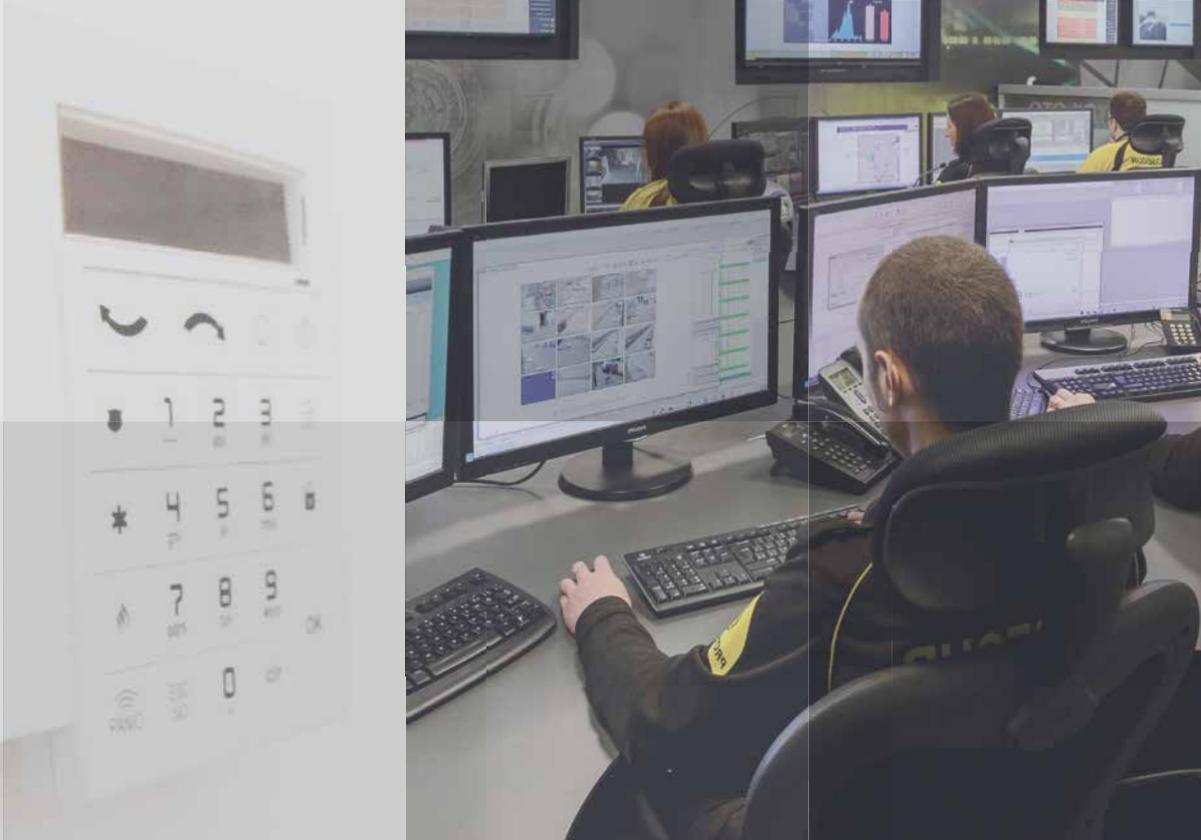




ANNUAL REPORT

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Annual Report 2017



Annual Report 2017

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A large, three-dimensional sign for the company 'PROSEGURO' is mounted on a wall. The sign consists of dark blue, blocky letters. The word 'PROSEGURO' is the main focus, with a partial letter 'E' visible on the far left. The letters are set against a background of numerous vertical yellow slats of varying heights, creating a textured, stepped effect. The lighting is bright, casting soft shadows on the wall.

PROSEGURO

Letter from the Chairman

As every year, I would like to welcome you to this Annual Report, the reading of which will provide a detailed picture of our company. A document in which we share our motivations and challenges and take stock of the objectives achieved in 2017.

In recent editions we have made a great effort to provide clarity on the evolution of our group. In 2017, we took an important step with the listing of Prosegur Cash on the Spanish Stock Exchanges.

For any company to submit to the scrutiny of the markets is always a crucial moment. In Prosegur Compañía de Seguridad we had already done so in 1987 and, since then, we are the only listed Spanish private security company. Thirty years later, our transport of valuables and cash management Project has also earned the trust of the investment community. Prosegur Cash was the first company to go to market in Spain in 2017, and was also the largest value operation in the European markets in the first quarter of the year. I would like

to highlight two fundamental aspects. On one hand, the relevance of the Prosegur group and the recognition by the investment community; which finds in the company a sound and trustworthy project. On the other hand, the commitment and responsibility of Prosegur's professional team that has proven, once again, its capacity to generate value for the different stakeholders: customers, employees and, of course, shareholders.

In this new stage, Prosegur Cash will strengthen its ambition for leadership in the cash industry. A method of payment that stands out for being the only one that is universal, inclusive and that protects the all so important privacy of users.

Furthermore, it enjoys good health; as vouched for by the data provided by the major financial institutions, which highlight the prevalence of cash as one of the most widespread payment methods worldwide. For this reason, our objective is to manage it in the most efficient manner, facilitating access to this reliable means of payment.

With regard to Prosegur Security, we are very proud of the value that our manned guarding capabilities with technology solutions generate for our customers. Investment in innovation, with a high technology component, is an absolute priority for us. In addition, we remain convinced of the potential of cybersecurity and of the services oriented to the prevention, detection and response to this type of attacks.



2017 has been a year of extraordinary growth for Prosegur Alarms. This development has allowed us, in the first weeks of 2018, to exceed half a million connections. This is an excellent example of how our household and business services are winning the trust of customers. This is possible thanks to a combination of services in which we employ the latest technology and the human component, which allows us to have the best response to any event that might take place. Thanks to this combination, we offer a value proposal focused on security that is highly differentiating, both with respect to our traditional competitors as well as from other recently incorporated players with digital origins.

In Prosegur we are specialists in security; this is our reason for being. Security is, and will become even more, a fundamental element in our society and key for its development. Our professionals contribute, with their work, to an increasingly safer society, in a discreet way and often in serious circumstances. For this, I do not want to let pass this opportunity to compliment the great work carried out by our employees in the 17 countries in which the group has a presence. We are a company with more than 170,000 individuals, whose contribution is essential to develop our activity with the highest standards in our sector. All this without forgetting our role as collaborators of the State's security bodies and police forces, always with loyalty and commitment to their work.

Lastly, I would like to take this opportunity to take stock of the activities that our Foundation has carried out. A Project with which we feel deeply involved and in which the commitment of our employees is essential.

In 2017, we have continued to broaden the scope of one of our most important projects, Picicitos Colorados. At year end, more than

46 centres were included in this program and more than 5,000 children were direct beneficiaries. This year we feel particularly proud of a pioneering artistic dissemination initiative to develop the creative abilities of the children and spread the universal heritage of the Prado Museum. Under the motto "Creativity as an engine of change", and together with the Friends of the Prado Museum Foundation, we have launched an Introduction to Art course in 31 of the schools under the Picicitos Colorados Project. Overall, 1,500 students in Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Uruguay have taken courses thanks to the commitment of 100 Prosegur volunteers, who had been trained under this Project to perform the role of educators. In 2018, we will continue to support this initiative and take it to new schools, reach more students and support new activities that continue to awaken in them an interest in art.

In addition, the Prosegur Foundation has celebrated this year the tenth anniversary of the Talent Scholarship program. Throughout this decade, we have proudly supported the training of more than 11,000 people, employees and employee's children, in nine countries.

As you will see throughout this report, 2017 has been an intense year in Prosegur and we are certain that the steps forward that we are undertaking will allow us to continue to lead the private security industry worldwide. Prosegur is very excited and ready to meet future challenges along with our customers, employees and shareholders.

One more year, thank you very much for your trust.

Helena Revoredo
Chairman

Message of the Chief Executive Officer

One more year, through these lines, we would like to present an overview of what this year has meant for the group. In the last Annual Report, we detailed the restructuring process that we had undertaken in 2015 and 2016; in which we expressed our willingness to equip the Company with the necessary capacities to compete in positions of leadership in each of the markets where we operate.

Today we can state that the new organizational model by businesses is consolidated and working in a completely satisfactory way. This is supported by data, which I will comment on later, and is also recognized by the market, as the share price of Prosegur has risen by almost 12% during the year, reaching an all-time record high.

The period was marked by the IPO of Prosegur Cash. A truly transforming Project that we undertook with four clear objectives. The first one, was to create an operator specialized in the transport of valuables and cash management sector with the capacity needed to lead the international consolidation of the industry. Secondly, we sought to energise the

development of the other businesses, promoting the incorporation of increased technological capabilities. Thirdly, we set ourselves the objective of giving visibility to the independent assessment of each division, and thus promote the value proposal of the group. And lastly, we wanted to remunerate the trust of our shareholders with an extraordinary dividend, which was paid out in December.

I do not want to miss this opportunity to express our gratitude. In general, to the investment community that has welcomed Prosegur Cash's Project with enthusiasm and has strongly supported it. And in particular, to the Prosegur teams that have made it possible. All have shown their great capacity and, with their trust and work, make us extremely proud of being part of this Project.

The IPO of Prosegur Cash represents the achievement of the objectives that we had set ourselves in the last strategic plan. Prosegur is, today, a company more orientated towards growth; agile and totally customer-focused. We are, at the same time, favouring innovation and the creation of internal efficiencies. And we have already launched several initiatives to undertake a deep digital transformation, intensifying the use of new technologies in all of the business lines and promoting global multi-service centres.

With regard to the evolution of the activity of our three business lines, I



would like to highlight, in the first place, the results of Prosegur Security.

Our Security business unit, which encompasses manned guarding and technology, has continued to progress on the basis of a differentiated business proposal, in such a way that sales of integrated guarding and technology solutions represent 15% of the unit's turnover. Overall, in the period, Prosegur Security recorded revenues of EUR 1,718 million, without taking into account the business in Brazil. This figure represents an increase of 10,1% with respect to the previous year.

In accordance with our commitment, the increase in sales is keeping pace with a sustained improvement in the profitability parameters. Hence, EBIT, not including the activity in Brazil, amounted to EUR 70 million, which represents an increase of 29.6% over 2016. The EBIT margin maintained a positive trend as it went up from 3.5% to 4.0% in 2017.

The unit is progressing in all of the markets and in particular in Brazil. The implementation of the plan for the optimization of operations in the country is yielding very favourable results and in the second half of the year the operation reported positive returns. This is a market where we have made significant efforts in recent years and where we are confident that prospects, in an environment of recovery of the Brazilian economy, will be favourable.

The future for Prosegur Security is full of opportunities that we are working on from various angles. We work to optimize processes, streamline decision making and, ultimately, transform the services that we offer to our customers.

We want to take advantage of all the opportunities offered by the Cloud, IoT, Edge

environments or Artificial Intelligence. One of the first projects, which is already fully implemented, is our cloud architecture and, on the basis of this new platform, we have started to develop our first SaaS (Software as a Service) solutions.

In Prosegur Alarms, our division of household and business alarms, we have maintained the focus on the growth of our total connections base. For this, we are making a great effort for the organic growth of the activity, where we have doubled our growth rate in 2017. An organic development complemented by acquisitions that have helped us increase the density of our footprint.

Results are very favourable and in 2017, turnover increased by 17.6% to EUR 251 million. At year end, the unit reached practically 500,000 connections. A very important aspect of the strong growth is that we are improving the main business indicators such as the average revenue per user that rose by 5.6% to EUR 38 per month.

With regard to service offerings, after the success in Argentina and Uruguay, Prosegur Alarms launched Hawk's Eye in Spain. An innovative security service to check what happens in a building in real time and permanently by means of round the clock intelligent surveillance. In addition, we have improved our Prosegur Smart application, so that the security system is closer to the customer, facilitates service and increases customer loyalty. Another priority area for action of Prosegur Alarms are the technology and automation projects focused on improving the security elements in households.

In addition to what we have already said regarding the IPO of Prosegur Cash, I would like to highlight the good performance of its activities during the period. Prosegur Cash posted revenues of EUR 1,924 million, up

by 11.6% over the previous period. I would like to emphasize, especially, the excellent advance in the sale of new products which grew 49,7% with respect to 2016.

Our business model and the efficiency of our operations allow us, as in recent years, to maintain one of the best profitability ratios in the sector. Thus, operating profit attributable to the business increased by 12.4% to EUR 360 million. Furthermore, the EBIT margin continued increasing to 18.7%.

In 2017, Prosegur Cash, as promised, has continued to develop its inorganic growth and completed five transactions for a total amount of EUR 50 million. In the next periods, we will continue to move forward in our strategy to accelerate profitable growth, while maintaining our firm conviction of playing a leading role in the international consolidation of the sector.

As in all the other business units, Prosegur Cash has launched initiatives to improve the services it offers. We have developed process control tools that allow us to personalize even more the services that we provide. Furthermore, we have incorporated new front-office cash automation solutions for retailers. And we have improved the value date solutions whereby cash deposited at the machine is available in the account of the customer regardless of whether it has been collected.

The intense activity developed by the businesses has also taken place in the units that provide them support. Among the most significant events that have taken place in 2017, I would like to

highlight the refinancing Project of the group which we undertook later in the year. In December 2017 and February 2018, Prosegur Cash and Prosegur issued debt for EUR 600 million and EUR 700 million respectively.

With these issues, the group has extended the maturity of its debt, taking advantage of the optimal moment offered by the market, and both companies have managed to secure very attractive fixed interest rates. The terms of both financing facilities are proof of the solidity of both companies and the trust that the financing agents have in them.

The optimal financial position and low debt of the company has enabled us to successfully tackle one of our priority objectives: growth. In addition, we also want to continue to favour the profitability of operations based on operational excellence and technological improvement of processes. In the next periods we will deepen the digital transformation initiatives. A field of action that offers us huge possibilities and in which we have already begun to work intensively.

In this regard, the Digital Transformation area of Prosegur's Advanced Administrative Centre (CAAP) has automated various work processes relating to the billing, accounting, treasury or human resources areas in the CAAPs that Prosegur has in Europe and Latin America.

We will continue to explore the possibilities of digitization through the progressive implementation of Cognitive Learning and Machine Learning tools with which to create programs capable of generalizing

and predicting behaviours based on the information available.

By reading this report, you will become aware of the many initiatives in which the company is immersed.

I am convinced that we are living a crucial moment in the development of Prosegur in which a world of opportunities will open up. First, for our customers who benefit from a value proposition with a priority focus on quality and service excellence. For the professionals of the company who have a great horizon for professional development and in whose training we will continue to invest. Finally, for our shareholders who are part of a value-generating project, always from a responsible business management standpoint.

All that remains is for me to express my gratitude, as every year, for your trust and to reiterate our commitment to build a safer society, serving our customers with our great team.

Christian Gut
Chief Executive Officer

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1. Prosegur and its business model

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1.7 Environmental Management	46

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1. Prosegur and its business model

Prosegur is a multinational company **leader in the private security sector and a reference in the markets in which it has been carrying out its activities** for more than 40 years. The company offers high value-added services for different types of customers in 17 countries on five continents.

In the last few years, Prosegur shifted from a business management model by geography to a functional model. With this new structure, the Company takes advantage of synergies, increased efficiency in operations and has more flexibility to adapt to the needs of each business line in specific environments, in accordance with applicable global quality standards.

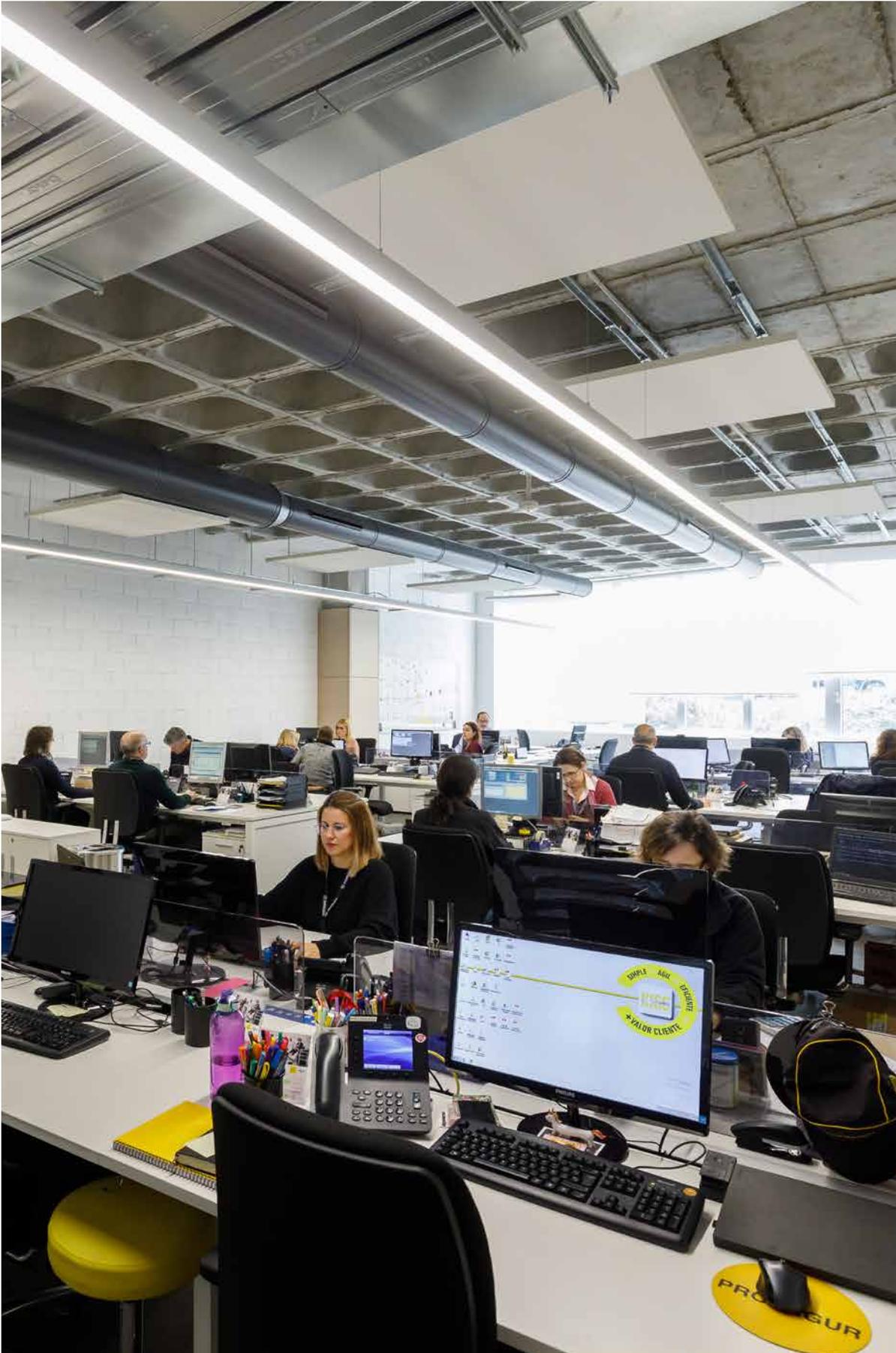
In 2017, each business has continued to consolidate its own development.

The three businesses of Prosegur are the following:

- **Prosegur Security:** Provides integrated security solutions. This business unit offers

a high value-added service that combines manned guarding with the latest technological and analytical capacities.

- Prosegur Security works with an unequivocal customer-service orientation and a firm commitment to quality.
- **Prosegur Alarms:** Provides a wide range of products that contribute to enhance security of families and businesses. The Company's proposal in this business line has a very personalized component that results in an excellent quality of service.
- **Prosegur Cash:** a subsidiary of Prosegur Compañía de Seguridad, in which it holds a direct and indirect stake of 72.5%. Prosegur Cash carries out transport of valuables and cash management activities and is also developing new activities for cash automation in POS, comprehensive services for the entire cash cycle in ATMs and high added value outsourcing services for the banking sector.



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I. PROSEGUR AND ITS
BUSINESS MODEL

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I. PROSEGUR AND ITS
BUSINESS MODEL

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PROSEGUR SECURITY

+100,000
security guards

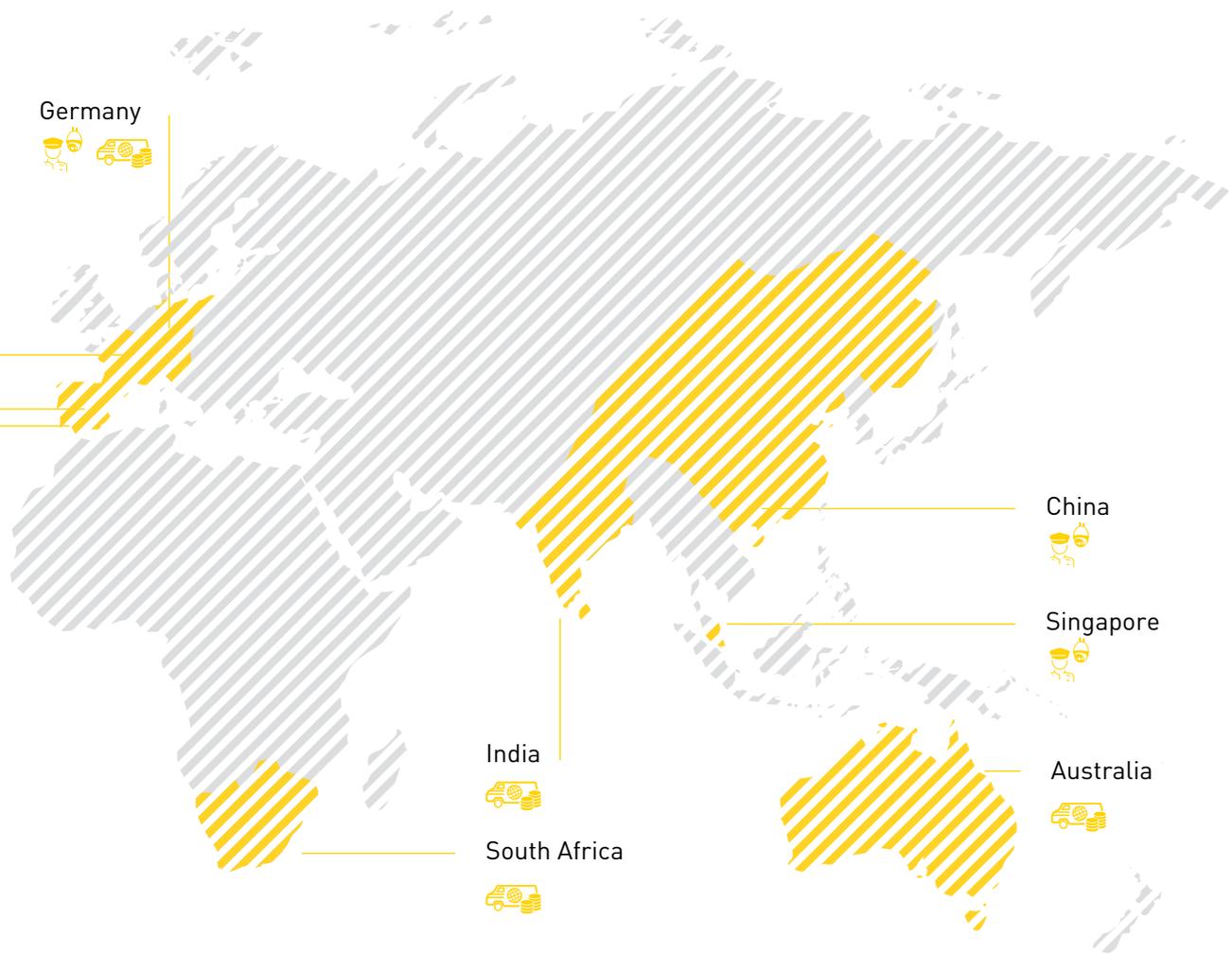
25
control centres



PROSEGUR ALARMS

~500,000
alarm connections

+18,000
geolocated vehicles
and devices



PROSEGUR CASH

550 billion
processed annually

+100,000
ATMs
managed

1.1 Main magnitudes in 2017



TOTAL SALES
€4,291

Organic Growth
exceeding **11%**



NET PROFIT
€220M

Net result increased by
almost **20%**



EBIT MARGIN
9,1%

EBIT increased
by almost **15%**



17
COUNTRIES



MORE THAN
+170,000
EMPLOYEES



EFFECTIVE
TAX
RATE
36.6%



AVERAGE COST
OF DEBT IN THE
PERIOD
2.2%



FINANCIAL
DEBT/EBITDA
RATIO
0.5x



INVESTMENT
GRADE, BBB,
OUTLOOK STABLE
(STANDARD &
POOR'S)

⁽¹⁾The figures reported show the operating result of the group not including the costs and extraordinary non-recurring taxes related to the IPO of Prosegur Cash.

Prosegur's economic and financial results

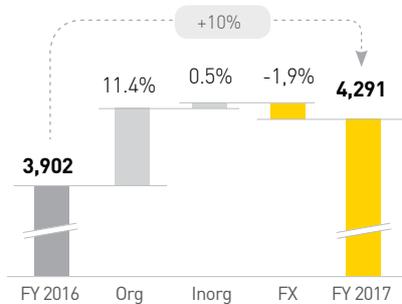


Prosegur has closed 2017 with sales amounting to EUR 4,291 million, which represents an increase of 10 per cent over the previous period.

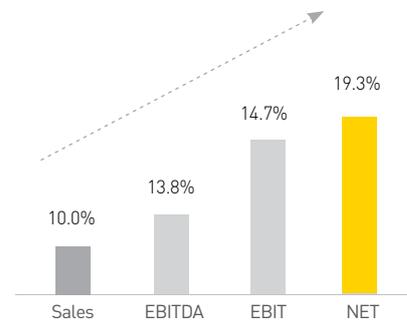
The Company posted **solid organic growth of 11.4 per cent** for its three business lines. Turnover increased in all of the business units and geographical areas in which Prosegur operates. The Exchange rate, which had a positive impact on the first half of the year, had a negative impact on the second half.

part, EBIT, also attributable to its activity, improved considerably by 14.7 per cent reaching EUR 392 million. Furthermore, the increase in the EBIT margin is worth mentioning, which rose by 9.1 per cent in the period, compared to 8.8 in the previous period. Lastly, if the expenses relating to the corporate restructuring process are taken into account, reported EBITDA stood at EUR 518 million while EBIT reached EUR 389 million.

Growth in Sales
(in millions of euros)



Increase in Profitability
Business figures



With regard to profitability of operations, the favourable trend was maintained after the implementation of the margin protection measures launched in previous periods. The improvements are, in addition, structural in nature. The EBITDA attributable to its activity stood at EUR 522 million, EUR 458 million in 2016. For its

With regard to other economic parameters, Prosegur maintained strong cash generation. Operating cash flow increased from EUR 318 million in 2016 to EUR 330 million. Net financial debt was reduced by EUR 460 million in 2017, so it stood at EUR 252 million at the end of 2017. Prosegur thus maintains a sound financial position. Standard's & Poor's maintained its investment grade rating of BBB, stable outlook.

1.2 Mission, Vision and Values



MISSION

Generate value for our customers, shareholders and society at large by offering end-to-end cash management solutions and related activities with the latest technology and the best professionals.



VISION

To be the global benchmark in security, respected and admired as a leader, with the aim of making the world a safer place.



VALUES

- Proactivity** ● Exceed expectations by taking the lead.
- Value Creation** ● Generate economic value by contributing to a safer world.
- Customer orientation** ● Work for and with our customers.
- Transparency** ● Gain the trust and respect of our stakeholders.
- Excellence** ● A personal attitude, a permanent way of being, of doing things right from beginning to end.
- Leadership** ● Based on respect and trust.
- Team work** ● All of us working together to achieve a common goal.
- Brand** ● The value that differentiates us, transmits our values, unites us and represents us.

1.3 Good governance, ethics and compliance

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In 2017, Prosegur has continued with its **commitment to consolidate a responsible, profitable and sustainable business** by basing its governance model on the provisions and recommendations of the Unified Good Governance Code of the Spanish National Securities Market Commission (CNMV) and

best practices and recommendations of international institutional investors in matters of Good Governance. In this regard, the Corporate Governance model of the company is based on five fundamental pillars that serve as a framework and point of reference in its development.

I. PROSEGUR AND ITS BUSINESS MODEL

Prosegur's Good Governance pillars



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Independence plays a fundamental role in Prosegur as it reflects the ethical and responsible behaviour of the company, its commitment to the good performance of society and the maximization of value. That is why more than half of the members of the Board of Directors, 100 percent of the members of the Audit Committee and 80 percent of the Appointments and Remunerations Committee are independent. Furthermore, Prosegur continues with its commitment to gender diversity, and 25 percent of the members of the Board of Directors are women.

On the basis of the principle of **transparency** to foster relationships with stakeholders, Prosegur makes an effort to provide clear and accurate information in a timely manner. This information is easily accessible through the channels established for these purposes (web page, newsletter, etc.) where the Annual Reports on Corporate Governance and Remuneration and other relevant information are published.

Prosegur's commitment to the **protection of minority shareholders** is one of the objectives of its Corporate Governance. Thus, the mechanisms that facilitate the protection of their rights and interests, such as accessibility to information, transparency and accountability are established.

The governance system is also based on the commitment to the **effectiveness and efficiency** of processes and decisions and the continuous review of results. In addition, the composition of the Board is in line with the complexity and size of the company and allows rapid and adequate response to the various issues that may arise.

Prosegur also commits itself to **integrity**, as it is the cornerstone of the other pillars, cascading down to its internal audience, ensuring excellent work while promoting the quality of service.

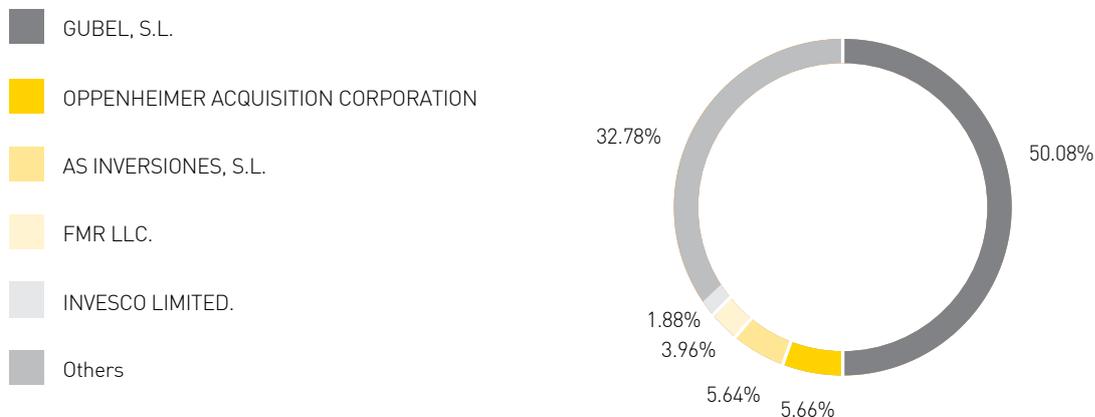


Ownership structure

The share capital of Prosegur Compañía de Seguridad, S.A. is **EUR 37,027,478.40**, represented by **617,124,640 shares** each with a face value of EUR 0.06, belonging to one same class and series.

All shares have been fully paid up and subscribed and are traded on the Stock Exchanges of Madrid and Barcelona (Spain). Each share carries the right to one vote and **there are no legal or statutory restrictions on the exercise of the vote or on the acquisition or transfer of shares in the share capital.**

SIGNIFICANT SHAREHOLDERS*



⁽¹⁾ 31 December 2017.

Governance structure

The **General Shareholders' Meeting** is the main representative body of the share capital of Prosegur, exercising its functions pursuant to the law and the Bylaws. The General Shareholders Meeting of 2017 was convened on 29 May in Madrid (Spain). The matters dealt with at Assembly, were the approval of the Annual Accounts, the distribution of dividends charged to reserves or the maximum annual remuneration of Board members.

Other issues were brought up such as the re-election of Eugenio Ruiz-Galvez Priego

as external director and the appointment of Angel Durandez Adeva as independent Director.

The **Board of Directors** is the highest governance, administrative, management and control body of Prosegur and holds the power to represent the company to establish guidelines on strategy, supervision and relation with shareholders. Its composition and functioning are governed by the Regulations of the Board of Directors, available on the **corporate website**.

The Board of Directors has two committees whose functions are further detailed in the

Annual Corporate Governance Report of the company: The **Audit Committee** and the **Appointments and Remunerations Committee**. The composition and functioning of both Committees are regulated by the Bylaws and the Regulations of the Board of Directors (available on: www.prosegur.com).

The **Audit Committee** has among its basic responsibilities those of proposing the appointment of the auditor, reviewing Prosegur's accounts, supervising the fulfilment of the legal requirements and the correct application of the accounting principles.

For its part, the **Appointments and Remunerations Committee** formulates and reviews the criteria that must be followed for the composition and remuneration of the Board of Directors and that of other members of the management team of Prosegur. It also regularly reviews the remuneration programs.

Board of Directors	11 meetings
Audit Committee	5 meetings
Appointments and Remunerations Committee	5 meetings

At the meeting held 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 in order to assign the competencies to assess transactions with related parties or transactions that may involve conflicts of interest, which until then were attributed to the Appointments and Remuneration Committee, exclusively to the Audit Committee.

In addition, the Board of Directors approved in December 2017 the Regulations of the Audit Committee the purpose of which is to determine the principles of action of the Audit Committee, the basic rules of its organization and operation and the rules of conduct of its members, to further strengthen the independence of the Commission.

In accordance with what is established in article 17 of the Regulations of the Board of Directors, in 2017 the Chairman organized and coordinated, with the Chairman of the Audit Committee and the Chairman of the Appointments and Remunerations Committee, the periodic assessment of the Board and its members. No changes have been made as a result of these assessments.

Composition of the Board of Directors

On 31 December 2017, Prosegur's Board of Directors was formed by eight members: one executive member and seven non-executive members, three of whom are independent, two proprietary and two external directors.

The responsibilities of the Chairman and the Chief Executive Officer are different and complementary. Prosegur adopts the requirements of the main international standards on Corporate Governance, which recommend the separation of roles.

For more information, refer to **Prosegur's Annual Corporate Governance Report**.

Mr. Isidro Fernández Barreiro

Director (Non-executive Vice-Chairman and Other External Director)



Ms. Helena Irene Revoredo Delvecchio

Chairman of the Board of Directors (Proprietary Director appointed by Gubel, S.L.)



Mr. Christian Gut Revoredo

Chief Executive Officer (Executive Director)



Mr. Ángel Durández Adeva

Director (Independent Director)



Ms. Chantal Gut Revoredo

Director (Proprietary Director appointed by Gubel, S.L.)

Mr. Fernando Vives Ruiz

Director (Independent Director)

Mr. Fernando D'Ornellas Silva

Director (Independent Director)

Mr. Eugenio Ruiz-Gálvez Priego

Director (Other External Director)

Audit Committee

Appointments and Remuneration Committee



Name	Category	Position on the Board	Appointment & Remunerations Committee	Audit Committee	Professional profile
Ms. Helena Irene Revoredo Delvecchio	Proprietary Director	Chairman			Degree in Economics and Business Administration PADE from IESE Chairman of Prosegur since 2004 and Board member since 1997 Chairman of the Prosegur Foundation since 1997 President of Euroforum since 2004 Board member of Mediaset España Comunicación since 2009
Mr. Christian Gut Revoredo	Executive Director	CEO			Degree in Economics and Business Administration MBA from INSEAD CEO of Prosegur since 2008 and Board member since 1997 General Manager of Prosegur Spain until 2007 Member of the Board of Trustees of the Prosegur Foundation
Mr. Isidro Fernández Barreiro	Other External Director	Non-executive Vice Chairman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Industrial Engineering Degree MBA from IESE Vice Chairman of Prosegur since 2008 and Board Member since 2002 Board Member of ACS between 2003 and 2008 Board Member of Corporación Financiera Alba since 1994 and Deputy Vice-President from 2006 to 2013
Ms. Chantal Gut Revoredo	Proprietary Director	Ordinary member	<input checked="" type="checkbox"/>		Degree in Economics and Business Administration MBA from IESE Board Member of Prosegur since 1997 Board Member of Euroforum since 2001 Member of the Board of Trustees of the Prosegur Foundation
Mr. Fernando Vives Ruiz	Independent Director	Ordinary member	<input checked="" type="checkbox"/>		Doctor in Law, Cum Laude, from Universidad Pontificia de Comillas (ICADE) Degree in Law and Degree in Economics and Business Administration from Universidad Pontificia de Comillas (ICADE) Chairman and Managing Partner of J&A Garrigues, S.L.P. Law firm Co-Director of the Garrigues Chair of Modernization of Corporate Law, Universidad Pontificia de Comillas (ICADE) Member of the Advisory Board for the Master's Degree in Corporate Law, Centro de Estudios y Formación Empresarial Garrigues Lecturer on Commercial Law at Universidad Pontificia de Comillas (ICADE) Lecturer at the Centro de Estudios y Formación Empresarial Garrigues and at ESADE Member of the Advisory Board of the National Securities Market Commission Board Member of Prosegur since 2012
Mr. Fernando D'Ornellas Silva	Independent Director	Ordinary member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Degree in Law and Economics from ICADE-E3 MBA from IESE, Barcelona (International Section) Board Member of Meliá Hotels International, S.A. Board Member of Willis Iberia, S.A. Board Member of GPIAC (GP Investments Acquisition Corporation). Member of the Executive Committee of the US – Spain Council Board Member of Prosegur since 2016
Mr. Angel Durandez Adeva	Independent Director	Ordinary member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Degree in Economics Commercial Law Lecturer. Chartered Accountant. Founding Member of the Registry of Economic Auditors Executive Partner in Arthur Andersen from 1976 to 2000 Vice Chairman and Founder of Euroamerica Foundation Board Member of Repsol, S.A. Board Member of Mediaset España, S.A. Board Member of Quantica Producciones, S.L. Board Member of Ideas4all, S.L. Joint Administrator of Arcadia Capital, S.L. Board Member of Prosegur since 2017
Mr. Eugenio Ruiz-Galvez Priego	Other External Director	Ordinary member			Civil Engineering Degree MBA from Stanford University Chief Executive Officer of Uralita Group since 1993 and Vice-Chairman from 1997 to 2002 Board Member of Ebro Foods (previously Azucarera Ebro Agrícolas and subsequently Ebro Puleva) since 2000, and CEO of Azucarera Ebro from 2000 to 2010 Board Member of Contenur, S.L. Board Member of Oxus, S.L. Board Member of Prosegur since 2005

Ethics and Compliance

“ Prosegur aims to become a benchmark in terms of ethics, integrity, respect for human rights and strict compliance with the rules and regulations, both in its sector and in the business community at large, leading the development of the sector with regard to these matters in the different markets in which it operates. ”

Ethical behaviour and compliance with the regulations of each of the markets in which Prosegur operates is a critical issue for several reasons intrinsic to its activity:

- Employees are often exposed to dangerous situations.
- Social purpose of the activity in relation with the protection of the personal integrity of direct and indirect customers.
- Risks associated with the development of the legislative framework in specific markets.

In order to contribute to the development of the company in accordance with the highest international standards of the sector,

Prosegur has implemented a series of programs, policies and codes that promote ethical behaviour and compliance in the four business lines. All members of the governing bodies, managers and staff must comply with these programs, policies and codes. To fulfil this purpose, a Working Group has been established, whose main function is to export the best business practices to all of the countries in which the company operates.

Corporate Compliance Program is overseen by the Compliance Committee which reports directly to the Audit Committee². This committee is in charge of overseeing and preventing the commission of irregular or illegal practices, especially in areas of greatest risk, that may result in reputational or regulatory sanctions or have negative impacts on economic performance. In this way, the program aims to carry out an assessment of risks, establish a control system and a flow of information regarding regulatory changes.

Within the activities of the program in 2017, the plan for adapting the company to one of the most important regulatory changes of the European Union was developed; the General Data Protection Regulation (RGPD), which will replace the current regulations in force and shall be applied as of 25 May 2018.

CORPORATE COMPLIANCE PROGRAM



²This Committee is made up of representatives of the Legal, Economic-Financial, Human Resources, Risk Management, Internal Audit departments and the Compliance Corporate Officer.

Code of Ethics and Conduct

The Board of Directors **approved in 2013** the latest version of Prosegur's Code of Ethics and Conduct. The document offers guidelines regarding the behaviour and good practices of all Prosegur professionals in the exercise of their duties and in their relations with third parties with regard to matters such as compliance with regulations, respect for human rights and equality and respect among employees.

The Code of Ethics and Conduct is a binding instrument that must be known, subscribed and met by all **Prosegur employees and members of its governance bodies**. Employees must also collaborate to facilitate its implementation and to report through the Whistleblowing Channel all possible breaches of which they might be aware of.

To add its commitment to ethics and integrity to that of other international companies, Prosegur signed the "Code of Conduct and Ethics" of the International Security Ligue, the objective of which focuses on the observance of standards for business leadership and interaction with stakeholders. Prosegur also recognizes the "Code of Conduct and Ethics for the private security sector", drawn up by the Confederation of European Security Services (CoESS).

Whistleblowing Channel

The Whistleblower Channel of the company is a safe and anonymous environment to detect behaviours that are irregular or contrary to Prosegur's principles. This channel can be used by anybody, whether they belong to the company or not, by filling out a form available on the website **www.prosegur.com**.

In 2017, the Internal Audit Department has dealt with the communications received in a confidential manner and, depending on the subject and severity of each case, has sent them to the Department responsible for its management, investigation and resolution:

Depending on the conclusions of the investigations, the Audit Committee takes the **necessary measures** in cases requiring action on the part of the company.

Respect for human rights

In accordance with the **United Nations Universal Declaration of Human Rights, security** is one of the core fundamental rights of mankind. Prosegur, as a reference in the private security sector, has the mission of guaranteeing this right, without prejudice to other equally important universal rights such as equality, liberty or the right to fair treatment.

In this regard, all professionals and employees of the company must refrain from infringing human rights of others, especially managers who, because of their position, have the additional obligation to take the lead and not hesitate to take a strong and clear stance on this matter.

This commitment is conceived as an **additional responsibility** to that of complying with the laws and regulations of the territories where Prosegur has a presence, in particular, those in which the State's capacity to protect human rights is limited or weak.

For a number of years now, the company has worked to adopt the **principle of due diligence** to define the necessary internal control elements to help manage this issue. These cross-cutting factors allow Prosegur

to claim that it does its best to **encourage good practices and prevent, detect and eradicate human rights infringements and irregularities.**

Within the framework of the company's management system, Prosegur has established formal policies and procedures on human rights, amongst which the following should be highlighted:

- Policy on Corporate Responsibility approved by the Board of Directors on 24 February 2016.
- Prosegur's Code of Ethics and Conduct: approved in the Board of Director's meeting held on 28 October 2013.
- Policy on Occupational Health and Safety.
- HR 3P Decalogue.
- 3P Decalogue on Safety and associated policies.
- General Policy on discrimination and harassment claims.
- 3P General Procedure on the Whistleblowing Channel.



+20,000 employees

have received specific training on
Human Rights



+65,000 training

hours

Prosegur's contribution to the Sustainable Development Goals (SDG)

Prosegur **integrates the Sustainable Development Goals (SDGs) in its strategy** and sees them as an opportunity for growth, rapprochement and dialogue with stakeholders and competitive differentiation, while supporting the transformation process towards a sustainable global society.

In this regard, the company contributes indirectly to the vast majority of the objectives and goals and focuses its business vision in five specific goals that are more closely related to the activities and business lines of the company.

These are:

- **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- **Goal 9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- **Goal 16:** Promote peaceful and inclusive societies.
- **Goal 17:** Revitalize the Global Partnership for Sustainable Development.

GOAL**CONTRIBUTION**

Prosegur's commitment to education has been developing and growing over time to empower and strengthen the capabilities and opportunities of employees.

Some of the most relevant activities in this area are the following:

- Prosegur's Corporate University: Professional development courses through a virtual platform. In 2017, 46,348 employees attended 251,267 hours of training courses.
- Health and safety training courses: Occupational risk prevention modules (basic training courses and continuing specialization courses).
- Prosegur's International Opportunities Program (iPOP).

See pages 53 - 61



Prosegur collaborates with the achievement of this goal by contributing to the economic growth of the markets in which it operates and providing a workplace that respects and promotes the development of employees.

Thus, a large part of the company's income is distributed among employees, as wages, salaries and benefits, while the rest is divided among taxes, local suppliers or contributions to Prosegur's Foundation. This distribution has a direct impact on the gross domestic product and the employment situation in the different countries.

Another field of action and contribution is the protection of labour rights and the promotion of a safe work environment, within the framework of several occupational health and safety programs. The objective of the company is to achieve "zero accidents", by strictly complying with the labour risks prevention regulations, training programs, technological tools and monitoring mechanisms.

In addition, Prosegur guarantees labour inclusion and decent work for all groups through the Labour Inclusion Plan for Persons with Disabilities or the Technical Talent Program to boost employment especially for young people.

See pages 53 - 61

GOAL**CONTRIBUTION**

Digital transformation is a catalyst of Prosegur's business strategy that seeks to optimize operations by creating efficiency, resource management and a direct impact on employees, customers, suppliers and society at large.

On the other hand, as a response to the security challenges in digital environments, Prosegur is currently developing new cybersecurity services, focused on service quality and differentiation within the sector. In this process, innovation has been a key element and a constant commitment, in order to provide adequate solutions.

Likewise, Prosegur has continued its commitment to innovation, research and technological development in the other business areas.

See pages 8 - 11



Through the company's sound Corporate Governance structure and monitoring and control mechanisms in place to ensure compliance with the law and ethical behaviour, Prosegur ensures its contribution to transparency and accountability for the effective and sustainable development of institutions and their environment.

Another measure is the anonymous complaints channel, open to external and internal audiences, as a mechanism for managing irregularities and breaches of its regulations.

See pages 23 - 29



Establishing partnerships with national and international associations that are committed to promoting sustainable development, in line with the strategic objectives of the company. Some of these alliances are:

- The United Nations Global Compact
- International Security Ligue
- Confederation of European Security Services (CoESS).

See pages 122 - 123

The Prosegur Foundation, through cultural and social actions, also indirectly contributes to various SDGs with different programs that support environmental care, social inclusion or sociocultural development..

Some of the most relevant programs of the Foundation are the following:

- Development Cooperation Project “Piecitos Colorados” as a transforming agent of communities, using schools as an engine of change.
- Clean Planet, Clean Countryside and Clean Beach Programs so that children and teenagers learn how to take care of the environment in a responsible way and are also trained on how to manage waste.
- Agreement with the Red Cross to develop a program to prevent accidents and first aid training courses.
- Plan for the Inclusion of People with Intellectual Disabilities in headquarters and branch offices.
- Talent scholarships for school, vocational and higher education of employees of the company and their families.



See pages 73 – 75. More information on: www.fundacionprosegur.com

1.4 Strategy

Prosegur operates in a constantly changing environment and this has played a key role in the organizational changes that have been undertaken by the company in recent years in order to (i) respond to new customer needs, (ii) become their strategic partner and, (iii) provide them with greater value, through process efficiency and effectiveness and implementation of technological solutions. This is why the business model was changed from being a model structured by country to one structured by business.

This change in management model was included in the 2015-2017 Triennial Strategic Plan, which sought to achieve sustained growth, improve profitability and efficiency and increase specialization.

The balance of the Strategic Plan that ended in 2017 is very positive, having embarked on a process of cultural change that has permeated all lines of business and geographies in a homogeneous manner, the company is prepared to undertake new challenges.

Objectives	What did Prosegur want to achieve?
QUANTITATIVE	
Growth 	<ul style="list-style-type: none"> • Focus on growth in new volume. • Strong commitment to the development and sale of new products. • Promote the specialization of managers.
Management of indirect costs 	<ul style="list-style-type: none"> • Simplify the decision-making process and create an increasingly agile company. • Reduce the weight of indirect costs, in particular in the corporate business.
Cash Flow management 	<ul style="list-style-type: none"> • Maintain the pace of cash generation and its conversion with respect to EBITA.

Objectives	What did Prosegur want to achieve?
QUALITATIVE	
Manage at Branch level 	<ul style="list-style-type: none"> • Continuously measure the quality level of services and customer satisfaction. • Offer a proposal of value more focused on the needs of the customer.
Efficiency in operations 	<ul style="list-style-type: none"> • Complete the implementation of the corporate platforms in all of the Prosegur countries. • Continue with the Kaizen Project. • Continue to promote the Competence Centres, implementing best practices in all of the countries.
Management simplification 	<ul style="list-style-type: none"> • Build a more agile, consistent and homogeneous Prosegur by simplifying processes and structures, which will result in better decision-making (KISS Project).

New challenges 2018-2020

At present, Prosegur is immersed in the definition of its Triennial Strategic Plan 2018-2020. The positive results achieved have led

the company to address new challenges and objectives for the next period, based on the continuous improvement and efficiency of processes, innovation, digital transformation and the acceleration of inorganic growth.

QUANTITATIVE

- Growth**
 - Promote the development and sale of new products in all businesses.
- Profitability and Cash**
 - Support operational excellence and technological improvement of processes.
 - Reduction of indirect costs that do not create value.
 - Maintain the pace of cash generation and the conversion ratio of EBITDA.
- Business Transformation**
 - New products that reflect Prosegur's commitment to innovation.

QUALITATIVE

- Innovation**
 - Development of high value-added products that reflect Prosegur's commitment to innovation
 - Position the company at the forefront of the technological revolution.
- Digital Transformation**
 - Promote cultural change to become an agile, technological and digital company.
 - Measurement and continuous improvement of service quality and customer satisfaction.
- Profitable Growth**
 - Accelerate the company's organic and inorganic growth.

Making progress towards digital transformation

Greater sophistication of products and services

- Growth in all products of all business lines.
- Higher added value differential solution and increasingly personalized services.

Increase BackOffice efficiencies

- Apply new technologies to innovate internal and external processes
- Standardize information architecture and data sources.

Advanced Analytics and Robotics

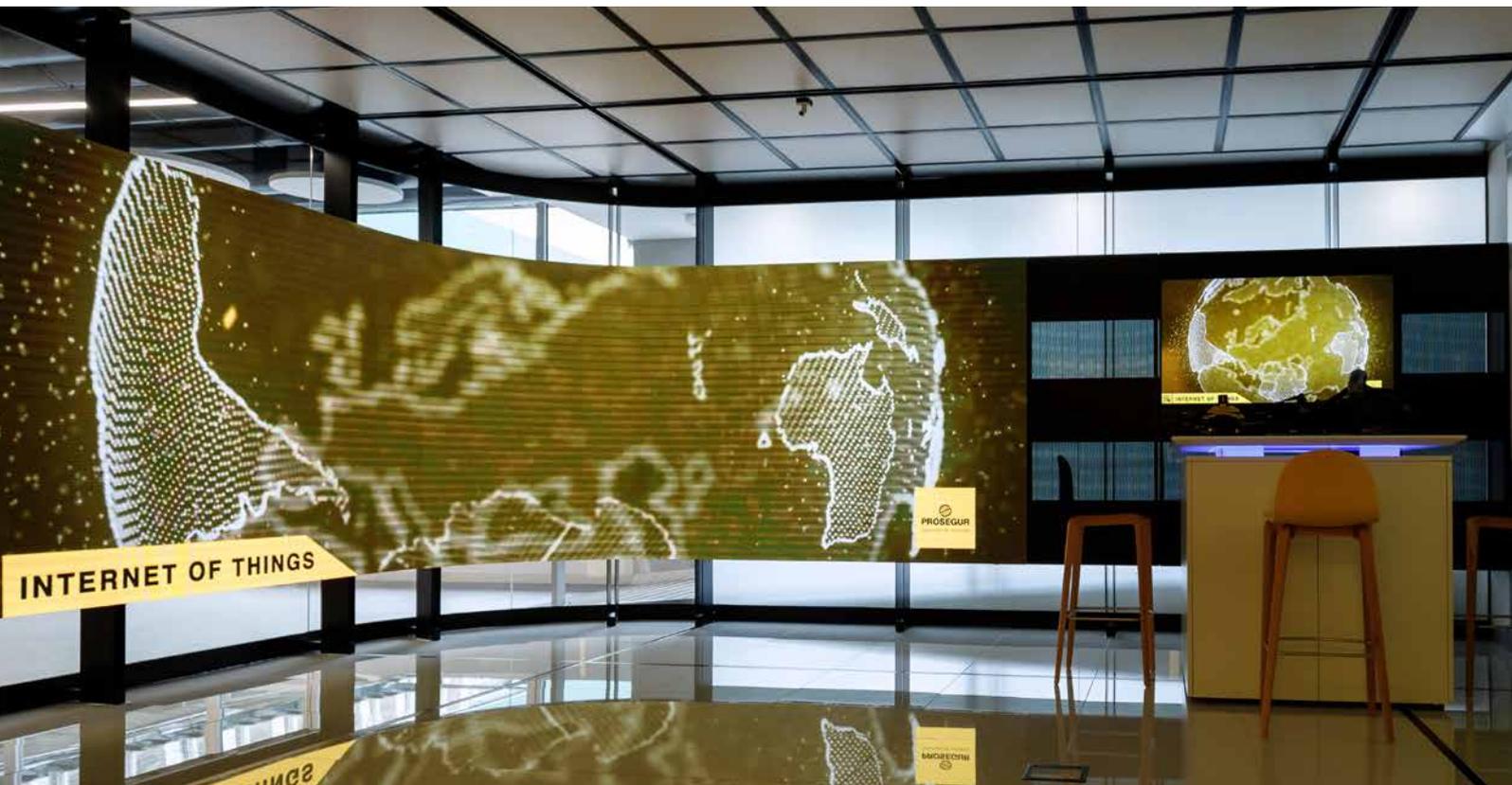
- Use of the latest technology and innovative and differential tools
- Automation and Robotization Centre of Excellence of the Advance Analytics area (Alarms, Legal, HR).

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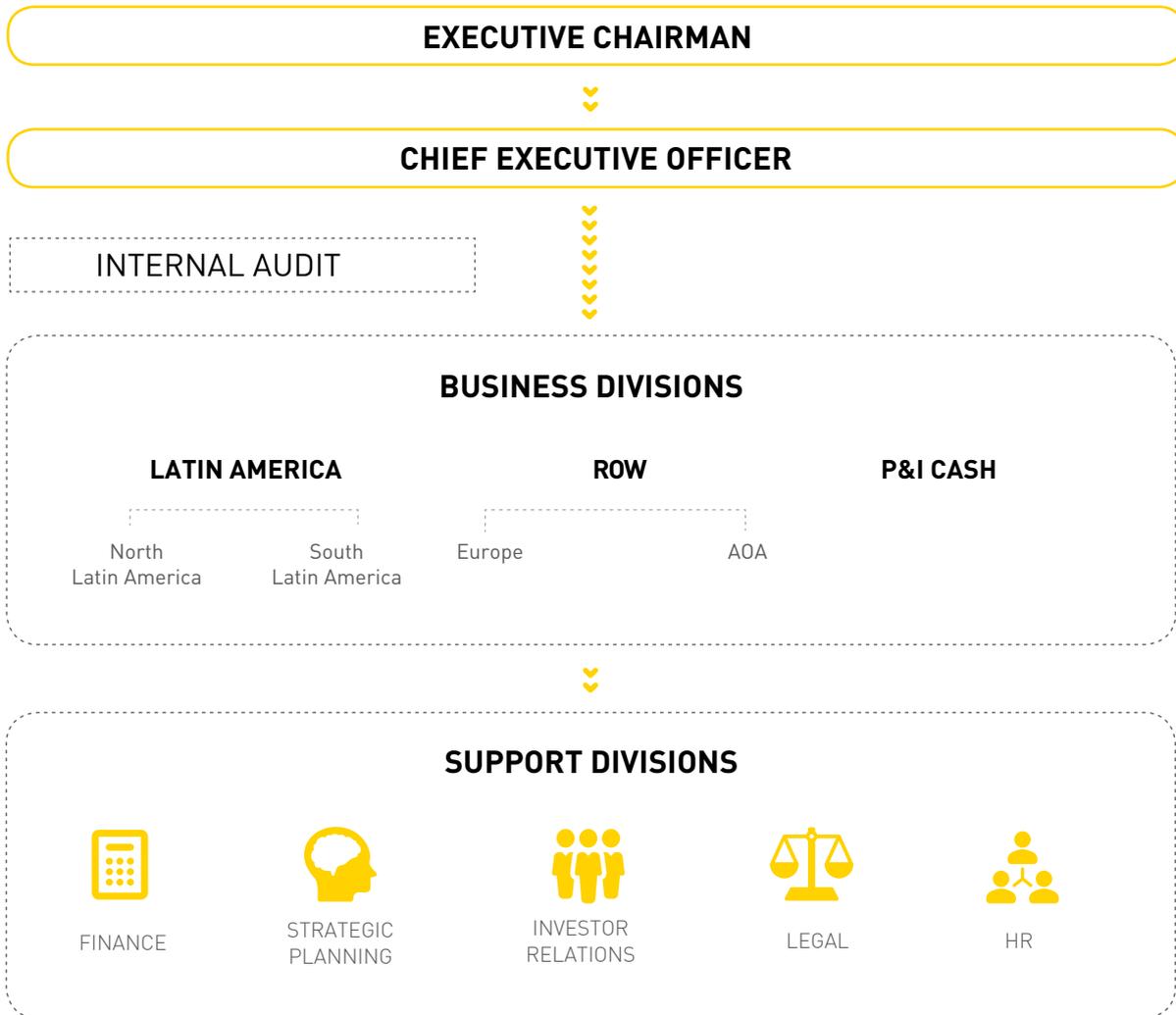
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For its part, the structure of Prosegur Cash, subsidiary of Prosegur Compañía de Seguridad, is also divided into three geographical areas: Latin America, Europe and AOA (Asia-Oceania-Africa) and a fourth Innovation and Productivity Division, focused on improvement of products and services.

Corporate functions are supervised by the Global Support Divisions that cover the areas of Finance, Human Resources, Quality and Environment, Relation with Investors, Legal and Strategic Planning.

PROSEGUR CASH



Policies, process management and service metrics

“

The 3P System, Prosegur's Policies and Processes, reflects the company's commitment to offer the highest quality standards.

”

The 3P Management System, an acronym of Prosegur's Policies and Processes, is the formal management framework for all businesses and support areas of the Group. The objective of the system is to provide quality and efficiency standards (policies, processes and metrics) and a framework for continuous improvement to the activities carried out by the company worldwide. These standards contain common elements for all of the countries and specific elements for each geography.

PILLARS THAT INSPIRE THE 3P SYSTEM

1. **Customer Orientation:** Agility and efficiency or responsiveness as key elements in the relationship with the client and which is the backbone of the organization's purpose.
2. **Excellence:** Focus on effective and efficient management of activities and processes, seeking not only meet standards but to go beyond, with an added-value proposition in each area representing the company.
3. **Profitability:** Finding the best ways to ensure profitability and growth of the company along with practices that encourage innovation, the creation of new solutions and the efficiency of operations.
4. **Accountability:** continuous improvement through indicators to assess the evolution of processes, drive change and help to take appropriate measures.



POLICIES AND PROCESSES WITHIN THE 3P SYSTEM IN 2017

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3P System IN 2017

3P Policies IN 2017

43 New or revised policies

3P Processes IN 2017



PROSEGUR SECURITY

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PROSEGUR ALARMS

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PROSEGUR CASH

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SUPPORT

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KPIs Indicators

Certifications granted to the 3P System

The 3P Management System is certified by external and independent entities to verify

that Prosegur meets international and local standards. These certifications are evidence supplied to customers by third parties confirming that the company meets the required standards.

CERTIFICATIONS GRANTED TO THE 3P SYSTEM

- ISO 9001 Quality Management System.
- ISO 14001 Environmental Management System.
- ISO 22301 Business Continuity System.
- EN 16082 Airport Security services.
- ISO 27001 Information Security System.
- ISO 28001 Security Management System for the Supply Chain.
- OSHAS 18001 Occupational Health and Safety Management System.

1.6 Risk management

“

Given the nature of the activities carried out by Prosegur, risk management is a key factor for ensuring the sustainable growth of the company. For this, it has implemented a robust system both at the corporate and operational level in each country.

