

APPENDIX I

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES**

ISSUER'S IDENTIFICATION

YEAR ENDING	31/12/2018
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TAX ID:	A87498564
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COMPANY NAME

PROSEGUR CASH, S.A

REGISTERED OFFICE:

CALLE SANTA SABINA 8, MADRID

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES**

A STRUCTURE OF OWNERSHIP

A.1 Complete the following table on the company's capital:

Date of latest modification	Share capital (€)	Number of shares	Number of voting rights
26/07/2016	30,000,000	1,500,000,000	1,500,000,000

Remarks
Share capital was last modified on twenty-six July 2016. However, on nineteen December 2016 a stock split operation was authorized through which share capital was divided into 1,500,000,000 shares.

Please specify whether there are different classes of shares with different associated rights:

Yes No

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Remarks

A.2 Give details on the direct and indirect holders of significant interests at the year-end, excluding Directors:

Name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
FMR LLC	0	6.645%	0	0	6.645%
OPPENHEIMERFUNDS, INC	0	4.992%	0	0	4.992%
Ms Helena Irene Revoredo Delvecchio	0	72.50%	0	0	72.50%

Remarks

Indirect interest:

Indirect shareholder	Direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
FMR LLC	Several Funds	6.645%	0	6.645%
OPPENHEIMERFUNDS, INC	Several Funds	4.992%	0	4.992%
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	51%	0	51%
Ms Helena Irene Revoredo Delvecchio	Prosegur Assets Management, S.L.U.	21.5%	0	21.5%

Remarks

Indicate the principal movements in the shareholding structure during the year:

Most significant movements		
Name of shareholder	Date of registration with the CNMV	Description of the transaction
OPPENHEIMERFUNDS, INC	24/09/2018	Holding fell below 1.988% of Share Capital

A.3 Complete the following tables on directors of the company that hold voting shares in the company:

Name of the Director	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights	% of voting rights <u>that can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Christian Gut Revoredo			0.088%				
Jose Antonio Lasanta Luri			0.015%				

% total of voting rights held by the Board of Directors	0.103%
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Remarks
They are financial instruments as defined by Article 13(I)(a) of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 and Articles 28.1a) and 31 of Royal Decree 1362/2007 (19 October), which enables Law 24/1988 (28 July), on the Stock Exchange, as they relate to the transparency requirements concerning information regarding companies whose shares are listed on an official secondary market or on another regulated market in the European Union. The assignment of those instruments falls within the Long-Term Incentive Plan 2018-2020.

Shareholding:

Name of the Director	Direct shareholder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights	% of voting rights <u>that can be transferred</u> through financial instruments

Remarks

- A.4 If applicable, please specify any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the Company, unless they are insignificant or arise in the ordinary course of business and except for those reported in section A.6:

Name of related person or company	Type of relationship	Brief description

- A.5 Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related person or company	Type of relationship	Brief description
Prosegur Compafifa de Seguridad, S.A.	Sales	Provision of services; sale and purchase of goods; licensing of intangible assets; real estate lease; financing.

- A.6 Describe the relationships that exist between significant shareholders or parties represented on the Board of Directors and the directors, or their representatives, in the case of legal persons, unless they are immaterial for the two parties.

Explain how significant shareholders are represented, if appropriate. Specifically, identify directors that have been appointed to represent significant shareholders, those whose appointment was initiated by significant shareholders, or that are related to significant shareholders and/or its group companies, specifying the nature of those relationships. Identify, if appropriate, the existence, identity and

position of members of the Board or representatives of directors of the listed company that are, in turn, members of the Board of Directors or representatives at companies that hold significant shareholdings in the listed company or in group companies pertaining to those significant shareholders.

Name of the related director or representative	Name of the related significant shareholder	Name of the company pertaining to the significant shareholder's group	Description of the relationship/position
Mr. Christian Gut Revoredo	Ms Helena Irene Revoredo Delvecchio	<ul style="list-style-type: none"> - Prosegur Compañía de Seguridad, S.A. - Gubel, S.L. 	<ul style="list-style-type: none"> - First degree consanguinity relationship with Ms Helena Irene Revoredo Delvecchio. - Chief Executive Officer of Prosegur Compañía de Seguridad, S.A. - Director and non-controlling shareholder of Gubel, S.L.
Ms. Chantal Gut Revoredo	Ms Helena Irene Revoredo Delvecchio	<ul style="list-style-type: none"> - Prosegur Compañía de Seguridad, S.A. - Gubel, S.L. 	<ul style="list-style-type: none"> - First degree consanguinity relationship with Ms Helena Irene Revoredo Delvecchio. - Director of Prosegur Compañía de Seguridad, S.A. - Director and non-controlling shareholder of Gubel, S.L.
Mr. Antonio Rubio Merino	Ms Helena Irene Revoredo Delvecchio	<ul style="list-style-type: none"> - Prosegur Compañía de Seguridad, S.A. - Prosegur Gestión de Activos, S.L. - Prosegur Soluciones de Seguridad Integral España, S.L. - Compañía Ridur 2016, S.A. 	<ul style="list-style-type: none"> - Proprietary director of the company representing Prosegur Compañía de Seguridad, S.A. - Director of Prosegur Gestión de Activos, S.L. and Prosegur Soluciones de Seguridad Integral España, S.L. - Joint administrator of Compañía Ridur 2016, S.A.
Mr. Pedro Guerrero	Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A	<ul style="list-style-type: none"> - Proprietary director of the company representing Prosegur Compañía de Seguridad, S.A.

Remarks
Mr Christian Gut Revoredo and Ms Chantal Gut Revoredo are first degree descendants of Ms Helena Irene Revoredo Delvecchio. Ms Helena Irene Revoredo Delvecchio also owns 56 percent of the share capital of Gubel, S.L., and Mr Christian Gut Revoredo and Ms Chantal Gut Revoredo are non-controlling shareholders of that company. Gubel, S.L. Controls 50.110% of the share capital of Prosegur Compañía de Seguridad, S.A. (50.075 % directly and the remaining 0.035% through its subsidiary Prorevisa, S.L.). Furthermore, Prosegur Compañía de Seguridad, S.A. holds a controlling interest of 72.5% of the Company's share capital.

A.7 Indicate any shareholders' agreements of which the Company has been notified pursuant to Articles 530 and 531 of the Spanish Companies Act. Describe briefly, if any, indicating the shareholders bound by the agreement:

Yes No

Parties to the agreement	% of share capital affected	Brief description of the agreement	Date the agreement expires, if any

Remarks

Indicate any concerted actions among Company shareholders of which the Company is aware. Describe briefly, if any:

Yes No

Parties to the agreed action	% of share capital affected	Brief description of the agreed action	Date the agreed action expires, if any

Remarks

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that have taken place during the year:

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- A.8 Indicate any individuals or entities that exercise or may exercise control over the Company in pursuance of Article 5 of the Stock Market Act. Identify any that exist:

Yes

No

Name
Ms Helena Irene Revoredo Delvecchio

Remarks
Ms Helena Irene Revoredo Delvecchio holds 56% of Gubel, S.L. that, in turn, controls 50.110% (50.075% directly and, indirectly, through its subsidiary Prorevosa, S.L., the remaining 0.035%) of Prosegur Compañía de Seguridad, S.A., that, for their part, holds 72.50% directly and indirectly of Prosegur Cash, S.A. (51% being the direct holding through its subsidiary Prosegur Assets Management, S.L., of the 21.50%).

- A.9 Please complete the following tables on the Company's treasury shares:

At the year-end:

Number of direct shares	Number of indirect shares (*)	% total of share capital
1,057,307	0	0.07%

Remarks
At the end of 2018 the Company holds 1,057,307 treasury shares, of which 602,496 are associated with the liquidity agreement referred to below.

(*) Through:

Name of direct holder of the stake	Number of direct shares
Total:	

Remarks

Explain any significant changes during the year:

Explain any significant changes
<p>On 7 July, with effect on 11 July 2017, the Company signed a liquidity agreement with JB Capital Markets, Sociedad de Valores, S.A.U., according to the Circular 1/2017, of 26 April of the Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores), on Liquidity Agreements for the purposes of their acceptance as a market practice.</p> <p>At 31 December 2018 602,496 treasury shares were associated with that liquidity agreement. The number of treasury shares held by the Company changes daily as a result of the implementation of the liquidity agreement. The Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores) have been informed of these daily variations as a relevant event.</p> <p>The treasury shares not associated with the liquidity agreement declined by 36,874 in 2018 as a result of their delivery to executives on 17 April 2018 as part of their remuneration plan.</p>

A.10 Detail the conditions and the period(s) of the authorization(s) granted by the Shareholders' Meeting to the Board of Directors for the issue, buy-back or transfer of treasury stock.

<p>The General Shareholders Meeting the Company agreed on 6 February 2017 to expressly delegate to the Board of Directors the power to purchase own shares for a term of 5 (five) years in accordance with the provisions of the Spanish Capital Corporations Law and in compliance with, at all times, those provisions set forth in the law in force, subject to the following terms:</p> <p>a) Acquisitions may be made directly by the Company or indirectly through their subsidiary companies and the same must be formalized by sale, exchange, or any other legally business form recognized by the Law.</p> <p>b) The nominal value of the shares being acquired when added to that of those shares already in the possession of the Company, directly or indirectly, does not exceed the maximum legal percentage permitted thereof.</p> <p>c) The minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 10% of their market value at the date of purchase.</p> <p>d) This authorization is granted for a period of 5 (five) years from the date of approval of the agreement.</p> <p>Furthermore, for the purposes of that set forth in the last paragraph of a) Article 146.1 of the Spanish Capital Corporations Law that shares acquired by the Company or by their subsidiary companies under the foregoing authorization can be wholly or partly assigned to workers or directors of the Company or its subsidiaries, either directly or as a result of exercising any option rights they may hold.</p>
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A.11 Estimated floating capital:

	%
Estimated floating capital	15.793%

Remarks

A.12 State if there is any restriction (bylaws, legislation, or of any other type) on the transfer of securities and/or any restriction on voting rights. In particular, report the existence of any type of restrictions that make it difficult to take control of the company by acquiring shares in the market, or any prior authorization or reporting requirements concerning the acquisition or transfer of the Company's financial instruments that may be applicable due to industry regulations.

Yes No

Description of the restrictions

A.13 Indicate whether the General Shareholders' Meeting has resulted in measures to neutralize a takeover bid under Law 6/2007.

Yes No

If so, explain the measures approved and the terms under which the restrictions would become ineffective:

If so, explain the measures approved and the terms under which the constraints would become ineffective:

A.14 Please specify whether the company has issued securities that were not traded on a regulated market within the European Union.

Yes No

Indicate, as the case may be, the different types of shares and for each type, the rights and obligations they confer.

Indicate the different classes of shares

B GENERAL MEETING

B.1 State and, if appropriate, provide details about differences arising with respect to the minimum quorum established by the Spanish Companies Act 2010 (SCA) compared to the quorum required to hold a General Meeting.

Yes No

	% quorum different than that established by Article 193 SCA for general matters	% quorum different than that established by Article 194 SCA for special matters
Quorum required on first call		
Quorum required on second call		

Description of the differences

B.2 Indicate and explain, if appropriate, if there are any differences with the system stipulated in the Spanish Companies Act (SCA) for adopting corporate resolutions:

Yes No

Describe how it differs from the system contemplated in the SCA.

	Reinforcement Jordan different than that established by Article 201.2 SCA for matters governed by Article 194.1 SCA	Other cases of reinforced majorities
% established by the Company to adopt resolutions		

Describe the differences

- B.3 Indicate the rules applicable to changes in the Company's bylaws. In particular, report any majorities foreseen for making changes in the bylaws and any rules established for safeguarding shareholder rights when changing bylaws.

<p>The Board of Directors are responsible for submitting for the consideration and, if applicable, approval at the General Shareholders Meeting, any proposal to modify the Bylaws.</p> <p>The full text of the proposed amendment(s) that the Board of Directors wish to submit to the General Shareholders will include a report by the Directors on said proposed amendment(s) to the Bylaws.</p> <p>All documents about the proposed amendment(s) to the Bylaws shall be available to the Shareholders from notice of the General Shareholders Meeting in which their consideration is subject to approval. The proposed amendment(s) shall be clearly stated in the meeting notice, which shall also specify the shareholder's right to inspect, at the registered offices, the full text of the proposed amendment and the report on said amendment(s), as well as to request that said documents be delivered or sent to them free of charge. It will also be accessible at all times on the corporate website of the Company.</p> <p>Neither the bylaws nor the General Shareholders Meeting Regulations stipulate a system of majorities required to modify bylaws that is different than that established by law.</p>

- B.4 Provide details of attendance records at General Meetings held during the year to which this report refers, as well as for the two preceding years:

GSM Date	Attendance information				Total
	% of directors physically present	% represented by proxy	% remote voting		
			Electronic voting	Other	
06/05/2016	100%	0.00%	0.00%	0.00%	100%
26/07/2016	100%	0.00%	0.00%	0.00%	100%
21/09/2016	100%	0.00%	0.00%	0.00%	100%
20/10/2016	100%	0.00%	0.00%	0.00%	100%
19/12/2016	100%	0.00%	0.00%	0.00%	100%
06/02/2017	100%	0.00%	0.00%	0.00%	100%
23/02/2017	100%	0.00%	0.00%	0.00%	100%
01/03/2017	100%	0.00%	0.00%	0.00%	100%
28/05/2018	8.12%	81.2%	0.00%	0.00%	89.33%
Of which, Floating capital:	8.12%	8.7%	0.00%	0.00%	16.82%

Remarks
All General Shareholder Meetings in 2016 and 2017 took place before the Company's shares were admitted to trading.

B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason:

Yes No

Points of the Agenda that were not approved	% votes against (*)

(*) If the failure to approve the point is due to a reason other than votes against, an explanation will be provided and the column "% votes against" will indicate "n/a".

B.6 Please specify whether the Bylaws establish any restrictions on the minimum number of shares required to attend the General Shareholders meeting or to vote remotely:

Yes No

Number of shares required to attend the General Shareholders Meeting	1,000
Number of shares required to vote remotely	1,000

Remarks
<p>Prior to the meeting being held, shareholders entitled to attend the meeting may issue their vote regarding proposals involving the points of the agenda pertinent to the general meeting concerned by delivering their vote via postal mail or electronically.</p> <p>Shareholders entitled to attend the general meeting may do so via electronic or remote connection means if approved by the Board of Directors. Any such means will be indicated in the call to the meeting so that the necessary security conditions may be in place to guarantee the identity of shareholders, the effectiveness of their votes and the proper development of the meeting.</p>

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

Yes No

<p>Explain the decisions that must be submitted to shareholders at a general meeting, other than those established by law.</p>

B.8. Indicate the address and manner of accessing corporate governance and other general meeting information that must be made available to shareholders on the Company's website.

<p>Corporate website: www.prosegurcash.com Access to the Company's Corporate Governance information is available through: Main page / Corporate Governance Access to the Company's General Meeting information is available through: Main page / Shareholders and Investors / General Shareholders Meeting</p>
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C COMPANY ADMINISTRATION STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of Directors provided for in the corporate Bylaws in the number set by the general meeting:

Maximum number of Directors	15
Minimum number of Directors	5
Number of directors set by the general meeting	9
Remarks	

C.1.2 Please complete the following table with details on Board Members:

Name of the Director	Representative	Director category	Position on the Board	Date first appointed	Date last appointed	Election procedure
Mr. Christian Gut Revoredo		Executive	Chair	19/12/2016	19/12/2016	General Shareholders Meeting Resolution
Mr. Pedro Guerrero Guerrero		Proprietary	Vice-Chairman	17/03/2017	17/03/2017	General Shareholders Meeting Resolution
Mr. José Antonio Lasanta Luri		Executive	CEO	19/12/2016	19/12/2016	General Shareholders Meeting Resolution
Mr. Claudio Aguirre Pemán		Independent	Coordinating Director	17/03/2017	17/03/2017	General Shareholders Meeting Resolution
Ms. María Benjumea Cabeza de Vaca		Independent	Director	17/03/2017	17/03/2017	General Shareholders Meeting Resolution
Mr. Daniel Guillermo Entrecanales Domecq		Independent	Director	17/03/2017	17/03/2017	General Shareholders Meeting Resolution
Ms. Chantal Gut Revoredo		Proprietary	Director	17/03/2017	17/03/2017	General Shareholders Meeting Resolution
Mr. Antonio Rubio Merino		Proprietary	Director	19/12/2016	19/12/2016	General Shareholders Meeting Resolution
Ms. Ana Inés Sainz de Vicuña Bemberg		Independent	Director	17/03/2017	17/03/2017	General Shareholders Meeting Resolution

Total number of Directors	9
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State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period being reported:

Name of the Director	Director Category on removal	Date last appointed	Removal date	Memberships in specialized committees	Indicate whether the removal took place before the end of the appointed term

Reason for the removal and other remarks

C.1.3 Please complete the following tables about the Members of the Board and their different categories:

EXECUTIVE DIRECTORS

Name of the Director	Position in Company's organization	Profile
Mr. Christian Gut Revoredo	Chair	<ul style="list-style-type: none"> • Degree in Economics and Business Administration from CUNEF (Centro Universitario de Estudios Financieros). • MBA from INSEAD. • Director of Prosegur Compañía de Seguridad, S.A. since 1997. • CEO of Prosegur Compañía de Seguridad, S.A. since 2008. • General Manager of Prosegur Spain until 2007. • Member of the Board of Trustees of the Prosegur Foundation.
Mr. José Antonio Lasanta Luri	CEO	<ul style="list-style-type: none"> • Degree in Business Administration and Management from Universidad Pontificia Comillas – ICADE (E4). • He worked at the consulting firm McKinsey and the Rothschild investment bank. • He joined Prosegur Group in 2004, where

Name of the Director	Position in Company's organization	Profile
		he was the Director of Strategy, Director of Corporate Development, Director for Asia, Director of the Technology Business and Finance Director.

