder's meeting, communicate the breakdown of the vote regarding such complementary points or alternative proposals.

Not applicable

11. If the Company plans to pay bonuses for attendance at the general shareholders' meeting, it should establish a general policy regarding these bonuses in advance and this policy should be stable:

Not applicable

12. The board of directors should perform its duties with the same aim in mind and using independent judgement and should apply equal treatment to shareholders in the same position. The board of directors should be guided by the corporate interest, i.e. a business that is profitable and sustainable in the long term which promotes business continuity and maximisation of the Company's economic value.

And, while striving for the corporate interest, besides observing applicable regulations and acting in good faith, ethically and in compliance with the commonly accepted customs and good practices, it should try to balance the corporate interest with, as appropriate, the legitimate interests of its employees, providers, customers and other affected stakeholders, and also the impact of Company activities on the community as a whole as well as the environment:

Compliant

13. The board of directors should be the right size to manage to operate in an efficient and participative manner, which makes it advisable for it to have between five and fifteen members:

Compliant

14. The board of directors should approve a policy for selecting directors that:

- a. If specific and verifiable.
- b. Ensure that the appointment or re-election proposals are founded in a prior analysis of the needs of the board of directors.
- c. Favours the diversity of knowledge, experience and gender.

The result of the prior analysis of the needs of the board of directors should be contained in the appointment committee's justification report, which should be published along with the announcement for the general shareholders' meeting to which the ratification, appointment or re-election of each director will be submitted.

And the policy for selecting directors should promote the objective of the number of female directors representing, at least, 30% of the total board members by 2020.

On an annual basis, the appointments committee will verify compliance with the policy for selecting directors and report thereon in the annual corporate governance report.

15. Proprietary and independent directors should constitute a large majority of the board and the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of executive directors in the company's capital:

Compliant

16. Among the total non-executive directors, the percentage of proprietary directors should not be greater than the proportion of company capital represented by those directors in comparison with the remainder of the capital.

This criteria may be minimised:

- a. In companies with high capitalisation in which there is little shareholder participation that they legally have the consideration of significant shareholders.
- b. When it involves companies in which there is a plurality of shareholders represented in the board of directors and there are no links amongst them.

Compliant

17. The number of independent directors should account for at least half of all directors. However, when the company does not have high capitalisation or, even when it does, it has one or several shareholders acting together, who control more than 30% of the business capital, the number of independent directors should represent, at least, a third of the total directors:

Compliant

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18. Companies should publish the following information on directors on their websites, and keep it updated:

- a. Professional and biographical profile.
- b. Other boards of directors to which they belong, that does or does not involve listed companies, as well as regarding the rest of the remunerated activities that it performs, whatever its nature.
- c. Indication of the director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related.
- d. Date of their first appointment as director of the company, as well as subsequent re-elections.
- e. Shares of the company and options on them, of which they are owners.

Compliant

19. In the annual corporate governance report, after verification by the appointments committee, the reasons should be explained why proprietary directors have been appointed at the request of shareholders whose shareholdings are less than 3% of capital; and the reasons should be given why formal requests have not been answered for a presence on the board from shareholders whose shareholdings are equal to or more than those of others at whose request proprietary directors have been appointed:

Not applicable

20. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding. And 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:

Not applicable

21. 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 assumes new posts or obligations that prevent him/her from dedicating the necessary time to his/her duties as director, fails to fulfil duties inherent to his/her post or incurs in any of the circumstances that cause him/her to cease to be independent, in accordance with the provisions of applicable legislation.

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 16:

Compliant

22. 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.

And, if a director is investigated or indicted for any of the offences listed in the Spanish Companies Act, the board of directors 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:

Compliant

23. All directors should clearly express their opposition when they consider a proposal submitted to the board of directors 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 of directors.

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 and, if he or she chooses to resign, he or she 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 of directors, whether a director or not:

Not applicable

24. 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 of directors. And, without prejudice to its being notified as a relevant fact, the reason for the termination should be explained in the annual corporate governance report:

Not applicable

25. The appointments committee should ensure that non-executive directors have enough time to correctly perform their duties.

