

ANNUAL  
REPORT

2016




**PROSEGUR**

Security you can trust






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 ANNUAL REPORT

 ANNUAL ACCOUNTS AND MANAGEMENT REPORT

 CORPORATE GOVERNANCE REPORT  
AND AUDIT COMMITTEE ACTIVITY REPORT

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**PROSEGUR**

Security you can trust

Annual Report

2016

# AR Annual Report



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## Letter from the Chairman

As every year, we look back to take stock.

Firstly, I would like to highlight that in 2016 we have celebrated our fortieth anniversary. It was May 1976 when we created Prosegur. We then started a path of which we feel particularly proud today. A journey that has been a real story of success, in which all those that have accompanied us throughout this time have participated. I would like to express my sincerest thanks to all of them.

From the very beginning, we became a fundamental player in our sector and we assumed an active role in the creation of an industry that was barely taking its first steps.

Our services began with the transport of valuables and the management of cash. Only a year later, we expanded our activities into the field of manned guarding and subsequently alarms completed the backbone of our company; which we have maintained until today. And, in barely five years, we began an internationalization process that has resulted in currently having a presence in five continents.

In 2016, we have further strengthened this work philosophy with the full implementation of the model that we have called: "One Group, Three Businesses", with which we want to be, each day, closer to our clients.

With the new structure, we believe we enhance the capabilities of each business line: Prosegur Cash, Prosegur Security and Prosegur Alarms. Hence, Prosegur Cash, that started trading on the Spanish Stock Exchange on March 2017, is already the second most important company in the world by turnover in its sector. With regard to Prosegur Security, it now ranks third in the world in manned guarding services. But, and this is a differentiating factor, both hold a leading position in the markets in which they operate. For its part, Prosegur Alarms has shown its huge potential for development and its intense rate of growth.

This is Prosegur's reality today. A very dynamic company, with a firm commitment to improve each day and maintain a leading role in the field of private security. The almost 170,000

people that make up the Prosegur team share this objective. We work with the conviction and certainty of knowing that the work we do is important. Security is a basic pillar for the development of our society and we understand our contribution to this security in a broad sense.

Firstly, we believe that having the best professionals is an essential requirement. For this, not only do we have rigorous selection processes, we also invest in the training of teams. In 2016, we have reached an average of twelve hours of training per employee and we have completed the renovation of Prosegur University, our online training platform.

Faithful to the importance of our role, we have set ourselves increasingly higher standards. For this reason, we continue to invest every year on R&D projects. The company is strongly focused on incorporating technology both in the services that we provide to our customers and in our internal processes. Among other actions, we have embarked on an ambitious automation and robotization project; that we have launched with our support areas.

We cannot ignore that today's world presents new threats that require new responses, both in the physical and digital world. Thanks to the technological advances, we are offering higher levels of security. But this has demanded significant adaptive capacity on our part. Our sector is changing, we are facing a new concept of security and we are doing so along with our customers, who value and share our effort.

As always, I would not like to miss this opportunity to comment on the work of the Prosegur Foundation. In 2016, 29 projects have

been undertaken that have directly benefited more than 36,000 people. In this occasion, I would like to mention in particular the development of one of our most emblematic projects: Piecitos Colorados. This year we have completed a major improvement plan with the identification of areas for improvement and best practices. With this in view, we have begun work on the implementation of tools to improve knowledge management and promote networking. In addition, we have increased the scope of the Talent Scholarships. And lastly, we are developing new forms of voluntary activities to make the best possible use of the knowledge of our professionals and thus achieve a greater impact on the beneficiaries through training. A step forward in a very significant project for us and that represents the value of Prosegur and its Foundation.

I trust the reading of this Annual Report 2016 will help you understand the dimension of the projects we have embarked on. We have set ourselves important challenges and I am sure that we have the capacity to tackle them successfully.

After forty years, Prosegur is a company with a young spirit, that looks to the future and lives in constant innovation. I have no doubt that the effort that we have made has been worthwhile. We have achieved goals that we could never have imagined and I am firmly convinced that the best is yet to come.

One more year, thank you very much for your trust.

**Helena Revoredo**  
Chairman





## Message from the Chief Executive Officer

One more year, through this Annual Report, I would like to highlight the major milestones that we have achieved in this period. In these few lines, I would also like to share with you the goals that have been fulfilled and take stock of Prosegur's situation.

Firstly, I would like to acknowledge the extraordinary work that the team of professionals that make up the company have done. Each of them in their field of activity, but always working together, have managed to achieve goals that have represented a very demanding challenge for all. As I already mentioned a year ago in this report, the aim

of the work that we have done is to lay the foundation for our future development. We want to make Prosegur a global company, capable of competing in a leadership position in each of the markets in which it operates. We know that being a reference places higher demands on us every day, but we are prepared to meet them. In this task, the work teams have demonstrated that they can rise to the challenges.

### **We have completed the evolution of our organizational model**

During the first year of the Strategic Plan 2015-2017, we began the transformation of our organization. We evolved from a geographical model to a model that revolves around the businesses. The objective of the change to the new structure, which has required more than 234 corporate transactions, is that the businesses get closer to the customer. The evolution to the new structure has required a significant investment. An effort that we have undertaken with the conviction that we are giving the company the necessary tools to address the challenge of intense development in the following years.

Our new organization "One Group, Three Businesses" highlights the enormous significance we attach to being part of Prosegur. In 2016, we have celebrated our fortieth anniversary. From the moment we began our activities in Spain until when we reached a global presence, we have been able to build a company that is a reference within the private security industry around the world. This is a value that we do not want to underutilize. Therefore, being part of this group is an overriding priority for all

three activities. From this perspective, we have reorganized the company around our business lines: Prosegur Cash, the cash logistics and cash management and other outsourced services unit; Prosegur Security, the guarding and technology unit; and Prosegur Alarms, the alarms for households and businesses unit.

### **Prosegur Cash aims to lead the international consolidation process**

The new model pursues, among other objectives, to enhance the value of the three business lines independently.

With regard to Prosegur Cash, the balance of 2016 is positive. The business has continued to grow and we have continued to improve our profitability, achieving an EBIT margin of 18.6 per cent, the best in the sector compared with its global competitors. Prosegur Cash has robust pillars based on operational excellence, in an integrated concept of security in operations and in the long term vision of the sector.

One of the highlights during this year is the boost in sales of new services. Amongst which we should mention the cash management automation machines in points of sale and the high added value outsourcing services. Furthermore, 2016 represented a milestone in our history with the entry of Prosegur into South Africa. The acquisition of 33.33 per cent of the local company SBV Services represents a major opportunity for us, where the transfer of best practices and our experience are a guarantee for the success of the operation. Lastly, the growth strategy for Prosegur Cash was completed with acquisitions in Spain, India and Australia.

I would not like to omit to mention the listing of Prosegur Cash on the stock exchange; which took place on 17 March 2017, with the issue of 412.5 million shares representing 27.5 per cent of the share capital. A serious, rigorous and attractive project for the investor as was evidenced by the fact that more than 100 institutional investors backed it. In this way, a listed operator has been created who exclusively focuses on the transport of valuables and cash management industry. Prosegur Cash enjoys a sound leadership position in the markets in which it operates and its objective is to lead the international consolidation process in an extremely fragmented industry.

### **Gradual improvement of margins of Prosegur Security**

With regard to Prosegur Security, the new organization has resulted in the crystallization of specific challenges for the guarding and technology division.

The first of them refers to the exciting new possibilities of the business. The incorporation of technology enables us to increase the levels of security that we offer to our customers. This is a truly transformative change. A challenge we face from various areas of the company, even though our efforts are primarily focused on R&D investment and attracting the best talent. This new business concept is already yielding tangible results. In our major markets, such as Spain, the weight of technology on new sales is approximately 50 per cent.

The second challenge that we have set ourselves is improving the profitability of the unit. In general, the performance of Prosegur Security in all of the markets in

which it operates is positive. The EBIT margin in the last year has increased from 3.2 per cent in 2015 to 3.5 per cent in 2016. A healthy evolution that, in the case of the activity in Brazil, is more demanding. For some time now, we have been working to bring the country back to a favourable scenario. In this regard, the optimization policies that are being implemented in this business line are shown to be effective as they are allowing a steady improvement of margins.

I would also like to highlight the great contribution of our Cybersecurity team. This business continues to develop at an exponential rate. In this last year the operations centres in Spain, Portugal, Colombia and Paraguay from where we provide service to eight countries, have consolidated. The unit has multiplied by ten its business volume and structure in 2016. A year in which, what is more, two acquisitions have been completed.

We firmly believe in the potential of cybersecurity, an area that we expect will

experience significant growth in coming years. For this reason, we are dedicating resources and efforts to consolidate this activity, which already has more than 100 employees.

### **Prosegur Alarms maintains a sound growth rate**

The Prosegur Alarms business, for its part, has continued to implement its growth strategy and ended fiscal year 2016 with almost 425,000 alarm connections. To maintain this trend, we have strengthened our salesforce; last year the number of salespersons increased by 25 per cent compared with the previous period. Overall there are more than 1,500 professionals who have managed to keep the main business performance indicators stable even though the unit is going through an expansive period. Both the customer retention rate and the average income per user have shown a favourable evolution in 2016.

This strong organic growth is complemented with inorganic growth. Prosegur Alarms is

looking for strategic opportunities that add value to the business portfolio. To this end, in 2016 we began operations in South Africa, after the acquisition of an alarm's portfolio in Johannesburg. In addition, we have established an operations platform in India to launch activities in a country where, until now, we only had a presence in the transport of valuables and cash management business.

As detailed throughout this report, each business unit faces various challenges. And each unit also has its own objectives. Without doubt, the company presents a very different scenario to that of previous years, but we notice that each unit is increasingly focused on its customers and on the development of its business.

In 2016, we have continued to work in challenging economic environments. However, it has been a period characterized by a firm commitment to growth and a focus on improving margins. Despite the extraordinary costs arising from the corporate restructuring, we have been able to continue the trend seen in the first year of the Strategic Plan 2015-

2017. For all this, we are optimistic with the step forward that we have taken.

Through these lines I also want to transmit to shareholders our firm commitment to the generation of value. In Prosegur we always work with medium to long term view; a management model that has delivered satisfactory results over our forty years of activity. We will, therefore, continue to manage the business in a responsible way that will enable us to face the challenges and achieve our objectives with the greatest guarantees. In short, we work to offer a Prosegur that is a leader and a global reference in the private security industry.

It only remains for me to thank, one more year, our shareholders, customers and employees for the trust they place on this company and reassure them of our commitment to build a more secure society.

**Christian Gut**  
Chief Executive Officer



# 1 Prosegur and its business model





Prosegur is one of the leading multinational companies in the private security sector and a company of reference for the last 40 years in every market in which it has a presence.

In 2016 Prosegur completed the transformation of its management model, now defined under the premise “**One Group, Three Businesses**”. This structure allows the group to provide the brand’s value, shareholder stability and specialized and efficient support units, while the three businesses gain independence and flexibility to operate and grow in those markets that are more favourable to the characteristics of each unit. The change has brought visibility to the value of each business independently and, more importantly, has allowed Prosegur to lay the foundations that are necessary to face future development with the best guarantees.

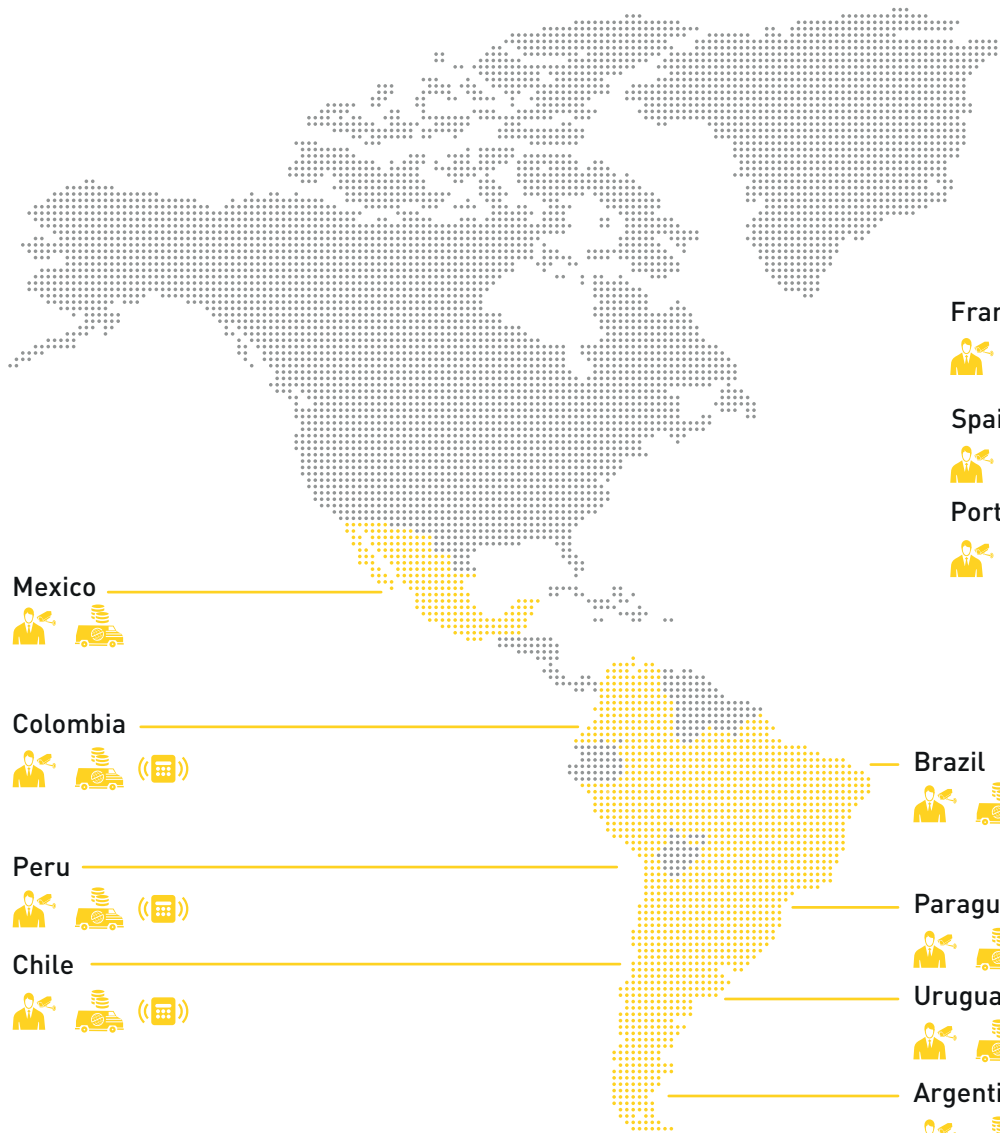
Prosegur’s three businesses are the following:

- **Prosegur Cash:** Provides services that range from the cash logistics and cash management to the outsourcing of high added value services. The activity of the company is mainly focused on the banking and the retail sectors.
- **ProsegurSecurity:** Provides services that are the result of combining the latest technologies and the best professionals. These services focus on specialization by sector of activity and are the result of the experience and knowledge of risk areas in the value chain of each business segment.
- **Prosegur Alarms:** Prosegur Alarms has a large portfolio of services that contribute to enhance the security of families and businesses. These customized security solutions include Smart Homes proposals, alarms with Triple Security or services such as response services upon any alert, mobile surveillance, medical alarms or alarms in mobile tele-assistance, among others.

