



Annual Operations and Activity Report of
the Audit Committee
Financial year 2020
Prosegur **Compañía de Seguridad S.A.** 24/02/21



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1. INTRODUCTION

Article 22.1 of the Regulations of the Audit Committee, approved by the Board of Directors of Prosegur Compañía de Seguridad, S.A. ("**Prosegur**" or the "**Company**"), considered the annual preparation of a report on the operation of the Company's Audit Committee on 29 July 2020, aimed at allowing shareholders and other stakeholders to understand the activities carried out by the Company during the financial year.

In this regard, the Company's Audit Committee has agreed at its meeting held on 24 February 2021 to issue this annual report on the operation and report of activities of the Audit Committee of Prosegur Compañía de Seguridad S.A. corresponding to the financial year 2020, with the scope provided for in Article 22.2 of the Regulations of the Audit Committee.

This comprehensive document describes the main actions taken by the Company's Audit Committee during the financial year 2020.

2. AUDIT COMMITTEE'S REGULATIONS

The regulations of the Company's Audit Committee can be found in article 27 of its Bylaws and article 16 of its Regulations of the Board of Directors and in the Regulation of the Audit Committee itself. In addition, in order to comply with the recommendations contained in the "*Technical Guide 3/2017 on Audit Committees of Public Interest Entities*" approved by the National Securities Market Commission on 27 June 2017 and incorporate with it the best practices of corporate governance.

All these texts are available to anyone on the Company's corporate website (www.prosegur.com), in the Corporate Governance section. Likewise, and in compliance with recommendation 6 of the Code of Good Governance of listed companies approved by the Spanish National Securities Market Commission ("*Code of Good Governance*"), this document will be published on the Company's website in advance, as required to hold the Ordinary General Meeting.

Article 16 of the Regulations of the Governing Body, and Articles 7 to 14 of the Regulations of the Audit Committee, develop the basic duties of the Audit Committee, which include:

- Inform the General Shareholders' Meeting about matters that relate to the Committee's scope of action particularly the outcome of audits. The Committee shall explain how the audit contributed to the integrity of financial information and the Committee's role in the process.
- Ensuring that the annual accounts presented by the Board of Directors to the General Meeting are drawn up in accordance with accounting regulations and, in cases where the auditor of accounts has included in its audit report some caveat, explain clearly at the General Meeting, through the Chairman of the Audit Committee, the Commission's opinion on its content and scope, making available to shareholders at the time of summoning the General Meeting, together with the rest of the proposals and reports, a summary of that opinion.
- Submit proposals for selecting, appointing, re-electing and replacing external auditors to the Board of Directors; assume responsibility for applying the selection process in accordance with the legal requirements, and assume responsibility for the contractual terms and conditions and for regularly collecting information from the auditor about the audit plan and its execution; and ensure the independent performance of its duties.
- 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 their work; (iii) ensure that the Company informs reports through the Spanish National Securities Market Commission (CNMV) 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 annual basis to report about their 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 contents of the audit report are written clearly and accurately; and (vi) ensure that the Company and the external auditor comply with the current policy on audit service provision, limits on concentration of auditing business and the general policy governing the independence of auditors.

