



**Annual Operations and Activity  
Report of the Audit Committee  
(2019)  
Financial year  
2019 Prosegur  
Cash 26/02/2020**





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## 1. INTRODUCTION

Article 24.1 of the Regulations of the Audit Committee, approved by the Board of Directors of Prosegur Cash, S.A. ("ProsegurCash" or the "Company") contemplated the annual preparation of a report on the operation of the Company's Audit Committee on 189 December 2017, aimed at allowing shareholders and other stakeholders to understand the activities carried out by the Company during the financial year.

In this regard, the Company's Audit Committee has agreed at its meeting held on 26 February 2020 to issue this annual report related to the operations and activities of the Prosegur Cash Audit Committee throughout the financial year 2019, with the scope established in article 24.2 Regulations of the Audit Committee.

This comprehensive document describes the main actions carried out by the Company's Audit Committee from 1 January 2019 to 31 December 2019, the closing date of the financial year 2019.

## 2. AUDIT COMMITTEE'S REGULATIONS

The regulations of the Company's Audit Committee can be found in the Bylaws (Article 30) and Regulations of the Board of Directors (Article 17). In addition, in order to comply with the recommendations contained in the Technical Guide on Audit Committees approved by the Spanish National Securities Market Commission on June 27, 2017 and thereby incorporate the best corporate governance practices, the Audit Committee has established its own Operating Regulations.

All these texts are available to anyone on the Company's corporate website ([www.prosegurcash.com](http://www.prosegurcash.com)), Corporate Governance section. Likewise, and in compliance with recommendation 6 of the Code of Good Governance of listed companies approved by the Spanish National Securities Market Commission on 22 May 2006 ("**Code of Good Governance**"), this document will be published on the Company's website in advance, as required to hold the Ordinary General Meeting.

Article 17 of the Regulations of the Governing Body, and Articles 7 to 15, develop the basic duties of the Audit Committee:

- Inform the General Shareholders' Meeting about matters that relate to the Committee's scope of action particularly the outcome of audits. The Committee shall explain how the audit contributed to the integrity of financial information and the Committee's role in the process.
- Ensure that the Board of Directors seeks to present a financial statement to the General Shareholders' Meeting based on an audit report with no limitations or reservations. In the exceptional case of reservations, the Chair of the Audit Committee must explain the situation and ensure that the auditors clearly explain the content and scope of these limitations and reservations to the shareholders.
- Submit proposals for selecting, appointing, re-electing and replacing external auditors to the Board of Directors; assume responsibility for applying the selection process in accordance with the legal requirements, and assume responsibility for the contractual terms and conditions and for regularly collecting information from the auditor about the audit plan and its execution; and ensure the independent performance of its duties.



- ⊗ As for the external auditor: (i) if the external auditor resigns, analyse the circumstances behind this decision; (ii) ensure that the external auditor's remuneration does not compromise the quality or independence of their work; (iii) ensure that the Company informs the Spanish National Securities Market Commission (CNMV) of the change of auditor as a relevant fact and adds a statement about any potential disagreements with the auditor and, if applicable, explains the nature of these disagreements; (iv) ensure that the external auditor meets with the full session of the Board of Directors on an annual basis to report about their work and the progress of the Company's accounting situation and risks; (v) oversee compliance with the auditing contract and ensure that the opinion about the financial statement and the main contents of the audit report are written clearly and accurately; and (vi) ensure that the Company and the external auditor comply with the current policy on audit service provision, limits on concentration of auditing business and the general policy governing the independence of auditors.
- ⊗ Establish and maintain adequate relationships with the external auditor so as to receive information about any issues that may pose a threat to the auditor's independence, which will then be assessed by the Committee; receive any other information in relation to account auditing; when appropriate, authorise services that are not prohibited pursuant to the law; and any other communications stipulated in the account auditing legislation and auditing policy. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding his/her independence from the company or companies that are directly or indirectly linked to the Audit Committee. The auditor must also provide detailed and individual information about any additional services that have been provided by the auditor and paid for by these companies, or any additional services provided by individuals or companies linked to the auditor pursuant to the legislation in force.
- ⊗ Issue an annual report, before the account audit report, declaring whether or not the auditor's independence is compromised. In all events, this report must contain an opinion about the substantiated assessment of the provision of each and every additional service mentioned above (individually and as a group), which is different from legal auditing and in connection with the independence system or the regulations on account auditing.
- ⊗ Supervise internal auditing and in particular (i) guarantee that internal auditing is independent and efficient; (ii) propose the selection, appointment and termination of appointment of the manager of the internal audit service; (iii) propose the budget for the service; (iv) review the annual work schedule for internal auditing and the annual activity report; (v) receive regular information about its activities; and (vi) verify that senior management takes the conclusions and recommendations in its reports into account.
- ⊗ Oversee the preparation and presentation of mandatory financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding integrity. In connection to this, the Committee is responsible for overseeing preparation and integrity of the financial information about the Company and the Group: review compliance with regulations, and ensure correct delimitation of the consolidation perimeter and the correct application of accounting criteria. The Board of Directors must be duly informed.