Furthermore, as a response to the growing increase and sophistication of current cyber-attacks which can result in significant losses to businesses, we are developing **Prosegur Cybersecurity**, a new business line with a large portfolio of services focused on the prevention, detection and response to this type of incidents.

Prosegur, with a presence in **17 countries on five continents**, offers high value added services and has a prominent position in the private security sector in each market.





Mexico



Colombia



Peru



Chile



France



Spain



Portugal



Brazil



Paraguay



Uruguay



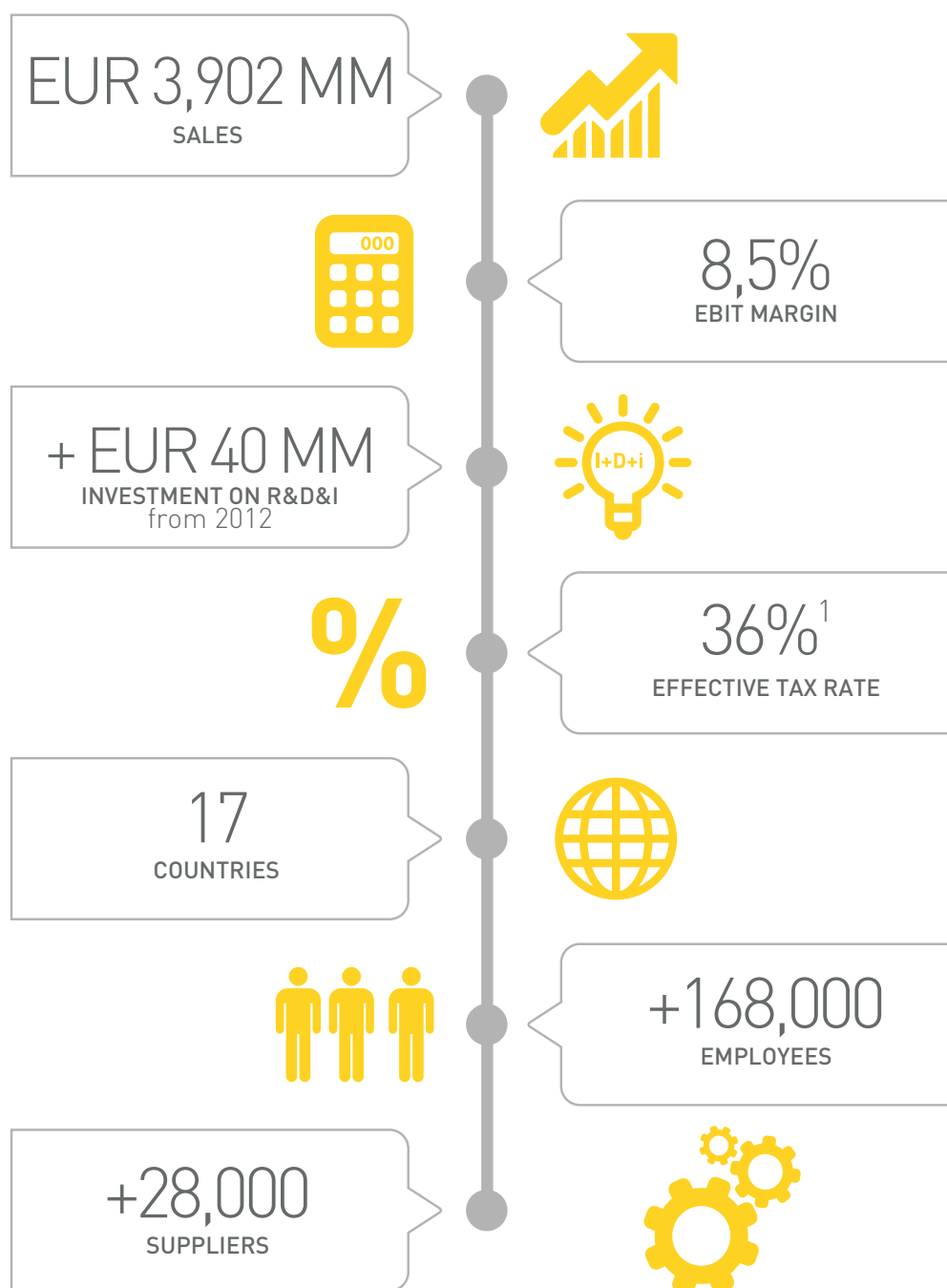
Argentina





 <p><b>PROSEGUR CASH</b></p> <p>Fleet of more than <b>9,000</b> VEHICLES</p> <p>More than <b>100,000</b> ATMs MANAGED</p>	 <p><b>PROSEGUR SECURITY</b></p> <p>More than <b>100,000</b> SECURITY GUARDS</p> <p>More than <b>5,000</b> CÁMERAS</p>	 <p><b>PROSEGUR ALARMS</b></p> <p>More than <b>425,000</b> ALARM CONNECTIONS</p> <p><b>9</b> ALARM RECEPTION CENTRES WITH GEOGRAPHIC REDUNDANCY</p>
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## 1.1. Main magnitudes in 2016



(1) Without including the impact of the corporate restructuring project

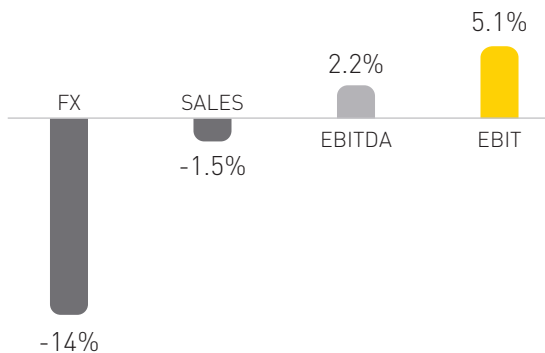
## Prosegur's economic and financial results

2016 has been a year of **steady improvement** in profitability for Prosegur, in which the company has managed to increase the margins obtained in 2015.

The company registered **sales** for EUR 3,902 million, which represents an increase of more than 12 per cent in local currency over the previous year. Even though, due to the unfavourable exchange rate, total sales decreased by 1.5 per cent compared to the previous year.

### OUTSTANDING IMPROVEMENT IN PROFITABILITY

Business figures



**EBITDA** stood at EUR 449 million, and would have reached EUR 458 million if the expenses associated with the corporate reorganization process that has been undertaken during the year were not taken into account. For its part, the business **EBIT** has risen by 5.1 per cent, totalling EUR 342 million. Prosegur has maintained its margins in Latin America by the implementation of the **margin protection measures** that had been previously implemented in Spain and Portugal, which have always been a part of its DNA. The

Prosegur has presented the results for 2016 in line with the estimates made at the beginning of the year, with a marked improvement in profitability through operational efficiency

company believes that this positive trend is structural nature and is sustainable over time.

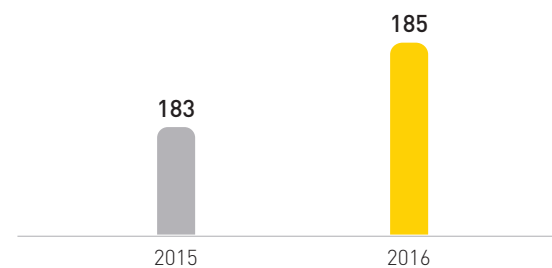
**Consolidated net profit** amounted to EUR 134 million and reached EUR 185 million if the expenses associated with the corporate reorganization process were not taken into account. The change to the new structure has involved 234 transactions and EUR 42 million paid in tax.

In the financial field it is worth noting that following the **evolution of the economic situation in Argentina**, Prosegur has repatriated funds totalling EUR 97 million. These funds were mainly used to distribute an extraordinary dividend at end of 2016.

For its part, total net debt in 2016 increased EUR 47 million compared to year end 2015,

### CONSOLIDATED NET RESULT

In millions of euros





mainly due to greater activity in the area of Mergers and Acquisitions, the distribution of the extraordinary dividend and the cost of restructuring. Thus, **total net debt** stood at EUR 637 million at the end of 2016. The leverage ratio remained at a reasonable level of 1.4 times Net Debt to EBITDA and the average cost of debt in the period was 2.7 per cent compared with 3.3 per cent in 2015.

Lastly, cash flow generation registered a positive performance thanks to the structural improvements that have been implemented. **Operating cash flow** increased from EUR 288 million in 2015 to EUR 318 million in 2016. These data represent an EBITDA cash conversion rate of 69 per cent, which is an improvement on last year's rate which stood at 64 per cent.

## 1.2. Mission, vision and values

### MISSION



To **create value for our customers**, our shareholders and society at large by offering an integrated and highly specialized security proposal in which cutting-edge technology and the talent of the best professionals play a critical role.

### VISION



To be the **global benchmark in security**, respected and admired as a leader, with the aim of making the world a safer place

### VALUES



- Proactivity** Exceed expectations by taking the initiative.
- Creation of Value** Generate economic value by contributing to a **safer world**.
- Customer Orientation** Work for our **customers**.
- Transparency** Earn the **trust and respect** of our stakeholders.
- Excellence** Doing things right from beginning to end, a permanent way of being, a **personal attitude**.
- Leadership** Respect and be respected. **Trust**.
- Team work** Commit to a **common goal**. The sum of us all
- Brand** Transmit what differentiates us, what unites us and what **represents us**

## 1.3. Good governance, ethics and compliance

Corporate Governance in Prosegur is built around three key principles: independence, transparency and protection of minority shareholders.

Prosegur defines its three principles of Corporate Governance (independence,

transparency and protection of minority shareholders) along the recommendations of the main **international institutional investors** and the recommendations of the **Unified Code of Good Governance** of quoted companies of the Spanish National Securities Market Commission.

### INDEPENDENCE



Prosegur aims to strike a **balance of power** in its governing bodies and, for this reason, as of 31 December 2016, more than half of the members of the Board of Directors and of the Executive Committee were independent, whereas in the Appointments and Remunerations Committee the percentage is 80 per cent and in the Audit Committee 100 per cent.

### TRANSPARENCY



Prosegur provides **up to date, accessible and quality information** to its stakeholders in the Corporate Governance section of its website and in its Annual Reports on Corporate Governance and on the Remuneration of Board Members.

### PROTECTION OF MINORITY SHAREHOLDERS



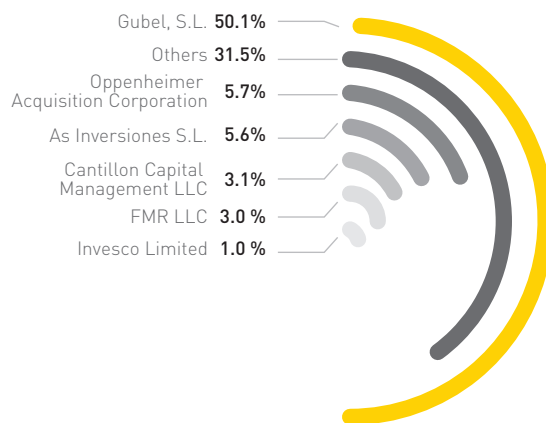
Prosegur is committed to the **creation of value and respect for the rights and interests** of minority shareholders.

## Ownership structure

The share capital of Prosegur Compañía de Seguridad, S.A. is **EUR 37,027,478**, represented by **617,124,640 shares** each with a face value of EUR 0.06, belonging to one same class and series.

All shares have been fully paid up and subscribed, and are traded on the Stock Exchanges of Madrid and Barcelona (Spain). Each share carries the right to one vote and **there are no legal or statutory restrictions on the exercise of the vote or on the acquisition or transfer of shares in the share capital.**

## SIGNIFICANT SHAREHOLDERS



## General Shareholders' Meeting

The General Shareholders Meeting of 2016 was convened on 27 April in Madrid (Spain). In addition to the usual matters dealt with at Assembly, such as the approval of the Annual Accounts, the distribution of dividends and the appointment and re-election of Board members, in the 2016 meeting other issues were brought up such as; amendments to

articles 24 (powers of the Board of Directors - only with regard to section 24.4), 26 (Appointments and Remuneration Committee) and 27 (Audit Committee) of the Bylaws to update and adapt the composition and regulation of these Commissions and ensure their compliance with the latest developments in legislations and good governance matters.

In addition, an **extraordinary meeting** was held on December 2, 2016, in which the Board approved the transfer or contribution of Prosegur Cash shares, including an offer to sell and/or subscribe shares within the framework of a potential IPO, and the approval of an extraordinary dividend.