- Establish and maintain adequate relationships with the external auditor so as to receive information about any issues that may pose a threat to the auditor's independence, which will then be assessed by the Committee; and any other information in relation to account auditing; when appropriate, authorise services that are not prohibited pursuant to the law; and any other communications stipulated in the account auditing legislation and auditing rules. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding his/her 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.
- Issue an annual report, before the account audit report, in which it declares whether or not the auditor's independence 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.
- Monitor the internal audit and, in particular, (i) ensure the independence and effectiveness of the internal audit body; (ii) propose the selection, appointment and dismissal of the head of the internal audit service; (iii) propose the budget for this service; (iv) approve or propose approval to the Board of Directors of the guidance and annual work plan of the internal audit and the annual activity report, ensuring that its activity is mainly focused on relevant risks (including reputational ones); (v) receive periodic information about its activities; and (vi) verify that senior management takes into account the conclusions and recommendations of its reports.
- Oversee and evaluate the preparation and presentation of mandatory financial information and submit recommendations or proposals to the administration body aimed at safeguarding integrity. In relation to this, it is in charge of monitoring and assessing the preparation and integrity process of financial and non-financial information, as well as the systems for the control and management of financial and non-financial risks related to the Company and the group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, the proper delimitation of the consolidation perimeter, and the correct application of the accounting criteria, reporting to the Board of Directors.
- Oversee the efficacy of the Company's internal control and the risk management systems (including tax risks) and discuss 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, which will identify and determine at least the following: (i) the different types of financial or non-financial risks (operational, technological, financial, legal, social, environmental, political and



reputational, including risks related to corruption) faced by the Company, including contingent liabilities and other off-balance sheet risks among the financial risks; (ii) a risk control and management model based on different levels, with a risk-specialised commission for cases in which the industry standard requires it or if the Company deems it appropriate; (iii) setting the risk level that the Company deems acceptable; (iv) measures to mitigate the impact of identified risks if they materialise; and (v) the control and information systems to control and manage these risks.

- Oversee the operation of the risk control and management unit which must: (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 report on the economic conditions, accounting impact and, when appropriate, proposed exchange ratio for operations that involve structural and corporate changes and have been planned by the Company, before they are submitted to the Board of Directors.
- Inform the Board of Directors beforehand of any matters required by law and the corporate by-laws, specifically: (i) the financial information which the Company must disclose on a regular basis; 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.
- To review offering prospectuses and any other relevant information that the Board of Directors must supply to the markets and its supervisory bodies.
- Establish and supervise a system that allows employees and other people linked to the Company, such as executives, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential significance, including financial and accounting irregularities, or other issues related to the Company that are notified within the Company or its group. Such a mechanism shall ensure confidentiality and, in any event, provide for situations in which communications may be made anonymously, respecting the rights of the claimant and the respondent.
- Specifically, the Audit Committee must receive information and, when appropriate, generate a report about the actions and decisions made by the Regulatory Compliance Division when performing its duties and specifically pursuant to the Company's Internal Code of Conduct, regarding the Securities Markets of the Company;
- Supervise the implementation of the general policy on the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisors and other stakeholders. It will also monitor how the Company communicates and interacts with small and medium-sized shareholders.
- Report on related-party transactions or transactions that involve or may involve conflicts of interest under the terms set forth by law and by this Regulation.
- Ensure, in general terms, that the policies and systems established for internal control are applied effectively in practice.
- Report, after its approval by the Board of Directors, the Annual Report on Corporate Governance on related operations and risk control and management systems.



3. MEMBERS AND OPERATION OF THE AUDIT COMMITTEE

3.1. Members of the Audit Committee

At 31 December 2020, the Company's Audit Committee was made up of the following members:

DIRECTOR	POSITION	TYPE OF MEMBER
Fernando D´Ornellas Silva	Chairman	Independent Director
Ángel Durández Adeva	Ordinary Member	Independent Director
Isidro Fernández Barreiro	Ordinary Member	Other external directors
Arnau Tapias Monné	Non-Member Secretary	N/A

Article 16.1 of the Regulations of the Board of Directors and Article 5.1 of the Regulations of the Audit Committee state that *"the Audit Committee shall be made up of a minimum of three and a maximum of five non-executive directors (...), who have the dedication, capacity and experience necessary to fulfil their duties"*.

To date, the majority of the members of the Company's Audit Committee are independent directors, representing 66.66% of the total members, all of them as a whole and, in particular, its Chairman, have the knowledge, necessary skills and experience in accounting, auditing, finance, internal control, risk management, technology and business-related matters.

