



# **Directors' Remuneration Policy Prosegur Cash, S.A.**





## I.- INTRODUCTION

Pursuant to article 529 *novodecies* of the Companies Law (*Ley de Sociedades de Capital*), the General Shareholders' Meeting must approve the directors' remuneration policy at least every three years, as a separate item on the agenda.

The directors' remuneration policy of Prosegur Cash, S.A. ("**Prosegur Cash**" or the "**Company**") is laid down in article 27 of its by-laws which, for such purpose, provide as follows:

- 1.- The office of Director is remunerated. Notwithstanding the foregoing, nominee directors who are also executives of the Company's parent company will not receive remuneration as Company directors, as such.
- 2.- With the exceptions envisaged in the preceding paragraph, the remuneration of directors, as such, consists of an annual fixed fee for attending each meeting of the Board of Directors and its Committees. The compensation to be paid by the Company to its Directors collectively shall not exceed the maximum amount established for that purpose by the General Shareholders' Meeting, which shall remain in force unless amended by the General Shareholders' Meeting. The Board of Directors shall establish the exact amount to be paid within this limit and how it is to be distributed among the Directors, pursuant to the recommendations of the Appointments and Remuneration Committee.
- 3.- Irrespective of the provisions set forth in the preceding paragraph, remuneration systems referenced to the market price of the shares or involving the delivery of shares or stock options may be established for the Directors. Such systems must be approved by the General Shareholders' Meeting in accordance with legal provisions.
- 4.- Directors with other executive or advisory duties in the Company, whatever the nature of their relationship with it, shall be entitled to remuneration that has been agreed for performing such duties, including, where appropriate, participation in any incentive systems generally established for the senior management of the Company, which may include shares or stock options, or payments indexed to value of the shares, in any case subject to the applicable legal requirements, and participation in the relevant pension plans and insurance premiums. Upon termination, Directors may be entitled, under the terms and conditions approved by the Board of Directors, to appropriate financial compensation.

By virtue thereof, the Company's General Shareholders' Meeting approved this Directors' Remuneration Policy of Prosegur Cash (the "**Remuneration Policy**"), with effects from January 1, 2020 and remaining in force during 2020, 2021 and 2022. Any amendment or replacement of this Remuneration Policy during that time will require the prior approval of the General Shareholders' Meeting, in accordance with the procedure established for obtaining such approval.

## II.- GENERAL PRINCIPLES

The remuneration policy is aimed at ensuring that the remuneration of the directors of Prosegur Cash is in line with their dedication and liability and consistent with the remuneration paid on the market by comparable companies at national and international level, bearing in mind the long-term interests of all shareholders.

Thus, the Remuneration Policy must be in line with the circumstances existing at any given time, with special attention to changes in legislation, in best practices, recommendations and trends, both



national and international, in the remuneration of directors of listed companies and to the conditions prevailing on the market.

Accordingly, article 29.2 of the Company's Board Regulations provides that the Board of the Directors and the Appointments and Remuneration Committee will take all measures available to them to ensure that the remuneration of nonexecutive directors complies with the following guidelines:

- a) The nonexecutive director must be remunerated in line with his actual dedication.
- b) The nonexecutive director must be excluded from welfare schemes financed by the Company for cases of resignation, death or any other.
- c) The amount of the remuneration must be calculated in such a way as to offer incentives for his dedication, but not to create a barrier to his independent opinion.

Moreover, article 29.4 of the aforesaid Regulations provides that the Board of Directors will procure that the directors' remuneration is in line with the remuneration paid on the market at companies of similar size and activity and that the variable remuneration, if any, takes into account the beneficiaries' professional performance and does not simply derive from the general performance of the markets.

In turn, in connection with executive directors, the fundamental criteria is that of offering remuneration schemes which make it possible to attract, retain and motivate outstanding professionals, with a view to enabling the Company to achieve its strategic objectives within the increasingly competitive and internationalized context in which it pursues its activities.