## Board of Directors and Committees

The Board of Directors is the **highest governance body** of Prosegur, except on matters within the competence of the General Shareholders Meeting. This body holds the **power to represent** the company, acting as a collective body and on a majority decision basis.

The Board of Directors has two committees whose functions are further detailed in the Annual Corporate Governance Report of the company: **Audit Committee** and **Appointments and Remunerations Committee**.

The **Audit Committee** has among its basic responsibilities those of proposing the appointment of the auditor, reviewing Prosegur's accounts, supervising the fulfilment of the legal requirements and the correct application of the accounting principles.

For its part, the **Appointments and Remuneration Committee** formulates and reviews the criteria that must be followed

for the composition and remuneration of the Board of Directors and that of other members of the management team of Prosegur. It also regularly reviews the remuneration programs.

In 2016, the Board of Directors met in plenary meeting on ten occasions.

### Activity of the Board of Directors and the Committees in 2016

<b>Board of Directors</b>	10 meetings
<b>Audit Committee</b>	4 meetings
<b>Appointments and Remunerations Committee</b>	3 meetings

In accordance with what is established in the Regulations of the Board of Directors, in 2016 the Chairman organized and coordinated, with the Chairman of the Audit Committee and the Chairman of the Appointments and Remunerations Committee, the **periodic assessment** of the Board. As a result of these

meetings, an action plan was implemented to correct the deficiencies detected regarding the functioning of the Board and its Committees.

### Composition of the Board of Directors

On 31 December 2016, Prosegur's Board of Directors was formed by **eight members**: one executive member and seven non-executive members, four of whom are independent, two proprietary and one other external.

The responsibilities of the Chairman and the Chief Executive Officer are different and complementary. Prosegur adopts the requirements of the main international standards on corporate governance, which recommend the separation of roles.

The most significant **changes** in the **structure and composition** of the Board of Directors took place in April 2016; the cessation of two Board members, Mirta Maria Gieso Cazanave and Eduardo Paraja Quiron; and the appointment of Fernando D'Ornellas Silva who joined the Board of Directors as an independent external Board member.



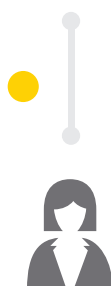
For more information, refer to Prosegur's Annual Corporate Governance Report ([www.prosegur.com](http://www.prosegur.com))

**Ms. Chantal Gut Revoredo**

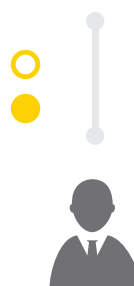
Director  
(Proprietary Director  
appointed by Gubel,  
S.L.)

**Ms. Helena Irene Revoredo Delvecchio**

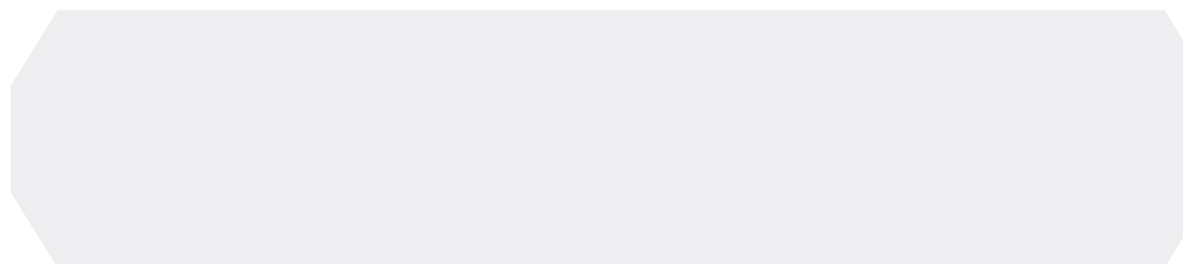
Chairman of the Board  
of Directors  
(Proprietary Director  
appointed by Gubel, S.L.)

**Mr. Isidro Fernández Barreiro**

Director  
(Deputy Chairman  
and Other External  
Director)

**Mr. Pedro Guerrero Guerrero**

Director  
(Independent Director)

**Mr. Fernando Vives Ruiz**

Director  
(Independent Director)

**Mr. Christian Gut Revoredo**

Chief Executive Officer  
(Executive Director)

**Mr. Eugenio Ruiz-Gálvez Priego**

Director  
(Independent Director)

**Mr. Fernando D'Ornellas Silva**

Director  
(Independent Director)

○ Audit Committee

● Appointments and Remuneration Committee





## Ethics and compliance

In the private security sector, **ethical behaviour and compliance with regulations is a critical issue** for several reasons intrinsic to the activity:

- Employees are often exposed to risk
- Large sums of cash and personal assets are managed
- Employees work not only to safeguard the integrity of customers but also to provide assistance and protection to society.

The company adopts a stance of “zero tolerance” with any irregular behaviour and understands that all its professionals must act **ethically** and respect the **fundamental rights** of all civil society actors.

With regard to **compliance with regulations**, Prosegur applies more demanding criteria than those established by law and works to ensure the establishment of the highest possible standards of compliance in its sector. Along these lines, rigour is essential in defining the mechanisms of **control and prevention** of irregular or illegal practices, especially in regions of greater risk.

Prosegur aims to become a benchmark in standards of ethics, integrity, respect for human rights and strict fulfilment of the regulations, both in its sector and in the business community at large.

### Corporate Compliance Program

Prosegur’s Corporate Compliance Program establishes control measures designed to attenuate or remove the risk of noncompliance with regulations in day to day operations. It covers any legal aspect that might entail a risk for Prosegur even though it focuses particularly on the prevention of **money laundering, data protection, defence of competition and prevention of crimes**.

The Corporate Compliance Program, approved by the Board of Directors, is overseen by the **Compliance Committee** which acts in an autonomous and independent manner and reports directly to the Audit Committee. This Committee is made up of representatives of the Legal, Economic-Financial, Human Resources, Risk Management and Internal Audit departments and a Compliance Corporate Officer.

The company also has **compliance officers in all of the countries** in which it operates. They are responsible for implementing the Program and for ensuring compliance with the regulations in force in each region, which is also monitored by a local Compliance Committee. In countries that have particularly restrictive regulations in certain areas, the company develops **specific regulatory compliance projects**.

In order to guarantee the right deployment of the Program in the day-to-day operation, **training courses** on the most important aspects are given to employees, senior managers and there are also specialized courses focused on those responsible for compliance.

## Code of Ethics and Conduct

The Board of Directors **approved in 2013** the latest version of Prosegur's Code of Ethics and Conduct. The document offers guidelines regarding the behaviour and good practices of all Prosegur professionals in the exercise of their duties and in their relations with third parties with regard to matters such as compliance with regulations, respect for human rights and equality and respect among employees.

The Code of Ethics and Conduct is a binding instrument that must be known, subscribed and met by **all Prosegur employees and members of its governance bodies**. Employees must also collaborate to facilitate



its implementation and to report through the Whistleblowing Channel all possible breaches of which they might be aware of.

To add its commitment to ethics and integrity to that of other international companies, Prosegur signed the “Code of Conduct and Ethics” of the Ligue Internationale des Sociétés de Surveillance and recognizes the “Code of Conduct and Ethics for the private security sector”, drawn up by the Confederation of European Security Services (CoESS).

### Whistleblowing Channel [G4-26]

In order to detect behaviours that are irregular, illegal or contrary to the Code of Ethics and Conduct, the company has its own Whistleblowing Channel. The channel allows anybody concerned, whether they belong to the company or not, to report said behaviour **safely and anonymously** on a form available on the website [www.prosegur.com](http://www.prosegur.com).

The Internal Audit Department deals with the communications received in a confidential manner and, depending on the subject and severity of each case, sends them to the Department responsible for its management, investigation and resolution:

Depending on the conclusions of the investigations, cases requiring action on the part of the company the **necessary measures** are taken in the meetings of the Audit Committee.

### Respect for human rights

In accordance with the **United Nations Universal Declaration of Human Rights**, security is one of the core fundamental rights of mankind. Prosegur, as a reference

in the private security sector, has the mission of guaranteeing this right, without prejudice to other equally important universal rights such as equality, liberty or the right to fair treatment.

In this regard, all professionals and employees of the company must refrain from infringing human rights of others, especially managers who, because of their position, have the additional obligation to take the lead and not hesitate to take a strong and clear stance on this matter.

This commitment is conceived as an **additional responsibility** to that of complying with the laws and regulations of the territories where Prosegur has a presence, in particular those in which the State’s capacity to protect human rights is limited or weak.

The company has worked to adopt the **principle of due diligence** to define the necessary internal control elements to help manage this issue. These cross-cutting factors allow Prosegur to claim that it does its best to encourage good practices and prevent, detect and eradicate human rights infringements and irregularities. In the framework of the company’s management system, Prosegur has established formal policies and procedures on human rights, amongst which the following can be highlighted:

- Policy on Corporate Responsibility approved by the Board of Directors on 24 February 2016.
- Prosegur’s Code of Ethics and Conduct: approved in the Board of Director’s meeting held on 28 October 2013.
- Policy on Occupational Health and Safety.
- HR 3P Decalogue.

- 3P Decalogue on Safety and associated policies.
- General Policy on discrimination and harassment claims.

- 3P General Procedure on the Whistleblowing Channel

To underpin this commitment, Prosegur has four basic principles of action:



Prosegur also declared its commitment to the United Nations Global Compact, an initiative designed to promote ten principles for business behaviour relating, among others, to human rights.

## 1.4. Strategy

Prosegur operates in a constantly changing environment. The company has new needs and must meet the new demands of its customers. For this, Prosegur deploys a strategy that it is fulfilling in a disciplined way. **The group's organizational change**, initiated in 2015, was undertaken so that the company could increase its focus on customers and operations.

This year Prosegur has completed the **transformation of its management model** by country into a management model by business, with a new structure.

### “One Group, Three Businesses”

With the aim of:

- Accelerating growth.
- Improving profitability.
- Increasing specialization.
- Improving efficiency in each business.

One of the main challenges of the new structure is to maintain synergies within the group and further **increase efficiency** in operations. Prosegur's results, quarter

after quarter, are clear evidence that the company is reaching the highest levels of quality and efficiency in all countries and in all businesses.

The new organizational model requires a transformation that involves simplifying the organization and promoting a more agile and efficient way of working. For this, Prosegur is launching campaigns that emphasize the need for this **cultural change**. In this sense, 2016 has been a key year to ensure homogeneous quality and efficiency standards in all countries. Undoubtedly, the **changes addressed** by the company have laid the foundations required to face the future challenges of its activity.

Prosegur draws up **three-year strategic plans** with a series of qualitative and quantitative objectives, always maintaining consistency with its long-term vision and flexibility to address unforeseen developments. At present, the company is implementing the **Strategic Plan 2015-2017**, structured in three strategic objectives. The table below shows the degree of fulfilment of these objectives:





OBJECTIVES	WHAT DOES PROSEGUR WANT TO ACHIEVE?	WHEN?	DEGREE OF FULFILMENT
<b>QUANTITATIVE</b>			
 Growth	<ul style="list-style-type: none"> <li>Focus on growth in new volume</li> </ul>	2016	
	<ul style="list-style-type: none"> <li>Strong commitment to the development and sale of new products</li> </ul>	2016	
	<ul style="list-style-type: none"> <li>Promote the specialization of managers</li> </ul>	2015	
 Management of indirect costs	<ul style="list-style-type: none"> <li>Simplify the decision-making process and create an increasingly agile organization</li> </ul>	2016	
	<ul style="list-style-type: none"> <li>Reduce the weight of indirect costs, in particular in the corporate business</li> </ul>	2016	
 Cash flow management	<ul style="list-style-type: none"> <li>Maintain the pace of cash generation and its conversion with respect to EBITA</li> </ul>	2015	
<b>QUALITATIVE</b>			
 Manage at branch level	<ul style="list-style-type: none"> <li>Continuously measure the quality level of services and customer satisfaction</li> </ul>	2016	
	<ul style="list-style-type: none"> <li>Offer a proposal of value more focused on the needs of the customer</li> </ul>	2015	
 Operational efficiency	<ul style="list-style-type: none"> <li>Complete the implementation of the corporate platforms in all Prosegur countries</li> </ul>	2017	
	<ul style="list-style-type: none"> <li>Continue with the Kaizen Project</li> </ul>	2015	
	<ul style="list-style-type: none"> <li>Continue to promote the Competence Centres implementing best practices in all countries</li> </ul>	2017	
 Management simplification	<ul style="list-style-type: none"> <li>Build a more agile, consistent and homogeneous Prosegur by simplifying processes and structures, which will result in better decision-making</li> </ul>	2016	



## KISS Project

An important part of the success of the Strategic Plan 2015- 2017 depends on whether Prosegur's turnover can continue to grow and the services offered to customers improve, while being able to increase profitability. Because of this, the company addresses its strategy with a clear focus on **efficiency** and on the **simplification** of tasks.

For this reason, in 2015 Prosegur launched the **KISS project**, Keep It Super Simple. The aim of this initiative is to make a cultural transformation to simplify the organization and promote a more

agile and efficient way of working, by defining the key processes of the company and continually reviewing its operation.

The aim of KISS is to make Prosegur a company more:

- **Simple:** facilitating all tasks and internal processes to add value.
- **Direct:** an efficient organization without duplication and result-oriented.
- **Quick:** working in a more agile, proactive and innovative way.

The following chart shows the evolution of the KISS project and its future prospects:

## ACTIVITIES UNDERTAKEN IN 2016

ON-SITE  
TRAINING

In 2016, on-site training has been provided in Spain and in Global Services. A course for Ambassadors of the KISS project has also been delivered.

## COMMUNICATION



In 2016, the project has been publicized in:

- Broken windows: Murals located at building entrances.
- Kiss formula: stickers displayed in common areas and screensavers.
- Efficient meetings: posters in meeting rooms.
- KISS Decalogue: flyers and posters in meeting rooms.
- Internal communication.