The regulations of the board should establish the maximum number of company boards of directors that its directors may sit on:

Partially compliant

In accordance with Article 17.3.a) of the Regulations of the Board of Directors, the Appointments and Remuneration Committee must also determine the time and dedication necessary for the directors to effectively perform their duties and confirm that non-executive directors have enough free time to perform their duties correctly.

The Company considers that it is not necessary to establish the maximum number of company boards of directors that its directors may sit on.

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26. The board of directors should meet as frequently as necessary to perform their duties effectively and, at least, eight times a year, following the calendar and topics established at the start of the financial year, and each director may, individually, propose other points for the agenda that were not initially planned:

Compliant

27. 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:

Compliant

28. When the directors or the secretary is concerned regarding a proposal or, in the case of directors, regarding the company's progress, and these concerns are not resolved by the board of directors, they will be recorded in the minutes at the request of the party who stated them:

No applicable

29. The Company should provide adequate channels for directors to comply with their duties, which in special circumstances may include external advisory services paid for by the Company:

Compliant

30. Regardless of the knowledge required of directors for performing their duties, the companies should also offer refresher programmes when circumstances so advise:

Compliant

31. The meeting agenda should clearly state the points on which the board of directors must adopt a decision or agreement so that the directors can study or gather the information they need, in advance, for adopting it.

When, exceptionally, for reasons of urgency, the chairman wishes to submit decisions or agreements for approval by the board of directors that are not on the agenda, most of the directors present must first expressly agree therewith. Their consent shall be noted down in the minutes:

Compliant

32. The directors should be regularly informed of movements in the shareholding and of the opinion that the significant shareholders, the investors and the rating agencies have of the Company and its group:

Compliant

33. The chairman, as the party responsible for the efficient operation of the board of directors, besides performing the duties attributed to him by law and the bylaws, should prepare and submit to the board of directors a calendar and topics to be dealt with; should organise and coordinate the regular evaluation of the board and also, where applicable, of the Company's chief executive; should be responsible for managing the board and for the effectiveness of its operation; should ensure that sufficient time is spent discussing matters of strategy, and should agree on and review the programmes for updating knowledge for each director, when required by circumstances:

Compliant

34. When there is a coordinating director, besides the powers legally bestowed on him or her, the bylaws or the regulations of the board of directors should attribute the following to him or her: to chair the board of directors when the chairperson and the vice chairperson, if there are any, are absent; to voice the concerns of the non-executive directors; to maintain contact with investors and shareholders and discover their points of view for the purpose of forming an opinion on their concerns, in particular, in relation to the corporate governance of the Company; and to coordinate the succession plan for the chairperson:

Not applicable

35. The secretary of the board of directors should ensure, in particular, that the board of directors take any good governance guidelines contained in this Code of Good Governance that are applicable to the Company into account in their actions and decisions:

Compliant

36. The plenary of the board of directors should evaluate and adopt, where applicable, an action plan once a year, to correct any deficiencies detected with regard to:

- a. The quality and efficiency of the operation of the board of directors.
- b. The operation and composition of its committees.
- c. The diversity in the composition and powers of the board of directors.
- d. The performance of the chairman of the board of directors and first executive of the company.
- e. The performance and the contribution of each director, paying special attention to those responsible for different board committees.

The different committees shall be evaluated based on the report that they submit to the board of directors and the latter shall be evaluated based on the report submitted to it by the appointments committee.

Every three years, the board of directors shall be helped to perform the evaluation by an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the Company or any company in its group must be listed in the annual corporate governance report.

The process and areas evaluated shall be described in the annual corporate governance report:

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Partially compliant

The Company considers that the assessment process of the Board of Directors established in the Regulations of the Board of Directors and in their Directors Selection Policy (both documents published on the company's website) is appropriate for guaranteeing the quality and efficiency of its operation, performance and composition without the report of an external consultant being necessary.