- ④ Oversee the efficacy of the Company's internal control and the risk management systems (including tax risks) and discuss any significant weaknesses of the internal control system with the account auditor which have been detected during auditing. Independence must never be compromised. Following from this, and when appropriate, the Committee must submit recommendations or proposals to the Board of Directors and indicate the follow-up time frame. In this context, it must propose the risk control and management policy to the Board of Directors. This policy must at least identify: (i) the type of risk (operational, technological, financial, legal and reputational) which the Company faces; (ii) set the risk level which the Company deems to be acceptable; (iii) the measures for mitigating the impact of identified risks were they to materialise; and (iv) the control and information systems used to control and manage risks.
- ④ Oversee the operation of the risk control and management unit, which must: (i) guarantee that the risk control and management systems work properly, specifically guaranteeing that all major risks affecting the Company are identified, managed and quantified; (ii) actively participate in drawing up the risk strategy and making important decisions about risk management; and (iii) ensure that the risk control and management systems mitigate risks appropriately and in accordance with the policy defined by the Board of Directors.
- ④ Analyse and report on the economic conditions, accounting impact and, when appropriate, proposed exchange ratio for operations that involve structural and corporate changes and have been planned by the Company, before they are submitted to the Board of Directors.
- ④ Inform the Board of Directors beforehand of any matters required by law and the corporate bylaws, specifically: (i) the financial information which the Company must disclose on a regular basis; and (ii) creation or acquisition of equity participation in special purpose vehicles or companies headquartered in countries or territories that are considered to be tax havens.
- ④ Review issue prospectuses and any other relevant information that the Board of Directors must supply to the markets and its supervisory bodies.
- ④ Establish and oversee a system that allows employees to report potentially relevant irregularities, particularly financial and accounting irregularities, within the Company. This system must be confidential and, if possible and appropriate, anonymous.
- ④ Assess the suitability of the Company's corporate governance system on a regular basis, with the aim of ensuring that it fulfils the mission of promoting the corporate interest and considers, as appropriate, the legitimate interests of all other stakeholders; propose improvements; and oversee compliance with internal codes of conduct and the Company's corporate governance rules. Specifically, the Audit Committee must receive information and, when appropriate, generate a report about (i) the actions and decisions made by the Regulatory Compliance Division when performing its duties pursuant to the Company's Internal Code of Conduct on matters regarding the Securities Markets; and (ii) the disciplinary measures which must be applied, when appropriate, to members of the Company's senior management.
- ④ Oversee the strategy for communicating and maintaining relationships with shareholders and investors, including small and medium-sized shareholders.



- Review the Company's corporate responsibility policy to ensure that it aims to create value; supervise the strategy and practices with regard to corporate social responsibility and assess compliance therewith; and assess the relationship processes with stakeholders.
- Assess all matters in relation to the Company's non-financial risks, including technological, operational, legal, social, environmental, political and reputational risks.
- Coordinate the process for reporting non-financial information and information about diversity according to the applicable regulations and the leading international standards.
- Report on related-party transactions and, in general, on the corresponding matters, in accordance with title IX of the Regulations.
- In connection with the framework agreements for the relations between the Company and Prosegur Compañía de Seguridad, S.A. (the "**Framework Agreement**") perform the following functions:
  - Report in advance, with regard to its essential elements (price, term and purpose), about those related-party transactions between the Company and Prosegur Compañía de Seguridad, S.A., or between any of the companies of their respective groups, whose approval is reserved to the Board of Directors in accordance with the Framework Agreement.
  - Report in advance on those sections of the company's regular public information and annual corporate governance report that relate to the Framework Agreement and related operations between the Group and the Prosegur Group.
  - Report on situations in which business opportunities are detected between companies of the Group and the Prosegur Group and monitor compliance with the forecasts of the Framework Agreement in relation to this.
  - Report on compliance with the Framework Agreement on a regular basis.
  - Report in advance any proposal to amend the Framework Agreement, as well as any transaction proposals aimed at ending any disagreements that may arise.