”

Prosegur's risk management system

Prosegur's Risk Management System enables the company to proactively manage risks, identifying the most critical aspects, evaluating and monitoring risk management through key indicators. In addition, the system is based on the COSO standard (Committee of Sponsoring Organizations of the Treadway Commission) and is complemented by other standards such as the Basel III rules of the financial sector or the ISO 31000 standard. In addition, the risk management system works in an integral and continuous manner and consolidates risk management by area, business unit, activity, subsidiary, geographical area and support area at the corporate level.

- Identification and prioritization of critical risks is performed on an annual basis in accordance with a model that takes into consideration, above all, the risks linked to the company's main corporate and business objectives
- The risk assessment procedure using key indicators is based on identifying relevant parameters that provide a reliable measure for the management of each risk. Indicators are selected on the basis of the following criteria:

- That they can be applied consistently in all countries;
- That they allow comparisons to be made over time and between countries;
- That they enable those responsible to assess risk management and anticipate failure to comply with objectives that are relevant for the company.

Prosegur has a robust risk management system in place at corporate and operational levels in each country, which is a key aspect for the sustainable growth of the company.

Depending on the type of risk and its relevance, the senior management team of Prosegur and those directly responsible for risk management establish the appropriate procedures to anticipate risks, with prevention and early detection methods, avoid the materialization of risks or develop mitigation strategies.

The maximum responsibility for risk management and control falls on the Board of Directors. The Board is also in charge of supervising internal control and information systems. In addition, the Regulations of the Audit Committee approved in December 2017, clearly state that the Audit Committee has informational, advisory and proposal powers on issues related to risks and in particular with regard to promoting a corporate culture that takes into account risks when making decisions, supervising the efficacy of the internal control systems of the company and any other type of recommendation on the matter.

The **Corporate Risk Committee** periodically reviews and analyses risk management and control results.

For additional information on Prosegur's risk management system refer to Prosegur's Annual Corporate Governance Report (www.prosegur.com).

RISK MANAGEMENT CYCLE

01. INFORMATION

Inform and communicate risk exposures and conduct an annual assessment of risks.

04. MONITORING

Supervise and follow-up compliance with policies, standards, procedures, information systems through internal control to ascertain whether exposure is acceptable. Continuous remote and on-site monitoring.



02. RISK IDENTIFICATION

Identify business risks or foresee risk scenarios, measure and analyse their impact on the company.

03. CONTROL

Propose new policies or reassess existing policies. In addition, propose necessary corrective measures based on cost-effectiveness criteria to minimize identified.

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RISK FACTORS	RISK
<p>REGULATORY RISKS</p> <p>Regulations on private security, workplace and social security regulations, tax regulations, regulations on arms control, regulations on capital markets and antimoney laundering regulations.</p>	<ul style="list-style-type: none"> • Greater intervention by governments and regulators. • Risk of non-compliance with applicable laws.
<p>BUSINESS RISKS</p> <p>Decrease in the demand; prolonged reduction of cash use, highly competitive markets, aggressive pricing policies, relatively low entry barriers.</p>	<ul style="list-style-type: none"> • Circumstantial reduction in the demand for security services. • Operations in highly competitive markets. • Not reaching forecasted results in alarms. • Inadequate management of indirect costs.
<p>REPUTATIONAL RISKS</p> <p>Real or perceived incidents that affect its ability to operate in an ethical, responsible and safe fashion.</p>	<ul style="list-style-type: none"> • Negative publicity about Prosegur.
<p>OPERATIONAL AND TECHNOLOGICAL RISKS</p> <p>Interruption or failure of communications, unauthorized access to information systems, security breaches, data loss, operative errors, incidents involving assets or lost cash.</p>	<ul style="list-style-type: none"> • Loss or theft of proprietary information or confidential information of customers. • Failures or incidents in IT infrastructure. • Incidents involving assets under custody or lost cash.
<p>FINANCIAL RISKS</p> <p>Interest rate risk, exchange rate risk, counterparty and fiscal risks.</p>	<ul style="list-style-type: none"> • Cash generation or cash management.

MITIGATION STRATEGY

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- Business diversification in differentiated markets.
- Corporate Compliance Program.
- Independent processes of due diligence.

- Business diversification in differentiated markets.
- Development of new value added products and services that differentiate Prosegur from the competition.
- Increase Prosegur's brand recognition.
- Operational efficiency measures.

- Detect potential irregularities through the Whistleblowing Channel.
- Prevent non-compliance by means of the Corporate Compliance Program.
- Independent due diligence processes.

- Global logical security policies.
- Monitoring the processes of controlling and monitoring traceability of the transport, handling and storage of cash operations.
- Independent assistance in claims or differences arising in the cash management activity.
- Identification of best practices.
- Drawing up policies on physical security and procedures that minimize potential losses.
- Implementation of business continuity policies and recovery plans.
- High quality and reliable insurance coverage.

- Dynamic analysis of interest rate risk exposure.
- Simulation of several scenarios depending on refinancing, renewal of present positions, alternative financing and coverage.
- Calculation of the effect of a certain change in the interest rate on the result.
- Natural hedging policy.
- Customer risk assessment.
- Monitor, on a monthly basis, the credit status of customers and application of valuation adjustments.
- Perform transactions with entities with defined credit ratings. Signing of financial transactions framework agreements (CMOF or ISDA).
- Define counterparty risk limits.
- Regular publication of updated credit limits and levels.

Management of key risks

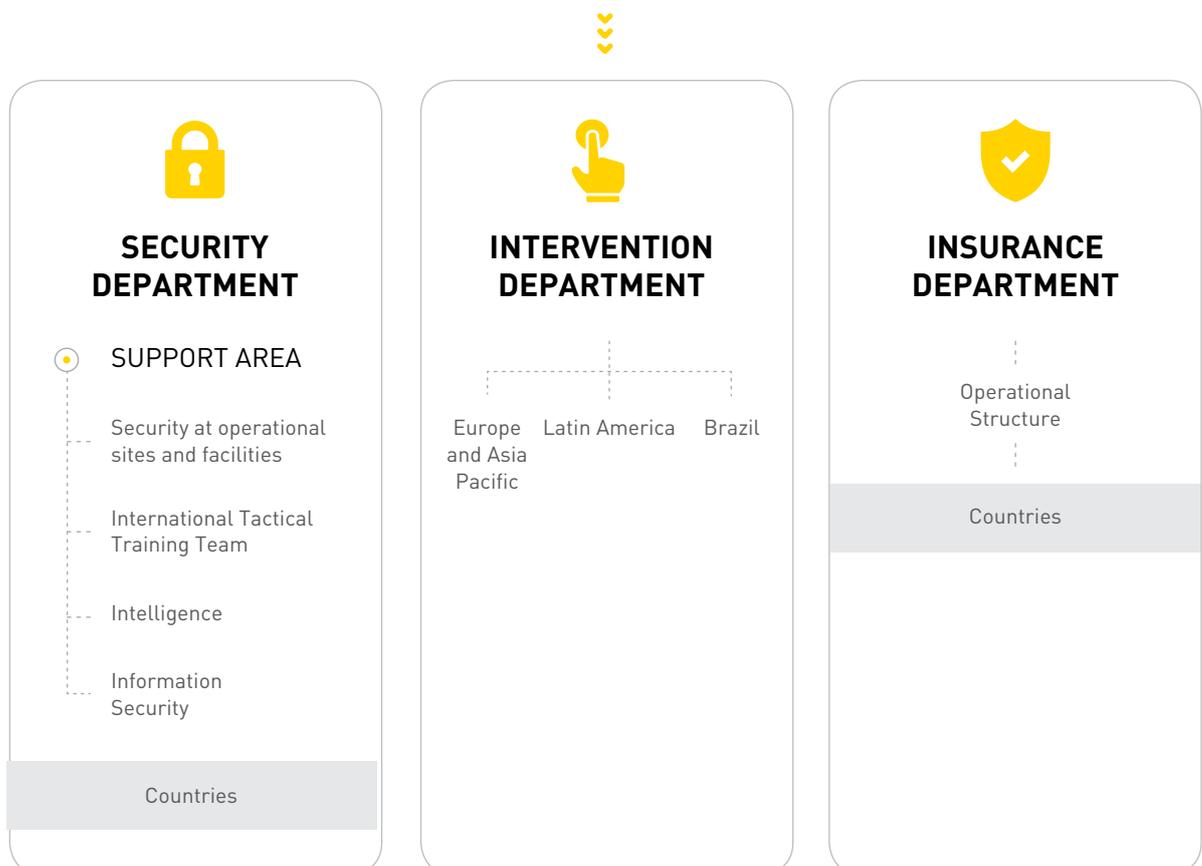
Prosegur devotes significant efforts to the management of operational and regulatory compliance risks given their potential impact on the commitments undertaken with stakeholders and, specifically, with employees and customers. Prosegur applies a risk management approach that covers all the areas of activity of the company, through a **strict control of infrastructure, processes and people**.

To improve risk management efficiency, the company has a Risk Management Global Department, an area which, by its structure and organization, represents a competitive advantage in the management of risks

compared to other companies in the sector. This department provides the organization with the necessary tools to efficiently manage the risks associated with the safety of operations. It also provides the necessary tools to ensure that the standards and procedures defined by the company are upheld and to ensure compliance with national regulations.

The corporate structure, located in Madrid (Spain), comprises three departments with regional and national representation: Security, Intervention and Insurance. The integration of these three departments into a single Global Directorate maximizes the efficiency of operations at the lowest cost thanks to the in-house specialists that share common procedures.

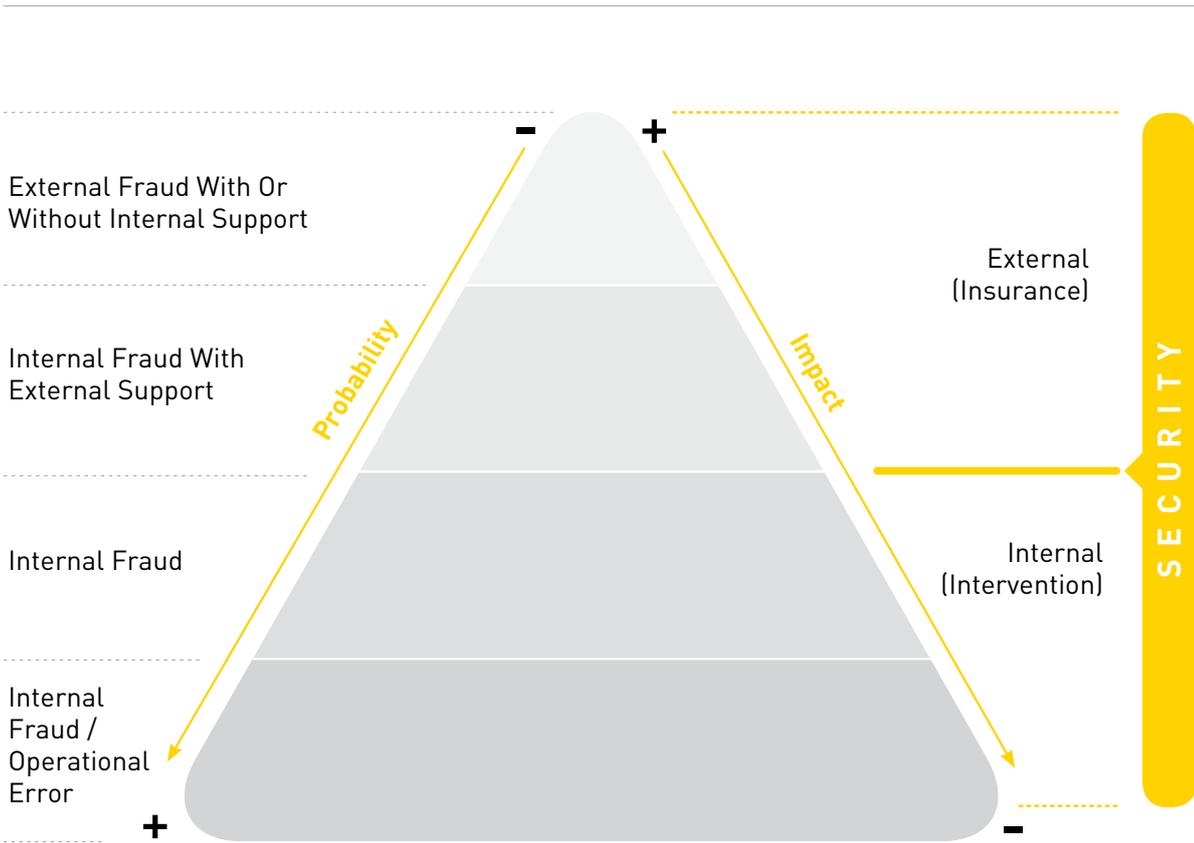
GLOBAL RISK MANAGEMENT DEPARTMENT



The Security Department is responsible for managing risks and legal compliance relating to security matters. In addition, it acts as a second line of defence of the company as it actively participates in the development and execution of business operations in security

matters. This department has an important number of experts, distributed in four global support areas: Intelligence, Information Security, Security at Operational Sites and Facilities, and International Tactical Training Team.

RISK APPROACH



Security model based on risk management and strict control of infrastructures, processes and people

The Intervention Department is organized in two units: Intervention and Loss Control. Both units review on site business operations (balance audits of valuables

in custody, operational controls, security in operations, security of facilities and compliance with legal regulations). The Intervention Department is also responsible

for reviewing operational procedures of the Security and Alarms businesses and special corporate audits (purchases, fleet, and others).

The Insurance Department identifies and controls operational risks and determines the basis and guidelines for risk insurance and management, always making sure that

it has the minimum impact on the P&L. The Department has established insurance programs, takes out insurance policies at corporate and local level with first level insurance companies. These policies cover a wide range of risks: employee risks, direct and indirect risks arising from Prosegur's activity and risks affecting items of property, plant and equipment.

1.7 Environmental management

Prosegur is fully **aware of the effect of its activities on the environment**. For this, the company has established policies with environmental management commitments and objectives in the businesses and countries in which it operates, with the aim of minimizing impacts and ensuring compliance with the environmental legislation applicable in each region. Environmental Management specialists conduct a risk assessment for each geographical area and, together with the Business team, establishes protocols and measures to mitigate these risks.

The risk control and management policy also identifies and evaluates environmental risks. As described above, every year, Prosegur's Corporate Risk Committee identifies and prioritizes critical risks of any kind, including environmental risks which, if they materialize, could adversely affect the achievement of relevant objectives of the company.

In addition to the strategy and the associated environmental risks, **Prosegur evaluates, measures and reduces the environmental impact** associated with the activity it carries out in each country, in a manner consistent with the profitability of the operation. In the same way, it raises awareness among its employees on environmental matters by communicating good practices that promote

sustainable development. Thus, in order to ensure that the effort made in this field is complemented by the actions of all its employees, Prosegur includes environmental awareness modules in its online and face-to-face training courses.

The company pays special attention to ensuring compliance with current legislation and continuous improvement. To do so, it identifies the international, national and local rules and regulations applicable to each business activity and conducts audits to assess compliance with environmental legislation, as the one carried out in Portugal in 2017. Prosegur ensures compliance through policies and procedures of the 3P Management System. However, the company is not only satisfied with complying with the law on environmental matters, it also works on a permanent basis in the improvement of other relevant aspects related to environmental issues.

The company promotes the fulfilment of the requirements set forth in the ISO 14001 Standard and its certification, which is regarded as a differentiating factor in the sector. Prosegur was the first Spanish security company that obtained this certification in the guarding activity. In this same line, the company regularly monitors, updates and renews all the certifications. It is worth noting,

that, in 2017, all the certifications were duly updated and renewed in countries such as Colombia and Peru.

In line with efficiency policies adopted in other areas, Prosegur makes responsible

use of materials and aims at reducing the generation of waste. The company increasingly promotes a culture of environmental responsibility and is increasingly committed to reduce the impact generated by its activities.

IMPACTS CURRENTLY MEASURED

Consumables	Waste	Emissions
<ul style="list-style-type: none"> • Diesel + petrol. • Natural Gas. • Electricity. • Water. • Paper. • Toner. • Operational plastic. 	<ul style="list-style-type: none"> • Hazardous waste. • Non-hazardous waste: paper and cardboard, operational plastic waste and others. 	<ul style="list-style-type: none"> • Direct CO₂ • Indirect CO₂

Prosegur demonstrates its firm commitment to fight against climate by accounting for and controlling the use of consumables and, thus, of its carbon dioxide emissions in all of the countries in which it operates.

In 2017, the company estimated that total carbon dioxide emissions amounted to 94,719 tons (tCO₂). 84% of these emissions corresponded to direct emissions, associated with fuel consumption (petrol, diesel and natural gas), while those associated with the consumption of electric power or indirect emissions amounted to 16%.

It should also be noted, that different energy efficiency actions have been carried out in several countries to reduce the carbon footprint of the company, such as studies of the electrical capacity hired to adapt it to the actual consumption of the facilities, or changing the lighting fixtures, which have resulted in a reduction in consumption and associated costs. Other initiatives are related to the 3P policy for the management of the armoured fleet and the assessment of consumption efficiency and the program for the acquisition and withdrawal of armoured vehicles as well as awareness campaigns to reduce water consumption at branch offices and operational sites.

CO ₂ Emissions (Tons)	Cash	Security	Alarms
Direct	43,369	27,797	8,474
Indirect	11,909	2,456	715

With regard to waste management and consumption control, Prosegur controls consumption and waste generation in all of the countries in which it operates. The ultimate management and disposal of the waste is always carried out by authorized waste managers, in

accordance with the legislation in force in each country. With regard to consumption of natural resources, Prosegur controls, on a monthly basis, the consumption of different materials and takes measures to reduce it such as awareness campaigns among its employees.

Consumables	Cash	Security	Alarms
Water	235,835 m ³	58,614 m ³	35,865 m ³
Paper	248 tons	61.48 tons	36.35 tons

Waste generation (Tons)	Cash	Security	Alarms
Hazardous	154.75	62.46	55.5
Non-hazardous	506.08	146.31	83

Prosegur will maintain its commitment to climate change by establishing, implementing

and maintaining measures and plans aimed at reducing its environmental impact.



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2. The value of a Group

2.1 Employees	53
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2.5 Prosegur Foundation	73

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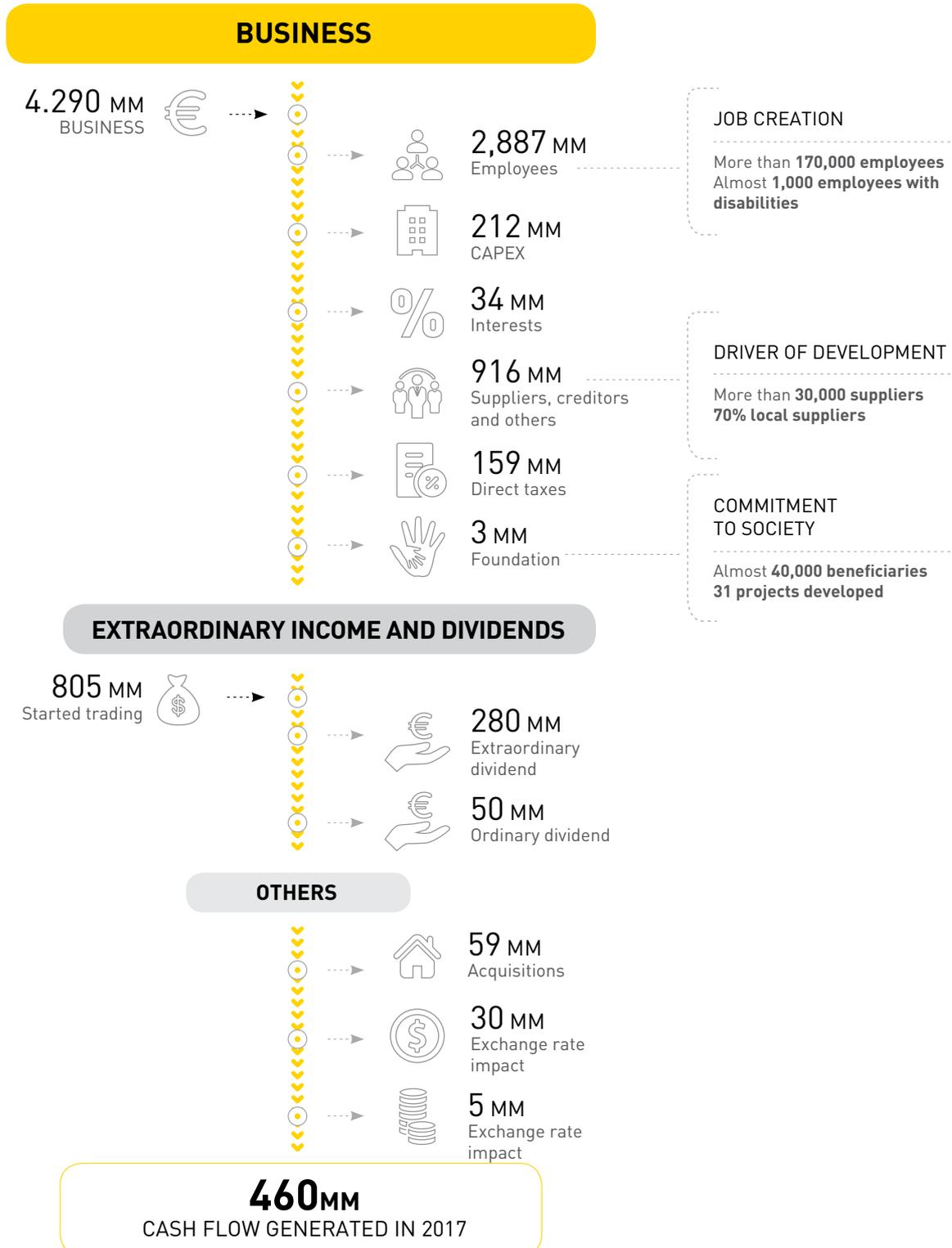
SERVICIOS
AUXILIARES

SERVIMAR PROSECUR
1187
Control de Inventario

2. The value of a Group

Prosegur's activity impacts positively on the economic and social development of the countries in which it is present. Most of the

economic value generated is distributed among its three main stakeholders; employees, suppliers and public administrations.

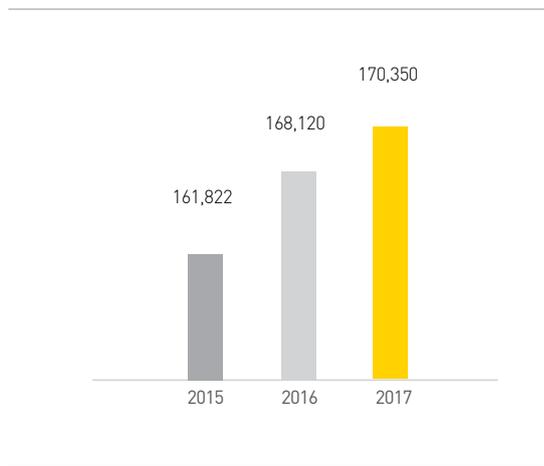


2.1 Employees

“
 Prosegur has more than 170,000 employees in 17 countries, to whom it provides a safe and stable work environment and, at the same time, contributes to direct and indirect job creation, contributing to the economic growth of the countries.
 ”

As of 31 December 2017, Prosegur had a team of 170,350 people around the world. This figure represents an increase of more than one per cent on that of 2016.

Evolution of the workforce in the last three years



Average headcount	2015	2016	2017
Direct	150.549	157.693	159.275
Indirect	8.659	9.440	9.186
Prosegur Total	159.208	167.133	168.461

Prosegur is aware that its best resource are the professionals who make up its team. For this reason, it guarantees **observance of obligations concerning employment and**

social security. In this period, the company destined more than **EUR 2,000 million** to wages and salaries and more than **EUR 560 million** to social security contributions.

Occupational Health and Safety

Prosegur’s policy in the field of occupational risk prevention is in line with legal and voluntary industry standards. The company invests in specific training and improvements

to ensure that employees work in safe environments and provides them with the best equipment with the latest technological developments.

The company channels its efforts in the health and safety of its employees through three major areas of action:

TRAINING



with the aim of promoting personal responsibility of employees and promoting a culture of workplace safety throughout the company.

**+115,000
HOURS**

Of training on
Occupational Health
and Safety

MONITORING AND FOLLOW UP



With tools that allow a thorough monitoring of accident, its causes and issues surrounding its causes, thus enabling the company to improve the original situation and prevent future accidents. In addition, Prosegur has occupational health and safety committees.

**+47,000
EMPLOYEES**

Represented in
the formal joint
management-worker
Health and Safety
Committees

TECHNOLOGICAL INNOVATION



R&D developments in Health and Safety have been present throughout 2017, especially in the development of training tools on these matters and internal communications to disseminate and promote best practices.

1 Million

Invested in
Occupational
Health and Safety

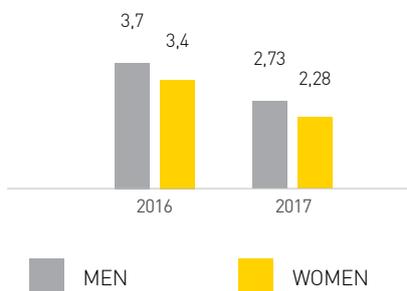
Target “Zero Accidents”

This objective is one of the main targets of the company. In 2017, the rate of fatalities per 10,000 employees was 0.41, representing a **drop of 41 per cent** over the previous year.

Prosegur has been the only company in its sector to receive the Prever Award in the category of Companies and Institutions

Thanks to the occupational health and safety effort made on 2017, Prosegur has been the only company in its sector to receive the **Prever Award in the category of Companies and Institutions**. This prize acknowledges the commitment and **effort made by the company to promote the dissemination and implementation of occupational risk prevention measures**. This was the second time that Prosegur was granted this award. These prizes, which are granted at national and international level, are awarded by the General Council for Industrial Relations and Work Sciences and the Ministry of Employment and Social Security and are the most prestigious awards in Spain.

Accident rate



In 2017, special attention has been given to promoting a global approach to the management of occupational health and safety issues by means of new procedures mandatory in all of the countries. In this way, a global manager has been appointed, who coordinates policies and defines and deploys actions with those responsible in each of the geographies in which the company operates. A sample of these actions is the implementation of an accident communication protocol that, thanks to digital innovation, guarantees that the management team is informed when an employee suffers an accident within a maximum period of 24 hours.

Accident notification tool PROCDE

In 2017, a new tool, PROCDE, has been developed to notify the occurrence of an accident anywhere in the world and at any level (Global, Regional and National Directorate), which allows greater control and the application of more efficient measures. In this way, the member of the local occupational health and safety team of the country notifies the place, date and time of the accident, severity of the injuries (mild, serious, fatal), type of accident (attack, traffic, etc.) and a brief description of the accident. The tool will keep the report "open" until the closure report closing the inquiry.

This procedure will enable the company to have first-hand information and accompany employees and family members after an incident. In addition, the report on the causes of the accident drawn up after the investigation provides relevant information on what to improve in order to apply corrective measures to move towards excellence in the management of occupational health and safety related issues which is a priority for the company.

Awareness and good practices in health and safety matters

Prosegur understands that Health and Safety training for employees is essential to prevent and mitigate occupational risks associated with the performance of their duties. In 2017, a

total of 115,420.11 hours on health and safety training were delivered, of which 95.85% were given to operational employees, 2.75% to administrative personnel, 1.32% to managers and 0.04% to directors. This learning process seeks not only to eradicate potential incidents, but also to promote employee's empowerment with regard to their individual responsibility.

Training on health and safety matters has been carried out in person or through electronic means and has been broken down into the following:

- Continuous training through Prosegur's Corporate University.
- Labour Risk Prevention Modules within the introductory training courses for new operational employees.
- Labour Risk Prevention Modules within the specialized continuous training courses.
- E-learning courses on the corporate Intranet for security guards, control auxiliary employees, telephone operators-receptionists, cash counting employees and office employees.

Labour relations

Prosegur manages labour relations taking into account the particularities and the specific legal regulations in force in each country, in accordance with the Universal Declaration of Human Rights, in particular the right to freedom of association and the right to collective bargaining of employees. For this reason, Prosegur has established open and flexible channels for dialogue and active listening with all workers' representatives to channel their concerns and reach adequate solutions.

As of 31 December 2017, the company's employees are represented by more than 200 trade unions, there are approximately 1,500 union delegates and almost 20 per cent of Prosegur's employees are members of trade unions. In addition, the company has signed more than 180 Collective Agreements, which cover more than 80 per cent of all of its employees. These figures are higher than the average of the main companies in the sector.

Trade union representation	Total
Number of employees who are members of trade unions	29,441
Percentage of employees who are members of trade unions	19.28%
Collective Agreements	Total
Number of employees covered by a collective agreement	123,016
Percentage of employees covered by a collective agreement	80.54%

³No incluye Prosegur Cash.

In accordance with the provisions laid down in the Community Directive 2009/38/EC and Law 10/1997, in 2014 Prosegur established a European Works Council. This body promotes transnational cooperation between the company and the workers' representatives and develops a constructive dialogue at European level.

The members of the Works Council, which comprises members of the following trade unions; UGT, CC.OO. and USO (Spain), Verdi (Germany), CGT (France) and STAD and SITESE (Portugal), held a meeting to discuss economic and social issues of a strategic and transnational nature affecting the company's staff in Europe.

The company advocates the contractual stability of its employees as an element

that allows employees to develop their emotional and intellectual commitment to the organization and its corporate culture. In this sense, 80 percent of employees are hired under an indefinite contract, which at the same time fosters in-depth knowledge of the company's policies and processes.

Talent management

Prosegur is convinced that optimal talent management and the individual success of employees are sine qua non conditions to ensure value generation and the achievement of organizational objectives. This commitment has helped to consolidate the company's leadership position and its offer to customers, employees and other groups and become a world benchmark in its sector.

TALENT MANAGEMENT IN PROSEGUR – SUCCESS FACTORS



Selection

Efficient policies and processes to achieve an ideal combination of technical and professional competences and personal values that represent the company (honesty, responsibility, emotional balance and psychological maturity).



Training

Firm commitment to the training of employees in different key areas for the performance of their duties and their personal and professional growth, through innovative tools.



Development

Initiatives that reward excellence and good performance of the duties of the different job profiles in the company and that continuously monitor the evolution of each employee.



Dialogue

Platforms and internal communication channels that facilitate cascade-style communication and homogenization of information at branch office level and the cascading of objectives, strategic plans, messages, etc. in a clear and efficient manner.

Training accessible to all

The continuous training of Prosegur's team is one of the pillars on which the differentiation of its service offer is based, at the same time, it is a source of empowerment and personal and professional development of employees. In 2017, total **training hours amounted to 1.6 million**, with an average of **11 hours of training per employee**⁴. Training mostly focused, among others, on the Code of Ethics and Conduct, Information Security and Occupational risk prevention.

Prosegur's Corporate University is a virtual space created in 2006 for sharing knowledge, experiencing the values of the company, developing talent and increasing specialization through a common culture. For this, Prosegur offers through an online platform, a differentiated and homogeneous catalogue of training courses as part of the professional development plans for employees.

This tool is currently available in 14 countries, 4 of which were included in 2017 (Germany, France, India and Singapore) after the successful implementation of the pilot plans. The other 10 countries in which it had been previously implemented are Argentina, Brazil, Chile Colombia, Spain, Mexico, Paraguay, Peru, Portugal and Uruguay.



In addition, Prosegur's Corporate University has launched two global campaigns for the training of indirect staff; one relating to the Code of Ethics and Conduct and another one to information security. Both have been attended by more than 90 per cent of the staff.

In the next few years, Prosegur's Corporate University aims to reach all of the geographies in which the company has a presence and reinforce Prosegur's Brand by creating an environment intended for internal audiences (employees of different categories) and external audiences (customers, potential candidates, etc).



46,348
EMPLOYEES
have received
training in 2017



251,267
HOURS
of training
(41 per cent more
than in 2016)



Total
CONNECTIVITY 25%
(no. of persons that have accessed
the PU / no. of employees logged
into the platform)

⁴ India is not included.

In addition to placing special emphasis on the training and internal development of employees, and on attracting talent, Prosegur has signed **collaborative agreements with leading universities and business schools**, to train future security professionals as well as those of other sectors, such as technology professionals.

Commitment to talent

Employee promotion and the recognition of excellence in the performance of their duties are essential elements to strengthen the team's commitment to corporate culture, values and strategic objectives. For this reason, since 2014, Prosegur has a tool to promote the professional development of employees;

Prosegur's International Opportunities Program (iPOP). This program is a strategic lever for performance appraisal and talent management.

The main goals of this tool are; reduce turnover ratios, motivate and retain people with talent, develop a road map for each employee's career scheme and reduce recruitment costs.

Prosegur has also developed the **Technical Talent Program**, which has been implemented for the third consecutive year, that promotes the hiring of young professionals who are committed to technical innovation, in line with the digital transformation process and new business lines of the company.

TALENT TRAINING PROGRAM



ONE-YEAR TRAINING PROGRAM

WHO IS IT FOR?

For recent graduates in



PHYSICS



MATHEMATICS



ENGINEERING



STATISTICS AND OTHERS

WHAT IS THIS PROGRAM ABOUT?

4 months in each business area



PROSEGUR SECURITY



PROSEGUR CASH



PROSEGUR ALARMS

TRAINING ACQUIRED IN THE COURSE



Development of personal skills and sales management



Finance



Strategy Model



Prosegur's business concept as a security company

Each student will be assigned a mentor for the entire program



Diversity

Diversity is an intrinsic part of Prosegur's spirit, in particular as regards its workforce. Cultural, gender or functional diversity has a positive impact on the organization and its competitive advantages.

The **percentage of women** continues to rise steadily thanks to the efforts made in recent years and has already reached **16.22 percent** of the total work force.



978
EMPLOYEES
with intellectual
disabilities



+68%
MANAGERS
from local
communities



+16%
PERCENTAGE
of female
employees

Dialogue and internal communication channels

Two-way dialogue with employees is of the utmost importance as it strengthens links and transmits key messages. For this reason, internal communication channels have been strengthened.

The tools that have been most used in 2017 were different strategic presentations for employees drawing attention to the efficiency goals of the organization and its active engagement in the consolidation of the sector and in new products and regular meetings to detail the results of the process.

In addition, this year, the corporate intranet has been launched globally. This platform is the first Human Resources tool 100 percent accessible from any device and has a mobile application that is available for the main operating systems (Android and iOS) and that has been downloaded 21,000 times this year.

In 2017, the platform has been implemented in 12 countries and has received a total of 7 million visits with an average duration of approximately four minutes. In this way, the objective is that this platform, which has been translated into five languages, becomes a channel of reference for the company's employees, adapting it to the needs of each geography, business line and department, by means of segmentation techniques.

Likewise, as a result of the deployment of this new communication platform, the other available channels have been modernized and have been progressively integrated into it. An example of this are the local paper magazines, which have been replaced by a new digital newsletter on the Intranet; **Yellow Inside**.

The platform should be fully deployed in all of the countries by the end of 2018 and the number of employees that use it is expected to increase so that the tool serves as a point of encounter and open forum for all the employees of the company.

The screenshot displays the Prosegur website interface. At the top left is a search bar and a navigation menu with icons for 'Inicio', 'Actualidad', 'Cultura Prosegur', 'Clientes', 'Productos y Servicios', 'Trabajo', and 'Iniciación al trabajo'. The main header features the Prosegur logo and a 'INICIAR SESIÓN' button. The central content area highlights a news article titled 'TOP OF MIND 2018' with the subtitle 'Reconocimiento a nuestra marca en Paraguay' and an 'ACCEDER' button. To the right, there is a section for 'Actualidad Local' with a 'País' dropdown menu, 'Fecha Inicial' and 'Fecha Final' input fields, and a 'VER NOTICIAS' button. Below the main content is a weather widget for '18 Miércoles Abril' with a forecast for UY, BR, and AU. A row of logos for 'FUNDACION PROSEGUR', 'KISS', '3P', and 'PO9' is displayed. The footer contains three main sections: 'FUNDACION PROSEGUR' with a group photo, 'RESPONSABILIDAD CORPORATIVA' with a globe icon, and a navigation menu with 'ORGANIGRAMA', 'MARCA PROSEGUR', and 'CANAL DE VIDEOS'. A copyright notice at the bottom reads '© Copyright 2018 - PROSEGUR - All Rights Reserved Aviso Legal'.

KISS: Keep it Super Simple

In 2015 Prosegur launched a strategic project for the implementation of the cultural transformation to streamline processes, promote efficiency and simplify tasks. The KISS project has been successfully implemented and the proposed objectives have been met. This initiative has contributed to the creation of a company that works in a faster and more proactive way and increasingly oriented towards the achievement of results.

A strategic pillar in the success of the KISS Project, the aim of which is to simplify the organization and promote a more agile and efficient way of working, has been the fact that the employees became involved in the cultural transformation process.

At year end, the project was fully implemented in 14 countries and had a direct impact on 9,000 employees. The implementation was carried out successfully thanks to two key facts: an internal communication strategic plan and a training plan provided in the class-attendance or online modes. The main milestones focus on:

INTERNAL COMMUNICATION STRATEGIC PLAN

Homogeneous activity plan and materials in all of the countries but taking into account cultural particularities in each geography (KISS kit comprising all the materials – presentations, internal communications, videos and training resources, etc.)

Similarly, all the communication pieces needed to communicate the Project were created (visual pieces at the offices and information in online platforms – intranet and Prosegur's Corporate University)

INTERNAL AMBASSADOR'S PLAN

Identify professionals, designated by each department, to transmit messages, serve as contact person and facilitate horizontal and vertical dialogue

ON-SITE AND ON-LINE TRAINING

To push forward the behavioural change that KISS wants to implement, a training plan was carried out to work on personal and team efficiencies methodologies (GTD method, Project management, etc.). In 2017, more than 3,700 professionals in 17 countries received training, 2,000 of them on-site and more than 1,600 employees have completed online training courses, which are available in five languages

ASSESSMENT OF THE EFFECTIVENESS

In order to monitor the evolution of the project, periodic assessments are conducted, both at the individual level by means of self-assessment questionnaires, and at team level. This measurement model revealed progress in two key areas: the number of ineffective meetings has been reduced to less than half and the volume of unmanaged e-mails decreased by 30 percent

Following the success of the change management model associated with the KISS Project, in the next few years the objective is to update processes and tools through the

digital transformation plan that the company is already immersed in, the objective of which is also to increase Agility, efficiency and value creation for internal and external customers.

INDICATORS DEFINED TO MEASURE THE IMPACT OF ACTIONS IMPLEMENTED IN KISS



KISS
KEEP IT SUPER SIMPLE
KISS

2.2 Suppliers

“Due to the nature of Prosegur’s activities, the company needs to have a large network of suppliers in the different areas in which it has a presence. This has, no doubt, a significant impact on the economies of the countries in which it operates, reducing unemployment and generating wealth.”

Resource management

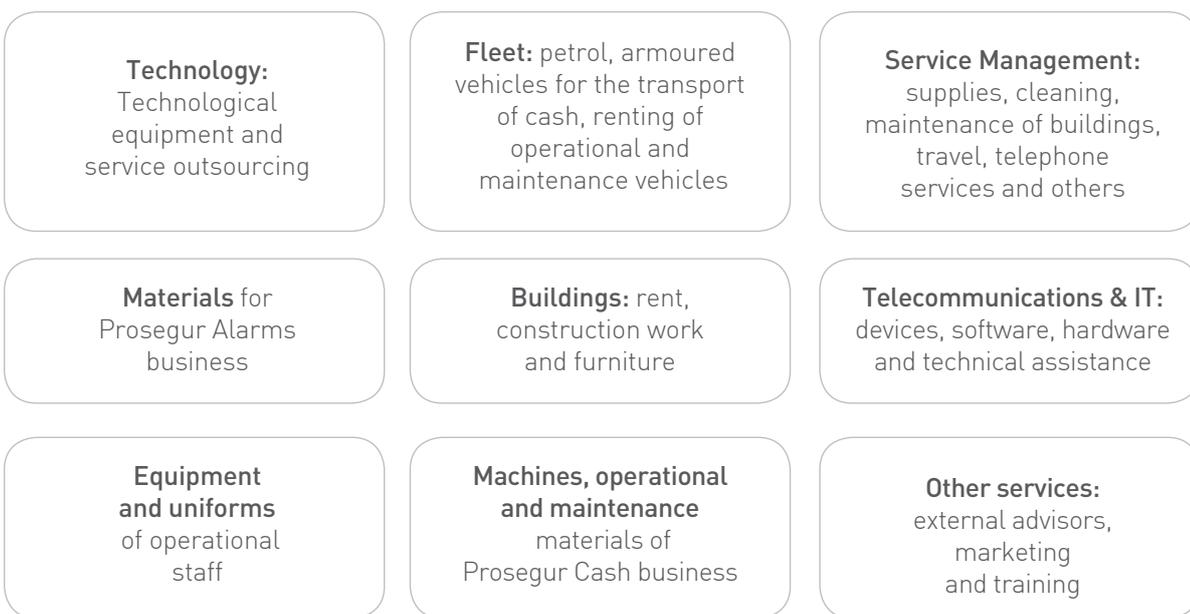
In 2017, the Resource Management Division was established as part of the Risk Management Department, with an associated strategic plan that sets ambitious qualitative objectives and cost efficiency objectives. This Division comprises four areas with defined functions; Procurement, Fleet, Buildings and Service Management. The company has set up this Division with the aim of

improving management excellence, control and transparency, customer service and cost efficiency in all of the businesses.

In addition, this model laid the foundations to strengthen a new organization model by providing clear rules in accordance with the needs of businesses and geographies. For this, the Management Committee was set up within the Resource Management Division to support communication and effective alignment at the Corporate level and in the different countries.

Another important milestone in 2017 was the development of specific savings plans. This has been the case of the plan for Brazil, the objective of which was to reduce spending and thus contribute to improve management results. This approach has laid the foundations that will serve to replicate this plan in other operations.

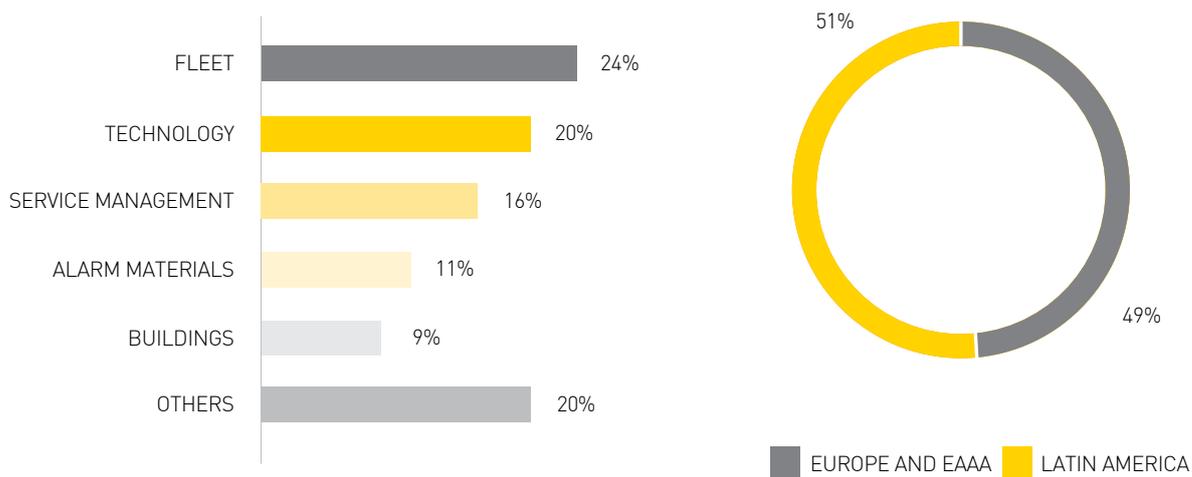
At present, Prosegur maintains commercial relationships with more than 30,000 suppliers around the world that provide, among others, the following products to the company:



Total expenditure managed by the Resource Management Division in 2017 amounts to more than **EUR 800 million⁵** distributed among the

different types of supply and geographical regions of Prosegur (Latin America, Europe and Asia-Pacific):

PROCUREMENT BY TYPE AND REGION



Prosegur has a **General Policy within the 3P Management System** which standardizes the management of the procurement of goods and/or services in all of the areas in which it operates.

The company also establishes that the **selection** of its collaborators must be **independent, objective and transparent**, aspects which must be reconciled with the company's interest in obtaining the best possible commercial conditions. The Code of Ethics and Conduct expressly prohibits the contracting of suppliers involved in cases of fraud, corruption or other crimes.

Suppliers, no matter what type, must observe Prosegur's Code of Ethics and Conduct from the moment they enter into an agreement with

the company. Furthermore, Prosegur has an **internal action procedure** that determines the steps to be taken if there is a **conflict of interests** or possible **fraud** between a Prosegur employee and a supplier.

On the other hand, given the number of suppliers, **approval or classification of suppliers** is crucial. To do this, the company has a tool known as "ABC of Suppliers", to evaluate and classify suppliers in accordance with predefined criteria and information. In 2017, all new suppliers were analysed and approved. In addition, this year the company has conducted ad hoc audits for the providers deemed critical and has confirmed that they are aligned with the ethical principles and respect for Human Rights established by Prosegur.

⁵ Figure for the Resource Management – commercial suppliers perimeter. It does not include "other operating expenses".

And lastly, in 2017, the company has continued to work with the **procurement office in Asia** (Strategic Sourcing Development in Asia, SSDA), and also with the **logistic office in Miami**. Furthermore, the company has worked on the consolidation of specific hubs for the Technology department.



2.3 Public Administrations

Prosegur, as a multinational company, has a presence in several countries on five continents and contributes to the dynamization of the economies where it operates by complying with its obligations with public administrations. Prosegur develops its fiscal strategy following the guidelines set by the Organization for

Economic Co-operation and Development (OECD) and complies with the actions suggested by "Base Erosion and Profit Shifting" BEPS, prevents "Treaty Shopping" and tax avoidance.

In this regard, in 2017, the different taxes paid by Prosegur were as follows:

DETAIL OF OWN TAXES



In 2017, direct taxes paid by Prosegur amounted to **EUR 348 million**, including not only corporate income tax but also regional and municipal taxes and excluding social security contributions, which have a direct impact on the company's earnings. In addition, Prosegur contributes to the collection of taxes of public administrations, not only through

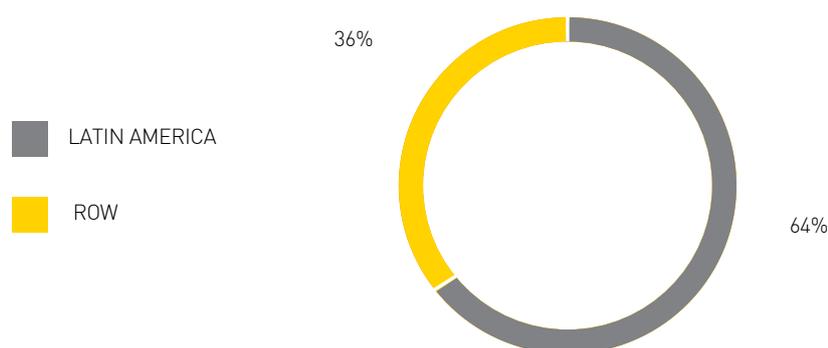
its own taxes but also through third party taxes. By applying the Total Tax contribution criterion, which takes into account the company's own taxes, value added tax, employment taxes and other taxes, total tax contribution in 2017 amounted to **EUR 1,200 million**, which represents an increase of more than 17 per cent over 2016.

Country	2017			Total
	Own taxes	Taxes of third parties	VAT	
Latin America	333	204	226	763
ROW	15	127	296	437
Total Prosegur	348	330	522	1,200

Prosegur meets its tax obligations in all of the countries in which it operates, in accordance with

the fiscal legislation applicable in each region. Thus, tax burden by region is as follows:

TAXES BY REGION



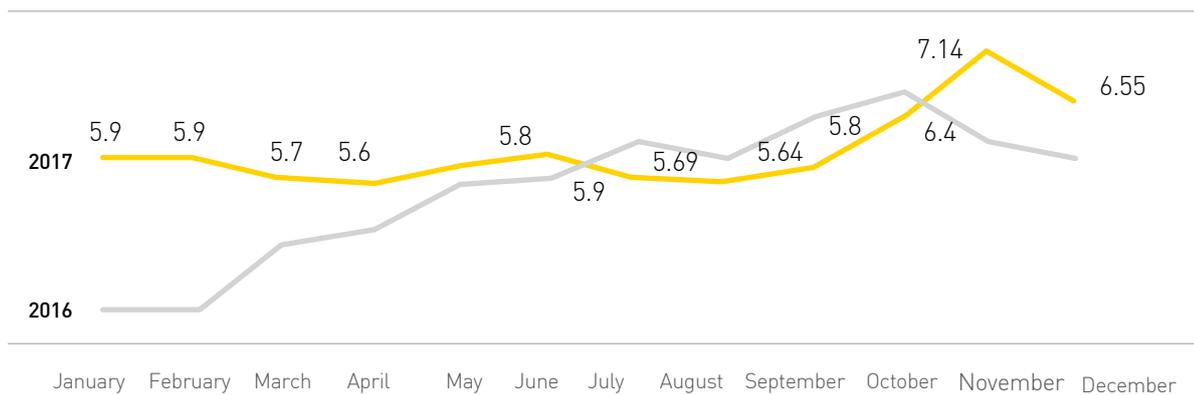
2.4 Shareholders and investors

Share performance

On 31 December 2017, the price of Prosegur shares closed at EUR 6.67, which represents

an increase of 12 per cent over the previous year.

SHARE EVOLUTION

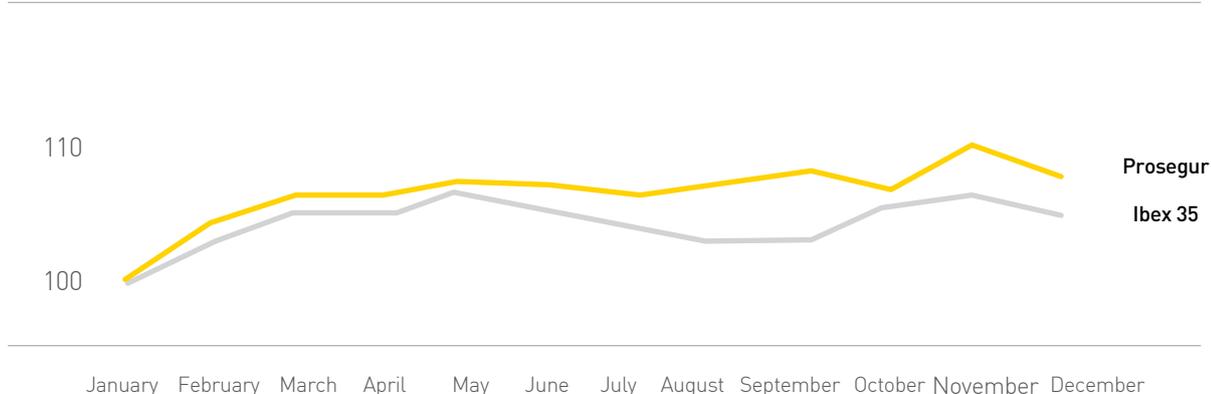


In the first quarter of 2017, there was a slight volatility generated by the IPO of Prosegur Cash, a subsidiary of Prosegur Compañía de Seguridad. Thereafter, performance improved as the market began to value the Security and Alarms businesses separately and to notice the recovery of Prosegur Security in Brazil. The slight decrease at year end is due

to the distribution of the extraordinary dividend paid out at the end of December, the share price closed the year at 6.55 per share.

At year end, Prosegur's share had performed better than the IBEX 35 (the Spanish Stock Exchange benchmark index) by two percentage points.

COMPARISON WITH THE SPANISH STOCK EXCHANGE BENCHMARK INDEX (IBEX 35)



In 2017, Prosegur paid its shareholders dividends in excess of EUR 351 million. On the one hand, an ordinary dividend of EUR 0.11648 gross per share was distributed, for a total amount of EUR 71.88 million and on the other hand, an extraordinary dividend of EUR 0.45371 gross per share, for a total amount of EUR 280 million.

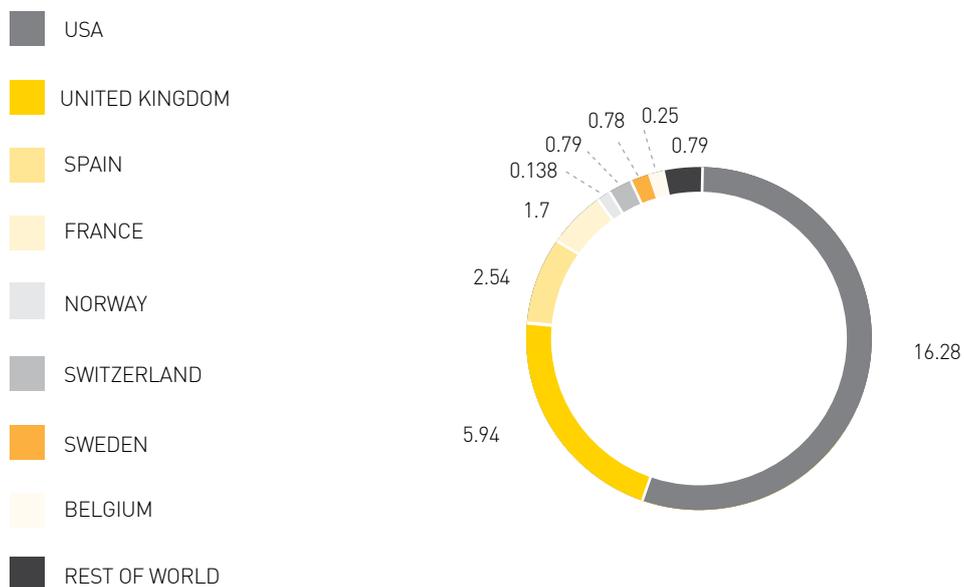
Main Shareholders

The shareholder structure of Prosegur reflects its solidity and stability. At the end of 2017, 67.22 per cent of the company's share capital laid in the hands of significant shareholders,

whereas the remaining 32.75 per cent was floating capital. The fact that most of Prosegur's share capital is held by significant shareholders provides stability and business knowledge to the decision and management bodies of the company, which represents a competitive advantage over other companies in the sector in the decision-making process and approval of strategic plans.

With regard to the geographical distribution of shareholders, they are mainly located in Europe and the United States, with the latter and the United Kingdom being the countries with the greatest number of shareholders.

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS



¹⁾ 31 December 2017.

Relation with investors

Prosegur works so that shareholders and the investor community as a whole perceive the company as an accessible and transparent organization. In order to give the financial information and to cover the largest possible audience without geographic limitations, Prosegur presents its results every quarter via the webcast of its web page. On a monthly basis, it also informs on the principal developments regarding the company and the sector by means of a newsletter.

Furthermore, through the "Shareholders and investors" section of the corporate

website (www.prosegur.com/en/accionistas_inversores), Prosegur provides the investor community with different tools to follow the evolution of the share and to see updated information on events such as the payment of dividends, the presentation of quarterly results or participation in conferences.

Prosegur also maintains ongoing and permanent dialogue with shareholders and investors through different communication channels. In 2017, Prosegur has carried out the following activities:



266
MEETINGS
WITH
INVESTORS



56
CONFERENCE
CALLS



57
MEETINGS
WITH ANALYSTS



17
ROADSHOWS WITH
INVESTORS



15
SECTOR-BASED
CONFERENCES



9
VISITS TO
PRODUCTIVE CENTRES



8
MEETINGS
ON ESG



4
WORKING BREAKFASTS
WITH INVESTORS

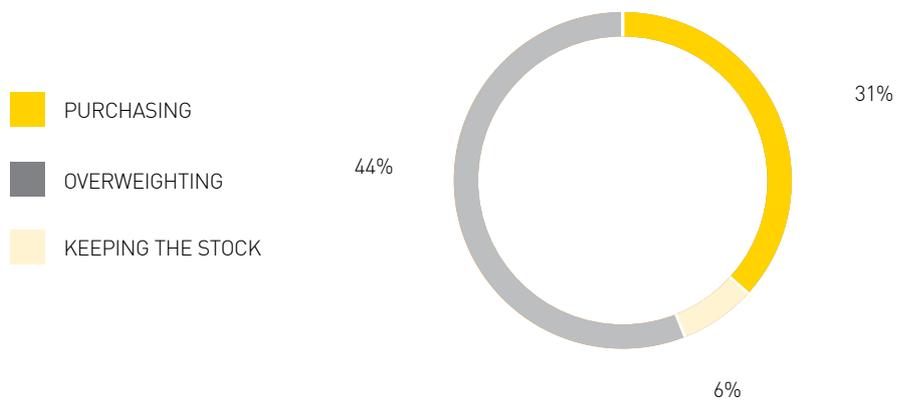
Analysts coverage and recommendations

A total of 18 investment firms monitored Prosegur's stock market performance over 2017. In their recommendations, 33 per cent

advised on keeping the stock, 56 per cent advised its purchase, and 12 per cent advised selling.

The target price for Prosegur's shares ranged between EUR 4.80 of UBS and EUR 8.75 of HSBC.

ANALYSTS' RECOMMENDATIONS*



⁽¹⁾ 31 December 2017.



2.5 Prosegur Foundation

As every year, the Prosegur Foundation channels the company's social and cultural actions, materializing the commitment of the company to contribute to the progress of the regions in which it operates. Thanks to the support of the entire organizational structure of Prosegur, the projects developed in the fields of education, labour inclusion of people with intellectual disabilities and promotion of volunteering, have reached more than **39,960**

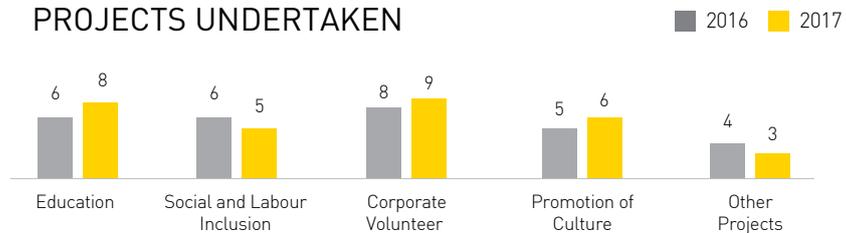
people in three continents. The number of direct beneficiaries has thus increased by 11% with respect to the previous year.

This quantitative achievement has been accompanied by the strengthening of its lines of action and its intervention approach, based on sharing the creation of value between the company and society, the exchange of good practices and continuous improvement.



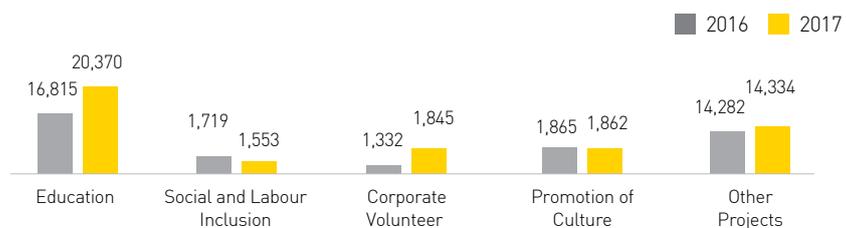
31
PROJECTS

PROJECTS UNDERTAKEN



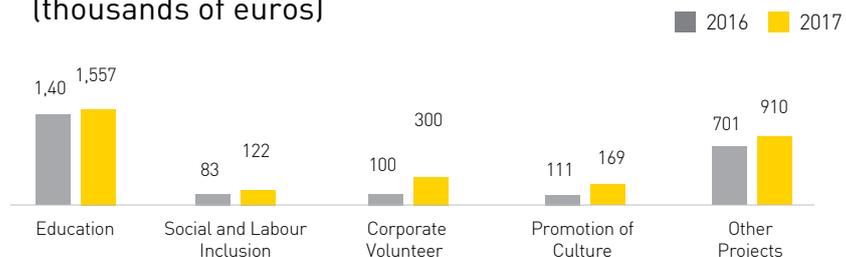
39.964
BENEFICIARIES

BENEFICIARIES IN THE PROJECTS



2.8
MILLIONS
INVESTED

SOCIAL INVESTMENT PER ACTION AREA (thousands of euros)



Key milestones in 2017

Quantitative growth of Picetos Colorados

2017 has been a year in which the most outstanding integral education project of the Prosegur Foundation, Picetos Colorados, has experienced substantial growth. The Development Cooperation program has added a total of 9 new schools in the 7 Latin American countries in which it has been implemented: Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Uruguay. This increase has allowed the Project to close the year with a total of 46 educational centres and more than 5,300 beneficiary children.