Consequently, the remuneration policy is based on the following principles and criteria:

- a) creation of long-term value for the Company, aligning the remuneration schemes with the strategic plan;
- b) attraction, motivation and retention of the best professionals;
- c) responsible achievement of objectives, in accordance with the Company's risk management policy; and
- d) transparency in the remuneration policy.

This Remuneration Policy distinguishes between the remuneration scheme for holding office as director, as such, and the remuneration scheme for the discharge of executive functions by executive directors.

### **III.- REMUNERATION SCHEME FOR HOLDING OFFICE AS DIRECTOR, AS SUCH**

#### **1.- Company Policy**

Pursuant to article 27.1 of the by-laws, the office of director is remunerated. Notwithstanding the foregoing, nominee directors who are also executives of the Company's parent company (i.e., currently, Prosegur Compañía de Seguridad, S.A. – “**Prosegur**”) will not receive remuneration as Company directors, as such.



The total remuneration payable by the Company to all its directors, as such, cannot exceed the maximum amount stipulated for such purpose by the General Shareholders' Meeting, which amount will remain in force until the Shareholders' Meeting resolves to modify it. Accordingly, at the General Shareholders' Meeting of Prosegur Cash held on February 6, 2017, those present resolved to stipulate this amount as an amount of €1,500,000, which will remain in force until the Company's General Shareholders' Meeting resolves to modify it.

The Board of Directors must set the exact amount payable within this limit and determine its allocation among the various directors, at the proposal of the Appointments and Remuneration Committee.

With the exceptions provided for under paragraph one of this section and bearing in mind the maximum limit indicated in the preceding paragraph, the remuneration of directors, as such, is structured, within the statutory and by-law framework, around the following items:

(i) Annual fixed allowance

Each year directors receive a fixed amount in line with market standards, having regard to the offices they hold on the Board of Directors and on the Committees on which they sit, at all times bearing in mind the limit on the remuneration of directors. It is paid on a quarterly basis.

(ii) Attendance fees

Directors receive fees for attending meetings of the Board of Directors and of the Committees on which they sit.

**2.- Application to financial year 2020**

For **financial year 2020**, the Board of Directors approved the following remuneration for the aforesaid items:

|  | <b>Chairman</b> | <b>Member</b> |
|--|-----------------|---------------|
| <b>Board of Directors</b>                      |                 |               |
| Annual fixed allowance                         | €54,000         | €54,000       |
| Attendance fees                                | €2,200          | €2,200        |
| <b>Audit Committee</b>                         |                 |               |
| Annual fixed allowance                         | €35,000         | €25,000       |
| Attendance fees                                | €2,200          | €2,200        |
| <b>Appointments and Remuneration Committee</b> |                 |               |
| Annual fixed allowance                         | €20,000         | €15,000       |
| Attendance fees                                | €2,200          | €2,200        |

As indicated above, nominee directors of the Company who are also executives of Prosegur are excluded from the foregoing remuneration.



Also, for holding office as Deputy Chairman of the Company's Board of Directors, the Board approved specific remuneration, additional to that referred to above, consisting of an annual fixed allowance of €100,000.

At all times within the limit imposed by the General Shareholders' Meeting on the total remuneration of all directors, as such (currently, as indicated above, €1,500,000), the Board of Directors, following a report by the Appointments and Remuneration Committee and pursuant to the by-laws, may adjust the foregoing amounts for future years.

#### **IV.- REMUNERATION SCHEME FOR THE DISCHARGE OF EXECUTIVE FUNCTIONS**

##### **1.- Company Policy**

The remuneration receivable by executive directors for the discharge of execution functions at the Company (different, therefore, from the functions linked to their office as Board member, which will be remunerated pursuant to the preceding section of this Remuneration Policy), is structured as follows:

(i) Fixed remuneration

Determined having regard to the substance of the executive functions attributed to them, and to the fact that this part of the remuneration must be in line with the remuneration paid on the market by comparable companies in terms of capitalization, volume and international implementation.