Academic training, career, experience in the Company and the positions and responsibilities currently held and held by members of the Audit Committee in other listed companies, show their suitability for the exercise the functions conferred on the Audit Committee by the law, by-laws and the various internal regulations of the Company.



The Board of Directors must appoint the Chair of the Audit Committee from among the independent directors that are part of the Committee. The Chair of the Audit Committee is elected for a term of up to four years. At the end of this period, the Chair may not be re-elected until at least one year has elapsed since his/her term without prejudice to the possibility of holding his/her position as a Committee member or being re-elected as one. Fernando Dórnellas Silva was appointed Chairman of the Audit Committee, by agreement of the Board of Directors, on 29 May 2017.

The CV of all members of the Audit Committee is available on the corporate website (www.prosegur.com).

3.2. Operation of the Audit Committee

The Audit Committee is an internal professional, informative and consulting body, with no executive functions, with the powers to provide information, supervision, advice and proposals within the area of its competence.

The Audit Committee will meet on a regular basis according to the needs, and at least four times a year (at least once per quarter), with the aim of reviewing the financial information that must be made public on a regular basis by the Company, as any listed company, and, in any case, when convened by its Chairman on his own initiative, at the request of at least two of its members, or when the Board of Directors requests the issuance of reports, the presentation of proposals or the adoption of agreements within the scope of their functions.

Ordinary sessions will be convened at least three days in advance, by letter with acknowledgement of receipt, fax, telegram, email or by any legally-valid means that proves the date on which it was sent, and it will be authorised with the signature of the Chairman of the Audit Committee or that of its Secretary by order of the Chairman. Extraordinary Audit Committee meetings can be convened by phone and the notice period and other requirements indicated in this article shall not apply, whenever the Chair deems that the circumstances justify this decision.

The Audit Committee meetings shall be held at the place stated in the convening notification. When decided by the Chair of the Audit Committee, the meeting may be convened in different connected locations or remotely, by teleconference, videoconference or any other remote communication system that allows for the recognition and identification of attendees, permanent communication between them and intervention and voting, all in real time. The meeting will be considered as held at the location where the Chair is. The members of the Audit Committee attending at any of the interconnected places or from a remote location will be considered for all intents and purposes as attendees of the same and only Audit Committee meeting.

The Audit Committee shall be validly constituted when at least half of its members attend. The deliberations and agreements reached shall be reflected in the corresponding minutes of the session, prepared by the Secretary. The Audit Committee may also enter into written and non-session agreements in accordance with the provisions of the corresponding Law.

The Audit Committee may convene, through the Secretary of the Board of Directors, any employee or manager of the Company. Likewise, the Audit Committee, through its Chairman or the Secretary, can also invite any director to take part in its meetings. Executives, employees or other directors, executives or not, will only attend Audit Committee meetings required, in light of the issues or matters to be dealt with in each case, and they should not attend the decision-making part of the Committee meetings. The Audit Committee may also require the presence of the external auditor at its meetings.



4. MEETINGS AND MAIN ACTIVITIES OF THE FINANCIAL YEAR

4.1. Meetings held by the Audit Committee and participants

During the financial year 2020, the Company's Audit Committee has met on five (5) occasions. All of its members have attended in all cases. In addition, written and non-session agreements were adopted.

Pursuant to Article 21 of the Audit Committee Regulations, its Chairman has informed the Board of Directors of the matters dealt with and the decisions made during the next meeting of the Board of Directors and has made the minutes of its meetings available to the Board of Directors.

The corresponding minutes are taken at the Audit Committee meetings and these are available to members of the Board of Directors.