Annex I is a transcript of Articles 7 to 15 (Audit Committee Responsibilities) of the Audit Committee Regulations.

### 3. MEMBERS AND OPERATION OF THE AUDIT COMMITTEE

#### a. Members of the Audit Committee

Currently, the Company's Audit Committee has the following members: Chair: Daniel Entrecanales Domecq (Independent Director) Ordinary Members: María Benjumea Cabeza de Vaca (Independent Director) Claudio Aguirre Pemán (Independent Director)



Secretary: Renata Mendaña Navarro (Non-board member secretary)

Article 5 of the Audit Committee Regulations establish that *“the Audit Committee will be made up of at least three and a maximum of five non-executive directors (...) appointed by the Board of Directors. They must have the dedication, skills and experience necessary for performing their duties in the Committee”*.

To date, all Directors of the Company's Audit Committee are independent directors as a whole and, in particular, their Chairman, and have the necessary knowledge, skills and experience in accounting, auditing, finance, internal control, risk management, technology and business.

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

The CV of all Board Members is available on the corporate website ([www.prosegurcash.com](http://www.prosegurcash.com)).

#### **b. Operation of the Audit Committee**

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

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

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

### **4. MEETINGS AND MAIN ACTIVITIES OF THE FINANCIAL YEAR**

#### **a. Meetings held by the Audit Committee and participants**

During the financial year 2019, the Company's Audit Committee has held five meetings and has adopted agreements in writing and in non-session procedures on two occasions. All of its members have participated in all cases.

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Pursuant to Article 23 of the Audit Committee Regulations, its Chairman has informed the Board of Directors of the matters dealt with and the decisions made during the next meeting of the Board of Directors.

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

Its main activities are summarised below:

DATE	MAIN MATTERS ADDRESSED	PROPOSALS RAISED TO THE BOARD	APPEARING PARTIES
25/02/19	<ul style="list-style-type: none"> <li>- Financial Statements Individual and Consolidated of the financial year 2018 and presentation to analysts.</li> <li>- Presentation of the External Auditor : audit of 2018 Financial Statements.</li> <li>- Appearing party and Report of the Internal Audit Department and risk updates.</li> <li>- Approval of the report of activities of the Internal Audit department 2018.</li> <li>- Approval of objectives and of the 2019 Work plan of the Internal Audit department.</li> <li>.</li> <li>- Related-party operations with majority shareholders (Prosegur Compañía de Seguridad, S.A.).</li> <li>- Approval of auditor services.</li> <li>- Approval of the report Annual Operation and Report of Activities of</li> </ul>	<ul style="list-style-type: none"> <li>- Approved report of the Board of Directors on the Individual and Consolidated Financial Statements for the financial year 2018.</li> <li>- Approved report of the Board of Directors on Related-Party Operations with Prosegur Compañía de Seguridad, S.A.</li> <li>- Approved report of the Board of Directors on IAGC 2018.</li> </ul>	<p>Javier Hergueta Vázquez, Company CFO; José Vicente Sabater Pérez, Director of Internal Audits, and the External Auditor's members (Bernardo Rücker-Embden and Jorge Baleriola, Partners of KPMG Auditores, S.L.) participate in the meeting, addressing different agenda items.</p>