## INDICATORS



Ambassadors have gathered and reviewed individual action plans linked to on-site training.

## FUTURE PROSPECTS

DEPLOYMENT  
IN COUNTRIES

In the next few years, the KISS project will be implemented in the rest of the countries of the company.

ON-SITE  
TRAINING

Training courses intended for indirect employees in Spain, all General Services employees and all indirect employees and middle management in the countries.

ASSESSMENT  
OF THE  
EFFECTIVENESS

According to the expected development of the project, over the next few years the following results should be achieved:

- Identify and communicate new success cases.
- Monitor and analyse the measurement results.
- Evaluate the efficiency of the implemented actions.
- Involvement of sponsors and hierarchical superiors

## Project for the transformation of IT Operations and Infrastructure to support the competitive business strategy of Prosegur

The rapid evolution of Prosegur's business has highlighted the need to continuously update the technological systems. A significant change has been made by the operations and infrastructure area to adapt the response capacity to the speed required by the business.

In order to simplify processes and increase operational efficiency, the Information Technology (IT) team has undertaken the following projects in 2016 based on three main lines of work:

### 1. CHANGE OF THE ORGANIZATIONAL MODEL

Centralization of Infrastructures	Creation of a single centre of shared services between Spain and Argentina. This system has allowed Prosegur to take advantage of best practices and to create synergies and reduce by 30 per cent the resources of the area.
Network Operation Centre.	Creation of a single 24/7 Network Operation Centre (NOC) that provides service to all of the countries in which Prosegur has a presence.
Project Implementation Team	An agile team for the implementation of projects and deployment of new products has been created.
Service Desk.	Unification of first level support in a single Service Desk with global coverage.
Microinformatics	Concentration of microcomputer services in a single global provider.
COE Team	Creation of the COE Team with staff specialized on the different infrastructure architectures.
Centralized Management	The changes in production systems have been centrally managed, with an area exclusively devoted to this.
Automation	A significant investment has been undertaken for the automation of many tasks of the area. This has resulted in greater agility and a significant improvement in the quality of service provided.

## 2. INFRASTRUCTURE CONSOLIDATION

Consolidation of Suppliers	Local businesses have been replaced by global partners.
Centralization of Infrastructures	Most of the local systems have been replaced by five large regional data processing centres in Madrid, Sidney, Miami, Buenos Aires and Sao Paulo.
Creation of Back up Centres	Each region has a backup centre to replicate critical applications. In this way, the service downtime has been shortened and business process continuity has been facilitated. The recovery time objective (RTO) and recovery point objective (RPO) values have also been improved to complement the business continuity procedures defined by the company.

## 3. TECHNOLOGIES AND TOOLS

Modernization	Communication and security systems have been modernized to interconnect all countries and businesses with external customers.
Consolidation on Virtualization Systems	This important change has allowed to reduce costs in operations and maintenance contracts, as well as to limit energy consumption and make the infrastructure more ecological.
Management Tools	Implementation of unified management and collaboration tools to measure the health of services in order to meet the requested SLAs and anticipate in an agile and proactive way possible incidences.
Technological Change	Data storage systems with FLASH technology have undergone a major technological change, streamlining response times of business processes.
Implementation of VDI Technology	This type of system represents significant cost savings (80 per cent compared to traditional equipment) and offers significant advantages in terms of security, resource flexibility, device life or application upgrade, among others.
Automated Virtual Server Deployment System	Definition of an automated system for deploying virtual servers in all regional centres and public cloud from a single common platform.
SAAS Services application	SAAS services application in the public cloud for certain IT platforms, avoiding important investment expenses.
Microsoft Office 365.	Implementation of the Microsoft Office 365 system for mail and collaboration tools.
Centralization of Software	Centralization of software management and distribution for all the equipment of the company.

This project has been awarded the AUTELSI 2017 Award by the Spanish Association of Telecommunication Users and the Information Society, in the category "project or initiative for its technological innovation to improve productivity".

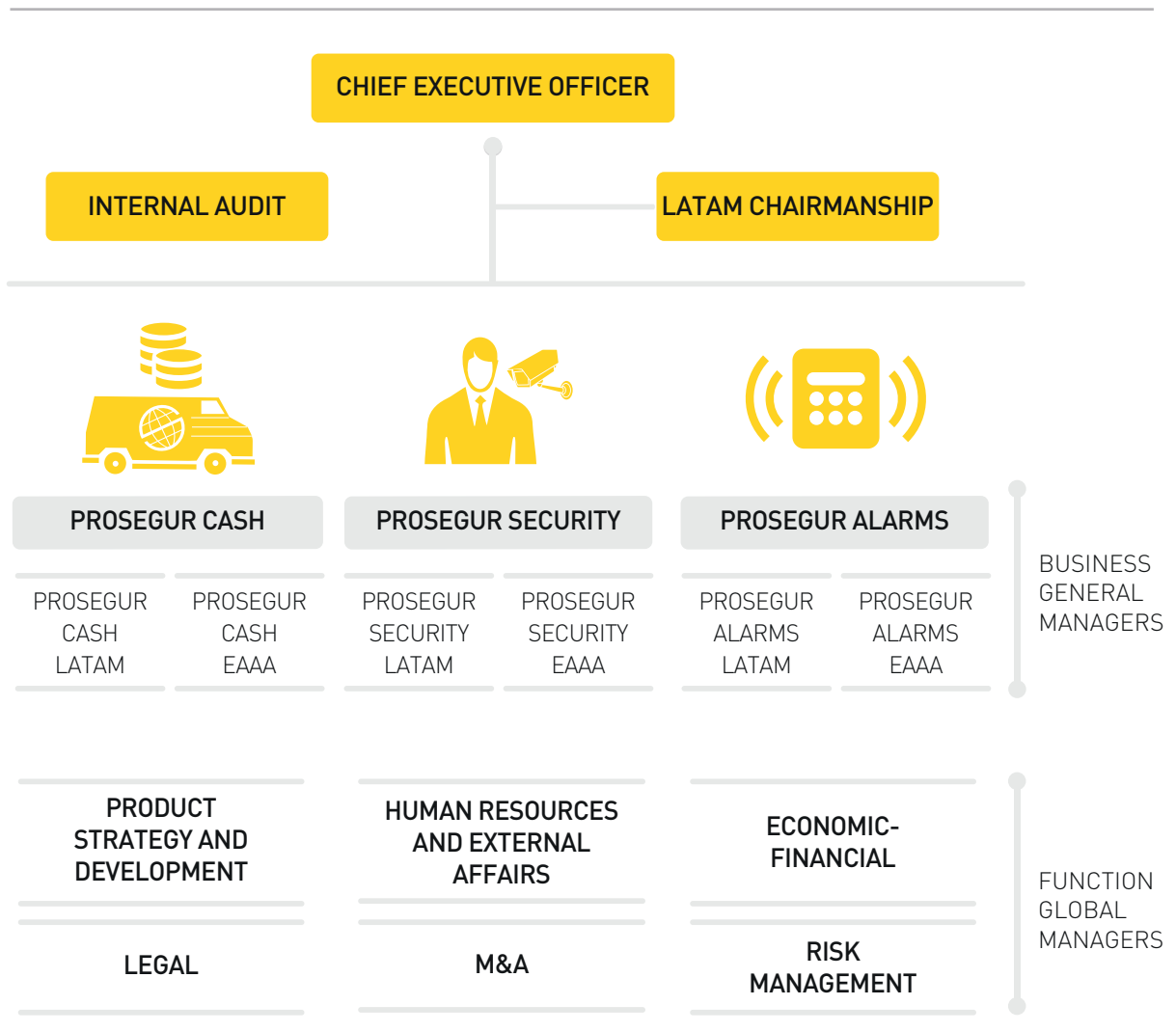


## 1.5. Management model

Prosegur's organizational structure is based on the **"One Group, Three Businesses"** model, which allows the growth of Prosegur as a group and provides the businesses – Prosegur Cash, Prosegur Security and Prosegur Alarms – with great capacity to adapt as each one of them has different dynamics and, therefore, different needs. In this way, Prosegur guarantees the best service wherever it operates.

In addition, the Global Support departments provide services to the different businesses of the group in the following areas:

- Economic-Financial
- Human Resources and External Affairs
- Risk Management
- Legal
- M&A
- Product Strategy and Development



## Policies, process management and service metrics

The 3P Management System, an acronym of **Prosegur's Policies and Processes**, is the formal management framework for businesses and support areas of the company. It has a common part with a global scope that is applicable to any business or country, which is complemented by specific policies and processes for each business and country, that reflect their activity and legal requirements as well as the specific requirements of customers in each market.

The 3P System develops the company's internal rules and methodology with a common language for services and processes and represents a genuine guide for the standardization and provision of services setting criteria and operational standards that comply with the required quality level, an efficient management of resources and the continuous improvement of processes.

The main **elements of the 3P System** are the following:

- **3P Policies.** Set standards or internal rules. Some of the global policies that have been implemented are customer relations, quality, corporate responsibility, occupational health and safety, environmental management, financial reporting standards and financial information reliability control, among others.
- **Customer Experience measurement procedures.** Prosegur's way of doing things includes customer experience management. An in-depth analysis is conducted and improvement decisions are taken based on customer satisfaction

The 3P System, Prosegur's Policies and Processes, reflects the company's commitment to offer the highest quality standards.

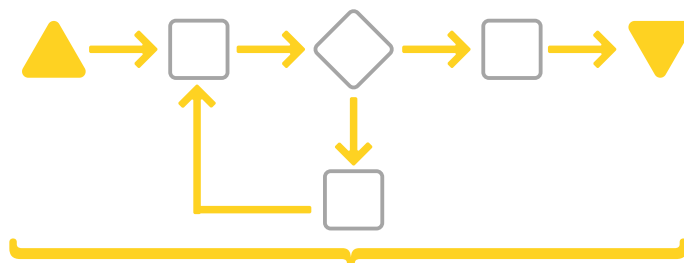
and recommendation results (NPS index or % promoter customers - % of detractor customers). The company uses global tools to gather continuous information, detect opportunities for improvement and act swiftly. Likewise, satisfaction of internal customers is also measured, to guide the improvement efforts of the services that the support areas provide to the teams of the different businesses.

- **Methods to facilitate process management and improvement.** Prosegur focuses on management effectiveness and efficiency of processes. The 3P System places special emphasis on documenting the key processes of each business in a "simple" and "practical" way and it promotes the use of process indicators by business teams to facilitate monitoring and ensure compliance with uniform service standards. The risk analysis of key processes drives the implementation of control measures and actions to achieve robust processes.
- **Customer Care Excellence.** Agility and effectiveness or responsiveness capacity are key in the relationship with customers and it is deeply rooted in all of Prosegur's teams. The 3P System reflects the continuous evolution of processes and excellence in customer service. Prosegur measures agility and effectiveness both in responding to customer requests and in managing complaints and claims.

## 3P PROCESS MANAGEMENT FRAMEWORK METHODOLOGY 2.0



Maps that identify Key Processes of businesses and those of support areas  
(Under each business/support area Number of Key Processes at the end of financial year 2016)



### Documents of Processes:

#### General Process 3P (PG 3P):

Describes the purpose of a process, identifies the owner and the sequence of activities or operations that have to be followed. "What" and "Who"

#### Standard Work (SW 3P)

Visual work instructions that establish "How" a specific activity should be carried out provided that it has to be documented to avoid adverse effects in the quality and/or efficiency of the service.

#### Process indicators (KPI's):

To monitor process performance and guide continuous improvement

- **Continuous Improvement.** The 3P System is a true reflection of Prosegur's commitment and actions related to innovation and improvement. In addition, Prosegur provides a framework or baseline that guides and supports the improvement efforts focusing on what the customer needs. In addition, it helps to justify the need for improvement, evaluate the effectiveness of the efforts made and sustain over time the improvements achieved.

### Certifications

The 3P Management System is certified by external and independent entities to verify that Prosegur meets international and/or local standards. These certifications are

evidence supplied to customers by third parties confirming that the company meets the required standards. The heads of each global or local business determine, depending on customer or market requirements, which certifications they must obtain.

The 3P System complies with and has been granted, among others, the following international certifications: ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 22301 Business Continuity System, EN 16082 Airport Security Services, ISO 27001 Information Security System, ISO 28001 Security Management System for the Supply Chain and OHSAS 18001 Occupational Health and Safety Management System.

## 1.6. Risk management

### Prosegur's Risk Management System

Prosegur's Risk Management System enables the company to identify and assess the most critical aspects and monitor its management through key risk indicators.

- **Identification and prioritization of critical risks** is performed on an annual basis in accordance with a model that takes into consideration, above all, the risks linked to Prosegur's main corporate and business objectives
- **The risk assessment procedure** using key indicators is based on identifying relevant parameters (indicators) that provide a reliable measure for the management of each risk. Indicators are selected on the basis of the following criteria: (i) that they can be applied consistently in all

countries; (ii) that they allow comparisons to be made over time and between countries; and (iii) that they enable those responsible to assess risk management and anticipate failure to comply with objectives that are relevant for Prosegur.

- Depending on the type of risk and its relevance, the senior management team of Prosegur and those directly responsible for risk management establish the appropriate procedures to **prevent, detect,**

Prosegur considers that risk management is a key factor for ensuring the sustainable growth of the company. For this, it has implemented a robust system both at the corporate and operational level in each country.

**correct, mitigate, compensate or share** the effects of a possible materialization of risks.

- The **Corporate Risk Committee** periodically reviews and analyses risk management and control results and reports its findings to the **Audit Committee**.

The maximum responsibility for risk management and control, including tax risks, falls on the **Board of Directors**. The Board is also in charge of supervising internal control and information systems.