Total number of executive Directors	2
% of board total	22.22%

Remarks

PROPRIETARY EXTERNAL DIRECTORS

Name of the Director	Name of the significant shareholder represented or that proposed the appointment	Profile
Mr. Pedro Guerrero	Prosegur Compañía de Seguridad, S.A.	<ul style="list-style-type: none"> • Degree in Law from Universidad Complutense de Madrid. • State Attorney, Stock Exchange Agent and Madrid Notary (on leave). • He was the Chair of the Madrid Stock Exchange and Stock Exchange Company Governing Board. • He was a founder and Vice Chairman of A.B. Asesores Bursátiles and Chairman of A.B. Asesores Red. • Chairman of Bankinter, where he has been a director since 2000.
Ms. Chantal Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	<ul style="list-style-type: none"> • Degree in Economics and Business Administration from CUNEF (Centro Universitario de Estudios Financieros). • MBA from IESE. • Director of Prosegur Compañía de Seguridad, S.A. since 1997. • Director of Euroforum since 2001. • Member of the Board of Trustees of Prosegur Foundation.

Mr. Antonio Rubio Merino	Prosegur Compañía de Seguridad, S.A.	<ul style="list-style-type: none"> • Degree in Economics and Business from ETEA-Universidad de Córdoba, and in Geography and History from Universidad Nacional de Educación a Distancia (UNED). • He was the Director of Consolidation and Audit at Abengoa and Director of Administration and Managing Director of Finance at Inditex Group. • Chief Financial Officer at Prosegur Compañía de Seguridad, S.A. since 2009.
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Total number of proprietary Directors	3
% of board total	33.33

Remarks

INDEPENDENT EXTERNAL DIRECTORS

Name of the Director	Profile
Mr. Claudio Aguirre Pemán	<ul style="list-style-type: none"> • Degree in Economics and Business from the Universidad Complutense de Madrid. • MBA from the Instituto de Empresa de Madrid and Advanced Management Program (AMP) Graduate from Harvard Business School. • Former Head of Chase Manhattan Bank and Goldman Sachs Investment Banking in Spain. He also joined Merrill Lynch where he held several senior positions. • Chair, CEO, and Co-Founding Partner of Altamar Capital Partners. • Member of the Board of Redexis Gas, S.A. • Chair of the Advisory Board of Marsh McLennan, Member of the Advisory Board of Caixabank Banca Privada and the International Advisory Board of Goldman Sachs & Co.
Ms. María Benjumea Cabeza de Vaca	<ul style="list-style-type: none"> • Degree in Geography and History from the Universidad Complutense de Madrid. • Founder of Círculo de Progreso, which later became

Name of the Director	Profile
	<p data-bbox="724 501 842 524">Infoempleo.</p> <ul data-bbox="683 544 1248 645" style="list-style-type: none"> <li data-bbox="683 544 1177 566">• Founder and Chair of Spain Startup since 2012. <li data-bbox="683 586 1248 645">• Founding member of the International Women Forum (IWF) Spain and Vice President of Secot.
<p data-bbox="347 663 662 721">Mr. Daniel Guillermo Entrecanales Domecq</p>	<ul data-bbox="683 674 1248 1133" style="list-style-type: none"> <li data-bbox="683 674 1248 732">• Degree in Economics from Carroll School of Management at Boston College. <li data-bbox="683 752 1248 853">• Former Project Manager at Unilever International Innovation Center in Milan, Marketing and Communication Director at Loewe (LVMH Group), and Managing Director at Grupo Cinnabar S.A. <li data-bbox="683 873 1248 931">• Founding partner and Chairperson of Revolution, a communications and advertising agency. <li data-bbox="683 952 1070 974">• Proprietary director of Acciona S.A. <li data-bbox="683 994 1027 1016">• CEO of Newco Entreriver, S.L. <li data-bbox="683 1037 1248 1095">• Chairman of the Organization Committee of Madrid Horse Week. <li data-bbox="683 1115 1169 1137">• Member of the Advisory Board at AON Iberia
<p data-bbox="347 1350 647 1408">Ms. Ana Inés Sainz De Vicuña Bemberg</p>	<ul data-bbox="683 1167 1248 1588" style="list-style-type: none"> <li data-bbox="683 1167 1248 1247">• Degree in Agricultural Economics from Reading University and Program for Management Development from Harvard University. <li data-bbox="683 1267 1248 1326">• Former Managing Director of Merrill Lynch International Bank's branch in Spain. <li data-bbox="683 1346 1248 1426">• Former Member of the Board of Mobile Dreams Factory and of Asturbega, the Coca-Cola bottling company in Northern Spain and Inmobiliaria Colonial. <li data-bbox="683 1447 1248 1527">• Member of the Boards of Altamar Capital Partners, Acciona, S.A. and Corporación Financiera Guadalmar (CFG). <li data-bbox="683 1547 1248 1588">• Member of the Board of Trustees of Fundación ARPE.

Total number of independent Directors	4
% of Board Total	44.44

Remarks

State whether any Director classified as independent receives any amount or benefit from the company, or the group of companies, for any reason other than remuneration for being a Director, or whether the Director maintains or has maintained, over the past year, a business relationship with the company or any company pertaining to the same group, whether on his/her own behalf or as a significant shareholder, Director or senior executive of a company that maintains or has maintained such a relationship.

If appropriate, include a statement from the Board regarding the reasons for which it considers that the Director concerned may carry out his/her duties as an independent Director.

Name of the Director	Description of the relationship	Reasoned statement
Mr. Daniel Entrecanales Domecq	Chair of Revolution Publicidad, S.L.	The company Revolution Publicidad, S.L. has provided the Company with marketing and advertising services on an arm's length basis during the ordinary course of its business. The Company does not work exclusively with Revolution Publicidad, S.L., and it receives marketing and advertising advisory services from other agencies. The fees received by Revolution Publicidad, S.L. are not material and do not represent a significant amount in the Company's accounts.

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why they cannot be considered proprietary or independent directors and their association with either the Company, executives or shareholders:

Name of the Director	Reason	Associated company, executive or shareholder	Profile

Total number of other external directors	
% of Board Total	

Remarks

Please specify any variations, if any that have occurred in each director category during the year:

Name of the Director	Date of change	Previous category	Current category

Remarks

C.1.4 Complete the following table with the information relating to the number of female Directors at the end of the past 4 years, as well as the category of those Directors:

	Number of female Directors				% of total Directors in each category			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Executives	0	0	0	-	0%	0%	0%	-
Proprietary directors	1	1	0	-	11.11%	11.11%	0%	-
Independents	2	2	0	-	22.22%	22.22%	0%	-
Other external directors	0	0	0	-	0%	0%	0%	-
Total:	3	3	0	-	33.33%	33.33%	0%	-

Remarks

C.1.5 State whether the Company has diversity policies relating to its Board of Directors in terms of matter such as, for example, age, gender, disabilities or training and professional experience. In accordance with the definition set out in the Audit Act, small and medium-sized companies must at least report the policy they have established with respect to gender diversity.

Yes

No

Partial policies

If so, describe these diversity policies, their objectives, the measures implemented and the manner in which they have been applied, as well as the results obtained during the year. Also indicate the specific measures adopted by the Board of Directors and the Nomination and Remuneration Committee to obtain a balanced and diverse group of directors.

In the event that the Company does not apply a diversity policy, explain why not.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained.
<p>The Company's Corporate Governance System, particularly the Director Candidate Selection Policy approved by the Board of Directors on 25 July 2017, establishes that candidates for the position of director will be selected based on an analysis of the needs of the Company and its group (the "Group") performed by the Board of Directors with the advice and a report from the Nomination and Remuneration Committee.</p> <p>The Company seeks persons of good repute, suitable, and solvent, and with the competence, experience, qualifications, training, availability and commitment to carry out their duties.</p> <p>Their nomination will further a diversity of knowledge, experience, origin, nationality and gender, favouring an adequate balance on the Board of Directors taken as a whole that enriches the taking of decisions and provides diverse points of view within the debate of the matters for which the Board is responsible and any type of inherent gap that could imply any type of discrimination will be avoided.</p> <p>The Director Candidate Selection Policy will also ensure that in the future the proportion of female directors continues to represent 33% of all members of the Board of Directors. In any event, any inherent gap that could represent any type of discrimination will be avoided, particularly those making the selection of female directors difficult.</p>

C.1.6 Explain any measures that have been adopted by the Nominations Committee so that selection procedures do not give rise to implicit barriers to the selection of female Directors, and so that the Company deliberately seeks and includes female candidates that meet the required professional profile, in order to obtain a balance between men and women.

Explanation of the measures
<p>The Director Candidate Selection Policy approved by the Board of Directors on 25 July 2017 expressly states that the Company will ensure that the number of female directors in the future will continue to represent at least 33% of all members of the Board of Directors, as was mentioned in the Section C.1.5 above.</p> <p>As of the date of this Report, three (3) out of the nine (9) members of the Board of Directors are female: two (2) out of the four (4) Directors classified as Independent are female. Ms. Marfa Benjumea Cabeza de Yaca forms part of the Audit Committee of the Company and Ms. Ana Inés Sainz de Vicuña Bemberg, is member of the Nomination and Remuneration Committee such that both Board Committees have female members.</p> <p>The Nomination and Remuneration Committee ensures that the procedures for selecting director candidates do not suffer from any inherent weaknesses that impede the selection of female directors, attempting to make the composition of the Board of Directors reflect an adequate balance between men and women.</p>

When despite any measures that have been adopted there are few or no female Directors, please explain the reasons:

Explanation of the reasons
N/A

C.1.7 Please explain the conclusions made by the Nomination Committee as regards verification of compliance with the Director Selection Policy. In particular, how that policy is promoting the objective of female directors representing at least 30% of all members of the board of Directors by 2020.

The Director Candidate Selection Policy is in line with the highest corporate governance standards. The Company's commitment is reflected by (i) the Board of Directors having an adequate composition by encouraging a diversity of knowledge, experience, origins, nationality and gender and (ii) eliminating any inherent weakness impeding the selection of female directors.

The Company's Board of Directors currently has three (3) women members, as is mentioned in section C.1.6 above, representing 33.33% of all Board members. Accordingly, the Company currently complies with the objective of having females represent at least 30% of its total board members by 2020.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than 3% of share capital:

Name of shareholder	Reason
N/A	

Indicate whether any formal requests for a presence on the Board have not been met from shareholders with an interest equal to or greater than that of others at whose request institutional directors have been appointed. If so, explain why such requests have not been met:

Yes No

Name of shareholder	Explanation

C.1.9 Indicate, if any, powers-of-attorney and authority delegated by the Board of Directors to directors or board committees:

Name of the Director	Brief description
Mr. José Antonio Lasanta Luri	The CEO of the Company has been expressly delegated all the powers of the Board of Directors, except those which may not be delegated by law or under the bylaws.
Mr. Christian Gut Revoredo	Christian Gut Revoredo has been conferred the authority to perform general administration duties.

C.1.10 Please identify any Board Members who assume positions as administrators, representatives of administrators or executives at the Group of which the listed Company is the Parent:

Name of the Director	Name of the group company	Position	Does he/she have executive duties?
Mr. Christian Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	CEO	Yes
Ms. Chantal Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	Director	No

Remarks

C.1.11 Name company directors or representatives of directors, if any, that are members of the Board of Directors or representatives of directors of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of the Director	Name of the group company	Position
Mr. Pedro Guerrero Guerrero	Bankinter, S.A.	Chair
Mr Daniel Guillermo Entrecanales Domecq	Acciona, S.A.	Director
Ms. Ana Inés Sainz De Vicuña Bemberg	Acciona, S.A.	Director
Ms. Ana Ines Sainz De Vicuña Bemberg	Inmobiliaria Colonial, S.A.	Director
Mr. Christian Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	CEO
Ms. Chantal Gut Revoredo	Prosegur Compañía de Seguridad, S.A.	Director

Remarks
Ms. Ana Sainz de Vicuña reported her resignation from the Board of Directors of Inmobiliaría Colonial, S.A. effective 24 January 2019.

C.1.12 Indicate and, if appropriate, explain whether the company has established rules on the maximum number of boards on which its Directors may sit, identifying where this is regulated:

Yes No

Explanation of the rules and identification of the regulating document

C.1.13 State the following amounts of the overall remuneration paid to the Board of Directors:

Remuneration accrued during the year to the Board of Directors (in thousands of euros)	3254
Amount of the pension rights accumulated by current directors (thousand euro)	0.00
Amount of the pension rights accumulated by former directors (thousand euro)	0.00

Remarks

C.1.14 Identify the members of senior management who are not Executive Directors and indicate the aggregate remuneration accrued to them during the year:

Name	Position
COCCI, JUAN	Director Latam Business
PALAO TIRADO, YAGO	Director North Latam Business
MATOS, MARTIN	Director South Latam Business
COPELIN, JANINE	Director APAC Business
BANDRES GUTIERREZ, MIGUEL ANGEL	Director Europe Business
ORO PRADERA, LUIS JAVIER	Director of Productivity and Innovation
CEREZO MIRANDA, PALOMA ISABEL	Director of Legal Counsel
COUSO RUANO, MARINA	Director of Strategic Planning
ESPAÑA CONTRERAS, ANTONIO	Finance Director
GUTIERREZ SANCHEZ, ANTONIO	Director of Risk Management
MORAN FERNANDEZ, FERNANDO	Director of Human Resources
SABATER PEREZ, JOSE VICENTE	Director of Internal Audit

Total senior management remuneration (thousands of euros)	4252
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Remarks

C.1.15 Please specify whether the Board of Directors Regulations were amended during the year:

Yes No

Description of the modifications

C.1.16 Please specify the procedures for the selection, nomination, re-election and removal of Directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

<p>1.- SELECTION OF DIRECTORS</p> <p>The selection of director candidates is the responsibility of the Board of Directors which, with the advice and a report from the Nomination and Remuneration Committee, evaluates the needs of the Company and the Group in this respect. The Company seeks persons of good repute, suitable, and solvent, and with the competence, experience, qualifications, training, availability and commitment to carry out their duties, and whose appointment favours diversity of knowledge, origins, experiences, nationalities, and gender in the Board of Directors, facilitating an appropriate mix in the Board of Directors that enriches the decision-making process and contributing to pluralistic points of view when debating issues within their competencies.</p> <p>Candidates are not considered for the Board of the Company when they are in any situation of incompatibility or prohibition provided by law for carrying out their duties as Director, who in any form whatsoever have conflicting interests to those of the Company and Group and who do not fulfil the requirements set forth in the Corporate Governance System of the Company for becoming a Director. Furthermore, director candidates should be natural persons.</p> <p>2. APPOINTMENT AND RE-ELECTION OF DIRECTORS</p> <p>The Directors shall be designated by the General Shareholders' Meeting or by the Board of Directors in accordance with the provisions of applicable legislation.</p> <p>The proposal for the appointment of Directors submitted by the Board of Directors to the General Shareholders' Meeting for consideration and the resolutions concerning appointments adopted by that body by virtue of the powers of co-optation legally attributed to it shall be preceded by the relevant proposal (in the case of independent directors) or report (in the case of other directors) from the Nomination and Remuneration Committee. When the Board of Directors disagrees with the recommendations from the Nomination and Remuneration Committee, it shall set out the reasons for its decision and place them on record.</p> <p>The proposal must be accompanied by a supporting report from the Board of Directors that evaluates the</p>
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competency, experience and merits of the proposed candidate, which will be attached to the minutes to the General Meeting or the Board of Directors Meeting. The proposal to appoint or re-elect any non-independent director must be preceded by a report from the Nomination and Remuneration Committee.