Its main activities are summarised below:

SESSION DATE	MAIN MATTERS ADDRESSED	REPORTS AND PROPOSALS ELEVATED TO THE BOARD OF DIRECTORS	INVITED MEMBERS
27/02/20	<ol style="list-style-type: none"> 1. Annual Accounts and Individual and Consolidated Management Report for the Financial Year 2019. Presentation to Analysts. External auditor's report. Audit for the 2019 financial year. 2. Non-Financial Information Statement (EINF). Recording of the content by the external auditor. 3. Approval of the Related-Party Operations Report 2019. 4. Approval of the Annual Corporate Governance Report for the financial year 2019. 5. Prior authorisation of non-audit services provided by the External Auditor. Report on its independence. 6. Internal Audit. Approval of the 2019 Activity Report. Approval of the 2020 Work Plan. Approval Budget 2020. Proposed 2020 targets. 	<ol style="list-style-type: none"> 1. Report of the Individual and Consolidated Annual Statements for the 2019 financial year and of the management reports prior to their preparation by the Board of Directors. Submission to Analysts. Submission of the Opinion on the Individual and Consolidated Financial Statements for the Financial Year 2019 to the External Auditor. 2. Positive report on the completion of the proposed operation for subsequent approval by the Board of Directors. 3. Approval of the Annual Corporate Governance Report for the financial year 2019. 	<p>The Company's Chief Financial Officer, Antonio Rubio; The Director of Internal Audit, Miguel Sole; María Lacarra and Pablo del Moral, on behalf of the incumbent external auditor (KPMG), and the new auditor (Ernst&Young) participate in the meeting as speakers about the different agenda items.</p>



	<ol style="list-style-type: none"> 7. Follow-up of Internal Audit activities. 8. Approval of the Annual Activity Report of the Audit for Financial Year 2019 9. Approval of the ethical channel ("Prosegur Ethical Channel"). 		
05/03/20	<ol style="list-style-type: none"> 1. Measures and actions regarding COVID-19. 		The Chief Financial Director, Don Antonio Rubio; and the Strategical Officer José Antonio Lasanta, participate in the meeting as speakers about the different agenda items.
29/04/20	<ol style="list-style-type: none"> 1. COVID-19 Update. 2. Delivery of the Letter of Recommendations from the External Auditor of the Annual Statements for Financial Year 2020. 3. Prior approval of non-audit services provided by the new external auditor on 21 April 2020 (Ernst & Young). 4. Follow-up of Internal Audit activities. Risk Update. 5. Presentation of the Annual Report on the Protection of Personal Data. 	<ol style="list-style-type: none"> 1. Positive report approved by the Board of Directors on the quarterly financial report and interim management statement for 1Q2019 and presentation to analysts. 	Antonio Rubio Merino, Chief Financial Officer of the Company, and Miguel Soler, Director of Internal Audits participate throughout the meeting, as speakers addressing the different matters in the agenda.
04/06/20	<ol style="list-style-type: none"> 1. Analysis of Related-party Transactions. 	<ol style="list-style-type: none"> 1. Favourable report, prior to its approval by the Board of Directors, of the related-party transaction under review. 	N/A
29/07/20	<ol style="list-style-type: none"> 1. Follow-up of Internal Audit Activities. (a) approval of the Audit Plan of SGTECH VENTURES SCR, S.A.; (b) approval of the Risk Management and Control Policy. 2. Approval of the results for the first half of the 2020 financial year. 3. Amendment of the Code of Good Governance. 4. Analysis of Related-party 	<ol style="list-style-type: none"> 1. 2020 six-monthly financial report and submission to analysts. 2. Proposal to amend the Regulations of the Board of Directors and the Audit Committee. Drafting of the supporting report on the proposal to amend the Regulations of the Board of Directors. 	Miguel Soler, Director of Internal Audits, Antonio Rubio, Chief Financial Officer, and Ana María Prieto, on behalf of the External Auditor (E&Y), participate throughout the meeting, as speakers addressing the different matters in the agenda.



