



**Annual Operations and Activity
Report of the Audit Committee
Financial year
2020 Prosegur
Cash 23/02/2021**





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1. INTRODUCTION

Article 23.1 of the Regulations of the Audit Committee, approved by the Board of Directors of Prosegur Cash, S.A. ("**Prosegur**" or the "**Company**"), considered the annual preparation of a report on the operation of the Company's Audit Committee on 28 July 2020, aimed at allowing shareholders and other stakeholders to understand the activities carried out by the Company during the financial year.

In this regard, the Company's Audit Committee has agreed at its meeting held on 23 February 2021 to issue this annual report related to the operations and activities of the Prosegur Cash Audit Committee throughout the financial year 2020, with the scope established in article 23.2 Regulations of the Audit Committee.

This comprehensive document describes the main actions carried out by the Company's Audit Committee from 1 January 2020 to 31 December 2020, the closing date of the financial year 2020.

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

Article 17, section 4 of the Regulations of the Governing Body, and Articles 7 to 14 of the Regulations of the Audit Committee, develop the basic functions 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 annual accounts presented by the Board of Directors to the General Meeting are drawn up in accordance with accounting regulations and, in cases where the auditor of accounts has included in its audit report some caveat, explain clearly at the General Meeting, through the Chairman of the Audit Committee, the Commission's opinion on its content and scope, making available to shareholders at the time of summoning the General Meeting, together with the rest of the proposals and reports, a summary of that opinion.
- Submit proposals for selecting, appointing, re-electing and replacing external auditors to the Board of Directors; assume responsibility for applying the selection process in accordance with the legal requirements, and assume responsibility for the contractual terms and conditions and for regularly collecting information from the auditor about the audit plan and its execution; and ensure the independent performance of its duties.
- As for the external auditor: (i) if the external auditor resigns, analyse the circumstances behind this decision; (ii) ensure that the external auditor's remuneration does not compromise the



quality or independence of their work; (iii) ensure that the Company informs reports through the Spanish National Securities Market Commission (CNMV) the change of auditor as a relevant fact and adds a statement about any potential disagreements with the auditor and, if applicable, explains the nature of these disagreements; (iv) ensure that the external auditor meets with the full session of the Board of Directors on an annual basis to report about their work and the progress of the Company's accounting situation and risks; (v) oversee compliance with the auditing contract and ensure that the opinion about the financial statement and the main contents of the audit report are written clearly and accurately; and (vi) ensure that the Company and the external auditor comply with the current policy on audit service provision, limits on concentration of auditing business and the general policy governing the independence of auditors.

- Establish and maintain adequate relationships with the external auditor so as to receive information about any issues that may pose a threat to the auditor's independence, which will then be assessed by the Committee; and any other information in relation to account auditing; when appropriate, authorise services that are not prohibited pursuant to the law; and any other communications stipulated in the account auditing legislation and auditing rules. In any case, the Audit Committee must receive an annual declaration from the account auditor regarding his/her independence from the company or companies that are directly or indirectly linked to the Audit Committee. The auditor must also provide detailed and individual information about any additional services that have been provided by the auditor and paid for by these companies, or any additional services provided by individuals or companies linked to the auditor pursuant to the legislation in force.
- Issue an annual report, before the account audit report, in which it declares whether or not the auditor's independence is compromised. In all events, this report must contain an opinion about the substantiated assessment of the provision of each and every additional service mentioned above (individually and as a group), which is different from legal auditing and in connection with the independence system or the regulations on account auditing.
- Monitor the internal audit and, in particular, (i) ensure the independence and effectiveness of the internal audit body; (ii) propose the selection, appointment and dismissal of the head of the internal audit service; (iii) propose the budget for this service; (iv) approve or propose approval to the Board of Directors of the guidance and annual work plan of the internal audit and the annual activity report, ensuring that its activity is mainly focused on relevant risks (including reputational ones); (v) receive periodic information about its activities; and (vi) verify that senior management takes into account the conclusions and recommendations of its reports.
- Oversee the preparation and presentation of mandatory financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding integrity. In relation to this, it is in charge of monitoring and assessing the preparation and integrity process of financial and non-financial information, as well as the systems for the control and management of financial and non-financial risks related to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, the proper delimitation of the consolidation perimeter, and the correct application of the accounting criteria, reporting to the Board of Directors.
- Oversee the efficacy of the Company's internal control and the risk management systems (including tax risks) and discuss any significant weaknesses of the internal control system with



the account auditor which have been detected during auditing. Independence must never be compromised. Following from this, and when appropriate, the Committee must submit recommendations or proposals to the Board of Directors and indicate the follow-up time frame. In this context, it must propose the risk control and management policy to the Board of Directors, which will identify and determine at least the following: (i) the different types of financial or non-financial risks (operational, technological, financial, legal, social, environmental, political and reputational, including risks related to corruption) faced by the Company, including contingent liabilities and other off-balance sheet risks among the financial risks; (ii) a risk control and management model based on different levels, with a risk-specialised commission for cases in which the industry standard requires it or if the Company deems it appropriate; (iii) setting the risk level that the Company deems acceptable; (iv) measures to mitigate the impact of identified risks if they materialise; and (v) the control and information systems to control and manage these risks.