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	<p>the Audit Committee 2018. - Positive report for the IAGC 2018.</p>		
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<p>02/04/2019</p>	<p>- Hiring the Auditing firm to audit the Financial Statement for the years 2020, 2021 and 2022. Selection of candidates for submission to the Board.</p>	<p>- Presentation of the proposal of two candidates as signing Auditors for the financial years 2020-2022 to the Board.</p>	<p>Javier Hergueta Vázquez, Company CFO, Maite Rodríguez and the representatives of the different audit firms shall participate in the meeting to address the different matters in the order of the day.</p>
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<p>24/04/19</p>	<ul style="list-style-type: none"> <li>- Review of 1Q2019 Financial Information</li> <li>- Related-party Transactions with Majority Shareholders (Prosegur Compañía de Seguridad, S.A.) and with entities linked to directors.</li> <li>- Appearing party and Report of the Internal Audit Department and Risk Update.</li> <li>- Letter of Audit Recommendations and approval of auditor services.</li> <li>- Procedure for choosing appraisers in related-party transactions. Approval of a panel of appraisers. Appointment of appraisers in relation to related-party transactions with Proactinmo, S.L.U., and the property in Bogotá, calle 20.</li> <li>- Risk monitoring and control. Labour proceedings in Brazil.</li> </ul>	<ul style="list-style-type: none"> <li>- Positive report submitted to the Board of Directors on the quarterly financial report and interim management statement for 1Q2019 and presentation to analysts.</li> <li>- Approved report of the Board of Directors on Related-Party Operations with Prosegur Compañía de Seguridad, S.A. and with entities linked to directors.</li> </ul>	<p>Javier Hergueta Vázquez, Company CFO and Miguel Soler, Director of Internal Audits of Prosegur Compañía de Seguridad, S.A. participate in the meeting, addressing different agenda items.</p>
<p>03/06/2019</p>	<ul style="list-style-type: none"> <li>- Approval of the Appointment of the Director of Internal Audits.</li> </ul>		<p>N/A</p>

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<p>24/07/2019</p>	<ul style="list-style-type: none"> <li>- External auditor's report: 2019 audit plan. Approval of auditor services.</li> <li>- Report of Internal Audit and risk update activities.</li> <li>- Activity Report of the Investor Relations department.</li> <li>- Review of Financial Information for the first half of 2019.</li> <li>- Related-Party Operations.</li> </ul>	<ul style="list-style-type: none"> <li>- Positive report send to the Board of Directors with the financial information corresponding to the first half of the financial year 2019 and presentation to analysts.</li> <li>- Ratification of the conclusions arising from the appraisals presented in the framework of the Related-Party Transactions.</li> </ul>	<p>Javier Hergueta Vázquez, Company CFO; Félix Carbajo Olleros, Director of Internal Audits; Pablo de la Morena, Director of Investor Relations, and the External Auditor's members (Bernardo Rücker-Embden and Jorge Baleriola, Partners of KPMG Auditores, S.L.) participate in the meeting, addressing different agenda items.</p>
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29/10/19	<ul style="list-style-type: none"> <li>- Review of 3Q2019 Financial Information.</li> <li>- and Report of the Internal Audit Department and Risk Update.</li> <li>- Actions on internal audit recommendations.</li> <li>- Approval of auditor services.</li> <li>- Approval of the 2020 calendar of meetings.</li> <li>- Related-party operations.</li> </ul>	<ul style="list-style-type: none"> <li>- Positive report submitted to the Board of Directors on the quarterly financial report and interim management statement for 3Q2019 (9M) and presentation to analysts.</li> <li>- Approval of the external auditor for certain professional services.</li> <li>- Approval of the meeting calendar.</li> <li>- Approval of related-party operations.</li> </ul>	<p>José Antonio Lasanta Luri, Company CEO; Javier Hergueta, Company CFO and Felix Carbajo Olleros, Director of Internal Audits, participate throughout the meeting, as speakers addressing the different matters in the agenda.</p>
27/12/2019 <sup>1</sup>	<ul style="list-style-type: none"> <li>- Authorisation of work unrelated to account audits to be carried out by the external auditor in relation to the financial year 2019.</li> <li>- Authorisation of work unrelated to account audits to be carried out by the external auditor in relation to the financial years 2020, 2021 and 2022.</li> </ul>		N/A

**b. Preparatory meetings**

In addition to the meetings held by the Company's Audit Committee during the financial year 2019, its Chairman has maintained regular contacts with the other members of the Committee and preparatory meetings with Javier Hergueta Vázquez, Company CFO; Félix Carbajo Olleros, Director of Internal Audits; the Secretary and the External Auditor, in preparation for the corresponding sessions of the Audit Committee.