The term of the appointment as Director is for three (3) years, and Directors may be re-elected on one or more occasions for terms of the same duration. Independent Directors may not remain as such for a continuous period of more than twelve (12) years, except if they go on to hold the position as proprietary Director, Executive, or other External Director.

The proposals to re-elect directors that the Board of Directors decides to submit to the General Shareholders Meeting must follow the same rules as for nominations, as well as a formal preparation process. This process will necessarily form part of a report issued by the Nomination and Remuneration Committee evaluating the quality of the work and the dedication to the position by the proposed directors during their preceding term.

3.- ASSESSMENT OF DIRECTORS

On an annual basis the Board of Directors will evaluate: (i) the functioning of the Board of Directors; (ii) the performance of their duties by the Chairman and the Chief Executive of the Company, based on the report submitted for this purpose by the Nomination and Remuneration Committee; and (iii) the functioning of the Board of Directors' Committees, based on the reports of the same.

The Nomination and Remuneration Committee of the Company shall organize and coordinate the periodic assessment of the Chairman of the Board together with the periodic assessment of the Board of Directors, its members and the Chief Executive of the Company. The Board of Directors should designate from among its members, insofar as the Chairman of the same has the category of Executive Director, External Independent Director, Coordinator-Director who, amongst other duties, is responsible for managing the periodic assessment of the Chairman of Board of Directors.

4.- REMOVAL OF DIRECTORS

Directors will leave their office once the term for which they were appointed has lapsed or when so agreed by the General Meeting or the Board of Directors exercising the powers that are legally or statutorily conferred to them.

The Board of Directors will only propose the removal of an independent director before the end of the established term for which he/she was appointed when it considers there is due cause, after having received a report from the Nomination and Remuneration Committee.

Directors must present their resignation to the Board of Directors, which must accept it if deemed advisable, in the following cases:

- a) When they are no longer exercising their executive duties to which their appointment was related and if there are no longer any reasons for which they were appointed.
- b) When they are involved in a legal conflict of interest or prohibition.
- c) When they are tried for an alleged offence or are subject to disciplinary proceedings owing to a serious or very serious infringement of legislation, instigated by the supervisory authorities.
- d) When the Audit Committee seriously caution them for non-fulfilment of any of their obligations as director.
- e) When their remaining on the Board adversely affects the Company's credit or reputation, or otherwise jeopardizes its interests.

Board Members must also inform the Board of Directors of any criminal charges brought against them, as well as any disciplinary proceeding for a serious or very serious infringement investigated by the supervisory authorities against them, as well as, on both counts, of the subsequent legal proceedings. If a Director is indicted or tried for any of the crimes stated under the Spanish Corporate Capital Law, the

Board of Directors must examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director in question should be called on to resign.

Directors who renounce their appointment before the term expires through resignation or otherwise, should explain their reasons in a letter to be sent to all Members of the Board.

C.1.17 Explain to what extent the Board's annual evaluation has given rise to important changes with respect to its internal organization and the procedures that are applicable to its activities:

Description of the modifications

The annual evaluation of the performance of the Board of Directors of the Company has been satisfactory and has not led to any changes in its organization or procedures as not deemed necessary.

Describe the assessment process and the assessed areas performed by the Board of Directors with the assistance, where applicable, of an external consultant, respect to the Board's operations and composition, and those of its Committees, as well as any other area or matter that has been evaluated.

Description of the assessment process and the areas evaluated

Pursuant to article 5 of the Board of Directors Regulations, the Board of Directors is responsible for general supervisory function, including, among others, the functioning of the Board of Directors itself.

In collaboration with the Chairman of the Nomination and Remuneration Committee, the Chairman of the Board of Directors must organise and coordinate the periodic evaluation of the Board of Directors, its Committees, its members and the chief executive of the Company.

Additionally, the Coordinating Director is responsible of managing the periodic evaluation of the Executive Chairman.

The Coordinating Director and the Chair of the Nomination and Remuneration Committee at the Company are the same individual.

The Board of Directors meets once a year to evaluate its functioning and the performance of its members, based upon the report issued for said purposes by the Nomination and Remuneration Committee. It evaluates annually, also, the functioning of the Committees of the Board of Directors, based upon the reports thereof presented to the Board of Directors.

The Nomination and Remuneration Committee has undertaken its duties directly, not having so far involved any external advisor.

C.1.18 Provide detailed information, as applicable for any years in which the evaluation has involve the assistance of an external consultant, on business relations

between the consultant or any Group Company with the Company or any other Group Company.

N/A

C.1.19 Please specify the situations in which the Board Members are required to resign.

Directors hold their positions at the pleasure of the Board of Directors and, if deemed appropriate, must present their resignations in the following cases:

a) When they are no longer exercising their executive duties to which their appointment was related and if there are no longer any reasons for which they were appointed. In particular, in the case of proprietary Directors, when the shareholder or shareholders that proposed, required or determined their appointment, fully or partially sell or transfer their shareholding with the result of losing their status as a significant or sufficient shareholder to justify the appointment.

b) When they are involved in a legal conflict of interest or prohibition.

c) When they are tried for an alleged offence or are subject to disciplinary proceedings owing to a serious or very serious infringement of legislation, instigated by the supervisory authorities.

d) When the Audit Committee seriously caution them for non-fulfilment of any of their obligations as Board Member.

e) When their remaining on the Board adversely affects the Company's credit or reputation, or otherwise jeopardizes its interests.

C.1.20 Are qualified majorities other than those established by Law required for any specific decision?

Yes

No

If so, please describe the differences.

Description of the differences

C.1.21 Explain whether or not there are any specific requirements, other than those established for Directors, to be appointed Chairman of the Board of Directors:

Yes

No

Description of the requirements

C.1.22 Indicate whether the bylaws or the Board Regulations establish any age limit for Directors:

Yes No

	Age limit
Chair	
CEO	
Director	

Remarks

C.1.23 Please specify whether the Bylaws of the Board Regulations establish any term limit or other stricter requirements in addition to those established by law for independent directors:

Yes No

Additional requirements and/or maximum number of terms

C.1.24 Indicate whether the bylaws or the Board of Directors' Regulations establish specific rules for delegating votes within the Board of Directors two other directors, the manner in which it is done and, in particular, the maximum number of delegations that a Director may make, as well as whether there is any limitation to the categories into which delegations may be made other than those stipulated by law. Briefly provide details of any such rules.

The Bylaws establish that any Director who is unable to attend a Board Meeting can be represented at the same by another Director. The proxy shall be granted to another Director in writing and including, insofar as possible, their voting instructions. The aforesaid Bylaw provision states that Non-Executive Directors may only delegate proxies to other Non-Executive Directors.

The Board of Directors Regulations further states that Directors must make every effort to attend the Board Meetings and, when they cannot do so in person, shall endeavour to appoint another Board Member to represent them, with the appropriate instructions.

C.1.25 Please specify the number of meetings held by the Board of Directors during the year. Also indicate how many times the Board met without the Chairman in attendance. Attendance is deemed to include any proxies made with specific instructions.

Number of Board Meetings	8
Number of Board Meetings without attendance of the Chairman	0

Remarks

Indicate the number of meetings held by the coordinating director with other directors, at which no Executive Director was in attendance or was represented:

Number of meetings	0
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Remarks
The Coordinating Director holds informal meetings with other directors before each Board of Directors meeting.

Indicate the number of meetings held during the year by the various Board Committees:

Number of meetings held by the Executive Committee	N/A
Number of meetings held by the Audit Committee	4
Number of meetings held by the Nomination and Remuneration Committee	2
Number of meetings held by the Nomination Committee	N/A
Number of meetings held by the Remuneration Committee	N/A
Number of meetings held by the _____ Committee	N/A

Remarks

C.1.26 Please specify the number of meetings held by the Board of Directors and information regarding the attendance of its members.

Number of meetings at which at least 80% of the directors were physically present	8
% attendance of total votes during the year	95.83
Number of meetings at all directors were physically present or represented by proxies with specific instructions	7%
Votes issued when physically present and represented by proxies with specific instructions, as a percentage of the total votes cast during the year	98.61%

Remarks

C.1.27 Please specify whether the annual individual and consolidated financial statements presented to the Board for approval:

Yes No

If appropriate, name the person(s) who certify the Company's individual and consolidated annual accounts before they are approved by the Board:

Name	Position
Mr. Javier Hergueta Vázquez	Finance Director

Remarks

C.1.28 Explain the mechanisms, if any, established by the Board to avoid a qualified audit report on the individual and consolidated annual accounts from being presented to shareholders at a General Meeting.

Financial Management imposes strict controls on individual and consolidated annual accounts so that they comply with the Accounting Principles generally accepted in Spain and International Financial Reporting Standards (IFRS).

The Audit Committee is responsible, among other duties, to manage the relationship with the External Auditor (KPMG Auditores, S.L. to date) and ensure that the Board of Directors can present the financial statements to the General Meeting without reservations or qualifications in the Auditor's report. To this end, the Audit Committee maintains ongoing discussions with the External Auditor when preparing the Annual Accounts. The external auditor is also invited to some of the Audit Committee's meetings so as to provide regular information to the members of the Committee regarding the external audit work.

Furthermore, the Regulations of the Board of Directors states that the same prepares the Annual Accounts in such a way as not to give rise to qualifications by the External Auditor. Notwithstanding, in cases in which there is a discrepancy between the Board of Directors and the External Auditor, the same shall clearly and publicly explain the content and scope of the discrepancy thereof.

C.1.29 Is the Secretary of the Board a Director?

Yes No

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

Name of the Secretary	Representative
Ms Renata Mendafía Navarro	
Remarks	
The position of Secretary of the Board of Directors was held by Ms. María del Mar Oña López until 25 July 2018. Thereafter it was held by Ms. Renata Mendafía Navarro.	

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of external auditors and any mechanisms to maintain the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

The Audit Committee is responsible for safeguarding the independence of the External Auditors when exercising their duties. To this end, the Audit Committee shall ensure that the amount received by the External Auditors is sufficient without compromising their independence and that the External Auditor calls a Board Meeting once a year with the Board of Directors and requests their presence at the Audit Committee meetings to inform them about the work carried out and the progress of the accounting situation and any risks to the Company. In addition, the Chair of the Audit Committee will hold working meetings about specific topics depending on the needs of the Company.

Furthermore, the Board Regulations state that the Board of Directors shall abstain from contracting those audit firms whose anticipated fees for all items will be greater than five per cent (5%) of its total income of the previous financial year and must report publicly the total fees paid by the Company to the Auditors for services other than auditing.

The Committee has exhaustively analysed potential threats to the independence of the external auditor and, in particular, the system for contracting services other than those that are prohibited in accordance with Articles 5.4 and 6.2.b) of Regulation (EU) 537/2014 of 16 April and the provisions of Title I, Chapter IV, Section 3 of Law 22/2015 (20 July) on Audits.

In light of the work performed, services in addition to audit that were rendered (taken individually and as a whole) and the fees received by the external auditor, the Annual Report on the Audit Committee's Operations and Activities expresses the Committee's opinion as to whether or not the external auditor's independence has been compromised, in accordance with the provisions of Article 17.4 f) of the Board Regulations.

There are no specific measures to safeguard the independence of Financial Analysts, Investment Banks, or Rating Agencies, the same is covered by a Communication Policy with Company Investors that advocates transparency in financial reporting, the issuing of financial and strategic communications in a coherent and open way, and the realistic, balanced and understandable account of the situation and prospects of the Company. Notwithstanding, the relations of the Company shall be channelled through the Investor Relations Department, that are based on the principle of equal treatment, professionalism, solvency, and independence in their assessments.

C.1.31 Please specify whether the Company changed its External Auditor during the year. If so, name the outgoing and incoming auditor:

Yes No

Outgoing auditor	Incoming auditor

Remarks

If the Company had any disagreements with the outgoing auditor, indicate their contents:

Yes No

Explanation of the disagreements

C.1.32 State whether or not the audit firm does any work for the Company and/or its Group other than standard audit work and, if so, indicate the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the Company and/or its group:

Yes No

	Company	Group companies	Total
Amount of work other than standard audit work (thousand euros)	35	566,927	601,927
Amount of work other than audit/audit work (in %)	2.99%	48.43%	51.42%

Remarks

C.1.33 Please specify whether the audit report on the annual financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders by the Chair of the Audit Committee to explain the content and scope of those qualifications or reservations.

Yes No

Explanation of the reasons

C.1.34 Please provide details on the number of consecutive years for which the current audit firm has been auditing the Company's individual and/or consolidated annual financial statements. In addition, indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	3	3

	Individual	Consolidated
Number of years audited by the current audit firm/Number of years that the Company or its Group has been audited (%)	100%	100%

Remarks

C.1.35 Indicate, providing details as necessary, if there is an established procedure for Directors to obtain any information, they may need to prepare for the Meetings of the governing bodies sufficiently in advance:

Yes No

Procedure details
<p>The Director's right to information is expressly regulated by the Board Regulations, which establishes that the Directors shall have ample powers to make inquiries on any matter related to the Company and to examine its books, records, documents, and other history of corporate operations and to inspect all installations. This right to information extends to Group companies.</p> <p>The exercise of the powers of information shall be channelled through the Chairman and will be processed by the Secretary of the Board of Directors or the Financial Director of the Company, who shall directly provide the Directors with such information or otherwise notify the relevant intermediaries in the Company and, in general, shall establish all necessary measures to ensure full compliance with the right to information or arbitrating measures to practice examination and inspecting desired in situ.</p> <p>Furthermore, the Board Regulations states that ordinary meetings shall be called of the Board of Directors with the meeting notice made at least three days in advance, and shall include, except in the case of a justified reason, the Agenda for the meeting, which shall clearly list the Agenda items on which the Board must make a decision or pass a resolution with any necessary supportive information attached to the same.</p>

C.1.36 Indicate, providing details if appropriate, if the Company has established rules requiring Directors to report and, if necessary, resigned in any cases that could be detrimental to the Company's reputation:

Yes No

Explain the rules
<p>Among the cases described in section C.1.19, i.e. those set out in Article 25.3 of the Board Regulations, Board Members should tender their resignation to the Board of Directors and should formalize, if the Board deems it appropriate, their corresponding resignation, when their remaining on the Board might affect the credit or reputation of the Company or otherwise jeopardize its interests.</p> <p>Furthermore, the Directors must inform the Board of Directors of any criminal charges brought against them or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities, and of the subsequent legal proceedings thereof. If a Director is indicted or tried or have a hearing order issued against them for any of the offences set forth in the Spanish Corporation Law, The Board of Directors should examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not the Director should be called to resign. The reasoned decision must also be disclosed in the Annual Corporate Governance Report.</p>

C.1.37 Indicate whether the Company has been notified by any Board Member that he/she has been charged with, or is being tried for, any of the crimes contemplated under Article 213 of the Spanish Companies Act 2010:

Yes No

Name of the Director	Crime	Remarks

Indicate whether or not the Board of Directors has analysed the case. If the answer is yes, provide a detailed explanation of the decision taken regarding whether or not the Director shall continue in the post or, if appropriate, explain the action taken by the Board of Directors up to the date of this report or any that it plans to take.

Yes No

Decision taken/action taken	Reasoned explanation

C.1.38 Provide details of any significant resolutions adopted by the Company coming into force or modified or concluded in the event of a change in control of the company due to a public offer of acquisition, and its effects.

a) Syndicated loan contract for €300 million was signed between the Company and a syndicate of lenders on 10 February 2017. At 31 December 2018 no amount had been drawn down.

In the event of a change in control of the Company, the lending syndicate shall no longer be bound to make the amounts required from them to the Company and could request early repayment of the loan.

b) Syndicated loan for the amount of 70 million Australian dollars was signed between the Australian subsidiaries of the Company as the Borrowers, the Company acting as the Guarantor and a lending syndicate on 28 April 2017.