	<p>Transactions.</p> <p>5. Prior approval of non-audit services provided by the incumbent External Auditor on 21 April 2020.</p>		
29/10/2020	<p>1. Approval of the quarterly financial report and interim management statement for the third quarter of the 2020 financial year and submission to analysts.</p> <p>2. Related-party operations.</p> <p>3. Report of Internal Audit and Risk Update Activities.</p> <p>4. Prior approval of non-audit work carried out by the External Auditor on 19 October 2020.</p> <p>5. Selection of the independent verification service provider responsible for verifying the information contained in the Post-Competition Non-Financial Information Statement.</p>	<p>1. Positive report approved by the Board of Directors on the quarterly financial report and interim management statement for 3Q2020 and submission to analysts.</p> <p>2. Appointment proposal of the service provider responsible for verifying the information contained in the Post-Competition Non-Financial Information Statement.</p>	<p>Antonio Rubio Merino, Chief Financial Officer of the Company, and Miguel Soler, Director of Internal Audits participate throughout the meeting, as speakers addressing the different matters in the agenda.</p>



In addition, the Company's CEO and CFO attended the meetings as guests to the non-decision making members of the session on an ongoing basis.

4.2. Preparatory meetings

In addition to the meetings of the Company's Audit Committee held during the financial year 2020, its Chairman has maintained regular contacts with the other members of the Committee and preparatory meetings with Antonio Rubio Merino, Company CFO; Miguel Soler, Director of Internal Audits; Mar Pedraza Laynez; Director of the Tax and Financial Structure Department and Arnau Tapias Monné, Non-Member Secretary of the Audit Committee, as well as with the Company's external auditor (Ernst & Young, S.L.), prior to each of the Committee's meetings.

5. INDEPENDENCE OF THE EXTERNAL AUDITOR

The work of the Audit Committee with the company's external auditor is part of the process of formulating and auditing the Company's financial statements, and may include activities other than audit work, subject to approval by the Audit Committee.

In addition, the Audit Committee is responsible for reviewing the contracting conditions of the external auditor and overseeing the risk of independence in the course of its activity.

On 24 February 2021, the Company's Audit Committee received from the Company's External Auditor (Ernst & Young, S.L.) the declaration of its independence in relation to the Company and the Group, as well as the detailed and specific information about the additional services of any kind provided and the corresponding fees received, in compliance with the provisions of Article 9.9 of the Regulations of the Audit Committee.

Pursuant to Article 529c quaterdecies, section 4.f) of the Corporations Act, the External Auditor, in its statement of independence, has reported the following fees invoiced to the Company and its related companies during the period covered by the annual accounts, audit services and non-auditing services provided by Ernst & Young, S.L. and by other firms of its network:

Services Provided	Fees <i>(figures expressed in euros)</i>		
	Company	Controlled Companies	Other Related Companies
Audit Services	226.601	1.890.904	139.664
Other Audit-related Services	25.000	25.000	-
Tax Services	21.324	411.757	-
Other Services	207.566	124.773	-
TOTAL FEES	480.491	2.452.434	139.664

The detail of the aforementioned fees corresponds to the following services:

Company	
Other Audit-related Services	- Prosegur SCIIF Review Report - Prosegur EINF Verification Report



Tax Services	<ul style="list-style-type: none"> - Services related to transfer pricing documentation. - Individual advice to Prosegur-authorized executives in the procedure for rectifying their IRPF (income tax) statements
Other Services	<ul style="list-style-type: none"> - Technological Report of Internal Use regarding a ransomware affecting several computers of the Company. - Advice on obtaining a standardised and unified database (format review), for customer and personnel fields. - Expert advice on reviewing the aspects of Information Security.

Controlled Companies	
Other Audit-related Services	<ul style="list-style-type: none"> - Prosegur Cash SCIIF Review Report - Prosegur Cash EINF Verification Report
Tax Services	<ul style="list-style-type: none"> - Tax advisory services. - Assistance services in relation to tax obligations. - Services related to transfer pricing documentation. - Due diligence (fiscal) services.
Other Services	<ul style="list-style-type: none"> - Due diligence (non-fiscal) services. - Legal audit of the occupational risk prevention system. - Legal advice in non-EU countries. - Services related to the review of Money Laundering Prevention systems.