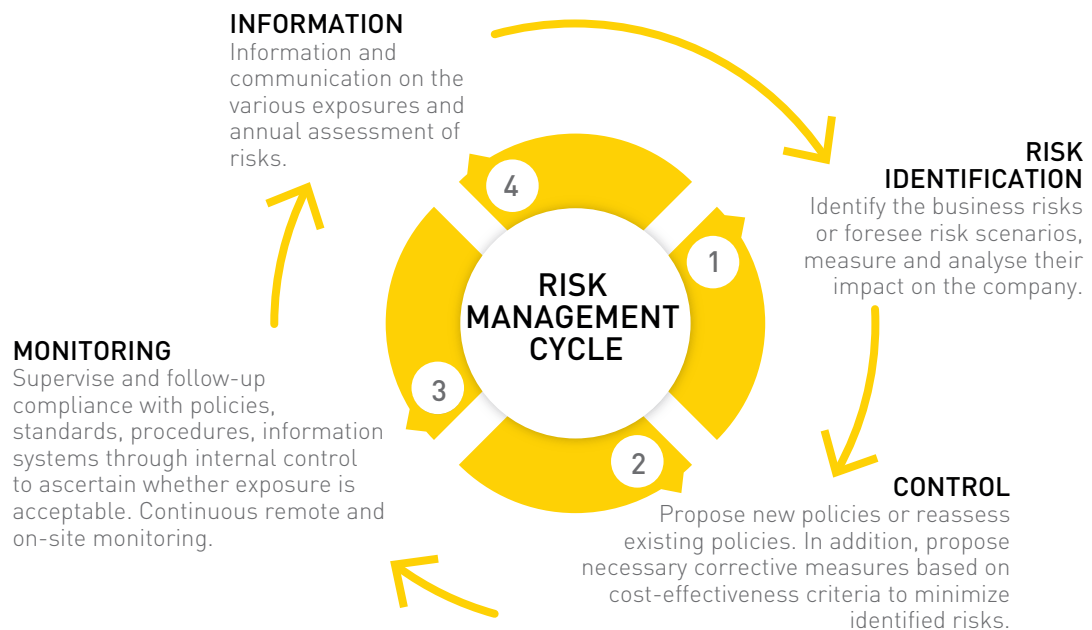
The **Audit Committee** is in charge, among other duties, of supervising the efficacy of the internal control and risk management systems of the company, assess their adequacy and integrity

and review the appointment and replacement of those responsible.

Prosegur's Risk Management System works in an integral and ongoing way. Risk management is consolidated by area, business unit, activity, subsidiary, geographical area and support area at the corporate level. This system is based on the **COSO Standard** (Committee of Sponsoring Organizations of the Treadway Commission), and is complemented by other standards such as Basel III, inherent to the financial industry, and the ISO 31000 standard.

*For additional information on Prosegur's risk management system refer to Prosegur's Annual Corporate Governance Report ([www.prosegur.com](http://www.prosegur.com)).*

## RISK MANAGEMENT CYCLE





## RISK FACTORS

## RISK

**REGULATORY RISKS**

Regulations on private security, workplace and social security regulations, tax regulations, regulations on arms control, regulations on capital markets and anti-money laundering regulations.

- Greater intervention by governments and regulators.
- Risk of non-compliance with applicable laws.

**BUSINESS RISKS**

Decrease in the demand; prolonged reduction of cash use, highly competitive markets, aggressive pricing policies, relatively low entry barriers.

- Circumstantial reduction in the demand for security services.
- Operations in highly competitive markets.
- Not reaching forecasted results in alarms.
- Inadequate management of indirect costs.

**REPUTATIONAL RISKS**

Real or perceived incidents that affect its ability to operate in an ethical, responsible and safe fashion.

- Negative publicity about Prosegur.

**OPERATIONAL AND TECHNOLOGICAL RISKS**

Interruption or failure of communications, unauthorized access to information systems, security breaches, data loss, operative errors, incidents involving assets or lost cash.

- Loss or theft of proprietary information or confidential information of customers.
- Failures or incidents in IT infrastructure.
- Incidents involving assets under custody or lost cash.

**FINANCIAL RISKS**

Interest rate risk, exchange rate risk, counterparty and fiscal risks.

- Cash generation or cash management.

## MITIGATION STRATEGY

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- Diversification of business in differentiated markets.
- Corporate Compliance Program.
- Independent processes of due diligence.

- Business diversification in differentiated markets.
- Development of new value added products and services that differentiate Prosegur from the competition.
- Increase Prosegur's brand recognition.
- Operational efficiency measures.

- Detect potential irregularities through the Whistleblowing Channel.
- Prevent non-compliance by means of the Corporate Compliance Program.
- Independent due diligence processes.

- Global logical security policies.
- Monitoring the processes of controlling and monitoring traceability of the transport, handling and storage of cash operations.
- Independent assistance in claims or differences arising in the cash management activity..
- Identification of best practices.
- Drawing up policies and procedures on physical security that minimize potential losses.
- Implementation of business continuity policies and recovery plans.
- High quality and reliable insurance coverage.

- Dynamic analysis of exposure to interest rate risk exposure.
- Simulation of several scenarios depending on refinancing, renewal of present positions, alternative financing and coverage
- Calculation of the effect of a certain change in the interest rate on the result.
- Natural hedging policy.
- Customer risk assessment.
- Monitor on a monthly basis the credit status of customers and application of valuation adjustments.
- Financial operations are carried out with rated entities. Financial transaction framework agreements are entered into (CMOF or ISDA).
- Define the counterparty risk limits.
- Periodic publication of the updated credit limits and levels.

## Management of key risks

Prosegur devotes significant efforts to the management of **operational and regulatory compliance risks** given their potential impact on the commitments undertaken with stakeholders and, specifically, with customers and employees. Prosegur applies a risk management approach that covers all the areas of activity of the company, through a strict control of three pillars: infrastructure, processes and people.

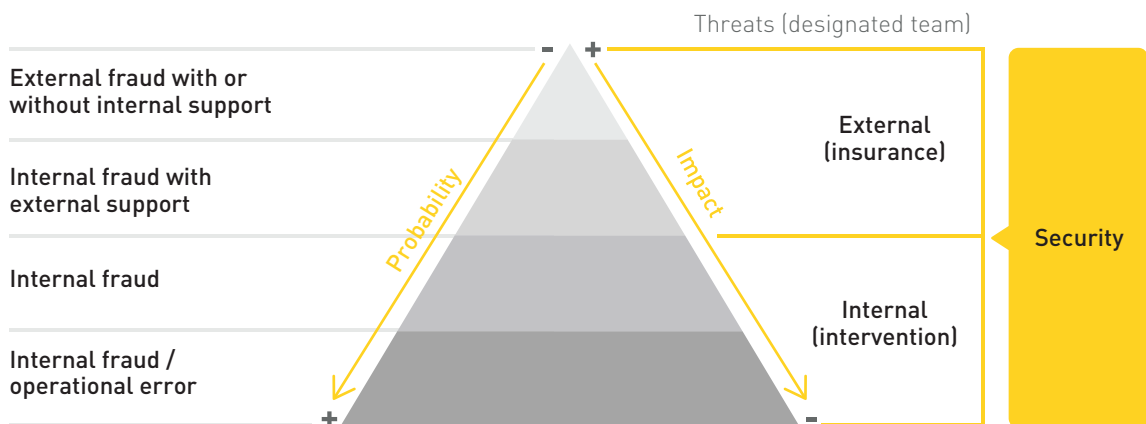
To improve risk management efficiency, the company has a **Risk Management Global Department**, an area which, by its **structure and organization**, represents a competitive advantage in the management of risks compared to other companies in the sector. This department provides the organization with the necessary tools to **efficiently manage the risks** associated with the safety of operations. It also provides the necessary tools to ensure that the **standards and procedures** defined by the

company are upheld and to ensure compliance with national regulations.

With a corporate structure located in Madrid (Spain), the Directorate comprises **three departments** with regional and national representation: **Security, Intervention and Insurance**. The integration of these three departments into a single Global Directorate maximizes the efficiency of operations at the lowest cost thanks to the **in-house specialists** that share common procedures.

The **Security Department** is responsible for managing risks and legal compliance relating to security matters. In addition, it acts as a second line of defence of the organization as it actively participates in the development and execution of business operations in security matters. This department has an important number of experts, distributed in four global support areas: Intelligence, Information Security, Security at Operational Sites and Facilities, and International Tactical Training Team.

## RISK APPROACH



Security model based on risk management and strict control of infrastructure, procedures and people.





In 2016, it is worth noting the work performed by the International Tactical Training Team. With its headquarters in Argentina, this team has further advanced the standardization of the execution of the security operations of the company. Furthermore, it has provided training to more than 1,000 armed security guards in charge of transporting valuables of Prosegur Cash business in Brazil and has developed and implemented new security devices for the protection of the valuables in custody in the security vaults of the company in this country. Lastly, this team is responsible for the examination of services considered of risk from a Remote Control Centre.

The **Intervention Department** is organized in two units: Intervention and Loss Control. Both monitor on site business operations (balance audits of valuables in custody, operational controls, security in operations and security of facilities and compliance with legal regulations), and the remote monitorization of daily cash balances of all branch offices, minimizing operational losses of the Prosegur Cash business. In addition, it is responsible for reviewing operational procedures of the Prosegur Security and Prosegur Alarms businesses and special corporate audits (purchases, fleet, and others).

In 2016, the Intervention Department has conducted 302 operational verifications, 359 cash balance audits in vaults for Prosegur Cash business; 109 operational reviews for Prosegur Security business; reviews of the entire

business of Prosegur Alarms in 6 countries; and 12 corporate audits in the procurement area in various countries and businesses.

It is also worth noting that the implementation of the balancing and accounts closing tools that allow the Loss Control Units to remotely monitor customer certifications and accounting closures of all the branches of Prosegur Cash in Latin America and Europe was also completed this year. Similarly, the risk control and management model was launched to further coordinate the Intervention department and the Loss Control Unit, prioritizing its actions in high risk branches. Lastly, a pilot project on an analysis system (exceptions) on the Oracle purchase process was developed and implemented in six countries. The objective of this project is to detect bad practices, errors or risks that could have an economic impact on the company.

Lastly, the **Insurance Department** identifies and controls operational risks to subsequently determine the basis and guidelines for their insurance and the management derived from the same, always making sure that it has the minimum impact on the P&L. The Department has established insurance programs to take out **insurance policies at corporate and local level** with first level insurance companies. These policies cover a wide range of risks: employee risks, direct and indirect risks arising from Prosegur's activity and risks affecting items under property, plant and equipment.



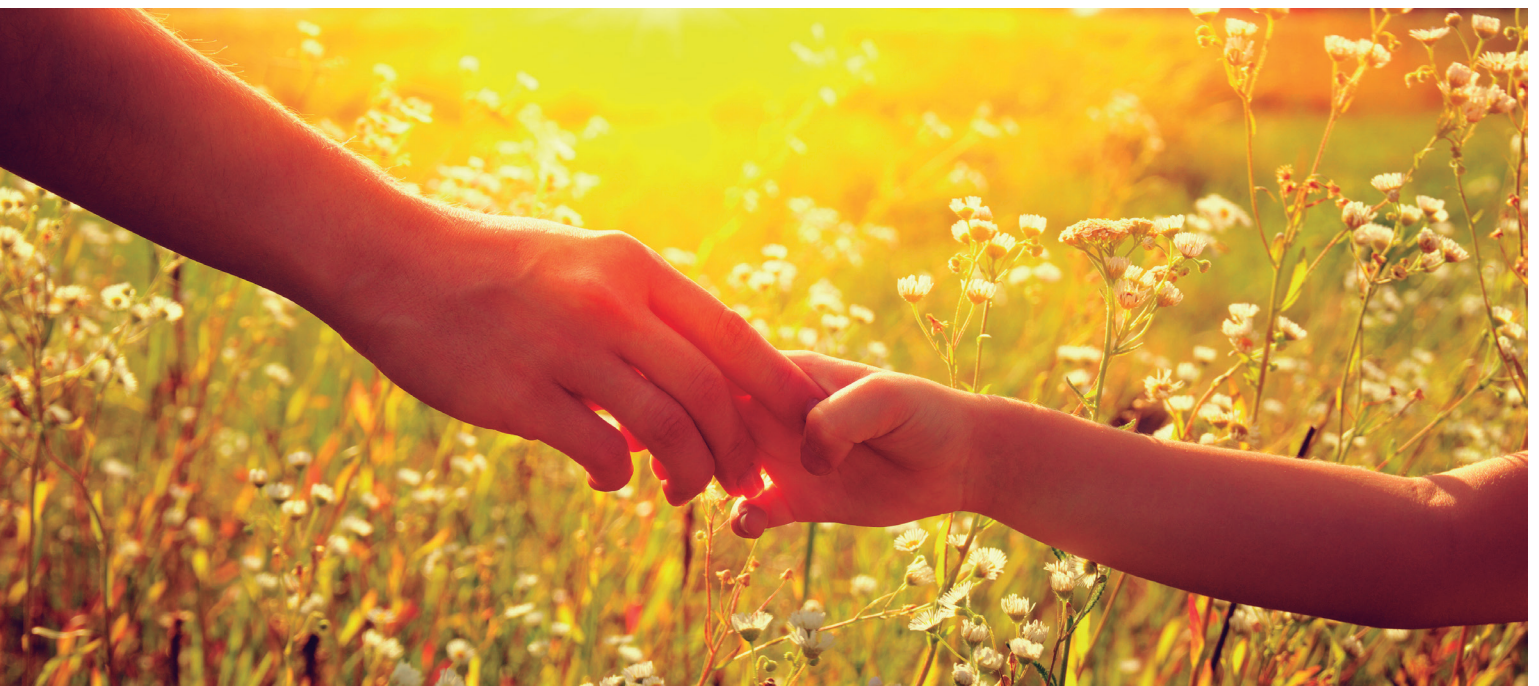
## 1.7. Environmental management

Prosegur pays special attention to ensuring **compliance with current legislation and continuous improvement**. To do so, it identifies the international, national and local rules and regulations applicable to each business activity. Prosegur ensures compliance through policies and procedures of the **3P Management System**. The company fosters and encourages the fulfilment of the requirements set forth in the ISO 14001 Standard and its certification.