With the rehabilitation of schools and basic services, the application of nutritional training programs, the renovation of didactic tools and the sensitization to families, the Project seeks to combat school dropout, as well as to promote the sustainable development of the communities.

Creativity as a driver of change

Under this motto, the Prosegur Foundation and the Friends of the Prado Museum Foundation have carried out a pioneering educational outreach initiative to bring art to schools in particularly vulnerable environments in Latin America. The masterpieces of the Museum have been the vehicle used to implement an Introduction to Art course in **31 educational centres** attached to Picetos Colorados, in Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Uruguay.



The Project has been made possible thanks to the commitment of **100 Prosegur volunteers**, who had been previously trained to teach this course and thus develop the creative skills of a total of **1,500 children**, strengthening their self-esteem and putting value on the cultural heritage of each community. In addition to vindicating the power of knowledge and imagination, this initiative has worked transversally multiple intelligences (linguistic, creative, visual-spatial, intrapersonal, etc.) and has done so in different contexts; urban, rural and indigenous schools and schools with students with hearing disabilities.

Volunteers working as art teachers



The distinctive feature of this project has been the team of volunteer teachers, made up of 100 professionals of the company. Prosegur's employees have voluntarily committed themselves and have been trained with the materials that the Friends of the Prado Museum Foundation has developed specifically for this course (videos, presentations and Training Guide). The response to this challenge has exceeded all expectations; professionals from all of the business and support areas have volunteered.

Adapting language to their reality and showing a great deal of empathy, the volunteers have applied tools for continuous improvement, such as the teacher's self-assessment or satisfaction surveys for the students. For their part, the schools have complemented this initiative with visits to museums and local art centres, which, in many cases, was the first time that children had experienced this type of cultural and personal enrichment experience.

A decade building the future

The Talent Scholarships program and the Labour Inclusion Plan of the Prosegur Foundation have celebrated in Spain their tenth anniversary. A milestone that has highlighted the social impact of both initiatives:

- **Talent Scholarships.** With the aim of contributing to the education of the new generations, this program of study grants rewards academic excellence and personal effort of employees and their children. The program has been implemented in 9 countries on 3 continents. The initiative adapts to the needs of each geography, with different types of school scholarships, university scholarships and those aimed at professionals who work

and study at the same time. Since 2007, this project has granted **a total of 11,368 scholarships** and to highlight this fact, a colloquium with experts on educational trends was held in Madrid.

- **Labour Inclusion Plan.** Based on the Supported Employment methodology and the advice of specialized entities, this project has enabled the creation of job opportunities - since 2007 - for people with intellectual disabilities in the Company's headquarters in Spain and Latin America. To celebrate the 10th Anniversary of the launching of this initiative, the Foundation has carried out an internal awareness campaign at a global level, to highlight the impact of this program, which offers jobs with real content and sustainable over time.

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2. THE VALUE OF A GROUP

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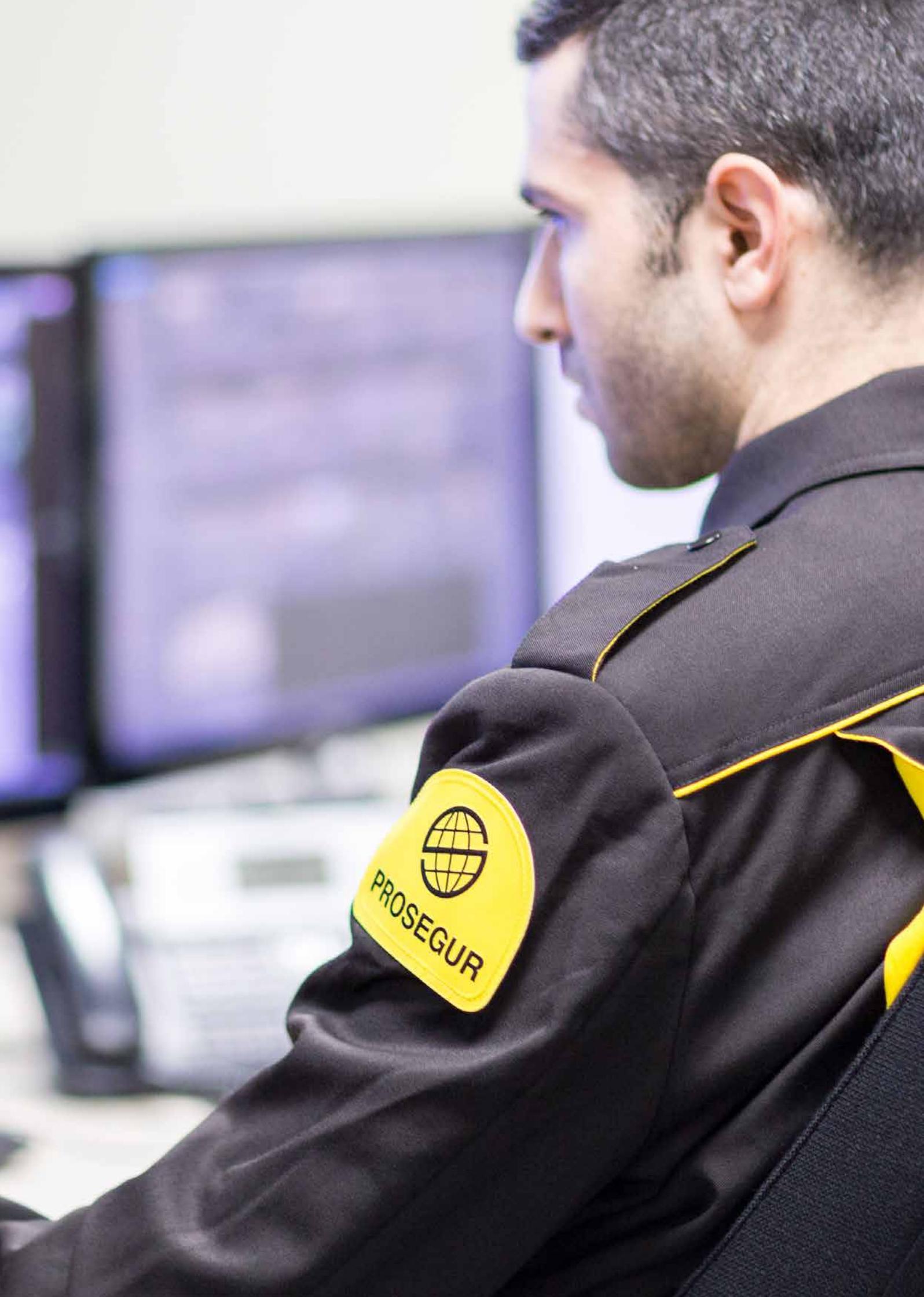
3. Prosegur Security

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3. Prosegur Security

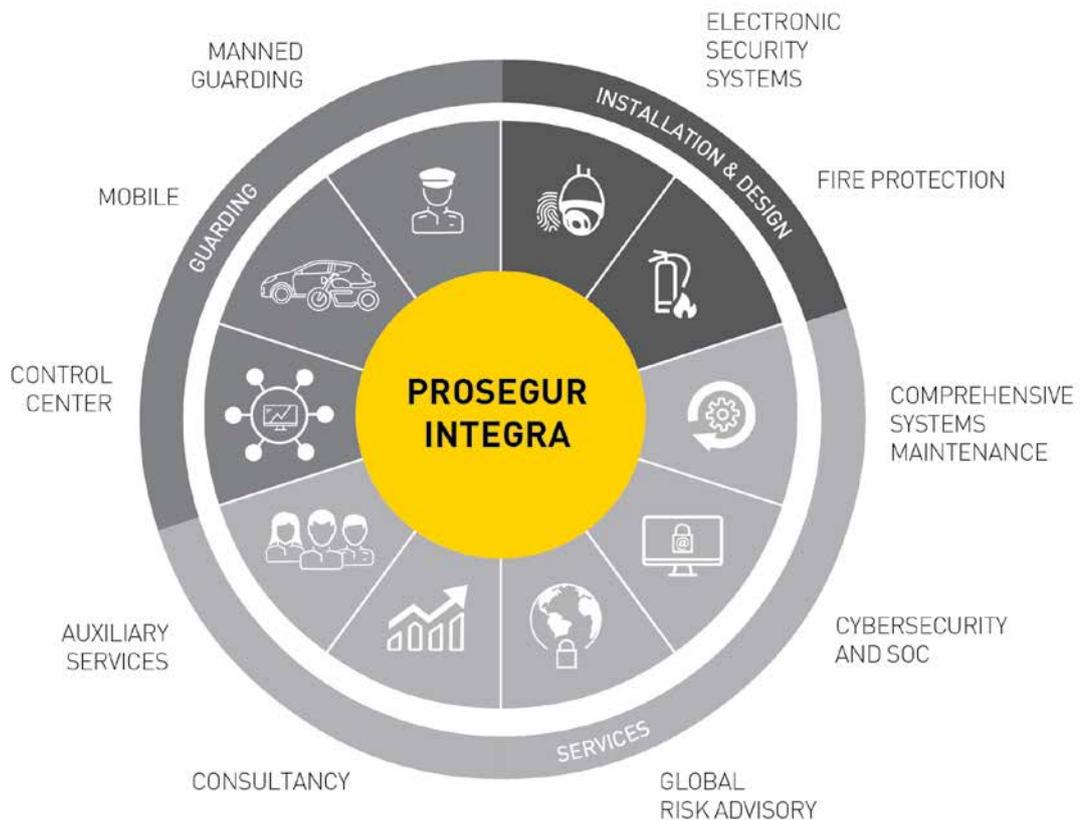
3.1 The value of Prosegur Security

Private security has experienced a sharp increase in demand in recent years and is taking an ever-increasing role complementary to that of public security.

Through Prosegur Security, the company provides integrated security services. This business line offers a high added value service that combines manned guarding with the latest technological and analytical capabilities. In addition, Prosegur Security works with an unequivocal customer-service orientation and a firm commitment to quality.

These factors added to Prosegur's experience and knowledge of the risk areas of customers allow the company to offer more robust security solutions and place the company at the forefront of the industry.

Prosegur Security's offering revolves around the "Prosegur Integra" concept, through which the company adds value to the services it provides, increases security levels and customizes services in accordance with the customer's specific security needs. In short, an innovative approach to security.



The main services provided by Prosegur Security are:

Advanced security services

- Control Centre.
- Global Risk Advisory.
- Consulting services.

Technology

- CCTV and video processing and management systems.
- Access control.
- Intrusion detection systems.
- Fire protection.
- Interphones and PA systems.
- Maintenance.
- Integrated Security Systems.
- Fleet tracking.

Manned Guarding

- On-site manned guarding.
- Mobility Services.
- Personal protection services.
- Indoor geolocation.
- Cargo tracking.
- Custody of goods in transit.

Auxiliary services

- Legal assistance (SAJ).
- Inventories and logistic processes.
- Receptionists, telephone operators and concierges.
- Events.

In this service portfolio, the Control Centre stands at the epicentre of the security operations. From this facility, the company remotely manages incidents and activates

the necessary security protocols locally. Control Centres have increased incident management capabilities and the services these centres provide include intelligence and risk analysis.

In addition, the company actively participates in forums with different agencies to promote public safety in two ways:

- Sectoral development, employers' federations and relations with trade unions to create stronger legislative frameworks.
- Through the States.

Cybersecurity

Prosegur, as a leading company in industry developments and due to the increasing need to provide protection to the company's information, has developed a cybersecurity services business line that focuses on the prevention, detection and response to this type of issues.

Prosegur is one of the few CERT accredited centres (Computer Emergency Response Team) in Spain and member of FIRST (Forum of Incident Response and Security Team). In addition, it has set up its own team of highly qualified experts on information security. Furthermore, Prosegur uses tools and technologies of market leaders as well as its own cybersecurity developments and has alliances with the best technological partners.

In 2017, Prosegur has consolidated its offer by including not only information security but also the risks associated with presence in cyberspace.

CYBERSECURITY SOLUTIONS OFFERED BY PROSEGUR

Managed Security:

- Monitoring and correlation.
- Response to accidents.
- Adm. and operation of security solutions.
- Control of SLA´s.

Audits and Ethical Hacking:

- Audit of infrastructure.
- Application security audits; black box, grey box and white box testing
- Social engineering.

Digital Security:

- Digital surveillance.
- Competitive intelligence and digital protection of managers.
- Cyberintelligence: protection against fraud, information leaks and technological surveillance.

Consulting Services:

- Digital forensic service.
- Regulatory compliance.
- Awareness plans.

3.2 Customer experience management in Prosegur Security

Prosegur Security wants to meet at all times its customer's expectations and offer them a personalized service based on transparency and a comprehensive 360° model to meet their needs.

These values are shared by all its employees, especially those who have direct contact with customers such as salespersons, installation technicians, customer care staff or security guards.

In the last few years, a platform has been implemented for B2B customers, to keep track of the main customers, which account for

about 60 per cent of the business unit's total turnover. The aim is to ensure an adequate response to their requirements, regardless of their relevance in the total turnover.

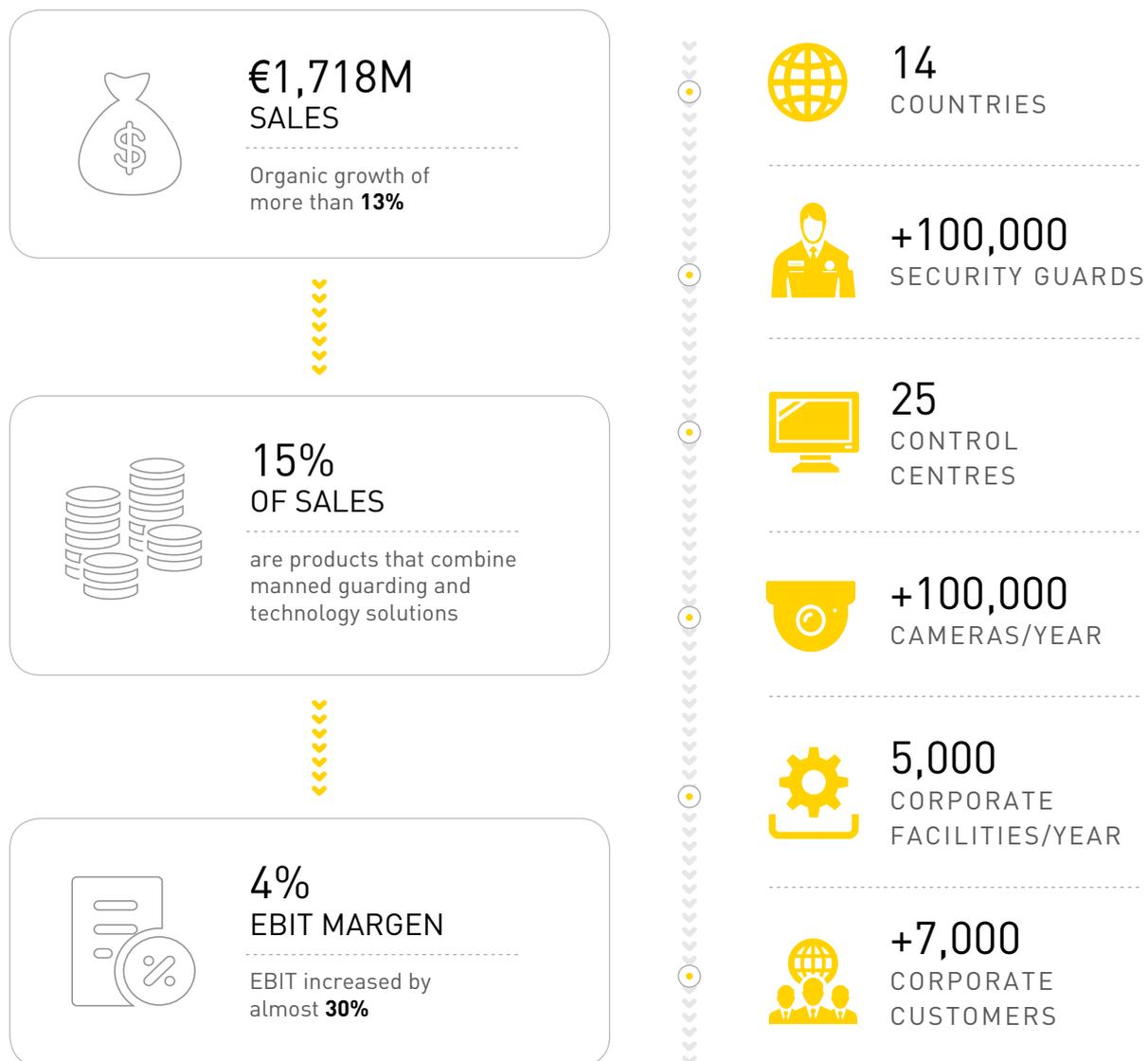
Prosegur Security has continued to develop the Customer Experience CEM platform, launched in 2016. The aim of which is to identify the action levers to keep improving the quality of service. The higher-level points of contact in the "Customer Journey" for customers of Prosegur Security include those relating to sales experience, the provision of service experience and the overall experience.

In 2017, experiences have been measured throughout the defined "Customer Journey":

- Sales offering.
- Signing of the service provision contract
- Start-up of service (1 month after the start-up of the service).
- Continued provision.
- Increase the scope of the service contract.
- Decrease the scope of the service contract.
- End of service.

In parallel, the CEM platform and the CRM platform (Customer Relationship Management) have been integrated so that the company can automatically manage the sending of surveys to customers at the points of contact indicated in the previous paragraph and share the results with the business team and facilitate the taking of decisions regarding actions to solve problems and continuous improvement.

3.3 Key figures of Prosegur Security



⁽¹⁾Prosegur Security - not including Brazil or overhead costs.

Economic and Financial results of Prosegur Security

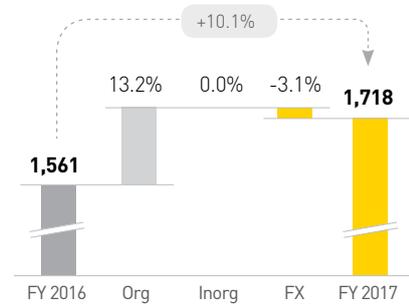
Prosegur's Security business has experienced a significant improvement in sales and profitability, mainly driven by the incorporation of new services in its portfolio. Projects that combine guarding and technology solutions are becoming increasingly important and already account for 15 percent of the sales of the business unit.

Prosegur Security registered an organic growth of 10.1 per cent, reaching EUR 1,718 million, without taking into account the business in Brazil. With regard to profitability, the EBIT margin, discounting the activity in Brazil, reached EUR 70 million, representing an increase of 29.6 per cent compared to 2016. Likewise, the EBIT margin rose from 3.5 per cent to 4.0 per cent in 2017.

The activity of Prosegur Security in Brazil reported a slight increase in sales of 1.6 per

Growth In Sales

(In millions of euros)

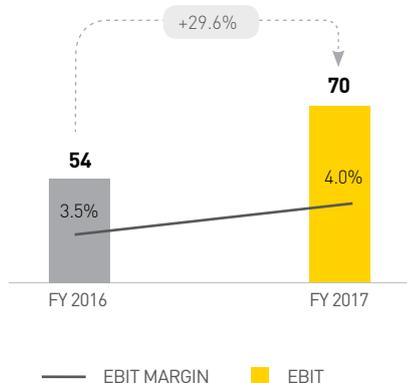


cent to EUR 397 million. The implementation of the plan to optimize operations in the country is yielding positive results. Even though EBIT totalled EUR -4 million, the country performed well in the last two quarters of the year. And against a backdrop of economic recovery in Brazil, the prospects are favourable.

EBIT AND EBIT MARGIN

(In millions of euros)

PROSEGUR SECURITY NOT INCLUDING BRAZIL



EBIT AND EBIT MARGIN

(In millions of euros)

PROSEGUR SECURITY BRAZIL



⁽¹⁾ Prosegur Security – not including Brazil or overhead costs.

⁽¹⁾ EBIT ex-overheads.

3.4 Future challenges and opportunities

Prosegur Security is, at present, one of the leading security companies in the world with the ambition of playing a leading role in transforming an industry in which technology is playing a critical role. In addition to adapting the business to the new possibilities offered by technology, Prosegur Security continues to develop its commercial capabilities to bolster organic growth, which can be complemented with inorganic growth in new markets.

Furthermore, in countries in which Prosegur Security already has a presence, the

company's strategy is focused on improving services. The company wants to ensure customer satisfaction at all times and also provide them with new services.

In this regard, the company is going to focus on strengthening the technological services and its analysis capabilities, in European and Latin American markets. And lastly, as the economic situation in Brazil is expected to improve, business figures have improved considerably.



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4. Prosegur Alarms

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4. Prosegur Alarms

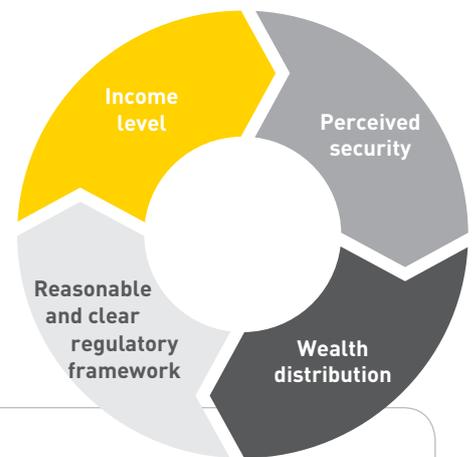
4.1 The value of Prosegur Alarms

Prosegur Alarms provides high quality services to households and businesses in accordance with the security requirements of the customer. Prosegur's proposal in this business line encompasses a strong customization component that ensures an excellent quality of service. Quality is, therefore, a decisive factor influencing the purchasing decision.

Prosegur is a security company and this a key feature that differentiates it from other players in the residential alarm market. The business unit uses the latest technology available in the market and complements it

with the human component. In this way, the company offers an effective and professional response to security events that occur in the customer's premises. In short, a value proposal focused on security that is highly differentiated and that customers appreciate and value.

Some of the main services provided by this division are:



Prosegur Smart

Prosegur Smart is Prosegur Alarms's application designed to allow users to generate the greatest number of interactions with their security system. This service allows remote management of alarms, viewing real-time images and accessing information on alarm activity, connections, disconnections, etc.

Acuda

The Immediate Response Service, known as Acuda, sends a security guard to the place where the alarm has triggered. The security guard is backed by the Alarm Reception Centre that coordinates the intervention with the police forces. The Acuda services are motorized and have a very short response time.

Hawk's Eye

Hawk's Eye is a smart security system that guarantees maximum security in buildings 24 hours a day, 365 days a year. The security guard that monitors the system interacts in real time and on a permanent basis with the users whenever they enter or leave the house and, in the event of an incident, alerts the police, providing peace of mind and security to home owners.

In financial year 2017, the effort of the company in this business unit has been mainly focused on:

- Internal quality management throughout the service cycle.
- Organizing the data structure and benefiting from Big Data.
- Promoting Prosegur's Smart app.



4.2 Customer experience management in Prosegur Alarms

The main objective of Prosegur Alarms is to provide customers with a quality security service based on customized solutions and trust. For this purpose, the work of this business line has focused on offering customers the necessary processes and services to ensure their satisfaction at all times. Furthermore, within the process of continuous improvement, Prosegur's alarm division reviews its products and services

to enrich them with new functionalities in accordance with the evolution of the customer's requirements.

In order to rigorously assess the quality of the service provided, Prosegur Alarms implemented the "Right Now" tool, which is improved on an ongoing basis. This tool measures the customer's satisfaction with the service provided in five different contact points:



Customer service



Contracting of the service



Installation process



Technical maintenance



Alarm triggering / Response (Acuda)

In addition, Prosegur Alarms has various resources to facilitate two-way communication with customers to respond to their particular needs.

The company has the following active communication channels:

- Sales visits to customers
- Technical visits and visits to repair equipment
- Customer Portal in Prosegur's websites
- Customer Centres in the different countries in which it operates

- Facebook and Twitter profiles in each country
- Surveys and other methods to measure customer satisfaction
- Mechanisms to manage complaints and claims.

All of the above, added to innovation processes and their adaptation to the customer's needs, has led the company to increase the services contracted in 2017 and, consequently, the volume of sales.



4.3 Key figures for Prosegur Alarms



€251M
SALES

Organic growth of
more than **20%**



5.6%
GROWTH

of average income per
user (ARPU)



10.4%
RETENTION CLIENTS

Rate of clients' stable
retention



10
COUNTRIES



NEAR
500,000
CONNECTIONS



+18,000
VEHICLES AND
GEOLOCATED
DEVICES



NEAR
1,000
DEVICES OF
ASSISTANCE
TO ELDERLY
PEOPLE

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4. PROSEGUR ALARMS

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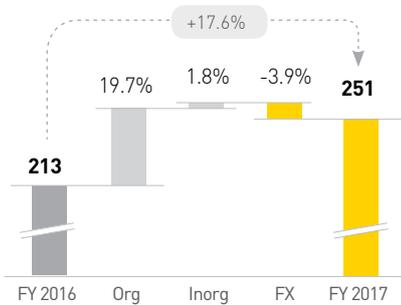
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Economic and financial results of Prosegur Alarms

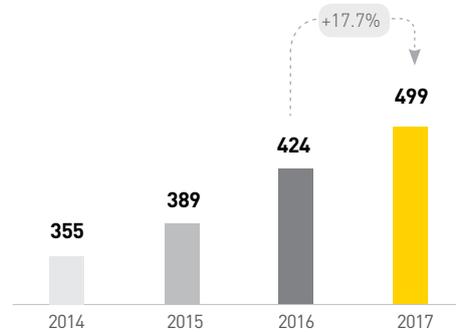
Prosegur Alarms maintained the strong growth rate of its total connections base and increased its sales by 17.6 per cent, to EUR 251 million in the period.

At the close of the financial year 2017, the business unit exceeded 480,000 alarm connections, which means that it has doubled its growth rate. In this scenario of intense development, the core business indicators have evolved positively; the average income per user has improved by 5.6 percent, to EUR 38 per month, and the customer retention rate has remained stable at 10.4 percent.

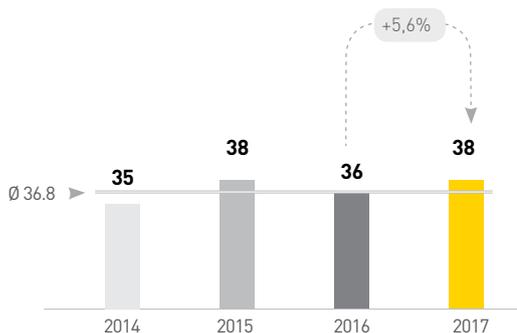
Grow sales
(In millions of euros)



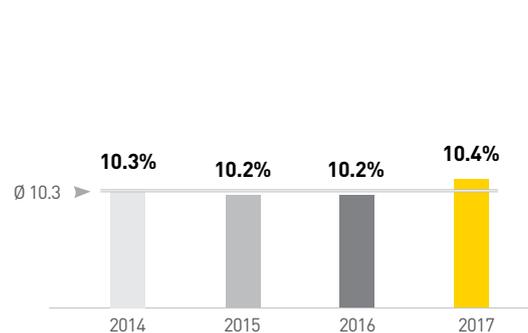
BTC
Thousands of connections



ARPU (Average Revenue per User)
Average revenue per Euro



CHURN
Cancellation ratio of customers



4.4 Future challenges and opportunities

The objective of Prosegur Alarms for the future is the generation of value based on growth and customer loyalty. The business unit designs the growth of its operations based on the best talent, the improvement of processes and productivity, and the increase in the quality of its services, placing special emphasis on its Smart application.

Additionally, markets that, because of their geographical and demographic characteristics, represent a good opportunity, the business unit

will study development possibilities. Always with the requirement of guaranteeing the quality of the services offered.

Prosegur Alarms sets its profitable growth objectives, mainly, on the basis of five pillars:

- Talent.
- Productivity.
- Prosegur Smart App.
- Quality.
- Inorganic growth.



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5. About this report

5.1 Scope of the Annual Report

The information included in the Annual Report 2017 refers to all the activities carried out by **Prosegur Compañía de Seguridad, S.A.** and its subsidiaries from 1 January 2017 to 31 December 2017.

The report covers the financial and nonfinancial performance of the company as a

company specialized in security services, with a geographic scope that includes the following countries: Argentina, Australia, Brazil, Chile, China, Colombia, France, Germany, India, Mexico, Paraguay, Peru, Portugal, Singapore, Spain, South Africa and Uruguay.

5.2 Standards of reference

The Annual Report 2017 was drawn up following the principles established in the Guidelines for the preparation of sustainability reports of the Global Reporting Initiative (GRI), version GRI Standard, and therefore covering all the indicators related to the material aspects of the company that were defined in the materiality analysis.

The information contained in this report has also been drawn up in accordance with the following principles:

- Principles to determine the content of the report: stakeholder inclusiveness, sustainability context and completeness.
- Principles to ensure the quality of the report: balance, comparability, accuracy, periodicity, clarity and reliability.

Prosegur has also used the **IIRC Framework** (International Integrated Reporting Council) as a reference for drawing up integrated Annual Reports.

5.3 Materiality analysis

Prosegur's materiality analysis 2017 derives from the revision and updating of the materiality matrix and the adaptation of the topics to the context and evolution of the sector and its environment. In this way, the purpose of the company is to identify the most relevant topics for external

and internal stakeholders, show their progress and determine the actions that must be taken to continue generating value.

Prosegur has updated materiality taking into account the following aspects:

External relevance in the industry

- GRI Standard Guidelines.
- International bodies and selective stock market indexes (CDP, DJSI, FTSE4good, etc).
- Industry-related matters considered controversial that have taken place in 2017.

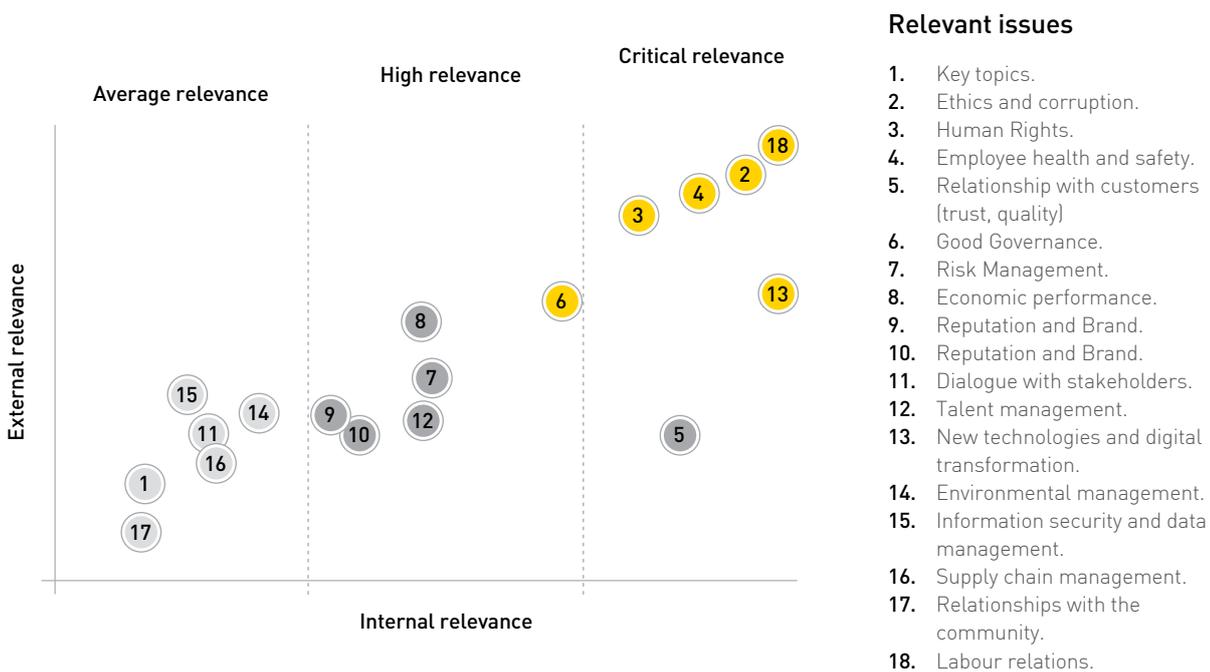
Benchmark with peers

- Analysis of relevant information and best practices of industry peers.
- Analysis of materiality studies of companies within and outside the private security sector .

Internal relevance

- Impact on strategy; assessment of the impact of each identified topic on the fulfillment of Prosegur's basic strategies.
- In-depth- interviews to 17 heads of different areas of the company.

As a result of this assessment, a list was drawn up with the 18 most relevant topics for Prosegur:



5.4 Contact details

For further information or queries regarding the Annual Report 2017 or information contained herein, please contact us by email at: accionistas@prosegur.com.

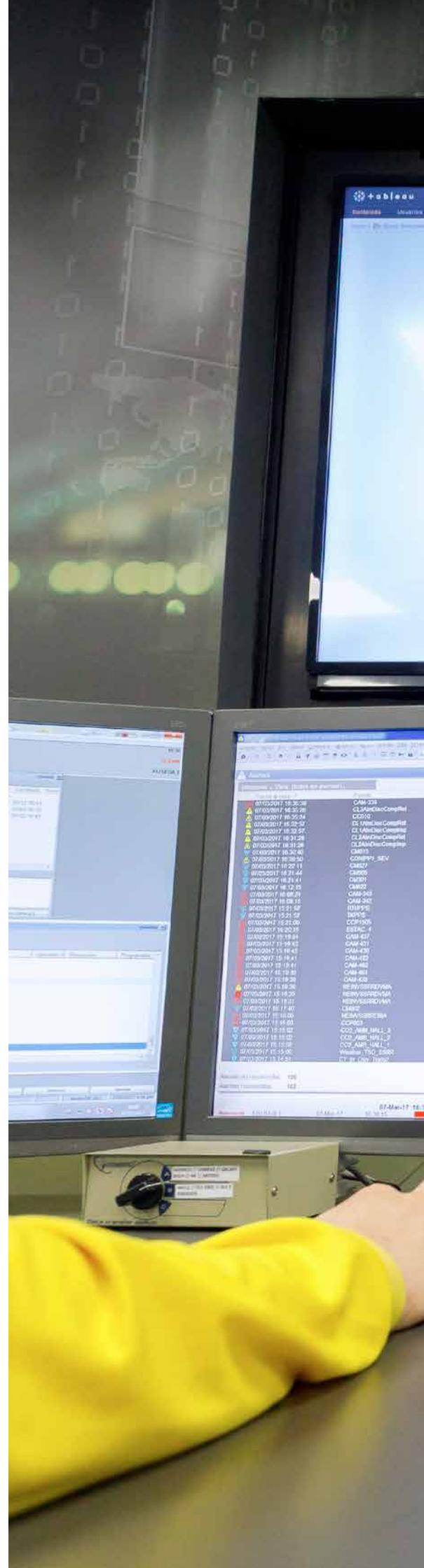
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Annex I

Performance indicators

The following table includes the main performance indicators of Prosegur for the years 2016 and 2017. The scope indicates the level of information reported for each indicator, weighted according to turnover by country.

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
ECONOMIC - FINANCIAL INDICATORS					
102-7	Main results				
	Sales (million euros) by region	3,902.3		4,290.7	
	Latin America	2,239.4		2,466.9	
	Europe and Asia-Pacific	1,662.9		1,823.8	
	Sales (million euros) by business line	1,724.3		1,924.3	
	Security	1,951.3		2,115.5	
	Cash	1,737.6		1,924.3	
	Alarms	213.4		250.9	
	EBITDA (million euros)	449.4		518.4	
	EBIT (million euros)	332.9		388.9	
	Consolidated Net Profit (million euros)	134.1		198.3	
	Equity (million euros)	751.5		1,143.4	
	Capex (million euros)	184.6		212.8	
	Current ratio (current assets / current liabilities)	1.6		1.4	
	Net Debt / Shareholders' equity	0.9		0.2	
	Net Debt (million euros)	712.4		251.8	
	Net Debt / EBITDA	1.6		0.5	
	Net financial expenses (million euros)	58.7		45.0	
	EBITDA / Financial Expenses	7.7		11.5	
	EV (million euros)	4,378.1		4,293.8	
			100%		100%

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
ETHICS AND COMPLIANCE					
205-1	Report the number and percentage of centres that have assessed risks related to corruption	ND	0.0%	ND	0.0%
	Total number of centres	ND		ND	
	Number of centres that have assessed risks related to corruption	ND		ND	
205-2	Employees that have received training on anti-corruption policies and procedures		100.0%		100.0%
	Employees in management positions that have received training on anti-corruption (%)	ND		ND	
	Total number of employees in management positions	ND		ND	
	Number of employees in management positions that have received training on anti-corruption	245		185	
	Employees in non-managerial positions that have received training on anti-corruption (%)	ND		ND	
	Total number of employees in non-managerial positions	ND		ND	
	Number of employees in non-managerial positions that have received training on anti-corruption	5,969	4,522		
205-3	Actions taken in response to incidents of corruption		100.0%		100.0%
	Total number of incidents in which employees were dismissed or disciplined for corruption	254		216	
	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	ND		ND	
416-2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services		39.1%		88.9%
	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	0		0	
417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications		63.2%		88.9%
	Number of incidents of non-compliance with regulations resulting in a fine or penalty	0		0	
	Number of incidents of non-compliance with voluntary codes	0		0	
418-1	Customer complaints		40.8%		88.9%
	Total number of complaints regarding breaches of customer privacy and losses of customer data	0		1	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
ETHICS AND COMPLIANCE					
419-1	Fines concerning the provision and use of products and services				
	Number of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services of the organization	0	40.8%	4	88.9%
	Total monetary value of fines (thousands of euros)	0.0		67,610.0	
206-1	Anti-competitive behaviour and monopoly practices				
	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	2	40.8%	0	88.9%
419-1	Significant fines and non-monetary sanctions for noncompliance with laws and regulations				
	Total monetary value of significant fines (thousands of euros)	40,322,887.5	40.8%	1,507,662.7	88.9%
	Number of non-monetary sanctions	0.0		4.0	
	Claims against the organization promoted to arbitration bodies	0.0		0.0	
103-2	Grievances about Human Rights				
	Total number of grievances about human rights impacts filed through formal grievance mechanisms (Whistleblower Channel) during the reporting period	ND		15.0	
	Total number of grievances about human rights impacts that were resolved during the reporting period	ND	100.0%	ND	100.0%
	Total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period	ND		ND	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
QUALITY					
	Number of quality audits performed	408	68.5%	249	68.5%

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
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CUSTOMERS AND USERS

102-43 102-44	Percentage of "satisfied" or "very satisfied" customers (Prosegur Security)	90.4%	68.5%	87.2%	68.5%
	Total number of surveys completed by clients	1,816		956	
	Number of surveys to customers whose overall result is "satisfied" or "very satisfied"	1,642		847	
	Complaints (Prosegur Security)		38.0%		68.5%
	Number of complaints received from customers	1,028		879	
	Number of complaints handled	808		873	
	Número de Number of complaints resolved satisfactorily solventadas satisfactoriamente	1,023		862	
102-43 102-44	Percentage of "satisfied" or "very satisfied" customers (Prosegur Cash)	92.6%	68.5%	77.8%	57.6%
	Total number of surveys completed by clients	842		81	
	Number of surveys to customers whose overall result is "satisfied" or "very satisfied"	780	47.6%	63	68.5%
	Complaints (Prosegur Cash)				
	Number of complaints received from customers	18,006		12,406	
	Number of complaints handled	17,903		12,058	
	Number of complaints resolved satisfactorily	12,523		10,640	
102-43 102-44	Percentage of "satisfied" or "very satisfied" customers (Prosegur Alarms)	62.1%	68.5%	66.7%	68.5%
	Total number of surveys completed by clients	46,819		139,704	
	Number of surveys to customers whose overall result is "satisfied" or "very satisfied"	29,093		97,185	
	Complaints (Prosegur Alarms)		47.6%		68.5%
	Complaints (Prosegur Alarms)	46,750		65,176	
	Number of complaints handled	44,919		62,401	
	Number of complaints resolved satisfactorily	31,983		43,344	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
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SUPPLIERS AND PARTNERS

	Number of suppliers	28,233	99.0%	30,047	99.0%
	Suppliers related expenses ((million euros)	716.7	99.0%	767.6	99.0%

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
102-8	Total number of employees	168,120	100.0%	170,350	100.0%
	Total number of employees ((without Joint Ventures)	148,518	99.1%	152,738	99.9%
102-8	Number of employees by gender		99.1%		99.9%
	Men	124,282		127,963	
	Women	24,236		24,775	
102-8	Workforce by country and type of contract				
	Germany	4,071		4,122	
	Men	3,362		3,402	
	Indefinite	2,921		3,069	
	Temporary	441		333	
	Women	709		720	
	Indefinite	613		651	
	Temporary	96		70	
	Argentina	17,920		18,138	
	Men	16,222		16,384	
	Indefinite	16,220		16,365	
	Temporary	2		19	
	Women	1,698		1,754	
	Indefinite	1,698		1,754	
	Temporary	0		0	
	Australia	1,060		984	
	Men	702		651	
	Indefinite	702		651	
	Temporary	0		0	
	Women	358		333	
	Indefinite	358		333	
	Temporary	0		0	
	Brazil	47,457		44,263	
	Men	40,268		37,813	
	Indefinite	40,201		37,728	
	Temporary	67		85	
	Women	7,189		6,450	
Indefinite	7,116		6,357		
Temporary	73		93		
			99.1%		99.9%

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
102-8	Workforce by country and type of contract				
	Chile	7,521		6,984	
	Men	6,219		5,728	
	Indefinite	5,419		5,204	
	Temporary	800		524	
	Women	1,302		1,256	
	Indefinite	1,179		1,172	
	Temporary	123		84	
	China	536		780	
	Men	514		763	
	Indefinite	506		649	
	Temporary	8		114	
	Women	22		17	
	Indefinite	22		15	
	Temporary	0		2	
	Colombia	10,556		10,124	
	Men	8,244		8,183	
	Indefinite	798		499	
	Temporary	7,446		7,684	
	Women	2,312		1,941	
	Indefinite	374		276	
	Temporary	1,938		1,665	
	Spain	29,384		32,867	
	Men	23,140		25,834	
	Indefinite	16,022		18,665	
	Temporary	7,118		7,169	
	Women	6,244		7,033	
	Indefinite	4,084		4,623	
	Temporary	2,160		2,410	
	France	5,853		5,519	
Men	5,040		4,713		
Indefinite	4,723		4,410		
Temporary	317		303		
Women	813		806		
Indefinite	767		735		
Temporary	46		71		
			99.1%		99.9%

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
102-8	Mexico	ND		2,910	
	Men	ND		2,249	
	Indefinite	ND		2,147	
	Temporary	ND		102	
	Women	ND		661	
	Indefinite	ND		626	
	Temporary	ND		35	
	Paraguay	1,520		1,887	
	Men	1,393		1,686	
	Indefinite	1,393		1,681	
	Temporary	0		5	
	Women	127		201	
	Indefinite	127		194	
	Temporary	0		7	
	Peru	10,742		12,141	
	Men	9,246		10,588	
	Indefinite	3,660		3,884	
	Temporary	5,586	99.1%	6,704	99.9%
	Women	1,496		1,553	
	Indefinite	460		683	
	Temporary	1,036		870	
	Portugal	7,250		7,406	
	Men	5,859		5,968	
	Indefinite	4,653		4,528	
	Temporary	1,206		1,440	
	Women	1,391		1,438	
	Indefinite	924		918	
	Temporary	467		520	
	Singapore	1,839		1,921	
	Men	1,556		1,600	
Indefinite	939		996		
Temporary	617		604		
Women	283		321		
Indefinite	207		239		
Temporary	76		82		

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
102-8	Uruguay	2,809	99.1%	2,692	99.9%
	Men	2,517		2,401	
	Indefinite	2,517		2,401	
	Temporary	0		0	
	Women	292		291	
	Indefinite	292		291	
	Temporary	0		0	
	Paraguay	1,520		1,887	
	Varones	1,393		1,686	
102-8	Workforce by working day type and gender	148,518	99.1%	2,692	99.9%
	Man	124,282		2,401	
	Full-time	115,804		2,401	
	Part time	8,478		0	
	Women	24,236		291	
	Full-time	21,461		291	
	Part time	2,775		0	
102-8	Workforce by age	148,518	99.1%	152,738	99.1%
	Under 30	30,067		27,989	
	Between 30 and 50 years	95,938		94,490	
	More than 50 years	22,513		30,259	
102-8	Workforce by employee category and age group	148,518	99.1%	152,738	99.9%
	Managers	838		249	
	Under 30	38		0	
	Between 30 and 50 years	680		159	
	More than 50 years	120		90	
	Heads	3,717		2,677	
	Under 30	179		139	
	Between 30 and 50 years	2,810		1,929	
	More than 50 years	728		609	
	Administrative personnel	6,632		8,528	
	Under 30	1,555		1,677	
	Between 30 and 50 years	4,295		5,614	
	More than 50 years	782		1,237	
	Operations personnel	137,331		141,284	
	Under 30	28,295		26,173	
	Between 30 and 50 years	88,153		86,788	
	More than 50 years	20,883		28,323	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
102-8	Workforce by employee category and gender	148,518	99.1%	152,738	99.9%
	Directors	838		249	
	Men	701		220	
	Women	137		29	
	Heads	3,717		2,677	
	Men	3,110		2,221	
	Women	607		456	
	Administrative personnel	6,632		8,528	
	Men	5,550		5,238	
	Women	1,082		3,290	
	Operations personnel	137,331		141,284	
	Men	114,921		120,284	
Women	22,410	21,000			
	Employees with disabilities		99.1%		99.9%
	Number of employees with disabilities	1,060		978	
	Percentage of employees with disabilities	0.7%		0.6%	
	Immigrant workforce		99.1%		99.9%
	Number of immigrants in the workforce	2,920		3,794	
	Percentage of immigrants in the workforce	1.8%		2.5%	
202-2	Management hired from the local community		99.0%		99.9%
	Number of senior management hired from the local community	240		131	
	Total number of senior managers	277		190	
	Senior management hired from the local community	86.6%		68.8%	
405-2	Average salary of men and women by employee category (euros)		99.1%		99.9%
	Directors				
	Men	130,664,1		124,190,4	
	Women	86,981,2		95,340,4	
	Heads				
	Men	46,957,8		50,609,4	
	Women	39,968,2		36,433,7	
	Administrative personnel				
	Men	21,545,8		21,610,4	
	Women	18,550,5		18,442,0	
	Operations personnel				
	Men	14,716,6		14,720,2	
Women	13,418,4	13,599,5			

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
102-41	Trade union representation				
	Number of employees who are members of a trade union	29,077	99.1%	29,441	99.9%
	Percentage of employees who are members of a trade union	19.0%		19.3%	
102-41	Collective bargaining agreements				
	Number of employees covered by collective bargaining agreements	125,663	99.1%	123,016	99.9%
	Percentage of employees covered by collective bargaining agreements	79.0%		80.5%	
404-1	Total number of training hours	1,724,778.7		1,608,751.9	
	By employee category				
	Directors	7,265.5	99.0%	2,165.5	99.9%
	Heads	36,333.5		47,203.7	
	Administrative personnel	83,333.3		94,879.8	
	Operations personnel	1,597,846.5		1,464,502.8	
	By gender				
	Men	1,524,209.6	99.9%	1,161,469.1	99.9%
Women	249,997.8		418,754.1		
404-1	Average number of hours of training	11.6	99.9%	10.5	99.9%
	By employee category				
	Directors	9.0	99.9%	8.7	99.9%
	Heads	10.0		17.6	
	Administrative personnel	14.2		11.1	
	Operations personnel	11.6		10.4	
	By gender				
	Men	12.3	99.9%	9.1	99.9%
Women	10.3		16.9		
410-1	Training on human rights				
	Number of employees who have received training on human rights	6,660	99.1%	20,184	99.9%
	Percentage of employees who have received training on human rights	4.7%		13.2%	
	Hours of training on human rights	15,492.0		65,418.0	
	Training investment				
Investment on employees training	11.8	100%	12.6	99.9%	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
404-3	Employees receiving regular performance and career development reviews				
	Number of employees receiving regular performance and career development reviews	21,522		24,176	
	Men	17,898	94.5%	20,879	99.1%
	Women	3,624		3,297	
	Percentage of employees receiving regular performance and career development reviews	14.1%		60.4%	
	Men	13.8%		16.3%	
	Women	15.4%		13.3%	
401-3	Total number of employees that were entitled to parental leave	4,596	95.6%	6,128	99.9%
	Men	3,497	95.6%	3,860	99.9%
	Women	1,099		2,268	
	Total number of employees who returned to work after parental leave ended	4,248		5,886	
	Men	3,392		3,768	
	Women	856		2,118	
	Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work	3,840	90.0%	4,849	99.9%
	Men	2,979		3,207	
Women	861		1,642		
401-1	Total number and rate of new employee hires during the reporting period	44,631		44,979	
401-1	By gender		100%		99.9%
	Men	35,602		36,081	
	Women	9,029		8,898	
401-1	By age		100%		99.9%
	Under 30	19,389		18,027	
	Between 30 and 50 years	22,147		23,171	
	More than 50 years	3,095		3,781	
401-1	By Country		100%		99.9%
	Germany	415		552	
	Argentina	2,713		2,754	
	Australia	232		125	
	Brazil	7,114		8,564	
	Chile	4,020		3,936	
	China	181		434	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
401-1	By Country				
	Colombia	6,747		4,047	
	Spain	7,108		9,083	
	France	4,584		4,479	
	Mexico	1,620		1,856	
	Paraguay	379	100%	688	99.9%
	Peru	5,733		5,978	
	Portugal	1,697		1,903	
	Singapore	1,338		115	
	Uruguay	750		465	
	401-1	Rate of employee turnover	32.8%		27.0%
By gender			100%		99.9%
Men		33.4%		24.0%	
Women		32.5%		26.0%	
By age			100%		99.9%
Under 30		41.4%		28.8%	
Between 30 and 50 years		27.9%		18.0%	
More than 50 years		17.1%		12.0%	
By Country			100%		99.9%
Germany		14.3%		11.0%	
Argentina		17.7%		24.0%	
Australia	10.7%		17.0%		
Brazil	17.9%		23.0%		
Chile	51.2%		70.0%		
China	39.6%		44.0%		
Colombia	57.5%		63.0%		
Spain	11.7%		13.0%		
France	20.3%		26.0%		
Mexico	67.6%		27.0%		
Paraguay	11.0%		21.0%		
Peru	57.0%		27.0%		
Portugal	3.2%		22.0%		
Singapore	90.4%		10.0%		
Uruguay	30.0%		1.0%		

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
403-2	EMPLOYEES				
	Number of days worked by all employees of Prosegur	44,598,735	96.2%	43,722,136	99.9%
	Men	38,003,386		36,147,731	
	Women	6,595,349		7,574,405	
	Total number of lost days	2,057,809		1,764,796	
	Men	1,714,241		1,354,492	
	Women	343,568		410,304	
	Absenteeism rate (AR)	4.6%		4.0%	
	Men	4.5%		3.7%	
	Women	5.2%		5.4%	
	By Country				
	Germany				
	Number of days worked by all employees of Prosegur	845,858		1,098,911	
	Total number of lost days	232,870		105,503	
	Absenteeism rate (AR)	27.5%		9.6%	
	Argentina				
	Number of days worked by all employees of Prosegur	4,300,800		4,552,638	
	Total number of lost days	244,885		177,499	
	Absenteeism rate (AR)	5.7%		3.9%	
	Australia				
	Number of days worked by all employees of Prosegur	166,051	96.2%	1,110,042	99.9%
	Total number of lost days	15,207		3,899	
	Absenteeism rate (AR)	9.2%		0.4%	
	Brasil				
	Number of days worked by all employees of Prosegur	12,528,648		11,071,706	
	Total number of lost days	565,348		423,993	
	Absenteeism rate (AR)	4.5%		3.8%	
Chile					
Number of days worked by all employees of Prosegur	2,111,120		2,018,569		
Total number of lost days	113,261		166,101		
Absenteeism rate (AR)	5.4%		8.2%		

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
EMPLOYEES					
403-2	Colombia				
	Number of days worked by all employees of Prosegur	3,077,756		3,037,200	
	Total number of lost days	48,277		54,649	
	Absenteeism rate (AR)	1.6%		1.8%	
	Spain				
	Number of days worked by all employees of Prosegur	9,065,662		10,396,634	
	Total number of lost days	308,211		395,044	
	Absenteeism rate (AR)	3.4%		3.8%	
	France				
	Number of days worked by all employees of Prosegur	1,585,369		1,367,089	
	Total number of lost days	135,567		129,089	
	Absenteeism rate (AR)	8.6%		9.4%	
	Mexico				
	Number of days worked by all employees of Prosegur	679,640		3,702,408	
	Total number of lost days	12,289		74,827	
	Absenteeism rate (AR)	1.8%		2.0%	
	Paraguay				
	Number of days worked by all employees of Prosegur	531,817		495,267	
	Total number of lost days	7,693		8,971	
	Absenteeism rate (AR)	1.4%		1.8%	
	Peru				
	Number of days worked by all employees of Prosegur	3,452,847		3,702,408	
	Total number of lost days	60,064		74,827	
	Absenteeism rate (AR)	1.7%		2.0%	
Portugal					
Number of days worked by all employees of Prosegur	1,530,602		1,850,608		
Total number of lost days	0		116,115		
Absenteeism rate (AR)	ND		6.3%		
Singapore					
Number of days worked by all employees of Prosegur	320,957		320,957		
Total number of lost days	3,460		3,460		
Absenteeism rate (AR)	1.1%		1.1%		
			96.2%		99.9%

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope		
EMPLOYEES							
403-2	Uruguay						
	Number of days worked by all employees of Prosegur	830,407	96.2%	805,138	99.9%		
	Total number of lost days	98,140		68,341			
	Absenteeism rate (AR)	11.8%		8.5%			
403-1	Formal Health and Safety Committees						
	Total number of employees	148,518	99.1%	152,738	99.9%		
	Number of employees represented in formal health and safety committees	65,656		58,252			
	Percentage of employees represented in formal health and safety committees	44.2%		38.1%			
403-2	Injury rate by gender						
	Number of hours worked by all Prosegur employees	298,518,958,4	99.1%	310,483,336,1	99.9%		
	Men	252,531,489,5		258,266,734,4			
	Women	45,987,468,9		52,216,601,6			
	Number of workplace injuries	5,417		4,118			
	Men	4,634		3,524			
	Women	783		594			
	Injury rate (IR)	3.6		2.7			
	Men	3.7		2.7			
	Women	3.4		2.3			
403-2	Occupational diseases rate by gender						
	Total number of cases of occupational diseases	74	99.0%	67	99.9%		
	Men	36		36			
	Women	38		31			
	Occupational diseases rate (ODR)	0.1		0.0			
	Men	0.0		0.0			
	Women	0.2		0.1			
	Rate of days lost by gender						
	Total number of lost days	132,479		99.1%		97,713	99.9%
	Men	102,051				84,723	
Women	30,428	12,991					
Lost day rate (IDR)	88.8	99.1%	62.9	99.9%			
Men	80.8		65.6				
Women	132.3		49.8				
403-2	Fatalities						
	Number of fatalities	12	99.1%	7	99.9%		
	Men	12		7			
	Women	0		0			

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope		
EMPLOYEES							
404-1	Imparted training in OHS						
	Number of training hours on OHS	141,956	100%	160,827	99.9%		
	Men	120,565		136,293			
	Directors	114		79			
	Heads	449		1,905			
	Administrative personnel	3,067		3,429			
	Operative personnel	116,935		130,880			
	Women	21,391		24,534			
	Directores	40		9			
	Heads	107		613			
	Administrative personnel	1,621		2,243			
	Operative personnel	19,623		21,670			
		Investment in health and safety in the workplace				34.0%	
	Investment in health and safety in the workplace (millions of euros)	1.4		2.0			

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
ENVIRONMENTAL COMMITMENT					
301-1	Materials used		67.6%		68.5%
	Paper (t)	407.1		345.0	
	Toner (t)	3.1		14.0	
	Plastic consumables (t)	873.9		942.0	
301-2	Materials used that are recycled input materials		68.5%		68.5%
	Number of uniforms reused each year	36,774.0		893,218.0	
	Number of uniforms distributed each year	618,689.0		1,100,568.0	
302-1	Direct and indirect energy consumption		63.1%		68.5%
	Fuel + diesel consumption (million litres)	28.4		29.0	
	Natural gas consumption (m3)	90,651.2		54,223.0	
	Electricity consumption (MWh)	34,863.0		29,658.0	
303-1 303-3	Water consumption		62.0%		68.5%
	Obtained from the public network (m3)	538,675.2		330,315.0	
	From other sources (m3)	0.0		0.0	
	Total (m3)	538,675.2		330,315.0	
	Volume of water recycled/reused (m3)	0.0		0.0	
	Percentage of water consumption recycled/reused (m3)	0.0%		0.0%	

GRI Standard	Indicator	2016	2016 Scope	2017	2017 Scope
ENVIRONMENTAL COMMITMENT					
305-1 305-2 305-3	Direct and indirect emissions of greenhouse gases				
	Direct emissions (t CO ₂ eq)	103,232.9	57.6%	79,639.0	68.5%
	Indirect emissions (t CO ₂ eq)	14,508.4		15,080.0	
	Total emissions (t CO ₂ eq)	117,741.3		94,719.0	
306-2	Waste managed				
	Waste generation (t)	1,210.2	67.6%	1,008.5	68.5%
	Hazardous waste (t)	161.8		273.0	
	Non-hazardous waste (t)	1,048.4		735.5	
	<i>Paper and cardboard (t)</i>	158.9		179.0	
	<i>Plastics (t)</i>	332.3		80.0	
	<i>Other (t)</i>	557.1		476.0	
SOCIAL ACTION					
	Report number of projects developed in social action by action areas	29	100%	31	100%
	Education	6		8	
	Labour inclusion	6		5	
	Promotion of culture	5		6	
	Corporate Volunteering	8		9	
	Other	4		3	
	Beneficiaries / project participants	36,013	100%	39,964	100%
	Education	16,815		20,370	
	Labour inclusion	1,719		1,553	
	Promotion of culture	1,865		1,862	
	Corporate Volunteering	1,332		1,845	
	Other	14,282		14,334	
	Social investment by area of activity (euros)	2,600,048.0	100%	2,859,769.1	100%
	Education	1,404,828.0		1,557,154.4	
	Labour inclusion	82,960.0		122,489.0	
	Promotion of culture	299,843.0		169,147.2	
	Corporate Volunteering	111,235.0		100,269.9	
	Other	701,182.0		910,708.6	

Annex II

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102-21	Consulting stakeholders on economic, environmental, and social topics	5.3 Materiality analysis 1.3 Good governance, ethics and compliance (Whistleblowing Channel, and Board of Directors and Commissions)	No
102-22	Composition of the highest governance body and its committees	1.3 Good governance, ethics and compliance (Composition of the Board of Directors)	No
102-23	Chair of the highest governance body	1.3 Good governance, ethics and compliance Annual Corporate Governance Report Available at www.prosegur.com	No
102-24	Nominating and selecting the highest governance body	Annual Corporate Governance Report Available at www.prosegur.com	No
102-25	Conflicts of interest	Annual Corporate Governance Report Available at www.prosegur.com	No
102-26	Role of highest governance body in setting purpose, values, and strategy	Annual Corporate Governance Report Available at www.prosegur.com	No

	Indicators	Page / Information (Omissions)	External Assurance
GOVERNANCE			
102-27	Collective knowledge of highest governance body	Annual Corporate Governance Report Available at www.prosegur.com	No
102-28	Evaluating the highest governance body's performance	Annual Corporate Governance Report Available at www.prosegur.com	No
102-29	Identifying and managing economic, environmental, and social impacts	1.3 Good governance, ethics and compliance 1.6 Risk management Annual Corporate Governance Report Available at www.prosegur.com	No
102-30	Effectiveness of risk management processes	1.3 Good governance, ethics and compliance 1.6 Risk management Annual Corporate Governance Report Available at www.prosegur.com	No
102-31	Review of economic, environmental, and social topics	1.6 Risk management 3.4 Opportunities and challenges for the future Prosegur Security 4.4 Opportunities and challenges for the future Prosegur Alarms	No
102-32	Highest governance body's role in sustainability reporting	The Annual Report is reviewed and approved by the Board of Directors	No
102-33	Communicating critical concerns	1.3 Good governance, ethics and compliance (Code of Ethics and Complaints Channel) Annual Corporate Governance Report Available at www.prosegur.com	No
102-34	Nature and total number of critical concerns	1.3 Good governance, ethics and compliance (Code of Ethics and Complaints Channel) Annual Corporate Governance Report Available at www.prosegur.com	No
102-35	Remuneration policies	Annual Corporate Governance Report Available at www.prosegur.com	No
102-36	Process for determining remuneration	Annual Corporate Governance Report Available at www.prosegur.com	No
102-37	Stakeholders' involvement in remuneration	In 2017, no questions regarding this issue were received in any of the communication channels available to the company	No
102-38	Annual total compensation ratio	Annual Corporate Governance Report Available at www.prosegur.com Directors' Compensation Report Available at www.prosegur.com	No
102-39	Percentage increase in annual total compensation ratio	Annual Corporate Governance Report Available at www.prosegur.com Directors' Compensation Report Available at www.prosegur.com	No

	Indicators	Page / Information (Omissions)	External Assurance
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	2. The value of a group	No
102-41	Collective bargaining agreements	2.1 Employees Annex I. Performance indicators	No
102-42	Identifying and selecting stakeholders	2 The value of a group 5.3 Materiality analysis	No
102-43	Approach to stakeholder engagement	2. The value of a group 5.3 Materiality analysis	No
102-44	Key topics and concerns raised	2. The value of a group 5.3 Materiality analysis	No
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	2017 Consolidated Annual Accounts Report Annex I. Dependent companies included in the scope of consolidation Available at www.prosegur.com	No
102-46	Defining report content and topic Boundaries	5. About this report	No
102-47	List of material topics	5.3 Materiality analysis	No
102-48	Restatements of information	The information published in none of the previous reports has been restated	No
102-49	Changes in reporting	Annex I. Performance indicators	No
102-50	Reporting period	2017	No
102-51	Date of most recent report	2016	No
102-52	Reporting cycle	Annual	No
102-53	Contact point for questions regarding the report	5.4 Contact information	No
102-54	Claims of reporting in accordance with the GRI Standards	5.2 Reference standards	No
102-55	GRI content index	Annex I. GRI content index	No
102-56	External assurance	The Annual Report is not verified externally	No

Indicators		Page / Information (Omissions)	External Assurance
ECONOMIC			
ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	2. The value of a group 1.1 Main magnitudes 3.3 Key Figures of Prosegur Security 4.3 Key Figures of Prosegur Alarms	No
201-2	Financial implications and other risks and opportunities due to climate change	1.6 Risk management	No
201-3	Defined benefit plan obligations and other retirement plans	NA There is no benefit plan for employees	No
MARKET PRESENCE			
202-2	Proportion of senior management hired from the local community	Annex I. Performance indicators (Employees)	No
204-1	Proportion of spending on local suppliers	2. The value of a group	No
ENVIRONMENTAL			
MATERIALS			
301-1	Materials used by weight or volume	Annex I. Performance indicators (Environmental management)	No
301-2	Recycled input materials used	Annex I. Performance indicators (Environmental management)	No
ENERGY			
302-1	Energy consumption within the organization	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
303-4	Reduction of energy consumption	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
WATER			
303-1	Water withdrawal by source	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
303-3	Water recycled and reused	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No

Indicators		Page / Information (Omissions)	External Assurance
ENVIRONMENTAL			
EMMISSIONS			
305-1	Direct (Scope 1) GHG emissions	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
305-2	Energy indirect (Scope 2) GHG emissions	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
305-5	Reduction of GHG emissions	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
EFFLUENTS AND WASTE			
306-2	Waste by type and disposal method	1.7 Environmental management Annex I. Performance indicators (Environmental management)	No
SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
EMPLOYMENT			
401-1	New employee hires and employee turnover	Annex I. Performance indicators (Employees)	No
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The company does not offer different social benefits to full-time employees	No
401-3	Parental leave	Annex I. Performance indicators (Employees)	No
LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	Annex I. Performance indicators (Employees)	No
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach - Material topic: Occupational Health and Safety			
103-1	Explanation of the material topic and its Boundary	2.1 Employees Annex I. Performance indicators (Employees)	No
103-2	The management approach and its components	2.1 Employees Annex I. Performance indicators (Employees)	No
103-3	Evaluation of the management approach	2.1 Employees Annex I. Performance indicators (Employees)	No
403-1	Workers representation in formal joint management–worker health and safety committees	Annex I. Performance indicators (Employees)	No
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2.1 Employees Annex I. Performance indicators (Employees)	No
403-3	Workers with high incidence or high risk of diseases related to their occupation	No occupational activities at risk of illness have been identified	No

Indicators		Page / Information (Omissions)	External Assurance
SOCIAL		ENVIRONMENTAL	
403-4	Health and safety topics covered in formal agreements with trade unions	The information is included in the collective agreements of the different countries of operation, but the percentage of them that cover these issues is not available at present	No
TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	2.1 Employees (Training) Annex I. Performance indicators (Employees)	No
404-2	Programs for upgrading employee skills and transition assistance programs	2.1 Employees (Training) 2.1 Employees (Talent management)	No
404-3	Percentage of employees receiving regular performance and career development reviews	Annex I. Performance indicators (Employees)	No
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	1.3 Good governance, ethics and compliance (Composition of the Board of Directors) Annex I. Performance indicators (Employees)	No
EQUAL REMUNERATION FOR WOMEN AND MEN			
405-2	Ratio of basic salary and remuneration of women to men	Annex I. Performance indicators (Employees)	No
HUMAN RIGHTS			
GRI 103: Management Approach - Material topic: Human Rights			
103-1	Explanation of the material topic and its Boundary	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) 2.1 Employees (Training) Annex I. Performance indicators (Employees)	No
103-2	The management approach and its components	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) 2.1 Employees (Training) Annex I. Performance indicators (Employees)	No
103-3	Evaluation of the management approach	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) 2.1 Employees (Training) Annex I. Performance indicators (Employees)	No
HUMAN RIGHTS ASSESSMENT			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel)	No

	Indicators	Page / Information (Omissions)	External Assurance
SOCIAL PERFORMANCE			
412-2	Employee training on human rights policies or procedures	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) 2.1 Employees (Training) Annex I. Performance indicators (Employees)	No
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	Good Government, Ethics and Compliance (Whistleblowing Channel)	No
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.1 Employees (Labor relations) Annex I. Performance indicators (Employees)	No
SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	1.3 Good governance, ethics and compliance (Respect for human rights) 2.1 Employees (Training) Annex I. Performance indicators (Employees)	No
SOCIETY			
ANTI-CORRUPTION			
GRI 103: Management Approach - Material topic: Ethics and anticorruption			
103-1	Explanation of the material topic and its Boundary	Annex I. Performance indicators (Ethics and compliance)	No
103-2	The management approach and its components	Annex I. Performance indicators (Ethics and compliance)	No
103-3	Evaluation of the management approach	Annex I. Performance indicators (Ethics and compliance)	No
205-1	Operations assessed for risks related to corruption	Annex I. Performance indicators (Ethics and compliance)	No
205-2	Communication and training about anti-corruption policies and procedures	Annex I. Performance indicators (Ethics and compliance)	No
205-3	Confirmed incidents of corruption and actions taken	Annex I. Performance indicators (Ethics and compliance)	No
ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Annex I. Performance indicators (Ethics and compliance)	No
SOCIOECONOMIC COMPLIANCE			
419-1	SOCIOECONOMIC COMPLIANCE	Annex I. Performance indicators (Ethics and compliance)	No
PRODUCT RESPONSIBILITY			
CONSUMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories	1.6 Risk management	No
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents have been recorded in this regard	No

Industry associations

Prosegur is a member of industry associations and organizations in order to **promote the development of the sector**, the **improvement of quality standards** and to **promote the most advanced public policies**. The main **European and international organizations** of which it is a member are:

International Security Ligue

Association of private security companies. Non-governmental consulting body of the United Nations (UN) and the European Union.