In view of the work carried out by the External Auditor during the financial year 2020 and of the fees received, the Audit Committee expresses a favourable opinion regarding the independence of the Company's External Auditor.

6. ASSESSMENT OF THE AUDIT COMMITTEE'S PERFORMANCE

The Audit Committee considers that it has carried out its duties and fulfilled its responsibilities with diligence, efficiency, quality and professionalism, in compliance with the provisions of the Regulations of the Board of Directors and the Audit Committee. Moreover, the Committee still sees as very positive the individual performance and contribution of each of its members on the basis of Prosegur Cash's admission to trading, with regard to ensuring compliance with the Framework Agreement entered into between the parties (published on the website of Prosegur Cash S.A.) as well as in relation to the approval by the Board of Directors before the issue of the Audit Committee's report of any operations with the subsidiary, Prosegur Cash, S.A., all being duly informed, approved and documented in the corresponding minutes of the Audit Committee and filed by the Secretary of the Committee.

7. CODES OF CONDUCT AND CORPORATE GOVERNANCE.

The Audit Committee is responsible for the regular assessment of compliance with codes of conduct and with rules of corporate governance in general. In 2020, the Audit Committee supervised this compliance, especially with regard to Internal Regulations associated with Conduct and the Company's Code of Ethics and Code of Conduct.

In accordance with the powers conferred to the Audit Committee on the competence to assess and



inform the Board of Directors of related-party transactions, either involving or potentially involving conflicts of interest, the analysis has been conducted and, where appropriate, with the proposal for a favourable report of related-party transactions proposed throughout the 2020 financial year for further consideration by the Board of Directors, all in the light of the reports prepared by the Financial Department.

The Audit Committee has supervised, at meetings held on 27 February, 29 April, 29 July and 29 October 2020, the operation of the anonymous whistleblower channel that any employee can use, even outside Prosegur (Whistleblower Channel). In this regard, it has received and analysed detailed information and tracked the resolution of complaints related to irregularities of potential significance for breaches of Prosegur's Code of Ethics and Conduct and for actions within the application of the anti-fraud policies included in the Company's Code of Ethics and Conduct.

8. INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDITS

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

The Audit Committee has been informed by the Internal Audit Manager of the implementation of the 2020 work plan by participating in the Audit Committee meetings held on 27 February 2019, 29 April, 29 July 2019 and 29 October 2020, providing support and advice. The following are the most noteworthy activities performed by the Internal Audit Department and supervised by the Audit Committee:

- Conclusion and report on the projects contained in the work schedule for 2020.
- Receipt, analysis and conclusions of notifications received through the whistleblower channel.
- Preparation of six-monthly follow-up reports on the recommendations agreed in the internal audit, in accordance with the established procedure. (For each incident, where necessary, one or more recommendations for its resolution are formulated, which are submitted to the audited area in which an action plan is specified, with the person responsible for the implementation of the plan and the expected date of resolution).

The Audit Committee has assessed the operation of the internal audit area and the performance of its manager as appropriate and in compliance with the fulfilment of its duties and responsibilities during the 2020 financial year.

The Committee received the results and conclusions of the critical risk assessment conducted on a quarterly basis by the Risk Committee, including non-financial risks. In this regard, during the 2020 financial year, the Audit Committee, in collaboration with the Director of Internal Audits and continuing with the work undertaken the previous year, updated the corporate risk map for further submission to the Board of Directors, while also monitoring the key risk indicators, as well as the different mitigation actions and their possible impact on the Company and the Group.

9. FINANCIAL INFORMATION

The Committee paid special attention to the review - prior to the one performed and disseminated by the Board of Directors - of the Prosegur Group's and the Company's annual accounts, and also of the quarterly financial information and six-monthly financial statements and other information made available to the market and supervisory bodies. The main aim of this analysis is to ensure that the intermediate information submitted to the Company's Board of Directors is prepared with the



same accounting criteria as the annual financial reports and to assess, in any case, any proposals for changes in accounting practices and policies within the accounting practices and policies observed in the Company and the Group.