<sup>1</sup> Adoption of agreements in written and non-session procedures.



In preparation for the adoption of written agreements without a session on 3 June and 27 December 2019, each member of the Audit Committee was informed in advance of the content of the agreements intended to be adopted and the document was forwarded to them necessary for the corresponding purposes. This document was prepared by Javier Hergueta Vázquez, Company CFO.

## 5. INDEPENDENCE OF THE EXTERNAL AUDITOR

On 25 February 2019, the Company's Audit Committee received from the Company's External Auditor (KPMG Auditores, S.L.) the declaration of its independence in relation to the Company and the Group, as well as the detailed and specific information about the additional services of any kind provided and the corresponding fees received, in compliance with the provisions of Article 9.8 of the Regulations of the Audit Committee.

In view of the work carried out by the External Auditor during the financial year 2019 and of the fees received, the Audit Committee expresses a favourable opinion regarding the independence of the Company's External Auditor.

## 6. ASSESSMENT OF THE AUDIT COMMITTEE'S PERFORMANCE

The Audit Committee considers that it has carried out its duties and fulfilled its responsibilities with diligence, efficiency, quality and professionalism, in compliance with the provisions of the Regulations of the Board of Directors and the Audit Committee. The Committee also values very positively the individual performance and contribution of each of its members.

## 7. FRAMEWORK AGREEMENT FOR RELATIONSHIPS WITH PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Prosegur Compañía de Seguridad, S.A. ("**PCS**", the **controlling company** of the "Prosegur Group") is a company listed in Spain, holder, directly and indirectly, of 72.5% of the Company's share capital. Pursuant to recommendation 2 of the Code of Good Governance<sup>3</sup> and in order to regulate relations between the two, the Company and PCS signed the Framework Agreement on 17 February 2017.

The Framework Agreement, the Board of Directors Regulations and the Audit Committee Regulations give the Audit Committee the responsibility to report on its compliance. In this regard, the Audit Committee has complied with the provisions of the Audit Committee:

- ☉ In the case of public information, having previously reported on those sections of the regular public information and the annual report of corporate governance of the Company that relate to the Framework Agreement and Related-Party Transactions between the Group and the Prosegur Group;

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<sup>3</sup>When the parent company and a subsidiary of it are both listed, they should both publicly and accurately define: a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with the other companies in the group; b) The mechanisms provided to resolve any conflicts of interest that may arise.



- ☉ In the case of related-party transactions between the Group and the Prosegur Group, having previously reported the related transactions between the Company and the Prosegur Group, in relation to the essential elements (price, term and purpose); and
- ☉ With regard to compliance with the Framework Agreement, by issuing this document.

There have been no situations during the financial year 2019 in which business opportunities have been detected between the Company and the Prosegur Group in relation to proposals to amend the Framework Contract on which it was necessary for the Audit Committee to Report.

Finally, the Company has provided PCS, diligently and within a reasonable time, in strict compliance with the framework agreement, with the necessary information about the Company and its Group in order to enable it to comply with its legal tax obligations and including, in particular:

- ☉ the preparation of the annual accounts and their interim financial statements both individually and consolidated;
- ☉ compliance with its unique and regular reporting obligations with the National Securities Market Commission and other authorities;
- ☉ the design of the policy and coordination of the general strategies of the Prosegur Group, in which the Company is integrated;
- ☉ taxation under the tax consolidation regime;
- ☉ obtaining, maintaining and updating credit ratings and providing information to institutional investors and financial analysts; and
- ☉ compliance with obligations assumed in financing and security issue agreements.

## 8. ASSOCIATED OPERATIONS

In accordance with Title IX of the Board of Directors' Regulations and Article 15 of the Regulations of the Audit Committee (in addition to the Framework Agreement, as regards transactions with the Prosegur Group), among the responsibilities of the Company's Audit Committee are to report on certain transactions carried out with directors, with shareholders who hold a majority share, including shareholders represented on the Board of Directors of the Company or other companies of the Group or persons linked with them ("**Related-party Transactions**"), prior to its approval by the Board of Directors.