Confederation of European Security Services (CoESS)

Confederation of European Security Services .

European Security Transport Association (ESTA)

European association of companies providing services of transport of valuables, cash handling and management.

Asian Cash Management Association (ACMA)

Association of companies providing cash in transit services in Asia, Africa and Oceania

Aviation Security Services Association – International (ASSA-I)

Association of airport security service companies

ATM Industry Association (ATMIA)

International association of the ATM industry

At the **national level**, Prosegur participates in the main organizations of the sector of all the countries in which it is present:

Germany	National Association of the Cash In Transit Industry (BDGW) German Vending Federation (BDV)
Argentina	Argentine Chamber of Research and Safety Companies (CAESI) Argentine Chamber of CIT Services Companies (CETCA) Argentine Federation of Cargo Carriers (FADEEAC) Chamber of Cargo Carrier Companies (CEAC) Chamber of Private Security Training Centres Chamber of Security Companies of Buenos Aires (CAESBA)
Australia	Australian Security Industry Association (ASIAL)
Brazil	Brazilian Transport of Valuables Association (ABTV) National Federation of Surveillance, Security and CIT Companies (FENAVIST)
Chile	Associations of Private Security and CIT Companies (ASEVA) Chilean Association of Alarm System Companies (ACHEA) National Association of Security Professionals (ANASEP) National Association of Security Companies of Chile (EMPRORSE)
China	Shanghai Security Association
Colombia	Colombian Federation of Surveillance and Private Security Companies (FEDESEGURIDAD) Surveillance and Private Security Companies Committee of the National Federation of Tradesmen (FENALCO)
Spain	Professional Association of Private Security Companies of Spain (APROSER) Spanish Association of Security Companies (AES)
France	Association of Private Security Companies (USP) Federation of Fiduciary Security Companies (FEDESFI) Logistics Intelligence Association of Southern Europe (PILES)
India	Association of Cash Management of India (CLAI)
Mexico	Mexican Association of Private Security Companies (AMESP)
Paraguay	Paraguayan Chamber of Transport of Valuables and Security Companies (CAPATRAVALSEP) Paraguayan Chamber of Professional Security Companies
Peru	National Security Society of Peru (SNS)
Portugal	Association of Private Security Companies (AES) Portuguese Association of Electronic Security and Fire Protection (APSEI)
Singapore	Security Association of Singapore (SAS) Association of Certified Security Agencies (ACSA)
Uruguay	Uruguayan Chamber of Cash in Transit (CUETRACA) Uruguayan Chamber of Professional Installers of Electronic Security Systems (CIPSES) Uruguayan Chamber of Security Companies (CUES)

Annex IV. Compliance with the United Nations Global Compact

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence	1.3. Good governance, ethics and compliance (Respect for human rights) p. 21
Principle 2	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	1.3. Good governance, ethics and compliance (Respect for human rights) p. 21

LABOUR PRACTICES

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2.1. Employees (Labour relations) p. 56
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	2.2. Suppliers p. 65
Principle 5	Businesses should uphold the effective abolition of child labour	2.2. Suppliers p. 65
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	2.1. Employees p. 53

ENVIRONMENTAL

Principle 7	Businesses should support a precautionary approach to environmental challenges	1.7. Environmental management p. 47
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	1.7. Environmental management p. 47
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	1.7. Environmental management p. 47

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	1.3. Good governance, ethics and compliance (Respect for human rights) p. 21
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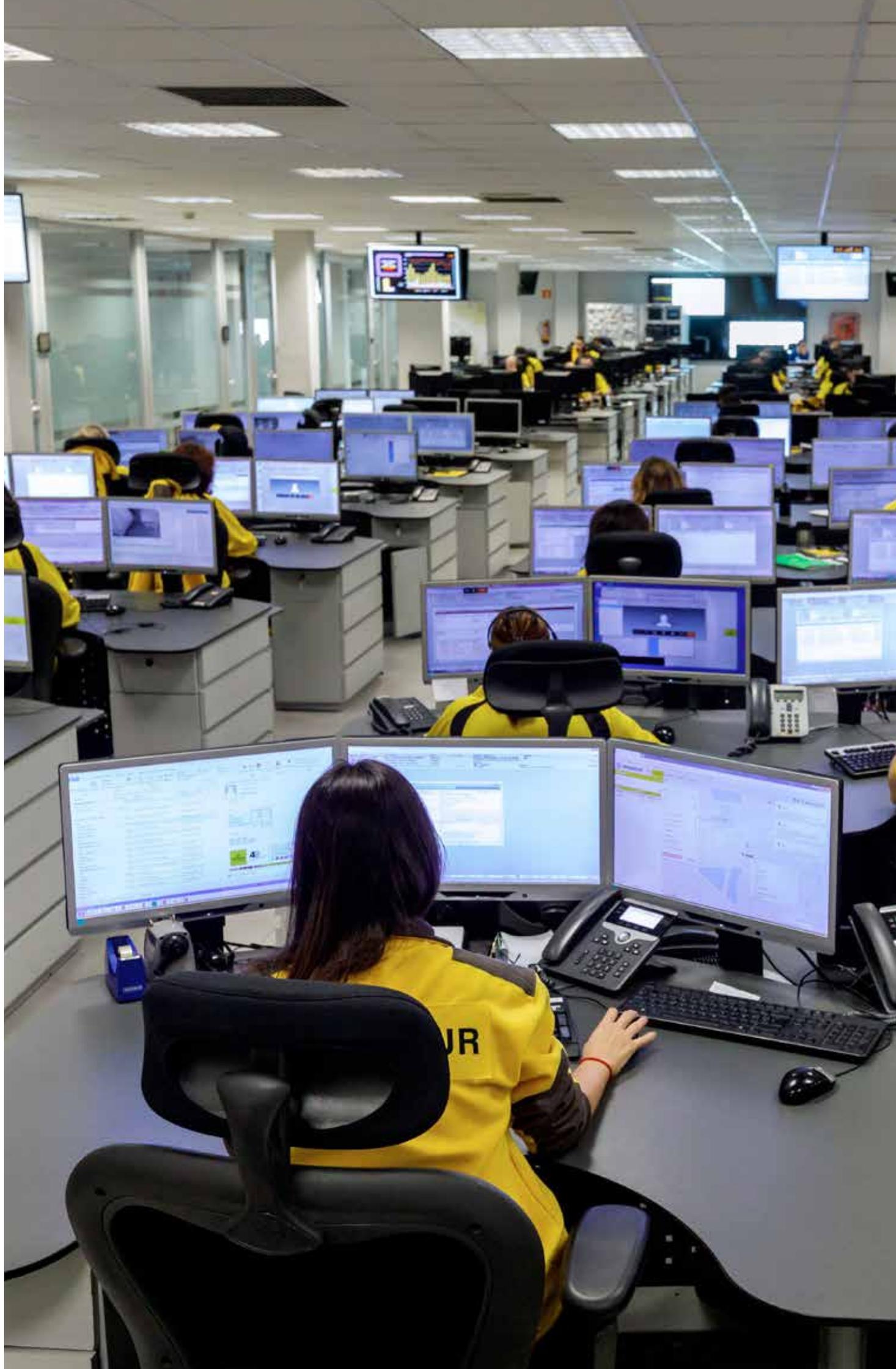
Consolidated Annual 2017

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■ II. Consolidated statement of comprehensive income for the years ended 31 december 2017 and 2016	129	■ 16. Joint Ventures)	166
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■ IV. Consolidated statements of changes in equity for the years ended 31 december 2017 and 2016	132	■ 18. Inventory	168
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■ 2. Basis of Presentation	136	■ 22. Provisions	177
■ 3. Revenues	139	■ 23. Financial liabilities	180
■ 4. Cost of sales and administrative and sales expenses	140	■ 24. Trade and other payables	185
■ 5. Employee benefits	141	■ 25. Other liabilities	186
■ 6. Other revenues and expenses	143	■ 26. Taxation	186
■ 7. Net financial expenses	145	■ 27. Contingencies	194
■ 8. Earnings per share	146	■ 28. Commitments	195
■ 9. Dividends per share	146	■ 29. Business Combinations	197
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■ 11. Property, plant and equipment	151	■ 31. Financial risk management and fair value	209
■ 12. Goodwill	154	■ 32. Other information	220
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I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
Revenues	3	4,290,661	3,902,266
Costs to sales	4	(3,260,334)	(2,989,970)
Gross profit		1,030,327	912,296
Other income	6	8,437	8,360
Sale and administrative expenses	4	(632,906)	(554,301)
Other expenses	6	(14,821)	(28,560)
Share of profits/losses of financial year accounted for under the equity method	15	(2,122)	(4,893)
Operating profit/loss (EBIT)		388,915	332,902
Finance income	7	29,031	16,150
Finance expenses	7	(74,008)	(74,803)
Net financial expenses		(44,977)	(58,653)
Profit before tax		343,938	274,249
Income tax	26	(145,629)	(140,118)
Post-tax profit from continuing operations		198,309	134,131
Consolidated profit for the year		198,309	134,131
Attributable to:			
Owners of the parent		150,348	134,160
Non-controlling interests	21	47,961	(29)
Earnings per share from continuing operations attributable to the owners of the parent (euros per share)			
- Basic	8	0.2512	0.2242
- Diluted	8	0.2512	0.2242

Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
Profit/loss for the year		198,309	134,131
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial gains (losses) on defined benefit plans	5.2	(1,581)	(634)
		(1,581)	(634)
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations		(195,310)	44,146
		(195,310)	44,146
Total comprehensive income for the year, net of tax		1,418	177,643
Attributable to:			
- Owners of the parent		(12,519)	177,671
- Non-controlling interests		13,937	(28)
		1,418	177,643

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II. CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE YEARS 2017 AND 2016

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Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
ASSETS			
Property, plant and equipment	11	586,950	558,021
Goodwill	12	520,389	528,366
Other intangible assets	13	244,962	256,736
Investments accounted for using the equity method	15	29,837	30,234
Non-current financial assets	17	12,143	9,600
Deferred tax assets	26	86,336	105,898
Non-current assets		1,480,617	1,488,855
Non-current assets held for sale	14	50,963	64,701
Inventory	18	70,702	86,654
Trade and other receivables	19	941,575	943,225
Current tax asset	26	158,549	147,061
Other financial assets	20	490,298	-
Cash and cash equivalents	20	630,939	824,634
Current assets		2,343,026	2,066,275
Total assets		3,823,643	3,555,130
EQUITY			
Share capital	21	37,027	37,027
Share premium	21	25,472	25,472
Own shares	21	(53,079)	(53,315)
Translation differences	21	(537,720)	(470,371)
Retained earnings and other reserves	21	1,597,383	1,212,118
Equity attributable to equity holders of the Parent		1,069,083	750,931
Non-controlling interests	21	74,357	569
Total equity		1,143,440	751,500

Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
LIABILITIES			
Financial liabilities	23	717,311	1,223,597
Deferred tax liabilities	26	30,776	28,431
Provisions	22	199,633	238,612
Non-current liabilities		947,720	1,490,640
Trade and other payables	24	850,683	785,693
Current tax liabilities		122,265	123,929
Financial liabilities	23	701,046	358,383
Provisions	22	14,427	4,374
Other current liabilities	25	44,062	40,611
Current liabilities		1,732,483	1,312,990
Total liabilities		2,680,203	2,803,630
Total equity and liabilities		3,823,643	3,555,130

Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Equity attributable to equity holders of the Parent				Retained earnings and other reserves (Note 21)	Non-controlling interests (Note 21)	Total equity
	Capital (Note 21)	Share premium (Note 21)	Own shares (Note 21)	Translation difference (Note 21)			
Balance on 1 January 2016	37,027	25,472	(53,493)	(514,517)	1,205,467	(330)	699,626
Total comprehensive income for the year	-	-	-	44,146	133,526	(29)	177,643
Share-based incentives exercised by employees	-	-	178	-	-	-	178
Dividends	-	-	-	-	(130,799)	-	(130,799)
Other movements	-	-	-	-	3,924	928	4,852
Balance as of 31 December 2016	37,027	25,472	(53,315)	(470,371)	1,212,118	569	751,500
Total comprehensive income for the year	-	-	-	(161,286)	148,767	13,937	1,418
Share-based incentives exercised by employees	-	-	236	-	94	-	330
Ordinary dividend	-	-	-	-	(34,066)	-	(34,066)
Interim extraordinary dividend	-	-	-	-	(279,996)	-	(279,996)
Interim ordinary dividend	-	-	-	-	(71,883)	-	(71,883)
Stock market flotation of Prosegur Cash S.A.	-	-	-	93,937	613,651	89,386	796,974
Prosegur Cash, S.A. dividend	-	-	-	-	-	(29,535)	(29,535)
Other movements	-	-	-	-	8,698	-	8,698
Balance as of 31 December 2017	37,027	25,472	(53,079)	(537,720)	1,597,383	74,357	1,143,440

Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

V. CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
Cash flows from operating activities			
Profit/loss for the year		198,309	134,131
<i>Adjustments for:</i>			
Depreciation and amortisation	11, 13	129,527	116,412
Impairment losses on non-current assets	6	150	309
Impairment losses on trade receivables and stock	6, 19	13,565	25,389
Other revenues and expenses		-	1,519
Change in provisions	22	67,080	81,468
Finance income	7	(29,031)	(16,150)
Finance expenses	7	74,008	74,803
Gains/losses on derecognition and sale of property, plant and equipment	6	3,358	5,211
Share of profits/losses of financial year accounted for under the equity method	15	2,122	4,893
Income tax	26	145,629	140,118
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		5,667	(21,974)
Trade and other receivables		(100,435)	(121,935)
Trade and other payables		45,613	85,972
Payment of provisions	22	(85,691)	(56,844)
Other liabilities		6,145	(675)
Cash from operating activities			
Interest paid		(38,598)	(33,233)
Income tax paid		(158,818)	(151,326)
Net cash from operating activities		278,600	268,088

Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

V. CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	2017	2016
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,667	3,536
Proceeds on sales of investment property/non-current assets held for sale	14	2,701	4,943
Proceeds from sale of financial assets		428	1,768
Interest collection		4,402	3,311
Proceeds on sales of subsidiaries, net of cash and cash equivalents		-	741
Acquisition of subsidiaries, net of cash and cash equivalents		(35,682)	(10,961)
Acquisition of property, plant and equipment	11	(186,658)	(151,229)
Acquisition of intangible assets	13	(26,283)	(14,802)
Acquisition of joint ventures, net of cash and cash equivalents		-	(19,890)
Acquisition of financial assets		(493,611)	(1,750)
Net cash from investing activities		(733,036)	(184,333)
Cash flows from financing activities			
Collections from sales of own shares		805,386	-
Payments for the redemption of own shares and other equity instruments	21	(2,127)	-
Proceeds from loans and borrowings	23	354,170	711,743
Proceeds from debentures and other marketable securities	23	595,010	-
Payments for loans and borrowings	23	(1,101,626)	(129,429)
Payments for other financial liabilities		(17,263)	(38,359)
Dividends paid	9	(329,811)	(120,224)
Net cash from financing activities		303,739	423,731
Net increase (decrease) in cash and cash equivalents		(150,697)	507,486
Cash and cash equivalents at the beginning of period		824,634	316,434
Effect of exchange differences		(42,998)	714
Cash and cash equivalents at the end of the period		630,939	824,634

Notes included on pages 135 to 246 are an integral part of these consolidated annual accounts.

1. General information

Prosegur is a business group comprised of Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company) and its subsidiaries (referred to collectively as Prosegur) which operates in the following countries: Spain, Portugal, France, Luxembourg, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, Australia and South Africa..

Prosegur is organised around the following lines of activity:

- Security.
- Cash.
- Alarms.

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid and the holder of 50,075% of the shares of Prosegur Compañía de Seguridad, S.A., which includes Prosegur in its consolidated financial statements.

Prosegur Compañía de Seguridad, S.A. is a public limited company, with shares listed on the Madrid , Bilbao, Valencia and Barcelona Stock Exchanges and traded through the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is registered on the Madrid Mercantile Registry. Prosegur Compañía de Seguridad, S.A. has its registered business address in Madrid, at Calle Pajaritos, no. 24.

Its corporate purpose is described in article 2 of its company by-laws. The Company is primarily engaged in the following services and activities through its subsidiary companies:

- The surveillance and protection of establishments, assets and people.
- The transport, deposit, safekeeping, counting and classification of currency and notes, bonds, securities and other objects that, due to their economic value or their danger, may require special protection.
- The installation and maintenance of security apparatus, devices and systems.

These consolidated annual accounts were drawn up by the Board of Directors on 27 February 2018 and are pending approval by the shareholders at their Annual General Meeting. However, the directors consider that these consolidated annual accounts will be approved with no changes.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A. is the parent company of a Group formed by subsidiaries (Appendix I). Likewise, Prosegur has Joint Arrangements (Note 15, 16, and Appendix II).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 17).

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Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in Note 34.2.

2. Basis of Presentation

2.1 Basis of presentation of the consolidated financial statements

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The consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. The consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (hereinafter the IFRS-EU) and other applicable provisions in the financial reporting framework, to give a true and fair view, of the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and its subsidiaries at 31 December 2017 and of the consolidated results of operations and cash flows of the Group for the year then ended.

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Any information or breakdowns, that are not considered material or of relative importance, in accordance with the concept of Relative Importance defined in the conceptual framework of the EU-IFRS, have been omitted from these annual accounts.

2.2 Changes in the consolidated group

During 2017, the following companies were incorporated or wound up:

- In February 2017, the company BIP Serviços de recepção e portaria Ltda. was incorporated in Brazil.
- In February 2017, the company BIP Serviços de Vigilancia Patrimonial Ltda. was incorporated in Brazil.
- In February 2017, the company Prosegur Holding SIS Ltda. was incorporated in Brazil.
- In May 2017, the company Prosegur Alarm Hizmetleri Anonim Sirket was incorporated.
- In October 2017, the company SIS Prosegur Cash Logistics Private Limited was incorporated in India.
- In October 2017, the company Centro Informático de Servicios de Vigo, S.A. was dissolved and liquidated in Spain.
- In December 2017, the companies GRP Holding SARL and Prosegur Security Luxemburg SARL were dissolved and liquidated in Luxembourg.
- In December 2017, the company Prosegur GmbH & Co KG was dissolved in Germany.

In addition, the following mergers and spinoffs of subsidiaries occurred during the 2017:

- In October 2017, the merger by absorption of Servicios de Efectivo de Perú, S.A. by Compañía de Seguridad Prosegur, S.A. was formalised in Peru.
- In November 2017, the merger by absorption of TC Interplata, S.A. by Transportadora de Caudales Juncadella, S.A. was formalised in Argentina.

- In December 2017, the security business of Prosegur Brasil S.A. Transportadora de Valores e Seguradora was spun off to Segurpro Vigilância Patrimonial S.A. in Brazil.
- In December 2017, the merger by absorption of the German company Prosegur Investments Verwaltungs GmbH by Prosegur GmbH & Co KG was formalised in Germany.

In addition, all other changes in the scope of consolidation during the 2017 financial year correspond to acquisitions of subsidiaries whose information is detailed in Note 29.

2.3 Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements for 2017 include comparative figures for the previous year.

In the 2016 financial year, deferred tax assets and liabilities were not offset in that year's statement of financial position despite having met the criteria established in Note 34.18 (valuation rule). However, the Group believes that the impact of the decision not to offset was immaterial in the context of the consolidated annual accounts as a whole, and as such, in the 2017 financial year, the corresponding comparative data has been reclassified. In this regard, the amounts recorded at 31 December 2016 as deferred tax assets and liabilities were EUR 185,628 and EUR 108,161 thousand, respectively.

2.4 Estimates, assumptions and relevant judgements

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying Prosegur's accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU and measure its assets and liabilities and profit and loss.

Although estimates are calculated by Prosegur's directors based on the best information available at year end, future events may require modification of these estimates in subsequent years. Any effect on the consolidated annual accounts of modifications to be made in subsequent years would be recognised prospectively, if applicable.

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Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments during the year ended 31 December 2017 are included in the following notes:

- Business combinations: provisional determination of fair values (Notes 29 and 34.2).
- Impairment of PP&E, intangible assets, goodwill, and non-current assets held for sale: assumptions for calculation of recoverable amounts (Notes 11, 12, 13, 14, 34.6, 34.7, 34.8, and 34.9).
- Available-for-sale financial assets: assumptions used to determine fair values (Note 17 and 34.10).
- Recognition and measurement of provisions and contingencies: assumptions to determine the likelihood and estimated amounts of outlays (Notes 22, 27, and 34.16).
- Recognition and measurement of the defined benefit plans for employees: actuarial assumptions to estimate the provision for defined benefit plans for employees (Notes 5.2, 22, and 34.19).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to assess the recoverability of tax credits (Notes 26 and 34.18).
- Revenue recognition: determination of the stage of completion of construction contracts (Note 34.23).

Relevant judgements

Information on judgements made in applying Prosegur accounting policies with a significant impact on the amounts recognised in the consolidated financial statements is included in the following notes:

- Consolidation: determination of control (Note 34.2).
- Leases: classification of leases (Note 34.21).
- Non-current assets held for sale (Note 34.8 and 34.24)

Determination of fair values

Certain Prosegur accounting policies and details require the determination of fair values of financial and non-financial assets and liabilities..

Prosegur has established a control framework with respect to determining fair values. This framework includes a measurement team, reporting directly to Financial Management, with general responsibility over the supervision of all relevant fair value calculations.

On a regular basis the measurement team reviews significant unobservable criteria and measurement adjustments. If third-party information is utilised in determining fair values, such as price-fixing or broker quotations, the measurement team verifies the compliance of such information with the EU-IFRS and the level in the fair value hierarchy by which such measurements should be classified. Significant valuation issues are reported to the Prosegur Audit Committee.

In determining the fair value of an asset or liability, Prosegur uses observable market data to the greatest extent possible. Fair values are classified into different levels of fair value on the basis of the input data used in the measurement techniques, as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: variables other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: variables for the asset or liability that are not based on observable market data (unobservable inputs).

If such input data that are used to measure the fair value of an asset or liability may be classified into different levels of the fair value hierarchy, the fair value measurement is classified in its entirety into the same level of the fair value hierarchy, corresponding to the significant input data level for the complete measurement presented by the lower level.

Prosegur recognises transfers amongst levels of the fair value hierarchy at the end of the period in which the change has taken place.

The following notes contain more information on the assumptions utilised in determining fair values:

- Note 17: Available-for-sale financial assets.
- Note 29: Business combinations.
- Note 31.3: Financial instruments and fair value.

3. Revenues

Details of revenue are as follows:

Thousands of euros	2017	2016
Provision of services	4,125,745	3,752,307
Goods sold	5,400	6,995
Operating lease revenues	159,516	142,964
Total revenues	4,290,661	3,902,266

Revenue from operating leases includes revenues obtained from alarm system rentals. See Note 10 for further information on revenues by segment and geographical region.

See Note 34.19 for a description of the Group's income recognition policy.

4. Cost of sales and administrative and sales expenses

The main cost of sales and selling, general and administrative expenses are as follows:

Thousands of euros	2017	2016
Supplies	198,655	184,603
Employee benefit expenses (Note 5)	2,561,057	2,364,638
Operating leases	35,841	46,792
Supplies and external services	248,206	232,214
Depreciation and amortisation	65,924	54,613
Other expenses	150,651	107,110
Total costs to sales	3,260,334	2,989,970
Supplies	6,840	5,051
Employee benefit expenses (Note 5)	326,380	277,597
Operating leases	44,628	38,158
Supplies and external services	111,684	108,005
Depreciation and amortisation	63,603	61,799
Other expenses	79,771	63,691
Total sale and administrative expenses	632,906	554,301

Total supplies in the consolidated income statement for 2017 amount to EUR 205,495 thousand (in 2016: EUR 189,654 thousand).

The increase in expenses for employee benefits, included within the total cost of sales, is due to the new business combinations (Note 29) and the increase in expenses for labour provisions (Note 22).

The heading for other expenses, included within the total cost of sales, has increased in 2017 by EUR 21,164 thousand as a result of an increase in insurance premiums and shipping expenses. In addition, this heading includes administrative and sales costs, which cover costs from indirect taxes totalling EUR 35,625 thousand (2016: EUR 18,328 thousand), primarily in Argentina and Brazil. These taxes include levies associated with the corporate restructuring plan carried out by Prosegur during recent financial years totalling EUR 3,410 thousand.

The external supplies and services heading includes costs for repair to transportation units, counting machines, as well as the subcontracting of third parties for operational activities and other professional services such as lawyers, auditors, and consultants.

5. Employee benefits

5.1 Employee benefits costs

Details of employee benefits costs are as follows:

Thousands of euros	2017	2016
Salaries and wages	2,108,471	1,932,743
Social Security	560,344	511,927
Other employee benefits expenses	132,640	123,463
Termination payments	85,982	74,102
Total employee benefits expense	2,887,437	2,642,235

With regard to the 2017 Long-term Incentive Plan for the CEO and Senior Management of Prosegur (Note 34.19), the expenses corresponding to the committed outlay accrued during the 2017 financial year was recorded under wages and salaries, totalling EUR 6,695 thousand (Note 22) (2016: EUR 4,260 thousand).

The compensations heading includes the amount recognised in the provision for labour risks (Note 22).

5.2 Employee benefits

Prosegur contributes to four defined benefit plans in France, Brazil, Germany, and Mexico. The defined benefit plan comprises post-employment healthcare. This benefit is required under Law 9656 of Brazil. The defined benefit plan in Mexico consists of seniority bonuses applied for the first time in 2017, while the defined benefit plans in France and Germany consist of retirement benefits.

During financial year 2017, the amount recognised as an increase in personnel expenses in the income statement amounts to EUR 1,418 thousand (in 2016: EUR 1,310 thousand).

The movement of the current value of obligations is shown in the following table:

Thousands of euros	2017	2016
Balance as of January 1	9,189	6,439
Net cost for period	1,418	1,310
Plan contributions	(440)	(244)
Actuarial loss/profit	2,403	955
Translation differences	(737)	729
Balance as of December 31	11,833	9,189

In the 2017 financial year, the negative impact on equity resulting from actuarial losses totalled EUR 1,581 thousand (negative impact of EUR 634 thousand in 2016) (Note 22).

The breakdown of the current and noncurrent portions of the present value of the obligations under the main defined benefit plans in Brazil, France, Germany, and Mexico is as follows:

Thousands of euros	Brazil		France		Germany		Mexico	
	2017	2016	2017	2016	2017	2016	2017	2016
Non-current	5,784	4,083	3,482	4,492	620	614	1,947	-
Current	-	-	-	-	-	-	-	-
Total liabilities for employee benefits	5,784	4,083	3,482	4,492	620	614	1,947	-

The variation in the present value of the main obligations under the defined benefit plans in Brazil, France, Germany, and Mexico is as follows:

Thousands of euros	Brazil		France		Germany		Mexico	
	2017	2016	2017	2016	2017	2016	2017	2016
Balance as of January 1	4,083	1,803	4,492	4,023	614	613	-	
Net cost for period	(272)	1,040	(767)	269	26	1	2,429	
Plan contributions	(108)	(56)	(190)	(188)	(31)	-	(111)	n/a
Actuarial loss/profit	2,616	567	(53)	388	11	-	(169)	
Translation differences	(535)	729	-	-	-	-	(202)	
Balance as of December 31	5,784	4,083	3,482	4,492	620	614	1,947	

As of 31 December 2017, the defined benefit plans in Brazil included 18,927 employees and 86 retirees (18,945 employees and 83 retirees in 2016). France's plan had 5,132 employees in 2017 (5,097 employees in 2016). Germany's plan had 2 employees as of 31 December 2017 (2 employees in 2016). The Mexican plan included 2,658 employees in 2017.

The details of the actuarial assumptions used to calculate the present value of the main obligations under the defined benefit plans in Brazil, France, Germany, and Mexico are as follows:

	Brazil		France		Germany		Mexico	
	2017	2016	2017	2016	2017	2016	2017	2016
Inflation rate	5%	5.0%	1%	1.0%	1.8%	0.6%	3.5%	
Annual discount rate	5.4%	5.7%	1.5%	1.4%	1.75%	2.1%	9.5%	n/a
Retirement age	65	n/a	65	65	65	65	n/a	

The age factor assumed in the benefit plan of Brazil in accordance with Prosegur's experience is as follows:

- 0 to 5 Minimum Salaries = 16.97%
- 5 to 10 Minimum Salaries = 14.29%
- Over 10 Minimum Salaries= 11.42%

The mortality tables used in determining the defined benefit obligation were:

Brazil		France		Germany		Mexico	
2017	2016	2017	2016	2017	2016	2017	2016
AT 2000 lessened to 10% segregated by gender	AT 2000 lessened to 10% segregated by gender	INSEE 2017	INSEE 2014	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Mexican Social Security Experience for Assets 1997	n/a

The defined benefit plan variables which cause Prosegur exposure to actuarial risk are: future mortality, trends in medical expenses, inflation, retirement age, and discount and market rate.

6. Other revenues and expenses

Other expenses

Details of other expenses are as follows:

Thousands of euros	2017	2016
Impairment losses on trade receivables (Note 19)	(10,826)	(20,739)
Impairment losses on non-current assets (Note 11 and 13)	(150)	(309)
Net gains/losses on disposal of fixed assets	(3,358)	(5,211)
Other expenses	(487)	(2,301)
Total other expenses	(14,821)	(28,560)

The heading for net profits (losses) from disposal of fixed assets is comprised mainly of the losses associated with the write-off of PP&E totalling EUR 1,782 thousand (EUR 3,973 thousand at 31 December 2016), which correspond primarily to the installation of alarms which Prosegur leases to third parties under operational lease agreements.

As of 31 December 2017, the heading for Other expenses includes a loss from the sale of one floor and eight parking spaces which were classified as non-current assets held for sale (Note 14) totalling EUR 179 thousand (on 31 December 2016 this heading included a loss from the sale of two floors in the Torre Intercontinental in Argentina totalling EUR 743 thousand). On 31 December 2016 this heading also included a loss recorded as a result of the agreement for sale of a number of Chinese companies

totalling EUR 507 thousand (Note 15) and a loss from the sale of 100% of the Chilean company Sociedad de Distribución Canje y Mensajería Ltda totalling EUR 581 thousand.

Other income

Other income, which amounts to EUR 8,437 thousand (in 2016: EUR 8,360 thousand), mainly includes income generated on various properties located in Buenos Aires. These properties, which were classified as real estate investments, were reclassified at 31 December 2016 under non-current assets held for sale (Note 14). Interest accrued during the 2017 financial year totalled EUR 5,966 thousand (2016: EUR 6,130 thousand).

At the close of the 2017 financial year, these properties were leased to third parties, with contracts lasting between 1 and 2 years. Future minimum receipts for the leases of said properties are as follows:

Thousands of euros	2017	2016
Up to one year	4,600	5,314
One to five years	4,987	9,392
More than five years	-	-
	9,587	14,706

7. Net financial expenses

Details of the net financial expenses are as follows:

Thousands of euros	2017	2016
Interest paid:		
- Loans and borrowings	(18,239)	(11,773)
- Debentures and other negotiable securities	(15,282)	(14,598)
- Loans from other entities	(2,772)	(393)
- Securitisation programme	(9)	(8)
- Finance leases	(2,251)	(2,440)
	(38,553)	(29,212)
Interest received:		
- Loans and other investments	6,801	6,836
	6,801	6,836
Other results		
Net gains/losses on foreign currency transactions	11,545	(15,277)
Other finance income	10,685	9,314
Other finance costs	(35,455)	(30,314)
	(13,225)	(36,277)
Net financial expenses	(44,977)	(58,653)
Total finance income	29,031	16,150
Total finance costs	(74,008)	(74,803)
	(44,977)	(58,653)

The main variation of the 2017 financial results with respect to 2016 are differences due to transactions in a foreign currency other than the functional currency in each country, mainly Argentina.

In addition, borrowing costs (Note 22) have increased as a result of the syndicated credit facility totalling EUR 600,000 thousand arranged in December 2016 by Prosegur through its subsidiary Prosegur Cash, S.A., for which early repayment was made on 20 November 2017 and 20 December 2017 in the amounts of EUR 100,000 thousand and EUR 500,000 thousand, respectively.

The "Other financial income and costs" heading mainly includes monetary restatements as a result of the calculation of the amortised cost of the debt as well as, the deposits lodged in respect of labour proceedings in Brazil (Note 22), as well as the restatement of the tax contingencies, mainly in Brazil (Note 22) and the restatement of deferred payments relating to business combinations in different countries.

As of 31 December 2017 and 2016, Prosegur has no derivative financial instruments.

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8. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company (Note 21.1).

Euros	2017	2016
Profit for the year attributable to owners of the parent	150,347,819	134,160,409
Weighted average number of ordinary shares outstanding	598,481,888	598,429,770
Basic earnings per share	0.2512	0.2242

Diluted

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent company and the weighted average number of common shares outstanding to take into account all the dilutive effects of potential common shares.

Euros	2017	2016
Profit for the year attributable to owners of the parent	150,347,819	134,160,409
(Diluted) weighted average number of ordinary shares outstanding	598,481,888	598,429,770
Diluted earnings per share	0.2512	0.2242

There are no binding potential adjustments for outstanding shares (Note 34.19).

9. Dividends per share

At the General Shareholders' Meeting held on 29 May 2017, shareholders approved the distribution of dividends amounting to EUR 34,066 thousand (0,0552 euros per share). When this meeting was held, share capital was divided into 617,124,640 shares. 50% of the approved dividends, i.e., EUR 17,033 thousand, were paid to the shareholders in July 2017. The remaining payment, corresponding to 50% of the approved amount, was paid to the shareholders in October 2017.

On 19 December 2017, the Board of Directors approved the distribution of an extraordinary cash dividend charged to 2017 financial year earnings of 0,45371 euros per share, representing a maximum total dividend of EUR 279,996 thousand (considering that the current share capital is divided into 617,124,640 shares). This dividend was paid to the shareholders on 28 December 2017.

On 19 December 2017, the Board of Directors also approved the distribution of an ordinary dividend charged to 2017 financial year earnings of 0,11648 euros per share, representing a maximum total dividend of EUR 71,883 thousand (considering that the current share capital is divided into 617,124,640 shares). Said dividend shall be paid to the shareholders in four payments of 0,02912 euros per share in circulation on the date of each payment in the months of January, April, July, and October 2018. As of 31 December 2017, dividends payable totalling EUR 71,883 thousand were recorded in current liabilities under other accounts payable, under the heading suppliers and other accounts payable.

The portion of the maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The portion of the maximum amount not distributed as dividends corresponding to the 2017 financial year is reflected under the heading "other variations" in the consolidated statement of changes in net equity in the amount of EUR 10,509 thousand.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 17,971 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional financial statement formulated by the Board of Directors in accordance with the legal requirements that revealed the existence of sufficient liquidity for the distribution of the aforementioned dividends on account is set out below:

Thousand of euros	2017
Initial cash and cash equivalents before distribution of interim dividends)	219,316
Balances in group current accounts	179,583
Pending collections	22,381
Collections for current operations	560,000
Payments for current operations	(4,836)
Payments for financial operations	(511,157)
Extraordinary payments	(1,858)
Predictable treasury	463,429
Less dividend payment according to proposal	(351,878)
Final cash and cash equivalents after dividends	111,551

10. Segment reporting

The Board of Directors is the maximum decision-making body at Prosegur Cash and, along with the Audit Committee, reviews the internal financial information of Prosegur Cash in order to assess performance and allocate resources accordingly.

Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms, which therefore correspond to the segments of the Group.

- Security: mainly includes the activities of surveillance and protection of premises, property and persons and activities related to technological security and cybersecurity solutions.
- Cash: mainly the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: includes installation and maintenance of home alarms, as well as alarm monitoring by the ARC.

Corporate functions are supervised by the Global Support Divisions that cover the Financial-Economic, Human Resources, Quality, and External Relations, Risk Management, Legal, M&A, Strategy and IT, and Digital Transformation areas. From a geographical perspective, the following geographic areas are identified:

- Europe, which includes the following countries: Spain, Germany, France, Luxembourg (despite not being a jurisdiction with operational activity, Luxembourg is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., which has the corporate purpose of insurance coverage) and Portugal.
- AOA, which includes the following countries: Singapore, India, China, South Africa and Australia.
- Ibero-America, which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

The Board of Directors relies on earnings before interest and taxes (EBIT) to assess segment performance, since this indicator is considered the best yardstick of the performance and results of the Group's different business activities.

Prosegur is not highly dependent on any particular customers (Note 31.1).

Inter-segment transactions are carried out at arm's length.

Total assets allocated to segments do not include other current and non-current financial assets, non-current assets held for sale, or cash and cash equivalents, as these are managed at Prosegur Group level.

Total liabilities allocated to segments do not include bank loans, except for finance lease debts, as financing is managed at Prosegur Group level.

Details of revenues by geographic area are as follows:

Thousands of euros	Europe		AOA		Iberoamerica		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Total sales	1,665,153	1,520,883	158,626	142,019	2,466,882	2,239,364	4,290,661	3,902,266
<i>% over the total</i>	39%	39%	4%	4%	57%	57%	100%	100%

Details of sales and EBIT by business are as follows:

Thousands of euros	Cash		Security		Alarms		Not allocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total revenues	1,924,258	1,724,258	2,115,480	1,951,343	250,923	213,404	-	13,261	4,290,661	3,902,266
EBIT	360,239	320,480	65,937	40,684	3,482	9,969	(40,743)	(38,231)	388,915	332,902

Revenues unallocated in 2016 corresponds to the sales of Sociedad de Distribución y Canje y Mensajería, Ltda for the total amount of EUR 13,261 thousand.

The unallocated costs comprise support costs for the Security and Alarm business, as well as exceptional costs incurred in the year that are not considered the results of any of the three businesses, mainly due to the corporate restructuring which Prosegur carried out over the course of 2016.

The following table provides a reconciliation of EBIT allocated to segments with net profit for the year attributable to the owners of the parent:

Thousands of euros	2017	2016
EBIT allocated to segments	429,658	371,133
EBIT not allocated	(40,743)	(38,231)
EBIT for the period	388,915	332,902
Net financial expenses	(44,977)	(58,653)
Profit before tax	343,938	274,249
Income tax	(145,629)	(140,118)
Post-tax profit from continuing operations	198,309	134,131
Non-controlling interests	47,961	(29)
Profit for the year attributable to owners of the parent	150,348	134,160

Removing the effects associated with the company restructuring, period EBIT would have totalled EUR 392,325 thousand (2016: EUR 341,902 thousand) (Note 4) and the profit for the year attributable to owners of the parent company would have totalled EUR 172,258 thousand (2016: EUR 184,660 thousand).

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Details of assets allocated to segments and a reconciliation with total assets are as follows:

Thousands of euros	Cash		Security		Alarms		Not allocated to segments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Assets allocated to segments	1,319,158	1,350,284	892,157	924,022	180,686	160,497	247,299	221,840	2,639,300	2,656,643
Other unallocated assets	-	-	-	-	-	-	1,184,343	898,487	1,184,343	898,487
Other non-current financial assets	-	-	-	-	-	-	12,143	9,600	12,143	9,600
Non-current assets held for sale	-	-	-	-	-	-	50,963	64,253	50,963	64,253
Other current financial assets	-	-	-	-	-	-	490,298	-	490,298	-
Cash and cash equivalents	-	-	-	-	-	-	630,939	824,634	630,939	824,634
	1,319,158	1,350,284	892,157	924,022	180,686	160,497	1,431,642	1,120,327	3,823,643	3,555,130

“Assets allocated to segments” includes investments accounted for by applying the equity method (Note 15) for a total amount of EUR 29,837 thousand (EUR 30,234 thousand in 2016), which are primarily allocated to the Cash segment.

The additions made in 2017 of non-current assets that were allocated to segments total EUR 230,623 thousand (2016: EUR 179,436 thousand), which mainly correspond to investments made for fitting out bases, facilities and armoured vehicles intended for use in operational activities.

Details of liabilities allocated to segments and a reconciliation with total liabilities are as follows:

Thousands of euros	Cash		Security		Alarms		Not allocated to segments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Liabilities allocated to segments	629,250	666,430	456,941	472,230	87,984	75,162	153,487	76,689	1,327,662	1,290,511
Other unallocated liabilities	-	-	-	-	-	-	1,352,541	1,513,119	1,352,541	1,513,119
Loans and borrowings	-	-	-	-	-	-	1,352,541	1,513,119	1,352,541	1,513,119
	629,250	666,430	456,941	472,230	87,984	75,162	1,506,028	1,589,808	2,680,203	2,803,630

11. Property, plant and equipment

Details and movement in the different categories of property, plant and equipment are as follows:

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
Cost						
Balance as of 1 January 2016	219,463	110,043	290,854	310,687	34,256	965,303
Translation differences	5,322	11,465	6,081	17,981	1,133	41,982
Business combinations (Note 29)	-	8	1,798	1,928	-	3,734
New additions	12,582	9,666	45,929	19,010	65,468	152,655
Write offs	(1,162)	(2,520)	(19,068)	(15,997)	(3,030)	(41,777)
Transfers	5,294	12,669	13,550	10,617	(42,130)	-
Balance as of 31 December 2016	241,499	141,331	339,144	344,226	55,697	1,121,897
Translation differences	(17,027)	(15,119)	(33,210)	(31,694)	(7,368)	(104,418)
Business combinations (Note 29)	5,505	128	1,220	821	-	7,674
New additions	7,291	16,306	82,853	52,446	27,762	186,658
Write offs	(5,842)	(2,165)	(14,846)	(9,685)	(380)	(32,918)
Transfers (Note 14)	6,712	7,359	7,364	8,205	(32,927)	(3,287)
Balance as of 31 December 2017	238,138	147,840	382,525	364,319	42,784	1,175,606

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
Depreciation and impairment						
Balance as of 1 January 2016	(48,290)	(59,485)	(181,514)	(208,913)	-	(498,202)
Translation differences	(671)	(5,601)	(3,766)	(13,567)	-	(23,605)
Write offs	745	1,586	16,530	15,407	-	34,268
Transfers	2,335	388	(3,987)	1,264	-	-
Amortisation for the fiscal year	(3,090)	(11,529)	(33,505)	(27,942)	-	(76,066)
Provision for impairment recognised in profit and loss	-	-	-	(271)	-	(271)
Balance as of 31 December 2016	(48,971)	(74,641)	(206,242)	(234,022)	-	(563,876)
Translation differences	1,504	6,673	15,097	19,477	-	42,751
Write offs	258	1,605	11,872	8,357	-	22,092
Transfers	(329)	722	(372)	(21)	-	-
Amortisation for the fiscal year	(3,702)	(13,314)	(43,196)	(29,261)	-	(89,473)
Provision for impairment recognised in profit and loss	-	-	-	(150)	-	(150)
Balance as of 31 December 2017	(51,240)	(78,955)	(222,841)	(235,620)	-	(588,656)
Carrying amount						
On 1 January 2016	171,173	50,558	109,340	101,774	34,256	467,101
As of 31 December 2016	192,528	66,690	132,902	110,204	55,697	558,021
On 1 January 2017	192,528	66,690	132,902	110,204	55,697	558,021
As of 31 December 2017	186,898	68,885	159,684	128,699	42,784	586,950

Additions to property, plant and equipment recognised in 2017 amount to EUR 186,658 thousand (in 2016: EUR 152,655 thousand) and mainly comprise investments made for fitting out bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina and Brazil.

The transfers recorded correspond to a property in Spain which has been reclassified to PP&E in a total amount of EUR 448 thousand, as its disposal is deemed unlikely to occur in 2018, and a plot of land in Argentina which has been reclassified from PP&E to non-current assets held for sale in a total amount of EUR 3,735 thousand, as its disposal is deemed very likely to occur in the 2018 financial year (Note 14).

The advances and property, plant and equipment in progress heading at the close of 2017 mainly includes advances for armoured vehicles for a total of EUR 8,579 thousand primarily in Argentina, Brazil, and Mexico (2016: EUR 11,917 thousand), bill counting machinery for a total of EUR 4,205 thousand primarily in Argentina, Brazil, and Mexico (2016: EUR 7,248 thousand) and construction projects for a total of EUR 13,902 thousand primarily in Brazil and Colombia (2016: EUR 20,911 thousand). The expected date of completion of the aforesaid PP&E in progress is in the first two quarters of 2018.

There are no assets subject to ownership restrictions, nor pledged as collateral for operations as of December 31, 2017.

Commitments for the acquisition of property, plant and equipment are detailed in Note 28.

Prosegur policy is to take out insurance policies to cover possible risks that the diverse elements of its property, plant and equipment are subject to. At end of financial year 2017, there was no lack of cover for these risks.

Property, plant and equipment are measured at historical cost, with the exception of the buildings on Paseo de las Acacias in Madrid and the Hospitalet building in Barcelona, which were measured at market value on first-time adoption of EU-IFRS, and have since been revalued. The effect of this revaluation, to reflect the deemed cost, is as follows:

Thousands of euros	2017	2016
Cost	32,235	32,235
Accumulated depreciation	(5,265)	(4,889)
Carrying amount	26,970	27,346

Other installations and furniture includes facilities, mainly alarm installations, let by Prosegur to third parties under operating leases, with the following carrying amounts:

Thousands of euros	2017	2016
Cost	118,849	105,919
Accumulated depreciation	(58,299)	(54,478)
Carrying amount	60,550	51,441

Property, plant and equipment, fully depreciated and still in use, amounts to EUR 295,019 thousand at 31 December 2017 (in 2016: EUR 286,649 thousand).

Property, plant and equipment acquired by Prosegur under finance leases are as follows:

Thousands of euros	2017				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,492	6,858	109	54,802	65,261
Accumulated depreciation	(48)	(6,061)	(106)	(31,498)	(37,713)
Carrying amount	3,444	797	3	23,304	27,548

Thousands of euros	2016				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,589	8,665	85	50,126	62,465
Accumulated depreciation	(152)	(8,636)	(81)	(32,997)	(41,866)
Carrying amount	3,437	29	4	17,129	20,599

The main leasing contracts for property, plant and equipment are the following:

- Other property, plant and equipment: leasing of armoured vehicles in Germany for EUR 24,947 thousand and in Brazil for EUR 28,376 thousand.
- Technical installations and machinery: leasing of bill counting machines in Brazil for EUR 6,804 thousand.
- Land and buildings: leasing of a plot of land and properties in Colombia for EUR 3,492 thousand.

The breakdown of the minimum payments and the current value of the financial lease liabilities is disclosed in Note 23.

12. Goodwill

Details of movement in goodwill are as follows:

Thousands of euros	2017	2016
Balance as of January 1	528,366	494,151
Business combinations (Note 29)	17,682	11,107
New additions	-	-
Write offs	-	(463)
Translation differences	(25,659)	23,571
Balance as of December 31	520,389	528,366

Additions to goodwill in 2017 and 2016 derive from the following business combinations:

	2017			
	Segments	Country	% ownership	Thousands of euros
Grupo Contesta ⁽¹⁾	Cash	(Spain)	100%	5,097
Asset Purchase from Omni S.A. ⁽¹⁾	Alarms	(Paraguay)	100%	710
Other business combinations of Prosegur Cash ⁽¹⁾	Cash	(Miscellaneous)	100%	11,875
				17,682

⁽¹⁾ Calculations relating to business combinations may be adjusted for up to a year from the acquisition date.

	2016		
	Country	% ownership	Thousands of euros
MIV Gestión S.A.	(Spain)	100%	309
Dognaedis Lda.	(Portugal)	100%	1,066
Beagle Watch Armed Response Propierty Limited	(South Africa)	75%	3,169
Procesos Técnicos de Seguridad y Valores S.A.S	(Colombia)	100%	71
Indiseg Evolium Group S.L.	(Spain)	100%	663
Asset Purchase from Toll Transport Pty Ltd	(Australia)	100%	5,829
			11,107

Note 29 lists the goodwill estimates associated with the previous tables.

Impairment testing of goodwill

Goodwill has been allocated to Prosegur's cash-generating units (CGU) in accordance with the activity and country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to the CGU that are expected to benefit from the business combination from which the goodwill arose.

The nature of the assets that are included to determine the carrying value of a CGU are: Property, plant and equipment, Goodwill, Other intangible assets and Working capital (Note 34.9).

Below is a summary of the CGU to which goodwill has been allocated, by activity and by country:

Thousands of euros	2017		
	Cash	Security	Alarms
Spain CGU	7,512	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	-	-
Australia CGU	36,243	-	-
Singapore CGU	-	6,017	-
China CGU	-	89	-
South Africa CGU	-	-	3,736
Brazil CGU	94,770	14,258	-
Chile CGU	35,586	4,229	-
Peru CGU	32,129	7,833	9,533
Argentina CGU	30,304	5,860	-
Colombia CGU	15,156	16,834	-
Rest of Ibero-America CGU	10,071	348	9,203
Total	318,744	172,984	28,661

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Thousands of euros	2016		
	Cash	Security	Alarms
Spain CGU	2,415	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	-	-
Australia CGU	38,105	-	-
Singapore CGU	-	6,335	-
China CGU	-	96	-
South Africa CGU	-	-	3,825
Brazil CGU	105,217	16,899	-
Chile CGU	35,586	4,436	-
Peru CGU	21,358	8,588	10,452
Argentina CGU	30,929	7,757	-
Colombia CGU	17,149	19,032	-
Rest of Ibero-America CGU	9,619	387	9,503
Total	317,351	181,046	29,969

Prosegur tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 34.9. At 31 December 2017, Prosegur has verified at the level of the CGUs grouped by activity and country if these goodwill have suffered any impairment loss, with no indication of impairment.

The recoverable amount of a CGU is determined based on two different methods of calculation, based on the activity type. The Alarms activity is calculated at fair value and the Cash and Security activities are calculated at their value in use.

Value in use calculation method:

Company budgets for the following year and the strategic plan for subsequent years are the key operating assumptions used for calculating the value in use for different CGU. Both the budget and the plan are approved by Management. Value in use is calculated using gross margin and sales projections that are calculated depending on the macroeconomic growth of each of the countries and efficiency plans defined for optimising results. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

Items projected for calculating value in use and the key assumptions considered are as follows:

- Revenues: the sales figure is estimated from growth by volume and by price. In general lines, growth by volume is based on the country's GDP and growth by price on inflation.
- Gross profit: based on efficiency plans defined by the Company, mainly optimisation of client portfolios, applying profitability analysis focussed on establishing thresholds below which it is not considered viable to establish a commercial relationship with the clients. The Gross Margin is calculated as the Group's total sales revenue minus the cost of sales, divided by the total sales revenue, expressed as a percentage.
- EBITDA: It is based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before the deduction of interest, taxes, depreciation and amortisation.
- CAPEX: mainly based on plans to renew the fleet depending on its age, with the aim of rejuvenating it. We consider the estimated 3.1% to be a fair Capex-sales ratio.
- Working Capital: based on optimising days outstanding or average collection period for accounts payable. The projection is based on sales growth, according to the days outstanding. We consider that the working capital-sales ratio of 18% is reasonable, and therefore can be extrapolated to a projection.
- Taxes: projections for taxes are calculated depending on the effective rate for each country and the results expected from the same.

The macroeconomic estimates used are obtained from external sources of information.

Details of the key assumptions relating to the most significant CGU are as follows:

31 December 2017	Spain	France	Germany	Australia	Brazil	Brasil	Colombia	Peru	Argentina
Growth rate	1.86%	1.68%	2.47%	2.46%	3.00%	4.02%	3.00%	2.01%	8.61%
Discount rate	4.96%	4.59%	4.42%	7.88%	9.43%	13.73%	11.98%	9.10%	28.56%

31 December 2016	Spain	France	Germany	Australia	Brazil	Brasil	Colombia	Peru	Argentina
Growth rate	1.56%	1.68%	1.98%	2.52%	3.00%	4.51%	3.00%	2.52%	9.70%
Discount rate	5.02%	4.65%	4.24%	7.47%	10.04%	16.43%	12.57%	10.17%	36.24%

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount.

