



**Annual Report on the activities
of the Audit Committee for the
financial year 2015**





I. INTRODUCTION

Regulation

The Audit Committee of Prosegur Compañía de Seguridad was established in 2003.

The regulations of the Audit Committee are included in Article 27 of the Corporate Bylaws and Article 16 of the Rules and Regulations of the Board of Directors.

Functions

The Audit Committee has, among others, the following responsibilities:

- To report, at the General Shareholder's Meeting regarding matters raised by shareholders on issues falling under its competence.
- To monitor the effectiveness of the internal control, internal auditing and risk management systems of the Company, including tax risks, verifying the adequacy and integrity thereof and to review the appointment and substitution of the persons in charge and to discuss with the auditor the significant weaknesses of the internal control system detected during the audit.
- To supervise internal auditing services, for which purpose the person in charge of the internal audit shall present to the Audit Committee an annual work plan, a report on incidents and an activities report.
- To know the Company's financial reporting process, internal control and risk management systems and, for this purpose, to identify the types and levels of risks, measures to mitigate the impact of the risks identified and the risk management, reporting and control systems
- To supervise the process of preparing and presenting regulatory financial information
- To review the Company's accounts, monitor compliance with legal requirements and the correct application of generally accepted accounting principles and to report on proposals for modification of accounting principles and criteria suggested by management.
- To raise before the Board of Directors the proposals for the selection, appointment, reappointment or removal of the external auditor and the terms and conditions of their engagement. Receive regular information from the external auditor on the progress and findings of the audit programme while preserving their independence in the exercise of their duties.
- To hold contacts with the external auditor in order to receive information regarding those matters that could compromise the auditor's independence and any other matter related to the process of auditing the accounts, as well as any other notifications as provided for in account auditing legislation and technical auditing standards. In any event, the Audit Committee shall receive, on an annual basis, from the accounts auditor written confirmation of its independence in relation to the entity or entities directly or indirectly related to it, as well as information regarding additional or non-audit services of any kind provided and the corresponding fees that the auditor, or persons or entities related to him, has received from these entities, in accordance with account auditing rules and regulations



- To serve as a channel of communication between the Board of Directors and the auditors, to assess the results of each audit and the responses of the management team to the auditor's recommendations and to mediate in the event of discrepancy between the Board of Directors and the auditors in relation to the principles and criteria applicable in the preparation of the financial statements, and to discuss with the accounts auditor any significant weaknesses in the internal control system detected during the audit
- To monitor compliance with the audit contract, ensuring that the opinion on the annual accounts and the main content of the audit report are written clearly and accurately.
- To annually issue, prior to the issuance of the accounts audit report, a report expressing an opinion regarding the independence of the accounts auditor. This report must, in all cases, include details regarding the provision of the abovementioned additional non-audit services, considered individually and collectively, in connection with the independence concept or with auditing rules and regulations.
- To review issue Prospectuses and any other relevant information which the Board of Directors must furnish to the markets and its supervisory bodies
- To verify compliance with the internal Code of Conduct, these Regulations and, in general, with the Company's rules of corporate governance and draft proposals for their improvement. In particular, the Audit Committee shall receive information and, where appropriate, issue reports on (i) actions and resolutions adopted by the Regulatory Compliance Management in the exercise of their powers in accordance with the provisions of the Company's Internal Code of Conduct and (ii) the disciplinary measures applicable, when appropriate, to members of the senior management team of the Company.
- To establish, if deemed appropriate and, in the event, to monitor, a system to enable employees to confidentially and, if considered appropriate, anonymously, report potentially significant irregularities, in particular financial and accounting irregularities, which they detect within the Company; and
- To report, in advance, to the Board of Directors on all matters that fall within the limits of its competence under the Law, the Bylaws and these Regulations, and in particular regarding:
 1. the Company's periodic financial reporting which the Company must furnish to the markets; and
 2. the creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens

Composition of the Audit Committee and attendance at meetings in 2015

The Audit Committee is a delegated committee of the Board of Directors and, therefore, is comprised of non-executive Board members of the Company.

As at 31 December 2015, the composition of the Audit Committee was as follows:

<i>Name</i>	<i>Category</i>
Mr. Pedro Guerrero (Chairman)	Independent



Mr. Isidro Fernández Barreiro	Independent
Mr. Eugenio Ruiz-Gálvez Priego	Independent

Non-member Secretary: Ms. Sagrario Fernández Barbé

The Audit Committee, in accordance with its regulations, meets whenever it is convened by the Board of Directors, the Committee itself or its Chairman. The Committee shall hold at least four ordinary meetings per year. In 2015 the Committee held four meetings.