Article 40 of the Regulations of the Board, which establishes that:

- ☉ The Board of Directors formally reserves the approval, following a report by the Audit Committee, of any Related-Party Transaction.
- ☉ Under no circumstance shall a related-party transaction with a shareholder be authorised without a prior report by the Audit Committee which assesses the transaction from the point of view of equal treatment of shareholders and market conditions.
- ☉ In the case of transactions within the ordinary course of social business and which are common or recurring, the generic and prior authorisation of the line of



transactions and their conditions of implementation by the Board of Directors, following a report by the Audit Committee.

- ⊗ Nevertheless, the Board's authorisation shall not be necessary if the transactions fulfil the following three conditions: (i) they are conducted in connection with contracts whose conditions are standardised and apply to a high number of customers; (ii) they are conducted at general prices or rates set by the good or service providers; and (iii) their value does not exceed 1% of the Company's annual revenue in accordance with the audited financial statement regarding the last closed financial year as of the date of the transaction.

The Committee shall prepare this report of Related-party Transactions in compliance with the provisions referred to above.

During the financial year 2019, the Company has concluded the following Related-Party Transactions with the Prosegur Group, after approval of the Board of Directors and a positive report of the Audit Committee assessing the transaction, among others, from the point of view of equal treatment of shareholders and market conditions:

- ⊗ Acquisition by Prosegur Cash Services Germany GmbH (a subsidiary of the Company) of certain servers owned by Prosegur Services Germany GmbH (a subsidiary of Prosegur Compañía de Seguridad S.A.)
- ⊗ Maintenance of the lease of the property located in calle San Máximo 3-9, Madrid, after its acquisition by Proactinmo, S.L.U. (subsidiary of Gubel, S.L. and this, in turn, shareholder of Prosegur Compañía de Seguridad S.A.). The lease was originally signed by certain subsidiaries of the company and the former owner.
- ⊗ Assignment of credit rights between subsidiaries of the Company and Prosegur Compañía de Seguridad S.A. in Brazil.
- ⊗ Hiring two professionals (an international transport business manager and a head of prospecting and market analysis work) in the US through certain subsidiaries of Prosegur Compañía de Seguridad S.A. until the Company has its own structure.

The economic detail on all these operations is included in the explanatory report of the Annual Accounts and in the Company's Annual Corporate Governance Report for the financial year 2019.

The Board of Directors has authorised the aforementioned Related-party Transactions with the abstention of the directors representing substantial shareholders on behalf of PCS.





## **9. CODE OF ETHICS**

The Audit Committee has supervised at all meetings held during the financial year 2019 the operation of the anonymous whistleblower channel, which can be used by anyone, even outside Prosegur Cash.

In this regard, it has received and monitored detailed information and tracked the resolution of complaints related to irregularities of potential significance for breaches of Prosegur's Code of Ethics and Conduct and for actions within the application of the anti-fraud policies included in the company's Code of Ethics and Conduct.

## **10. INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDITS**

The following are the most noteworthy activities performed by the Internal Audit Department and supervised by the Audit Committee:

- Conclusion and report on the projects contained in the annual work schedule for 2019.
- Supervision of risk management and internal control of financial information.
- Receipt, analysis and conclusions of notifications received through the whistleblower channel.
- Preparation of six-monthly follow-up reports on the recommendations agreed in the internal audit, in accordance with the established procedure. (For each incident, where necessary, one or more recommendations for its resolution are formulated, which are submitted to the audited area in which an action plan is specified, with the person responsible for the implementation of the plan and the expected date of resolution).

The Committee received the results and conclusions of the critical risk assessment conducted on a quarterly basis by the Risk Committee, including non-financial risks.