- Oversee the operation of the risk control and management unit which must: (i) guarantee that the risk control and management systems work properly, specifically guaranteeing that all major risks affecting the Company are identified, managed and quantified; (ii) actively participate in drawing up the risk strategy and making important decisions about risk management; and (iii) ensure that the risk control and management systems mitigate risks appropriately and in accordance with the policy defined by the Board of Directors.
- Analyse and report on the economic conditions, accounting impact and, when appropriate, proposed exchange ratio for operations that involve structural and corporate changes and have been planned by the Company, before they are submitted to the Board of Directors.
- Inform the Board of Directors beforehand of any matters required by law and the corporate by-laws, specifically: (i) the financial information which the Company must disclose on a regular basis; and (ii) creation or acquisition of equity participation in special purpose vehicles or companies headquartered in countries or territories that are considered to be tax havens.
- To review offering prospectuses and any other relevant information that the Board of Directors must supply to the markets and its supervisory bodies.
- Establish and supervise a system that allows employees and other people linked to the Company, such as executives, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential significance, including financial and accounting irregularities, or other issues related to the Company that are notified within the Company or its Group. Such a mechanism shall ensure confidentiality and, in any event, provide for situations in which communications may be made anonymously, respecting the rights of the claimant and the respondent.
- Specifically, the Audit Committee must receive information and, when appropriate, generate a report about the actions and decisions made by the Regulatory Compliance Division when performing its duties and specifically pursuant to the Company's Internal Code of Conduct, regarding the Securities Markets of the Company.
- Supervise the implementation of the general policy on the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisors and other stakeholders. It will also monitor how the Company communicates and interacts with small and medium-sized shareholders.



- Report on related-party transactions and, in general, on the corresponding matters, in accordance with Title IX of the Regulations of the Board of Directors.
- Ensure, in general terms, that the policies and systems established for internal control are applied effectively in practice.
- 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.
 - Report, after its approval by the Board of Directors, the Annual Report of Corporate Governance on related operations and risk control and management systems.

Annex I is a transcript of Articles 7 to 14 (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 17 of the Regulations of the Board of Directors and Article 5 of the Regulations of the Audit Committee state that *"the Audit Committee shall be made up of a minimum of three and a maximum of five non-executive directors (...), who have the dedication, capacity and experience necessary to*



fulfil their duties".

To date, 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).

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.

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

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

The Audit Committee shall be validly constituted when at least half of its members attend.

The Audit Committee, through the Secretary of the Board of Directors, may invite any of the Company's employees or executives and it may even determine that no other executive shall be present. 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 at the invitation of the Committee Chairman, to the extent and with the scope that the Chairman or any of its members considers necessary or



appropriate 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 2020, the Company's Audit Committee has met on six occasions. All of its members have participated in all cases.

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 and has made the minutes of its meetings available to the Board of Directors.

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

Its main activities are summarised below:

| DATE | MAIN MATTERS ADDRESSED | PROPOSALS RAISED TO THE BOARD | APPEARING PARTIES |
|----------|---|--|--|
| 26/02/20 | <ol style="list-style-type: none"> Annual Accounts and Individual and Consolidated Management Report for the Financial Year 2019. Presentation to Analysts. External auditor's report. Audit for the 2019 financial year. Non-Financial Information Statement (EINF). Recording of the content by the external auditor. Report of the Audit Committee Department and Risk Update. Internal Audit. Approval of the 2019 Activity Report. Review and approval of 2019 and 2020 targets. Approval of the 2020 Work Plan. Approval work plan 2020. Approval of the 3P procedure of the Ethical Channel. Approval of the Related-Party Operations Report | <ul style="list-style-type: none"> Favourable opinion of the Board of Directors on the Individual and Consolidated Financial Statements for the financial year 2019. Submission to Analysts. Submission of the Opinion on the Individual and Consolidated Financial Statements for the Financial Year 2020 to the External Auditor. Approved report of the Board of Directors on Related-Party Operations with Prosegur Compañía de Seguridad, S.A. Approved report of the Board of Directors on IAGC 2019. Favourable report, prior to its approval by the Board of Directors, of the related-party | <p>Javier Hergueta Vázquez, Company CFO; Félix Carbajo, Director of Internal Audits, and the External Auditor's members (Bernardo Rücker-Emden and Jorge Baleriola, Partners of KPMG Auditores, S.L.) participate in the meeting, addressing different agenda items.</p> |