37. When there is an executive committee, the share structure of the different categories of director shall be similar to that of the board of directors and its secretary should be the secretary to the board of directors:

CA

Not applicable

38. The board is always aware of the matters discussed and the decisions taken by the executive committee and all members of the board receive copies of the minutes of the meetings of the executive committee:

Not applicable

39. The members of the audit committee, and especially its Chair, must be appointed based on their knowledge and experience in accounting, auditing or risk management, and most of these members must be independent directors:

Compliant

40. Under the supervision of the audit committee, there should be a unit that assumes the internal audit function, that ensures the appropriate operation of internal control and information systems and that reports to the non-executive chairman of the board or of the audit committee:

Compliant

41. The manager of the unit that assumes the function of internal audit should submit his or her annual work plan to the audit committee, should directly report any incidents that occur while carrying it out and should submit an activity report at year end:

Compliant

42. Besides those stipulated by law, the following functions correspond to the audit committee:

1. In relation to the internal control and information systems:
  - a. Supervise the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting criteria.
  - b. Ensure the independency of the unit that the internal audit function assumes; propose the selection, appointment, re-election and termination of that responsible for the internal audit

AC

service; propose the budget of that service; approve the alignment and their work plans; ensure that their activity is focused mainly towards the relevant risks of the company; receive periodic information regarding their activities; and verify that senior management keeps in mind the conclusions and recommendations of their reports.

- c. Establish and supervise a mechanism whereby staff can report, confidentially and, if possible and considered appropriate, anonymously, potentially significant irregularities, especially financial or accounting, within the company that they detect.

2. As for the external auditor:

- a. In the event of resignation of the external auditor, examine the circumstances that may have given rise thereto.
- b. Ensure that the remuneration of the external auditor in their work does not compromise their quality or their independence.
- c. Supervise that the company reports a change of auditor to the National Stock Market Committee (CNMV) as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for it.
- d. Ensure that the external auditor has a meeting annually with the entire board of directors to inform them about the work performed and the evolution of the accounting situation and risks of the company.
- e. Ensure that the company and the external auditor observe current rules and policies on the provision of services other than audit services, the limitations on the concentration of business of the auditor and, in general, other rules and policies regarding independence of auditors.

Compliant

43. The audit committee should be able to invite any of the company's employees or executives to its meetings and it may even determine that no other executive shall be present:

Compliant

44. The audit committee should be informed of operations that involve structural and corporate changes that have been planned by the company for analysis and a preliminary report to the board of directors regarding their economic conditions and their accounting impact and, in particular, where applicable, regarding the proposed exchange ratio:

Not applicable

45. The risk management and control policy should, at least, identify:

- a. The various kinds of risk, financial and non-financial (amongst others the operational, technological, legal, social environmental political and reputational) facing the company, including, under financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b. The determination of the risk level the company is considered acceptable.
- c. The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

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- d. The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks:

Compliant

46. Under the direct supervision of the audit committee or, where applicable, of a specialist committee of the board of directors, there should be an internal risk management and control function performed by one of the company's internal departments or units, to which the following functions are expressly attributed:

- a. Ensure the good operation of the control and risk management systems and, in particular, that they identify, manage and quantify appropriately the important risks that affect the company.
- b. Actively participate in the drafting of the risk strategy and in the important decisions for its management.
- c. Ensure that the control and risk management systems mitigate the risks appropriately in the framework of the policy defined by the board of directors.

Compliant

47. The members of the appointment and remuneration committee —or the appointment committee and the remuneration committee, if they are separate— should be appointed with the appropriate knowledge, skills and experience for the functions that they are to perform and the majority of these members should be independent directors:

Compliant

48. Companies with high capitalisation should have a separate appointments committee and remuneration committee:

Not applicable

49. The appointments committee should consult with the chairman of the board of directors and the company's chief executive, especially in matters relating to the executive directors and senior executives.