At 31 December 2018 70 million Australian dollars has been drawn down. In the event of a change in control of the Company, the lending entities will no longer be bound to make the amounts required from them available to the Company and could request early repayment.

c) Financing Contract in the amount of 272 million Rand on 29 January 2016. This contract was initially signed by Prosegur Compaffa de Seguridad, S.A. and thereafter on 14 July 2017 was assigned to Prosegur Cash, S.A., which then became the borrower. At 31 December 2018 the amount drawn down amounted to 272 million Rand. In the event of a change in control of the Company, the lending entity will no longer be bound to make the amounts required from them available to the Company and could request early repayment.

d) The issue made on 4 December 2017 as part of the fixed-income issue program (Euro Medium Term Note Program) of the Company of ordinary bonds for the amount of 600 million euros matures on 4 February 2026. In the event of a change in control of the Company and subsequent lowering of the rating of the investment (BBB-), the holders could request the repurchase of the bonds.

C.1.39 Please identify, individually when concerning directors, and on an aggregate basis in all other cases, the agreements between the Company and its administration and management positions or employees who benefit from indemnities, or guarantees or gold parachute clauses, upon their resignation or wrongful dismissal, or if the contractual relationship comes to an end due to a public tender offer or any other type of transaction.

Number of beneficiaries	1
Type of beneficiary CEO	Description of the agreement The Contract for the provision of executive services between the Company and the Executive Chairman recognizes the right of the same to receive a severance payment for the gross amount of 500.000 euros, that shall include and integrate any severance payment in lieu of notice provided for by Law and is payable within ten (10) days, if the resolution thereof is voluntary by the Company, the initiative of the Executive Chairman for causes attributable to the Company or by mutual agreement.

State whether these contracts have to be reported to and/or approved by the governing bodies at the Company or its group, beyond what is required by law: If so, specify the procedures, foreseen cases and the nature of the bodies responsible for their approval or to make a report:

	Board of Directors	General Meeting
Body authorizing the clauses		

	Yes	No
Is the General Meeting informed of the clauses?	X	

Remarks

C.2 Board Committees

C.2.1 Please provide details on all Board Committees, their members and the proportion of Executive, proprietary, Independent, and other External Directors on the Committee:

EXECUTIVE COMMITTEE

Name	Position	Category

% of executive directives	
% of proprietary Directors	
% of independent directors	
% of other external directors	
Remarks	

Explain the duties delegated or attributed to this Committee, other than those already described in section C.1.10 and describe the procedures and rules governing its organization and operation. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the bylaws or other corporate agreement, have been fulfilled in practice.

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AUDIT COMMITTEE

Name	Position	Type
Mr. Daniel Guillermo Entrecanales Domecq	Chair	Independent
Mr. Claudio Aguirre Pemán	Member	Independent
Ms. María Benjumea Cabeza de Vaca	Member	Independent

% of proprietary directors	0.00%
% of independent directors	100%
% of other external directors	0.00%
Remarks	

Explain the duties, including any additional to those required by law, attributed to this Committee and describe the procedures and rules governing its organization and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the bylaws or other Social agreement, have been fulfilled in practice.

The Audit Committee is an internal, standing, non-executive advisory body entrusted with informing, supervising, assessing, and proposing within the scope of its business operations. The most significant activities carried out by this body during the year are described in the Audit Committee Annual Report available at the Company's website (www.prosegurcash.com).

The Audit Committee is made up of a minimum of three and a maximum of five non-executive Directors who have the dedication, capacity and experience necessary for performing their duty. The foregoing shall ensure that the composition of the Audit Committee is diverse. The majority of the Members of the Audit Committee should be Independent Directors. At least one of its Members and, in particular their Chair, should be appointed taking into consideration their knowledge and experience with respect to accounting, auditing, and risk management. The Board of Directors shall appoint the Chair of the Audit Committee from amongst their Independent Directors. The position of Chair of the Audit Committee shall be exercised for a maximum period of four years that, on completion, the same cannot be re-elected until at least one year has passed since the termination of the foregoing position, without prejudice to the continuity as Member of the Committee.

Notwithstanding any other undertakings which may be assigned thereto by the Board of Directors, the Audit Committee has the following duties, inter alia:

- a) To notify the General Shareholders Meeting about matters arising which fall within the competencies of the Committee.
- b) To supervise the preparation and presentation of the Accounts that the Board of Directors submits to the General Meeting with an unqualified opinion in the audit report.
- c) To refer proposals to the Board of Directors for the selection, appointment, reappointment and substitution of the external auditor, as well as on contracting conditions, and (i) examine, if the case may be, the circumstances that may have led to their resignation; (ii) ensure that their remuneration does not compromise their dedication nor independence; (iii) notify the change of auditor as a Relevant Event; (iv) make sure that a Board Meeting is held with the Board of Directors every year; (v) supervise the compliance to the Audit Contract; and (vi) ensure that the Company and the External Auditor respect the regulations in force with respect to the Independence of the Auditors.
- d) To establish and maintain the relevant relationships with the External Auditor in accordance with the provisions of the law in force.
- e) To issue an Annual Report expressing an opinion on whether the independence of the Auditor of the accounts has been compromised.
- f) To supervise the function of the internal audit.
- g) To supervise the preparation and presentation of all required financial information.
- h) To supervise the effectiveness of the Company's internal controls, internal auditing and risk

management systems, including tax risks.

- i) To supervise the functioning of the Control and Risk Management Unit.
- j) To analyse and report any operations involving structural and corporate amendments.
- k) To report to the Board in advance regarding those matters provided for in the Law and in the Bylaws.
- l) To review the share issue prospectuses and any other relevant information that must be provided by the Board of Directors to the markets and the regulatory bodies thereof.
- m) To establish and supervise a system that enables the employees to notify, in a confidential and anonymous way, any irregularities that may be of potential importance.
- n) To assess on a continuous basis the efficiency of the Corporate Governance System of the Company.
- o) To supervise the notification and relationship strategy for shareholders and investors.
- p) To review the Company's corporate responsibility policy.
- q) To assess all matters relating to non-financial risks of the Company (operational, technological, legal, social, environmental, political, and reputational).
- r) To coordinate the reporting process of the non-financial information.
- s) To report on any related-party operations.
- t) To report on matters subject to that in the framework contract of relations between the Company and Prosegur Compañía de Seguridad, S.A., their fulfilment and possible recommendations for amendment thereof.

The Audit Committee shall meet as often as deemed necessary and at least four times a year.

A member of the management team or members are obliged to attend any meetings called, collaborating with the same and providing any information that is available. The Auditor's attendance may also be required.

The Audit Committee may also seek advice from external professionals.

The Chair of the Audit Committee must report to the Board of Directors the matters dealt with and the decisions taken by them at the first meeting of the Board of Directors after a Committee meeting. The Minutes of the Audit Committee meetings are to be made available to the Members of the Board of Directors.

For the purposes of complying with the supervision and control duties assigned to the Audit Committee, the Internal Audit Department regularly reports on the internal audit work carried out and includes the relevant information concerning the results and conclusions of the assessment of critical risks performed periodically by the Risk Committee, including non-financial risks.

Specifically, the Company's Internal Audit Director frequently attends Audit Committee meetings in order to (i) present the actions taken by the Internal Audit Department with respect

to its supervision of the Company's risk management, providing details of the reports issued in that respect and any weaknesses detected within the framework of the review processes carried out; (ii) report the degree of compliance with the actions set out in the audit plan approved for the year concerned, explaining the main measures that have been implemented and their degree of development; (iii) present any incidents reported through the Company's whistle-blower channel and any measures adopted or investigations in this respect; and (iv) present any legislative amendments that have a direct or indirect impact on the areas supervised by the Internal Audit Department, proposing that the Committee take the appropriate measures to adapt internal policies, procedures and manuals to meet the legislation in force at any given moment.

The Director of the Internal Audit Department sends the Audit Committee a Report on the Internal Audit Department's Activities at the start of each financial year. This report explains the work performed and the degree of compliance with the objectives established in the preceding year's Internal Audit Working Plan.

The internal audit reports prepared by all group companies in various areas, the internal control over financial information and the supervision of risk management are all monitoring activities that are supervised by the Committee and are described in detail in the Report on Internal Audit Activities.

The Committee has supervised the process of preparing the financial information regarding the Company and the Group, reviewing compliance to regulatory requirements, rules, the correct application of accounting principles and duly reporting this information to the Board of Directors. Recurring meetings have been held with the persons responsible for the Finance Department and the Internal Audit Department in order to obtain current information regarding the main weaknesses detected during the process of preparing and issuing the financial information, and the measures implemented to resolve them.

Please identify the Director on the Audit Committee whose appointment was made based on his or her knowledge and experience in the areas of accounting, auditing, or both and state the date on which the Chair of this committee was appointed.

Names of experienced Directors	Mr. Daniel Guillermo Entrecanales Domeq, Mr. Claudio Aguirre Peman and Ms. Maria Benjumea Cabeza De Vaca.
Date the Chair was appointed	2 March 2017

Remarks

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Category
Mr. Claudio Aguirre Pemán	Chair	Independent
Mr. Pedro Guerrero	Member	Proprietary
Ms. Ana Ines Sainz de Vicuña Bemberg	Member	Independent

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%
Remarks	

Explain the duties, including any additional to those required by law, attributed to this Committee and describe the procedures and rules governing its organization and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the bylaws or other Social agreement, have been fulfilled in practice.

The Nomination and Remuneration Committee shall be comprised of a minimum of three and maximum of five non-Executive Directors. Notwithstanding it shall be ensured that the foregoing have the knowledge, aptitudes, and experience required to perform their duty. The majority of the Members of the Nomination and Remuneration Committee should be independent directors. The Board of Directors will designate the Chair of the Nomination and Remuneration Committee from among independent directors.

Notwithstanding any other undertakings which may be assigned by the Board of Directors, the Nomination and Remuneration Committee has the following duties, inter alia:

- a) Evaluate the competencies, knowledge and experience that is necessary for the Board of Directors.
- b) Report to the Board of Directors any matters relating to gender diversity and establish a representation target for the gender that is less represented
- c) To raise all proposals for the appointment of Independent Directors to the Board of Directors for their appointment by co-optation or by submission to the decision of the General Shareholders Meeting, as well as all proposals for the reappointment or removal of said Directors by the General Shareholders Meeting.

d) To report on proposals for appointment, reappointment, or removal of the other Board Members of the Company.

e) To verify on a yearly basis compliance to the policy for selecting Members of the Board.

f) To report on the proposals for appointment or removal of positions on the Board of Directors, including the Secretary and Vice-Secretaries and proposing to the Board of Directors the members who must form part of each of the Committees.

g) To examine and coordinate the succession of the Chairman of the Board of Directors and the Company's top executive.

h) To organize and co-ordinate the periodic assessment of the Chairman of the Board of Directors and the Board of Directors and its members and the top executive of the Company.

i) Report proposed nominations and removals of senior executives and propose to the Board of Directors the basic conditions of their contracts.

j) To propose a policy to the Board of Directors for the remuneration of Directors and General Managers or other individuals carrying out senior management duties under the direct supervision of the Board, the Executive Committees or the Managing Directors, as well as individual remuneration and other contractual terms of the Executive Directors, ensuring that such terms are complied with.

k) To ensure compliance with the remuneration policy established by the Company.

l) To ensure compliance with and periodically review the remuneration policy for Directors and Senior Executives, including share remuneration systems and their application, as well as to ensure that individual remuneration is proportionate to the amounts paid to other Directors and Senior Executives of the Company.

m) To verify information regarding remuneration of Directors and Senior Executives as provided in various corporate documents.

n) To report on any conflicts of interest of the Directors.

o) To ensure that any potential conflicts of interest do not threaten the independence of any external advisor provided to the Committee.

The Nomination and Remuneration Committee shall consult the Chair of the Board of Directors and the top executive of the Company, in particular when it concerns matters relating to the Executive Members and Senior Managers.

The Nomination and Remuneration Committee shall meet whenever it is deemed advisable for the proper development of its functions and, in all cases, once a year to prepare the information about the remuneration of the Directors that the Board of Directors has to approve and include in the yearly public documents.

The Chair of the Nomination and Remuneration Committee must report to the Board of

Directors the matters dealt with and the decisions taken by them at the first meeting of the Board of Directors after a Committee meeting. The minutes of the Nomination and Remuneration Committee meetings are to be made available to the Members of the Board of Directors.

The most important actions taken by the Nomination and Remuneration Committee in 2018 consisted of the settlement of the Long-Term Incentive Plan 2015/2017 and the approval of the Long-Term Incentive Plan 2018/2020.

NOMINATION COMMITTEE

Name	Position	Category
% of proprietary directors		
% of independent directors		
% of other external directors		

Remarks

Explain the duties, including any additional to those required by law, attributed to this Committee and describe the procedures and rules governing its organization and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the bylaws or other Social agreement, have been fulfilled in practice.

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COMPENSATION COMMITTEE

Name	Position	Category

% of proprietary directors		
% of independent directors		
% of other external directors		

Remarks

Explain the duties, including any additional to those required by law, attributed to this Committee and describe the procedures and rules governing its organization and operations. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the bylaws or other corporate agreement, have been fulfilled in practice.

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_____ **COMMITTEE**

Name	Position	Category

% of executive directives	
% of proprietary directors	
% of independent directors	
% of other external directors	

Remarks

Please explain the duties attributed to this committee and describe the procedures and rules for its organization and operation. Indicate the most important actions relating to each of these duties during the year and how each of the assigned duties, whether by law, the bylaws or other corporate agreement, have been fulfilled in practice.

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C.2.2 Please complete the following table with the information on the number of female directors on the Board Committees at the end of the last four years:

	Number of female Directors			
	Year t Number %	Year t-1 Number%	Year t-2 Number%	Year t-3 Number%
Executive Committee	--	--	--	--
Audit Committee	33.33%	33.33%	0.00%	0.00%
Nomination and Remuneration Committee	33.33%	33.33%	0.00%	0.00%
Nomination Committee	--	--	--	--
Remuneration Committee	--	--	--	--
___ Committee	--	--	--	--

Remarks

C.2.3 Indicate the existence, if appropriate, of Board Committee Regulations, where they are available for consultation and any modifications made during the year. Also indicate whether an annual report on the activities of each committee has been drafted voluntarily.

<p>1.- AUDIT COMMITTEE</p> <p>The organization and operation of the Audit Committee of the Board of Directors is governed by:</p> <p>a) the Bylaws (Article 30 and related provisions);</p> <p>b) the Board of Directors Regulations (Article 17 and related provisions); and</p> <p>c) the Audit Committee Regulations that, as set forth in the Board of Directors Regulations and in compliance with the recommendations made in the Technical Guide for Audit Committees, develop the rules for the organization and functioning of the Audit Committee of the Company.</p> <p>All documents can be found and are available for viewing on the website of the Company (www.prosegurcash.com) and the Bylaws and the Board of Directors Regulations on the web site of the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores). The Board of Directors on 18 December 2017 approved the Regulations of the Audit Committee.</p> <p>Article 24 of the Audit Committee Regulations states that a report on the operation of the Audit Committee is to be prepared every year that is to be published as part of the Annual Report of</p>
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the Company and available to the public on the corporate website of the Company

2.- NOMINATION AND REMUNERATION COMMITTEE

The organization and operation of the Nomination and Remuneration Committee of the Board of Directors is governed by:

- a) the Bylaws (Article 30 and related provisions); and
- b) the Board of Directors Regulations (Article 18 and related provisions).

All documents can be found and are available for viewing on the website of the Company (www.prosegurcash.com) and the web site of the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores).

The Nomination and Remuneration Committee shall prepare and submit to the Board of Directors an annual report on its operations.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain any procedures and competent bodies for approving transactions with related-party or intra-group parties.

According to Articles 5 and 40 of the Board of Directors Regulation, the Board of Directors formally reserves the right of approving, after receiving a report from the Audit Committee, transactions carried out by the Company or its group companies with directors, significant shareholders, whether individually or collectively with others, including shareholders represented on the Board of Directors of the Company or of other group companies, or with parties related thereto.

The Company and its parent company (Prosegur Compañía de Seguridad, S.A.) concluded a framework contract on 17 February 2017 (the "Framework Contract") in order to regulate the basic principles that must govern their relationship and their respective subsidiaries. This contract follows the best corporate governance practices and, in particular, recommendation 2 of the Code of Good Governance for Listed Companies approved by the National Stock Market Commission on 18 February 2015. The contract publicly and precisely defines the various business areas and business relationships as well as the mechanisms in place to resolve any conflicts of interest that may arise. This contract can be viewed by the public on the corporate website of the Company (www.prosegurcash.com) accessed from the Home Page in the "Corporate Governance" section.