(ii) Remuneration of the post-contractual non-competition clause

If the executive director's contract includes a post-contractual non-competition clause, the executive director's remuneration may include a fixed cash amount, payable periodically, as remuneration for the director's submission to the clause.

(iii) Variable remuneration

The variable remuneration of executive directors is aimed at strengthening their commitment to the Company and creating an incentive for the optimum discharge of their functions. It comprises short-term variable remuneration (annual bonus) and medium- and long-term variable remuneration (long-term incentive).

a) Short-term variable remuneration (annual bonus): The annual bonus will be payable in cash and will be linked, for the most part, to the achievement of the Company's economic-financial objectives, as well as to the performance of personal objectives.

The target amount cannot exceed 80% of the annual fixed remuneration and the maximum amount, 150% of such remuneration.

The Appointments and Remuneration Committee must approve the objectives of the annual bonus at the beginning of each year and assess performance after year-end. When doing so, the Appointments and Remuneration Committee may contract the advisory services of an independent expert.

This assessment is made on the basis of the audited performance, following an analysis by the Audit Committee, as well as on the degree of achievement of objectives. The



Appointments and Remuneration Committee also considers the quality of performance on the long-term, any associated risk in the proposal of variable remuneration and other significant aspects, such as the impact of the exchange rate or similar.

Following this analysis, the Appointments and Remuneration Committee establishes a proposal for the bonus, which will be submitted to the Board of Directors for approval.

- b) Medium- and long-term variable remuneration (long-term incentive): The Company also considers the application of a medium- and long-term incentive scheme to its executive directors (consisting of a multi-year bonus, the award of shares, stock options or warrants or schemes referenced to share value or analogous systems) related, for the most part, to the Company's performance in connection with certain economic-financial parameters aligned with the Company's strategic objectives, with a view to retaining and motivating executive directors and creating value on the long term. Schemes linked to Company shares will be submitted to the General Shareholders' Meeting for approval, as stipulated by law.

In this connection, on May 28, 2018 the General Shareholders' Meeting of Prosegur Cash approved a long-term incentive plan with a time horizon of three years (2018-2020), known as "2018-2020 Plan", and with certain conditions linked to minimum stay at the Company for the incentive to become a vested right. The objectives of the plan are linked to the creation of value for Prosegur Cash at global or unit (region, country) level, having regard to the position held by the beneficiary, the scope of his liability and, where appropriate, personal objectives. The creation of value is calculated having regard to metrics significant to the business, such as EBITA, debt, Capex, etc. during the period of reference. Between 50% and 100% of the incentive receivable, as the case may be, will be paid in shares of Prosegur Cash and the remainder in cash, notwithstanding the possibility of making a cash settlement (at market value) of the part of the incentive payable in shares. A minimum achievement, a target achievement and a maximum achievement of the incentive (the maximum can be up to 200% of the objective, at most) have been established for each beneficiary.

In 2021 the Company plans to implement a new long-term incentive plan for the 2021-2023 time horizon, in line with the characteristics of the current 2018-2020 Plan.

(iv) Remuneration in kind

With a view to offering a competitive and attractive remuneration package, executive directors will be able to receive remuneration in kind, such as (without limitation) life and accident insurance, health insurance, annual medical checkup or company car, depending on the Company's policies. In any case, the remuneration in kind cannot exceed 20% of the annual fixed remuneration.

## 2.- Application to financial year 2020

For financial year 2020, the remuneration packages of the two executive directors of the Company (the Executive Chairman, Mr. Christian Gut Revoredo, and the Chief Executive Officer, Mr. José Antonio Lasanta Luri) are composed as follows. For such purpose, regard must be had to the fact that the Executive Chairman, Mr. Christian Gut Revoredo, will remain in and continue to hold his office as Chief Executive Officer of Prosegur, harmonizing both relationships (Chief Executive Officer of Prosegur and Executive Chairman of Prosegur Cash) and dividing his dedication between the two companies reasonably and equitably, so that he may suitably attend to the businesses of both, also receiving the related remuneration from both companies.