No impairment losses have been recognised on goodwill in 2017 and 2016.

Along with impairment testing, Prosegur has also performed a sensitivity analysis of the key assumptions goodwill allocated to the main CGU.

The EBITDA sensitivity analysis involves determining the turning point which would lead to impairment losses. Hypothetical cases are assessed until figures are reached that would mean impairment that would be registered on the financial statements. The percentage represents how much the EBITDA has to decrease for the CGU to experience impairment, with the other variables remaining constant.

The sensitivity analysis on the growth rate involves determining the weighted average growth/drop rate used for extrapolating cash flows beyond the budgeted period, from which impairment losses would arise for each of the most representative CGU.

In addition, the sensitivity analysis on the discount rate consists of determining the weighted average discount rate used for extrapolating cash flows, at which point impairment losses would arise for each of the most representative CGU.

The threshold from which impairment losses would arise for growth/drop (-) and EBITDA rates, independently processed, with the other variables remaining constant, is as follows:

Cash	2017		
	Discount rate	Growth rate	EBITDA
Brazil	20.56%	-6.28%	-22.02%
Argentina	188.03%	-100.00%	-52.61%
Spain	38.62%	-100.00%	-48.69%
France	5.06%	1.16%	-5.77%
Colombia	12.55%	2.27%	-3.03%
Peru	26.42%	-42.68%	-44.88%
Chile	11.24%	0.73%	-9.21%
Germany	7.70%	-1.24%	-18.65%
Australia	10.24%	0.46%	-14.45%

Security	2017		
	Discount rate	Growth rate	EBITDA
Argentina	35.30%	-3.54%	-15.75%
Spain	10.35%	-5.21%	-30.11%
France	7.46%	-1.66%	-26.75%
Colombia	12.08%	2.95%	-0.22%
Peru	15.80%	-7.82%	-29.74%
Chile	14.78%	-4.34%	-23.84%

Cash	2016		
	Discount rate	Growth rate	EBITDA
Brazil	19.52%	0.02%	-9.30%
Argentina	140.30%	-100.00%	-44.67%
Spain	128.20%	-100.00%	-51.87%
France	5.86%	0.33%	-7.89%
Colombia	12.76%	2.75%	-0.82%
Peru	35.20%	-73.85%	-45.52%
Chile	11.53%	1.13%	-9.35%
Germany	7.09%	-1.28%	-18.48%
Australia	23.77%	-35.80%	-34.89%

Security	2016		
	Discount rate	Growth rate	EBITDA
Argentina	46.77%	8.05%	-20.80%
Spain	9.04%	-13.43%	-25.70%
France	4.89%	1.00%	-3.54%
Colombia	12.60%	2.94%	-0.16%
Peru	11.58%	-0.49%	-8.18%
Chile	12.12%	-1.80%	-13.68%

There would be impairment losses for discount rates above the % indicated in the table, and for growth rates or EBITDA lower than the % indicated in the table.

As of 31 December 2016, the total fair value of the manned guarding business in Brazil, upon a measurement analysis delivered by an independent advisor, was set at BRL 63,273 thousand (equivalent to EUR 18,444 thousand as of 31 December 2016). Given that the estimated fair value is greater than the net carrying amount of the assets and liability on the date of measurement, it was deemed unnecessary to record any losses due to impairment of the value.

The measurement is based on discounted cash flows (level 3 fair value). The measurement model considers the present value of future cash flows, discounted at a company/project discount rate, adjusted to the business risk, which includes the rate of return demanded by shareholders and debt lenders after taxes. The expected flows were determined considering the income forecast and the EBITDA, based on the budget approved by management. The statistically-significant unobservable variables used correlate with the annual revenue growth forecast, according to Company expectations, long-term growth in line with long-term inflation predictions in Brazil (4.51%) and the EBITDA forecast [2016-2019: from (0.3%) to 2.6%].

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Fair value calculation method:

With regard to the Alarms CGU, considering it is a type of business where growth is based on an increase in acquisition costs and where the term of the contracts is set, Prosegur did not find it reasonable to calculate the value in use based on perpetuity and opted for the fair value, which is common in this type of business.

The impairment analysis of the Alarms CGU used the fair value as the basis for the recoverable amount. The fair value was estimated based on market multiples, considering to the latest transactions observed (level 3). The multiple used is 45 times the recurring monthly income per connection.

Prosegur does not believe that the sensitivity assumptions used are likely to occur. Thus, it does not consider that there are indications of impairment problems.

13. Other intangible assets

Details and movement in other intangible assets are as follows:

Thousands of euros	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Cost					
Balance as of 1 January 2016	107,969	325,399	30,191	28,395	491,954
Translation differences	3,187	45,737	4,435	1,061	54,420
Business combinations (Note 29)	251	6,000	-	-	6,251
New additions	14,802	-	-	1,018	15,820
Write offs	(1,924)	-	-	(219)	(2,143)
Balance as of 31 December 2016	124,285	377,136	34,626	30,255	566,302
Translation differences	(6,887)	(37,375)	(4,855)	(1,144)	(50,261)
Business combinations (Note 29)	16	29,711	-	1,049	30,776
New additions	21,167	5,011	-	105	26,283
Write offs	(14,841)	-	-	-	(14,841)
Balance as of 31 December 2017	123,740	374,483	29,771	30,265	558,259

Thousands of euros	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Amortisation and impairment					
Balance as of 1 January 2016	(66,404)	(136,419)	(20,524)	(22,635)	(245,982)
Translation differences	(2,646)	(17,955)	(4,199)	(959)	(25,759)
Write offs	925	-	-	175	1,100
Amortisation for the fiscal year	(14,261)	(20,705)	(913)	(3,008)	(38,887)
Provision for impairment recognised in profit and loss	(38)	-	-	-	(38)
Balance as of 31 December 2016	(82,424)	(175,079)	(25,636)	(26,427)	(309,566)
Translation differences	3,581	16,259	3,180	861	23,881
Write offs	12,442	-	-	-	12,442
Amortisation for the fiscal year	(14,673)	(23,494)	(726)	(1,161)	(40,054)
Balance as of 31 December 2017	(81,074)	(182,314)	(23,182)	(26,727)	(313,297)
Carrying amount					
On 1 January 2016	41,565	188,980	9,667	5,760	245,972
As of 31 December 2016	41,861	202,057	8,990	3,828	256,736
On 1 January 2017	41,861	202,057	8,990	3,828	256,736
As of 31 December 2017	42,666	192,169	6,589	3,538	244,962

The carrying amount at 31 December 2017 for individually significant client portfolios and their remaining useful life are as follows:

	2017					
	Segment	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Nordeste Group Large Client Portfolio	Miscellaneous	Brazil	78,399	(25,407)	52,992	12 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Miscellaneous	Brazil	27,668	(14,253)	13,415	8 years
Preserve y Transpev Large Client Portfolio	Cash	Brazil	20,987	(13,630)	7,357	5 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	Cash	Australia	12,968	(2,730)	10,238	15 years
Chubb Security Services PTY LTD Remaining Client Portfolio	Cash	Australia	19,158	(4,033)	15,125	15 years
Business combination portfolio of Prosegur Cash	Cash	Miscellaneous	9,480	(125)	9,355	18 years and 8 months
Grupo Contesta Portfolio	Cash	Spain	9,333	(222)	9,111	13 years and 8 months
Transbank Client Portfolio	Miscellaneous	Brazil	8,009	(3,337)	4,672	8 years and 2 months
Nordeste Group Sergipe Client Portfolio	Miscellaneous	Brazil	7,592	(4,428)	3,164	4 years and 2 months
Fiel Large Client Portfolio	Miscellaneous	Brazil	7,322	(3,380)	3,942	7 years
Bahia Nordeste Group Other Client Portfolio	Miscellaneous	Brazil	5,933	(2,884)	3,050	6 years and 2 months
			206,849	(74,429)	132,420	

The carrying amount at 31 December 2016 for individually significant client portfolios and their remaining useful life are as follows:

	2016					
	Segment	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Nordeste Group Large Client Portfolio	Miscellaneous	Brazil	105,181	(28,243)	76,938	13 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Miscellaneous	Brazil	32,043	(14,565)	17,478	9 years
Preserve y Transpev Large Client Portfolio	Cash	Brazil	24,306	(14,709)	9,597	6 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	Cash	Australia	13,634	(2,153)	11,481	16 years
Chubb Security Services PTY LTD Remaining Client Portfolio	Cash	Australia	20,143	(3,180)	16,963	16 years
Transbank Client Portfolio	Cash	Brazil	9,235	(3,188)	6,047	9 years and 2 months
Nordeste Group Sergipe Client Portfolio	Miscellaneous	Brazil	8,783	(4,245)	4,538	5 years and 2 months
Fiel Large Client Portfolio	Miscellaneous	Brazil	8,480	(3,262)	5,218	8 years
Bahia Nordeste Group Other Client Portfolio	Miscellaneous	Brazil	6,843	(2,756)	4,087	7 years and 2 months
			228,648	(76,301)	152,347	

As of 31 December 2017 and 2016, the cost for each individually significant client portfolio differs due to exchange rate differences.

In 2017, the intangible assets resulting from the allocation of fair value were incorporated into the purchase price of business combinations which are summarised in the following table (see Note 29):

Thousands of euros	Segment	Country	Client portfolios	Trademarks and licences	Other intangible assets
Cash Services Australia Pty Limited	Cash	Australia	1,504	-	-
Grupo Contesta	Cash	Spain	9,333	-	-
Compra de Activos a Omni S.A,	Alarms	Paraguay	4,831	-	182
Other business combinations of Prosegur Cash	Cash	Miscellaneous	14,043	-	867
			29,711	-	1,049

In 2016, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations:

Thousands of euros	Segment	Country	Client portfolios
MIV Gestión S.A.	Cash	Spain	701
Dognaedis Lda.	Security	Portugal	472
Indiseg Evolium Group S.L.	Security	Spain	935
Asset Purchase from Toll Transport Pty Ltd	Cash	Australia	3,892
			6,000

No other intangible assets are subject to restrictions on title or pledged as security for particular transactions.

All reported intangible assets have a defined useful life and are amortised in percentages ranging from 3.33% to 50% according to their estimated useful life. Details of the amortisation percentages of the customer portfolio and trademark are described in Notes 29 and 34.7.

Intangible assets are tested for impairment as described in Note 34.7. No impairment losses have been recognised or reversed in 2017 and 2016.

14. Non-current assets held for sale

The breakdown of non-current assets held for the sale from the 2017 and 2016 financial years is as follows:

Thousands of euros	2017	2016
Balance on 1 January	64,701	448
Translation differences	(14,324)	-
Write offs	(2,701)	-
Transfers from property, plant and equipment(Note 11)	3,287	-
Transfers from investment property	-	64,253
Balance as of 31 December	50,963	64,701

The derecognitions recorded in 2017 are due to the sale of one floor and 8 parking spaces in the Torre Intercontinental for a total amount of ARS 45,173 thousand (equivalent to EUR 2,701 thousand at the time of transaction), resulting in a loss of EUR 179 thousand (Note 6).

The transfers recorded in 2017 correspond to a property in Spain which has been reclassified to PP&E because its disposal is deemed unlikely to occur in 2018, and a plot of land in Argentina which has been reclassified from PP&E to non-current assets held for sale because its disposal is deemed very likely to occur in the 2018 financial year (Note 11).

The transfers recorded in 2016, which took place as on 31 December, corresponded to various floors in two buildings located in the city of Buenos Aires, Argentina.

As of 31 December 2017, non-current assets held for sale include several floors of two buildings located in the city of Buenos Aires, Argentina for a total of EUR 47,228 thousand and a plot of land also located in the city of Buenos Aires, Argentina for a total of EUR 3,735 thousand.

At 31 December 2017, the aforementioned floors of the two buildings located in the city of Buenos Aires, Argentina remains classified under "Non-current assets held for sale" since Prosegur believes it is highly likely that they will be sold in 2018.

Prosegur has taken out several policies to cover the risks to which these properties are subject. The coverage of these policies is considered sufficient.

At 31 December 2017, the fair value of the properties does not differ significantly from their net carrying amount. Total fair value, after a valuation analysis by an independent expert, amounts to EUR 77,655 thousand. The breakdown is as follows:

Thousands of euros	Fair value
Property	
Bouchard 551	38,599
Torre Intercontinental, Moreno 845/847/87 Alsina 880 and Tacuari 242/292	39,056
Total	77,655

15. Investments accounted for using the equity method

The main Joint Arrangements of Prosegur (Appendix III) relate to companies engaged in the Cash business in India and South Africa. These joint arrangements are structured as separate vehicles and Prosegur has a share of their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures. In several Arrangements with India, governing the Joint Ventures, Prosegur and the other investor company have agreed, if necessary, to make additional contributions in proportion to their shareholdings in order to offset any losses.

Details of movement in investments in joint ventures accounted for under the equity method is as follows:

Thousands of euros	2017	2016
Share of joint ventures	29,837	30,234
	29,837	30,234
Balance as of January 1	30,234	18,328
New additions	-	19,890
Share of profit/loss	(2,122)	(4,893)
Sale	-	(5,171)
Transfers	-	622
Translation differences	1,725	1,458
Balance as of December 31	29,837	30,234

Additions in 2016 corresponded mainly to the subscription of shares by Prosegur, representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which operates in the cash in transit sector. This transaction was completed on 25 February 2016.

The contract whereby Prosegur subscribed the shares in SBV is of a hybrid nature, since it includes an embedded derivative. Prosegur holds an option to sell its entire shareholding in SBV at any time from February 2019 through to February 2021, with the sole condition that, once exercised, Prosegur's total shareholding does not exceed 50% of the company's share capital. If Prosegur exercises the option, SBV itself will be obliged to repurchase the shares subscribed by Prosegur on 25 February 2016 and, where applicable, the shareholder selling the shares will be obliged to repurchase any shares that it may have subsequently transferred to Prosegur. If SBV is not in a position to purchase the shares subscribed by Prosegur, the other shareholders will be obliged to do so. The sale price will be the same as the price paid for the shares at the time of their purchase, plus market interest.

The embedded derivative cannot be valued separately, nor can its fair value be reliably determined (either at the time of its acquisition or at a later date, mainly because the underlying of the sale option are the shares of the acquiring company itself, which is not listed). The hybrid financial instrument will not be separated and will be classified as a whole as investments accounted for using the equity method.

In addition, the signed agreements to subscribe the shares in SBV also include an opposite right: a call option granted to SBV if certain circumstances are met. Should Prosegur seriously breach its obligations under the intellectual property rights and technology licence agreement signed between the parties (and then fails to cure that breach), SBV will be entitled, from February 2016 until February 2019, to demand that Prosegur transfer all of its shareholding (to SBV itself or, as the case may be, to the shareholder who sold the shares to Prosegur). The purchase price will be the same as for the put option described previously: the price paid for the shares at time of purchase, plus market interest increased by a specific spread.

In January 2016, a joint venture was incorporated in India for the Alarms business, under the name SIS Prosegur Alarms Monitoring and Response Services Pte, Ltd.

Details of joint ventures accounted for under the equity method are as follows:

Thousands of euros	2017	2016
Rosegur Fire SRL	3	4
Rosegur Holding Corporation SL	83	88
SIS Cash Services Private Limited	5,597	6,849
SIS Prosegur Alarms Monitoring and Response Services Private Limited	474	1,187
SIS Prosegur Holdings Private Limited	4,475	5,359
SBV Services Proprietary Limited	19,152	16,682
Miscellaneous	53	65
Balance as of December 31	29,837	30,234

The detail of the main amounts of investments accounted for by applying the equity method is included in Appendix III.

Prosegur has no significant contingent liability commitments in any of the joint ventures accounted for under the equity method.

16. Joint Ventures

Prosegur participates in joint operations that are articulated through Joint Ventures where the entities have no legal capacity of their own and where there is a system of collaboration between companies for a certain time, defined or undefined, for the development and execution of a work or service (Note 34.2).

They are normally used to combine the characteristics and rights of the partners in the joint venture towards a common end with the aim of obtaining the best technical assessment possible. Joint ventures are considered independent companies, in general, with limited action, given that, in spite of being able to acquire commitments in their own name, they are usually taken on by partners in proportion to their participation in the joint venture. As a consequence, Prosegur considers joint ventures as a joint operation.

The amounts shown below represent Prosegur's share in the joint ventures' assets and liabilities, and sales and profits and losses. These amounts were included in the financial statement and in the consolidated income statement in the consolidated annual accounts for the years ended 31 December 2017 and 31 December 2016.

Thousands of euros	2017	2016
Assets:		
Non-current assets	1,640	12
Current assets	15,024	22,297
	16,664	22,309
Liabilities:		
Current liabilities	14,440	22,309
	14,440	22,309
Net profit:		
Revenue	115,315	125,782
Expenses	(110,249)	(122,339)
Profit after tax	5,066	3,443

There are no contingent liabilities corresponding to Prosegur's share in the joint ventures.

17. Non-current financial assets

Details of non-current financial assets are as follows:

Thousands of euros	2017	2016
Available-for-sale financial assets	4,501	5,359
Deposits and guarantees	4,334	3,493
Other non-current financial assets	3,308	748
	12,143	9,600

Available-for-sale financial assets

Details of available-for-sale financial assets are as follows:

Thousands of euros	2017	2016
Balance as of January 1	5,359	3,775
New additions	748	1,732
Write offs	(1,293)	(746)
Translation differences	(313)	598
Balance as of December 31	4,501	5,359
On 31 December		
Cost or valuation	4,501	5,359
Impairment losses	-	-
	4,501	5,359

Available-for-sale financial assets include the following net investments:

Thousands of euros	Recoverable amount	% ownership	Investment
On 31 December 2017			
Euroforum Escorial, S.A.	2,595	8.1%	2,595
Other investments and other assets	1,906		1,906
	4,501		4,501
On 31 December 2016	Recoverable amount	% ownership	Investment
Euroforum Escorial, S.A.	2,258	8.1%	2,258
Other investments and other assets	3,101		3,101
	5,359		5,359

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The valuation of the investments is recognised at the lower of cost and the underlying book value, as they cannot be measured reliably.

Other non-current financial assets

Movement in other non-current financial assets is as follows:

Thousands of euros	2017	2016
Balance as of January 1	748	985
New additions	2,565	28
Write offs	-	(212)
Translation differences	(5)	(53)
Balance as of December 31	3,308	748

As of 31 December 2017, the heading for other noncurrent assets includes fixed-term deposits with maturity primarily in 2019 and a loan granted by Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is accounted for using the equity method in the total amount of EUR 2,565 thousand.

18. Inventory

Details of inventories are as follows:

Thousands of euros	2017	2016
Work in progress	23,967	33,276
Goods for resale, fuel and other	44,603	50,726
Operating materials	2,013	2,300
Uniforms	5,578	6,502
Stock impairment	(5,459)	(6,150)
	70,702	86,654

No inventories have been pledged as collateral to secure debt obligations.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to customers. The corresponding accounting policy is set out in Note 34.23. Sales revenue of EUR 129,650 thousand were recognised in relation to these contracts in 2017 (in 2016: EUR 87,577 thousand); and accumulated costs of EUR 118,001 thousand (in 2016: EUR 67,705 thousand). A liability was also recognised for revenue received in advance amounting to EUR 9,096 thousand (in 2016: EUR 8,338 thousand) because the progress billings to those customers exceed the costs incurred plus recognised profit (Note 25). The amount of withholdings in payments is EUR 2,452 thousand at the close of 2017 (2016: EUR 1,696 thousand).

Movement in impairment losses is as follows:

Thousands of euros	2017	2016
Balance as of January 1	(6,150)	(5,360)
Additions	(2,739)	(4,650)
Applications and other	2,884	4,246
Translation differences	546	(386)
Balance as of December 31	(5,459)	(6,150)

19. Trade and other receivables

Details are as follows:

Thousands of euros	2017	2016
Trade receivables for sales and services	813,798	794,602
Less: Impairment losses on trade receivables	(66,618)	(75,593)
Trade receivables - net	747,180	719,009
Public authorities	81,897	68,982
Employee salary advances	9,056	11,527
Court bonds	29,337	44,948
Prepayments	17,402	19,886
Other receivables	56,703	78,873
Current	941,575	943,225

Credit risk from trade receivables is not concentrated because Prosegur works with a large number of customers distributed amongst the different countries in which it operates (Note 31.1).

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a financial expense in the income statement (Note 7). On 31 December 2017 and 31 December 2016 there were no factoring contracts, and so there are no receivables written off in assets for such contracts.

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Details of past-due trade receivables, net of the corresponding impairment, are as follows:

Thousands of euros	2017	2016
0 to 3 months	283,484	249,757
3 to 6 months	22,951	21,390
Over 6 months	30,792	42,657
	337,227	313,804

The carrying value of past-due trade receivables is close to fair value, given the non-significant effect of the discount.

There is no reasonable doubt regarding payment of past-due trade receivables for which note impairment has been recognised.

Movement in impairment of receivables is as follows:

Thousands of euros	2017	2016
Balance as of January 1	(75,593)	(58,596)
Provision for impairment (Note 6)	(10,826)	(20,739)
Applications and reversals	12,970	2,111
Translation differences	6,831	1,631
Balance as of December 31	(66,618)	(75,593)

As a general rule, impaired receivables are derecognised when no further amount is expected to be received.

No impairment losses have been incurred on the remaining trade receivables.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables categories mentioned above. The Prosegur Group has taken out a credit insurance to insure and minimise insolvency risks. This insurance is applicable to customers in Spain and provides risk coverage for new operations and/or extensions to current services.

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 31.1.

Court bonds are mainly deposits associated with the provision for labour causes in Brazil (Note 22).

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The other accounts receivable heading mainly records advance payments of suppliers and creditors for an amount of EUR 16,273 thousand (2016: EUR 33,297 thousand) and balances with other debtors in the amount of EUR 26,108 thousand (in 2016: EUR 36,126 thousand).

20. Other financial assets and Cash and cash equivalents

The composition and changes in equity are presented in the consolidated statement of changes in equity:

Thousands of euros	2017	2016
Balances as of 1 January	-	-
New additions	490,298	-
Balances as of 31 December	490,298	-

The composition of the balance and the dates of issue of the financial assets of the financial year 2017 are as follows:

Thousands of euros	Date of issue	Principal	Balance as of 31/12/2017
Description			
Fixed term taxation	07/04/2017	25,000	25,026
Fixed term taxation	19/04/2017	25,000	25,025
Fixed term taxation	22/06/2017	150,000	150,080
Fixed term taxation	22/06/2017	150,000	150,080
Fixed term taxation	04/09/2017	140,000	140,087
		490,000	490,298

The variation in the other financial assets heading is primarily a result of the offer of sale of shares in the subsidiary Prosegur Cash S.A. in March 2017 totalling EUR 824,992 thousand with associated expenses, net of tax, relating thereto totalling EUR 28,018 thousand, which has been offset by the distribution of an extraordinary cash dividend totalling EUR 279,996 thousand in the December 2017.

The details of the heading of "Cash and cash equivalents" are as follows:

Thousands of euros	2017	2016
Cash and banks	472,110	799,429
Current bank deposits	158,829	25,205
	630,939	824,634

The effective interest rate on current bank deposits was 4.17% (in 2016: 13.46%) and the average term of deposits held during the year was 211 days (2016: 54 days).

21. Net equity

The composition and changes in equity are presented in the consolidated statement of changes in equity.

21.1 Share capital , share premium and own shares

Details of balance and movement is as follows:

Thousands of euros	Number of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance as of 1 January 2016	617,125	37,027	25,472	(53,493)	9,006
Sale of own shares	-	-	-	-	-
Other distributions	-	-	-	178	178
Balance as of 31 December 2016	617,125	37,027	25,472	(53,315)	9,184
Sale of own shares	-	-	-	-	-
Other distributions	-	-	-	236	236
Balance as of 31 December 2017	617,125	37,027	25,472	(53,079)	9,420

Share capital

On 31 December 2017 and 2016, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to EUR 37,027 thousand, divided into 617,124,640 shares with a par value of 0.06 euros each, fully subscribed and paid up, which are all listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE).

The breakdown of the Company's shareholders is as follows:

Number of shares	2017	2016
Shareholders		
Mrs. Helena Revoredo Delvecchio ⁽¹⁾	309,240,330	309,240,330
Oppenheimer Acquisition Corporation ⁽²⁾	34,957,437	34,957,437
Mrs. Mirta Gieso Cazenave ⁽³⁾	34,778,187	34,778,187
Cantillon Capital Management LLC	-	18,821,350
FMR LLC ⁽⁴⁾	24,452,187	18,515,726
Invesco Limited ⁽⁵⁾	11,595,772	6,223,180
Other	202,100,727	194,588,430
	617,124,640	617,124,640

⁽¹⁾ Through Gubel S.L. and Prorevosa, S.L.U.

⁽²⁾ Through a series of managed funds; one of them holds over 5% (Oppenheimer International Growth Fund)

⁽³⁾ Both directly and via AS Inversiones, S.L.

^(4, 5) Through a series of managed funds.

In December 2017, Cantillon Capital Management LLC reduced its shareholding to below 3% of Prosegur.

On 31 December 2017 and 2016, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,125,760 shares (in 2016: 310,126,760 shares), representing 50.25% of the Company's share capital (in 2016: 50.25%).

Share premium

There is a share issue premium amounting to EUR 25,472 thousand, which is freely disposable and which has suffered no changes over financial years 2017 and 2016.

Own shares

Details of movements in own shares during the year are as follows:

	Number of shares	Thousands of euros
Balance on 1 January 2016	18,756,890	53,493
Other distributions	(62,020)	(178)
Balance as of 31 December 2016	18,694,870	53,315
Other distributions	(67,035)	(236)
Balance as of 31 December 2017	18,627,835	53,079

At the general meeting held on 27 June 2011, the shareholders authorised the acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the

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directors of the Company or Prosegur employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

In the 2017 and 2016 financial years, no acquisition or sale or treasury share transactions were completed. The other distributions heading reflects the use of stock options for employees at market value.

21.2 Cumulative translation differences

Details of balances and movement in this reserve are as follows:

Thousands of euros	2017	2016
Balance as of January 1	(470,371)	(514,517)
Translation differences of financial statements of foreign operations	(161,286)	44,146
Transfer of conversion difference to non-controlling shares	93,937	-
Balance as of December 31	(537,720)	(470,371)

Variations from 2017, in comparison with 2016, mainly arise as a result of the devaluation of the Argentine peso and the Brazilian real.

21.3 Retained earnings and other reserves

The structure and movement in retained earnings and other reserves are as follows:

Thousands of euros	Legal reserve	Other restricted reserves	Other retained earnings	Total
Balance as of 1 January 2016	7,406	165	1,197,896	1,205,467
Total comprehensive income for the year	-	-	133,526	133,526
Distribution of extraordinary dividend	-	-	(61,875)	(61,875)
Distribution of Profit	-	-	(68,924)	(68,924)
Other movements	-	-	3,924	3,924
Balance as of 31 December 2016	7,406	165	1,204,547	1,212,118
Total comprehensive income for the year	-	-	148,767	148,767
Share-based incentives exercised by employees	-	-	94	94
Distribution of extraordinary dividend	-	-	(279,996)	(279,996)
Distribution of ordinary dividend	-	-	(34,066)	(34,066)
Distribution of interim ordinary dividend	-	-	(71,883)	(71,883)
Other movements	-	-	622,349	622,349
Balance as of 31 December 2017	7,406	165	1,589,812	1,597,383

Other restricted reserves at 31 December 2017 and 2016 are the 1983 revaluation reserve (EUR 104 thousand) and reserves arising on conversion of capital to euros (EUR 61 thousand).

The legal reserve, which amounts to EUR 7,406 thousand, was appropriated in compliance with article 274 of the revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully appropriated. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, it must be replenished with future profits.

The proposed distribution of the parent's profit for 2017, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, as per the terms of the interim dividend ordered by the Board of Directors of the Company, and which will be submitted to the shareholders for approval at their annual general meeting, is as follows:

Thousands of euros	2017	2016
Basis of allocation		
Profit/loss for the year	830,334	(7,037)
	830,334	(7,037)
Distribution		
Voluntary reserves	478,456	(75,226)
Dividends	351,878	68,189
	830,334	(7,037)

21.4 Non-controlling interests and other transactions

Prosegur Cash, S.A. is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A., which currently owns 51% of that company's shares, indirectly controlling another 21.5% through its wholly owned subsidiary Prosegur Assets Management, S.L.U. The remaining 27.5% of the shares is held by minority shareholders as a result of the initial public offering on 17 March 2017. Prosegur Cash began to trade at 2 euros per share on the Madrid and Barcelona Stock Exchanges; these shares are traded through the Spanish Stock Exchange Interconnection System (electronic trading system, known as SIBE). In these consolidated financial statements, this operation was recorded as a transaction involving own equity instruments.

The impact of this transaction amounted to EUR 824,992 thousand while associated expenses totalled EUR 28,018 thousand. As a result, the positive impact recognised from the disposal of these equity instruments amounts to EUR 796,974 thousand.

On 8 May 2017, Prosegur Cash, S.A. entered into a liquidity agreement fully compliant with the regulations applicable at that time. Prior to the signing of this contract, said company did not hold any own shares. The preliminary operating process of the liquidity contract to establish the own shares ended on 8 June, once own shares of 1,000,000 shares was reached. The liquidity contract operation began

on 9 June 2017 and ended on 10 July, the date on which said liquidity contract was terminated. On 7 July 2017, with effect from 11 July 2017, Prosegur Cash, S.A. entered into a new liquidity agreement in accordance with the new regulations in force, giving new operations to the liquidity under the scope of the contract. At the close of 2017, the own shares of Prosegur Cash, S.A. comprised 787,474 shares, of which 295,789 were linked to the liquidity contract for a total amount of EUR 2,127 thousand

The consolidated financial information of the Prosegur Cash Group is presented below prior to intra-group eliminations, of which 27.5% corresponds to non-controlling interests:

Thousand of euros	31/12/2017
Non-current assets	829,515
Current assets	885,099
Total assets	1,714,614
Total Equity	266,632
Non-current liabilities	850,683
Current liabilities	597,281
Total liabilities	1,447,964
Ordinary revenues	1,924,258
Operating profit/loss (EBIT)	445,058
Profit before tax	444,327
Post-tax profit from continuing operations	304,361
Post-tax profit from discontinued operations	489
Consolidated profit for the year	304,850
Cash from operating activities	182,573
Cash flows from investing activities	15,713
Cash flows from financing activities	(80,759)
Net increase (decrease) in cash and cash equivalents	117,527

22. Provisions

The structure of balance and details of movement are shown in the following chart:

Thousands of euros	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Accrued obligations to personnel	Other risks	Total
Balance as of 1 January 2017	105.312	18.265	2.921	9.189	9.307	97.992	242.986
Provisions charged to income statement	47.017	6.531	-	1.418	6.695	22.577	84.238
Reversals credited to income statement	(9.083)	(4.889)	-	-	(1.526)	(1.660)	(17.158)
Applications	(52.886)	(1.493)	(1.399)	(440)	-	(29.473)	(85.691)
Financial effect of discount	6.562	1.574	-	-	-	7.591	15.727
Additions to the consolidated group	-	-	-	-	-	235	235
Reversal posted to Net Equity	-	-	-	2.403	-	-	2.403
Transfers	-	-	-	-	-	-	-
Translation differences	(13.233)	(2.131)	-	(737)	-	(12.579)	(28.680)
Balance as of 31 December 2017	83.689	17.857	1.522	11.833	14.476	84.683	214.060
Non-current 2017	83.061	17.857	-	11.833	3.162	83.720	199.633
Current 2017	628	-	1.522	-	11.314	963	14.427

a) Labour-related risks

The provisions for labour-related risks, that amount to EUR 83,689 thousand (in 2016: EUR 105,312 thousand), are calculated individually, based on the estimated likelihood of success or failure of the lawsuit. This likelihood is determined by the different legal firms that work with the group companies. In addition, there is an internal review of the likelihoods of reaching agreements for each of the proceedings depending on the record of experience maintained with Prosegur, from which the final provision to be recognised is concluded.

The provision for labour-related risks mainly includes provisions for work-related proceedings in Brazil, which includes lawsuits filed by Prosegur employees and ex-employees. The country's labour legislation and the regulatory requirements mean that the proceedings take a long time, leading to a provision of EUR 56,789 thousand in 2017 (2016: EUR 61,605 thousand).

On 31 December 2017, there were 5,264 labour proceedings underway in Brazil (On 31 December 2016: 6,043). During the 2017 financial year, nearly 5,058 proceedings were closed. The increase in application of provisions is due to the closing of labour proceedings.

This heading also includes a provision of EUR 6,357 thousand (2016: EUR 12,839 thousand), in relation to the business combination carried out in 2005 with Transpev. During the 2017 financial year, 13 have been closed, leaving 68 cases remaining (31 December 2016: 81).

The provisions with charge to results and the reversals with credit to results are included under other expenses under the cost of sales item in Note 4, as well as the monetary updates associated with this provision which are included under the heading of other financial expenses (Note 7).

b) Legal risk

The provisions for legal risks, that amount to EUR 17,857 thousand (in 2016: EUR 18,265 thousand), correspond mainly to civil lawsuits, which are analysed on a case-by-case basis. It primarily includes lawsuits in Spain, France, and Brazil. The application of these provisions is highly probable, but both the value and the time of the final settlement are uncertain and depend upon the outcome of the proceedings that are underway. There are no significant legal risks.

c) Restructuring

The provisions correspond to the company Brinks Deutschland GmbH. in 2013, which has a recognised restructuring provision that corresponds to estimates for the payment of severances for dismissal and other costs. Payment of the provision is highly probable. While the date of settlement is uncertain, it is highly probable that it will take place in the short term. In 2017, payments were made for a value of EUR 1,399 thousand (2016: EUR 900 thousand).

d) Employee benefits

As indicated in Note 5.2, Prosegur maintains defined benefit plans in Germany, Brazil, France, and Mexico. The actuarial assessment made by qualified actuaries regarding the value of the arranged benefits is updated at the end of 2017.

The defined benefit plan in Germany and France consists of pension and retirement plans, while the defined benefit plan in Mexico consists of seniority bonuses.

Prosegur has a defined benefit plan in Brazil comprising post-employment healthcare offered to employees in Brazil, compliant with local legislation (Law 9656).

e) Accrued obligations to personnel

These provisions include the incentives payable in cash under the 2017 Plan (Note 34.19) for Senior Management at Prosegur and at Prosegur Cash.

During this period, an endowment was made and charged to the income statement for the year, amounting to EUR 6,695 thousand (Note 5.1) (2016: EUR 4,260 thousand). This amount includes the fair value adjustment of the share price for the 2014 Plan at the time of payment and the corresponding accrual for the 2017 Plan.

In 2016, payments corresponding to the 2014 Plan were made, using Prosegur's share price at the time of payment as a reference, thereby replacing the originally planned share settlement method.

During financial year 2017, EUR 1,526 thousand have been paid up (2016: EUR 988 thousand), corresponding to settlement of the last part of the 2014 Plan, thereby liquidating said plan.

The fair value of incentives pegged to the quoted share price has been estimated on the basis of the quoted price of Prosegur and Prosegur Cash shares at the end of the period or at time of payment.

Finally, part of this provision amounting to EUR 11,314 thousand, has been classified as current given that the commitment associated to the 2017 Plan matures in 2018.

f) Other risks

The provisions for other risks, which amounts to EUR 84,683 thousand (in 2016: EUR 97,992 thousand), includes many items.

Payment of these provisions is highly probable, though both the value and the timing of the final payment are uncertain and depend upon the outcome of the proceedings currently under way.

The most significant of these are as follows:

Tax risks

Mainly tax risk in Brazil and Argentina amounting to EUR 65,014 thousand (in 2016: EUR 73,702 thousand).

The tax risks associated with Brazil are related to several items, mainly direct and indirect municipal and state tax claims, along with provisions from the Nordeste and Transpev business combination. In Argentina, they concern a number of insignificant amounts individually related to municipal and provincial taxes. The most representative risks appear as a result of the disparity between Prosegur and the administration's criteria.

Prosegur uses "the most likely result" to measure uncertain tax positions. Significant tax risk is determined on the basis of opinions of external experts and analysis of existing case law. In addition, internal analysis is drawn up based on similar cases that occurred in the past at Prosegur or in other companies.

Each tax contingency is analysed in detail at the end of every quarter. This analysis covers the quantification, classification and level of provision associated with the risk. At year-end an independent expert delivers a letter containing an analysis and assessment of these parameters for all the main risks. The level of provision is based on it.

The provisions charge to profit and loss and the reversals taken to income are included under the heading of other expenses in Note 4.

Comcare Australia

In 2017, payments were made for commitments associated with Australia's occupational accident insurance plan amounting to EUR 850 thousand (EUR 1,195 thousand in 2016). The provision for the year amounted to EUR 838 thousand leading to a total provision of EUR 4,529 thousand (EUR 4,763 thousand in 2016), of which EUR 963 thousand mature in the short term (in 2016: EUR 1,195 thousand).

23. Financial liabilities

The detail and composition of financial liabilities and the corresponding terms and conditions are as follows:

Thousand of euros	Average interest rate	2017		2016	
		Non-current	Current	Non-current	Current
Debentures and other negotiable securities	1.38%-2.75%	594,117	510,088	498,883	10,312
Loans and borrowings	3.47%	94,381	120,197	648,433	167,785
Finance lease payables	7.47%	11,957	8,524	14,439	9,466
Credit accounts	4.47%	-	33,758	48,570	139,143
Other debts	9.39%	16,856	28,479	13,272	31,677
		717,311	701,046	1,223,597	358,383

Thousand of euros	Currency	Year of maturity	2017		2016	
			Non-current	Current	Non-current	Current
Debentures and other negotiable securities	Euro	2018-2026	594,117	510,088	498,883	10,312
Loans and borrowings	Euro	2018-2019	12,123	80,839	625,725	145,755
Loans and borrowings	Brazilian Real	2018	-	18,909	-	17,054
Loans and borrowings	Australian dollar	2018-2020	45,903	-	-	-
Loans and borrowings	South African Rand	2020	19,171	-	18,750	-
Loans and borrowings	Sol	2018-2020	8,417	12,698	-	3,632
Loans and borrowings	Other currencies	2018-2020	8,767	7,751	3,958	1,344
Finance lease payables	Euro	2018-2019	2,949	2,766	5,446	3,381
Finance lease payables	Brazilian Real	2018-2019	4,059	3,498	3,103	2,012
Finance lease payables	Other currencies	2018-2023	4,949	2,260	5,890	4,073
Credit accounts	Euro	2018	-	13,201	48,570	127,430
Credit accounts	Australian dollar	2018	-	6,507	-	-
Credit accounts	Other currencies	2018	-	14,050	-	11,713
Other debts	Euro	2018-2021	9,380	7,987	3,637	1,726
Other debts	Brazilian Real	2018-2033	6,223	7,106	9,016	21,291
Other debts	Argentine Peso	2018-2023	190	153	357	242
Other debts	Other currencies	2018-2019	1,063	13,233	262	8,418
			717,311	701,046	1,223,597	358,383

As of 31 December 2017, the total drawdown amount from credit facilities in current accounts amounted to EUR 33,758 thousand (2016: EUR 187,713 thousand). Details of undrawn credit facilities are as follows:

Thousands of euros	2017	2016
Maturing in less than 1 year	285,934	179,716
Maturing in more than 1 year	515,000	400,000
	800,934	579,716

Credit facilities are subject to various interest rate reviews in 2018.

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Debentures and other negotiable securities

Bonds with a nominal value of EUR 500,000 thousand were used on 2 April 2013, with maturity on 2 April 2018. This bond has been reclassified to short term. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue an annual coupon of 2.75% payable yearly in arrears.

On 4 December 2017, through its subsidiary Prosegur Cash, S.A., Prosegur issued uncovered bonds with a nominal value of EUR 600,000 thousand, maturing on 4 February 2026. This issue was carried out in the Euromarket under the fixed-income securities issuance programme (Euro Medium Term Note Programme). This issue enables the deferral of maturities of part of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue an annual coupon of 1.38% payable yearly in arrears.

Syndicated credit facility (Spain)

On 12 June 2014 Prosegur arranged a new five-year syndicated credit financing facility of EUR 400,000 thousand. On 18 March 2015, the syndicated credit facility was novated, mainly in order to extend its maturity to 18 March 2020. On 10 February 2017, this syndicated financing arrangement was repaid and replaced by two new syndicated credit facilities:

- **Syndicated credit facility EUR 200,000 thousand (Spain)**

On 10 February 2017, Prosegur arranged a five-year syndicated credit financing facility of EUR 200,000 thousand to provide the Company with liquidity over the long term. As of 31 December 2017, no amount has been drawn down on this loan.

The interest rate for drawdowns under the syndicated financing operation is Euribor plus an adjustable spread based on the Company's rating.

Additionally, this financing is secured by collateral from the following subsidiaries of Prosegur: Prosegur, S.A. (Argentina) Prosegur Activa Argentina, S.A. (Argentina), Prosegur Soluciones, S.A. (Spain) and Prosegur Soluciones Integrales de Seguridad España, S.L. (Spain). The contract includes the following compulsory financial ratios:

- The net financial debt/EBITDA ratio must be less than or equal to 3.5.

- **Syndicated credit facility EUR 300,000 thousand (Spain)**

On 10 February 2017, Prosegur's subsidiary Prosegur Cash, S.A. arranged a five-year syndicated credit financing facility of EUR 300,000 thousand to provide the Company with liquidity over the long term. As of 31 December 2017, no amount has been drawn down on this loan.

The interest rate for drawdowns on the syndicated financing operation is Euribor plus an adjustable spread based on the Company's rating.

Additionally, this financing is secured by collateral from the following subsidiaries of Prosegur Cash, S.A.: Prosegur Brasil, S.A. Transportadora de Valores e Segurança (Brazil), Transportadora de Caudales Juncadella, S.A. (Argentina) and Compañía de Seguridad Prosegur, S.A. (Peru). The contract includes the following compulsory financial ratios:

- The net financial debt/EBITDA ratio must be less than 3.55.
- The EBITDA/finance cost ratio must be greater than 5.

Syndicated loan (Spain)

In December 2016, through its subsidiary, Prosegur Cash S.A., Prosegur arranged a three-year syndicated credit facility of EUR 600,000 thousand.

On 20 November 2017 and 20 December 2017, early repayments of EUR 100,000 thousand and EUR 500,000 thousand, respectively, were made on this syndicated operation and therefore there is no outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600,000 thousand).

Syndicated loan (Australia)

On 28 April 2017, through its subsidiary, Prosegur Australia Investments Pty Limited, Prosegur arranged a three-year syndicated financing facility of AUD 70,000 thousand. As of 31 December 2017, the amount drawn down on the loan totalled AUD 70,000 thousand (equivalent value as of 31 December 2017: EUR 45,614 thousand).

Finance lease payables

Details of minimum payments under finance leases are as follows:

Thousands of euros	2017	2016
Less than 1 year	8,963	11,499
Between 1 to 5 years	13,799	14,135
Over 5 years	251	304
Interests	(2,532)	(2,033)
	20,481	23,905

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 11).

Bailment

Prosegur in Australia has access to bailment facilities for the supply of cash to automated teller machines belonging to Prosegur. In these facilities, the cash is owned by the bailor, which has contracts directly with Prosegur. Prosegur has access to this money for the sole purpose of loading cash into the ATMs, which are governed by this contract. The settlement of the corresponding cash assets and liabilities is carried out via regulated clearing systems, such as the right of offset. As a result of the foregoing, no assets and liabilities are presented in the consolidated annual accounts for this item. The amount of cash in circulation at 31 December 2017 amounted to 47.70 million Australian dollars (equivalent to 31.08 million euros) (at 31 December 2016 67.60 million Australian dollars, equivalent to 46.65 million euros).

Loans and borrowings (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of South African company SBV Services Proprietary Limited, Prosegur arranged a four-year bullet loan of RAND 272,000 thousand on 29 January 2016 (equivalent at 31 December 2017 to EUR 18,372 thousand).

Other debts

Other debts mainly relate to amounts payables in connection with business combinations carried out in this and previous years (Note 29). Details of other debts are as follows:

Thousands of euros	2017	2016
Non-current		
Contingent and deferred payments for acquisitions	8,950	2,639
Other	7,906	10,633
	16,856	13,272
Current		
Contingent and deferred payments for acquisitions	23,904	30,854
Other	4,575	823
	28,479	31,677

The deferred and contingent payments for acquisitions are as follows:

Thousands of euros	Currency	2017		2016	
		Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Values	Brazilian Real	-	955	-	1,004
Transvig-Transporte de Valores e Vigilancia LTDA	Brazilian Real	365	730	769	384
Nordeste and Transbank Group	Brazilian Real	-	5,514	-	19,689
Prover Electronica, Ltda.	Brazilian Real	-	-	-	108
Martom Segurança Eletrônica Ltda.	Brazilian Real	-	146	-	377
Evttec Management Services PTE LTD	Singapore Dollar	-	-	-	286
Securlog GmbH	Euro	-	258	-	258
MIV Gestión S.A.	Euro	-	-	-	323
Dognaedis Lda	Euro	1,381	-	1,381	70
Grupo Contesta	Euro	5,834	3,219	-	-
Indiseg Evolium Group S.L.	Euros	472	-	400	200
Asset Purchase from Toll Transport Pty Ltd	Australian dollar	-	4,561	-	4,796
Segura Group	Uruguayan Peso	-	-	-	108
Genper, S.A.	Uruguayan Peso	-	-	-	118
Asset Purchase from Radar S.A.	Paraguayan Guaraní	-	2,491	-	-
Purchase of Client Portfolio from CSS Tactical Proprietary Limited	South African Rand	-	1,652	-	-
Nanjing Zhong Dun Security Services	Renminbi	-	128	82	82
Inversiones BIV, S.A. and subsidiary	Colombian Peso	-	226	-	357
Integra Group - Colombia	Colombian Peso	-	1,978	-	2,240
Shanghai Bigu Group	Renminbi	-	51	-	219
TC Interplata S.A.	Argentine Peso	7	124	7	100
Tellex, S.A.	Argentine Peso	-	25	-	135
Other business combinations of Prosegur Cash	Miscellaneous	891	1,846	-	-
		8,950	23,904	2,639	30,854

The reconciliation of the amounts classified as financial liabilities with the cash flows for financing activities in the Statements of Cash Flows is as follows:

Thousand of euros	Debentures and other negotiable securities	Loans and borrowings	Finance lease payables	Credit accounts	Other debts	Total
Balance as of 1 January 2017	509,195	816,218	23,905	187,713	44,949	1,581,980
Cash flows from financing activities	595,010	(591,722)	(2,656)	(153,078)	(17,263)	(169,709)
Acquisitions/accrual interest	-	-	-	-	3,412	3,412
Business combinations (Note 29)	-	-	1,689	-	16,784	18,473
Translation differences	-	(9,918)	(2,457)	(877)	(2,547)	(15,799)
Balance as of 31 December 2017	1,104,205	214,578	20,481	33,758	45,335	1,418,357

24. Trade and other payables

Details of trade and other payables are as follows:

Thousands of euros	2017	2016
Trade payables	200,847	208,212
Accrued personnel costs	259,213	276,522
Social Security and other taxes	227,730	197,917
Other payables	162,893	103,042
	850,683	785,693

Accrued personnel costs

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Prosegur employees' contribution to its success by reaching or surpassing targets and developing the skills necessary to achieve excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established in advance by Prosegur management or the employee's direct superior over a given time.

Accrued personnel costs include EUR 46,021 thousand relating to the incentive programme (in 2016: EUR 36,886 thousand). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 66,485 thousand (in 2016: EUR 60,611 thousand).

This item also includes other liabilities relating to salaries payable and accrued extra salary payments.

Information on the average supplier payment period. Second final provision of Law 31/2014, of 3 December.

The information on late payments to suppliers by consolidated Spanish companies is as follows:

Days	2017	2016
Average supplier payment period	57	61
Ratio of paid operations	56	60
Ratio of operations pending payment	63	74

Thousands of euros	2017	2016
Total payments made	282,217	280,787
Total payments pending	23,656	19,916

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In accordance with the ICAC Resolution, commercial operations corresponding to the delivery of goods or services accrued from the effective date of Law 31/2014, of 3 December, i.e. 24 December 2014, were considered when calculating the average supply payment period. The information in these consolidated accounts on payments to suppliers pertains exclusively to fully consolidated companies located in Spain.

For the exclusive purpose of providing the information set out in this Resolution, suppliers are considered to be trade payables for debts with suppliers of goods or services, included under trade and other payables in current liabilities on the consolidated balance sheet.

“Average supplier payment period” means the period from delivery of the goods or provision of the service by the supplier through to effective payment of the transaction.

Pursuant to Law 11/2013, of 26 July, the maximum legal payment period applicable to consolidated companies in 2017 is 30 days (unless the terms stipulated therein are fulfilled, which would allow this term to be increased to 60 days).

25. Other liabilities

Other non-current liabilities include amounts corresponding to accruals of alarm rental income.

Details of this item are as follows:

Thousands of euros	2017	2016
	Current	Current
Revenues received in advance	35,316	31,364
Other liabilities	8,746	9,247
	44,062	40,611

Revenues received in advance mainly include the advanced billing of alarm system contracts for EUR 20,070 thousand (in 2016: EUR 17,940 thousand), along with revenue received in advance associated with building contracts (Note 18).

26. Taxation

Prosegur Compañía de Seguridad, S.A. is the parent of a group that files consolidated income tax returns in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Additionally, Prosegur files consolidated tax returns in the following countries: France, Luxembourg, Portugal, and Australia.

Certain companies in France, all of which are direct or indirect investees of Prosegur, form two consolidated tax groups and file tax returns pursuant to legislation under the special “Intégration Fiscale” scheme under French law.

In Luxembourg, Prosegur has a new tax consolidation group comprising Luxpai CIT SARL and Pitco Reinsurance S.A.

In Portugal, Prosegur has a consolidated tax group made up of the following Portuguese companies: Prosegur Companhia de Segurança Ltda., Prosegur Distribuição e Serviços Ltda., Prosegur Agência Promoção e Comercialização de Produtos e Serviços Unipessoal Ltda., Prosegur Logística e Tratamento de Valores Portugal S.A., Prosegur Alarmes Dissuasão Potugal Unipessoal Ltda., Prosegur SES Serviços Empresariais de Segurança Unipessoal Ltda., Prosegur de Serviços Partilhados Unipessoal Ltda., and Prosegur Gestão de Activos Imobiliários, S.A.

In Australia, there is a consolidated tax group made up of five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia, Prosegur Technology Pty Limited and Prosegur Asset Management.

The rest of Prosegur’s subsidiaries file tax returns in accordance with tax legislation in force in the countries in which they operate.

Details of income tax expense, for current tax and deferred tax, are as follows:

Thousands of euros	2017	2016
Current tax	137,140	162,707
Deferred tax	8,489	(22,589)
	145,629	140,118

The main items making up the current tax expense are as follows:

Thousands of euros	2017	2016
Tax expense for the year	117,789	141,540
Adjustments from previous years	1,884	10,472
Loss without recognised deferred tax	17,467	10,695
	137,140	162,707

The main items comprising the deferred tax expense (revenue) are as follows:

Thousands of euros	2017	2016
Tax loss carried forward and tax deductions	7,937	(9,607)
Provisions and temporary differences	8,421	11,295
Amortisation of intangible assets	(1,110)	(23,440)
Depreciation of property plant and equipment	(6,759)	(837)
	8,489	(22,589)

In accordance with Brazilian tax legislation on the tax amnesty for federal taxes in 2017, the Brazilian companies transferred and used the applicable tax credits.

Deferred taxes relating to goodwill for tax purposes, included under amortisation of intangible assets, derive from local mergers in Brazil that took place in previous years. Brazilian tax legislation allows for accelerated amortisation.

The calculation of the income tax expense, based on pre-tax profit for the year, is as follows:

Thousands of euros	2017	2016
Profit before income tax	343,938	274,249
Tax rate	25%	25%
Result of applying tax rate to profit	85,984	68,562
Permanent differences	14,762	30,464
Effect of applying different tax rates	27,447	21,095
Adjustment of deferred taxes from previous years	2,571	(763)
Adjustment to taxes from previous years	1,884	10,472
Loss without deferred tax	17,467	10,695
Previously unrecognised deductions applied	(4,486)	(407)
Income tax expense	145,629	140,118

The effective tax rate in 2017 is 42.3% versus 51.1% in 2016, representing a decrease of 8.8%, attributable to the greater impact in 2016 of the corporate restructuring process that the Company undertook two years ago. Excluding the effects associated with the corporate restructuring, the effective tax rate in 2017 is 36.6% versus 34.8% in 2016.

The tax rates in the countries where Prosegur operates are as follows:

Tax rate	2017	2016
Germany	30.5%	30.5%
Spain	25.0%	25.0%
France	33.3%	33.3%
Luxembourg	27.1%	29.2%
Portugal	22.5%	22.5%
Argentina	35.0%	35.0%
Brazil	34.0%	34.0%
Chile	25.5%	24.0%
Colombia	34.0%	35.0%
Mexico	30.0%	30.0%
Paraguay	10.0%	10.0%
Peru	29.5%	28.0%
Uruguay	25.0%	25.0%
Australia	30.0%	30.0%
India	28.0%	38.0%
Singapore	17.0%	17.0%
China	25.0%	25.0%
Hong Kong	16.5%	16.5%
South Africa	28.0%	28.0%

Likewise, the tax rates for the coming years were modified in certain local legislation in 2017. As such, the tax rates for the coming years will be as follows:

Type of tax	Argentina	Chile	Luxembourg
Tax rates that start as of			
1 January 2018	30%	27.0%	26.0%
1 January 2019	30%	27.0%	26.0%
1 January 2020	25%	27.0%	26.0%

Therefore, deferred tax assets and liabilities have been adjusted to these new tax rates.

Movement in deferred tax assets and liabilities and their composition during the year are as follows:

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Deferred tax assets

Thousands of euros	1 January 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2017
Depreciation of property, plant and equipment	11,847	5,601	-	-	-	340	17,788	528	-	-	-	(1,091)	17,225
Amortisation of intangible assets	11,317	(658)	-	-	-	2,700	13,359	(7,576)	-	-	-	(577)	5,206
Tax losses and deductions	37,786	9,607	-	-	-	7,134	54,527	(7,937)	-	-	-	(2,486)	44,104
Provisions	78,810	11,750	-	129	-	6,618	97,307	(7,759)	280	824	-	(12,745)	77,907
Investments and others	24,199	(22,016)	-	-	-	464	2,647	2,015	-	-	-	(139)	4,523
	163,959	4,284	-	129	-	17,256	185,628	(20,729)	280	824	-	(17,038)	148,965

Deferred tax liabilities

Thousands of euros	1 January 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2017
Depreciation of property, plant and equipment	(20,454)	(4,764)	(1,733)	-	-	(428)	(27,379)	6,231	-	-	-	1,990	(19,158)
Amortisation of intangible assets	(80,060)	24,098	-	-	(915)	(6,244)	(63,121)	8,685	-	-	-	4,158	(50,278)
Investments and impairments	(2,612)	(8,834)	-	-	-	(66)	(11,512)	2,160	-	-	-	-	(9,352)
Provisions and others	(13,713)	7,805	-	-	915	(1,156)	(6,149)	(4,836)	(4,793)	-	-	1,161	(14,617)
	(116,839)	18,305	(1,733)	-	-	(7,894)	(108,161)	12,240	(4,793)	-	-	7,309	(93,405)

Tax losses as of 31 December 2017 totalled EUR 36,027 thousand (2016: EUR 50,575 thousand). Tax deductions as of 31 December 2017 totalled EUR 8,077 thousand (2016: EUR 8,544 thousand).

The total amount of current and deferred income tax in relation to items credited or debited directly to other comprehensive income during the year is as follows:

Thousands of euros	2017	2016
Equity profit and loss	824	129
	824	129

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Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

Thousands of euros	2017	2016
Deferred tax assets	129,457	163,911
Deferred tax liabilities	(86,587)	(100,066)
	42,870	63,845

In accordance with current Spanish tax legislation, in 2017, the tax loss carryforwards of the Prosegur companies may be offset by positive income from subsequent tax periods up to 25% of the tax base.

Details of deferred tax assets and liabilities by country in thousands of euros are as follows:

Thousands of euros	2017		2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Brazil	60,044	(31,209)	91,622	(41,229)
Spain	19,712	(27,036)	22,468	(24,372)
Argentina	11,021	(7,242)	17,057	(8,567)
France	5,273	(3,529)	3,447	(3,932)
Other	52,915	(24,388)	51,034	(30,061)
Total	148,965	(93,404)	185,628	(108,161)

Prosegur has no deductions pending application that have not been capitalised.

Deferred tax assets in respect of tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset.

The consolidated balance sheet presents the balances of deferred taxes pursuant to the terms established in IAS 12 with regard to the offsetting of current tax assets and liabilities in certain conditions, such conditions are met in Spain, France, Portugal, and Australia. In the breakdown of deferred assets and liabilities, they are shown without offsetting.

Details of tax loss carryforwards and the deadline for their offset as of 31 December 2017 are as follows:

Thousands of euros	Total	Uncapitalised	Capitalised
Year			
Subsequent years or no time limit	270,924	146,952	123,973
	270,924	146,952	123,973

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Details of capitalised and uncapitalised tax loss carryforwards as of 31 December 2017 are as follows:

Thousands of euros	Capitalised	Uncapitalised	Total
Germany	57,007	3,275	60,282
France	16,584	50,185	66,769
Portugal	3,642	625	4,267
Argentina	152	6,689	6,841
Brazil	10,608	21,396	32,004
Chile	29,368	15,159	44,527
Colombia	2,481	8,254	10,735
Mexico	58	25,962	26,020
Paraguay	-	1,067	1,067
Peru	594	1,697	2,291
Uruguay	1,400	5,769	7,169
China	332	783	1,115
India	-	297	297
Hong Kong	-	1,993	1,993
Singapore	-	3,331	3,331
Netherlands	-	93	93
South Africa	1,746	-	1,746
Other	-	377	377
Total	123,972	146,952	270,924

The most significant uncapitalised tax loss carryforwards correspond to France, Mexico, Brazil, Chile, and Argentina. Prosegur has capitalised and uncapitalised tax loss carryforwards available for offset after 2018 totalling EUR 270,924 thousand, of which EUR 212,109 thousand has no time limit for their offset, while there is such a limit for the remaining EUR 58,815 thousand. Deferred tax assets are recognised provided that it is probable that sufficient future income will be generated against which the temporary differences can be offset. The recoverable amount of a CGU is determined based on its value in use. These calculations use cash flow projections based on financial budgets, approved by management, covering a four-year period that exclude the effects of potential future improvements in the return on assets [Note 12].

On 10 May 2016, the commencement of a partial corporate income tax inspection of the origin of freedom of depreciation for job creation or maintenance in 2011 and the deductibility of remuneration paid to directors between 2011 and 2014, was announced.

Furthermore, on the same date, 10 May 2016, the commencement of an inspection of Prosegur Compañía de Seguridad (acquiring company), as the successor of the takeover merger of Prosegur Transporte de Valores and Prosegur Activa España (both acquired companies), was announced. This partial corporate income tax inspection also relates to the origin of freedom of depreciation for job creation or maintenance in 2011.

As a consequence of these inspections, the following were signed:

- Tax assessment regarding freedom of depreciation, signed on an uncontested basis.
- Tax assessment regarding remuneration paid to directors signed on a contested basis, with payment due of 390,145.61 euros plus 30,267.58 euros in interest.

With regard to the tax assessment signed on a contested basis, submissions have been filed as Prosegur expects a favourable outcome. A response has yet to be received on these submissions from the Technical Office of the State Tax Authorities.