However, Prosegur not only complies with environmental standards but is also embarked on a process of continuous improvement, especially as regards the environmental aspects that are most relevant for the company. Prosegur's principal environmental impact is related to the greenhouse effect gas emissions produced by combustion in

Prosegur Cash's fleet of armoured and other vehicles. To mitigate this impact Prosegur strives to increase energy efficiency and has adopted a policy for the progressive withdrawal of armoured vehicles and the replacement of some of its operative vehicles with electric and hybrid vehicles and vehicles driven by cleaner energy such as liquid petroleum gas (LPG), vehicular natural gas (VNG) or ethanol.

Similarly, and in line with the efficiency policies adopted in other areas, Prosegur makes a responsible consumption of materials and tries to reduce waste generation. Also, in order to ensure that the efforts made in this field are complemented by appropriate actions on the part of employees, Prosegur's offers online and onsite training modules on **environmental awareness**.



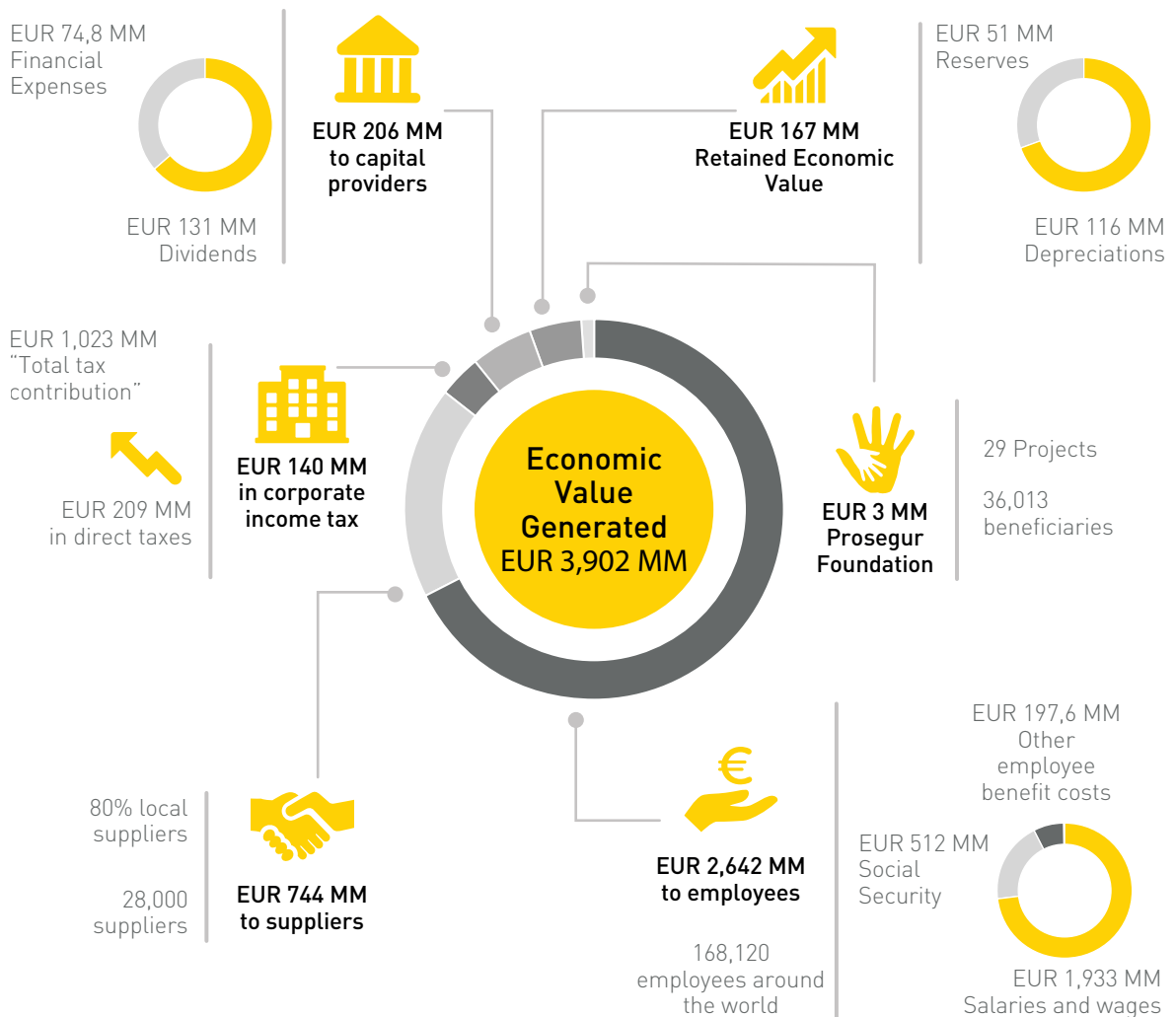
# 2 The value of a group





Prosegur generates economic and social activity. 97 per cent of the economic value generated is distributed among its three main stakeholders; employees, suppliers and public administrations. The company assumed more than EUR 2,600 million in

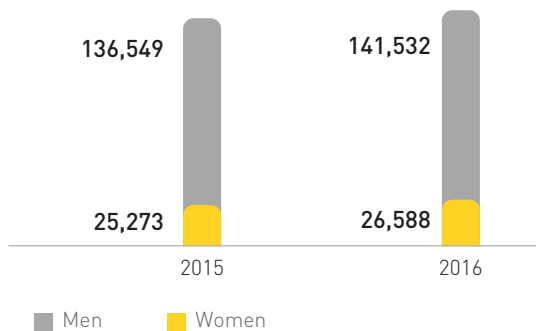
employee benefits and destined more than EUR 700 million to its network of suppliers. These data are a clear demonstration of the positive impact of the company in the countries in which it carries out its activities. [G4-24] [G4-25]



## 2.1. Employees

Prosegur is aware that its best resource are the professionals who make up its team. For this reason, it guarantees **observance of obligations concerning employment and social security**. In this period, the company destined **EUR 1,932.7 million** to wages and salaries and **EUR 511.9 million** to social security contributions.

### EVOLUTION AND GENDER COMPOSITION OF STAFF



As of 31 December 2016, Prosegur had a team of **168,120 people** around the world. This figure represents an **increase of more than three per cent** on that of 2015.

In 2016, the **percentage of women** continues to rise steadily and has already reached **15.9**

Prosegur has more than 168,000 employees in different regions, so it contributes to job creation and has a positive impact on the environments in which it operates.

**per cent** of the total workforce, up by 9 points over the previous year.

### Professional development and effort recognition

One of the main reasons Prosegur has positioned itself as a worldwide reference in the security industry is its excellent staff selection process. As security is a critical issue in organizations and the security professionals provide their services in the premises of customers, the employees of the company must display trust and responsibility. For this, when searching for the best professionals, Prosegur not only undertakes to guarantee the efficiency of its professionals but also their honesty and responsibility and ensures they are emotionally balanced and psychologically mature.

For this reason, the company works on the continuous improvement of the selection processes, with the aim of identifying precisely, with as many details as possible, the suitability of a person for a job within the company.

Also, to enhance communications between employees and the company, the internal communication channels have been reinforced. An effort that has been especially intense in recent years and has materialized in the new corporate intranet and through strategic presentations.

### Employee Training

Prosegur, as a reference in the security industry and given the importance of the

work it performs, offers quality employment and the **qualification and specialization of its employees** is one of the main factors that differentiate the company from others in the sector.

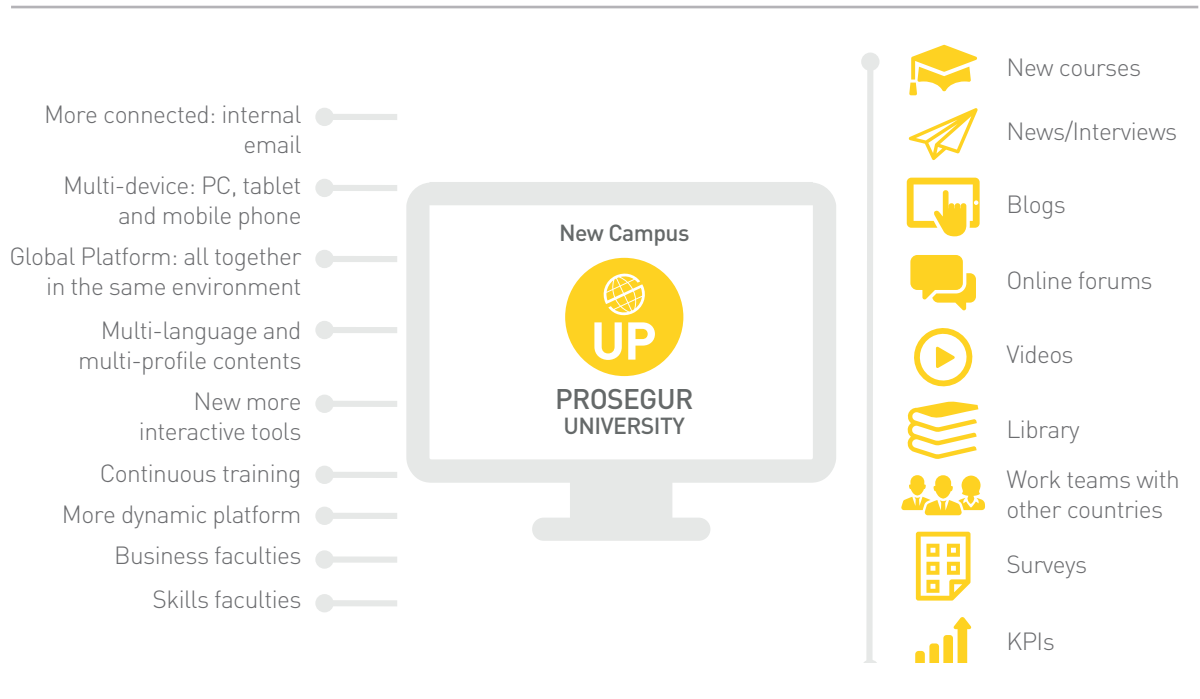
In 2016, total training hours amounted to **1.8 million**, with an average of **12 hours of training per employee<sup>2</sup>**. Training of operational employees accounts for 91 per cent of the hours; training mostly focused on the Code of Ethics and Conduct, occupational risks, arms training and the professional security career.

The Prosegur University is a **virtual space** created in 2006 for sharing knowledge between employees, experiencing the values of the company, developing talent and increasing specialization through a common

culture. For this, Prosegur offers through an online platform, a **differentiated and homogeneous catalogue** of training courses as part of the professional development plans for employees.

At the beginning of 2016, Prosegur University was available for employees in nine countries (Argentina, Brazil, Chile, Colombia, Spain, Paraguay, Peru, Portugal and Uruguay). In 2016, it has also reached operational employees in **Peru and Colombia**, structure employees in **Mexico and Singapore** and a pilot project has been launched with the Human Resources department in **France**.

The migration to a new platform of Prosegur University was successfully completed this year. The following communication and training objectives have been included:



<sup>2</sup> It does not include India

Last year more than **24,000 employees** accessed the campus, which represents 30 per cent of those with authorization. Each employee that has logged into the platform has received an **average of 10.1 hours of training**.

The objectives of Prosegur University for the coming years are:

- **Extend the platform** to other countries.
- **Enhance the impact.** Share best practices among countries, monitorize the use of Prosegur University and set impact objectives in the business and support units.

### Commitment to talent

Prosegur actively promotes the **professional development** of its employees and to do so, facilitates in-company promotion and upward mobility of every worker and recognizes and **rewards excellence** in the performance of their work.

Among others, the company has a tool to promote the professional development of its employees; **Prosegur's International Opportunities Program (iPOP)**. This program is a strategic lever for **talent management** and transparently and objectively fosters **internal promotion** with four principal goals:

- To promote **professional development** in the organization.

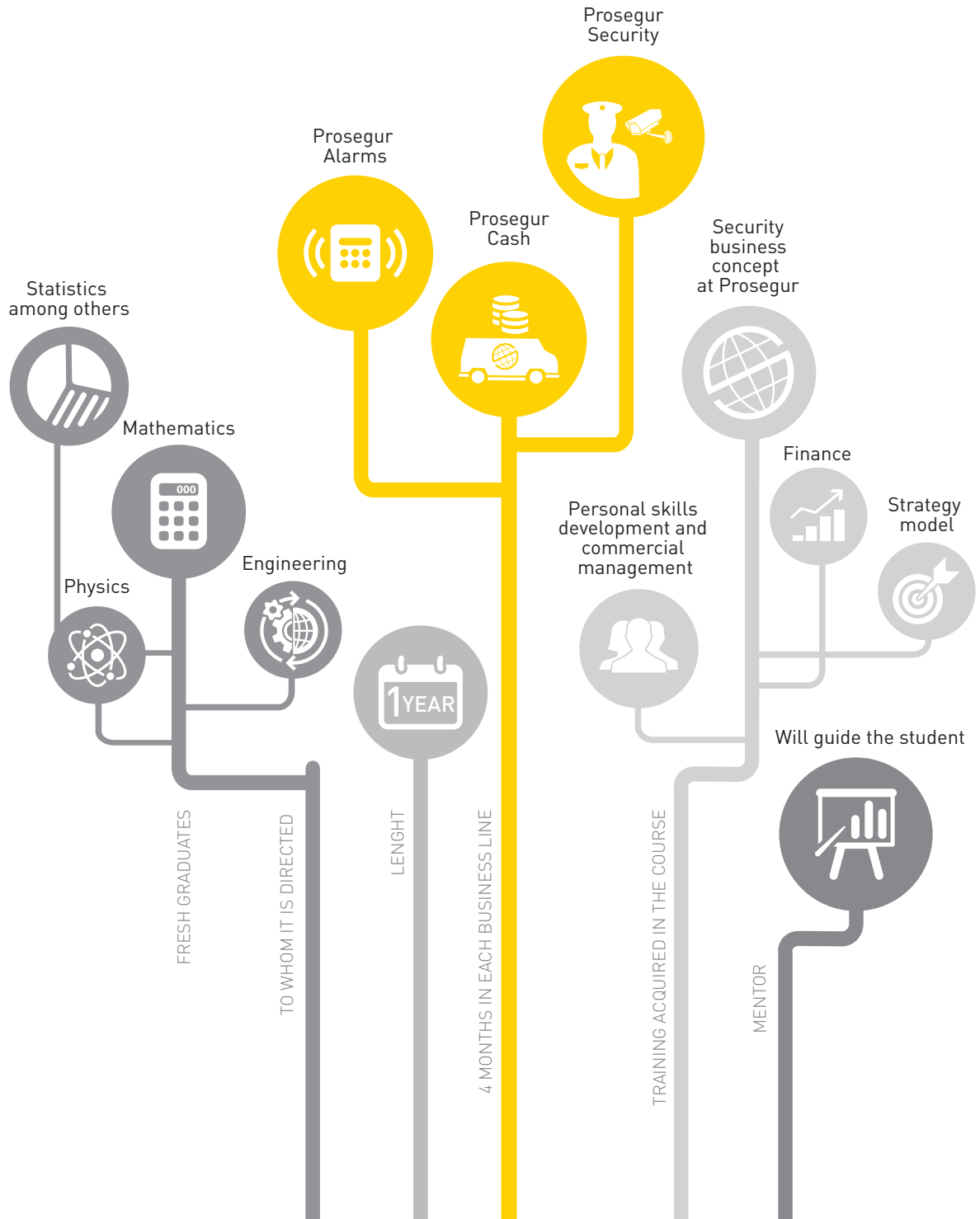
- To reduce turnover of staff and increase **commitment** to the company.
- To **motivate and retain** people with talent.
- To **reduce recruitment costs** in the organization.