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### **Article 7. In relation to the General Shareholders' Meeting**

*The Audit Committee will inform the General Shareholders' Meeting about matters that relate to the Committee's scope of action particularly the outcome of audits. The Committee shall explain how the audit contributed to the integrity of financial information and the Committee's role in the process.*

### **Article 8. In relation to the financial information**

*The Audit Committee has the powers to provide information, advice and proposals in relation to the Company's financial information:*

- 1. Ensure that the Board of Directors seeks to present a financial statement to the General Shareholders' Meeting based on an audit report with no limitations or reservations. In the exceptional event of reservations, the Chair of the Audit Committee must explain the situation and ensure that the auditors clearly explain the content and scope of these limitations and reservations to the shareholders.*
- 2. Oversee the preparation and presentation of mandatory financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding integrity. In connection to this, the Committee is responsible for overseeing preparation and integrity of the financial information about the Company and the Group: review compliance with regulations, and ensure correct delimitation of the consolidation perimeter and the correct application of accounting criteria. The Board of Directors must be duly informed.*
- 3. Inform the Board of Directors in advance about the financial information that the Company must publish on a regular basis.*

### **Article 9. In relation to the external auditor**

*The Audit Committee has the powers to provide information, advice and proposals in relation to the auditor:*

- 1. Submit proposals for selecting, appointing, re-electing and replacing external auditors to the Board of Directors; assume responsibility for applying the selection process in accordance with the legal requirements, and assume responsibility for the contractual terms and conditions and for regularly collecting information from the auditor about the audit plan and its execution; and ensure the independent performance of its duties.*
- 2. If the external auditor resigns, examine the circumstances behind this reason.*
- 3. Ensure that the external auditor's remuneration for his or her work does not compromise its quality or independence.*
- 4. Ensure that the Company notifies the National Securities Market Commission (CNMV) of the change of auditor as a relevant fact and accompanies the notification with a statement on the possible existence of disagreements with the outgoing auditor and, if this is the case, of the content of the same.*
- 5. Ensure that the external auditor meets with the plenary Board of Directors to report the work done and on the progress of the company's.*



*risks and accounting situation.*

6. *To supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main content of the audit report are written clearly and accurately.*
7. *Ensure that the Company and the external auditor respect current regulations on providing services other than those of auditing, the limits on the auditor's concentration of business and, in general, other regulations regarding the independence of auditors.*
8. *Establish and maintain adequate relationships with the external auditor so as to receive information about any issues that may pose a threat to the auditor's independence, which will then be assessed by the Committee; and any other information in relation to account auditing; when appropriate, authorise services that are not prohibited pursuant to the law; and any other communications stipulated in the account auditing legislation and auditing rules. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding their independence from the company or companies that are directly or indirectly linked to the Audit Committee. The auditor must also provide detailed and individual information about any additional services that have been provided by the auditor and paid for by these companies, or any additional services provided by individuals or companies linked to the auditor pursuant to the legislation in force.*
9. *Issue an annual report, before the account audit report, in which it declares whether or not the auditor's independence is compromised. In all events, this report must contain an opinion about the substantiated assessment of the provision of each and every additional service mentioned above (individually and as a group), which is different from legal auditing and in connection with the independence system or the regulations on account auditing.*

**Article 10. In relation to the internal audit area**

*The Audit Committee has the powers to provide information, advice and proposals in relation to the internal audit area:*

1. *Ensure the independence and effectiveness of the Company's internal audit area, which will functionally depend on the Chairman of the Audit Committee.*
2. *Propose the selection, appointing and dismissal of the head of the internal audit area.*
3. *Propose the budget of the internal audit area.*
4. *Review the annual work plan on the internal audit area and the annual activities report.*
5. *Receive information about the activities of the internal audit area on a regular basis.*
6. *Verify that senior management takes the conclusions and recommendations in the internal audit area reports into account.*
7. *Assess the operations of the internal audit area and the performance of its manager, for which the Audit Committee will seek the opinion of the Chief Executive Officer and the Chief Financial Officer of the Company.*



**Article 11. In relation to the internal control and risk systems**

*The Audit Committee has the powers to provide information, advice and proposals in relation to the internal control and risks systems:*