(i) Fixed remuneration:

- Executive Chairman: €460,000 gross per year.
- Chief Executive Officer: €230,000 gross per year.

(ii) Remuneration of the post-contractual non-competition clause

Only the Chief Executive Officer has a post-contractual non-competition clause, for which he receives remuneration equal to €120,000 gross per year.

(iii) Variable remuneration

a) Short-term remuneration for 2020 (2020 annual bonus):

- Executive Chairman: target amount of €307,500 gross and maximum amount of €461,250 gross.
- Chief Executive Officer: target amount of €175,000 gross and maximum amount of €262,500 gross.

b) Medium and long-term variable remuneration (long-term incentive):

The Executive Chairman and the Chief Executive Officer (as well as other executives of the Prosegur Group) participate in the “Plan 2018-2020”, referred to above. As explained in section IV.1(iii).b) above, this plan runs from 2018 through 2020. The incentive receivable, as the case may be, is payable, in the case of the Executive Chairman, 100% in shares (a maximum of 1,322,855 Prosegur Cash shares) and, in the case of the Chief Executive Officer, 50% in cash (a maximum of €618,750) and 50% referenced to the value of the Prosegur Cash share (a maximum of 228,321 Prosegur Cash shares).

(iv) Remuneration in kind

Only the Chief Executive Officer receives remuneration in kind consisting of life and accident insurance, health insurance, annual medical check-up and company car, within the limit imposed in this Remuneration Policy.

The remuneration package of the Executive Chairman and the Chief Executive Officer for future years will be adjusted, in the context of this Remuneration Policy, bearing in mind, in particular, the worthiness and merits of the executive, the market conditions at comparable companies and the extent to which it can be borne by the Company, with a maximum increase of 25% per year in the total package.

## **BASIC TERMS OF THE CONTRACTS OF EXECUTIVE DIRECTORS**

The following are the basic terms of the contract of the Executive Chairman and of the Chief Executive Officer:

(i) Term

The contracts of the Company's executive directors have an indefinite term.



The Executive Chairman's contract may be terminated by either party at any time, without restriction, through written notice served to the other party, which does not have to be notified in advance, and without the Executive Chairman being entitled to any type of severance or indemnification for said termination.

The Chief Executive Officer's contract may be terminated by the Company at any time, without having to be notified in advance and with the consequences regarding severance stated below. In turn, the Chief Executive Officer may terminate the contract and resign from office at any time, serving three months' prior notice and without being entitled to severance.

(ii) Severance for termination

The Chief Executive Officer's contract stipulates that the Chief Executive Officer will be entitled to gross severance equal to €500,000, in the event of termination by the Company not due to serious and repeated breach of duties by the Chief Executive Officer, or by the latter, due to serious and repeated breach of obligations by the Company.

(iii) Post-contractual non-competition clause

The Chief Executive Officer's contract includes a two-year remunerated post-contractual non-competition clause (regardless of the reason for termination). In the event of breach, the Chief Executive Officer must return to the Company, within not more than one month, the full amount received as remuneration under the clause from the contract's effective date through its termination date.

(iv) Clause on return of remuneration

The executive directors' contracts stipulate that they agree to return the amount of any variable remuneration (annual or multi-year) received, if evidence is provided that the payment was not consistent with the established performance conditions or where it was paid having regard to data later proven inaccurate.

(v) Exclusivity

With the exceptions habitual in this type of contract, the executive directors enter into a commitment of exclusive dedication to the Company, with the exception of the office of Chief Executive Officer of Prosegur held by Mr. Gut Revoredo, which is expressly contemplated.

(vi) Ethical duties

The executive directors must conduct themselves in compliance with the duties of good faith and loyalty, refraining from any direct or indirect participation in situations which could give rise to a conflict between their personal interests and those of the Company.

(vii) Professional secrecy

The executive directors are obliged to uphold professional secrecy in connection with any of Prosegur Cash's confidential data or information known to them by virtue of their office, undertaking not to make undue use of such information, either for their own benefit or for that of a third party, to the detriment of Prosegur Cash.

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