The Audit Committee has the following reporting, advisory and proposal authorities with respect to the Framework Contract:

- (a) Provide a prior report on the essential aspects (price, term and purpose) of related-party transactions carried out between the Company and Prosegur Compañía de Seguridad, S.A., or between any of the companies in their respective groups, whose approval is reserved for the Board of Directors in accordance with the Framework Contract.
- (b) Issue a prior report regarding the sections of information released regularly to the public and the Company's annual corporate governance report to which the Framework and related-party transactions between the Group and Prosegur Group refer.
- (c) Report on the situations in which there are business opportunities between the Group and

Prosegur Group companies and monitor compliance with the provisions set out in the Framework Contract in this respect.

(d) Regularly report on compliance with the Framework Contract.

(e) Provide a prior report on any proposed amendment to the Framework Contract and any proposed transactions intended to end any disputes that may arise between the signatories due to its application.

Furthermore, Article 40 of the Board of Directors Regulations stipulates that:

a) Transactions within the ordinary course of the Company's business and being habitual or recurrent in nature, require the prior, generic authorization for the line of operations and their conditions of execution from the Board of Directors, based on a report submitted by the Audit Committee; and

b) The authorization of the Board of Directors is not needed in connection with related-party transactions that simultaneously meet the following three conditions: (i) they are governed by standard contracts applied on an across-the-board basis to a large number of clients; (ii) that are performed at prices or rates generally established for those that act as Supplier of the goods or services in question; and (iii) that the amount thereof is not greater than 1% of the Company's annual revenue, according to the audited annual accounts from the previous fiscal year end date of the operation in question.

D.2 Please describe any transactions for significant amounts or relating to significant issues between the Company or group companies and the company's significant Shareholders:

Name of the significant shareholder	Name of the company or group company	Nature of the relationship	Type of transaction	Amount (Thousand euro)
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Sales	Operating lease contracts	14,684
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Sales	License Agreements	28,697
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Sales	Receipt of Services	72,834
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Sales	Rendering of services	427
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Sales	Sale of Financial Assets	242
Ms Helena Irene Revoredo Delvecchio	Prosegur Compañía de Seguridad, S.A.	Sales	Acquisition of financial assets	11,634
Ms Helena Irene	Prosegur	Sales	Other	4,455

Revoredo Delvecchio	Compañía de Seguridad, S.A.		instruments that may imply the transfer of assets and liabilities between the Company and its related party	
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Remarks
At the meeting held on 26 February 2018 the Board of Directors authorised the contracting of Gestair (external company whose corporate purpose consists of the marketing of private aircraft) to use the aircraft owned by Prosegur Compañía de Seguridad, S.A. for its corporate needs, under the same terms and conditions that the same aircraft is marketed to independent third parties.

- D.3 Please describe any transactions for significant amounts or relating to significant issues between the Company or group companies and the Company's Directors or Executives:

Name of administrators or executives	Name of the related party	Relationship	Nature of the transaction	Amount (Thousand euro)

Remarks
On occasion, and during the normal course of its business, the Company enters into arm's length contracts for immaterial amounts for (i) hotel services with Euroforum Escorial, S.A., a company related to Mr. Christian Gut Revoredo and Ms. Chantal Gut Revoredo and (ii) advertising, marketing and communications services with Revolution Publicidad, S.L., a company related to Mr. Daniel Entrecanales Domecq. At the meeting held on 25 April 2018 the Board of Directors authorised the general contracting of those services, up to an annual maximum amount of €500,000 and €100,000, respectively.

D.4 Please describe significant transactions carried out by the Company with other companies belonging to the same Group, to the extent that they are not removed for the purposes of preparing the Company's consolidated financial statements and do not (in terms of their purpose and conditions) form part of the Company's ordinary business activities.

In any event, any intra-group transaction carried out with companies established in countries or territories that are considered to be tax havens will be reported:

Name of the group company	Brief description of the transaction	Amount (Thousand euro)
SIS Cash Services Private Ltd.	Loan - India subsidiary (consolidated using the equity method)	2,130

Remarks

D.5 Describe significant transactions between the company or group companies and other related parties, if not reported in the preceding sections.

Name of the related party	Brief description of the transaction	Amount (Thousand euro)

Remarks

D.6 Please describe the mechanisms established to detect, assess, and resolve potential conflicts of interests between the Company and/or its Group and its directors, executives, or significant shareholders.

1.- CONFLICTS OF INTEREST BETWEEN THE COMPANY AND ITS DIRECTORS

According to Article 34 of the Board of Directors Regulations, it shall be understood that a conflict of interest exists where there is a direct or indirect conflict between the interests of the Company and the companies included in its Group and the personal interest of the Director. The Director shall be deemed to have a personal interest when he or she is directly affected or if any Related Party thereto is so affected, or, in the case of a proprietary Director, when the shareholder(s) whose shareholdings they represent on the Board or if any Related Party to them are so affected. The foregoing provision refers to Article 231 of the Spanish Capital Corporations Law for the definition of those who are considered Related Parties to a Director for the purposes of the Regulations, including in the concept thereof any Company in which the Director exercises a position on the Board or Management or in which they are a significant shareholder.

Conflict of interest situations are governed by the following rules:

- Reporting Obligations:

The Director must report to the Board of Directors, through the Chairman or Secretary of the same, any situation that could cause a conflict of interest, whether directly or indirectly, in which they find themselves to be.

The Director must also report all positions that he or she occupies, and the activities carried out in other companies or entities and, in general, any fact or situation that could be relevant in their role as Company Board Member.

- Abstention Obligations:

Except in the case of a legal exemption in accordance with that set forth in Article 230 of the Spanish Capital Corporations Law, the Director shall abstain from:

- a) Engaging in transactions with the Company that are not considered ordinary transactions, performed under standard conditions for clients and of minor importance, with the foregoing being understood to be those whose information is not required to express a true image of the assets, financial situation and results of the Company.
- b) Taking advantage or receiving remuneration from a third-party different to the Company or its Group when carrying out the duties of their position, unless involving duties out of common courtesy.
- c) In general, abstain from debating and voting on those matters in which they have a conflict of interest.

2.- CONFLICTS OF INTEREST BETWEEN THE COMPANY AND THEIR SIGNIFICANT SHAREHOLDERS

In respect to significant shareholders, articles 5 and 40 of the Board of Directors Regulations state that the Board of Directors needs to approve any transaction of the Company involving a Significant Shareholder and/or any other Related Party, and the same thereof cannot authorize any transaction without the Audit Committee having previously issued a report assessing the

transaction on the principle of fair treatment of shareholders and the market conditions.

Furthermore, with respect to Prosegur Compañía de Seguridad, S.A, the framework contract precisely defines the respective areas of the business on the basis of the preference and custody of the interests of the minority shareholders of the Company, the general framework for handling transactions between them, the information flows between both to fulfil their requirements and legal obligations and before the respective Regulators and mechanisms to resolve any possible conflicts of interest that can arise thereof.

D.7 Is there more than one Group company listed in Spain?

Yes

No

Identify other subsidiaries that are listed in Spain and its relationship with the Company:

Identify and relationship with other listed companies in the group.

State whether or not the respective areas of activity and business relationships between them, as well as those between any other listed company and all other group companies, have been precisely defined in public.

Yes

No

Define any business relationships between the parent company and the listed subsidiary, and between the latter and other group companies

Identify the mechanisms established to resolve any conflicts of interest between the listed company and other group companies:

Mechanisms for resolving any possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

- E.1 Explain the scope of the Company's Risk Control and Management System, including the tax area.

The Company considers that the effective management of risks is key to assuring the creation of shareholder value and, in turn, to guarantee its success. A robust Risk Management and Control System contributes to the safeguarding of the assets and the interests of the clients, employees, shareholders and other stakeholders. Accordingly, and at the recommendation of the Audit Committee of the Company, the Board of Directors approved on 26 April 2017 the Risk Control and Management Policy of the Company.

The Company's Risk Control and Management system is based on pre-established procedures and methodologies enabling the identification and assessment, according to set tolerance thresholds, the risks that could affect the attainment of the Company's objectives, together with, in case of any occurrence, to mitigate, compensate, or correct its impact. The suitability of the tolerance level applicable according to the identified risks is assessed on a continuous basis to ensure the correct performance of the Risk Control and Management system.

The basic principles for managing risks at the Company include:

- a) the identification, assessment, and prioritization of critical risks on a continuous basis, taking into account, taking into account any possible incident impacting the objectives relevant to the Company.
- b) the assessment of the risks according to the procedures based on key indicators that control, assess the management thereof and monitor its evolution over time.
- c) the periodic follow-up on the results of the assessment and the effectiveness of the measures applied to the management of the Company for preventing, detecting, mitigating, compensating, and correcting the effects of the materialization of any of the risks being managed.
- d) the review and analysis of results by the Risk Committee.
- e) the supervision of the system by the Audit Committee.

E.2 Please identify the bodies of the Company that are responsible for developing and implementing the Risk Control and Management System, including the tax area.

The Risk Committee is the party responsible for centralizing and coordinating the preparation and execution of the Risk Control and Management System, supported by several internal units such as the Finance Department or the Internal Audit Department. The Internal Audit Director is a permanent member of the Risk Committee and it holds regular meetings for the purpose of presenting the results and conclusions of the critical risk assessment, including non-financial risks, that are carried out during the performance of its duties. The Internal Audit Director regularly prepares the Critical Risk Management Assessment Report that presents details regarding significant aspects of the assessment of critical risks, and the main conclusions reached in that respect, which are later reviewed by the entire Risk Committee. That report is sent to the Audit Committee meeting at which the Internal Audit Director is in attendance to present the primary detailed conclusions reached in the assessment report. The Audit Committee analyses the conclusions presented by the Internal Audit Director in detail and, if appropriate, adopts resolutions to apply all appropriate measures in this respect.

E.3 Indicate the primary risks, including tax risks and, to the extent they are significant, those deriving from corruption (which are understood in accordance with the defined scope of Royal Decree Law 18/2017), that may affect the attainment of the Company's business objectives.

- 1.- Regulatory risks. Failure to comply with the same, including labour, social security, fiscal, arms control, and prevention of money laundering applicable in each market and/or all of them. Adverse changes in the regulatory conditions, including tax legislation, or restrictions for obtaining or renewing permits and licenses.
- 2.- Risks due to incidents with assets in custody or cash losses. Insufficient insurance coverage.
- 3.- Market transactions with short-term fall in demand. Prolonged downturn of the use of cash.
- 4.- Highly-competitive market transactions. Pressure on prices and margins. Situation of the economic climate.
- 5.- Reputational risk. Negative publicity for the trademark. Loss of confidence.
- 6.- Financial risks, including variations in the interest rates or exchange rates, of counterparts and taxes.
- 7.- Downtime or incidents in the IT infrastructure.
- 8.- Loss or theft of confidential information of clients or proprietary information. Cyberattacks and security and IT breaches.
- 9.- Inappropriate management of labour costs.
10. Deterioration of the generation of liquidity and cash management.

E.4 State whether the entity has a risk tolerance level, including in the tax area.

The management of risks of the Company is underpinned by procedures and methodologies for identifying, assessing, and managing risks using key identifiers, the measurement of the same is performed according to set tolerance levels.

The assessment procedure through key indicators is based on identifying relevant parameters (indicators) that provide a useful measurement for the management of each risk. These indicators are selected taking into account that (i) they can be applied in a consistent way to all markets, (ii) they may be used to make comparisons and perform an evolution analysis over time, and (iii) they allow those responsible for the same to assess the management of the risk and anticipate situations of non-attainment of relevant objectives for the Company.

The indicators are usually (i) easily available values from accounting records or others of comparable reliability (ii) budgeted figures for defining indicator limits. As a general rule, the tolerance levels (acceptable level of risk) are defined taking into account a percentage of the limit of the indicator. In the case of risks that cannot be identified with indicators and according to the general criteria defined, the person responsible proposes alternative assessment and supervisory methods, validated by the Risk Committee.

E.5 State the risks, including those in the tax area, that have materialized during the year.

The risks arising during the fiscal year are inherent to the business model, to the activity of the Company and the markets in which it operates, mainly by incidents involving assets in custody that reiterate, by default, in each financial year.

The control and mitigation of risks systems planned have proved effective with no significant risk or incident in the business activity or results of the Company have incurred.

- E.6 Explain the response and supervision plans for the company's main risks, including tax risk, as well as the procedures followed by the company to ensure that the Board of Directors response to any new challenges that arise.

The Company carries out in a periodic and recurrent way the identification and evaluation of critical risks, considering, in particular, their impact on relevant objectives. Depending on the type of risk involved and its relevance, Company management and the Risk Committee activate the procedures necessary to prevent, detect, avoid, mitigate or offset the effects of risks occurring.

The Audit Committee analyses and supervises the risk control system and raises to the Board of Directors any matters that must be debated at that level due to their relevance or materiality.

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

Describe the mechanisms that make up control and risk management systems relating to the process of issuing financial information by the Company.

F.1 The Company's control environment

Describe, indicating the main characteristics, the following:

- F.1.1 Which bodies and/or areas are responsible for: (i) the existence/maintenance of an adequate and effective FRICS; (ii) its implementation and (iii) its supervision.

The Company has an adequate organizational structure that ensures the maintenance of an adequate and effective FRICS. The following bodies have responsibilities in this area:

- (i) Board of Directors: as is established in the Board of Directors Regulations, this body is responsible for the determination of the Company's general policies and strategies within the framework of its general supervisory duties and, in particular, the policy for controlling and managing risks, including tax risks, as well as the supervision of the financial reporting internal control system (FRICS).
- (ii) Audit Committee: the Board of Directors Regulations and the Audit Committee Regulations state that the latter is responsible for, amongst other duties, "supervising the process of preparing and presenting mandatory financial information and for presenting recommendations and proposals to the Board of Directors aimed at safeguarding their integrity.

The Audit Committee is therefore responsible for:

- a. reviewing compliance with regulatory requirements, the adequate definition of the scope of consolidation and the proper application of accounting policies, reporting its findings to the Board of Directors.
- b. supervising the effectiveness of the Company's internal control and risk management systems, including tax matters, the internal auditor and risk management systems as well as to discuss with the auditor or audit firms any significant weaknesses in internal control that have been detected during the performance of the audit without rupturing its independence.

For these purposes, and in where appropriate, recommendations and proposals may be submitted to the Board of Directors and the term during which it needs to be monitored.

- c. Proposing the Risk Control and Management Policy to the Board of Directors, which shall identify the following, at the very least: (i) the risk type (operational, technological, legal, or reputational) so it known the type of risk to which the Company is being exposed; (ii) the level of the risk that the Company considers acceptable; (iii) the measures for mitigating the impact of the identified risks in the case that they actually materialize; and (iv) the control and reporting systems used to control and manage the same; “supervise the functioning of the Risk Control and Management Function of the Company responsible for: (i) assuring the correct functioning of the Risk Control and Management Systems, and in particular, identify, manage, and quantify appropriately all significant risks affecting the Company; (ii) actively participate in the preparation of the risk strategy and in the important decisions to be made regarding the management thereof; and (iii) ensure that the Risk Control and Management Systems effectively mitigate the risks in accordance with the policy defined by the Board of Directors.

- (iii) The Finance Department, the Internal Audit Department and the Risk Committee assume responsibilities within the framework of their various activities regarding the maintenance, supervision and implementation of the FRICS.

F.1.2 Do any of the following elements exist, especially with respect to the process of preparing financial information:

- **Departments and/or mechanisms responsible for: (i) designing and revising the organizational structure; (ii) clearly defining the lines of responsibility and authority, ensuring proper distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures in place for its proper dissemination within the Company.**

The design and review of the Company's organizational structure and the definition of lines of responsibility and authority, with respect to senior management, falls to the Board of Directors with the assistance of the Nomination and Remuneration Committee, with particular attention paid to this area by the Chief Executive Officer.

The management of each corporate unit is responsible for defining the responsibilities and duties of middle management. The responsibilities and functions, together with the profile of the position, and the competence required for each of the job positions, are defined by each Line Manager and are approved by the Directors of the relevant areas, with the assistance and validation of the Human Resources Management.

The Internal Audit Department and, particularly, the Financial-Economic Unit, with respect to middle-management with competencies over the process of preparing financial information, designs, supervises and defines lines of action and authorities.

The organizational chart, the map of job posts and the content of positions are prepared or updated when the persons responsible for the position report it to the Human Resource Department.

This organizational structure is transferred to an organigram that graphically represents the relationships between the different business and support departments at the Company.