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| | 2019. | transaction review. | under | |
|------------|--|---------------------|---|---|
| | 5. Analysis of Related-party Transactions. | | | |
| | 6. Prior authorisation of non-audit services provided by the External Auditor. Report on its independence. | | | |
| | 7. Approval of the Annual Activity Report of the Audit for Financial Year 2019 | | | |
| 05/03/2020 | 1. Risks for the Company Associated to COVID-19 | | | N/A |
| 01/04/2020 | 1. Development and Status of the Risks for the Company Associated with COVID-19. | | | N/A |
| 28/04/2020 | 1. Report of the Internal Audit Department and Risk Update. | - | Positive report submitted to the Board of Directors on the quarterly financial report and interim management statement for 1Q2019 and presentation to analysts. | Félix Carbajo, Director of Internal Audits, Javier Hergueta, Chief Financial Officer of the Company, and Miguel Soler, Director of Internal Audits of Prosegur Compañía de Seguridad, S.A. participate in the meeting, addressing different agenda items. |
| | 2. COVID-19 Update. | | | |
| | 3. 1Q2020 Financial Information | | | |
| | 4. Delivery of the Letter of Recommendations of the External Audit of the Annual Accounts for the Financial Year 2019. | | | |
| | 5. Prior approval of non-audit services provided by the new external auditor on 21 April 2020 (Ernst & Young). | | | |
| | 6. Related-party Transactions Report. | | | |
| | 7. Regulatory compliance (PBC). | | | |
| | 8. Presentation of the Annual Report on the Protection of Personal Data. | | | |
| | 9. Risk monitoring and control | | | |
| 28/07/2020 | 1. 1H2020 Financial Information. | - | Positive report sent to the Board of Directors with the | Javier Hergueta, Chief Financial Officer of the Company, and Félix |

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| | | | |
|------------|--|--|---|
| | 2. Internal Audit and Risk Update | financial information corresponding to the first half of the financial year 2020 and presentation to analysts. | Carbajo, Director of Internal Audits participate throughout the meeting, as speakers addressing the different matters in the agenda. |
| | 3. Activity Report of the Investor Relations department. | | |
| | 4. Approval of Auditor Services | - Proposal to amend the Regulations of the Board of Directors and the Audit Committee. Drafting of the supporting report on the proposal to amend the Regulations of the Board of Directors. | |
| | 5. Analysis of Related-party Transactions. | | |
| | 6. Amendment of the Code of Good Governance. | | |
| 28/10/2020 | 1. 3Q2020 Financial Information | - Positive report submitted to the Board of Directors on the quarterly financial report and interim management statement for 3Q2019 (9M) and presentation to analysts | Javier Hergueta, Chief Financial Officer of the Company, and Félix Carbajo, Director of Internal Audits participate throughout the meeting, as speakers addressing the different matters in the agenda. |
| | 2. Report of the Internal Audit Department and Risk Update. | | |
| | 3. Analysis of Related-party Transactions. | | |
| | 4. Prior approval of non-audit work carried out by the External Auditor on 19 October 2020. | - Appointment proposal of the service provider responsible for verifying the information contained in the Post-Competition Non-Financial Information Statement. | |
| | 5. Selection of the independent verification service provider responsible for verifying the information contained in the Post-Competition Non-Financial Information Statement. | - Approved report of the Board of Directors on Related-Party Operations with Prosegur Compañía de Seguridad, S.A. | |

b. Preparatory meetings

In addition to the meetings held by the Company's Audit Committee during the financial year 2020, 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 of the Company (Ernst & Young), in preparation for the corresponding sessions of the Audit Committee.



5. INDEPENDENCE OF THE EXTERNAL AUDITOR

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

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

On 23 February 2021, the Company's Audit Committee received from the Company's External Auditor (Ernst & Young, S.L.) the declaration of its independence in relation to the Company and the Group, as well as the detailed and specific information about the additional services of any kind provided and the corresponding fees received, in compliance with the provisions of Article 9.8 of the Regulations of the Audit Committee.

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

6. ASSESSMENT OF THE AUDIT COMMITTEE'S PERFORMANCE

The Audit Committee considers that it has carried out its duties and fulfilled its responsibilities with diligence, efficiency, quality and professionalism, in compliance with the provisions of the Regulations of the Board of Directors and the Audit Committee. 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 74.98% of the Company's share capital. Pursuant to recommendation 2 of the Code of Good Governance¹ 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;
- 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,

¹ 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 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 2020 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. RELATED-PARTY OPERATIONS

In accordance with Title IX of the Board of Directors' Regulations and Article 14 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 during ordinary corporate business that are common or recurring, it shall only be necessary for the Board of Directors to issue a prior, generic authorisation for the line of transactions and their execution conditions. However, a report must first be submitted



by the Audit Committee.