In addition, the Company is involved two cases, filed by the Spanish government, that are pending a ruling in relation to two tax assessments that were signed on a contested basis and for which no provision was made. The first action was filed in 2012 and relates to corporate income tax for 2005, 2006, and 2007, with a total tax debt of EUR 8,268 thousand; at present, this case is pending ruling by the Spanish High Court. The second action was filed in 2014 and relates to the corporate income tax for 2008 and 2009, with a total tax debt of EUR 16,072 thousand. This case is pending ruling by the Central Economic Administrative Court.

The remaining Prosegur companies are subject to their corresponding local jurisdictions.

Since current tax law is somewhat ambiguous and open to various interpretations, additional tax liabilities could arise in the event of an inspection. In any event, the Company's directors do not believe that any such liabilities would have a significant impact on the consolidated annual accounts.

In 2017, the following corporate restructuring operations were carried out under the tax neutrality regime:

- In Argentina, the takeover merger of Transportadora de Caudales Interplata S.A. by Transportadora de Caudales Juncadella, S.A., effective 1 January 2017.
- In Peru, the takeover merger of Servicios de Efectivo de Perú, S.A. by Compañía de Seguridad Prosegur, S.A., effective 31 October 2017.
- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança in favour of Segurpro Vigilância Patrimonial S.A., effective 31 December 2017.
- In Spain, the transfer of 100% of the shares in Luxpai Holdo SARL by Prosegur Compañía de Seguridad, S.A. to Prosegur Global SIS ROW, S.L.U.

27. Contingencies

Guarantees

Prosegur has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

Guarantees provided by Prosegur to third parties are as follows:

Thousands of euros	2017	2016
Commercial guarantees	223,448	156,187
Financial guarantees	294,543	206,236
	517,991	362,423

Commercial guarantees include those given to customers.

Financial guarantees essentially include those relating to litigation in process totalling EUR 162,406 thousand (in 2016: EUR 79,182 thousand). Civil and labour lawsuits in Brazil amount to EUR 124,435 thousand as of 31 December 2017 (as of 31 December 2016, EUR 72,800 thousand) (see Note 22).

Spanish National Markets and Competition Commission (CNMC)

On 22 April 2015, the National Markets and Competition Commission (CNMC) filed proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. and Loomis España, S.A. for alleged anti-competitive practices under the laws of the European Union. On 10 November 2016, the Competition Court of the CNMC imposed a fine of EUR 39,420 thousand on Prosegur and its subsidiary.

On 13 January 2017, Prosegur filed a notice of contentious-administrative appeal before the Spanish High Court against the ruling of the CNMC, seeking the temporary suspension of payment of the fine imposed.

On 13 February 2017, the Spanish High Court agreed to hear the appeal announced by Prosegur and initiated preliminary proceedings. To date, Prosegur has yet to officially lodge the appeal, meaning that the Spanish High Court has yet to hear the case and deliver its decision on the merits of the appeal.

The Spanish High Court did, however, accept Prosegur's request for the temporary measure on 31 March 2017 and therefore suspended the enforceability of the CNMC's ruling as to the payment of the fine, provided that Prosegur post a surety or other guarantee covering the amount of the fine within a maximum of two months. On 9 June 2017, Prosegur delivered a guarantee for the sum of EUR 39,420 thousand to the Spanish High Court.

Prosegur alone will assume full responsibility for and meet all costs involved in defending Prosegur and Prosegur Servicios de Efectivo España, S.L. and will therefore have exclusive authority on how to mount and control that defence and on how to pursue the legal proceedings.

The ruling to be handed down by the Spanish High Court regarding the decision reached by the CNMC may give rise to additional liabilities once that judgment is delivered. In any event, on the basis of the opinion of legal experts, the Company's directors do not believe that the liabilities that could arise would have a significant impact on the consolidated annual accounts.

Liquidation of subsidiaries in France

In April 2005, the accounts of Bac Sécurité, Force Gardiennage and Sécurité Européenne de L'Es-pace Industriel (SEEI) were filed with the Versailles Court of Commerce and these companies have been in receivership since that date. The liquidation of these companies was completed in 2008 and they are currently being wound up. The directors do not expect significant liabilities to arise from this process.

Liquidation of subsidiaries in Romania

At the end of 2017, SC Rosegur, S.A. is involved in insolvency proceedings and SC Rosegur Cash Services, S.A. has been declared bankrupt. Rosegur Holding Corporation, S.L. has been wound up, as agreed by the shareholders at their general meeting, and is currently in liquidation. Lastly, SC Rosegur Fire, S.R.L. and SC Rosegur Training, S.R.L., both inactive, form part of the equity of SC Rosegur, S.A. to be liquidated as part of the insolvency proceedings. The directors do not expect significant liabilities to arise from this process.

28. Commitments

Purchase commitments for fixed assets

Investments committed but not made at year end are as follows:

Thousands of euros	2017	2016
Property, plant and equipment	16,124	14,455
Other intangible assets	1,809	457
	17,933	14,912

As of 31 December 2017, the commitments corresponded primarily to the purchase of armoured vehicles, machinery, and installations.

Operating lease commitments

Prosegur rents various premises, offices, industrial bays, warehouses and vehicles under non-cancel-able operating leases.

Total future minimum payments under non-cancellable operating leases are as follows:

Thousands of euros	2017		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Type			
Properties	18,446	41,091	18,886
Vehicles	17,492	21,004	10,502
Other assets	206	467	203
	36,144	62,562	29,591

Miles de euros	2016		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Type			
Properties	16,216	39,598	12,714
Vehicles	12,363	11,715	5,858
Other assets	-	-	-
	28,579	51,313	18,572

The main operating leases for properties are as follows:

- Lease for buildings located at Calle Santa Sabina 8 and Calle Pajaritos 24 in Madrid, between the parent, Prosegur Gestión de Activos, S.L., and Proactinmo, S.L.U. The total expense for these leases amounts to EUR 1,921 thousand in 2017 (in 2016: EUR 1,859 thousand), (Note 30).
- Lease held by Prosegur Brasil, S.A. for the use of operating bases in Rio de Janeiro and São Paulo. The total expense for these leases amounts to EUR 2,267 thousand in 2017 (in 2016: EUR 2,334 thousand).
- Lease held by Prosegur Companhia de Segurança, Ltda. for the office building located at Avenida Berna, 54 in Lisbon. The total expense for this lease amounts to EUR 220 thousand in 2017 (in 2016: EUR 220 thousand).

Operating leases for vehicles have an average duration of four years.

The cost of operating leases in the consolidated income statement for 2017 amounts to EUR 80,469 thousand (in 2016: EUR 84,950 thousand) (Note 4). There are no contingent payments in this regard.

Prosegur also leases installations under cancellable operating leases as part of its alarm system rental activity. Customers may cancel these contracts by giving notice, terminating the agreement immediately. The uncertainty regarding these cancellation periods does not allow for the total future collections from these operating leases to be reliably estimated.

29. Business Combinations

Details of changes in goodwill are presented in Note 12.

29.1 Goodwill recognised in 2017

Details of the net assets acquired and goodwill recognised on business combinations during the year are as follows:

Thousands of euros	Segment to which allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
GoodwillCash Services Australia Pty Limited ⁽¹⁾	Cash	2,171	-	2,171	2,171	-
Grupo Contesta ⁽¹⁾	Cash	6,695	8,914	15,609	10,512	5,097
Asset Purchase from Omni S.A. ⁽¹⁾	Alarms	3,330	2,482	5,812	5,102	710
Other business combinations of Prosegur Cash	Cash	26,972	5,388	32,360	20,485	11,875
		39,168	16,784	55,952	38,270	17,682

⁽¹⁾ Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

Goodwill is not tax-deductible.

Had the businesses acquired in 2017 been acquired on 1 January 2017, the revenue in the 2017 consolidated income statement would have increased by EUR 25,586 thousand, and profit for the year would have increased by EUR 5,700 thousand.

Prosegur has recognised transaction costs of EUR 1,430 thousand under selling, general and administrative expenses in the consolidated income statement (in 2016: EUR 1,172 thousand).

The cash outflow incurred to acquire these businesses, net of the cash acquired, was as follows:

Thousands of euros	Country	Segment	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Cash Services Australia Pty Limited ⁽¹⁾	Australia	Cash	2.171	(170)	2.001
Grupo Contesta ⁽¹⁾	Spain	Cash	6.695	(983)	5.712
Compra de Activos a Omni S.A. ⁽¹⁾	Paraguay	Alarms	3.330	-	3.330
Resto de combinaciones de negocio de Prosegur Cash	Miscellaneous	Cash	26.972	(2.333)	24.639
			39.168	(3.486)	35.682

⁽¹⁾ Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

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Cash Services Australia Pty Limited

On 17 February 2017, Prosegur acquired 100% of Cash Services Australia Pty Limited, an Australian security company that provides cash and valuables in transit and cash management services. The total purchase price was AUD 2,998 thousand (equivalent on the acquisition date to EUR 2,171 thousand), comprising a cash payment of AUD 2,406 thousand (equivalent on the acquisition date to EUR 1,742 thousand) and a contingent deferred payment for a total of AUD 592 thousand (equivalent on the acquisition date to EUR 429 thousand), maturing in 2017.

The acquired assets were consolidated from 17 February 2017. Meanwhile, the revenue and net losses contributed to the consolidated income statement for 2017 totalled EUR 3,844 thousand and EUR 45 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	170	170
Property, plant and equipment	379	379
Deferred tax assets	195	195
Trade and other receivables	1,344	1,344
Trade and other payables	(742)	(742)
Provisions for liabilities and charges	(235)	(235)
Other intangible assets	-	1,504
Deferred tax liabilities	-	(451)
Current tax assets	7	7
Identifiable net assets acquired	1,118	2,171

The intangible assets acquired comprise customer relationships (EUR 1,504 thousand) with a useful life of 7 years.

Grupo Contesta

On 14 September 2017, Prosegur acquired 100% of the Grupo Contesta in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand, comprising a cash payment of EUR 6,695 thousand and a contingent deferred payment of EUR 8,914 thousand with maturity in 2018, 2019, and 2020.

The business acquired was consolidated from 14 September 2017. The revenues and net profit contributed to the consolidated income statement for 2017 totalled EUR 5,466 thousand and EUR 252 thousand, respectively.

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The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	983	983
Property, plant and equipment	1,067	1,067
Trade and other receivables	3,148	3,148
Current tax assets	13	13
Current tax liabilities	(284)	(284)
Trade and other payables	(977)	(977)
Other financial assets	46	46
Financial debt	(500)	(500)
Deferred tax liabilities	-	(2,333)
Other intangible assets	16	9,349
Identifiable net assets acquired	3,512	10,512

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (EUR 9,333 thousand) with a useful life of 14 years.

Asset purchase from Omni S. A.

On 1 December 2017, Prosegur acquired a number of assets from Omni S.A., a Paraguayan security firm specialising in monitoring residential alarms. The total purchase price was PYG 39,039,000 thousand (equivalent on the acquisition date to EUR 5,811 thousand), comprising a cash payment of PYG 22,369,000 thousand (equivalent on the acquisition date to EUR 3,330 thousand) and a contingent deferred consideration of PYG 16,670,000 thousand (equivalent on the acquisition date to EUR 2,481 thousand), maturing in 2018.

The acquired assets were consolidated from 1 December 2017. It contributed revenue of EUR 261 thousand and net profit of EUR 180 thousand to the 2017 consolidated income statement.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Property, plant and equipment	89	89
Other intangible assets	-	5,013
Identifiable net assets acquired	89	5,102

The goodwill on this acquisition was allocated to the Alarms segment and to the Latin America geographical area and mainly reflects the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. Intangible assets comprise customer relations (EUR 4,831 thousand), with a useful life of 8.5 years, and a non-compete agreement (EUR 182 thousand) with a useful life of 5 years.

Other business combinations of Prosegur Cash

In 2017, Prosegur acquired a number of assets and security companies in Latin America that provide securities logistics and cash management services. The total purchase price was EUR 32,360 thousand, comprising a cash payment of EUR 26,972 thousand, a deferred payment totalling EUR 4,045 thousand falling due in 2017, 2018 and 2019, and a contingent deferred payment of EUR 1,343 thousand, with maturity in 2018 and 2019.

The revenue and net losses contributed to the consolidated income statement for 2017 were EUR 1,028 thousand and EUR 43 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	2,333	2,333
Property, plant and equipment	6,139	6,139
Inventory	33	33
Trade and other receivables	525	525
Current tax assets	108	108
Trade and other payables	(545)	(545)
Deferred tax assets	85	85
Deferred tax liabilities	(833)	(2,009)
Other financial assets	95	95
Financial debt	(1,189)	(1,189)
Other intangible assets	-	14,910
Identifiable net assets acquired	6,751	20,485

The goodwill on this acquisition was allocated to the Cash segment and to the Latin America geographical area and mainly reflects the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. Intangible assets comprise customer relations (EUR 14,043 thousand), with a useful life of between 7 and 19 years, and a non-compete agreement (EUR 867 thousand) with a useful life of 10 years.

29.2 Goodwill recognised in 2016 and not revised in 2017

Details of the net assets acquired and goodwill recognised on business combinations carried out in 2016 whose value has not been revised in 2017 are as follows:

Thousands of euros	Segment to which allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
MIV Gestión S.A.	Cash	698	443	1,141	832	309
Dognaedis Lda.	Security	60	1,451	1,511	445	1,066
Beagle Watch Armed Response Proprietary Limited	Alarms	2,155	3,311	5,466	2,297	3,169
Procesos Técnicos de Seguridad y Valores S.A.S	Cash	156	-	156	85	71
Indiseg Evolium Group S.L.	Security	961	600	1,561	898	663
Asset Purchase from Toll Transport Pty Ltd	Cash	7,218	4,545	11,763	5,934	5,829
		11,248	10,350	21,598	10,491	11,107

Goodwill is not tax-deductible.

The cash outflow incurred to acquire these businesses, net of the cash acquired, was as follows:

Thousands of euros	Country	Segment to which allocated	Cash payment	Cash and cash equivalents acquired	Total purchase price
MIV Gestión S.A.	Spain	Cash	698	(240)	458
Dognaedis Lda.	Portugal	Security	60	(9)	51
Beagle Watch Armed Response Propierty Limited	South Africa	Alarms	2,155	(35)	2,120
Procesos Técnicos de Seguridad y Valores S.A.S	Colombia	Cash	156	(3)	153
Indiseg Evolium Group S.L. ⁽¹⁾	Spain	Security	961	-	961
Asset Purchase from Toll Transport Pty Ltd	Australia	Cash	7,218	-	7,218
			11,248	(287)	10,961

MIV Gestión, S. A.

On 8 January 2016, Prosegur acquired 100% of MIV Gestión S.A., a Spanish security firm that provides international transit services for valuable and vulnerable goods. The total purchase price was EUR 1,141 thousand, comprising a cash payment of EUR 698 thousand, a deferred payment totalling EUR 360 thousand falling due in 2016 and 2017 and a contingent deferred payment of EUR 83 thousand.

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The acquired business was consolidated from 8 January 2016.

The assets and liabilities that arose from this acquisition were as follows:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	240	240
Property, plant and equipment	17	17
Other non-current assets	10	10
Trade and other receivables	475	475
Trade and other payables	(427)	(427)
Current tax liabilities	(8)	(8)
Other intangible assets	-	701
Deferred tax	(1)	(176)
Identifiable net assets acquired	306	832

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets comprise customer relationships (EUR 701 thousand) and have a useful life of five years.

Beagle Watch Armed Response Proprietary Limited

On 28 January 2016, Prosegur acquired 57% of Beagle Watch Armed Response Proprietary Limited, a South African security firm specialising in monitoring residential alarms. The total purchase price was RAND 42,251 thousand (equivalent on the acquisition date to 2,415 thousand euros), comprising a cash payment of 37,697 thousand South African rand (equivalent on the acquisition date to 2,155 thousand euros), and a deferred amount to secure possible liabilities amounting to RAND 4,554 thousand (equivalent on the acquisition date to EUR 260 thousand). In addition, Prosegur increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing a capital increase for a total amount of RAND 53,369 thousand (equivalent on the acquisition date to 3,051 thousand euros), thus bringing Prosegur's shareholding in the company to 75%. Payment for this capital increase was made on 16 March 2017.

The acquired business was consolidated from 28 January 2016.

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The assets and liabilities that arose from this acquisition were as follows:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	35	35
Property, plant and equipment	186	186
Trade and other receivables	2,389	2,389
Inventory	20	20
Trade and other payables	(167)	(167)
Other liabilities and expenses	(6)	(6)
Financial debt	(112)	(112)
Current tax liabilities	(8)	(8)
Deferred tax	(40)	(40)
Identifiable net assets acquired	2,297	2,297

The goodwill on this acquisition was allocated to the Alarms segment and to the AOA geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur.

Dognaedis, Lda.

On 14 March 2016, Prosegur acquired 100% of Dognaedis, Lda. S.A., a Portuguese company specialising in cybersecurity services. The total purchase price was EUR 1,511 thousand, comprising a cash payment of EUR 60 thousand and a contingent deferred payment totalling EUR 1,451 thousand.

The acquired business was consolidated from 14 March 2016.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	9	9
Property, plant and equipment	13	13
Trade and other receivables	150	150
Current tax assets	22	22
Trade and other payables	(51)	(51)
Current tax liabilities	(4)	(4)
Other current liabilities	(117)	(117)
Long term financial liabilities	(140)	(140)
Other intangible assets	251	723
Financial debt	(45)	(45)
Deferred tax	-	(115)
Identifiable net assets acquired	88	445

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The goodwill on this acquisition was allocated to the Security segment and to the European geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur.

Procesos Técnicos de Seguridad y Valores, S. A.S.

On 29 April 2016, Prosegur acquired 100% of Procesos Técnicos de Seguridad y Valores S.A.S., a Colombian firm specialising in cash management services, including the processing, packaging and recycling of banknotes and coins. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to EUR 156 thousand), comprising a single cash payment of COP 512,000 thousand (equivalent on the acquisition date to EUR 156 thousand).

The acquiree was consolidated from 29 April 2016. The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	3	3
Property, plant and equipment	35	35
Trade and other receivables	450	450
Current tax assets	121	121
Trade and other payables	(501)	(501)
Current tax liabilities	(23)	(23)
Identifiable net assets acquired	85	85

The goodwill on this acquisition was allocated to the Cash segment and to the Latin America geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur.

Indiseg Evolium Group, S.L.

On 3 November 2016, Prosegur acquired 100% of Indiseg Evolium Group, S.L., a Spanish company specialising in cybersecurity services. The total purchase price was EUR 1,561 thousand, comprising a cash payment of EUR 961 thousand and a contingent deferred payment totalling EUR 600 thousand.

The acquiree was consolidated from 3 November 2016.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	-	-
Property, plant and equipment	25	25
Trade and other receivables	819	819
Trade and other payables	(379)	(379)
Financial liabilities	(268)	(268)
Other intangible assets	-	935
Deferred tax	-	(234)
Identifiable net assets acquired	197	898

The goodwill on this acquisition was allocated to the Security segment and to the European geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relations (EUR 935 thousand) and have a useful life of eight years.

Toll Transport Pty Ltd

On 4 November 2016, Prosegur acquired a number of assets from Toll Transport Pay Ltd. in Australia. The total purchase price was AUD 18,115 thousand (equivalent on the acquisition date to EUR 11,763 thousand), comprising a cash payment of AUD 11,115 thousand (equivalent on the acquisition date to EUR 7,218 thousand) and a deferred amount of AUD 7,000 thousand to secure possible liabilities (equivalent on the acquisition date to EUR 4,545 thousand)

The acquired assets were consolidated from 4 November 2016.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents		
Property, plant and equipment	3,458	3,458
Trade and other payables	(248)	(248)
Other intangible assets	-	3,892
Deferred tax	-	(1,168)
Identifiable net assets acquired	3,210	5,934

The goodwill on this acquisition was allocated to the Cash segment and to the AOA geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relations (EUR 3,892 thousand) and have a useful life of 13 years.

30. Related parties

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid that owns 50.075% of the Company's shares. The remaining 49.925% is held by various shareholders, the main ones being Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones, S.L. with 5.328%, FMR LLC with 3.962%, and Invesco Limited with 1.879% (Note 21).

Purchases of goods and services

In October 2005, a lease agreement was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for a building located at calle Santa Sabina, no. 8, in Madrid, adjacent to a building located at calle Pajaritos, no. 24. In December 2015, a novation of the lease was signed so as to bring the annual rent to EUR 1,012 thousand, in line with market conditions, and to extend the term of the contract from five to ten years, which may be extended by a further year. A total expense of EUR 1,164 thousand was incurred for this lease in 2017 (in 2016: EUR 1,154 thousand).

In December 2015, a lease was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the rental of the building located in Calle Pajaritos, no. 24, in Madrid. The duration of the contract is ten years, renewable for one year, and it has been updated in line with market conditions. A total expense of EUR 757 thousand was incurred for this lease in 2017 (in 2016: EUR 705 thousand).

Both leases are at market prices.

During the year, the Euroforum Group (controlled by Gubel, S.L.) billed EUR 193 thousand to Prosegur for hotel services (in 2016: EUR 87 thousand).

Provision of services

In 2017, Prosegur provided security services to Gubel, S.L. amounting to EUR 22 thousand (2016: EUR 14 thousand), and to Proactinmo, S.L.U. (controlled by Gubel, S.L.) for a total of EUR 87 thousand (2016: EUR 49 thousand).

During the fiscal year, Prosegur invoiced the Euroforum Group (controlled by Gubel, S.L.) for EUR 284 thousand (2016: EUR 307 thousand).

In 2017, no assets were sold to related companies.

Remuneration of board members and key management personnel

1. Remuneration of directors

The total remuneration accrued by members of the Board of Directors is as follows:

Thousands of euros	2017	2016
Fixed remuneration	1,717	1,325
Variable remuneration	250	500
Remuneration for Board membership	160	590
Daily allowances	190	152
Life insurance premiums	66	57
	2,383	2,624

2. Remuneration of Senior Management

Senior management personnel are understood to be Prosegur employees who hold, de facto or de jure, senior management positions and who report directly to the Board of Directors, executive committees or the managing director, including those holding power of attorney which relates to the corporate object and which is not restricted to specific areas or matters.

The total remuneration accrued by senior management personnel of Prosegur is as follows:

Thousands of euros	2017	2016
Fixed remuneration	1,616	2,812
Variable remuneration	1,187	1,534
Remuneration in kind	48	117
Life insurance premiums	10	8
	2,861	4,471

Expenses relating to civil liability insurance for directors and senior management totalled EUR 468 thousand (2016: EUR 116 thousand).

At the annual general meeting held on 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation during the period from 2012 to 2014.

At the annual general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and sets out the payment of incentives pegged to the listed value of shares and/or cash incentives to the Managing Director and Senior Management of the Company, as under the previous plan (Note 34.19).

In relation to the 2014 and 2017 long-term incentive plans for the CEO and Senior Management of Prosegur (Note 5.1), an expense of EUR 6,695 thousand has been recognised under salaries and wages in relation to the commitment accrued in 2017 (2016: EUR 4,260 thousand) (Note 22).

The liability for the total commitment acquired has been recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (Note 22).

In 2017, EUR 1,526 thousand was applied for the settlement of the last part of the 2014 Plan (Note 22) (in 2016: EUR 988 thousand).

Loans and investments with related parties

As of 31 December 2017 and 2016, there were no loans to related entities with the exception of the EUR 2,565 thousand loan extended by Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is accounted for using the equity method (Note 15).

Through Gesconsult S.A., Prosegur has invested EUR 50,000 thousand in a fixed-income fund, for which an expense for management fee of 0.60% was recorded. The Chairman of Gesconsult, Juan Lladó Fernández-Urrutia, is a related person of Christian Gut Revoredo. Following a favourable report from the corresponding delegated commission, the Board of Directors authorised this related party transaction on 3 April 2017.

Investments and positions held by the members of the Board of Directors of the parent and their related parties at other companies

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities in companies with an identical, similar or complementary corporate object to that of the Company, outside of the scope of Prosegur.

Information required by article 229 of the Spanish Corporate Enterprises Act

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the improvement of corporate governance, no situations have arisen during 2017 in which the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Company.

The firm J&A Garrigues, S.L.P. has provided legal and tax advisory services to Prosegur, on a recurring basis, within the ordinary course of business and under market conditions, dating back long before the appointment of Fernando Vives as a director of the Company. Prosegur does not work exclusively with the firm J&A Garrigues, S.L.P. and receives legal and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not significant for the firm in material terms, nor do they represent a significant amount in Prosegur's accounts. As of 31 December 2017, fees amount to EUR 1,305 thousand which represents less than 0.5% of the sales and administrative expenses of Prosegur (Note 4) and the total sales of Garrigues (as of 31 December 2016: EUR 698 thousand). Furthermore,

Prosegur has provided surveillance services to the law firm J&A Garrigues, S.L.P. during the 2017 financial year. Surveillance services billed to J&A Garrigues, S.L.P. as of 31 December 2017 amounted to EUR 524 thousand which represents less than 0.5% of the total revenue of Prosegur (EUR 542 thousand as of 31 December 2016).

These services are performed through partners at the firm other than Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is wholly independent and not linked in any way to the firm's invoicing to Prosegur. As the relationship between the firm J&A Garrigues, S.L.P. and Prosegur is a recurring and non-exclusive arrangement which forms part of their ordinary course of business and, as mentioned above, is insignificant, the Board of Directors is confident that it does not compromise the independence of Fernando Vives in his capacity as an independent director of Prosegur.

In 2017, Prosegur contracted equity advisory services from Lazard Asesores Financieros, S.A. with regard to the process of preparing a possible IPO of the Cash business division, Prosegur Cash, S.A. Following the flotation of Prosegur Cash, S.A., the contractual relationship with Lazard Asesores Financieros, S.A. ended. Mr D'Ornellas did not form part of the advisory team that provided services to Prosegur at the time. The contracting of Lazard Asesores Financieros, S.A. was the result of an internal tender 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 commercial relationship to provide advisory services in the area of Latin America and his remuneration does not involve a share in the profits of Lazard Asesores Financieros, S.A. Lazard Asesores Financieros, S.A.'s billing to Prosegur for the equity advisory services contracted did not represent more than 5% of the annual turnover of Lazard Asesores Financieros, S.A. in 2017. In addition, Mr D'Ornellas's remuneration as senior advisor of Lazard Asesores Financieros, S.A. is wholly independent and not linked in any way to the company's billing to Prosegur or to the aforementioned flotation. For these reasons, the Board of Directors considers that the business relationship between Lazard Asesores Financieros, S.A. and Prosegur does not affect in any way the independence of Mr Fernando D'Ornellas to work as an independent director of Prosegur as the relationship was within the ordinary course of business, not exclusive and insignificant under the terms indicated, and was limited to a specific operation for which Mr D'Ornellas does not form part of the advisory team of Lazard Asesores Financieros, S.A. nor does it affect in any way his remuneration.

31. Financial risk management and fair value

31.1 Financial risk factors

Prosegur's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. Prosegur's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

Currency risk

Prosegur operates on an international level and is therefore exposed to exchange rate risks for currency operations. Currency risk arises when future commercial transactions, foreign equity investments, profit and loss from operating activities and financial positions are denominated in a foreign currency other than the functional currency of each one of the Prosegur companies.

To control the risk arising in these operations, Prosegur's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows, considering market expectations.

As Prosegur intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments in those countries, assuming the risk relating to the translation to euros of the assets and liabilities denominated in foreign currencies.

The following provides details of Prosegur's exposure to currency risks, with details on the carrying amounts of the financial instruments denominated in a foreign currency other than the functional one of each country:

On 31 December 2017	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	Total position
Loans to related parties	-	-	-	-	-	-	-	-
Non-current financial assets	-	111	-	-	-	-	-	111
Total non-current assets	-	111	-	-	-	-	-	111
Trade and other receivables	68,677	14,686	-	-	-	-	-	83,363
Other current financial assets	3,700	100	-	-	5,454	12,381	347	21,982
Cash and cash equivalents	25,797	20,853	-	-	381	281	-	47,312
Total current assets	98,174	35,639	-	-	5,835	12,662	347	152,657
Financial liabilities	-	331	-	-	19,101	-	-	19,432
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Non-current liabilities	-	331	-	-	19,101	-	-	19,432
Trade and other payables	35,554	50,621	-	3	2	-	31	86,211
Financial liabilities	5,047	4,613	151	1,838	3,625	-	308	15,582
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Current liabilities	40,601	55,234	151	1,841	3,627	-	339	101,793
Net position	57,573	(19,815)	(151)	(1,841)	(16,893)	12,662	8	31,543

On 31 December 2016	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	Total position
Loans to related parties	-	-	-	-	-	-	-	-
Non-current financial assets	-	90	-	-	-	-	364	454
Total non-current assets	-	90	-	-	-	-	364	454
Trade and other receivables	14,746	5,174	-	-	-	-	1,840	21,760
Other current financial assets	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	34,590	5,196	-	-	-	-	-	39,786
Total current assets	49,336	10,370	-	-	-	-	1,840	61,546
Financial liabilities	3,659	222	-	-	-	-	18,739	22,620
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Non-current liabilities	3,659	222	-	-	-	-	18,739	22,620
Trade and other payables	11,305	18,081	1,166	-	-	-	8,624	39,176
Financial liabilities	29,174	3,755	493	2,599	-	-	410	36,431
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Current liabilities	40,479	21,836	1,659	2,599	-	-	9,034	75,607
Net position	5,198	(11,599)	(1,659)	(2,599)	-	-	(25,569)	(36,226)

Details of the main average and year-end exchange rates to euros of the foreign currencies in which Prosegur operates are as follows:

	2017		2016	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar	1.13	1.20	1.11	1.05
Brazilian Real	3.60	3.97	3.86	3.43
Argentine Peso	18.72	22.31	16.33	16.76
Chilean Peso	732.21	737.83	748.56	703.39
Mexican Peso	21.33	23.66	20.66	21.77
Peruvian Nuevo Sol	3.68	3.88	3.74	3.54
Colombian Peso	3,336.10	3,578.71	3,379.51	3,163.05

The strengthening (weakening) of the euro vs the Brazilian Real, Argentine Peso, Chilean Peso, Peruvian Nuevo Sol, and United States Dollar on 31 December would increase (decrease) the profit/loss and equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate that Prosegur deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant.

Thousands of euros	2017			
	Increase in exchange rate		Increase in exchange rate	
	Net worth	Result	Net worth	Result
Brazilian Real (15% variation)	85,332	(33)	(59,298)	23
Argentine Peso (25% variation)	266,714	16,674	(119,828)	(7,491)
Chilean Peso (10% variation)	14,810	(2,361)	(12,117)	2,475
Peruvian Nuevo Sol (10% variation)	11,347	(4,314)	(9,284)	3,530
US Dollar (10% variation)	64	(63)	(52)	(679)

Thousands of euros	2016			
	Increase in exchange rate		Increase in exchange rate	
	Net worth	Result	Net worth	Result
Brazilian Real (18% variation)	81,085	(364)	(56,347)	253
Argentine Peso (38% variation)	194,275	4,986	(87,283)	(2,240)
Chilean Peso (10% variation)	12,218	(1,379)	(9,997)	1,646
Peruvian Nuevo Sol (10% variation)	12,157	(494)	(9,946)	404
US Dollar (10% variation)	74	(1,083)	(61)	886

Credit risk

Prosegur is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of customers are used if available. Otherwise, the Credit Control Department assesses each customer's credit rating, considering financial position, past experience and other factors. Individual credit limits are established depending on internal and external qualifications in accordance with the limits set by the Financial and Economic Management. There is regular monitoring of the use of credit limits.

Prosegur has formal procedures for detecting objective evidence of impairment of trade receivables. As a result of the same, it identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. The impairment of trade receivables on 31 December 2017 amounts to EUR 66,618 thousand (in 2016: EUR 75,593 thousand) (Note 19) and the trade receivables not included in this provision at year end have sufficient credit quality, so the credit risk for these accounts receivable is considered covered by this provision.

In Spain, the Collections Department manages an approximate monthly volume of 8,387 customers (excluding customers from alarms) with a monthly average turnover of EUR 9,185 per customer. The payment method most used by customers is bank transfer which represents 87% while the remaining 13% is represented by notes (cheques, promissory notes, direct debits, etc).

Details of the percentage of total Prosegur turnover represented by the eight main customers are as follows:

	2017	2016
Counterparty		
Customer 1	6.89%	4.31%
Customer 2	5.42%	3.53%
Customer 3	4.71%	2.82%
Customer 4	3.79%	2.28%
Customer 5	3.63%	2.21%
Customer 6	2.41%	1.66%
Customer 7	2.28%	1.22%
Customer 8	2.19%	1.14%

As explained in Note 19, as of 31 December 2017 Prosegur does not have a factoring contract.

All financial assets contracted in 2017 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach Prosegur's business targets safely, efficiently and on time. The Group's Treasury Department aims to maintain liquidity and sufficient availability to guarantee Prosegur's business operations.

Management monitors Prosegur's liquidity reserves, which comprise credit available for drawdown (Note 23) and cash and cash equivalents (Note 20), and are forecast based on expected cash flows.

Prosegur's liquidity position for 2017 is based on the following:

- Cash and cash equivalents of EUR 630,939 thousand on 31 December 2017 (in 2016: EUR 824,634 thousand).
- EUR 800,934 thousand available in undrawn credit facilities on 31 December 2017 (in 2016: EUR 579,716 thousand).
- Cash flows from operating activities in 2017 amounting to EUR 278,600 thousand (in 2016: EUR 268,088 thousand).

The amounts presented in this table reflect the cash flows stipulated in the contracts.

Thousands of euros	2017						
	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Debentures and other marketable	1,104,205	1,181,151	515,151	-	8,250	24,750	633,000
Loans and borrowings	214,578	245,923	21,857	107,821	48,248	11,536	56,461
Finance lease payables	20,481	24,712	2,256	7,883	6,403	7,964	206
Credit accounts	33,758	34,870	23,962	10,908	-	-	-
Other debts	45,335	53,639	26,050	5,892	9,531	9,572	2,594
Trade and other payables	622,953	622,953	622,953	-	-	-	-
	2,041,310	2,163,248	1,212,229	132,504	72,432	53,822	692,261

Thousands of euros	2016						
	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Debentures and other marketable	509,195	527,500	13,750	-	513,750	-	-
Loans and borrowings	816,218	962,825	172,153	6,998	76,185	707,489	-
Finance lease payables	23,905	28,794	6,495	4,601	7,033	8,430	2,236
Credit accounts	187,713	190,385	137,480	2,904	-	50,000	-
Other debts	44,949	52,825	32,111	2,751	5,565	8,239	4,158
Trade and other payables	587,776	587,776	587,776	-	-	-	-
	2,169,756	2,350,104	949,765	17,254	602,533	774,158	6,394

Finally, systematic forecasts are prepared for cash generation and requirements, allowing Prosegur to determine and monitor its liquidity position on an ongoing basis.

Cash flow and fair value interest rate risks

Prosegur is exposed to interest rate risk due to the monetary assets and liabilities on its statement of financial position.

The exposure of Prosegur's financial liabilities (excluding other payables) at the contract review dates is as follows:

Thousands of euros	2017				
	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
Total financial liabilities (fixed rate)	523,546	94,024	26,845	594,308	1,238,723
Total financial liabilities (variable rate)	28,000	26,997	33,399	45,903	134,299
	551,546	121,021	60,244	640,211	1,373,022

Miles de euros	2016				
	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
Total financial liabilities (fixed rate)	142,085	4,998	507,725	288	655,096
Total financial liabilities (variable rate)	175,960	3,658	700,525	1,787	881,930
	318,045	8,656	1,208,250	2,075	1,537,026

Prosegur analyses its interest rate risk exposure dynamically. In 2017, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros, Brazilian Reals, Mexican Pesos, South African Rands, and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate for all currencies. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

The details of financial liabilities, indicating the portion considered to be hedged at a fixed rate, are as follows:

Thousands of euros	On 31 December 2017		
	Total debt	Hedged debt	Debt exposure
Europe	1,254,830	1,191,150	63,680
AOA	59,316	14	59,302
Ibero-America	104,211	48,957	55,254
	1,418,357	1,240,121	178,236

Thousands of euros	On 31 December 2016		
	Total debt	Hedged debt	Debt exposure
Europe	1,483,485	656,773	826,712
AOA	6,356	103	6,253
Ibero-America	92,139	17,147	74,992
	1,581,980	674,023	907,957

In regard to the debt covered on 31 December 2017, this corresponds primarily to the issuance of uncovered bonds totalling EUR 510,088 thousand in 2017 (EUR 509,195 thousand on 31 December 2016) and the issuance of uncovered bonds totalling EUR 594,117 thousand in 2017 (Note 23). In addition, there are leasing debts and loans with credit entities at a fixed-rate interest in Spain, Chile, Germany, Peru, Brazil, Colombia, South Africa, and Paraguay.

On 31 December 2017, if the interest rate for loans and borrowings had been 100 basis points higher, with the rest of the variables remaining constant, the net result for the period would have been EUR 1,028 thousand lower (in 2016: EUR 4,444 thousand lower), mainly as a result of a greater cost due to variable-rate interests on loans.

31.2 Capital risk management

Prosegur's capital management is aimed at safeguarding its capacity to continue operating as a going concern, with the aim of providing shareholder remuneration and profits for other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, Prosegur can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, Prosegur controls its capital structure on a gearing ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the balance sheet.

The gearing ratio is calculated as follows:

Thousands of euros	2017	2016
Financial liabilities (Note 23)	1,418,357	1,581,980
Less: other non-bank payables (Note 23)	(45,335)	(44,949)
Less: Cash and cash equivalents (note 20)	(630,939)	(824,634)
Less: Other current financial assets (Note 20)	(490,298)	-
Net financial debt	251,785	712,397
Net equity	1,143,440	751,500
Total capital	1,395,225	1,463,897
Gearing ratio	18.05%	48.66%
Net financial debt/equity ratio	22.02%	94.80%

The ratio of net financial debt to capital has fallen primarily as a result of the offer of sale of stock in the subsidiary Prosegur Cash S.A. in March 2017 totalling EUR 824,992 thousand with associated expenses, net of tax, relating thereto totalling EUR 28,018 thousand, which has been offset by the distribution of an extraordinary cash dividend totalling EUR 279,996 thousand in the December 2017.

31.3 Financial instruments and fair value

Classification and fair value

The carrying amounts and fair values of financial instruments, classified by category, are as follows, including the fair value hierarchy levels. If the fair values of financial assets and liabilities not measured at fair value are not included, it is because Prosegur believes that these are close to their carrying amounts owing, to a large extent, to the short-term maturities of these instruments.

Thousands of euros	31 December 2017								
	Carrying amount				Fair value				
	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Deposits and guarantees	-	4,334	-	-	4,334				
Deposits	-	7,809	-	-	7,809				
Trade and other receivables	-	833,220	-	-	833,220				
Other current financial assets	-	490,298	-	-	490,298				
Cash and cash equivalents	-	630,939	-	-	630,939				
	-	1,966,600	-	-	1,966,600				
Financial liabilities recognised at fair value									
Contingent payments	-	-	(11,714)	-	(11,714)	-	-	(10,916)	(10,916)
	-	-	(11,714)	-	(11,714)				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	-	-	-	(1,104,205)	(1,104,205)	(1,088,074)	-	-	(1,088,074)
Financial liabilities from financial institutions	-	-	-	(268,817)	(268,817)	-	(245,851)	-	(245,851)
Other financial liabilities	-	-	-	(33,621)	(33,621)	-	(33,621)	-	(33,621)
Trade and other payables	-	-	-	(622,953)	(622,953)				
	-	-	-	(2,029,596)	(2,029,596)				

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Thousands of euros	31 December 2016								
	Carrying amount					Fair value			
	Available- for-sale financial assets	Loans and receiva- bles	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value									
Investments and other assets	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Deposits and guarantees	-	3,493	-	-	3,493				
Deposits	-	6,108	-	-	6,108				
Trade and other receivables	-	842,830	-	-	842,830				
Cash and cash equivalents	-	824,634	-	-	824,634				
	-	1,677,065	-	-	1,677,065				
Financial liabilities recognised at fair value									
Contingent payments	-	-	(253)	-	(253)	-	-	(253)	(253)
	-	-	(253)	-	(253)				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	-	-	-	(509,195)	(509,195)	(518,710)	-	-	(518,710)
Financial liabilities from financial institutions	-	-	-	(1,027,830)	(1,027,830)	-	(1,025,974)	-	(1,025,974)
Other financial liabilities	-	-	-	(44,696)	(44,696)	-	(44,696)	-	(44,696)
Trade and other payables	-	-	-	(587,776)	(587,776)				
	-	-	-	(2,169,497)	(2,169,497)				

Measurement bases and inputs employed for financial instruments measured at fair value:

Below are the measurement values used in 2017 to determine Level 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input. The contingent payments described belong to the Contesta Group business combination, which represent nearly half of the total. Sensitivity analyses are as follows:

Type	Measurement bases (*)	(Unobservable) inputs employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Contingent payments	Discounted cash flows: The measurement model considers the present value of the net cash flows to be generated by the business. The expected cash flows are determined considering the scenarios that may be exercised by Gross Margin forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.	Gross Margin	The estimated fair value would increase/fall according to the value of gross margin.	<p>- If estimated gross margin were at 5% of the agreed scenario, the value of contingent payments in 2017 would have varied by EUR 506 thousand; if it were 10%, the value of the contingent payments would have varied by EUR 1,012 thousand.</p> <p>- In the event of a 5% decrease in gross margin, the contingent payments would have varied by EUR (506) thousand, and if the decrease were 10%, the value of the contingent payments would have varied by EUR (1,518) thousand.</p>

⁽¹⁾Forecasted annual sales growth has been established at 8% beginning in 2018, forecasted EBITDA (2017-2020: from 15.4% to 20.0%), and at the risk-adjusted discount rate (13.5%).

Measurement bases for financial instruments not measured at fair value:

Type	Measurement bases	(Unobservable) inputs employed
Financial liabilities from financial institutions	Discounted cash flows	N/A
Finance lease liabilities	Discounted cash flows	N/A
Other financial liabilities	Discounted cash flows	N/A

Transfer of assets and liabilities amongst the various levels

During the reporting period ending at 31 December 2017 there were no transfers of assets and liabilities amongst the various levels.

32. Other information

The average headcount of Prosegur is as follows:

	2017	2016
Operations personnel	159,275	157,693
Other	9,186	9,440
	168,461	167,133

The average headcount of operations personnel employed by equity-accounted investees in 2017 is 17,465 employees (in 2016: 17,047 people).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

	2017	2016
Operations personnel	241	170
Indirect Staff	71	50
	312	220

At year end, the distribution by gender of Prosegur personnel is as follows:

	2017		2016	
	Male	Female	Male	Female
Operations personnel	137,245	23,659	135,343	23,269
Other	5,953	3,493	6,189	3,319
	143,198	27,152	141,532	26,588

The distribution by gender of the Board of Directors and senior management personnel of Prosegur is as follows:

	2017		2016	
	Male	Female	Male	Female
Board of Directors	6	2	6	2
Senior Management	10	1	11	1
	16	3	17	3

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KPMG Auditores, S.L., the auditors of the annual accounts of Prosegur, have invoiced the following fees and expenses for professional services during the year:

Thousands of euros	2017	2016
KPMG Auditores, S.L. audit services	873	1,314
KPMG Auditores, S.L. Other assurance services	632	118
KPMG Auditores, S.L. other services	-	-
	1,505	1,432

Other assurance services correspond mainly to limited reviews of interim financial statements, agreed-upon procedures reports on compliance with covenants and others, and comfort letters in relation to issues of securities provided by KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A. and subsidiaries during the year ended 31 December, 2017.

The amounts included in the above table include the total fees for services provided in 2016 and 2017, irrespective of the date of invoice.

Additionally, other KPMG International affiliates have invoiced Prosegur the following fees and expenses for professional services during the year:

Thousands of euros	2017	2016
Audit services	1,361	1,574
Other assurance services	300	178
Tax advisory services	387	433
Other services	284	1,138
	2,332	3,323

On the other hand, other auditors have invoiced Prosegur the following fees and expenses for professional services during the year:

Thousands of euros	2017	2016
Audit services	-	31
	-	31

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33. Events after the reporting date

On 8 February 2018, uncovered bonds were issued for a nominal amount of EUR 700,000 thousand, maturing on 8 February 2023. The bonds are listed in the secondary market on the Irish Stock Exchange. They accrue a coupon of 1.00% per annum payable yearly on maturity.

In January 2018, Invesco Limited reduced its shareholding of Prosegur to below 1%..

34. Summary of the main accounting policies

The main accounting principles used in the preparation of these consolidated annual accounts are described in this section. These principles have been applied consistently throughout the reporting periods presented.

34.1 Accounting standards

a) Standards effective from 1 January 2017

The annual accounts for 2017 have been prepared using the same accounting principles as for 2016, except for the following standards and amendments adopted by the European Union and of mandatory application from 1 January 2017:

- Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses: Clarifications on the recognition of deferred tax assets for unrealised losses. Effective for annual periods beginning on or after 1 January 2017.
- Annual improvements to the IFRSs of the 2014-2016 cycle - They modify the following standards:
 - IFRS 1 - First-time Adoption of International Financial Reporting Standards; Amendment to IFRS 1 takes effect beginning 1 January 2018.
 - IFRS 12 - Disclosure of Interests in Other Entities; Amendment to IFRS 12 takes effect beginning 1 January 2017.
 - IAS 28 - Investments in Associates and Joint Ventures. Amendment to IAS 28 takes effect beginning 1 January 2018;
- Modifications to IAS 7 – Disclosure Initiative: Disclosure to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Effective for annual periods beginning on or after 1 January 2017.

b) Standards and interpretations issued, approved by the EU, but not effective as of 1 January 2017 and which Prosegur expects to adopt as of 1 January 2018 or later (none have been early adopted):

Standards and interpretations issued, approved by the European Union, but which did not enter into effect on 1 January 2017 and which the Group expects to adopt as of 1 January 2018 or later (none were early adopted):

- IFRS 9 Financial instruments. Applies to financial years beginning on or after 1 January 2018. Establishes criteria for the recognition and valuation of financial instruments. The only impact on the consolidated financial statements which the Group has identified consists of a new model for calculating impairment in the value of financial assets, changing the calculation method to that of expected credit losses during the life of the asset; the estimated negative impact on equity totals EUR 8,913 thousand.
- IFRS 15 Ordinary revenue from contracts with customers. Applies to financial years beginning on or after 1 January 2018. Establishes the criteria for accounting recognition of revenue from contracts with customers. At present, the expenses directly related to the obtaining of contracts (primarily sales commissions, as well as other third-party expenses) are charged to the income statement as they are incurred. With application of IFRS 15, an asset will be recognised for those costs that are incremental for the obtaining of a contract, and will be charged against the income statement together with the income relating to said asset. The estimated positive impact on net equity totals EUR 19,363 thousand. As a result, the consolidated financial statements of the Group must include additional breakdowns for income accounts. In addition, the process of implementing IFRS 15 has necessitated modification to various computer-based tools.
- IFRS 16 Leases. Applies to financial years beginning on or after 1 January 2019. Establishes that companies which are lessee in lease agreements will recognize in the consolidated statement of financial position the liabilities and assets of those lease agreements (excepting short-term and low-value leases). Under current rules, the Group's leases are classified as operational leases, and the payments are recognised on a straight-line basis over the lease term.

The standard allows two transition methods: one which is retroactive for each comparative period shown, and the other which is retroactive with the cumulative effect of initial application of the standard recognised on the first date of application. In this sense, the standard allows certain practical solutions for first application regarding the valuation of assets, discount rate, duration, initial costs, and short-term leases.

While the Group has not yet calculated the impact of adopting IFRS 16, it believes that the impact on its financial statements will be significant and will consist of recognising new assets and liabilities for its operating leases of properties and vehicles, and will change the nature of the expenses relating to such leases, as IFRS 16 replaces the straight-line expense of the operating lease with a charge for amortisation of 'right to use' assets and an expense for interest in lease liabilities.

- Amendment to IAS 40 – Investment property: Transfers of Investment Property. These modifications clarify the requirements for the transfer to or from investment property.
- Interpretation of IFRIC 22 - Foreign Currency Transactions and Advance Consideration. This covers the exchange rate to be used in transactions with advance consideration paid or received in foreign currency.
- Modifications to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Clarification of the accounting of specific kinds of transactions with share-based payments.

Based on the analyses carried out to date, Prosegur Management estimates that applying most of these standards and amendments will not significantly affect the financial statements except for IFRS 15 and IFRS 16. However, Prosegur is currently analysing the impact of applying these standards and amendments, even though it does not expect significant impacts on any of the different revenue types in each of its business lines/segments.

c) Standards and interpretations issued by the International Accounting Standards Board (IASB), pending approval by the European Union:

- Amendments to IFRS 8 – Operating Segments: Clarifications for those responsible for preparing financial information, as well as for regulators and users.
- IFRIC 23 – Uncertainty over income tax treatments: The new requirements introduced clarify aspects regarding the accounting of tax interpretations.

On the date these consolidated annual accounts were authorised for issue, Prosegur Management is evaluating the impact of the application of these standards and amendments on the consolidated annual accounts.

34.2 Consolidation policies

Subsidiaries

Subsidiaries, including structured entities, are those controlled by the Company, directly or indirectly, via subsidiaries. The Company controls a subsidiary when as a result of its involvement therein it is exposed or entitled to variable returns and has the ability to influence such returns via the power exercised on said entity. The Company holds the power when it holds substantive powers in force which provide it with the ability to manage relevant activities. The Company has exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control until the date that control ceases.

The transactions and balances held with Group companies and the unrealised gains or losses have been eliminated from the consolidation process. However, unrealised losses have been considered as an indicator of impairment of transferred assets.

Subsidiary accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

Business Combinations

Prosegur applies the acquisition method for business combinations. The acquisition date is the date on which Prosegur obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the amount exchanged for the acquired company. Acquisition costs are recognised as an expense when incurred.

On the date of acquisition Prosegur recognises the acquired assets, the liabilities assumed (and any non-controlling interest) at fair value. A non-controlling interest in the acquired business is recognised by the amount pertaining to the percentage share in the fair value of the acquired net assets. This criterion is only applicable to non-controlling interests that grant present access to economic rights and the right to the proportional share of the net assets of the acquired entity in the event of liquidation. Otherwise, the non-controlling interests are valued at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in profit and loss.

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 29).

The potential benefit of the acquired company's income tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as income tax revenue provided that it does not arise from a measurement period adjustment.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

The business combination cost includes contingent considerations if, on the date of acquisition, they are likely and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries are recognised on the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries on the date of first consolidation.

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to Prosegur and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Prosegur and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary,

is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the parent until the non-controlling interest's share in the previous years' losses is recovered.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Prosegur and non-controlling interests are recognised as a separate transaction.

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence is the power to intervene in financial policy and operating decisions of a company, without there being control or joint control thereon. When assessing whether an entity has significant influence, the existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered, as well as the potential voting rights held by the Prosegur or by another entity.

Investments in associates are recognised by the equity method as of the date on which the significant influence is exercised until the date on which the Company cannot continue to justify the existence thereof.

Investments in associates are initially recognised at cost of acquisition. Any surplus between the cost of investment and Prosegur's percentage of the fair values of identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

Prosegur's share in post-acquisition profit or loss of associates is recognised as an increase or decrease in value of the investments, with a debit or credit to share of profit/losses of financial year accounted for under the equity method in the consolidated income statement (consolidated statement of comprehensive income). Likewise, Prosegur's share in post-acquisition other comprehensive income of associates is recognised as an increase or decrease in value of the investments in the associates, with a balancing entry corresponding to the nature of the investment in other comprehensive income. Dividend distributions are recognised as reductions in the value of the investments.

Impairment

Prosegur applies the impairment criteria contained in IAS 39: Financial instruments: Recognition and Valuation, in order to determine whether or not to record impairment losses additional to those already recognised in the net investment of the associate or in any other financial asset held therewith as a result of the application of the equity method.

Impairment is calculated by comparing the carrying amount associated with the net investment in the associate with its recoverable amount, the latter being understood as the greater of the value in use or

fair value less costs to sell. In this regard, value in use is calculated on the basis of Prosegur's share in the present value of estimated cash flows from ordinary activities and amounts which might result from the final sale of the associate.

The recoverable amount of the investment of an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 34.9).

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates derived from application of the acquisition method. In subsequent years, reversals of impairment losses on investments are recognised in the income statement to the extent of any increase in the recoverable amount.. Impairment losses are presented separately from Prosegur's share of profit or loss of associates.

Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions relating to the relevant activities require the unanimous consent of Prosegur and the remaining venturers or operators. The assessment of the existence of joint control is carried out according to the definition of control of dependent entities.

Joint ventures

Investments in joint ventures are recognised applying the equity method. This method involves including the value of the net assets and goodwill in the consolidated financial statementline "Investments accounted for using the equity method" if any, corresponding to the share held in the joint venture. The net result obtained each year, corresponding to the percentage of shareholding in the joint ventures is reflected in the consolidated income statements under "Share of profit/losses year investments accounted for under the equity method". Prosegur decides to present these results as part of its operating results as it considers that the results of its joint ventures form part of its operations.

Dividend distributions from joint ventures are recognised as reductions in the value of the investments. Losses of joint ventures which pertain to Prosegur are limited to the value of the net investments, except for those cases in which Prosegur has assumed legal or implied obligations, or else has made payments in the name of the joint ventures.

Joint operations

With regard to joint operations, in its consolidated annual accounts Prosegur recognises its assets, including its interest in jointly controlled assets; its liabilities, included its interest in liabilities assumed jointly with other operators; the income obtained from the sale of its share of production arising from the joint operation, and its expenses, including the part pertaining to its of joint expenses.

In sales transactions or contributions by Prosegur to joint operations, only the results pertaining to the share of the rest of operators are recognised, unless the losses reveal a loss or impairment of value of assets transferred, in which case, these will be recognised in full.

In purchase transactions of Prosegur to joint operations, results are only recognised when assets acquired are sold to third parties, unless the losses should highlight a loss of value or impairment of the acquired assets, in which case Prosegur shall recognise the proportional share of the losses pertaining to it in full.

The acquisition by Prosegur of the initial and subsequent interest in a joint operation, is recognised applying the criteria applied for business combinations, by the percentage share held in the individual assets and liabilities. However, in the subsequent acquisition of an additional share of a joint operation, the previous share in individual assets and liabilities are not subject to revaluation.

34.3 Consolidated functional income statement

Prosegur chooses to submit expenses recognised in the income statement using a classification based on the function of the same within the entity as it considers that this method provides users with more relevant information than the classification of costs by nature.

34.4 Segments reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

34.5 Foreign currency transactions

Functional and presentation currency

The consolidated annual accounts of each Prosegur entity are presented in the currency of the main economic environment in which it operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of euros (unless stated otherwise), the Parent's functional and presentation currency.

Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange gains or losses relating to loans and cash and cash equivalents are recognised in the income statement under finance income or costs.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are recognised as changes in fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised in the revaluation reserve in equity.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as “Effect of translation differences on cash held”.

Translation of foreign operations

Prosegur applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyper-inflationary economy have been translated into euros as follows:

- i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate on the reporting date;
- ii. Income and expenses are translated at the average monthly exchange rate.
- iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

On consolidation, exchange differences arising on the translation of a net investment in foreign operations, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the equity of the company holding the investment. When these investments are sold, the exchange differences are recognised in the income statement as part of the gain or loss on the sale.

34.6 Property, plant and equipment

Land and buildings mainly comprise operating divisions. Property, plant and equipment are recognised at cost less depreciation and any accumulated impairment losses, except in the case of land, which is presented at cost net of any impairment losses.

Historical cost includes all expenses directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to Prosegur and the cost of the item can be reliably measured. The carrying amount of the replaced item is derecognised. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

	Rate (%)
Buildings	2 and 3
Technical installations and machinery	10 to 25
Other installations and tools	10 to 30
Furniture	10
Computer equipment	25
Vehicles	10-16
Other property, plant and equipment	10 to 25

The residual values and useful lives of assets are revised, and adjusted if necessary, as a change in accounting estimates, at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 34.9).

Gains and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount of the asset and are recognised in the income statement.

34.7 Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill impairment is tested annually (Note 34.9) and recognised at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGU). Goodwill is allocated to the CGU that are expected to benefit from the business combination from which the goodwill arose.

The goodwill encompasses the part corresponding to the Group's non-controlling interests.

Client's portfolios

The relationships with customers that Prosegur recognises under client portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are customer service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with customers are recognised at fair value on the acquisition date less amortisation and accumulated impairment.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price. To determine the fair value of intangible assets allocated in business combinations in the form of customer relationships, the income approach is used: discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the company's business plans.

Prosegur amortises client portfolios on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Client portfolios have useful lives of between 5 and 22 years.

Client portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

At the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of client portfolios mainly consist of:

- Verifying whether events have taken place that could have a negative impact on the estimated cash flows from the contracts making up the portfolio (such as a decline in total sales or EBITDA margins).
- Updating the estimated customer churn rates to identify any changes to the periods for which client portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a client portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If customer churn rates have risen, the useful lives of client portfolios are re-estimated.

Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimate useful lives (1.6 to 30 years).

Computer software

Computer software licences are capitalised at cost of acquisition or cost of preparation of the specific software for use. These expenses are amortised over the estimated useful lives of the assets (3 to 5 years).

Computer software maintenance or development costs are charged as expenses when incurred.

34.8 Investment property

Prosegur classifies as real estate investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur or sale in the ordinary course of business. Real estate investments are initially recognised at cost, including transactions costs. As of 31 December 2016, Prosegur classified investment property as non-current assets held for sale.

Prosegur values real estate investments subsequent to initial recognition applying the criteria of cost or deemed cost used for property, plant and equipment. The depreciation methods are those contained in that section. The estimate useful life of real estate investments is of 50 years.

34.9 Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss. Recoverable amount is the higher of fair value less costs to sell, and value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

Goodwill has been allocated to Prosegur's cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGUs for impairment testing purposes. Goodwill is allocated to the CGU that is expected to benefit from the business combination from which the goodwill arose.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use Prosegur prepares forecasts of future cash flows before tax based on the most recent budgets approved by management. These budgets incorporate the best available estimates of income and expenses of the cash-generating units (CGU) using past experience and future expectations. These budgets have been prepared for the next four years, and future cash flows have been calculated by applying non-increasing estimated growth rates that do not exceed the average long-term growth rate for the business in which the CGU operates.

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur considers the present value of money and risk premium calculations currently in general use amongst analysts for the geographical area.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement (Note 12).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, Prosegur performs a sensitivity analysis on goodwill which consists of verifying the impact of deviations in key assumptions on the recoverable amount of a CGU (Note 12).

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34.10 Financial assets

Internal

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial asset in IAS 32 "Financial Instruments: Presentation".

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, separating those initially designated from those held for trading, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial instruments are classified into different categories based on the nature of the instruments and Prosegur's intentions on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (Note 34.12).

Available-for-sale financial assets

In this category, Prosegur classifies values representing debt and equity instruments of other companies that have not been classified in any other category of financial asset.

Recognition, measurement and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the date on which Prosegur commits to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are derecognised when they expire or the contractual rights to the cash flows from the investment have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently recognised at fair value.

Loans and receivables are measured at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary assets classified as available for sale are recognised in equity. When assets classified as available for sale are sold or incur irreversible impairment losses, the accumulated adjustments in fair value are included in the income statement as gains or losses on the assets.

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. In the case of equity securities classified as available for sale, to determine whether they are impaired Prosegur considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

The Company derecognises financial assets when they expire or the rights to cash flows for the corresponding financial asset have been transferred and the risk and rewards inherent to ownership have also been substantially transferred, such as transfer of commercial credit in factoring operations where the company does not retain any credit risk or interest.

On the contrary, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the payment received, in transfers of financial assets where the risk and rewards inherent to ownership were substantially retained, such as discounting of notes or recourse factoring where the transferor retains subordinate financing or other types of guarantees that substantially absorb all expected losses.

34.11 Inventory

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

- Inventories held in warehouses and uniforms are measured at weighted average cost.
- Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

34.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. Impairment of trade receivables is recognised if there is objective evidence that Prosegur will not collect all the amounts due under the original contractual terms. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered indicators that a receivable is impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows,

discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is irrecoverable, it is written off against the allowance account for receivables.