- **Code of conduct, authorizing body, degree of publication and reporting, principles and values included (identifying whether there is any specific mention to the registration of transactions and drafting of financial information), body tasked with assessing non-compliance and proposing corrective actions and sanctions.**

On 26 April 2017 the Board of Directors approved the Company's Code of Ethics and Conduct. The Code of Ethics and Conduct documents the Company's commitment to adapt its conduct procedures to the highest ethical and corporate governance standards.

The Code of Ethics and Conduct is mandatory for all professionals at the Company and its Group and reflects the values that define the Company's mission and vision. The principles that inspire the behaviour of the Company and its Group, and that of its professionals, are productivity, the creation of value, customer orientation, transparency, excellence, leadership, teamwork and the trademark as a unifying symbol.

The Company has adequate procedures that guarantee the regular review of the Code of Ethics and Conduct and its adaptation to the new commitments assumed by the Company and its Group with respect to corporate social responsibility and good governance.

All the professionals of Prosegur Cash have the duty to know and comply with the Code of Ethics and Conduct and to collaborate in order to facilitate its implementation, as well as report any possible non-compliance of those who have knowledge of the same thereof.

The Code of Ethics and Conduct states the Company's commitment and obligation to prepare financial information in an integral, clear, and accurate way, and using appropriate accounting records that, in turn, is distributed through transparent communication channels that provide the market, and in particular, the Company and shareholders, permanent access to the same. That commitment is strictly met by the Company.

Likewise, the need to monitor that all transactions of economic importance carried out on behalf of the Company are recorded clearly and accurately in appropriate accounting records that represent the true image of completed transactions and are available to internal and external Auditors is included in the section on use and protection of resources.

The Internal Audit Department, the Human Resources Department, the Compliance Officer and, ultimately, the Audit Committee, perhaps assisted by a team of impartial experts, channel the investigation processes and the proposals for corrective actions against failures to comply with the Code of Ethics and Conduct.

The Code of Ethics and Conduct is available on the Company's corporate webpage.

The Company regularly takes initiatives to facilitate awareness of the content of the Code of Ethics and Conduct by all stakeholders.

- **Whistle-blower channel that enables the reporting of financial and accounting irregularities to the Audit Committee as well as for reporting potential breaches of the code of conduct and other irregular activities within the organization. Please indicate whether this channel is confidential.**

The Company has a Whistle-blower Channel that enables any interested party to communicate in a secure and confidential way improper or illegal acts, or non-compliance to the Code of Ethics and Conduct, including anything to do with financial and accounting that occurs during the course of the business activities carried out by the Company.

The Whistle-blower Channel is a form available at all times on the website www.prosegurcash.com that keeps the identity anonymous of those lodging the complaint from being disclosed. <http://www.prosegurcash.com>

Internal Audit Management coordinates in a confidential way all complaints received and submits their conclusions to the Audit Committee.

- **Training programs and regular ongoing training programs for staff involved in preparing and reviewing financial information, as well as on assessment of the FRICS, which shall cover, at least, accounting, auditing, internal control, and risk management rules.**

The Company pays particular attention to training updates and professional development so that employees can adequately perform their duties.

Pursuant to the framework agreement entered into between Prosegur Compañía de Seguridad, S.A. and Prosegur Cash, S.A., several agreements for the provision of management and support services (among others, legal counsel, accounting, financial services) have been entered into between Prosegur Cash and the asset management division of the Prosegur Group, specifically Prosegur Gestión de Activos, S.L., wholly-owned by Prosegur Compañía de Seguridad, S.A. As a result, staff in charge of central services and management support services, together with Internal Audit Management professionals regularly attend training sessions to bring themselves up-to-date with any legislative and regulatory changes and, in particular, those aspects relating to the preparation and review of financial information.

The Company has specific training programs adapted to the nature, skills and responsibilities required by each job position. Training plans are regularly reviewed by the Human Resource Department, together with the Departments concerned.

In order to manage these training processes, the Company has access to Prosegur Corporate University (the "University"). The University is the home of an Economic-Financial community, aimed at professionals who are part of the economic-financial areas in the countries in which the

Company operates. The main objective of the Financial Community is to normalize the economic-financial process and keep abreast of accounting, fiscal, risk management and control, and international policy and regulations. This group continuously undergoes training to be up-to-date with legislative and regulatory changes.

F.2 Evaluation of financial reporting risk

Report on at least the following:

F.2.1 What are the main characteristics of the risk identification process, including the risk of error or fraud, with respect to:

- **Whether or not the process exists and is documented.**

The Finance-Economic Department have a process for identifying every year, within the scope of the FRICS, the risks that affect the financial information with regards to accounting records and possible non-compliance to the accounting principles, after the analysis of the risks.

- **Whether the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, allocation and comparability, and rights and obligations), and whether it is updated, and with what frequency.**

The scope matrix of the FRICS is aimed at identifying the accounts and allocations that have significant risks associated to them, whose possible impact on the financial information is material and that, as a result, requires special attention. In this context, the process for identifying the significant accounts and allocations, a set of qualitative (account balance) and qualitative (complexity of the transactions; change and complexity of the regulation; need to use estimates and forecasts; exercise of judgement and qualitative significance of the information) have been considered.

Said scope matrix of the FRICS is prepared on the state of the financial situation and the state of the overall, consolidated results included in the last, audited Consolidated Annual Accounts available. This matrix is updated every year, subsequent to the preparation of the Consolidated Annual Accounts. In fiscal year 2018, the scope matrix was updated based on the results of the Annual Financial Statements as of 31 December 2017.

For the significant accounts and allocations included in the scope matrix, the critical processes and sub processes associated to the same have been included, and controls for preventing errors and/or fraudulent interpretation of the financial information were implemented, covering all the financial

information objectives (existence or occurrence; completeness; valuation; presentation, allocation and comparability; and rights and obligations).

- **Whether the company has a process for identifying the perimeter of consolidation, taking into account, inter alia, the potential existence of complex, corporate structures, instrumental entities or special purpose vehicles.**

The process for identifying the perimeter of consolidation is performed every month. Changes to the perimeter of consolidation are entered and saved in the Consolidation IT System of the Group, in which the map of the structure of the ownership of the companies within the perimeter is kept up-to-date.

As part of the support functions to Management that are fulfilled thereof, through Prosegur Gestión de Activos, S.L., it is the duty of Legal Counsel and Business Development Management of Grupo Prosegur to report to the Finance-Economic Department any transactions performed in their domain and that affects the structure of the group and the perimeter of consolidation.

The Finance-Economic Department, through the Tax Department and subsequent fulfilment of their support duties to Prosegur Cash and its Group from Prosegur Gestión de Activos, S.L., shall maintain a record of all entities included in the perimeter of consolidation, the control or influence mechanisms, the legal framework, and the type of direct or indirect shareholding of all the companies. The foregoing shall be updated on an ongoing basis and shall facilitate the traceability through logs recording the changes to the perimeter.

- **Whether the process considers the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The Company has a Risk Committee that reports the results of the periodic assessment of the management of critical risks to the Audit Committee. The Company's Internal Audit Management identifies critical risks of any type (operational, financial, strategic, regulatory compliance, technological, and others) that, should they materialise, could have an adverse effect on the attainment of relevant objectives for the Company.

- **Which governing body at the company supervises the process?**

The Audit Committee is responsible for supervising the effectiveness of the FRICS. Internal Audit Management uses specific verification

programs on the internal control system for financial information under the supervision of the Audit Committee.

F.3 Control activities

Indicate, describing the main characteristics, whether or not the company has at least the following:

F.3.1 Procedures for reviewing and authorizing financial information and the description of the FRICS to be published in securities markets, indicating the persons responsible, as well as documentation describing the flow of activities and controls (including those relating to the risk of fraud) for the various types of transactions that could materially affect financial statements, including the year-end closing procedure and the specific review of relevant judgments, estimates, measurements and projections.

The annual accounts and the half-yearly and quarterly financial reports are analysed by the Audit Committee before being prepared by the Board of Directors.

The Audit Committee revises any other relevant information prior to being sent to the Regulatory Authorities.

The Board of Directors approves and, if deemed appropriate, prepares the financial information presented that is subsequently published through the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores) and brought before third parties.

The Company performs regular reviews of the financial information prepared, as well as the description of the FRICS whose objective is to ensure the quality of the information. The Finance-Economic Department is responsible for preparing the description of the FRICS, in coordination with the Departments concerned. This process ends with a review by the Audit Committee and the Board of Directors.

The Economic-Financial Department documents in detail activity flows and controls over significant transactions that affect the financial statements. The documentation of these flows defines the applicable procedures and information systems used for closing the accounts. The staff involved will be updated and informed on the preparation process for preparing the financial information, including the preparation procedures for closing the accounts of the Financial Statements and the Consolidated and Individual Annual Accounts. The documents detail the tasks involved in preparing, reviewing, and approving the closing of the consolidated and individual company accounts that make up the Group.

The Company publishes financial information for the securities markets every quarter. In the operation flow description of the closing accounts process the control activities ensure the reliability of the information. The Finance-Economic Department analyses and supervises the information prepared.

The Finance-Economic Department has a process that documents the error or fraud risks in the financial information and the controls that affect all the critical processes/sub-processes. These processes cover the different types of transactions that can materially affect the financial statements (purchases, sales, staff overheads, etc.), as well as the process specific to consolidation and reporting.

In this context, the Company has assured the identification of all the processes required for preparing the financial information, in which relevant options, estimates, valuations, and projections have been used, considering all of them to be critical.

The documentation for each of the critical processes includes:

- Work charts on each of the sub-processes.
- Risk charts and applicable controls including:
 - List of the internal procedures and regulations approved by Management, and that govern the sub-processes.
 - Description of the key and non-key controls that mitigate each of the identified risks.

For each of the controls that have been identified:

- Organizational structures and/or functions of manager positions of each of the key and non-key controls identified.
- Frequency of the controls.
- Automation level of the controls.
- Control Type: preventative or detective.
- Existence of fraud risk.
- Affected business.
- Details of information systems in each of the sub-processes.

The specific review of the relevant options, estimates, and valuations for quantifying assets, rights, and obligations, income and expenses, and any other commitment detailed in the Individual and Consolidated Annual Accounts performed by Financial Management. The assumptions based

on the evolution of the business are analysed together with Business Management.

The Financial Director and the CEO, within their respective areas, analyse the reports issued and the financial information before presenting it to the Audit Committee and Board of Directors.

F.3.2 Internal control procedures and policies regarding information systems (including access security, change controls, their operation, operating continuity and segregation of duties) that support the company's relevant processes with respect to the preparation and publication of financial information.

One of the specific functions of the Risk Control Department is the ongoing assessment of the part of the internal control system related to the reporting systems, within which are included those that support the issue of financial information.

The Risk Committee has sufficient representation authority to ensure proper compliance with its duties.

These managers are responsible for:

- Aligning the information security objectives with the main strategic lines of business
- Introducing the Company's IT security as a global and integrated activity within the business.
- Coordinating and approving the proposals received for projects related to information security.
- Supplying the resources that are necessary for the development of information security initiatives.
- Identifying and assessing security risks with respect to the needs of the business.

The IT Security Committee monitors all of these functions using a Steering Plan.

An IT security strategic plan is currently being designed with the intention of improving the organisation in this area. This plan will serve as a guide for the ongoing process and the IT security culture within the Company and the Group.

Access control to reporting systems is managed through assigning personalized users and passwords. Internal reviews shall be performed of the access control process to systems at least once a year

There is a procedure established for controlling access to the Data Processing Centre. Access is restricted to authorized staff and every access is logged.

There is a change table process that manages the steps of placing the systems into production.

The IT systems are backed up and are subject to a redundant infrastructure facilitating the continuity of the business.

As part of an ongoing improvement policy, the Company is committed to reinforcing the information security management processes in all countries and systems that have a financial impact.

F.3.3 Internal control procedures and policies intended to supervise subcontractors, as well as the evaluation, calculation or measurement activities tasked to independent experts that could have a material effect on the financial statements.

The recurrent activities in the process for preparing the financial information are sub-contracted by Prosegur Cash to Prosegur Gestión de Activos, S.L. and supervised by the Financial Director of the Company. Occasionally, assessment by independent experts is required for situations of the following types:

- a) Related-party transactions with Prosegur Compañía de Seguridad, S.A.
- b) Assessment of the tax impact of company restructuring transactions.
- c) Tax advisory services for preparing returns subject to specific regulations.
- d) Fair value measurements of specific assets, activity or business lines.
- e) Verification of the effectiveness of the system for the prevention of money laundering.
- f) Evaluation of the assignment of the purchase price of new companies.

The contracting of external advisors is requested and at least three proposals are assessed from an economic and competence viewpoint. Using the services of experts for work serves to support accounting assessments, allocations, or calculations as long as the same are registered in their respective Professional Associations, or similar accreditation, and are prestigious companies with a good reputation in the market. The results of the assessments, calculations, and valuations assigned to third-parties of accounting, legal or fiscal matters are ultimately supervised by Financial Management and Legal Counsel of Prosegur Cash.

F.4 Information and communications

Indicate, describing the main characteristics, whether or not the company has at least the following:

- F.4.1 A specific duty responsible for defining accounting policies and maintaining them up to date (accounting policy department or area) and for resolving doubts or conflict deriving from their interpretation, maintaining fluid communication with the persons responsible for the organization's operations, as well as an accounting policy manual that is up to date and issued to the units through which the company operates.

The Corporate Financial Information Department, that provides support to the Group from Prosegur Gestión de Activos, S.L. and that forms an integral part of the Finance-Economic Department of Prosegur Compañía de Seguridad, S.A, is responsible for the preparation, issue, publication, and by common agreement with Financial Management of Prosegur Cash, after application of the accounting regulations to Prosegur Cash subject to the internal certification of the process management system known as "3P" (Policies, Process Prosegur). Likewise, it analyses and resolves the queries, doubts, or conflicts with respect to the interpretation and correct application of each of the policies.

As part of the functions of the Department for Corporate Financial Information there is the analysis of International Regulations for Financial Information in order to comply with:

- Establishing the support or procedure regulations for helping staff involved in the financial information preparation process.
- Analysing transactions that require accounting-specific processing.
- Resolving queries about applying specific accounting rules.
- Assessing the possible impact in the future on financial statements, as a result of new editions or amendments to International Accounting Regulations.
- Relationship with external auditors with respect to the criteria used, estimates, and accounting allocations.
- Resolution of any doubt coming from different interpretations of the regulation itself.

The Company's accounting manual is updated every year. Fluid communication is maintained between those responsible involved in preparing the financial information and also distribute and make available the updates made as a result of recent changes to the regulations to employees with accounting functions.

F.4.2 Mechanisms for capturing and preparing financial information using uniform format, applicable and used by all company or group units that support the main financial statements and the notes to the annual accounts, as well as the information provided regarding the FRICS.

The process of consolidation and preparation of the financial information is performed in a centralized way. Said process begins its first phase in the subsidiaries that form part of Grupo, through common IT platforms (ERP) and under the supervision of the Finance-Economic Department thus guaranteeing that the financial information of the Companies is reliable, complete, and consistent. Based on the financial statements of the subsidiaries, and with IT systems programmed for extracting and aggregating data, the process for consolidation and analysis of the individual and consolidated financial statements is performed.

There is a half-yearly reporting process for obtaining the information required for the allocations of the Consolidated Annual Accounts and Consolidated Half-Yearly Report. The Company's Accounting Plan applies to all Group subsidiaries for the purposes of reporting for the consolidation of financial statements.

F.5 Monitoring functioning of the system

Describe, indicating the main characteristics, at least the following:

F.5.1 The FRICS supervision activities carried out by the Audit Committee, as well as whether or not the company has an internal audit area that supports the Committee with its duty to supervise the internal control system, including the FRICS. It will also report on the scope of the FRICS evaluation carried out during the year and the procedure through which the person responsible for executing the evaluation reports the results, whether or not the company has an action plan that covers the future corrective measures and whether or not the impact on the financial information has been taken into consideration.

In accordance with that set forth in Article 17.4 of the Board of Directors Regulations and in related Articles of the Audit Committee Regulations, the same has amongst its basic duties the following:

- Report to the General Meeting on issues that are brought up relating to those matters that fall under the areas of responsibility of the Committee and, in particular, on the results of the Audit, explaining how the same has contributed to the integrity of the financial information and the function that the Committee has performed in this process.
- Ensure that the Board of Directors presents the accounts to the General Meeting without qualifications nor limitations in the Audit report and, in exceptional circumstances in which there are reservations, to explain

through the Chairman of the Audit Committee and ensure that the Auditors explain clearly to the shareholders the content and scope of said limitations or qualifications.