- 1. To promote, always within its competences, a culture in which risk is a factor that is taken into account in all decisions and at all levels across the Company.*
- 2. Oversee the efficacy of the Company's internal control and the risk management systems (including tax risks) and discuss any significant weaknesses of the internal control system with the account auditor which have been detected during auditing. Independence must never be compromised. Following from this, and when appropriate, the Committee must submit recommendations or proposals to the Board of Directors and indicate the follow-up time frame.*
- 3. Propose the risk control and management policy to the Board of Directors. This policy must at least identify: (i) the type of risk (operational, technological, financial, legal and reputational) which the Company faces; (ii) set the risk level which the Company deems to be acceptable; (iii) the measures for mitigating the impact of identified risks were they to materialise; and (iv) the control and information systems used to control and manage risks.*
- 4. Oversee the operation of the risk control and management unit which must: (i) guarantee that the risk control and management systems work properly, specifically guaranteeing that all major risks affecting the Company are identified, managed and quantified; (ii) actively participate in drawing up the risk strategy and making important decisions about risk management; and (iii) ensure that the risk control and management systems mitigate risks appropriately and in accordance with the policy defined by the Board of Directors.*

**Article 12. In relation to overseeing compliance**

*The Audit Committee has the powers to provide information, advice and proposals in relation to overseeing compliance:*

- 1. Assess the suitability of the Company's corporate governance system on a regular basis, with the aim of ensuring that it fulfils the mission of promoting the corporate interest and considers, as appropriate, the legitimate interests of all other stakeholders; propose improvements; and oversee compliance with internal codes of conduct and the Company's corporate governance rules. Specifically, the Audit Committee must receive information and, when appropriate, generate a report about (i) the actions and decisions made by the Regulatory Compliance Division when performing its duties pursuant to the Company's Internal Code of Conduct on matters regarding the Securities Markets; and (ii) the disciplinary measures which must be applied, when appropriate, to members of the Company's senior management.*
- 2. Establish and oversee a system that allows employees to report potentially relevant irregularities, particularly financial and accounting irregularities, within the Company. This system must be confidential and, if possible and appropriate, anonymous.*



**Article 13. In relation to the corporate social responsibility and non-financial information**

*The Audit Committee has the powers to provide information, advice and proposals in relation to the corporate social responsibility and non-financial information:*

- 1. Review the Company's corporate responsibility policy to ensure that it aims to create value; supervise the strategy and practices with regard to corporate social responsibility and assess compliance therewith; and assess the relationship processes with stakeholders.*
- 2. Oversee the strategy for communicating and maintaining relationships with shareholders and investors, including small- and medium-sized shareholders.*
- 3. Assess all matters in relation to the Company's non-financial risks, including technological, operational, legal, social, environmental, political and reputational risks.*
- 4. Coordinate the process for reporting non-financial information and information about diversity according to the applicable regulations and the leading international standards.*

**Article 14. In relation to the Framework Agreement**

*The Audit and Compliance Committee has the powers to provide information, advice and proposals in relation to the framework agreement of relations between the Company and Prosegur Compañía de Seguridad, S.A. (the "Framework Agreement"):*

- 1. Report in advance, with regard to its essential elements (price, term and purpose), about those related-party transactions between the Company and Prosegur Compañía de Seguridad, S.A., or between any of the companies of their respective groups, whose approval is reserved to the Board of Directors in accordance with the Framework Agreement.*
- 2. Report in advance on those sections of the company's regular public information and annual corporate governance report that relate to the Framework Agreement and related operations between the Group and the Prosegur Group.*
- 3. Report on situations in which business opportunities are detected between companies of the Group and the Prosegur Group and monitor compliance with the forecasts of the Framework Agreement in relation to this.*
- 4. Report on compliance with the Framework Agreement on a regular basis.*
- 5. Inform in advance of any proposal to amend the Framework Agreement, as well as any transaction proposals aimed at ending any disagreements that may arise among its signatories during its implementation.*

**Article 15. Other competencies**

*Without prejudice to any other tasks that may be assigned by law, the Bylaws or the Board of Directors, the Audit Committee also has the following powers of information, advice and proposal:*

- 1. Analyse and report economic conditions, accounting impact and, where appropriate, the proposed redemption equation for structural and corporate change operations that*



*are projected by the Company, before being submitted to the Board of Directors.*

2. *Inform the Board of Directors in advance about all the matters provided for by law and the Bylaws, and in particular about the creation or acquisition of equity participation in special purpose vehicles or companies headquartered in countries or territories that are considered to be tax havens.*
3. *To review offering prospectuses and any other relevant information that the Board of Directors must supply to the markets and its supervisory bodies.*
4. *Report on related-party transactions and, in general, on the corresponding matters, in accordance with Title IX of the Regulations of the Board of Directors.*