- Nevertheless, the Board's authorisation shall not be necessary if the transactions fulfil the following three conditions: (i) they are conducted in connection with contracts whose conditions are standardised and apply to a high number of customers; (ii) they are conducted at general prices or rates set by the good or service providers; and (iii) their value does not exceed 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 2020, the Company has concluded the following Related-Party Transactions with the Prosegur Group, after approval of the Board of Directors and a positive report of the Audit Committee assessing the transaction, among others, from the point of view of equal treatment of shareholders and market conditions:

- Contracting by the Company, auto, damages, civil liability, life, accident and health insurance policies with a captive insurance company owned by PCS (Yellow Re).
- Modification of the conditions of the lease of the property located at Av. Tupungato No. 3680, Comuna Valparaíso (Chile), between Prosegur Gestión de Activos Chile Ltda. (entity controlled by Prosegur Gestión de Activos, S.A., owner of the property (PCS subsidiary), as a landlord, and Empresa de Transportes Cía de Seguridad Chile Ltda. (entity controlled by the Company, as a tenant).
- Regularisation of the subleases in the form of regularisation of leases to the real situation of occupation of the properties that the Company has leased to different companies of the group and that it in turn leases to other entities of the Prosegur Group, in the regions of Girona, La Palma and Malaga, by PCS.
- Update of the Trademark Licence Agreement (royalty and target returns) signed between PCS and the Company.
- Authorisation for the appraisal of different properties owned by Prosegur Gestión de Activos, S.A. (PCS subsidiary), with the aim of being leased by Prosegur Cash Group entities: Boa Vista, Lima Norte, Montería, Valparaíso, Barrafunda, Bogotá Phase 3 and Piña.

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

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 2020 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 duties of the Audit Committee include supervising the Company's management and internal control procedures.

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

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



ANNEX I – RESPONSIBILITIES OF THE AUDIT COMMITTEE

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 annual financial statements presented by the Board of Directors to the General Meeting are drawn up in accordance with accounting regulations. In exceptional cases in which the account auditor has included in their audit report some caveat, the Chairman of the Audit Committee shall clearly explain in the General Meeting the opinion of the Audit Committee on its content and scope, and a summary of this opinion shall be made available to shareholders at the time of summoning of the General Meeting, together with the other proposals and reports of the Board of Directors.*
- 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 relation to this, it is in charge of monitoring and assessing the preparation and integrity process of financial and non-financial information, as well as the systems for the control and management of financial and non-financial risks related to the Company and the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, the proper delimitation of the consolidation perimeter, and the correct application of the accounting criteria, reporting to the Board of Directors.*
- 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 through 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 to it on the work done and on the progress of the Company's risk and accountancy 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. *Approve or propose approval to the Board of Directors of the guidance and annual work plan of the internal audit area and the annual activity report, ensuring that its activity is mainly focused on relevant risks (including reputational ones).*
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, which will identify or determine at least the following: (i) the different types of financial or non-financial risks (operational, technological, financial, legal, social, environmental, political and reputational, including risks related to corruption) faced by the Company, including contingent liabilities and other off-balance sheet risks among the financial risks; (ii) a risk control and management model based on different levels, with a risk-specialised commission for cases in which the industry standard requires it or if the Company deems it appropriate; (iii) setting the risk level that the Company deems acceptable; (iv) measures to mitigate the impact of identified risks if they materialise; and (v) the control and information systems to control and manage these risks.*
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.*
5. *Ensure, in general terms, that the policies and systems established for internal control are applied effectively in practice.*

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. *Specifically, the Audit Committee must receive information and, when appropriate, generate a report about the actions and decisions made by the Regulatory Compliance Division when performing its duties and specifically pursuant to the Company's Internal Code of Conduct, regarding the Securities Markets of the Company.*
2. *Establish and supervise a system that allows employees and other people linked to the*



Company, such as executives, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential significance, including financial and accounting irregularities, or other issues related to the Company that are notified within the Company or its group. Such a mechanism shall ensure confidentiality and, in any event, provide for situations in which communications may be made anonymously, respecting the rights of the claimant and the respondent.

Article 13. 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 14.- 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 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.*
- 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.*



- 5. Supervise the implementation of the general policy on the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisors and other stakeholders. It will also monitor how the Company communicates and interacts with small and medium-sized shareholders.*