- Raise to the Board of Directors proposals for selection, appointment, re-election and replacement of the External Auditor taking on the responsibility for the selection process in accordance with that provided for in the Law, as well as the terms of their contracting and obtaining on a regular basis from the Auditor information about the Audit Plan and its execution, and at the same time, preserve their independence when exercising their functions.
- As regards the External Auditor: (i) examine, in the case of the External Auditor resigning, the circumstances that led to this decision; (ii) ensure that the remuneration of the External Auditor for their work does not compromise its quality nor their independence; (iii) supervise that the Company communicates as Relevant Fact to the Spanish Securities Market Commission (CNMV - Comisión Nacional del Mercado de Valores) the change of Auditor and attach a declaration on the possible existence of a disagreement with the outgoing Auditor, and in its case, give the reason; (iv) assure that the External Auditor calls a yearly Board of Directors meeting to inform them about the work carried out and the evolution of the accounting situation and the risks of the Company; (v) supervise compliance to the Auditing contract, ensuring that the opinion on the annual accounts and the main contents of the Audit Report are prepared in a clear and precise way; and (vi) assure that the Company and the External Auditor respect the Regulations in force on governing the provision of services different to those governed by Auditing, the limits on the concentration of the Auditor's business, and in general, the other regulations on Auditor independence.
- Establish and maintain an appropriate working relationship with the External Auditor to receive information about those matters that may pose a threat to their independence, so that the same can be examined by the Committee, and any other matters related to the process auditing accounts and, when deemed necessary, the authorization for services different to those prohibited in the terms provided for in the Law, including the other disclosures contemplated in accounting and auditing legislation and auditing standards. Above all, the Audit Committee should receive yearly from the Auditor of the accounts a statement of their independence towards the entity and related entities either directly or indirectly, as well information in detail or on an individual basis on additional services of any type provided and the corresponding fees paid to these entities by the said Auditor, or by the individual or entities related to the same in accordance with that set forth in the regulation in force.

- Issue yearly, always prior to the issue of the report by the Accounting Auditors, a report expressing opinion about the independence of the accounting auditor if compromised. The report should issue an opinion, in any cases, on the reasoned appraisal of the provision of all the aforementioned additional services, individually and as a whole, other than statutory audit work (non-audit services) and in relation to the independence regime or with the regulations governing the auditor's activity.
- Supervise the internal audit and, in particular, (i) ensure the independence and effectiveness of the Internal Audit function; (ii) propose the selection, appointment, and removal of the person responsible for the internal audit services; (iii) propose the budget for this service; (iv) review the annual work plan for the internal audit and yearly activities report; (v) receive periodic information on its activities; and (vi) verify that Senior Management take into account the conclusions and recommendation its reports.
- Supervise the process for preparing and presenting mandatory financial information and for submitting any recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the same thereof. In this context, it is their duty to supervise the process of preparing and ensuring the integrity of the financial information about the Company and the Group, reviewing compliance to regulatory requirements, rules, the appropriate delimitation of the perimeter of consolidation, and the correct application of the accounting principles, duly notifying the Board of Directors.
- Supervise the efficiency of the Company's internal control, the internal auditor and risk management systems as well as to discuss with the auditor or audit firms any significant weaknesses in internal control that have been detected during the performance of the audit without rupturing its independence. For these purposes, and in where appropriate, recommendations and proposals may be submitted to the Board of Directors and the term during which it needs to be monitored. In this context, it is their duty to propose to the Board of Directors the Risk Control and Management Policy, which shall identify the following, at the very least: (i) the risk types (operational, technological, financial, legal, and reputational) so it is known the type of risk to which the Company is being exposed; (ii) the level of the risk that the Company considers acceptable; (iii) the measures for mitigating the impact of the identified risks in the case that they actually materialize; and (iv) the control and reporting systems used to control and manage the same.

- Supervise the functioning of the Risk Management and Control Unit of the Company responsible for: (i) assuring the correct functioning of the Risk Control and Management Systems, and in particular, identify, manage, and quantify appropriately all significant risks affecting the Company; (ii) actively participate in the preparation of the risk strategy and in the important decisions to be made regarding the management thereof; and (iii) ensure that the Risk Control and Management Systems effectively mitigate the risks in accordance with the policy defined by the Board of Directors.
- To analyse and inform about the economic conditions, the accounting impacts and, as the case may be, the proposed exchange ratio for the structural and corporate modification operations that are to be carried out by the Company, prior to being presented to the Board of Directors.
- Report in advance to the Board of Directors all those matters provided for in the Law and in the Bylaws and, in particular, on: (i) the financial information that the Company needs to periodically disclose to the public; and (ii) the creation or acquisition of shareholdings in special-purpose vehicles or entities resident in countries or territories considered tax havens.
- To review the share issue prospectuses and any other relevant information that must be provided by the Board of Directors to the markets and the regulatory bodies thereof.
- Establish and supervise a system that enables employees to notify, in a confidential and anonymous way, if possible and deemed appropriate, any irregularities that be of potential importance, in particular on matters concerning financial and accounting observed within the Company.
- Regularly review the adequacy of the Company's corporate governance system to ensure that it complies with its mission of promoting social interests and takes into account, as appropriate, the legitimate interests of other stakeholders, the proposals that are necessary for improvement and the supervision of compliance with internal codes of conduct and the Company's corporate governance rules. In particular, the Audit Committee is responsible for receiving information and, if necessary, issuing reports on (i) the actions and decisions taken by the Regulatory Compliance Department when performing its duties in accordance with the provisions of the Company's Internal Code of Conduct relating to securities markets and (ii) the disciplinary measures to be applied, if appropriate, to the members of the Company's senior management.

The supervision of the communications strategy and relationships with shareholders and investors, including small and medium-sized shareholders.

Review the Company's corporate responsibility policy, ensuring that it is oriented towards creating value and supervising corporate social responsibility practices and strategy, as well as an evaluation of the degree of compliance and relationships with various stakeholder groups.

- Assess all matters relating to the Company's non-financial risks (operational, technological, legal, social, environmental, political, and reputational).
- Coordination of the process of reporting non-financial information and that regarding diversity, in accordance with applicable legislation and the international standards of reference.
- Report related-party transactions and, in general, on matters that are necessary in accordance with the provisions of Title IX of this Regulation.
- As regards the Framework Contract:
 - a) Provide a prior report on the essential aspects (price, term and purpose) of related-party transactions carried out between the Company and Prosegur Compañía de Seguridad, S.A., or between any of the companies in their respective groups, whose approval is reserved for the Board of Directors in accordance with the Framework Contract.
 - b) Issue a prior report regarding the sections of information released regularly to the public and the Company's annual corporate governance report to which the Framework and related-party transactions between the Group and Prosegur Group refer.
 - c) Report on the situations in which there are business opportunities between the Group and Prosegur Group companies and monitor compliance with the provisions set out in the Framework Contract in this respect.
 - d) Regularly report on compliance with the Framework Contract.
 - e) Provide a prior report on any proposed amendment to the Framework Contract and any proposed transactions intended to end any disputes that may arise between the signatories due to its application.

Prosegur Cash has an Internal Audit Directorate that reports to the Audit Committee. Amongst its objectives and functions, it is its duty (i) to support the Audit Committee to attain the objective of their

responsibilities, (ii) to verify appropriate risk management, and (iii) ensure the integrity and reliability of the accounting information.

The Internal Audit Directorate have prepared a FRICS review program executed on a regular basis over two years and forming an integral part of annual work plans that are subject to the approval of the Audit Committee.

The Internal Audit Directorate is continually updating their verification programs adapting them to the changes that are inevitably introduced by the Financial Reporting Department that provides support to the Group from Prosegur Gestión de Activos, in the FRICS.

In 2018, significant processes were reviewed with regards to financial information in Spain, and in other European and LATAM subsidiaries.

Internal Audit Directorate performs verifications on the progress of the execution of recommendations included in their audit reports including those relating to FRICS verifications. In 2018 two half-yearly reports were issued on the progress of the execution of the recommendations submitted to the members of the Audit Committee.

F.5.2 Whether or not there is a discussion procedure through which the auditor (in accordance with the provisions of the Technical Audit Standards), the internal audit area and other experts may inform senior management and the Audit Committee or the Directors of the company of any significant internal control weaknesses identified during the review of the annual accounts or any others that may have been requested. Report if you have an action plan that is intended to correct or mitigate detected weaknesses.

During 2018, the External Auditors held two meetings with the Audit Committee for reviewing both the conclusions of the auditing of the Annual Accounts as well as the work carried out as a result of the agreed procedures for half-yearly financial statements. Likewise, the External Auditors report on any possible deficiencies and possible improvements in Internal Control that may have been identified during the course of their work.

The Financial Director, responsible for preparing the Annual Accounts and interim financial report that Prosegur Cash discloses to the markets and their supervisory bodies, has attended the Agenda of the meetings of the Audit Committee for which their presence is required in order to review and debate any relevant matters in the preparation and presentation process of the regulated financial information.

The Internal Audit Director regularly presents at every Audit Committee meeting the conclusions of the verification work performed on the operation and effectiveness of the FRICS procedures, identified control weaknesses, recommendations made and the status of the execution of the action plans implemented for their mitigation.

F.6 Other Relevant Information

N/A

F.7 External Audit Report

Please report on:

- F.7.1 Whether or not the FRICS information sent markets has been reviewed by the external auditor, in which case the company must include the relevant report as an appendix. If not, the reason for not doing this should be explained.

The information on the FRICS of Prosegur Cash disclosed to the markets for fiscal year 2018 of Prosegur Cash has been submitted to a review by the External Auditor and the same is attached to this document as Annex information, as requested. The scope of the review procedures of the Auditor have been defined in accordance with the Code of Conduct and the standard Auditor report completed with the information about the Internal Control System on the governance of publicly listed companies that was remitted in July 2013 (updated in December 2015) to the Spanish Chartered Accountants Association (Instituto de Censores Jurados de Cuentas de España – ICJCE).

G COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Code of Good Governance for listed companies.

In the event that any recommendation is not followed or is followed partially, a detailed explanation of the reasons must be provided so that shareholders, investors and the market in general have sufficient information to evaluate the Company's decision. Explanations of a general character will not be acceptable.

1. **The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.**

Complies Explain

2. **When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**

- 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 possible conflicts of interest.

Complies Complies in Part

Explain Not Applicable

3. **During the ordinary General Meeting the Chair of the Board of Directors verbally informs shareholders of the most relevant aspects of the Company's corporate governance in detail and as a supplement to the distribution of the written annual corporate governance report, and in particular:**

- a) the changes that have taken place since the preceding ordinary General meeting,
- b) the specific reasons why the company is not following any corporate governance code recommendation or any alternative rules that are applicable in this respect.

Complies Complies in Part Explain

4. **the company defines and promotes a communications and contact policy for shareholders, institutional investors and voting consultants that are fully respectful of the market anti-abuse rules and gives similar treatment to shareholders that are in the same position.**

the company publicizes that policy through its website, including information relating to the way in which it has been put into practice and identifying the interlocutors or the persons responsible for that implementation.

Complies Complies in Part Explain

5. **the Board of Directors does not raise an authority delegation proposal to the general meeting to issue shares or convertible securities scooting a preferred subscription rights for an amount exceeding 20% of share capital after the time of the delegation.**

when the Board of Directors approves any issue of shares for convertible securities excluding a preferred subscription rights the company immediately publishes the reports regarding that exclusion to which commercial legislation refers on its website.

Complies Complies in Part Explain

6. **listed companies that prepare the following reports, either as a requirement or on a voluntary basis, publishes them on their website sufficiently in advance of the ordinary General meeting even though this is not mandatory:**

- a) Report on the independence of the external auditor.
- b) Reports on the operation of the audit and nominations and remuneration committees.
- c) Report from the audit committee on related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies Complies in Part Explain

7. The Company transmits its general shareholders meetings line on its website.

Complies Explain

The Company transmits its general shareholders meetings line on its website. In this context, the Company considers that the channels used to disclose information to its shareholders as detailed in the General Shareholders Meeting Regulations are sufficient, and in particular, take into account the shareholding structure.

8. The audit committee should seek to ensure that the Board of Directors presents the annual accounts to the General Shareholders' Meeting without limitations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

Complies Complies in Part Explain

9. The Company makes the requirements and procedures that it will accept to prove ownership of shares permanently available on its website together with the right to attend the general shareholders meeting and the exercising or delegation of voting rights.

These requirements and procedures encourage attendance and the exercising of rights by shareholders and they are applied in a non-discriminatory manner.

Complies Complies in Part Explain

10. When a shareholder has exercised the right to supplement the agenda or to present new proposals prior to the holding of the general shareholders meeting, the Company:

- a) Immediately reports those supplementary points and new proposals for resolutions.
- b) Makes available the attendance card or proxy vote for or remote voting form with the necessary modifications so that new points on the agenda and alternative proposals for resolutions may be voted on in the same terms as those proposed by the Board of Directors.
- c) Submits all of those points or alternative proposals to a vote and applies the same voting rules as those prepared by the Board of Directors including, in particular, any presumptions or deductions relating to voting intentions.
- d) After the general shareholders meeting it communicates the breakdown of the votes on those supplementary points or alternative proposals.

Complies Complies in Part
Explain Not Applicable

11. In the event that the Company expects to pay per diems for attending the general shareholders meeting, it previously establishes a general policy regarding such per diems and this policy is stable.

Complies

Complies in Part

Explain

Not Applicable

12. That the Board of Directors should perform its duties with unity of purpose and independent judgment, providing equal treatment to all Shareholders in the same situation, and should be guided by the best interests of the company, which shall be understood as developing a profitable business that can be sustained in the long term, promoting the viability of the Company and maximizing its financial value.

When fulfilling the interests of the business, in addition to respect for the law and regulations and good faith behaviour, ethics and respect for commonly accepted good practices and uses, it ensures the reconciliation of the business interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and on the environment.

Complies

Complies in Part

Explain

13. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

Complies

Explain

14. The Board of Directors should approve a policy for selecting directors that is:

- a) Is specific and verifiable.
- b) Ensures that proposed appointments or re-elections are based on a prior analysis of the needs of the Board of Directors.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of the needs of the Board of Directors is set out in a report from the Nominations Committee that is published when shareholders are called to a general meeting to ratify, appoint or re-elect each director.

In particular, how that policy is promoting the objective of female directors representing at least 30% of all members of the board of Directors by 2020.

The Nominations committee will verify compliance with the policy for selecting directors on an annual basis and a report will be included in the annual corporate governance report.

Complies Complies in Part Explain

15. **That the proprietary and Independent Directors should constitute a broad majority of the Board and the number of Executive Directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by the Executive Directors in the share capital of the Company.**

Complies Complies in Part Explain

16. **That the percentage of proprietary directors of the total number of directors does not exceed the proportion between the capital represented on the Board by those directors and the remainder of the company's capital.**

This criterion may be attenuated:

- a) a) at highly capitalized companies that have few shareholders that are legally considered to be significant.
- b) In companies where several shareholders are represented on the Board of Directors and are not related to one another.

Complies Explain

17. **That the number of Independent Directors should represent at least one half of the total number of Directors.**

However, when the company is not highly capitalized or when, even if it is, it has a shareholder or several shareholders acting together that control more than 30% of share capital, the number of independent directors should represent at least one third of all directors.

Complies

Explain

18. **Companies should post the following directorship particulars on their websites and keep them permanently updated:**

- a) Professional profile and biography.
- b) Other Boards of Directors to which they pertain, whether or not they are listed companies, as well as other remunerated activities that are carried out regardless of their nature.
- c) Indication of the Director's category, identifying, in the case of proprietary directors, the shareholder that they represent or are related to.
- d) The date of their first appointment as a Director of the Company, as well as of all subsequent reappointments.
- e) The shares of the Company and option rights thereon that they own.

Complies

Complies in Part

Explain

19. **That the Annual Corporate Governance Report, after being verified by the nominations committee, should also disclose the reasons for the appointment of institutional directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.**

Complies

Complies in Part

Explain

Not Applicable

20. That the proprietary directors should tender their resignation when the Shareholder represented thereby fully transfers its shareholding. If such shareholders reduce their stakes, thereby losing some of their entitlement to institutional directors, the latter's number should be reduced accordingly.

Complies

Complies in Part

Explain

Not Applicable

21. That the Board of Directors may not propose the dismissal of any Independent Director before the completion of the mandate period for which the member was appointed in accordance with the bylaws, unless just cause is identified by the Board following a report from the Nomination Committee. In particular, the understanding will be that there is just cause when the Director assumes a new post or enters into new obligations that impede him/her from dedicating the time that is necessary to perform the duties inherent to the position of director, fails to comply with the duties inherent to the position or comes under any of the circumstances that removes the independent status, in accordance with the provisions of applicable legislation.