Meetings during 2020 were used to review the regular public information that the Company sends to CNMV, in particular, focusing on:

- The Company's individual and consolidated annual financial statements for the financial year 2019 were analysed and approved at the Committee meeting held on 27 February 2020, together with the presentation of the results by the external auditor.
- The financial statements for the first quarter of 2020 were analysed for subsequent reporting at the Committee meeting held on 29 April 2020.
- The financial statements for the first half of 2020 were analysed at the meeting held on 29 July 2020, which were approved.
- The financial statements for the third quarter of the Company's 2020 financial year were analysed at the meeting held in October 2020.

10. RELATED-PARTY OPERATIONS

In accordance with Article 39 of the Regulations of the Board of Directors and Article 13.4 of the Regulations of the Audit Committee, the responsibilities of the Company's Audit Committee include reporting on certain transactions carried out with directors, shareholders, individually or with others, a significant shareholding, including majority shareholders represented on the Board of Directors of the Company or other companies of the Company Group, or with related parties "**Related-Party Transactions**"), prior to their approval by the Board of Directors.

Article 39 of the Board of Directors Regulation establishes that:

- The Board of Directors formally reserves the approval, following a report by the Audit Committee, of any related-party transaction.
- 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.
- 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.

The Committee shall prepare this report of Related-party Transactions in compliance with the



provisions referred to above.

During the financial year 2020, the Company has concluded the following Related-Party Transactions with the Prosegur Group, after approval of the Board of Directors and a positive report of the Audit Committee assessing the transaction, among others, from the point of view of equal treatment of shareholders and market conditions:

- Transaction between a captive insurance company owned by the Company (Yellow Re) and Prosegur Cash, S.A., consisting of the contracting of the reinsurance of a series of coverages (auto, property damage, civil liability, life, accidents and health) for Prosegur Cash, S.A.
- Lease of the office property located in Madrid, at Juan Ignacio Luca de Tena, no.6, by Prosegur Gestión de Activos, S.L. (subsidiary of the Company), as a tenant, with Proactinmo, S.L (entity controlled by the majority shareholder of the Company, Gubel, S.L.) as landlord and owner of the property.
- Global renegotiation of the leases of the Prosegur Group's real estate rental contracts.
- Modification of the conditions of the lease of the property located at Av. Tupungato No. 3680, Comuna Valparaíso (Chile), between Prosegur Gestión de Activos Chile Ltda. (entity controlled by Prosegur Gestión de Activos, S.A., owner of the property (subsidiary of the company), as a landlord, and Empresa de Transportes Cía de Seguridad Chile Ltda. (entity controlled by Prosegur Cash, S.A.), as a tenant.
- Regularisation of the subleases in the form of regularisation of leases to the real situation of occupation of the properties that Prosegur Cash, S.A. has leased to different companies of the group and that it in turn leases to other entities of the Prosegur Group, in the regions of Girona, La Palma and Malaga.
- Update of the market comparables and royalties of the trademark licence agreement signed between the Company and Prosegur Cash, S.A.
- Lease of the office property located in Madrid, San Máximo 9 street, by Prosegur Gestión de Activos, S.L. (subsidiary of the Company), as a tenant, with Proactinmo, S.L (entity controlled by the majority shareholder of the Company, Gubel, S.L.) as landlord and owner of the property.
- Authorisation for the appraisal of different properties owned by Prosegur Gestión de Activos, S.A. (subsidiary of the Company) with the aim of being leased by entities of the Prosegur Cash Group, S.A.: Boa Vista, Lima Norte, Montería, Valparaíso, Barrafundá, Bogotá Phase 3 and Piña.

The economic detail on all these operations is included in the explanatory report of the Annual Accounts and in the Company's Annual Corporate Governance Report for the financial year 2020.

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