34.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in financial institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

34.14 Share capital

Ordinary shares are classed as equity.

34.15 Own shares

The Group's acquisition of equity instruments in the Parent Company is presented at the acquisition cost separately as a reduction in net equity in the consolidated statement of financial position, irrespective of the reason for the acquisition. In transactions conducted with own equity instruments, no profit or loss is recorded.

Subsequent amortisation of the equity instruments in the Parent Company results in a capital reduction at the nominal amount of that stock, and the positive or negative difference between the acquisition price and the nominal value of the stock is debited or credited to reserve accounts.

The transaction costs relating to own equity instruments are recorded as a reduction in net equity, after accounting for any tax effects.

34.16 Provisions

Provisions for restructuring and litigation are recognised when:

- i.** Prosegur has a present obligation (legal or constructive) as a result of a past event.
- ii.** It is more probable than not that an outflow of resources will be required to settle the obligation.
- iii.** A reliable estimate has been made of the amount of the obligation.

Where Prosegur has a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if an outflow of resources in connection with any item included in the same class of obligations is unlikely.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 22).

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

34.17 Financial liabilities

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial liability in IAS 32 Financial Instruments: Presentation.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at amortised cost. Financial liabilities are subsequently measure by their amortised cost. Any difference between the funds obtained (net of arrangement costs) and the redemption amount is recognised in the income statement over the term of the liability using the effective interest method.

Liabilities are classified as current unless Prosegur has an unconditional right to defer settlement for at least twelve months after the reporting date.

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that Prosegur is likely to draw down from the credit facility, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

34.18 Current and deferred tax

The income tax expense for the year comprises current tax and deferred tax. The tax is recognised in the income statement, except to the extent that it refers to items recognised directly in equity. In this case, the tax is also recognised in net equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

A significant degree of judgement is required to determine the provision for income tax payable by the Group. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. Prosegur recognises tax contingencies that it expects to arise based on estimates when it considers that additional taxes will be payable. If the tax finally paid in these cases differs from the amounts initially recognised, these differences affect income tax and the provision for deferred taxes for the year in which they were calculated.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised provided that it is probable that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

Prosegur recognises the conversion of a deferred tax asset into a Public Administration receivables when it becomes collectible pursuant to the provisions of tax legislation in force. Likewise, Prosegur recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

A financial asset and a financial liability are offset only when the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset such tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend to settle current tax liabilities and assets on a net basis or whose tax assets and liabilities will be realised simultaneously, in each of the future financial years in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

34.19 Employee benefits

Remuneration based on Prosegur share price – 2014 Plan

At the General Meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur. The 2014 Plan is essentially linked to value creation during the 2012-2014 period and originally set out the payment of Company share-based and/or cash incentives to the Managing Director and Senior Management of the Company. The maximum number of shares earmarked for the 2014 Plan amounted to 4,120,000, representing 0,668% of Prosegur's present share capital. In financial year 2016, incentives payments relating to such Plan were paid, using the price of Prosegur's shares at the time of the payment as a reference, thereby replacing the original share settlement scheme planned.

The 2014 Plan is intended as a multi-year bonus payable 50% in cash and 50% based on the quoted price of the parent company's shares.

The 2014 Plan lasts three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2012 until 31 December 2014 and length of service from 1 January 2012 until 31 December 2016. Entitlement to incentives under the 2014 Plan was assessed on the following dates:

- Final measurement date: 31 December 2014.
- Length-of-service bonus date: 2017.

During 2017, EUR 1,526 thousand have been paid up (2016: EUR 988 thousand) corresponding to the settlement of the first part of the 2014 Plan (Note 22). The amount finally paid was made in connection with the price of the share at the time of payment.

Remuneration based on Prosegur share price – 2017 Plan

At the General Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and envisions the payment of incentives pegged to the quoted share price and/or cash incentives for the Company's CEO and Senior Management.

When determining the cash value of each share to which the beneficiary is entitled, the Company uses as a benchmark the average quoted price for Prosegur shares on the Madrid Stock Exchange for the past fifteen trading sessions in the month before the one in which the shares are to be delivered.

The quantification of the total incentive will depend on the degree of attainment of the targets established in line with the strategic plan.

The 2017 Plan lasts three years and is subject to the employee remaining at the Company and also on the attainment of certain targets. It also includes an additional length-of-service bonus verified over

the following two years. The plan measures performance from 1 January 2015 through to 31 December 2017, while length-of-service at the Company is measured from 1 January 2015 through to 31 December 2019. Entitlement to incentives under the plan is assessed on the following dates:

- Final measurement date: 31 December 2017.
- Length-of-service bonus date: 2020.

The 2017 Plan is intended as a multi-year bonus payable 50% in cash and 50% based on the quoted price of the parent company's shares.

In relation to the 2014 and 2017 long-term incentive plan for the CEO and Senior Management of Prosegur (Note 5.1), the expense accrued in 2017, amounting to EUR 6,695 thousand, has been included in Salaries and wages (2016: EUR 4,260 thousand) (Note 22).

The fair value of incentives pegged to the share's listed price was estimated on the basis of the listed price of Prosegur shares (EUR 6.55 per share) at the end of the period or at the time of payment.

The fair value of incentives pegged to the quoted share price of Cash has been estimated on the basis of the quoted price of Prosegur Cash shares (2.676 euros per share) at the end of the period or at time of payment.

Termination benefits

Termination benefits are recognised on the earlier date between the one on which Prosegur may no longer withdraw the offer and when restructuring costs entailing the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that Prosegur may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of Prosegur to withdraw the offer takes effect.

In the case of benefits for voluntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If Prosegur expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

Short-term employee remuneration

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within 12 months of the end of the reporting period in which the employees have rendered the services for the remuneration.

Short-term employee remuneration is reclassified as long-term, if the characteristics of the remuneration are modified or if a non-provisional change occurs in settlement expectations.

Prosegur recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees render the services granting them the right to collection. If the leaves is not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

Prosegur calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Prosegur recognises this cost when a present, legal or constructive obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

Remuneration of executives

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the reporting period, provision has been made for these plans based on Prosegur management's best possible estimate of the extent to which targets will be met.

Defined benefit plans

Prosegur includes in defined benefit plans those financed through the payment of insurance premiums where there is the legal or constructive obligation to directly pay employees the benefits committed as soon as they are payable or to pay additional amounts if the insurer does not disburse the benefits corresponding to services provided by employees in the year or in previous years.

Liabilities for defined benefits recognised in the consolidated statement of financial position correspond to the present value of the defined benefit obligations existing at the reporting date, less the fair value at said date of the assets of the plan assets.

The present value of employee benefits depends on a number of factors determined using various assumptions. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

In those cases in which the result obtained from the undertaking of the aforementioned operations is negative, in other words an asset arises, Prosegur recognises this up to the limit of the amount of the present

value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions thereto. The economic benefit is available for Prosegur if it is realisable at any moment during the life of the plan or in the settlement of plan liabilities, even if not immediately realisable at the close of the reporting date.

Income or expense related to defined benefit plans is recognised as other employee benefits expenses and is the sum of the net current service cost and the net interest cost of the net liabilities or assets for defined benefits. The recalculation of the measurement of net liabilities or assets for defined benefits is recognised in other comprehensive income. The latter includes actuarial losses and gains, the net return on plan assets and any change in the effects of the asset limit, excluding any quantities included in the net interest on liabilities or assets. The costs of administering plan assets and all types of taxes characteristic of these, other than those included in the actuarial assumptions, are deducted from the net return of the plan assets. Amounts deferred in other comprehensive income are reclassified to accumulated earnings in the same reporting period.

Prosegur likewise recognises the cost of past services as an expense of the reporting period on the earlier date between the one on which the modification or reduction of the plans takes place and when the corresponding restructuring or termination benefits are recognised.

The present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit Method. The discount rate of the net asset or liability for defined benefits is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Discretionary contributions of employees or third parties to defined benefit plans reduce the service cost for the reporting period in which they are received. Contributions of employees or third parties established in the terms of the plan reduce the service cost of the service periods if they are associated with the service or reduce recalculations. Changes in contributions associated with the service are recognised as a cost for a current or past service, if they are not established in the formal terms of the plan and do not derive from an constructive obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an constructive obligation.

Prosegur does not offset assets and liabilities amongst different plans except in cases in which a legal right exists to offset surpluses and deficits generated by the various plans and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously cancel plan obligations with deficits.

Assets or liabilities from defined benefits are recognised as current or non-current depending on the realisation or maturity period of the related benefits.

34.20 Revenue recognition

Revenue includes the fair value for the sale of goods and services, net of value added tax, discounts and returns and after eliminating intra-Prosegur sales. Prosegur recognises revenues when the amount

can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of Prosegur's activities.

Revenue is recognised on an accruals basis applying the following criteria:

- a) Sales of goods corresponding to security installations are recorded considering the degree of execution of the project unit executed on the date of the balance sheet valued at sale price, provided that the financial result of the transaction can be reliably estimated.
- b) Sales of goods corresponding to home alarm systems are recognised when a Prosegur entity has delivered the products to the customer and the customer has accepted the products; they are valued at fair value of the corresponding receivable.
- c) Sales of active manned guarding, cash in transit and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
- d) Revenues from the home alarm system activity are recognised in the reporting period in which the services are rendered, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount. In some alarm monitoring contracts, the customer does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered.
- e) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.
- f) Dividends received are recognised when the right to receive payment is established.

34.21 Leases

When a Prosegur entity is the lessee

Leases of property, plant and equipment where Prosegur assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance costs, so as to produce a constant rate of interest on the remaining balance of the liability. The lease payable, net of the corresponding finance cost, is recognised under financial liabilities. The interest within the finance cost is taken to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the

useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised as an expense on a straight-line basis over the lease term.

When a Prosegur entity is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment in the balance sheet. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by Prosegur. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

34.22 Borrowing costs

Prosegur recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

34.23 Construction contracts

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred for which recovery is probable.

When the outcome of a construction contract can be estimated reliably and the contract is likely to yield a profit, contract revenue is recognised over the duration of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Prosegur uses the stage of completion method to calculate the amount to be recognised in a certain period. The stage of completion is determined by calculating the percentage of estimated total contract costs represented by costs incurred at the reporting date. Costs incurred during the year in relation with future contract activity are excluded from the contract costs used to determine the stage of completion. These costs are recognised as inventories, prepayments or other assets, depending on their nature.

Prosegur recognises the gross receivable from customers in relation to work on all contracts in force when the costs incurred plus recognised profit (or less recognised losses) exceed the portion invoiced to date. Progress billings outstanding and retention payments are recognised under trade and other receivables.

Prosegur recognises the gross amount payable to customers in relation to work on all current contracts when the progress billings exceed the costs incurred plus recognised profit (or less recognised losses).

34.24 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when the carrying amount is principally recoverable through a sale, provided that the sale is considered highly probable. The assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

34.25 Distribution of dividends

Dividends distributed to the Company's shareholders are recognised as a liability in the Prosegur Group's consolidated annual accounts in the year in which the dividends are approved by the shareholders. Interim dividends will also trigger a liability in the Prosegur Group's consolidated annual accounts in the financial year in which the interim payment is approved by the Board of Directors.

34.26 Environment

The costs of armoured vehicles compliant with the Euro VI standard on non-polluting emissions were recognised as an increase in property, plant and equipment. At the 2017 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

34.27 Consolidated cash flow statement

The following expressions are used with the following meanings in the consolidated cash flow statements, drawn up according to the indirect method:

- Cash flows: incoming and outgoing cash and cash equivalents, which are understood to be short-term, highly liquid investments with a low risk of significant variation in their value.
- Operating activities: ordinary activities of the companies forming the consolidated group, along with other activities that cannot be qualified as investment or financing.
- Investment activities: purchase, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that produce changes in equity and financing liabilities. Overdrafts, in particular, are included in this section

APPENDIX I. – Consolidated Subsidiaries included in the consolidated group

Information on 31 December 2017

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Compañía Ridur 2016, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	7	B
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos International S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
MIV Gestión, S.A.	CL CTRE CARGA AEREA OF A002 - 088820 Prat Llobregat - Barcelona	100	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	1	B
Indiseg Evuliom Group	calle Rambla Catalunya 43.1º 1º, 08007	100	Prosegur Ciberseguridad SL (Ex-Prosegur Cibersegu)	a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (MADRID)	51 21,5	Prosegur Cia de Seguridad, S.A. Prosegur Assets Management, S.L.	a	5	A
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	B
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	95 5	Prosegur Internationale Handels GmbH Prosegur Global CIT SLU	a	5	A
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68,79 31,21	Armor Acquisition SA Prosegur Intenational Handels GmbH	a	5	A
Prosegur International CIT 1, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A

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APPENDIX I. CONSOLIDATED
SUBSIDIARIES INCLUDED

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Information on 31 December 2017 (cont.)

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Contesta Teleservicios SA		100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	
Integrum 2008 SL		100	Contesta Teleservicios SA	a	2	
Bloggers Broker SL		100	Contesta Teleservicios SA	a	2	
Contesta Servicios Auxiliares SL		100	Contesta Teleservicios SA	a	2	
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	5	A
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95 5	Prosegur Gestión de Activos SLU Prosegur Gestión de Activos International SLU	a	7	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruriers - 57070 Metz	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina - La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a	2	A
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Securite Rapprochee (Ex-Prosegur Centre EURL)	5 Place Berthe Morisot Bat. A2 - Parc Technologique 69800 Saint-Priest (Anterior: 88 avenue général Frère (LYON))	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS)	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitemet de Valeurs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA)	a	2	A

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APPENDIX I. CONSOLIDATED
SUBSIDIARIES INCLUDED

AC

Information on 31 December 2017 (cont.)

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosecur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosecur Cash Holding France SAS (Ex-Prosecur Par	a	2	A
Prosecur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosecur Cash Holding France SAS (Ex-Prosecur Par	a	2	B
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosecur Global CIT, S.L.U	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosecur Global SIS ROW SLU	a	5	B
Pitco Reinsurance SA	Av. Monterey, L-2163 Luxembourg	100	Luxpai CIT SARL	a	2	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosecur Global CIT ROW SLU	a	5	B
Prosecur Gestao de Activos Imobiliarios S.A.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Gestión de Activos, S.L.U.	a	7	B
Prosecur Companhia de Seguranca, Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Global SIS ROW SLU	a	1	A
Prosecur Distribucao e Servicos, Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Global SIS ROW SLU	a	1	B
Prosecur Agencia Promocao e Comercializacao de Productos e Servicios Unipessoal LDA.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosecur Compañia de Seguridad SA	a	1	B
Prosecur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Global CIT ROW SLU	a	2	B
Prosecur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Global Alarmas ROW, S.L.U.	a	3	B
Prosecur SES Servicos Especiais de Seguranca Unipessoal Lda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur Global SIS ROW SLU	a	1	B
Prosecur ESSPP Empresa de Servicos Partilhados Unipessoal Lda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosecur USAP International, S.L.U.	a	7	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94,99 5,00 0,01	Juncadella Prosecur Internacional S.A. Armor Acquisition SA Prosecur Holding CIT ARG, S.A.	a	2	A
Prosecur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosecur Inversiones Argentina, S.A. Prosecur Argentina Holding S.A.	a	1	A
Prosecur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56,21 43,79	Prosecur Global SIS, S.L.U. Prosecur International SIS SLU	a	5	A
Prosecur Inversiones Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56,56 43,44	Prosecur Global SIS, S.L.U. Prosecur International SIS SLU	a	5	A
Prosecur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosecur Global CIT, S.L.U Prosecur International CIT 1 SL	a	5	B
Prosecur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosecur Inversiones Argentina, S.A. Prosecur Argentina Holding S.A.	a	1	B
Prosecur Seguridad y Vigilancia, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosecur Inversiones Argentina, S.A. Prosecur Argentina Holding S.A.	a	1	B
Prosecur Gestion de Activos ARG SA	Tres Arroyos 2835 Ciudad de Buenos Aires	80 20	Prosecur Gestion de Activos, S.L.U. Prosecur Gestion de Activos International, S.L.U.	a	3	B

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Information on 31 December 2017 (cont.)

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad de Buenos Aires	10,00 90	Prosegur International SIS, S.L.U. Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U.	a	1	A
General Industries Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U.	a	1	A
Tellex, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U.	a	1	A
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	85 5,59 9,41	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	85 5,60 9,40	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Holding, S.A. Prosegur Inversiones, SA	a	3	A
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Holding SIS Ltda	Av. Ermano Marchetti, nº 1.435, 5º andar, Sala 2, Lapa, Capital de Sao Paulo	90 10	Prosegur Global SIS SLU Prosegur International SIS SLU (Ex-STMEC SL)	a	5	
Segurpro Vigilancia Patrimonial SA (Ex-Yasuhiko Empreendimentos e Participacoes SA)	Rua Fernando de Albuquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP - CEP 01309-030	100	Prosegur Holding SIS Ltda	a	1	
BIP Serviços de Vigilancia Patrimonial Ltda	Cidade de Olinda, Estado de Pernambuco, na Rua Alemanha, 101, Salgadinho, Sala 1	99 1	Prosegur Serviços e Participações Societarias SA (Ex Prosegur Brasil SA Transportadora de Valores e Segur)	a	1	
Prosegur Serviços e Participações Societarias SA (Ex-TSR Participacoes Societarias SA)	Av.Thomas Edison, 813 - 1º andar - Barra Funda - CEP 01140-001 São Paulo - SP	47,08 52,92	Juncadella Prosegur Internacional SA Prosegur Global CIT SLU	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	99,99	Prosegur Serviços e Participações Societarias SA (Ex	a	4	A
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72,38 27,62	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99,79 0,21	Prosegur Global SIS SLU Prosegur Sistemas de Segurança Ltda	a	1	B
Prosegur Tecnologia em Sistemas de Seg Elet e Incendios Ltda	Rua Barao do Brnmal, 1301, Vila Pompeia Sao Paolo CEP 024-000	95,00 5,00	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
SETHA Industria Eletronica Ltda	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP: 21.250-620 Rio de Janeiro / RJ	95 5	Prosegur Tecnología em Sistemas de Segurança Electrónica e Incendios Ltda. Prosegur Global SIS SLU	a	1	B

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Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41,99 58,01	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95 5	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99,99 0,01	Prosegur Gestion de Activos SLU Prosegur Cia de Seguridad, S.A.	a	7	B
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,99 0,01	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	5	B
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	83,8 10,00 2,50 3,7	Prosegur Global CIT SLU Prosegur International CIT 1 SL Prosegur Internationale Handels GmbH Juncadella Prosegur Group Andina SA	a	2	B
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,98 0,01 0,01	Prosegur Global CIT SLU Prosegur International Handels GmbH Juncadella Prosegur Group Andina SA	a	2	B
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99 1	Prosegur Chile, S.A. Prosegur Global SIS SLU	a	1	B
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60 40	Juncadella Prosegur Group Andina SA Prosegur Internationale Handels GmbH	a	2	B
Prosegur Tecnologia Chile Ltda	Avenida Loboza 8395, Mod. 3 Pudahuel – Santiago	99,99 0,01 0,00	Prosegur Global SIS SLU Prosegur Cia de Seguridad, S.A. Prosegur Chile SA	a	1	B
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	90 10	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	90 10	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70 30	Prosegur, S.A. Prosegur Global SIS SLU	a	1	B
Prosegur Ciberseguridad, S.A.S.	TV 23 - 95-53 Bogota D.C.	100	Prosegur Compañía de Seguridad SA	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	2	B
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	94,90 5,10 0,00 0,00 0,00	Prosegur Global CIT SLU Prosegur International CIT 1, SLU Prosegur Cash, S.A. Prosegur Servicios de Efectivo España SLU Prosegur Global CIT ROW SLU	a	2	A
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	1	B

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Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez - Asunción	95 5	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez - Asunción	99 1	Juncadella Prosegur Internacional SA Transportadora de Caudales Juncadella SA	a	2	B
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95 5	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95 5	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95 5	Proseguridad SA Prosegur International SIS SLU	a	1	B
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	A
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64,89 35,11	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	B
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp, S.A.	de Surco	10,14 5,00	Inversiones RB, SA Prosegur Intenational SIS SLU	a	1	B
Proseguridad Selva SA	Cas. Palmawasi San Martín - Tocache - Uchiza	90 10	Reguard Security Corp, S.A. Prosegur International SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95 5	Proseguridad SA Prosegur International SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	40,00 59,93 0,07	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	3	B
Prosegur Servicios Administrativos. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	Calle La Chira 103 - Urbanización Las Gardenias - Santiago de Surco	90,00 10,00 0,00	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU Prosegur Global Alarmas SLU	a	7	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85,60 14,40	Prosegur Global SIS SLU Prosegur International SIS SLU	a	5	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	2	B

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Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99,997 0,003	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Consultoría y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99,9998 0,0002	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297	99,9998 0,0002	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	2	B
Prosegur Custodias, S.A. de C.V.	Estado de Mexico, Tlalnepantla de Baz, Los Reyes Industrial, calle Alfredo	99,9998 0,0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76	99,998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnologia SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297	99,999951 0,000050	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B	80	Prosegur Global CIT SLU	a	5	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76	50 50	Prosegur Compañía de Seguridad SA de CV Prosegur Mexico S de RL de CV	a	7	B
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Marlina SA	Guarani 1531 - Montevideo	100	Prosegur Gestion de Activos, SLU	a	7	B
Loredat SA	Guarani 1531 (Montevideo) - Uruguay	100	Prosegur Cia de Seguridad, S.A.	a	1	
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo	99,91 0,09	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	2	B
Prosegur Activa Uruguay, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michelini, Zelmar 1121 - Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531 - Montevideo	99 1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	2	B
Genper, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global SIS SLU	a	1	A
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michelini, Zelmar 1121 - Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	3	B
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531 - Montevideo	90 10	Prosegur Uruguay BV SA Prosegur Global SIS SLU	a	1	A
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	1	B

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Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B
Pitco Shanghai Trading Co Ltd	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo SARL	a	5	B
Shanghai Meiyu Information Technology Co Ltd.	Room 519, Zhidan Road No. 180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	5	B
Shanghai Pitco Information Technology Co Ltd.	Room 517, Zhidan Road No. 180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	5	B
Shanghai Pitco Consulting Management Co Ltd.	Room 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	2	B
Prosegur Singapore Pte LTD (Ex-Evtec Management Services Pte LTD)	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Alarms Private Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Prosegur Global Alarms ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur SIS USA Inc	Florida	100	Prosegur global SIS ROW, SLU	a	1	B
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW, SLU	a	5	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	5	B

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Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	2	A
Prosegur Services Pty Ltd (Ex-Prosegur Technology Pty Limited)	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	2	B
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Gestion de Activos, SLU	a	7	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St Leonards NSW 2065	100	Prosegur Australia Holdings PTY Limited	a	2	
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	75	Prosegur Global Alarmas ROW SLU	a	5	B
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110001 - India Delhi, INDIA	99,99 0,01	Luxpai Holdo SARL Pitco Asia Pacific Ltd	a	1	B
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95 5	Prosegur Global CIT ROW SLU Luxpai CIT SARL	a	2	B
Dognaedis Limited	Gallows Hill Warwick CV34 6UW, United Kingdom	100	Dognaedis Lda	a	1	
Prosegur Alarm Hizmetleri Anonim Sirk	Maslak, Ahí Evran Caddesi No: 21 Kat: 13 Polaris Plaza - Istambul (antes Gayrettepe Mahallesi Yildiz Posta CAD. No: 8/34, Besiktas / Istanbul)	100	Prosegur Global Alarmas ROW SLU	a	3	

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		% ownership	Company holding the investment			
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Compañía Ridur, S.A.	Pajaritos, 24 (MADRID)	100	Juncadella Prosegur Internacional, S.A.	a	8	B
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos Internacional S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur Internacional SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Centro Informático de Servicios de Vigo S.A.	Ru Tomas a Alonso, 5 Vigo - España	100	Prosegur BPO España SLU	a	7	B
MIV Gestión, S.A.		100	Prosegur Servicios de Efectivo España	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	B
Indiseg Evuliom Group				a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (MADRID)	51 49	Prosegur Cia de Seguridad, S.A. Prosegur Assets Management, S.L.	a	1	A
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur BPO España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	7	B
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	5 95	Prosegur Global CIT SLU Prosegur Intenational Handels GmbH	a	5	A
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68,79 31,21	Armor Acquisition SA Prosegur Intenational Handels GmbH	a	5	A
Prosegur International CIT 1, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH (ex Prosegur GmbH)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B

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		% ownership	Company holding the investment			
Prosegur Investments Verwaltungs GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos, S.L.U.	a	8	B
Prosegur Investments GmbH & Co KG.	Kokkolastrasse 5, 40882 Ratingen	0	Prosegur Gestión de Activos SLU Prosegur Investments Verwaltungs Gm	a	8	B
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	0	Prosegur Global CIT ROW SLU Prosegur Berlin SLU	a	8	B
Prosegur France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95 5	Prosegur Gestión de Activos SLU Prosegur Gestion de Activos Internatio	a	7	B
GRP Holding S.A.R.L.	177 Rue de Luxembourg, L - 8055 Bertrange	100	Luxpai Holdo SARL	a	5	B
Prosegur Security Luxembourg S.A.R.L.	177 Rue de Luxembourg, L - 8055 Bertrange	100	GRP Holding SARL	a	1	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruries - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina - La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur France SAS	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	7	B
Prosegur Centre EURL	88 Ave Du Général Frère - 69008 Lyon	100	Prosegur France SAS	a	1	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitemet de Valeurs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Participations, S.A.S.	a	2	B
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Av. Monterey, L-2163 Luxemburg	100	Luxpai CIT SARL	a	7	A

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		% ownership	Company holding the investment			
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	8	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Distribuição e Serviços, Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Productos e Servicios Unipessoal LDA.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global CIT, S.L.U.	a	2	B
Prosegur Alarmes Dissuasao Portugal Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	7	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Ltda.	Av. Infante Dom Henrique, 326 (LISBOA)	100	Prosegur USAP International, S.L.U.	a	7	B
Rosegur Cash Services, S.A.	Bulev. Ghica Tel. Nr. 64-70. Sector 2. Cod 023708 Bucuresti. Romania	51 49	Prosegur Cia de Seguridad, S.A. Rosegur, S.A.	a	2	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94,99 5,00 0,01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a	2	A
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56,21 43,79	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	A
Prosegur Inversiones Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56,56 43,44	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global CIT, S.L.U. Prosegur International CIT 1, S.L.	a	5	B
Prosegur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	B
Prosegur Seguridad y Vigilancia, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	B
Prosegur Gestion de Activos, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos Internatio	a	7	B
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad de Buenos Aires	7,86 92,14	Prosegur International SIS, S.L.U. Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U.	a	1	A
General Industries Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U.	a	1	A
Tellex, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U.	a	1	A

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		% ownership	Company holding the investment			
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Holding, S.A. Prosegur Inversiones, SA	a	3	A
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires	95 4 1	Transportadora de Caudales de Junca Juncadella Prosegur Internacional S.A. Prosegur Holding CIT ARG, S.A.	a	2	A
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Yasuhiko Empreendimentos e Participacoes, S.A.		100				
TSR Participacoes Societarias S.A.	Av. Thomas Edison, 813 - 1º andar - Barra Funda - CEP 01140-001 São Paulo - SP	47,08 52,92	Juncadella Prosegur Internacional S.A. Prosegur Global CIT SLU	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72,4 27,6	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99,79 0,21	Prosegur Global SIS SLU Prosegur Sistemas de Segurança Ltda	a	7	B
Prosegur Tecnología en Sistemas de Segurança Eletrônica e Incendios Ltda.	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paulo CEP 024-000	95,00 5,00	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Setha Indústria Eletrônica Ltda.	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro/RJ	95 5	Prosegur Tecnología em Sistemas de Segurança Eletrônica e Incendios Prosegur Global SIS SLU	a	1	B
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41,99 58,01	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95 5	Prosegur Global SIS SLU Prosegur International SIS SLU	a	7	B
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99,99 0,01	Prosegur Gestion de Activos SLU Prosegur Cia de Seguridad, S.A.	a	7	B
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,99 0,01	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	5	B
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	78,07 5,00 6,84 10,09	Prosegur Global CIT SLU Prosegur International CIT 1, SLU Prosegur International Handels GmbH Juncadella Prosegur Group Andina SA	a	2	B
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,98 0,01 0,01	Prosegur Global CIT SLU Prosegur International Handels GmbH Juncadella Prosegur Group Andina SA	a	2	B
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99 1	Prosegur Chile, S.A. Prosegur Global SIS SLU	a	1	B

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		% ownership	Company holding the investment			
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60 40	Juncadella Prosegur Group Andina SA Prosegur International Handels GmbH	a	2	B
Prosegur Tecnología Chile Limitada	Avenida Loboza 8395, Mod. 3 Pudahuel – Santiago	99,99 0,01 0,00	Prosegur Global SIS SLU Prosegur Cia de Seguridad, S.A. Prosegur Chile SA	a	1	B
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	95 5	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	95 5	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos Internatio	a	7	B
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70 30	Prosegur, S.A. Prosegur Global SIS SLU	a	1	B
Prosegur Ciberseguridad, S.A.S.	TV 23 - 95-53 Bogota D.C.	100	Inversiones BIV SAS	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	2	B
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	94,90 5,10 0,00 0,00 0,00	Prosegur Global CIT SLU Prosegur International CIT 1, SLU Prosegur Cash, S.A. Prosegur Servicios de Efectivo España Prosegur Global CIT ROW, S.L.U.	a	2	A
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez - Asunción	95 5	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez - Asunción	99 1	Juncadella Prosegur Internacional SA Transportadora de Caudales de Junca	a	2	B
Soluciones Integrales en Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95 5	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95 5	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95 5	Proseguridad SA Prosegur International SIS SLU	a	1	B
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	A
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64,89 35,11	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B

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Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	B
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp, S.A. (Ex Proseguridad Perú S.A.)	Av. Los Proceres 250 Lima - Santiago de Surco	84,86 10,14 5,00	Proseguridad SA Inversiones RB, SA Prosegur Intenational SIS SLU	a	1	B
Proseguridad Selva SA (Ex) Orus Selva S.A.	Cas. Palmawasi San Martin - Tocache - Uchiza	90 10	Reguard Security Corp, S.A. Prosegur International SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95 5	Proseguridad SA Prosegur International SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	22,57 77,20 0,23	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	3	B
Prosegur Servicios Administrativos. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	Calle La Chira 103 - Urbanización Las Gardenias - Santiago de Surco	99 1	Prosegur Gestion de Activos, SLU Prosegur Global Alarmas SLU	a	7	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85,60 14,40	Prosegur Global SIS SLU Prosegur International SIS SLU	a	5	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	2	B
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99,997 0,003	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99,9998 0,0002	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297	99,9998 0,0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	2	B
Prosegur Custodias, S.A. de C.V.	Estado de Mexico, Tlalnepantla de Baz, Los Reyes Industrial, calle Alfredo Nobel - 21	99,9998 0,0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76	99,998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnologia SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña - 297	99,9998 0,0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B	80	Prosegur Global CIT SLU	a	7	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas - 76	50 50	Prosegur Compañía de Seguridad SA de CV Prosegur Mexico S de RL de CV	a	7	B

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APPENDIX I. CONSOLIDATED SUBSIDIARIES INCLUDED

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Information on 31 December 2016 (cont.)

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Martina, S.A.	Guarani 1531 - Montevideo	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo	99,91 0,09	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	2	B
Prosegur Activa Uruguay, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michelini, Zelmar 1121 - Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531 - Montevideo	1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	3	B
Genper, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global SIS SLU	a	1	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531 - Montevideo	90 10	Prosegur Uruguay BV SA Prosegur Global SIS SLU	a	1	A
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michelini, Zelmar 1121 - Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	4	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	7	B
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	7	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B
Shanghai Meiyu Information Technology Co Ltd.	Room 519, Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	1	B
Shanghai Pitco Information Technology Co Ltd.	Room 517, Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	1	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	1	B
Shanghai Pitco Consulting Management Co Ltd.	Room 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B

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APPENDIX I. CONSOLIDATED
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Information on 31 December 2016 (cont.)

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% ownership	Company holding the investment			
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Evttec Management Services Pted Ltd.	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	8	B
Singpai Alarms Private Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Prosegur Global Alarmas ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur SIS USA Inc	Florida	100	Prosegur global SIS ROW, SLU	a	8	B
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW , SLU	a	5	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	5	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	2	A
Prosegur Technology Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	8	B
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Gestion de Activos, SLU	a	7	B
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	57	Prosegur Global Alarmas ROW SLU	a	3	B
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd (Ex-SingPai India Private Limited)	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road	99,99 0,01	Luxpai Holdo SARL Pitco Asia Pacific Ltd	a	7	B
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Saulnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59,98 40,02	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B
Esta Service S.A.S.	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B

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APPENDIX I. CONSOLIDATED
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Information on 31 December 2016 (cont.)

Company	Registered offices	Participation		Basis of combinations	Activity	Auditor
		% own-ership	Company holding the investment			
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4,8 95,2	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	4,8 95,2	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B

Instance when it is consolidated

- a If the investee company is controlled, consolidated by the global integration method.
- b Existence of significant influence, consolidation by the equity method.
- c Joint ventures are consolidated by the proportional method.

Activity

- 1 Activities of the Security business group.
- 2 Activities of the Cash business group.
- 3 Activities of the Alarms business group.
- 4 Activities included in more than one business group.
- 5 Holding company.
- 6 Financial services.
- 7 Auxiliary services.
- 8 Dormant.

Auditor

- A Audited by KPMG.
- B Not subject to audit.
- C Audited by other auditors.

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APPENDIX I. CONSOLIDATED
SUBSIDIARIES INCLUDED

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APPENDIX II. – Details of Joint Arrangements

Information on 31 December 2017 - Joint Ventures

Company	Registered offices	Participation		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50,0	Prosegur Cia de Seguridad, S.A.	b	5	B
Rosegur, S.A.	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50,0	A través de: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50,0	A través de: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50,0	A través de: Rosegur, S.A	b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49,0	Singpai Pte Ltd	b	2	B
SIS Prosegur Holdings Private Limited		100,0	SIS Cash Services Private Ltd	b	2	
SIS Prosegur Alarms Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50,0	Singpai Alarms Private Ltd	b	3	B
SIS Prosegur Cash Logistics Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India	100,0	SIS Cash Services Private Ltd	a	2	
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street - 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49,0	Prosegur Cia de Seguridad, S.A.	b	5	C
SBV Services Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo	33,3	Prosegur Global CIT ROW SLU	b	5	B
SBV Services Namibia Proprietary Limited		100,0	A través de: SBV Services Proprietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100,0	A través de: SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100,0	A través de: SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100,0	A través de: SBV Services Proprietary Limited	b	1	A

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APPENDIX II: DETAILS OF JOINT ARRANGEMENTS

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Information on 31 December 2017 - Joint Operations. Joint Ventures

Company	Registered offices	Participation		Notes	Activity
		% own-ership	Company holding the investment		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.- BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG FUND. PRIV. HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTD. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEÍSTICOS MALAGA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC AEROPUERTO DE SANTIAGO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE PSEE CETURSA SIERRA NEVADA	Pajaritos, 24 28007 Madrid	100		d	1

Information on 31 December 2017 - Joint Operations. Joint Ventures (cont.)

Company	Registered offices	Participation		Notes	Activity
		% own-ership	Company holding the investment		
UTE PSISE ESC MERCABARNA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR - ESC AENA EXP SEG 443/16 LOTE 3	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR - ESC AENA EXP SEG 528/16	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA-1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE CIEMAT	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC METRO LINEA 3-1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC BANCO DE ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - MAGMACULTURA MUSEO NACIONAL DEL PRADO	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSIS - ESC GOBIERNO VASCO II	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON V	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR ESC GETXO KIROLAK 1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC AEROPUERTO DE LLEIDA - ALGUAIRE	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE MUSEOS VALENCIA	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-ESC OFICINA ANTIFRAU DE CATALUNYA IV	Pajaritos, 24 28007 Madrid	100		d	3
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA 41927	10	CLECE	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11,56	SEGUR IBERICA Y OTROS	d	1
UTE SERV. MNTOS. INTEGRALES IRON MOUNTAIN	Principe de Vergara, 135 28002	42,2	FERROVIAL SERVICIOS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135 28002	20	FERROSER	d	1
SEGURIDAD TOTAL	CALLE 19 B 34-69 - BOGOTA	53	SEGURIDAD SOS	d	1
SIGLO XXI	OFICINA TEUSAQUILLO PROSEGUR VIGILANCIA	55	SEGURIDAD SOS	d	1
SEGURIDAD INTEGRAL	CALLE 19 B 34-69 - BOGOTA	51	SEGURIDAD SOS	d	1
EPIG	CALLE 21 44-18 - BOGOTA	24	OTROS	d	1
SIES 2010	CALLE 21 44-18 - BOGOTA	25	OTROS	d	1
SIES 2011	CALLE 21 44-18 - BOGOTA	23	OTROS	d	1
UNION TEMPORAL P&A	EDIFICIO ECOTEK	52	AVIZOR	d	1

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APPENDIX II: DETAILS OF JOINT ARRANGEMENTS

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Information on 31 December 2016 - Joint Ventures

Company	Registered offices	Participation		Notes	Activity	Auditor
		% own-ership	Company holding the investment			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50,0	Prosegur Cia de Seguridad, S.A.	b	8	B
Rosegur, S.A.	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50,0	A través de: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50,0	A través de: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50,0	A través de: Rosegur, S.A	b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49,0	Prosegur Cia de Seguridad, S.A.	b	2	B
SIS Prosegur Holdings Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	100,0	SIS Cash Services Private Ltd	b	2	B
SIS Prosegur Alams Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50,0	Singpai Alarms Private Ltd	b	3	B
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street - 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49,0	Prosegur Cia de Seguridad, S.A.	b	3	C
SBV Services Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo	33,3	Prosegur Global CIT ROW SLU	b	2	B
Standard Betrieb Virtschaft Services Limited (SBV Nigeria)		50,0	A través de: SBV Services Proprietary Limited	b	2	B
SBV Services Namibia Proprietary Limited		100,0	A través de: SBV Services Proprietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100	SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100	SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	97,93	Standard Betrieb Virtschaft Services Limited (SBV Nigeria)	b	1	A

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APPENDIX II: DETAILS OF JOINT ARRANGEMENTS

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Information on 31 December 2016 - Joint Operations. Joint Ventures.

Company	Registered offices	Participation		Notes	Activity
		% own-ership	Company holding the investment		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.- BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESPAÑA SERVIMAX OF. ANTIFRAU CATALUNYA II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG FUND. PRIV. HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTD. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100		d	2

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APPENDIX II: DETAILS OF JOINT ARRANGEMENTS

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Information on 31 December 2016 - Joint Operations. Joint Ventures. (cont.)

Company	Registered offices	Participation		Notes	Activity
		% own-ership	Company holding the investment		
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA 41927	10	CLECE	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11,56	SEGUR IBERICA Y OTROS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135 28002	20	FERROSER	d	1
SEGURIDAD TOTAL	Calle 19 B 34-69 - Bogota	53	SEGURIDAD SOS	d	1
SIGLO XXI	Oficina Teusaquillo Prosegur Vigilancia	55	SEGURIDAD SOS	d	1
EPIG	Calle 21 44-18 - Bogota	28,75	OTROS	d	1
SIES 2010	Calle 21 44-18 - Bogota	24,5	OTROS	d	1
SIES 2011	Calle 21 44-18 - Bogota	22,5	OTROS	d	1
UNION TEMPORAL ESPINAL CCTV	Trans 23 95-53 Edificio Ecotec	80	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL CONGRESO 2011	Trans 23 95-53 Edificio Ecotec	69,5	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL MANIZALES 2011	Trans 23 95-53 Edificio Ecotec	99,5	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL TECNOLOGIA CALI	Trans 23 95-53 Edificio Ecotec	47	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL INDRA PROSEGUR	Trans 23 95-53 Edificio Ecotec	40	INDRA SISTEMAS S.A	d	1
CONSORCIO LOGISTICA GESTION DOCUMENTAL	Trans 23 95-53 Edificio Ecotec	51	PROTESH INGENIERIA SAS	d	7

Instance when it is consolidated

- a If the investee company is controlled, consolidated by the global integration method.
- b Existence of significant influence, consolidation by the equity method.
- c Joint ventures are consolidated by the proportional method.

Activity

- 1 Activities of the Security business group.
- 2 Activities of the Cash business group.
- 3 Activities of the Alarms business group.
- 4 Activities included in more than one business group.
- 5 Holding company.
- 6 Financial services.
- 7 Auxiliary services.
- 8 Dormant..

Auditor

- A Audited by KPMG.
- B Not subject to audit.
- C Audited by other auditors.

Notes

- d The purpose of joint operations correspond entirely to services related to the Integrated Security Solutions business line.

Joint venture activity

- 1 Active Joint Venture.
- 2 Dormant Joint Venture.
- 3 Joint Venture under liquidation.

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APPENDIX II: DETAILS OF
JOINT ARRANGEMENTS

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APPENDIX III. – Summary Information on Joint Ventures

Thousand of euros	Information on 31 December 2017				
	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV Services Proprietary Limited	Other insignificant companies	Total
Information from financial statement					
Non-current assets	12,725	10,936	98,983	1,737	124,381
Non-current liabilities	(7,708)	-	(41,746)	(38)	(49,492)
Total net non-current assets	5,017	10,936	57,237	1,699	74,889
Current assets	15,597	18,292	30,074	1,780	65,743
Cash and cash equivalents	3,270	(4,496)	3,992	1,215	3,981
Current liabilities	(9,192)	(20,095)	(29,214)	(2,026)	(60,527)
Current liabilities	-	-	-	-	-
Total net current assets	6,404	(1,803)	860	(246)	5,216
Net assets	11,422	9,133	58,097	1,453	80,105
Percentage of share	49%	49%	33%	44%	
Share in net assets	5,597	4,475	19,152	643	29,867
Goodwill	-	-	-	-	-
Carrying value of share	5,597	4,475	19,152	643	29,867
Information from profit and loss account					
Ordinary revenue	-	-	-	-	-
Costs to sell	-	-	-	-	-
Impairment of shares by equity method	24,050	20,308	207,784	465	252,608
Finance income	(24,379)	(21,598)	(204,003)	(2,014)	(251,994)
Depreciation and amortisation	-	-	-	-	-
Finance expenses	-	-	-	-	-
Expenses (income) for tax on profit	(1,068)	(827)	(1,902)	(171)	(3,968)
Yearly profit from continuing operations interrupted	(525)	(231)	(5,362)	(18)	(6,136)
Yearly profit from interrupted operations					
Profit/loss for the year	(795)	(1,442)	(1,048)	(1,535)	(4,820)
Profit/loss from Investments accounted for using the equity method	(390)	(706)	(346)	(680)	(2,122)

Thousand of euros	Information on 31 December 2016				
	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV Services Proprietary Limited	Other insignificant companies	Total
Information from financial statement					
Non-current assets	14,663	12,026	84,019	6,598	117,307
Non-current liabilities	-	-	(50,966)	(713)	(51,679)
Total net non-current assets	14,663	12,026	33,054	5,885	65,628
Current assets	16,038	19,596	40,450	3,894	79,978
Cash and cash equivalents	2,198	10,883	19,809	154	33,044
Current liabilities	(16,723)	(20,685)	(23,453)	(6,749)	(67,610)
Current liabilities	-	-	-	-	-
Total net current assets	(685)	(1,089)	16,997	(2,855)	12,368
Net assets	13,978	10,937	50,051	3,030	77,996
Percentage of share	49%	49%	33%	44%	
Share in net assets	6,849	5,359	16,682	1,342	30,233
Goodwill	-	-	-	-	-
Carrying value of share	6,849	5,359	16,682	1,342	30,233
Information from profit and loss account					
Ordinary revenue	24,147	18,766	134,070	451	177,433
Costs to sell	(26,759)	(19,654)	(139,199)	(1,584)	(187,196)
Impairment of shares by equity method	-	-	-	-	-
Finance income	-	-	-	-	-
Depreciation and amortisation	(1,740)	(1,055)	-	(95)	(2,891)
Finance expenses	(608)	(394)	(4,825)	146	(5,682)
Expenses (income) for tax on profit	58	79	3,033	(18)	3,151
Yearly profit from continuing operations interrupted	(3,163)	(1,203)	(6,922)	(1,006)	(12,294)
Yearly profit from interrupted operations	-	-	-	-	-
Profit/loss for the year	(3,163)	(1,203)	(6,922)	(1,006)	(12,294)
Profit/loss from Investments accounted for using the equity method	(1,550)	(590)	(2,307)	(446)	(4,893)

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APPENDIX III. SUMMARY
INFORMATION ON JOINT VENTURES

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Consolidated management report for reporting year 2017

This management report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of management reports of listed companies, published by the CNMV.

1. Position of the company

Prosegur is a business group comprised of Prosegur Compañía de Seguridad, S.A. (hereinafter the Company) and its subsidiaries (boards, Prosegur) that provides private security services in the following countries: Spain, Germany, France, Portugal, Luxembourg (in spite of not being a jurisdiction where there is operational activity, it is included as a result of the Luxembourg company Pitco Reinsurance, S.A. with the corporate purpose of insurance coverage), Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, South Africa and Australia.

1.1 Business model

Prosegur's business model can be characterised by the slogan "One Group, Three Businesses". This structure allows the group to contribute the value of the brand, shareholding stability, and specialised and efficient support units, while the businesses maintain their independence and flexibility to operate and grow in those markets that are most favourable to the characteristics of each unit. Through the implementation of this strategy, the company is accelerating its growth, continues to improve its profitability, has simplified its organisation and has increased gained greater specialisation and efficiency. The model gives visibility to the value of each business independently, and what is even more important, it allows Prosegur to establish the necessary foundations to approach its future development with the greatest assurance of success.

Prosegur's three business lines are:

- **Security:** It provides services that are the result of effectively combining cutting-edge technology with the best professionals. This area includes, mainly, the activities of manned guarding, including the protection of premises, property and persons, together with activities related to technological security and cybersecurity solutions.
- **Cash:** It provides services ranging from the basics of securities logistics and cash management to the outsourcing of high added-value services. This business is mainly focused on the banking and distribution sectors.
- **Alarms:** It has a wide range of services that help to improve the security and security of families and businesses. It includes the installation and maintenance of home alarms, as well as alarm monitoring by the ARC.

The mission, vision and values of Prosegur reveal its aspirations and challenges and define the company's way of doing business.

Mission

Our mission or reason for being (for which we work every day) is to generate value for our customers, shareholders and society in general by offering integrated, specialised security solutions, incorporating the most advanced technology and relying on the talent of the best professionals.

Vision

Our Vision (the goal we want to achieve at Prosegur) is to be a global reference for security, respected and admired as a leader, with the aim of building a more secure world.

Values

Finally, our values (the way of acting that differentiates us) contain the beliefs that guide our behaviour. They reflect the way we are, the way we behave and the way we work for our customers: Proactivity; Value creation; Customer orientation; Transparency; Excellence; Leadership; Teamwork and Brand.

1.2 Organisational structure

The organisational structure of Prosegur is designed to improve business processes and offer added value to our clients. The company's flexibility promotes ongoing adaptation to a changing environment and the development of Prosegur as a business group, whilst allowing for the growth of Prosegur as a group and offering significant capacity for adaptation to the Cash, Security and Alarms businesses, since each of these experiences different dynamics and, therefore, has different needs. This allows Prosegur to ensure the best quality of customer service wherever it operates.

Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines.

Corporate functions are supervised by the Global Support Divisions that cover the Financial-Economic, Human Resources, Quality and External Relations, Risk Management, Legal, IT & Digital Transformation, Strategy, and M&A areas.

The organisation of Prosegur is shown in the table below:

PROSEGUR COMPAÑÍA DE SEGURIDAD

CHAIRMAN



CHIEF EXECUTIVE OFFICER

INTERNAL AUDITING



PRESIDENCY IBEROAMERICA



PROSEGUR SECURITY

Prosegur
Security
Iberoamerica

Prosegur
Security
Spain

Prosegur
Security
ROW



PROSEGUR ALARMS

Prosegur
Alarms
Iberoamerica

Prosegur
Alarms
Spain/India

Prosegur
Alarms
Argentina

Prosegur
Alarms
Portugal

Market
Development
South Africa/
Turkey



ECONÓMIC-
FINANCIAL



HUMAN
RESOURCES,
QUALITY AND
EXTERNAL
AFFAIRS.



RISK
MANAGEMENT-
MEDIA



LEGAL



TI & DIGITAL
TRANSFORMATION



STRATEGY



M&A

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Shown below is the organisational chart of Prosegur Cash, a subsidiary of Prosegur Compañía de Seguridad, which holds, directly and indirectly, a 72.5% ownership share:



The representation power of the parent company of the Group is exercised by the Board of Directors, acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the General Shareholders' Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Appointments and Remuneration Committee. Amongst the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of generally accepted accounting principles. For its part, the Appointments and Remuneration Committee establishes and reviews the criteria for the composition and remuneration of the Board of Directors and for the Prosegur management team. It also periodically reviews remuneration programmes.

Changes in the composition of the Group

Changes that took place in the composition of Prosegur during the 2017 reporting period were mainly as a result of the following acquisitions:

- On 17 February 2017, Prosegur acquired 100% of Cash Services Australia Pty Limited, an Australian security company that provides cash and valuables in transit and cash management services. The total purchase price was AUD 2,998 million (equivalent on the purchase date to: EUR 2,171 thousand).
- On 14 September 2017, Prosegur acquired 100% of the Contesta Group in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand.
- On 1 December 2017, Prosegur acquired a series of assets of Omni S.A., a Paraguayan security firm specialising in monitoring residential alarms. The total purchase price was 39,039,000 thousand Paraguayan guaraníes (equivalent on the acquisition date to: EUR 5,811 thousand).
- In 2017, Prosegur acquired a series of assets and security companies in Ibero-America that provide securities logistics and cash management services. The total purchase price was EUR 32,360 thousand.

In financial year 2017, the following companies were incorporated:

- In February 2017, the company BIP Serviços de recepção e portaria Ltda. was incorporated in Brazil.
- In February 2017, the company BIP Serviços de Vigilancia Patrimonial Ltda. was incorporated in Brazil.
- In February 2017, the company Prosegur Holding SIS Ltda. was incorporated in Brazil.
- In May 2017, the company Prosegur Alarm Hizmetleri Anonim Sirket was incorporated.
- In October 2017, the company SIS Prosegur Cash Logistics Private Limited was incorporated in India.

The following companies were liquidated during the fiscal year:

- In October 2017, Centro Informático de Servicios de Vigo, S.A. was liquidated in Spain.
- In December 2017, the companies GRP Holding SARL and Prosegur Security Luxemburg SARL were liquidated in Luxembourg.
- In December 2017, Prosegur GmbH & Co KG was liquidated in Germany.

Furthermore, the following mergers and spin-offs took place between subsidiaries in 2017:

- In October 2017, the takeover merger of Servicios de Efectivo de Peru, S.A. by Compañía de Seguridad Prosegur, S.A. was formalised in Peru.
- In November 2017, the takeover merger of TC Interplata, S.A. by Transportadora de Caudales Jun-cadella, S.A. was formalised in Argentina.

- In Brazil, in December of 2017, there was a split of the security business from Prosegur Brasil S.A. Transportadora de Valores e Segurança in favour of Securpro Vigilancia Patrimonial S.A. was formalised in Brazil.
- In December 2017, the takeover merger of Verwaltungs GmbH by Prosegur GmbH & Co KG was formalised in Germany.

1.3 Operation

Prosegur operates in a constantly evolving competitive environment. The company must not only respond to client's new needs, but must also anticipate and address the challenges that they pose every day. To this end, Prosegur prepares triennial strategic plans in which it establishes a series of qualitative as well as quantitative targets. In this way, the organisation always maintains consistency with its vision of generating long-term value.

In 2017, Prosegur completed the implementation of its 2015 - 2017 Strategic Plan. What stands out most from this period is the transformation of the company's organisational mode, as it has moved from a country-based model to one that is business based. During the last year of the Plan, as the new model gained strength, the company completed a series of achievements associated with six strategic objectives.

Quantitative objectives:

- **Growth:**
 - Emphasise growth in new business volume.
 - Maintain a firm commitment with the development and sale of new products.
 - Promote the specialisation of managers.
- **Indirect Cost Management:**
 - Simplify the decision making process and create a more streamlined organisation.
 - Reduce the burden of indirect costs, mainly in corporate business.
- **Cash Management:**
 - Maintain the cash generation pace and its conversion with respect to EBITA.

Qualitative objectives:

- **Management at the Delegation Level:**
 - Continuously measure the quality level of the services and customer satisfaction.
 - Offer value focused on the needs of the client.
- **Operational efficiency:**
 - Finish implementing corporate platforms in all Prosegur countries.
 - Continuation of the operational improvement aspect of the Kaizen Project.
 - Continue promoting expertise centres implementing best practices in all countries.

- **Process Simplification:**

- Build a Prosegur that is more agile, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making and being supported by the KISS (Keep It Super Simple) project).

The overall valuation of the 2015-2017 Strategic Plan has been positive. The main conclusion is that, after implementing the business-based management model, Prosegur is prepared to face the following new challenges and goals, which are defined in the 2018-2020 strategic plan:

Quantitative objectives:

- **Growth:**

- In Alarms, to drive business value by increasing the number of connections in order to take advantage of economies of scale.
- In Security, to promote integrated sales of surveillance and technology products through solutions that set us apart from our competitors and that offer the latest security solutions to our customers. In Cybersecurity, to develop a platform that establishes us as a benchmark in our industry.
- In Cash, to continue growing in order to take the lead in market consolidation and stimulate the sale of new products.

- **Profitability and cash:**

- To support operating excellence and improve process technology to achieve increased profitability.
- Reduce the burden of indirect costs, which do not create value for the customer.
- Continue generating cash at a good pace, placing emphasis on those business that maintain a good EBITDA conversion ratio.

- **Business transformation:**

- Introduce new products that improve customer satisfaction, transform the business and reflect our clear commitment to innovation.

Qualitative objectives:

- **Advance with the customer:**

- List to customers to develop new value propositions that meet their needs.
- Continuously measure the quality level of the services and customer satisfaction.

- **Digital transformation of the company:**

- Continue driving cultural change in Prosegur, moving towards a more agile, technological and digital company.
- Deploy those platforms and tools that are necessary to simplify management, improve customer experience and allow us to lead the industry in the future.

- **Prosegur Talent Management (attract, develop and retain):**

- Attract, develop and retain the most qualified professionals to this end, Prosegur offers them the knowledge and tools needed to leverage their skills and grow within the company.

2. Business performance and results

2.1 Fundamental indicators of financial and non-financial character

Millions of euro	2017	2016	Variation
Sales	4,290.7	3,902.3	10.0%
EBITDA	518.4	449.4	15.4%
<i>Margin</i>	12.1%	11.5%	
Depreciation of property, plant and equipment	(104.1)	(91.8)	
Depreciation of intangible assets	(25.4)	(24.7)	
EBIT	388.9	332.9	16.8%
<i>Margin</i>	9.1%	8.5%	
Financial results	(45.0)	(58.7)	
Profit before tax	343.9	274.2	25.4%
<i>Margin</i>	8.0%	7.0%	
Tax	(145.6)	(140.1)	
<i>Tax rate</i>	(42.3%)	(51.1%)	
Net profit	198.3	134.1	47.8%
Minority interests	48.0	0.0	
Consolidated net profit	150.3	134.1	12.1%
Basic profit per share	0.25	0.22	

The 2017 reporting year saw a sales increase of 10.0%. Consolidated sales of Prosegur in financial year 2017 amount to EUR 4,290.7 million and have experienced an increase of 11.9% at a constant exchange rate.

The EBIT/Sales margin of 9.1% demonstrates Prosegur's ability to maintain the profitability of businesses in spite of the impact of amortisations derived from new business acquisition operations.

Consolidated net income increased by 12.1%, mainly due to higher sales and increased business margins.

The corporate restructuring plan implemented over the course of the past two years has had an impact on EBIT of EUR 3.4 million (EUR 9.0 million in 2016), and on tax of EUR 18.5 million (EUR 41.5 million in 2016).

Excluding the effect of corporate restructuring, Prosegur had a 13.8% increase in EBITDA on 2016. The EBIT / Sales margin was 9.1% and consolidated net income decreased by 6.7%.

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Analysis of management in 2017

From a management standpoint, the 2017 fiscal year was characterised by several factors which affected Prosegur's business lines differently.

The end of 2016 saw the close of an internal reorganisation phase, begun in 2015 with the aim of reinforcing the independent growth of the business areas, maintaining the market advantages of a comprehensive security model but also fostering independent margin protection policies for each business, while assisting regions in dedicating the majority of their resources to sales and customer service with support from a more efficient and service-oriented centralised global structure.

As a result of this reorganisation, in 2017 Prosegur adopted a new market communication and information model based on independent reports by business line instead of by geographical area, while at the same time crystallising, with great success, what was probably the most significant event of the year: the stock market flotation of the Prosegur Cash subsidiary.

On 17 March, Prosegur made a public offering of 412.5 million shares, of the 1.5 billion shares that make up the total number of shares issued, at an IPO price of 2 euros per share.

Investors welcomed this new issue with great enthusiasm, resulting in a strong demand for the shares in the early stages of the placement which, right from the start, would prove to be one of the best initial public offerings of the year in Spain, with an increase in value that, over the course of the year, would reach 30% and which at no time dropped below the initial offer price.

With this operation, Prosegur Cash was on its way to operating independently in the market and to generating its own business report.

The progress of Prosegur Cash during the course of 2017 was very positive. With organic growth in line with that of the prior year, and benefitting (during the first half of the year) from a very favourable exchange rate that slowed in the second half of the year and even turned negative, the subsidiary was still able to achieve excellent growth greater than 10% for the year as a whole.

The new added-value services, such as automated cash machines for retailers and small businesses, branch-based bank balance reconciliation services, and administrative support services for financial entities, have started a new line of growth, improving market penetration by 20% over the prior year and, by the end of the year, accounting for nearly a tenth of Prosegur Cash's revenues.

In addition to this excellent organic development, Prosegur Cash has also completed several acquisitions of companies, one of the most interesting of which is the purchase of Contesta, a Spanish company offering back-office services for financial institutions.

With this acquisition in Spain, the AVOS unit of Prosegur Cash takes a step forward in its business strategy to generate processes that are increasingly integrated and end-to-end, supported by multichannel technology platforms. This way, Prosegur Cash is strengthening its strategic commitment to a future of high-value-added services that supplement its traditional cash in transit and cash processing services.

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The Outsourced Services Value-Added (AVOS) division of Prosegur Cash already has more than 1,200 employees.

In geographical terms, the greatest growth impetus for Prosegur Cash during the past year came from the Iberoamerican regions, where the demand for cash in transit services remains high and it is possible to benefit from the macroeconomic dynamics of emerging countries, such as inflation and high interest rates, or very rapid bankisation processes amongst populations that demand extensive deployment of branch banks and automated teller machines.

The business activity of Prosegur Security also showed excellent growth in 2017.

Given that approximately half of its business is in Europe, favourable or adverse exchange rates have had less of an impact in this business line, which ended the year with growth above 8%.

Prosegur's Security division has experienced excellent growth in Europe, driven by several large contracts awarded in Spain in the latter part of 2016 for security at national airports, and whose economic potential has been realised in the form of revenues throughout the year, as well as other major contract awards by first-rank Spanish multinationals, clearly establishing Prosegur as the supplier of choice to major Spanish customers, not only for the provision of domestic services, but in all countries where the customer has a presence.

The excellent progress of the business in Europe has been further strengthened by increased sales of integrated security solutions, which in 2016 accounted for more than half of new sales, a level of penetration that has continued and even increased in 2017.

This new type of security solution, based on the effective use of remote technologies for monitoring any event that is critical to the customer, combined with the ability to rapidly deploy human intervention services, is being very well received in the market and, although the sales cycle is long and complex, once such systems have been deployed, they are an excellent way to win customer loyalty, lengthen the terms of contracts and thus increase their profitability, and raise barriers against the entry of possible competitors. For all of these reasons, Prosegur's commitment in this area will remain firm in the coming years.