Attendance at meetings of the Audit Committee during 2015 was as follows:

D. Pedro Guerrero Guerrero	5 meetings
D. Isidro Fernández Barreiro	5 meetings
D. Eugenio Ruiz-Gálvez Priego	5 meetings

Depending on the agenda of the Committee, members of the management team and external advisors have also attended these meetings. External auditors are asked to attend the meetings of the Committee at least twice a year

The Audit Committee shall keep Minutes of its meetings, a copy of which shall be made available to all members of the Board of Directors.

II. ACTIVITIES CARRIED OUT IN 2015

1. FINANCIAL INFORMATION

The Annual Accounts of the Company and of the Prosegur Group as well as the quarterly financial information and the half yearly financial statements and any other information made available to the market or to supervisory bodies is submitted to the Committee for its review prior to being sent to the Executive Committee and to the Board of Directors.

In the meetings held during the financial year 2015, the Committee reviewed the periodic public information that the Company reports to the Spanish National Stock Market Commission (CNMV).

1. THE AUDIT OF ACCOUNTS

At the meeting held on 30 November it was agreed to propose to the Board of Directors which in turn would propose to the General Shareholders' Meeting the reappointment of KPMG Auditores S.L. as accounts auditor for the individual and consolidated accounts of the Prosegur Group and of the companies forming part of the Group for 2016

The account auditors attended the Audit Committee meeting held on 23 February for the review of conclusions on the auditing of the 2014 annual accounts, and the meeting held on 28 July to present the results on the agreed procedures for the interim half-yearly financial statements, as of 30 June 2015.



2. CODES OF CONDUCT

The Audit Committee shall monitor compliance with the Code of Conduct and other corporate governance rules.

In 2015 the Audit Committee has monitored compliance, in particular, with internal rules of conduct and with the Code of Ethics and Conduct.

The Board of Directors has been informed that the Committee has issued a favourable report regarding the related party transaction presented in 2015.

AMENDMENTS TO THE REGULATIONS OF THE BOARD OF DIRECTORS

The Committee agreed by unanimity, at the meeting held on 23 February, to approve the proposed amendment of the following articles of the Regulations of the Board of Directors to adapt them to the new Spanish Corporation Law (LSC 30/2014): art.5 (General Supervisory Duties), art.8 (Qualitative Composition), art.10 (The Chairman of the Board of Directors), art.16 (The Audit Committee), art.17 (The Appointments and Remunerations Committee), art.18 (Meetings of the Board of Directors), art.19 (Sittings), art.20 (Appointment of Directors), art.28 (Remuneration of Board Members), art.30 (General Obligations of Board Members), art.31 (Duty of confidentiality of Board Members), art.33 (Conflicts of Interest), art.34 (Use of Corporate Assets) and art.39 (Related Party Transactions).

3. INTERNAL CONTROL AND RISK MANAGEMENT

The duties of the Audit Committee include overseeing Prosegur's internal control and risk management procedures.

On 23 February 2015 the Director of Internal Audit submitted for approval the 2014 report of activities and the work plan for 2015 drawn up (i) on the basis of certain regulatory obligations and (ii) in accordance with the plan established to verify internal controls of financial information and (iii) taking into consideration internal control weaknesses identified during the external audit process and other risk identification procedures. The Director of Internal Audit has regularly reported on the implementation of the work plan at meetings of the Audit Committee.

Among the activities carried out by the internal audit department and overseen by the Audit Committee the following are worth mentioning:

- Completion of the projects included in the 2015 work plan.
- Receipt and analysis of complaints received through the complaints channel.
- Preparation of half-yearly monitoring reports on the implementation of the recommended actions that have been agreed upon in the audits. Each recommendation shall be defined in a formal document of commitment drawn up with the audited area which will specify an action plan, the person in charge of implementing the plan, the expected date of completion and, where possible, the quantification of the results obtained

The Committee has received the results of the assessment of critical risks made by the Risk Committee on a quarterly basis, for its review.



MONITORING CONTINGENCIES RELATED TO WORK RELATED RISKS

The Committee has been informed that the group's work-related risks are constantly monitored at corporate level in order to improve the management of these risks, reduce associated costs and the probability of occurrence through preventive actions and policy changes.