Any director should be able to request that the appointments committee consider potential candidates for director positions in case they find them suitable, in their judgement:

Compliant

50. The remuneration committee should perform its duties independently and, besides the duties it is attributed by law, should also be responsible for the following:

- a. Propose the basic conditions of the contracts of senior officers to the board of directors.
- b. Check the observance of the remuneration policy established by the company.

- c. Periodically review the remuneration policy applied to the directors and senior officers, including the remuneration systems with shares and their application, as well as guarantee that their individual remuneration is proportionate to which is paid to the rest of the directors and senior officers of the company.
- d. Ensure that the possible conflicts of interest do not harm the independence of the external consulting provided to the Committee.
- e. Verify the information regarding remuneration of the directors and senior officers contained in the different corporate documents, including the annual report on director remuneration.

Compliant

51. That the remuneration committee consults with the chairman and the first executive of the company, especially when it involves matters relating to executive directors and senior officers:

Compliant

52. The rules for the composition and operation of the supervision and control committees figure in the regulations of the board of directors and should be consistent with those applicable to the committees that are mandatory in accordance with the above recommendations, including:

- a. That they are formed exclusively of non-executive directors, with majority of independent directors.
- b. That their chairmen are independent directors.
- c. That the board of directors appoints the members of these committees, taking into account the background knowledge, qualifications and experience of the Directors and the responsibilities of each committee, discusses its proposals and reports; and renders accounts, at the first meeting of the full board of directors following the meetings of such committees and that respond to the work performed.
- d. That the committees may receive external advice, whenever they feel this is necessary for the performing of their duties.
- e. That minutes are prepared of their meetings, which shall be made available to all directors.

Not applicable

53. The job of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility should be entrusted to the various committees of the board of directors, such as the audit committee, the appointments committee, the corporate social responsibility committee, if there is one, or a specialist committee that the board of directors, exercising its powers of selforganisation, decides to create for the purpose, to which the following minimum functions are entrusted:

- a. The supervision of the compliance with the company's internal codes of conduct and corporate governance rules.
- b. The supervision of the communication strategy and relationship with shareholders and investors, including the small and medium shareholders.

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- c. The periodic assessment of the suitability of the company's corporate governance system, with the purpose that it meets the mission of promoting corporate interest and keeping in mind, as it corresponds, the legitimate interests of the remaining stakeholders.
- d. The review of the company's corporate responsibility policy, ensuring that it is aimed at the creation of value.
- e. The monitoring of the strategy and practices of corporate social responsibility and the assessment of their degree of compliance.
- f. The supervision and assessment of the processes of relationship with the different stakeholders.
- g. The assessment of everything relating to the non-financial risks of the company - including the operative, technological, legal, social, environmental, political and reputational risks.
- h. The coordination of the non-financial and diversity information reporting process, in accordance with the applicable regulation and the international reference standards.

Compliant

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily assumes in its relationship with the different stakeholders and identify at least:
- a. The objectives of the corporate social responsibility policy and the development of support instruments.
  - b. The corporate strategy related with sustainability, the environment and the social matters.
  - c. The specific practices in matters related with: shareholders, employees, customers, providers, social issues, the environment, diversity, tax liability, respect for human rights and prevention of illegal conduct.
  - d. The methods or systems of monitoring the results of the application of the specific practices indicated in the previous letter, the risks associated and their management.
  - e. The supervision mechanisms of the financial risk, ethics and company conduct.
  - f. The communication channels, participation and dialogue with stakeholders.
  - g. The practices of responsible communication that avoid informative handling and protect integrity and honour.

Compliant

55. The company should report, in a separate document or in the management report, on matters relating to corporate social responsibility, using any of the internationally accepted methods to do so:

Compliant

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise the independence of criteria of non-executive directors.
57. Remuneration for executive directors should be limited to variable remuneration linked to the company's results and personal performance, and also to remuneration through shares, op-

tions on or rights over shares or instruments indexed to the share price, and long-term savings plans, such as pension plans, retirement plans or other welfare systems.