In Ibero-America, excluding Brazil, the Security business has also shown satisfactory growth, very much in line with the development of the respective economies of each country. Although the macroeconomic dynamics of that region do not yet favour the penetration of new technology-based solutions, what is becoming clear is that the sales cycles for this type of product will be shorter than they are in Europe, offering good prospects of excellent growth potential in all countries.

In terms of revenues, organic growth in the region has continued, with the same strong growth rates experienced in 2016, and margins in the region have continued to grow in a stable manner. While it is true that during the second half of the year the depreciation of the most important currencies in the region, the Argentinean Peso and the Brazilian Real, have limited growth in Euros, the growth of the entire Security business over the course of the year was 8,4%.

In Brazil, the strong margin protection and recovery policies initiated in 2015 have remained in place in 2017.

The country has experienced slightly negative sales growth due to efforts to correct the deficit situation of the Security business, which involves not only adjustments in the administrative and support areas, but also a strict focus on the optimisation of client portfolios, dropping low-profit clients in favour of higher-yielding accounts.

This process has involved a reduction in volumes in the Security business, which, although offset by the growth of the Cash business in the country, has resulted in a flat situation in local currency sales, but with very positive prospects for upcoming years.

The positive outcome of these aggressive recovery measures is that, by the latter part of the year, the Security business unit in Brazil was abandoning its losses and, in purely operational terms, was turning profitable, a development that augurs well for this country in the coming years. This recovery phase can be expected to gain momentum in the coming years by taking advantage of the emerging economic recovery of the country and new labour reforms implemented by the government with an aim to promoting growth and investment.

The Alarms business also experienced excellent growth in 2017.

In fact, the principal growth indicator in this business, the rate of new contract connections to the installed base, doubled in comparison to prior years, reaching growth levels of 18%, compared to rates of slightly more than 8% in previous years.

This extraordinary growth, far higher than the overall growth rate of this industry, is consistent in all geographical areas and, what is more important, has taken place within the profitability parameters established by the our key business indicators.

By the end of 2017, the total installed base of alarms was nearing half a million, with a churn rate of 10% that has remained stable in recent years, sustained sales productivity of 5 alarms per month per sales representative and an average monthly fee per connection (ARPU) of 38 euros. These data or similar to, or slightly better than, those of 2016, assuring that business growth is taking place without any impairment of future profitability.

Currently the geographical distribution of the customer portfolio is very homogenous, with about half of the alarms located in the Iberoamerican region and the other half in Europe and the rest of the world.

With respect to the growth of the latter region, special mention should be made of the excellent growth of the South African subsidiary in Johannesburg where, following the start-up of the business in late 2016, the contract base has doubled in a single year. Also notable is our entry into the Indian market with the opening of a new subsidiary in New Delhi, where the home alarm market is expected to develop from scratch, with very promising dynamics.

The contract base is also evenly distributed between residential alarms and alarm systems for small businesses and retail stores, thus creating a very health product mix in which the long contract periods of residential customers offset the shorter contracts of commercial customers, which at the same time boost overall business revenues by bringing in larger monthly service fees. The combination of these two types of clients, together with their homogeneous geographical distribution, produce the excellent key business indicators mentioned previously.

With regard to sales growth, developments over the coming years will gradually shift the larger portion of the contract base to Ibero-America, as this region has a net contract connection rate of nearly 20% per year, compared to 10% in Europe. In both cases, the growth rates are double the industry average growth rate in both regions.

Ibero-America is benefitting from an enormous expansion of an emerging middle class, whose living conditions are constantly improving and who have increasingly more valuable personal assets, intensifying the need to ensure that they are protected.

Finally, it is important to highlight the strong growth, within the alarm business, of new products and services intended to create customer loyalty and increase recurrent billing, such as the protection and tracking of vehicles, with more than 10,000 cars now under management, or new devices for locating and assisting the elderly who require immediate medical attention, as well as new product lines aimed at automating and controlling a variety of items in the home such as remote opening and closing of doors, heating and air conditioning, etc.

Growth forecasts in this business line for the coming years estimate that the current rates of increase in net connections can be sustained while reducing churn rates and maintaining or improving recurring monthly fees. This strong organic growth can be supported through selective growth through acquisitions, with an aim to improving service density in countries where Prosegur Alarms already has a presence, or entering cities that promise strong penetration rates.

To this end, we will continue investing to grow the sales force and increase marketing and advertising, using part of the funds obtained from the stock market flotation of Prosegur Cash, exactly as set out in the company's strategic plan.

In conclusion, 2017 was a very satisfactory year, driven initially by favourable currency exchange rates which, beginning in the second half of the year, turned negative and slightly offset (by nearly 2%) the excellent 11.4% organic growth obtained from the group as a whole.

In any case, the magnificent 10% growth rate in euros positively reflects the correctness of the inorganic growth strategies of previous years, which facilitated the establishment of a solid foundation to guarantee organic growth in adverse periods, as well as the excellent adaptive capacity of Prosegur's integrated business model to provide security and cash management solutions that are valued well over price considerations by clients in all countries, allowing the company to mitigate adverse economic conditions and grow organically in a continuous and profitable manner.

The objectives achieved are even more valuable when one considers that Prosegur conducts business in 14 currencies in addition to its operating currency, the euro, and that the effect of depreciation of some currencies in Ibero-America had a very negative impact on the main sections of the income statement.

The supports that made it possible to obtain satisfactory results in 2017 were an efficient combination of promotion of commercial strategies, in mature markets, towards new service models focused on more efficient use of client security costs while guaranteeing and measuring desired protection levels, combined with strategies for sustaining above-market growth for the more traditional products in emerging markets and a strategy for entry into the market for outsourcing banking business processes.

This new organisation model resulted in strict control of indirect costs and expenses that reinforces previous year policies and that is complemented by the introduction of new quantification and comparison tools that streamline decision making and identify and isolate inefficiencies more quickly.

Regarding the group's financial position and solvency, based in part on the funds obtained from the stock market flotation of Prosegur Cash and the excellent cash-generating capacity of its businesses, during 2017 Prosegur undertook a profound restructuring of its debt that reduced its gearing ratio to historically low levels and was rewarded with the renewal, for an additional year, of its stable BBB credit rating granted by Standard & Poor's in 2017.

In addition, in December 2017 Prosegur was utilising the remainder of the funds obtained in the IPO to compensate its shareholders with an extraordinary dividend of 0.45 euros per share, for which it earmarked a total of 280 million euros.

In April 2018, Prosegur plans to repay the 500 million euro bond issued in 2013, for which it has already obtained the required funds and for which it is now considering the most efficient refinancing models so that it can reduce the financial costs of the group in coming years and maintain the indebtedness level within the conservative, "comfort level" parameters established by the Board of Directors.

Finally, in 2017, the implementation of new key management indicators for the group was completed. As a result we have updated corporate policies this year that have facilitated decision making with respect to:

- a)** The establishment of continuous improvement objectives.
- b)** The consideration of alternative strategies and options.
- c)** The adoption of necessary measures for the implementation of defined strategies and introducing corrective measures to deal with deviations.
- d)** The creation of competitive advantages.

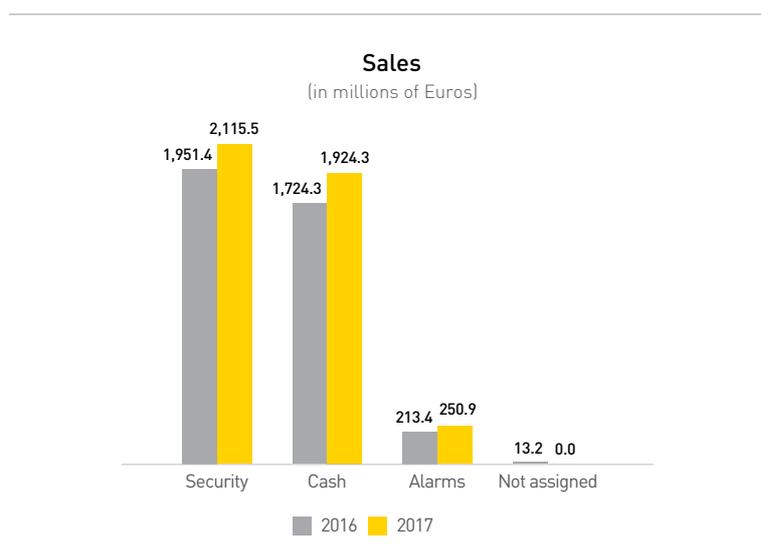
Currently, the Prosegur Management employs a control panel of timely and suitable information on its clients, the market, and the legal, economic, and technological environment that allows it to make continuous operational adjustments.

Over the following sections details are provided on the most significant variables of the management and its evolution during the period, including activities, business management, personnel, investments, and financial exploitation and management.

Sales by business area

Prosegur's consolidated sales over 2017 were EUR 4,290.7 million (2016: EUR 3,902.3 million), or a total increase of 10.0%, of which 11.4% corresponds to pure organic growth, 0.5% corresponds to inorganic growth mainly derived from purchases carried out during 2017. The effect of the fluctuation of exchange rates decreased by 1.9%.

The following table provides a breakdown of consolidated sales by business:



Aggregated consolidated sales are distributed by business area as follows:

Millions of euros	2017	2016	Variation
Security	2,115.5	1,951.4	8.4%
<i>% total</i>	49.4%	50.0%	
Cash	1,924.3	1,724.3	11.6%
<i>% total</i>	44.8%	44.2%	
Alarms	250.9	213.4	17.6%
<i>% total</i>	5.8%	5.5%	
Not Assigned	-	13.2	-100.0%
<i>% total</i>	0.0%	0.3%	
Total	4,290.7	3,902.3	10.0%

The increase of turnover for 2017 compared to 2016 is 10.0%.

The Security business, which includes the Surveillance and Technology areas, has experienced an increase in sales of 8.4%. The effect of currency devaluation in countries such as Argentina and Brazil penalised the sales turnover of Prosegur.

With respect to the Cash business, sales have continued to trend upwards thanks to the robustness of the business and the differentiation of Prosegur's cash services compared to those of competitors, mainly with the introduction of new products, showing an increase of 11.6% and reaching EUR 1,924.3 (2016: EUR 1,724.3 million).

Lastly, the Alarms business had annual revenues of 250.9 million euros in 2017 (2016: 213.4 million euros), reflecting an increase of 17.6% and achieving growth of 18% in the net connection rate for new contracts.

The series shown below illustrates the growth of Prosegur's consolidated turnover over the last five reporting years:

Millions of euros	2013	2014	2015	2016	2017
Revenue	3,695.2	3,782.6	3,959.4	3,902.3	4,290.7

EBIT margins by business

Consolidated operating profit (EBIT) stands at EUR 388.9 million for 2017 (2016: EUR 332.9 million). The EBIT margin for 2017 was 9.1% (2016: 8.5%).

This margin of 9.1% is especially important in a year affected the depreciation of the main currencies of Iberoamerican countries.

The following table shows the distribution of the EBIT margin by business line:

Millions of euros	Cash		Security		Alarms		Not assigned		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales	1,924.3	1,724.3	2,115.5	1,951.3	250.9	213.4	-	13.3	4,290.7	3,902.3
EBIT	360.2	320.5	65.9	40.7	3.5	10.0	(40.7)	(38.2)	388.9	332.9

In the following table, the EBIT tendency over the last five years can be seen:

Millions of euros	2013	2014	2015	2016	2017
EBIT	297.6	307.3	324.2	332.9	388.9
%EBIT margin	8.1%	8.1%	8.2%	8.5%	9.1%

The EBIT margin on consolidated sales was 9.1% during 2017. The upwards trend of earlier years was reduced in 2013, basically because of currency depreciation, in particular the Brazilian Real. However, since 2015, Prosegur has managed to recover a growth strategy, mitigating the currency depreciations that took place in 2016 and 2017 mainly due to the Brazilian Real and the Argentine Peso.

Information concerning the assignment of Prosegur assets to each one of the segments and reconciliation between the result assigned to segments and the consolidated net results is shown in Note 10 of the consolidated annual accounts.

Commercial information

Prosegur services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. To this end, for clients with whom there is no prior experience, inquiries and consultations are conducted using public domain data in order to carry out risk evaluations and individual analyses that are objectively measurable. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing for optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is contracting a value added and responsible security service.

Prosegur continuously renews its offer and develops new products in every business line.

Investments

Prosegur's investments are analysed in every case by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. They are then laid before the Investment Committee for a final decision on whether to proceed with the investment. Investments that exceed 0.6 million euros are laid before the Board of Directors for approval.

Amortisation provisions totalled EUR 129.6 million in 2017 (2016: EUR 116.5 million). This amount corresponds to property, plant and equipment and investment property worth EUR 89.5 million (2016: EUR 77.5 million) and computer applications worth EUR 14.7 million (2016: EUR 14.3 million) and other intangible assets worth EUR 25.4 million (2016: EUR 24.7 million).

Details of total investments analysed by the Investments Committee during 2017 and a comparison with 2016 are shown below:

Millions of euros	2017	2016
First quarter	38.6	17.2
Second quarter	28.6	35.7
Third quarter	13.3	24.9
Fourth quarter	36.2	37.7
Total	116.7	115.5

EUR 186.7 million was invested in property, plant and equipment in 2017 (2016: EUR 152.7 million). Moreover, investment in computer applications totalled EUR 21.2 million (2016: EUR 14.8 million).

3. Non-Financial Information

Prosegur is aware that its position as a global leading company in private security gives it the responsibility of working to raise standards in the private security sector in all of the environments where it operates. Performance in aspects such as the reduction of environmental impact, the generation of quality employment, the health and safety of workers, regulatory compliance, respect for human rights and good governance represent the clearest example of our commitment.

Formal policies and procedures related to these matters have been established within the framework of the Prosegur management system, 3P Policies. The 3P System allows us to have internal rules and a common language for services and processes throughout the organisation. It makes it easier to standardise and provide services focussed on meeting the required quality level and also to efficiently manage resources and continually improve processes.

In relation to environmental and social issues, personnel, respect for human rights and the fight against corruption and bribery, the following policies and procedures are noteworthy:

- Prosegur CR Policy.
- Environmental Management Policy.
- HR Decalogue.
- Human Resources General Management Policy.
- General policy for discrimination and harassment complaints.
- Occupational Health and Safety Policy.
- Security and Associated Policies Decalogue.
- Prosegur Code of Ethics and Conduct.
- General Procedure for the Complaints Channel.

3.1 Environmental issues

KPI's	Resultados
Direct CO ₂ emissions	Security: 27,796.70 T Cash: 43,368.65 T Alarms: 8,473.88 T
Indirect CO ₂ emissions	Security: 2,456.30 T Cash: 11,908.89 T Alarms: 714.55 T

Prosegur has a 3P policy or general regulation, which is mandatory for all employees, established in countries and businesses that have a locally defined environmental policy to ensure compliance with applicable environmental legislation. The Prosegur Management for all businesses establishes the need to evaluate risks and adopt measures to minimise them, as well as setting annual targets to reduce the impact of their activities on the environment. The Management promotes the adoption of the international ISO 14001 standard.

The business activities of Prosegur do not have a significant environmental impact. These activities are related to the rendering of services and therefore do not involve transformation or manufacturing activities. These activities are very manpower intensive, for example, cash in transit and manned guarding services. The greatest environmental impact occurs in the Cash business, mainly in the form of movement of armoured vehicles to our customers' facilities.

Because of its high number of employees of Prosegur Compañía de Seguridad, it is important to heighten awareness through training, relating principally to care of the environment and sustainability.

The main environmental aspects inherent to Prosegur's business activities are:

- a) For the Security and Alarm businesses, the most significant are water and paper use, generation of wastes, mainly with a low hazard level, such as paper, cardboard, uniforms and packaging.
- b) For the Cash business, the main environmental impact is related to the consumption and generation of waste of the following materials: absorbent and filtering materials, cleaning cloths and protective clothing contaminated by hazardous substances such as vehicle oils, toner consumption, fluorescent lights, paper, operational plastics and fuel consumption and greenhouse gas emissions of the armoured vehicle fleet and the consumption of energy in the operational bases of cash management machines.

AAs of 31 December 2017, the direct and indirect CO₂ emissions of the Group's businesses in the nine most important countries where it operates were:

	Emissions CO₂ Direct	Emissions CO₂ indirect
Security	27,796.70 T	2,456.30 T
Cash	43,368.65 T	11,908.89 T
Security	8,473.88 T	714.55 T

At the country level, the consumption and generation of waste associated with the company's business activity are monitored. Each country sets annual actions and targets to minimise this impact. The Global Management also promoted the following actions in the last year:

- a) 3P Policy for the management of the armoured fleet, including the assessment of consumption efficiency and the programmes for the acquisition and withdrawal of vehicles from the armoured fleet. This policy promotes corporate development of tools for the control of fuel consumption.
- b) Continuity of awareness campaigns to reduce water consumption in headquarters and bases.
- c) Continuity of energy efficiency programmes in operational bases, promoting the installation of efficient lighting devices (LEDs), as well as through the dissemination of environmental awareness campaigns.

- d) Digitalisation program, in which supplier contracts can be digitised, resulting in a reduction of paper consumption.
- e) Centralisation in each country of the hiring of approved waste managers to ensure compliance with legal requirements.

As of 31 December 2017, Prosegur has no environment-related contingencies, legal claims or income and expenses relating to these items. There have been significant reductions in electricity consumption at headquarters and bases due to the energy efficiency programmes, as well as a reduction in paper consumption.

3.2 Social and occupational issues

KPI's	Results
Average headcount	168,461
Workforce at year-end	170,350
Disabled operating staff in Spain (>33%)	312
Total disabled staff	978
Percentage of women in the workforce	15,8 (promedio anual)
Training hours	1,608,752 horas
Union membership	19%
Collective bargaining agreement coverage	81%

Taking into account the growth strategy implemented globally in recent years, Prosegur generates employment in the markets where it is present.

The Prosegur workforce closed 2017 with 170,350 employees (2016: 168,120 persons), or an increase of 1.3%.

Over the last five years the average workforce has grown as follows:

Workforce	2013	2014	2015	2016	2017
Direct	145,364	146,954	150,549	157,693	159,275
Indirect	9,150	8,184	8,659	9,440	9,186
Total Prosegur	154,514	155,138	159,208	167,133	168,461

The growth of the workforce relative to invoicing over the past five years was as follows:

Workforce per million invoiced	2013	2014	2015	2016	2017
Direct	39.3	38.9	38	40.4	37.1
Indirect	2.5	2.2	2.2	2.4	2.1

The percentage of women is gradually increasing and has now reached 15.8% of the total workers in 2017 – the same percentage as in 2016.

Selection

Historically, one of the main characteristics of Prosegur that has allowed it to establish itself as one of the main security services groups worldwide has been its selection of personnel. For this reason, Prosegur guarantees its workforce that it will fulfil all employment and social security obligations.

In a field as sensitive as security, trust and responsibility are qualities that must characterise the people who deliver services at our customers' facilities; thus, we must guarantee not only the effectiveness of Prosegur personnel but also their honesty, responsibility, emotional balance, and psychological maturity.

Therefore, a constant priority for Human Resources Management is the continuous improvement of the selection processes that make it possible to identify the suitability of a person for a position with Prosegur.

Training

Prosegur, as a benchmark in the field of security, and due to the importance of its role, offers quality work, where the qualification and the degree of specialisation of its professionals is one of the main aspects that sets it apart. Altogether, we gave 1.6 million hours of training in 2017, which is an average of 9 training hours per employee. About 90 percent of the hours correspond to the training of operational positions in areas such as the Code of Ethics and Conduct, the prevention of occupational risks, armed training and the professional security career.

Through its online platform, the Prosegur Corporate University, Prosegur offers a virtual space in which professionals share knowledge, experience the values of the company, develop their talents and specialise through a common culture. Prosegur also offers a differential and homogeneous catalogue of courses on this online platform as part of the plans for the professional development of employees.

During 2017, the scope of Prosegur Corporate University was extended to four new countries, already being present in thirteen countries in which the company operates. This year, new training content and functions have been included that allow the Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values characteristic of the company. During the past fiscal year, more than 46,000 employees accessed the campus and logged more than 250,000 hours of study, representing an increase of 41% compared to 2016.

In addition, two global training campaigns have been launched for indirect personnel through the Prosegur Corporate University, one in the Code of Ethics and Conduct and the other in information security, and both with participation level above 90% of the total workforce.

Occupational inclusion of people with intellectual disabilities

Prosegur promotes the labour market integration of people with an intellectual disability, offering them a more stable future through employment. In the most representative Prosegur offices, a Work Insertion Plan for People with Intellectual Disabilities was implemented, with new professionals from this group joining the teams of the various countries. The number of employees with disabilities in 2017 was 978. The target is to fully integrate employees with disabilities in the company.

Labour Relations

Prosegur manages labour relations locally, taking into account the particularities of each market and, above all, the legislation in force in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and the applicable laws in the countries in which it operates, the company respects the right to union freedom, association and the collective bargaining of its employees.

Free speech with unions is constant and essential. The company holds periodic meetings with all the legitimate representatives of the workers in the geographical areas in which it is present, listening to them, sharing information and seeking common goals. In fact, more than 19 percent of the workforce belong to unions, and the collective bargaining agreements that have been signed cover more than 81 percent of the total number of employees. These figures are higher than the average for the main companies in the sector.

In accordance with the provisions of Community Directive 2009/38/CE and Law 10/1997, Prosegur organised a European Enterprise Committee in 2014. This organisation promotes trans-national cooperation between the company and worker representatives, and promotes constructive dialogue in the European setting. This way, consultation is promoted and information is shared between companies and workers across national boundaries.

In 2017, Prosegur launched a new corporate Intranet at the global level. This platform is the first Human Resources tool that is 100% accessible from any device, and includes a mobile app that is available for the main mobile operating systems (Android and iOS). Currently, the Intranet is implemented in 12 countries, has been translated into five languages, and has received more than 7 million visits during the course of the year. The app has been downloaded 21,000 times and is now being used by more than 10% of the workforce.

Workplace Health and Safety

KPI's	Resultados
Employee health and safety training	159,907 training hours
Number of fatal accidents	Fatality rate of 0.41 per 10,000 employees
	Security: 2.35
	Cash: 3.30
Accident incidence rate by business	Alarms: 4.01

Prosegur works in compliance with industry standards regarding occupational risk prevention. It invests in specific training related to “risks by activity and job, emergency measures and inspections” and in the analysis of accidents that have occurred. The company wants to ensure that employees work in suitable environments and have the necessary resources to safely do their job.

- **Training:** One of the reasons why health and safety indicators have continued to improve in 2017 is the quality and effort invested in the training hours given to employees in this area. As a result, Prosegur has managed to raise awareness and improve the skills and abilities of employees to take on the risks they face in their daily work, in particular whilst driving vehicles.

During 2017, Prosegur provided a total of 159,907 hours of training in safety and health, which is 6.2 percent more than in 2016. Safety and health training programmes have focused mainly on training through the Prosegur Corporate University, the Workplace Hazard modules for operating personnel, and the specific modules in subjects such as personal defence and emergency situations.

- **Tracking:** Prosegur has established internal and external communication protocols for occupational accidents to monitor and investigate accidents and for continuous improvement. In addition, it has established a work methodology that allows for specific evaluation of safety and health conditions at multiple levels (business, activity, Prosegur work centre or operating base, and workstation type). In addition, Prosegur also has workplace health and safety committee meetings where actions for the prevention of occupational risks are regularly and periodically reviewed.
- **Technological innovation:** Prosegur provides employees with the most advanced technologies available and a full commitment to innovative efforts to address the intrinsic risks of the jobs of its employees, and thus deter external threats, especially in risks involving attacks to our employees and armoured vehicles, or in our cash custody bases. The objective of the company is to achieve “zero accidents”, despite the intrinsic difficulty of the business in which Prosegur operates. Thanks to the effort made in terms of health and safety, in 2017 the accident rate stood at 2.35 in Security, 3.30 in Cash and 4.01 in Alarms (number of occupational accidents per hours worked according to the parameters of the Occupational Safety and Health Administration). In addition, the company has managed to maintain a rate of 0.41 fatalities per 10,000 employees, below the figure for the previous year. This value is equivalent to that of the main companies in the security industry worldwide.

3.3 Anti-corruption and bribery issues

KPI's	Results
Percentage of indirect employees with training in the code of ethics	91%

Ethics and Compliance

Ethical behaviour and compliance with regulations are essential and especially critical aspects for various reasons intrinsic to the activity of Prosegur:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal assets are managed.
- They work not only to safeguard the integrity of clients, but to protect and aid society as a whole.

All members of the governing bodies, managers and staff of Prosegur have a commitment to ethical performance and strict regulatory compliance when doing their job. This commitment is brought together through common principles and standards, which also affect relationships with the group of stakeholders affected by their activity: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

Prosegur maintains a “zero tolerance” position for any breach or irregularity.

Prosegur applies the most stringent criteria to comply with the obligations set by law and actively works to set the highest standards of compliance in its sector. In this regard, accuracy in the definition of control mechanisms and prevention of irregular or illegal practices is essential, especially in areas with higher risk.

Corporate Compliance Programme

The Prosegur Corporate Compliance Programme envisages control measures designed to mitigate or eliminate the risk of breaching applicable laws and regulations when going about its business. It covers any legal aspect that may involve Prosegur, although it focuses primarily on the prevention of money laundering, data protection, the defence of competition, crime prevention and compliance with securities markets regulations.

The Compliance Programme has been approved by the Prosegur Board of Directors and is overseen by the Compliance Committee, which acts with full autonomy and independence and reports directly to the Audit Committee. This committee is made up of management representatives from the Legal, Finance, Human Resources, Risk Management, and Internal Audit departments, as well as Corporate Compliance Officer. The Company also has compliance officers in all the countries in which it operates. They are in charge of implementing the Compliance Programme in each of the countries for which they are responsible and for ensuring proper compliance with the regulations applicable in each geographical area; compliance with these regulations is also monitored by a local Compliance Committee. In countries that have particularly restrictive regulations in certain areas, the company implements specific regulatory compliance projects. To ensure the correct deployment of the programme in daily business, the Company delivers training courses to employees on the most relevant aspects, courses aimed at senior managers and members of the Board of Directors and specialist courses intended for compliance officers.

Code of Ethics and Conduct

The most recent version of the Prosegur Code of Ethics and Conduct was approved by the Board of Directors on 23 October 2013. In 2017, a training campaign for indirect staff was carried out on the Prosegur Corporate University online platform, which was completed by 91% of said indirect staff.

The Code sets the guidelines for the standards of behaviour and the good work of all Prosegur professionals when doing their job and in their relationships with third parties on aspects such as compliance with legality, respect for human rights and equality and respect amongst employees. The Code of Ethics and Conduct is a binding instrument, so it must be known and fulfilled by all workers and members of the governing bodies of Prosegur. Employees must also collaborate to facilitate its implementation, as well as communicate possible breaches of which they have knowledge through the Whistleblowing Channel.

In order to join with other international companies in support of ethics and integrity, Prosegur subscribes to the “Code of Conduct and Ethics” of the Ligue Internationale des Sociétés de Surveillance and recognizes the “Code of Conduct and Ethics for the private security sector” prepared by the Confederation of European Security Services (CoESS).

Whistleblowing channel

To detect irregular or illegal behaviour or behaviour contrary to the Code of Ethics and Conduct and act accordingly, the company has a Whistleblowing Channel that allows any interested party, belonging to the company or not, to communicate such behaviour safely and anonymously through a form available on the website www.prosegur.com. The Internal Audit Division confidentially manages any communications received and forwards them, as appropriate, depending on their type and severity, to the division responsible for their management, investigation and resolution.

In accordance with the conclusions resulting from the investigations carried out, the necessary measures are adopted at the Audit Committee meetings for cases that require action by the company.

3.4 Respect for Human Rights

KPI's	Results
Number of Human Rights training hours	65,418 hours in 2017 (13% of all employees)

Security is an essential value and a critical element of the well-being and development of societies. As such, security and respect for human rights are closely linked and must be in harmony with one another. As a benchmark company in the field of private security, Prosegur assumes the task of promoting respect for human rights as an essential element in the conducting of its activities.

The company endeavours to respect and enforce the rights listed in the Universal Declaration of Human Rights adopted by the UN General Assembly in its practices and procedures. This commitment is conceived as an additional responsibility to comply with the laws and regulations of the territories in which Prosegur is present, particularly in those in which the ability of the State to protect human rights is limited.

For several years, the company has been working with a view to adopting the principle of due diligence to define the internal control elements necessary to help manage this issue. These cross-cutting factors affirm that everything possible is done to encourage good practices and to prevent, detect and eradicate irregularities in the area of human rights.

Within the framework of Prosegur's management system, formal policies and procedures have been established in the field of human rights, determining the structure and mechanism for monitoring and reporting.

Prosegur has a robust risk management and control system, which considers factors related to respect for human rights. These include, amongst others, the violation of rights and freedoms of a personal nature and occupational rights. Through the system, critical risks are identified, evaluated and supervised through key risk indicators. Depending on the type of risk and its relevance, appropriate procedures are established to prevent, detect, avoid, mitigate, compensate or share the effects of a possible materialisation of the risks.

The company publicly promotes and trains its employees in matters of human rights. This subject is integrated into the various training courses taught by human resources and regulatory compliance. In addition, mandatory training plans for operating staff include sessions on critical issues such as the use of force, gender violence, cultural diversity and human rights in the company.

As of 31 December 2017, 65,418 hours of training had been given on Human Rights, reaching 13% of the total number of workers.

Through its whistle-blower channel, Prosegur allows employees and interested third parties to confidentially and anonymously communicate any irregularity of potential importance that might be observed in the company, including events related to possible violations of human rights.

3.5 Diversity on Governing Organisations

KPI's	Results
Percentage of women on the Board of Directors	25% of the board members are women
Percentage of independent directors	37.5% of the board members are independent directors
Percentage of independent directors on the Audit Committee	66.6% of the members of the Audit Committee are Independent Directors

As of 31 December 2017, the Prosegur Board of Directors comprises eight members (two of whom are women): one directors and seven non-directors, of which four are independent, two are proprietary,

and one is external. The responsibilities of the Chairman and Chief Executive Officer are different and complementary. In this manner, Prosegur meets the requirements of the main international standards in matters of Corporate Governance that recommend the separation of roles. The most significant changes to the structure and makeup of the Board of Directors took place in April of 2017 with the naming of Mr Ángel Durández Adeva, who joined the Board as an independent director. On 20 June, Mr Pedro Guerrero Guerrero, an independent director, resigned voluntarily from his position on the Board of Directors.

4. Liquidity and capital resources

Prosegur continues to formalise strategic financing operations designed to optimise financial debt, control debt ratios and meet growth targets.

Prosegur calculates the net financial debt by considering the total of current and non-current external debt (excluding other non-banking debts) plus net derived financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 31.2).

As of 31 December 2017, net financial debt was EUR 251.8 million (2016: EUR 712.4 million).

4.1 Liquidity

Prosegur has a good level of liquidity reserves and a great capacity for financing that makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

As of 31 December 2017, Prosegur's cash reserves were EUR 1,922.1 million (2016: EUR 1,414.3 million). This figure is the sum of the following sections:

- The cash and cash equivalents balance amounts EUR 630.9 million (2016: EUR 824.6 million).
- Other current financial assets amounts to EUR 490.3 million.
- The existing long-term credit availability of EUR 515.0 euros corresponded mainly to the syndicated loan in the form of a provision signed on 10 February 2017 (2016: EUR 350 million).
- Other unused lines of credit for EUR 285.9 million (2016: 239.7 million) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity figure accounts for 44.8% of consolidated annual sales (2016: 36.2%), which enables the company to ensure both short-term funding needs as well as growth strategy.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The set of maturities of Prosegur's debt is in line with the company's capacity for generating cash flows to repay it.

It is important to note that, although part of the cash position referred to for the close of the 2017 period is subject to certain regulatory conditions arising from Prosegur's geographical location, compliance with upcoming obligations does not depend on distributions or payments from subsidiaries that are subject to insurmountable legal or regulatory restrictions. During the annual budget planning process, a plan for the repatriation of dividends from subsidiaries is executed, maximising the tax efficiency of the consolidated Group.

The market value of the shares held by the parent company of Prosegur at 31 December 2017 amounts to 122.0 million euros (2016: EUR 111.0 million).

4.2 Capital resources

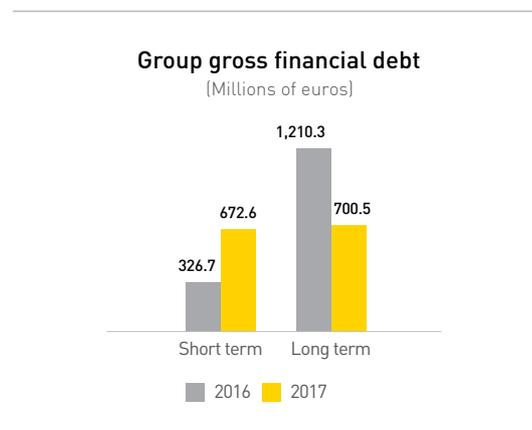
The structure of financial debt is determined by the following contracts:

- a)** On 2 April 2013 simple bonds were issued for a nominal amount of EUR 500 million, expiring in 2018. The bonds will accrue interest of 2.75% annually payable upon expired annuities and quoted on the Irish Stock Exchange. Market listing at 31 December 2017 is 0.40%.
- b)** On 4 December 2017, Prosegur, acting through its subsidiary Prosegur Cash, S.A., issued uncovered bonds with a face value of EUR 600 million, maturing on 4 February 2026. The bonds are listed in the secondary market on the Irish Stock Exchange. They accrue a coupon of 1.38% per annum payable yearly on maturity.
- c)** In 10 February, the syndicated financial transaction signed in 2014 and novated for one year in 2015 was cancelled and replaced by two new syndicated credit operations in credit mode, in the amounts of EUR 200 million and EUR 300 million, both with a term of 5 years, the latter having been contracted by the Prosegur Cash, a Prosegur subsidiary. As of 31 December 2017, no amount of either of the lines of credit had been disbursed.
- d)** In December 2016, the group arranged a three-year syndicated financing facility for the sum of EUR 600 million. On 20 November 2017 and 20 December 2017, this syndicated operation was cancelled early for EUR 100 million and EUR 500 million, respectively, and therefore there is no outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600 million).
- e)** On 28 April 2017, Prosegur arranged a three-year syndicated financing facility through its subsidiary Prosegur Australia Investments Limited, for a sum of AUD 70.0 million. As of 31 December 2017, the capital utilised under the loan amounted to AUD 70.0 million (equivalent value as of 31 December 2017: EUR 45.6 million).

In consolidated terms, by the end of 2017 long-term gross financial debt maturing over one year is EUR 700.5 million (2016: EUR 1,210.3 million), due mainly to the new bond issued by the subsidiary Prosegur Cash, S.A.

Current gross financial debt totals EUR 672.6 million (2016: EUR 326.7 million) mainly attributable to the 2018 maturity of the corporate bond issued in 2013.

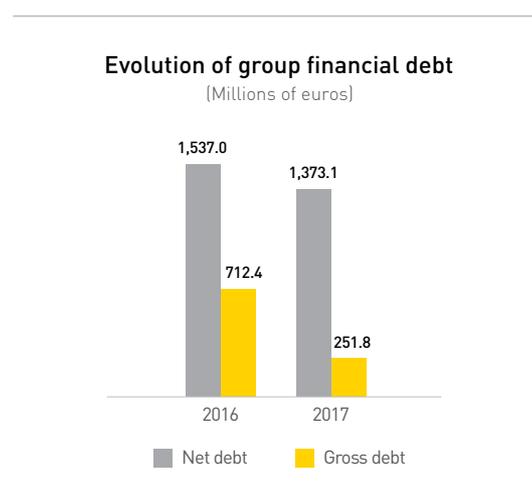
The current and non-current maturities of gross financial debt are distributed as follows:



In 2017 financial debt had an average cost of 2.21% (2016: 2.72%). The decrease in the average cost of debt is due to the contracting of the syndicated loan in December 2016 in the amount of EUR 600 million, with an reduced interest rate.

Net financial debt was Euro 251.8 million at the end of the 2017 reporting period (2016: EUR 712.4 million) and has decreased as a result of the funds raised in the stock market flotation of subsidiary Prosegur Cash S.A. in march of 2017.

The following diagram shows a comparison of gross and net debt in 2016 and 2017:



No significant changes are expected in 2018 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources, compared to the financial year ending 31 December 2017.

The following table shows the maturities of the drawn debt as per contractual cash flows on 31 December 2017:

Millions of euros	Less than 1 year	1 to 5 years	More than 5 years	Total
Debentures and other securities	515.2	33.0	633.0	1,181.2
Loans and borrowings	129.7	59.8	56.4	245.9
Credit accounts	34.9	0.0	0.0	34.9
Finance lease payables	10.1	14.4	0.2	24.7
Other payables	31.9	19.1	2.6	53.6
	721.8	126.3	692.2	1,540.3

In its current activity, Prosegur occasionally resorts to operations not entered in the statement of financial position, normally under the contractual formula of operational leasing and mainly with a view to use high value assets such as buildings and vehicles. Payment commitments for future leases amount to EUR 128.3 million (2016: EUR 98.4 million) which mainly correspond to the contract for the office building in Madrid, operating bases located in Brazil, other buildings representing the business, and operational vehicles (Note 28).

Prosegur calculates the leverage ratio as the quotient of the net financial debt over total capital, with the latter defined as the sum of the net financial debt and the net assets. On 31 December 2017, the ratio was 0.18 (2016: 0.49).

The ratio of net financial debt to own resources on 31 December 2017 was 0.22 (2016: 0.95).

The ratio of net financial debt to EBITDA was 0.49 in 2017 (2016: 1.59). If the market value of treasury stock at the close of the year is considered as adjustment to the financial debt and debts to third parties resulting from company acquisitions are taken into account, the coefficient over EBITDA is 0.34 (2016: 1.37).

4.3 Analysis of contractual obligations and off balance sheet operations

Note 28 of the consolidated annual accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

Additionally, as indicated in Note 27 of the consolidated annual accounts, Prosegur issues third party guarantees of a commercial and financial nature. The total amount of guarantees issued on 31 December 2017 is EUR 518.0 million (2016: EUR 362.4 million).

5. Main risks and uncertainties

Prosegur's Risk Management System is mainly based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) system, complemented with standards applied by the main clients of the financial sector, such as the Basel III and ISO 31000 standards. Final responsibility in risk management lies with the Board of Directors. The Audit Committee has, amongst its basic responsibilities, that of supervising the effectiveness of internal control and risk management systems, checking their appropriateness and completeness, and reviewing the appointment and substitution their managers.

5.1 Operational risk

The risk management cycle at Prosegur is the following:



Regulatory risk

Prosegur conducts its activity in a highly regulated environment and is required to comply with diverse rules in countries in which it operates that encompass everything from the authorisations or entitlements to be able to provide security services, compliance to multiple obligations in the execution of its operations and informing on the diverse areas of its activities.

Amongst other regulations Prosegur is required to fulfil laws that regulate the private security activity, labour relations and social security, the prevention of occupational hazards, firearms regulations, money laundering prevention, data protection, fair competition, and the stock market.

Prosegur devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Local Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the group operates and that are adapted to the requirements of the applicable regulations in each case.

Likewise, the Corporate Regulatory Compliance Division carries out an essential role in complying with all regulations affecting Prosegur. With respect to regulation affecting the prevention of money laundering, it relies internally on a money laundering prevention unit (Spanish acronym UPBC) in Spain. This unit is dedicated to the implementation of measures to control and monitor activities in order to prevent facilities for the transportation of valuables to be used for money laundering purposes.

Operational risk

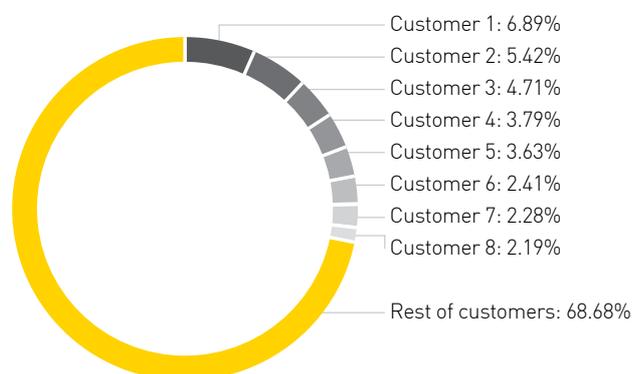
Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

It is worth mentioning the monitoring task carried out by the Corporate Security Division over control and monitoring processes for the traceability of operations carried out in transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of losses.

Client concentration

Prosegur is not significantly exposed to clients. Note 31.1 of the Consolidated Financial Statements shows tables of representativeness of the main clients over the overall turnover of Prosegur, as shown in the following pie chart:

Client concentration



5.2 Financial risk

Interest rates risk

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities.

Prosegur analyses its interest rate risk exposure dynamically. In 2017, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Currency risk

Natural hedging as conducted by Prosegur is based on capital expenditure required in the industry, which varies by business area, being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

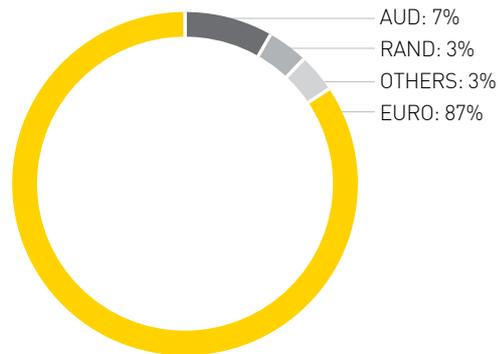
During the 2017 financial year, Prosegur has maintained a natural hedging policy, holding debts in the currencies of the main countries where Prosegur operates in order to minimise exposure to currency risk in countries such as Brazil.

Although Prosegur operates in a large number of countries, its financial debt is concentrated mainly in three currencies: Euro, South African Rand and Australian Dollar. Debt is 87% in Euros, 7% in Australian Dollars, 3% in Rand and 3% in the other currencies in which Prosegur operates.

Note 23 of the consolidated annual accounts reflects the amount of financial liabilities in the various currencies. Note 31.1 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

In graphical form, the financial debt structure of Prosegur distributed by currency at the close of 2017 is as follows:

Group financial debt



Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur operates carries out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 31.1 of the Consolidated Financial Statements shows tables of representativeness of the main clients over the overall turnover of Prosegur.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Management Department and updated credit limits and levels are periodically published.

6. Important circumstances after the reporting period

In January 2018, Invesco Limited reduced its shareholding to below 1% of Prosegur.

On 8 February 2018, uncovered bonds were issued for a nominal amount of EUR 700 million, maturing on 8 February 2023. The bonds are listed in the secondary market on the Irish Stock Exchange. They accrue a coupon of 1.00% per annum payable yearly on maturity.

7. Average payment period

The average payment period for the period ended December 31, 2017 has been 57 days (2016: 61 days).

8. Information on the foreseeable performance of the entity

Forecasts for 2018 are optimistic. Although significant improvements in the macroeconomic aspects of both regions are not expected, and there is some likelihood of major deterioration of the principal Iberoamerican currencies, the Argentine Peso and the Brazilian Real, it does seem that the positive stabilisation of most Iberoamerican economies and the sustainability, albeit weak, of economic improvements in Europe, may represent a year of lower volatility in the rate of change and maintenance or increase of the rate of growth of profitability.

Prosegur will continue strengthening its internal control procedures that ensure efficiency in its various businesses, the maintenance and control of the group's financial discipline and the reinforcement of corporate control policies designed to provide greater control of profitability by business line and greater focus by the countries on organic growth via new products with greater margin. This comprehensive level of internal control and optimisation allow internal improvements and growth in cash generation in 2018, continuing the path already begun in previous years.

On the other hand, during 2018 and the following years, Prosegur plans to bring about strong intensification in the Alarms business.

The idea is to provide this activity with a pure B2C ("business to consumer") approach, supporting this sales and marketing strategy with a powerful set of products designed to provide value added services to the client.

In the next few years, the business of home and small business alarms will be strongly boosted by way of additional investment, both in sales force and advertising, as well as service provision capacity, with a view to positioning Prosegur within the group of the largest world operators in this specific business, with the additional advantage brought by the other business lines which can complement and support the sale of alarms, transforming from a basic service into a highly specialised security solution for small business premises –including collection management– or an assistance service for families, geolocation services, advanced domotics and many other possibilities.

Within the countries in the Iberoamerican region, it is estimated that the currencies of the main countries still have a way to go in terms of depreciation in 2018, in line with what was seen in the second half of 2017. This negative impact already forecast will be compensated by the potential development of the region and capacity of Prosegur to gain customer loyalty by offering the best services.

The excellent results obtained in the past by the sales teams in the Iberoamerican region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturing process, allows us to remain optimistic for 2018.

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Thanks to the experience gained in each one of these markets over the years, Prosegur has developed a business model that has proven to be successful in any economic environment, enabling margins to be maintained and even increased.

In this regard, the profitability of the Security business in the Iberoamerican region will continue with the upwards trend of 2017, benefitting from the recovery of Brazil, which is expected to show positive profitability during the years.

For its part, the economic context of Europe presents a similar picture that of 2017, which will provide a gradual drive to the business and, above all, will continue to improve profitability.

Prosegur will continue to show its excellent capacity for adaptation to the situation and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services and integrated security solutions.

To this end, new remote security monitoring services will be added such as the new Cybersecurity Monitoring Centre which is already operational for clients in several countries, or the new process outsourcing back-office banking services.

Solid foundations have been laid to face the coming years that are expected to bring about a positive increase in margins and the achievement of reasonable growth rates.

Asia-Pacific, and potentially other geographic areas, may constitute the doorway to markets with high growth potential and diversification of risks and opportunities. Prosegur intends to take the utmost advantage to the strong growth prospects of this region for the private security industry. To this end it shall continue to focus on inorganic growth in the area, benefitting from the excellent platform it has built over previous years and the vast experience it has accumulated in corporate operations. It will seek new opportunities to introduce other business lines and also develop the alarms market.

With the excellent low cost current financing and the current low level of leverage of the company, Prosegur is in an ideal position to continue with its inorganic growth process without compromising the level and ratios which measure the level of debt.

By way of conclusion, Prosegur is facing interesting growth challenges in the coming years, which include meeting the expectations to maintain the trend of margin recovery in Europe and sustaining the profitability levels in Ibero-America despite the adverse macroeconomic environment.

The company has excellent supports for growth: the best platform worldwide for the transport of funds, with a dominant presence in emerging markets unequalled by any competitor, the combination of the most innovative integrated security solutions supported by a portfolio of clients of the highest quality in all countries and the optimal solvency and financial stability to confront these challenges. And, although the coming years will be more focused on profitability and inorganic growth, Prosegur will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company with the most advanced security solutions.

9. R&D&i activities

The important projects carried out in recent years have brought differentiation to the quality of the security services offered by Prosegur and reflect the company's commitment to innovation and service excellence.

The major projects carried out in recent years have brought differentiation to the quality of the services offered by Prosegur and reflect the company's commitment to innovation and service excellence. Amongst the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Security

Prosegur Security is now deeply involved in a transformation process with several areas of priority: processes, employees, services and products, and customers. In order to develop these, the company is turning to several forms of technological leverage, including the following: Cloud, IoT, Edge and Artificial Intelligence. This approach will allow the company to set up a digital ecosystem designed to optimize processes, promote decision making based on collective intelligence, transform services and, ultimately, to involve the customers.

Alarms

Prosegur Alarms is launching projects for the optimisation of its data organisation and to take full advantage of Big Data. In addition, it continues to strengthen the technological capabilities of the Smart platform from which customers are able to access increasingly greater functionality.

Regarding services, Prosegur Alarms has launched Hawkeye in Spain after the success achieved in Argentina and Uruguay. Hawkeye is an innovative security system that makes it possible to check what is happening in a property continuously and in real time, through the use of round-the-clock intelligent surveillance. Finally, the company is moving forward with home technology and automation projects whose aim is to improve elements of residential security. At the same time, it is continuing with the implementation of pioneering projects such Prosegur Always With You, the first mobile remote assistance project ever launched in Spain by a security company.

Cash

Prosegur Cash has promoted the development of a computer platform that supports AVOS (Added Value Outsourcing Services) activity. This environment combines process control tools that make it possible to adapt to each client's needs, through the use of digital channels and document management tools. In addition, the company continues to promote the development of new cash automation solutions (MAEs) with a special emphasis on the shop front office. In addition, the company has improved and automated the control of its same day value solutions, so that cash entered into the machine is available in the retailer's account regardless of its collection.

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10. Acquisition and disposal of own shares

As of 31 December 2017 the Company held 18,627,835 own shares (2016: 18,694,870 shares), representing 3.02% of the share capital (2016: 3.03%), and with a value of EUR 53.1 million (2016: EUR 53.3 million).

11. Alternative Performance Measures

In compliance with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the Company presents its results in accordance with generally accepted accounting principles (IFRS), the Management believes that certain Alternative Performance Measures provide useful additional financial information that should also be taken into account when appraising the company's performance. The Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the Company's performance. Prosegur provides those APMs deemed relevant and useful for users to make decisions and it is convinced that these help provide a true and fair view of its financial information.

APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
CAPEX	Capex (Capital Expenditure) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasingly quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company's operating pure results in comparison with the accrued revenue.

APM	Definition and calculation	Purpose
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

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The reconciliation of the alternative performance measures is as follows:

Millions of Euro	2017	2016
Working Capital		
Non-Current Assets held-for-sale	51,0	64,7
Inventories	70,7	86,7
Trade and other receivables	941,6	943,2
Current tax assets	158,5	147,1
Cash and cash equivalents	630,9	824,6
Other current financial assets	490,3	-
Deferred tax assets	86,3	105,9
Trade and other payables	(850,7)	(785,7)
Current tax liabilities	(122,3)	(123,9)
Current financial liabilities	(701,0)	(358,4)
Other current liabilities	(44,1)	(40,6)
Deferred tax liabilities	(30,8)	(28,4)
Provisions	(214,1)	(243,0)
Total Working Capital	466,3	592,2
CAPEX		
Lands and buildings (excluding decommissioning costs)	7,3	11,2
Technical installations and machinery	16,3	9,7
Other installations and furniture	82,9	45,9
Armoured vehicles and other property, plant and equipment	52,4	19,0
Under construction and advances	27,8	65,5
Subtotal: Property, Plant and Equipment additions	186,7	151,3
Software additions	21,2	14,8
Total CAPEX	207,9	166,1
Adjusted EBIT Margin		
EBIT	388,9	332,9
Plus: items not assigned	3,4	9,0
Adjusted EBIT	392,3	341,9
Revenues	4,290,7	3,902,3
Adjusted EBIT Margin	9,1%	8,8%

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Millions of Euro	2017	2016
Organic Growth		
Revenues for current year	4,290.7	3,902.3
Less: Revenues for the previous year	3,902.3	3,959.4
Less: Inorganic Growth	15.9	16.2
Effect of exchange rate fluctuations	72.8	554.6
Total Organic Growth	445.3	481.3
Inorganic Growth Inorgánico		
Procesos Tecnicos de Seguridad y Valores	1.9	3.4
Toll + CSA	15.0	1.6
Others	(1.0)	11.2
Total Inorganic Growth	15.9	16.2
Effect of exchange rate fluctuations		
Revenues for current year	4,290.7	3,902.3
Less: Revenues for the current year at exchange rates of previous year	4,217.9	3,347.7
Effect of exchange rate fluctuations	72.8	554.6
Cash Flow Conversion Rate		
EBITDA	518.4	449.4
Less: items not assigned	3.4	9.0
Adjusted EBITDA	521.8	458.4
CAPEX	207.9	166.1
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	60%	64%

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Millions of Euro	2017	2016
Net Financial Debt		
Financial liabilities	1,418.4	1,582.0
<i>Less: not assigned financial liabilities</i>	-	-
Adjusted financial liabilities (A)	1,418.4	1,582.0
Not assigned financial liabilities with group companies (B)	-	-
Cash and cash equivalents	(630.9)	(824.6)
<i>Less: not assigned cash and cash equivalents</i>	-	-
Less: adjusted cash and cash equivalents (C)	(630.9)	(824.6)
Less: not assigned current investments in group companies (D)	-	-
Less: other financial current assets (E)	(490.3)	-
Total Net Financial Debt (A+B+C+D+E)	297.2	757.4
Less: other non-bank payables (F)	(45.4)	(45.0)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D+E+F)	251.8	712.4
EBITA		
Consolidated profit for the year	150.3	134.1
Minority interests	48.0	-
Income tax expenses	145.6	140.1
Net finance costs	45.0	58.7
Amortizations	25.4	24.7
EBITA	414.3	357.6
EBITDA		
Consolidated profit for the year	150.3	134.1
Minority interests	48.0	-
Income tax expenses	145.6	140.1
Net finance costs	45.0	58.7
Depreciation and amortization	129.5	116.5
EBITDA	518.4	449.4

12. Other significant information

12.1 Stock market information

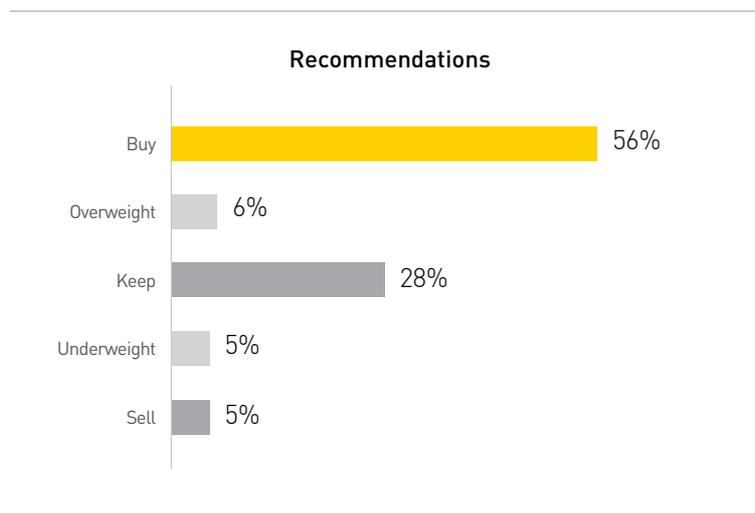
Prosegur focuses its efforts in the creation of value for its shareholders. Improvement in results and transparency, as well as rigour and credibility, underpin the Company's actions.

The Prosegur shareholder and investor relations policy aims to establish a communication that is direct, personal and stable over time. The company has a close relationship with its shareholders, private and institutional investors and with major stock analysts, to whom it provides detailed information on a continuous basis.

In order to fulfil this transparency commitment, Prosegur uses multiple communication channels such as the Webcast held every quarter to report results or the creation of the Investors Newsletter, in addition to the publication of other information bulletins with specific content of interest to the investment community.

Analysts coverage

At the close of 2017, out of 19 analysts who cover Prosegur's shares, only 2 (10%) held a negative opinion and recommended selling, 6 held a neutral opinion, and 11 recommended purchase.



On 31 December 2017, Prosegur's price per share closed at EUR 6.55. During the year, the listed share price of the company has grown by 8.62%.

Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

As of 31 December 2017, 67.25% of the capital of the company was held by significant shareholders. The remaining 32.75% was floating capital.

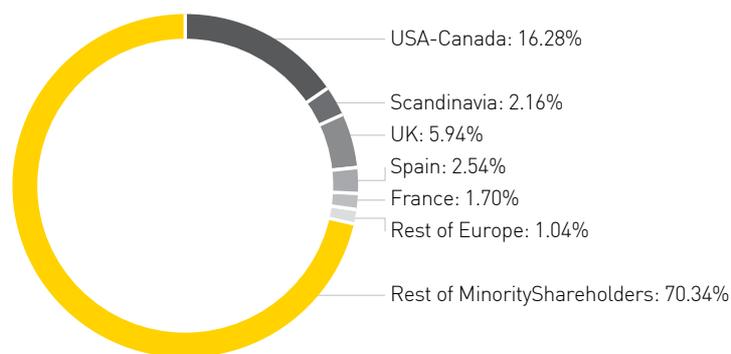
The strong presence of shareholders on the Board of Directors enables the management bodies to define strategic lines and make decisions in line with the interests of all of the shareholders. This solid and stable relevant shareholder base, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of floating capital

At the international level and given its growth potential, Prosegur has always been well accepted amongst investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its floating capital.

During 2017 there was a slight increase in shareholding in the United States, while the increase has been significantly greater in the United Kingdom and France. France has increased its shares by 83.1% This was the direct result of the growing activity in IR and marketing in these regions, which has been well received. Nevertheless, shares held in Scandinavia has decreased this year, though it should be pointed out that 2.16% of our share capital is held in Sweden and Norway. The geographical distribution of our shareholders remains similarly distributed to prior years, with the United States holding the greatest number of shares.

Distribución geográfica del capital flotante



12.2 Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2017 forms part of the Directors' Report and as of the date of publication of the financial statements is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes sections E, analysing control and risk management systems of the Company, and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2017

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2017, authorised for issue by the board of directors at the meeting held on 27 February 2018 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

En Madrid, a 27 de febrero de 2018.

Mrs Helena Irene Revoredo Delvecchio
Chairman

Mr Isidro Fernández Barreiro
Vice-Chairman

Mr Christian Gut Revoredo
Chief Executive Officer

Mr Fernando D'Ornellas Silva
Director

Mrs Chantal Gut Revoredo
Director

Mr Ángel Duráñez Adeva
Director

Mr Fernando Vives Ruíz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

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CONSOLIDATED
MANAGEMENT REPORT

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DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the Directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil this responsibility mainly by establishing and maintaining accounting systems and other regulations, with adequate support by internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and policies laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. In any case, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2017. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed annually by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino
Chief Financial Officer

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CONSOLIDATED
MANAGEMENT REPORT

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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

total voting rights in the hands of the board of directors	50.25%
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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:

	%
Estimated Floating Capital	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

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

Number of shares required for attending the general shareholders' meeting	1,000
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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

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:

Maximum number of directors	15
Maximum number of directors	5

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 Durández Adeva		Independent	Director	29/05/2017	29/05/2017	General Shareholders' Meeting Agreement

Total number of directors	8
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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
Total number of executive directors	
	1
% 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.
Total number of proprietary directors	
	2
% 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.

Total number of independent directors	3
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.



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.

Total number of other external directors	2
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:

Explanation of reasons	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:

Explanation of conclusions	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:

Justification:	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
Total remuneration of senior management (thousands of EUR)	2,861

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

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.

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”.

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”.

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”.

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”)”.

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”.

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.”



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:

Description of the changes	
	The annual assessment has not given rise to changes as they were not considered necessary

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 ones, 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

<p>Matters where there is a quality vote</p>	<p>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.</p>
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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-

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:

Number of Board meetings	11
Number of Board meetings without the chairman in attendance	1

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:

Number of meetings	0
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State the number of meetings held in the year by the different board committees:

Commission	No. of meetings
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:

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

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

Provide details of the procedures	<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"> a. That it is not necessary for the proper performance of the duties entrusted to the external directors; b. That its cost is not reasonable in light of the significance of the issues and the assets and income of the Company; or c. That the technical assistance sought may be adequately provided by the Company's own experts and technical personnel.
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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

Provide details of the procedures	<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

Explain the rules	<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">(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. <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. STRUCTURE OF THE COMPANY ADMINISTRATION

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:

	Board of Directors	General Shareholders'
Body authorising the clauses	Yes	No
Is the General Shareholders' Meeting informed about the clauses?		No

C.2 Board of Directors' committees

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

Auditing Committee

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

% of proprietary directors	0.00%
% of independent directors	66.67%
% of other external directors	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.

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.

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

Appointments and remuneration committee

Name	Role	Role
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

% of proprietary directors	20.00%
% of independent directors	60.00%
% of other external directors	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.

Procedure for approving related-party transactions	<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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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)

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 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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- 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

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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G. DEGREE OF IMPLEMENTATION OF
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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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G. DEGREE OF IMPLEMENTATION OF
CORPORATE GOVERNANCE GUIDELINES

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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G. DEGREE OF IMPLEMENTATION OF
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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:

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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

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.

- 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.

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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

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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