The dismissal of Independent Directors may also be proposed as a result of a public tender offer, merger, or other similar operation implying a change in the share structure of the Company, provided that such changes in the structure of the Board of Directors are required by virtue of the proportionate representation criteria discussed in recommendation 16.

Complies

Explain

22. That companies should set rules requiring that Directors report on and, where appropriate, resign from their positions in those circumstances that could harm the Company's credit and reputation and, in particular, requiring that they report to the Board of Directors any criminal actions with which they are charged, as well as the subsequent legal proceedings.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Public Limited Companies Law, the Board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. And that the Board of Directors must provide a reasoned written account of these events in its Corporate Governance Report.

Complies

Complies in Part

Explain

23. **That all Directors must clearly express their opposition when they consider that any proposal submitted to the Board of Directors could go against the Company's interests. And that this should also apply to both Independent and other Directors that are not affected by the potential conflict of interest if the decision could be detrimental to any Shareholders not represented on the Board of Directors.**

And that when the Board of Directors adopts significant or repeated resolutions regarding which Director has voiced serious reservations, the Director should draw the appropriate conclusions and, in case of resignation, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the Secretary of the Board of Directors, despite not being considered a Director.

Complies

Complies in Part

Explain

Not Applicable

24. **That whenever, due to resignation or any other reason, Directors leave their position before the completion of their mandate, they shall be required to explain the reasons for this decision in a letter addressed to all Members of the Board of Directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.**

Complies

Complies in Part

Explain

Not Applicable

25. **The Nominations Committee should ensure that non-executive directors have sufficient time available to properly perform their duties.**

Board regulations lay down rules about the number of directorships the Board members can hold.

Complies

Complies in Part

Explain

It is the responsibility of the Nomination and Remuneration Committee to assess, according to the needs of the Board of Directors of the Company, that any future Members have enough time available and dedication required to efficiently carry out their duties and, likewise, verify that future non-executive Directors have sufficient time for the same. The Company considers that an individual assessment of each Director, adapted to the requirements of the Board of Directors of the Company and other Directors that may become part of it, that is flexible adapting to any evolution in the circumstances, will enable it to comply with the principle of guaranteeing that the same has enough time to properly

perform their duties when establishing in a generic way a maximum number of Boards of Directors of which the Directors may form part.

26. **The Board of Directors should meet with the necessary frequency to properly perform its functions and at least 8 times per year in accordance with a calendar and agendas set at the beginning of the year, to which each director may individually propose the addition of other items.**

Complies Complies in Part Explain

27. **That Directors' failure to attend should be limited to extraordinary cases and should be quantified in the annual Corporate Governance Report. When necessary a proxy is issued with instructions.**

Complies Complies in Part Explain

28. **That when the Directors or the Secretary voice any concern regarding any proposal or, in the case of Directors, regarding performance of the Company, and their concern is not resolved by the Board of Directors, such circumstances shall be stated for the record at the request of the individual who raised it.**

Complies Complies in Part
Explain Not Applicable

29. **The Company should establish adequate methods for Directors to obtain the advisory services that are necessary to comply with their duties including, if required by the circumstances, external advisory services paid for by the company.**

Complies Complies in Part Explain

30. **Regardless of the knowledge required of directors to carry out their duties, companies must also offer knowledge programs to Directors when circumstances so advise.**

Complies Explain Not Applicable

31. **The agenda for meeting should clearly indicate those points for which the Board of Directors must adopt a decision or resolution so that Directors can study or gather the information that is necessary beforehand.**

When on an exceptional basis due to urgency the Chair wishes to submit decisions or resolutions for the approval of the Board of Directors that are not in the agenda, the prior express consent of a majority of the Directors that are present must be obtained and proper indication of this event must be set out in the minutes to the meeting.

Complies Explain Not Applicable

32. **Directors should be regularly informed of changes in the shareholder composition and the opinion that significant shareholders, investors and rating agencies have of the Company and its group.**

Complies Explain Not Applicable

33. **As the party responsible for the effective operation of the Board of Directors and in addition to exercising the duties attributed to the post by law and the bylaws, the Chair prepares and submits a schedule of dates and matters to be discussed to the Board of Directors, organizes and coordinates the regular evaluation of the board and, if appropriate, the Company's chief executive. The Chair is responsible for the management of the board and the effectiveness of its operations and ensures that sufficient time is dedicated to discussing strategic matters. Agreements are reached with respect to refresher programs for each director when circumstances so advise.**

Complies Explain Not Applicable

34. **When there is a coordinating director, the bylaws or the Board Regulations tribute the following authorities to that position, in addition to those established by Law: preside over the Board of Directors in the absence of the Chair and the Vice-Chairs, if any; support the concerns of non-executive directors, maintain contact with investors and shareholders to learn their points of view in order to form an opinion regarding their concerns and, in particular, those relating to the corporate governance of the Company and coordinate the succession plan for the Chair.**

Complies Complies in Part

Explain Not Applicable

35. **The Secretary to the Board of Directors must particularly ensure that the Board of Directors takes into account the good governance recommendations set out in the Code of Good Governance that is applicable to the Company when taking action and reaching decisions.**

Complies Explain

36. **The Full Board of Directors should evaluate and adopt, on an annual basis and if appropriate, an action plan that corrects any weaknesses detected with respect to:**

- a) The quality and efficiency of the Board's operation.
- b) The operation and composition of its committees.
- c) Diversity in the composition and competencies of the Board of Directors.
- d) The performance of the chair of the Board of Directors and the Company's chief executive.
- e) The performance and the contribution of each director, paying special attention to those that are responsible for the various Board committees.

To evaluate the various committees the starting point will be the report that they prepare for the Board of Directors and with respect to the latter, the report that is prepared by the nominations committee.

Every three years, the Board of Directors shall be assisted in carrying out an assessment by an external consultant, the independence of whom shall be verified by the Nomination Committee.

The business relationships that the consultant or any company pertaining to its group maintains with the company or any of its group companies must be disclosed in the annual corporate governance report.

The process and the evaluated areas will be described in the annual corporate governance report.

Complies Explain Not Applicable

37. **When the company has an executive committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the executive committee.**

Complies Complies in Part

Explain

Not Applicable

38. **That the Board of Directors must always be aware of the matters discussed and decisions adopted by the Executive Committee and that all Members of the Board of Directors should receive a copy of the minutes of the Executive Committee meetings.**

Complies

Complies in Part

Explain

Not Applicable

39. **All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters and a majority should be independent directors.**

Complies

Explain

Not Applicable

40. **A unit that is under the supervision of the audit committee will assume internal audit duties to ensure the proper operation of the reporting and internal control systems and will functionally report to the non-executive chair of the Board or the Audit Committee.**

Complies

Explain

Not Applicable

41. **The head of the unit that assumes the internal audit duties should present an annual work program to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activity report at the end of each year.**

Complies

Complies in Part

Explain

Not Applicable

42. **In addition to those established by law, the Audit Committee will be responsible for the following duties:**

1. As regards reporting and internal control systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit that assumes the internal audit function; propose the selection, appointment, reappointment and

removal of the head of internal audit; approve its orientation and its work plans, ensuring that its activities are primarily focused on relevant risks at the Company; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

- c) Establish and supervise a mechanism whereby employees can report confidentially and, if possible and deemed appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the Company.

2. As regards the External Auditor:

- a) In the event that the external auditor withdraws from the engagement, the circumstances giving rise to this situation must be examined.
- b) To ensure that remuneration of the External Auditor does not compromise quality or independence.
- c) To oversee that the Company reports the change of Auditor as a material event to the Spanish Securities Market Commission (Comisión Nacional de Mercado de Valores – CNMV), which shall be accompanied by a statement on any potential disagreements with the outgoing Auditor and, if any, the content thereof.
- d) Ensure that the external auditor has an annual meeting with the full board of directors to report on the work performed and the evolution of the accounting situation and risks to which the Company is exposed.
- e) Ensure that the Company and the auditor respect rules in force regarding the rendering of services other than audit services, business concentration limits affecting the auditor and, in general, all of the rules regarding the independence of auditors.

Complies

Explain

Not Applicable

43. **That the Audit Committee may request the presence of any employee or executive of the Company, even without the presence of any other executives.**

Complies

Explain

Not Applicable

44. **Ensure that the audit committee is informed of any structural or corporate modifications that the Company expects to make so that they may be analysed, and a report may be issued for the Board Directors regarding the financial and accounting impact and, in particular, any proposed swap equation.**

Complies Complies in Part Explain Not Applicable

45. **Control and risk management policy should specify at least:**

- a) The various types of financial and non-financial risk (operational, technological, legal, business, environmental and reputational, among others) faced by the Company, including, contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies Explain Not Applicable

46. **Under the direct supervision of the audit committee for a specialized board committee, there must be an internal control and risk management function carried out by an internal unit or department at the Company that has the following express duties:**

- a) Ensure the proper operation of the risk management and control systems and, in particular, that all significant risks affecting the company are adequately identified, managed and quantified.
- b) Actively participate in the preparation of the risk strategy and important decisions regarding management.
- c) Ensure that the risk management and control systems adequately mitigate risks within the framework of policy defined by the Board of Directors.

Complies Explain Not Applicable

47. **That the members of the Nominations and Remuneration Committee, or the Nominations Committee and the Remuneration Committee if separate, are appointed ensuring that they have the knowledge, aptitude and experience that is adequate for the duties that they must perform and that the majority of those members are independent directors.**

Complies Explain Not Applicable

48. That highly capitalized companies have separate nomination and remuneration committees.

Complies

Explain

Not Applicable

49. The Nominations Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee, if considered suitable in their opinion.

Complies

Explain

Not Applicable

50. That the remuneration committee carries out its duties in an independent manner and it is responsible for the following duties, in addition to those attributed by law:

- a) Propose to the Board of Directors the standard conditions for senior management employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.
- c) Regularly review the applicable remuneration policy for directors and senior executives, including the stock remuneration systems and their application, and it guarantees they are in proportion to the amounts paid to other directors and senior executives.
- d) Ensure that any conflicts of interest do not harm the independence of external advisory services rendered to Committee.
- e) To verify information regarding remuneration of Directors and Senior Executives provided in various corporate documents, including the Annual Report on Director remuneration.

Complies

Explain

Not Applicable

51. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies

Explain

Not Applicable

52. That the composition and operating rules for the control and supervisory committees are in the Board of Directors' Regulations and that they are consistent with those applicable to mandatory committees in accordance with the preceding recommendations, including:

- a) That they are exclusively made up of non-executive directors with a majority of independent directors.

- b) Committees should be chaired by an independent director.
- c) The Board of Directors designates the members of these Committees, taking into account the knowledge, skills and experience of directors and the duties of each committee, debates its proposals and reports and must report, at the first board meeting after its meetings, its activities and work performed.
- d) That the committees may request external advisory services as deemed necessary to perform their duties.
- e) That minutes are kept for its meetings and they are made available to all directors.

Complies Complies in Part Explain Not Applicable

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy is attributed to one or is divided among several Board committees which could be the audit committee, the nominations committee, the corporate social responsibility committee, if any, or a specialized committee that the Board, exercising its self-organization authority, decides to create in this respect, to which the following minimum duties are specifically attributed:

- a) The supervision of compliance with internal codes of conduct and the Company's corporate governance rules.
- b) The supervision of the communications strategy and relationships with shareholders and investors, including small and medium-sized shareholders.
- c) The regular evaluation of the adequacy of the Company's corporate governance system, to ensure that it complies with its mission of promoting the Company's business interests and taking into account, as appropriate, the legitimate interests of other stakeholders.
- d) The review of the Company's corporate responsibility policy, ensuring that it is oriented towards the creation of value.
- e) Monitoring of the corporate social responsibility strategy and practices and an evaluation of its degree of compliance.
- f) The supervision and evaluation of processes with respect to various stakeholders.
- g) An evaluation of all matters relating to the Company's non-financial risks, including operating, technological, legal, business, environmental, political and reputational risks.

- h) The coordination of the process of reporting non-financial information and that regarding diversity, in accordance with applicable legislation and the international standards of reference.

Complies Explain Not Applicable

54. That the corporate social responsibility policy includes the principles or commitments that the Company voluntarily assumes in its relationships with the various stakeholders and which identifies at least:

- a) The objectives of the corporate social responsibility policy and the development of support instruments.
- b) The corporate strategy relating to sustainability, the environment and social matters.
- c) The specific practices relating to: shareholders, employees, customers, suppliers, social matters, environment, diversity, tax responsibility, respect of human rights and prevention of illegal conduct.
- d) The methods or systems for monitoring the results of applying specific practices indicated in the preceding paragraph, the associated risks and their management.
- e) The mechanisms for supervising non-financial risks, ethics and business conduct.
- f) Communications channels, participation and dialogue with stakeholders.
- g) The communications practices responsible for preventing the manipulation of information to protect the Company's integrity and honour.

Complies Explain Not Applicable

55. That the Company reports, in a separate document or in the Directors' Report, the matters relating to corporate social responsibility by using one of the internationally accepted methods to do so.

Complies Explain Not Applicable

56. That directors' remuneration is that which is necessary to attract and retain directors with the desired profile and to provide remuneration for the dedication, qualification and responsibility that the position requires, but not so high as to compromise the independence of non-executive directors.

Complies Explain

57. **That only executive directors receive variable remuneration associated with company and personal performance and remuneration based on stocks, options or rights to shares or instruments indexed to the value of the share and long-term savings system such as pension plans, retirement systems or other benefit systems.**

The delivery of shares as remuneration for non-executive directors may be considered when subject to the condition that the shares be held until they cease to be directors. This is not applicable to shares that the director needs to sell, if necessary, to pay the cost of their acquisition.

Complies

Explain

Not Applicable

58. **That variable remuneration policies should incorporate the necessary technical precautions and restrictions to ensure that this remuneration rewards the professional performance of its beneficiaries and does not solely derive from the general performance of the markets or the activity sector of the company, or from any other similar circumstances.**

In particular, that the variable components of remuneration:

- a) Are associated with performance criteria that are pre-set and measurable and those criteria take into consideration the risk assumed to obtain the results.
- b) Promote the sustainability of the company and include non-financial criteria that are adequate to create long-term value, compliance with the Company's internal rules and procedures and policies for risk management and control.

Be established based on a balance between meeting short, medium, and long-term objectives, enabling remuneration for continued performance during a sufficient period of time to measure their contributions to creating sustainable value, such that the measurement elements for this performance are not solely based on one-off, occasional, or extraordinary events.

Complies

Complies in Part

Explain

Not Applicable

59. **That payment of a significant part of the variable remuneration components should be deferred for a minimum period of time sufficient to verify that the previously established performance conditions have been met.**

Complies

Complies in Part

Explain

Not Applicable

60. **In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.**

Complies

Complies in Part

Explain

Not Applicable

61. **That a relevant percentage of the variable remuneration for executive directors is associated with delivery of shares or financial instruments indexed to their value.**

Complies Complies in Part Explain Not Applicable

62. **That once the shares, options or rights to shares pertaining to the remuneration systems have been attributed directors cannot transfer ownership of a number of shares equivalent to twice their annual fixed remuneration or exercise the options or rights until at least three years after their attribution has elapsed.**

This is not applicable to shares that the director needs to sell, if necessary, to pay the cost of their acquisition.

Complies Complies in Part Explain Not Applicable

The Company considers that the accruals principle and payment of remuneration in shares to the Executive Directors as set forth in the Long-Term Incentive Plan, adequately promotes the allegiance to the interest and trustworthiness of the Director, without having to establish additional lock-in periods.

The Chairman and CEO participate in the Long-Term Incentive Plan of the Company. In accordance with the same:

- a) The payment of remuneration in shares, as the case may be, to which the beneficiary has the right subject to fulfilment of their objectives, is exercised over a period of 3 years; and
- b) The payment in shares that, as the case may be, the beneficiary accrues, is divided up over the subsequent 3 years.

63. **A clause will be included in contracts that will allow the Company to claim reimbursement for any variable remuneration components when the payment has not been in line with the performance conditions or when it was paid based on information whose inaccuracy is manifestly demonstrated later.**

Complies Complies in Part Explain Not Applicable

64. **That the payment for the termination of a contract does not exceed an established amount equivalent to two years of total annual remuneration and it is not paid until the Company has been able to verify that the director has complied with the previously established performance criteria.**

Complies Complies in Part Explain Not Applicable