In addition to placing special emphasis on the training and internal development of its employees, and on attracting talent, Prosegur has signed **collaborative agreements with leading universities and business schools**, to train future professionals from within and outside of the security sector.

This is evidenced by the second **Continuing Education Course on Security Management** launched by Prosegur and the Universidad Complutense of Madrid. A course given by Prosegur in collaboration with the Centre for Management Studies of the Universidad Complutense of Madrid that aims to offer advanced training with a high differential value to students who, after the course, will work as security managers for the company. This course represents Prosegur's commitment to training and it ensures that the company remains at the forefront of providing value added services to customers.

Another new feature in the field of training and talent attraction is the **Technical Talent Program**, which promotes the hiring of young technically oriented professionals. In 2016 Prosegur launched the second edition of this project with a more ambitious approach.





TECHNICAL TALENT PROGRAM

## Integration of people with intellectual disabilities in the labour market

For years the Prosegur Foundation has been promoting the integration of people with intellectual disabilities in the labour market, offering them a more stable future through employment. In Prosegur's most representative branch offices a Plan for the Integration of People with Intellectual Disabilities in the Labour Market has been implemented and each year new professionals with intellectual disabilities have become part of the staff in different countries. The aim is the full integration of the employee with disabilities in the company.

### Labour Relations [G4-26]

Prosegur manages labour relations with local flexibility, taking into account the particularities of each market and, above all, the specific legal regulations in force in each country. In accordance with the Universal Declaration of Human Rights and the laws applicable in the countries in which it operates, the company respects and upholds the right to freedom of association and the right to collective bargaining of its employees.

For Prosegur, dialogue with trades unions is a basic and constant premise. The company holds periodic meetings with all legitimate workers' representatives in the countries in which it is present, to listen to them, share information and seek common goals. In fact, the company's employees are represented by more than 200 trade unions, there are approximately 1,500 union delegates and almost 20 per cent of Prosegur's employees are members of trade unions. In addition, it has signed more than 180 active and valid Collective Agreements in these countries, which cover more than 80 per cent of all of its

employees. These figures are higher than the average of the main companies in the sector.

In accordance with the provisions laid down in the Community Directive 2009/38/EC and Law 10/1997, in 2014 Prosegur established a European Works Council. This body promotes transnational cooperation between the company and the workers' representatives and develops a constructive dialogue at European level. In this way, consultation is promoted and transnational information is shared between companies and workers.

For the fourth consecutive year, the members of the Works Council, composed of members of the following trade unions; UGT,CC.OO. and USO (Spain), Ver.di (Germany), CGT (France) and STAD and SITESE (Portugal), have worked together to consider a number of economic and social issues of a strategic and transnational nature affecting the company's staff in Europe.

### Occupational health and safety

Prosegur's policy in the field of occupational risk prevention is in line with industry standards. It invests in specific training and improvements to ensure that employees work in safe environments and provides them with the best equipment with the latest technological developments.

- **Training:** Learning is essential to establish a strong culture of occupational health and safety among employees that also promotes their individual responsibility.
- **Monitoring and follow up:** Prosegur has tools that allow a thorough monitoring of accidents and incidents. This work methodology allows a specific assessment of the safety and health conditions at various levels (business, branch, type of activity, etc.). In addition, Prosegur has occupational health and safety committees



the purpose of which is to regularly and periodically examine the actions on prevention of occupational hazards.

- **Technological Innovation:** Prosegur provides its employees with the best available technologies and the company's innovation effort to address risks inherent to their work, and thus deter external threats.

The objective of the company is to reach "zero accidents" despite the intrinsic difficulty posed by the type of services it provides. Thanks to the occupational health and safety effort made on 2016, the company has managed to maintain a rate of 0.7 fatalities per 1,000 employees, which is similar to that of the previous year. This figure is equivalent to that of the main companies in the security industry around the world.

### Training on Health and Safety

One of the reasons for the continuous improvement of the health and safety indicators in 2016 is the **training provided on this subject**. With this training, Prosegur has managed to develop

and improve the attitudes of professionals to address the occupational risks they face in their daily work.

In 2016, **141,956 training hours** on health and safety training were delivered, **24 per cent more than in 2015**. Health and Safety training mainly consisted of:

- Specific modules for **operational employees of Prosegur Cash** on matters such as personal defence, emergency situations, protection against explosive devices and recognition of explosives, weapons and dangerous objects.
- Training through the **Prosegur University**.
- Modules on Occupational Risk Prevention in **welcome training courses** for operational employees.
- Modules on Occupational Risk Prevention in **continuous training specialization courses**.
- E-learning courses on the corporate **Intranet** for security guards, control auxiliary personnel, telephone receptionists, counting personnel and office staff.

## 2.2. Suppliers

Prosegur has commercial relationships with more than 28,000 suppliers around the world for the procurement of the following materials or services:

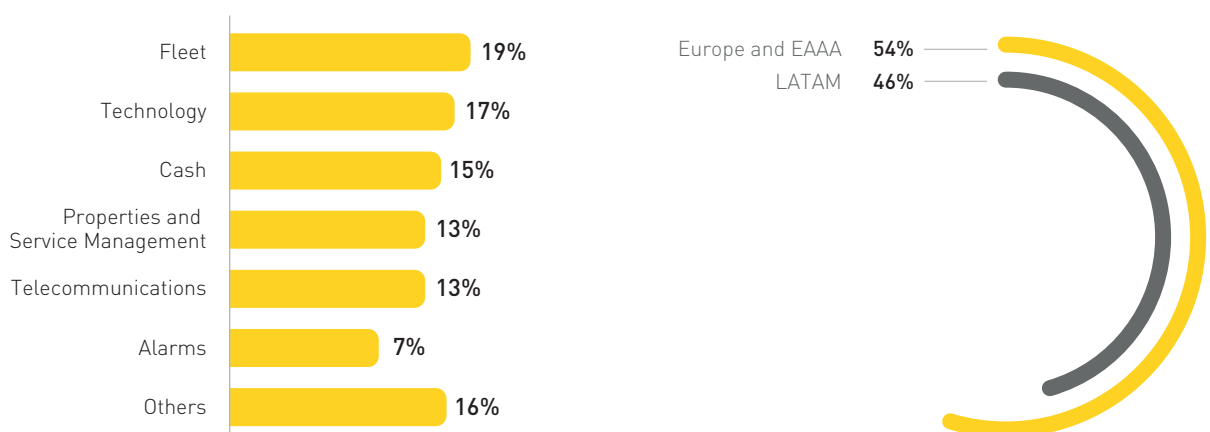
- Fleet: fuel, armoured vehicles for the transport of cash, operating leases and maintenance of vehicles.
- Technology: technological equipment and service outsourcing.
- Machines, material components for operations and maintenance for the Prosegur Cash business.
- Properties and Service Management: leases, construction, cleaning and

maintenance, trips and others.

- Telecommunications: devices, software, hardware and technical support.
- Material components for the Alarms business.
- Uniforms and equipment of operational staff.
- Other services: external advisors, marketing and training.

In 2016, total procurement expenditure amounted to **EUR 744 million**<sup>3</sup>, distributed by procurement type and by geographical region (Latin America and Europe and Rest of World (EAAA)) as shown in the following chart:

### PURCHASES BY PROCUREMENT TYPE AND REGION



<sup>3</sup> Figures for purchases from commercial suppliers. It does not include "other operating expenses".



The company has an approach of prioritizing collaboration from local suppliers, something which is fundamental in creating value in the country in which it operates. The purchasing expenditure of 2016 therefore went by more than 85 per cent to local and regional suppliers in most countries, a figure which exceeded 90 per cent in Brazil (95 per cent) and Peru (92 per cent).

### Supply chain management

Prosegur has a **General Policy within the 3P Management System** which standardizes the management of the procurement of goods and/or services in all of its areas of operation,

regardless of whether more restrictive criteria are applied in certain regions or countries.

The company also establishes that the **selection** of its collaborators must be **independent, objective and transparent**, aspects which must be reconciled with the company's interest in obtaining the best possible commercial conditions. The **Code of Ethics and Conduct** expressly prohibits the contracting of suppliers involved in cases of fraud, corruption or other crimes.

All the suppliers of the company must observe its Code of Ethics and Conduct from the moment they enter into an agreement





with Prosegur. Furthermore, Prosegur has an **internal procedure of action** that determines the steps to be taken if there is a **conflict of interests** or possible **fraud** between a Prosegur employee and a supplier.

On the other hand, given the number of suppliers, **approval or classification of suppliers** is crucial. To do this, the Global Purchasing Department has a tool known as "**ABC of Suppliers**", to evaluate and classify suppliers in accordance with predefined criteria and all the information received from the countries. In 2016, almost 28,000 suppliers were analysed. [G4-26]

And lastly, Prosegur conducts **ad hoc audits** for the providers deemed critical. It is worth noting that in 2016, no significant event

Prosegur's activity needs a network of suppliers, which increases economic activity, reduces unemployment rates and generates wealth in the regions in which it operates.

regarding ethical principles and respect for human rights has taken place.

### Regional projects

In 2016, two regional projects have fully consolidated; increasing the role of, on the one hand, the **procurement office in Asia** (Strategic Sourcing Development in Asia SSDA), and on the other hand, the **logistics office in the United States**. This year, work has been done to standardize Prosegur uniforms.





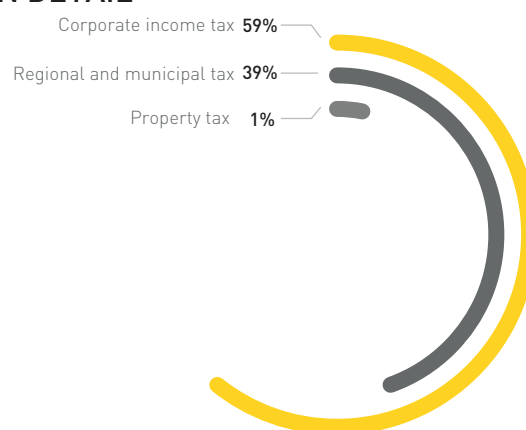
## 2.3. Public Administrations

Prosegur develops its fiscal strategy on the basis of the general principles of responsibility, prudence and transparency. In addition, it follows the guidelines set by the Organization for Economic Co-operation and Development (OECD) and complies with the actions suggested by "Base Erosion and Profit Shifting" BEPS, prevents "Treaty Shopping" and tax avoidance. So it complies with its fiscal obligations and in its relation with tax administrations. [G4-26]

The provision for corporate income tax in 2016 amounted to **EUR 140 million**, 42 million of which corresponded to the costs associated with the more than 200 operations undertaken in the process of changing the organizational model. Excluding this impact, the company's effective tax rate was **36 per cent**.

The amount of direct taxes paid by Prosegur amounted to **EUR 209.4 million**, including not only corporate income tax but also regional and municipal taxes mainly paid in Latin America. The total amount of own taxes paid, excluding social security payments, represents 59 per cent of the company's earnings before tax.

### DIRECT TAXES DISPLAYED IN DETAIL



Prosegur contributes to the collection of taxes of public administrations, not only through its own taxes but also through third party taxes. By applying the "Total Tax contribution" criterion, which takes into account the company's own taxes, value added tax, employment taxes and other taxes, total tax contribution in 2016 amounted to **EUR 1,023.1 million**.

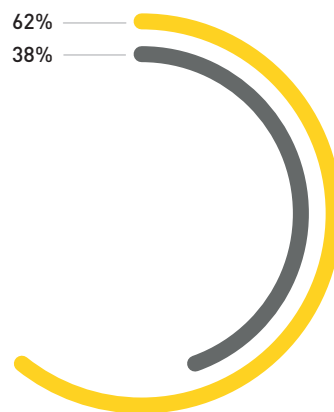
Prosegur is fully aware of the important role that companies play in the economic

Country	2016			Total
	Direct taxes	Third party taxes	VAT	
LATAM	178.9	74.5	377.3	630.7
EAAA	30.5	105	256.9	392.4
<b>Total PROSEGUR</b>	<b>209.4</b>	<b>179.5</b>	<b>634.2</b>	<b>1,023.1</b>

development of the communities in which they carry out their operations. For this, the company meets its tax obligations in all of the countries in which it has a presence, in accordance with the fiscal legislation applicable in each region. Thus, 61.6 per cent of its total tax contribution in 2016 was paid in Latin America and 38.4 per cent was paid in the other countries in which it has a presence.