Shares may be contemplated as remuneration for non-executive directors when it is conditional upon the directors holding them until they leave their post. The above will not apply to shares that the director needs to sell, where applicable, to pay for costs relating to their purchase:

Compliant

58. 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 does not simply derive from the general performance of the markets or the company's business sector or other similar circumstances.

In particular, the variable components of the remuneration should:

- a. They are related to performance criteria that are pre-determined and measurable and that these criteria consider the risk assumed for the obtaining of a result.
- b. Promote the sustainability of the company and include non-financial criteria that are suitable for the creation of long-term value, such as the compliance of the rules and the internal procedures of the company and of their control and risk management policies.
- c. Configure the base of a balance between the compliance of short-, medium- and long-term objectives, which allows to remunerate the performance for a continued performance during a sufficient period of time to appreciate their contribution to the sustainable creation of value, so that the measurement elements of this performance do not only revolve around timely, occasional, or extraordinary facts.

Compliant

59. That the payment of a significant part of the variable components of the remuneration differs for a sufficient minimum period of time to check that they have met the previously established performance conditions:

Compliant

60. That remuneration linked to company earnings should take into account any qualifications stated in the external auditor's report that reduce such earnings:

Not applicable

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments referenced to their value:

Compliant

62. Once the shares or options on or rights over shares corresponding to the remuneration systems are attributed, directors may not transfer ownership of a number of shares equal to twice their

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annual set remuneration, or exercise options or rights until, at least, three years after they are attributed.

CA

The above will not apply to shares that the director needs to sell, where applicable, to pay for costs relating to their purchase:

AC

Explain

The Company considers that the remuneration policy for the Managing Director (sole Executive Board Member) is adequate without there being a need to include this limitation thus far.

63. Contracts and agreements should include a clause that allows the company to claim a refund of the variable components of the remuneration when the payment was not been adapted to performance conditions or when it was paid taking into account data that later proved to be erroneous:

Compliant

64. Payment for termination of contract should not exceed a set amount equal to two years of total annual payment and it should not be paid until the company has been able to check that the director complied with previously established performance criteria:

Compliant

## H. Other information of interest

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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, state 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 state 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 stated.

GENERAL CLARIFICATION: It is hereby certified that the data contained in this Report refer to the financial year ended 31 December 2017, except in those matters specifically and expressly referring to another date.

EXPLANATORY NOTE TO SECTION A.3: The quantity of shares included in the corresponding box under the sub-heading "number of equivalent shares" refers to the maximum number of shares that they have the right to perceive, and the number that is effectively perceived will depend on the compliance of the terms and conditions established in the Long-Term Incentive Plan approved by the General Shareholder's Meeting on 28 April 2015.

NOTE TO SECTION F.5.1: In 2017, significant processes were reviewed in relation to financial information in Spain and other European and Latin American subsidiaries. With the verification performed in 2017 it started the SCIIF operation supervision plan that will finish in 2018.

The Internal Audit Department performs verifications of the state of execution of the recommendations included in their audit reports amongst which includes those relative to the verifications of the SCIIF. In 2017, 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 performs quarterly assessments of the critical risk management that, possibly, may include risks related with the financial information, via key risk indicators, its comparison with the limits established and their evolving over time. The results are presented to the Corporate Risk Committee for analysis and to the Audit Committee for supervision of their management. The assessment model was updated in 2017.

NOTE TO SECTION D.5: Prosegur Compañía de Seguridad S.A. had invested the amount of EU 50.000 thousands in a fixed income fund through Gesconsult, S.A., for which a service fee of 0,60% had been registered as financial expenses. The Chairman of Gesconsult, S.A., Mr. Juan Lladó Fernández-Urrutia is a related person to Company's CEO, Mr. Christian Gut Revoredo. The Board of Directors, after a previous favorable report of the Appointments and Remuneration Committee, approved this related party transaction on April 3, 2017.

This annual corporate governance report has been approved by the Board of Directors of the company, at its meeting on 27/02/2018.

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

No



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