## TAXES BY REGION

LATAM 62%  
EAAA 38%



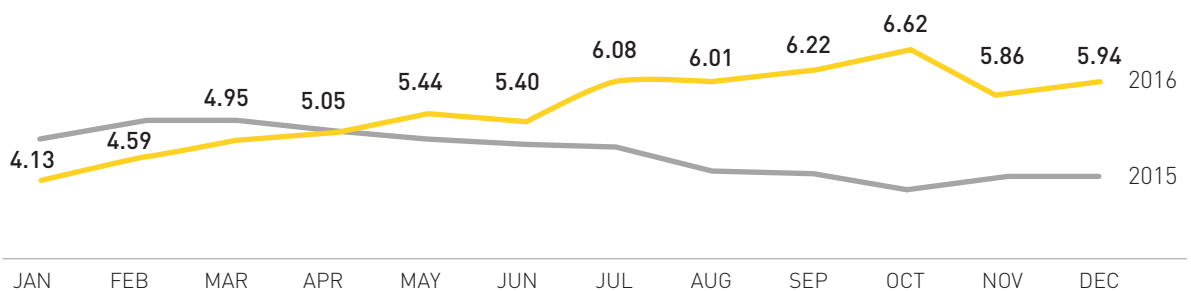
## 2.4. Shareholders and investors

### Share evolution

On 31 December 2016, the price of Prosegur shares closed at EUR 5.94, which represents an increase of 28 per cent over the previous year.

Prosegur offers an attractive proposition for its shareholders and investors, creating share value and dividend distribution

### SHARE EVOLUTION



### Distribution of dividends

In 2016, the company paid its shareholders dividends in excess of EUR 130 million. The General Shareholder's Meeting of 27 April 2016 approved the distribution of dividends at EUR 0.1105 per share, representing a total of more than EUR 68 million. Prosegur's ordinary dividend in the last few years has been in line with the operating result.

Additionally, on 2 December, 2016, the Extraordinary General Meeting of Shareholders approved the distribution of an extraordinary dividend of more than EUR 61 million with a charge to unrestricted reserves

of a gross amount of EUR 0.1002 per share. The dividend was paid out to shareholders on 12 December 2016.

### Main shareholders

The shareholding of Prosegur reflects its solidity and stability. On 31 December 2016, 68.5 per cent of the company share capital laid in the hands of significant shareholders, whereas the remaining 31.5 per cent was floating capital.

The strong presence of shareholders in the Board of Directors enables the governance bodies to determine the strategic lines and take decisions in line with the interests of all its shareholders.



## Relation with investors [G4-26]

Prosegur works so that shareholders, investors and analysts perceive the company as an accessible and transparent organization. Undoubtedly, this attitude is part of its responsibility as a company, but Prosegur also considers that it has a positive effect on economic performance. The company therefore offers updated, clear and coherent information through the different channels of communication.

In order to give the financial information and to cover the largest possible audience without geographic limitations, Prosegur presents its results every quarter via the webcast of its web page. On a monthly basis, it also informs

on the principal developments regarding the company and the sector by means of a newsletter.

Similarly, through the “Investors and shareholders” section of the corporate website ([http://www.prosegur.com/en/accionistas\\_inversores](http://www.prosegur.com/en/accionistas_inversores)); the investor community is given different tools so that they can follow the evolution of the share and to see updated information on events such as the payment of dividends, the presentation of quarterly results and participation in conferences.

In 2016, Prosegur continued to participate in investment forums and conferences in order to consolidate its relationship with global





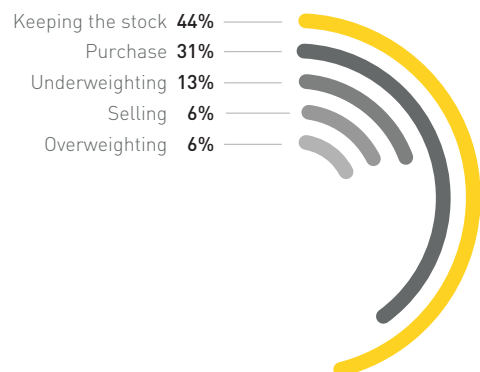
analysts and investors.

### Analyst Coverage and Recommendations [G4-27]

A total of 16 investment firms monitored Prosegur's stock market performance over 2016. In their recommendations, 44 per cent advised on keeping the stock, 31 per cent advised its purchase, 6 per cent advised overweighting, further 13 per cent advised underweighting and only 6 per cent advised selling.

The target price for Prosegur's shares ranged between EUR 4.80 of UBS and EUR 7.0 of HSBC.

### ANALYST RECOMMENDATIONS



## 2.5. Prosegur Foundation

As an entity that **channels the company's social and cultural actions**, the Prosegur Foundation materializes the commitment of the company to contribute to the progress of the regions where it operates through the development of projects in the fields of education, inclusion, corporate volunteering and the promotion of culture. Four pillars that define its intervention approach, which is neither isolated or specific nor just a purely assistance-oriented approach, which has been conceived to achieve long-lasting changes. [G4-26]

The Prosegur Foundation aims to generate shared value for the company and society and integrated in the strategic vision of the company. Its **management model** is based in transparency, continuous improvement, efficacy and efficiency principles and replication of best practices.

The Prosegur Foundation materializes the company's commitment to contribute to the progress of the communities where it operates through initiatives in the fields of education, inclusion, corporate volunteering and the promotion of culture.

The Foundation is **backed by the entire organizational structure** of Prosegur for the implementation of its projects and the fulfilment of its social purposes. Along with the team in Spain, there are branches in all of the countries in which it operates, thus reinforcing transparency, local representativeness and closeness to the beneficiaries.

Prosegur's Foundation is **financed entirely by funds of the company**. The direct management of social projects, from planning to on-site execution, is carried out by the entity's own teams with the support of the different support units of the company. This allows **constant assessment of the use of the economic resources**, which are subject to quarterly reports drawn up by Prosegur's financial teams and the global monitoring of the Internal Audit department.

As a company foundation, it shares and takes part in the same **internal procedures** as any other area, such as; preparation of three-year strategic plans (with qualitative and quantitative objectives), the 3P management system (Prosegur's Policies and Processes) and Competence Centres for the exchange of best practices between different regions.

In addition, in the financial year 2016 two elements regarding **transparency and good governance** of the entity have been strengthened, namely, the management and control of risks of its activity in the different countries and the drawing up of a Manual on the Prevention of Money Laundering and the Financing of Terrorism.

The Prosegur Foundation, in its search of efficiency and sustainability, mainly promotes its own projects, which generate development opportunities for people, forging strategic partnerships, on an ad-hoc basis, with other entities that work in the same areas. The aim of these collaboration agreements is the exchange of specific knowledge, profit from synergies and the creation of value for the parties involved, which have the effect of increasing the impact of the actions on society.



Contribute to society and doing so through a management model based on the values of the company, channelling its commitment

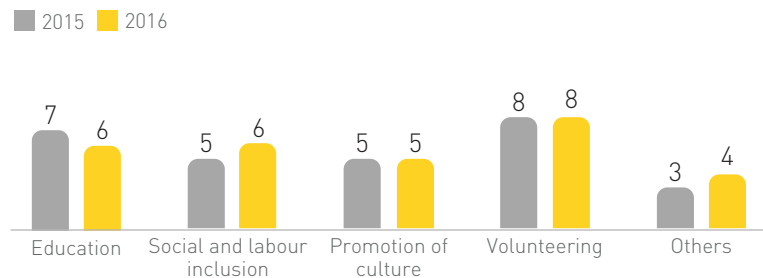
and the solidarity work of its employees, represents, for the Prosegur Foundation, the linchpin of all its actions.

## KEY FIGURES OF THE PROSEGUR FOUNDATION



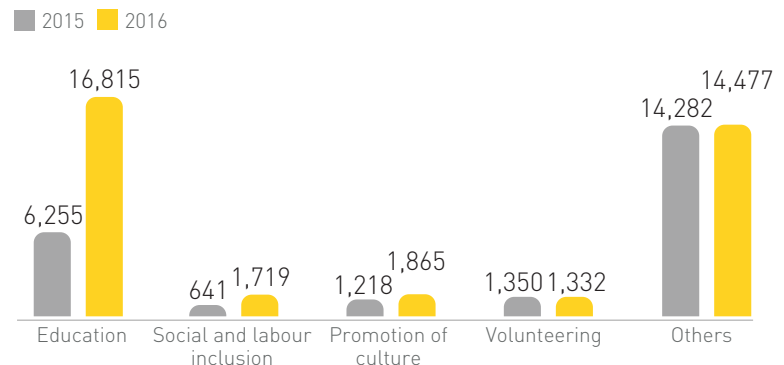
29  
PROJECTS

### PROJECTS UNDERTAKEN



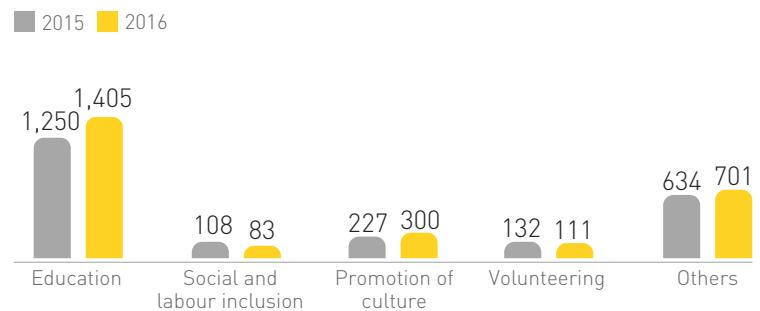
36,013  
BENEFICIARIES  
6% more than in 2015

### PROJECT BENEFICIARIES/PARTICIPANTS



EUR 2.6  
MILLION INVESTED  
11% more than in 2015

### SOCIAL INVESTMENT PER ACTION AREA (THOUSANDS OF EUROS)





## Key milestones in 2016

### Continuous improvement of Piccitos Colorados

In order to advance in the measurement of the impact, as a tool for the continuous improvement of projects, the Prosegur Foundation conducted an **external assessment** of its most relevant social action program: Piccitos Colorados. The CODESPA Foundation, a leading Spanish institution in the field of Development Cooperation was in charge of the study. The objective was to detect areas for improvement and good practices of this comprehensive education project, which seeks to combat school drop-out in Latin



America and promote the development of schools in vulnerable environments. [G4-27] In 2016, the Prosegur Foundation has implemented the recommendations of experts with the aim of strengthening its model of intervention. The most noteworthy of these were:

- Commitment to knowledge management and networking:** leveraging tools to share the know-how generated in the seven countries that develop the program. Thus, a blog of teachers of Picitos Colorados schools has been created for sharing network activities, monitoring cross-cutting projects (the promotion of reading, recycling workshops, recovery of traditional games) and communicating innovative and sustainable proposals.
- Broadened the scope of the Talent Scholarships.** Picitos Colorados, in collaboration with the 37 schools participating in this program, keeps track of students who stand out for their excellence and effort, to grant them scholarships so that they can continue to study. With the aim of adapting these scholarships to the context of the communities and to the expectations of students, the program - which has been focused to date on university education - now includes vocational and technical training.
- New approach to volunteering.** One of the differentiating features of Picitos Colorados is the strong engagement of the staff with the project. Prosegur's employees propose schools, implicate themselves in the work teams and collaborate as volunteers. Following a first stage which was focused on the improvement of infrastructures, new ways of volunteering work are being developed, such as the teletransmission of knowledge or awareness rising. A way of channelling the social commitment of employees, placing value on their knowledge as professionals and thus achieving a greater impact on the beneficiaries through training.

## Environmental education



In 2016, the Prosegur Foundation has launched the “Clean Planet” project in collaboration with LEGO® Education: a comprehensive program aimed at **raising awareness** of the importance of environmental conservation and the need for proper waste management.

Through training workshops and with the support of the most innovative LEGO robots, more than 1,650 primary students aged between 8 and 12 of 14 schools in Santander (Spain) have reinforced their environmental knowledge in a fun way and developed 21st century skills such as innovation, technology and problem solving.

After the classroom sessions, students, organized in teams, participated in the Network Challenge activity, in which they had to respond in a creative way to different environmental problems. The program also included **various recreational days** in the city of Santander which were open to the public to raise awareness on sustainable development that ended with the presentation of 192 innovative buildings to promote care of the environment.



# 3 Prosegur Cash



## 3.1. The value of Prosegur Cash

Prosegur Cash plays a very significant role in society as it is one of the main actors in the distribution of cash, the most efficient, most used and most inclusive means of payment in the world.

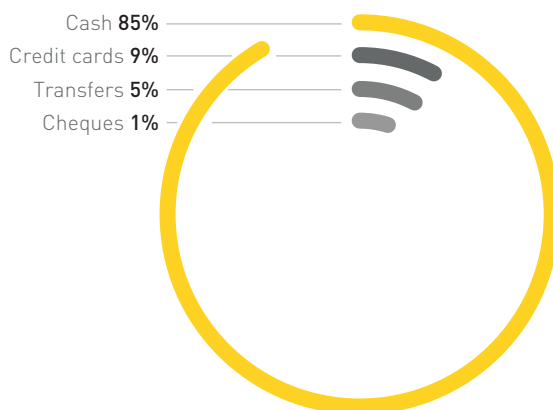
For this, and following the implementation of the new structure, Prosegur Cash has configured as a well dimensioned company, leader in the markets in which it operates and with a clear objective: play a leading role in the international consolidation of the transport of valuables and cash management industry.

Through an innovative and differentiated service proposal, the company is moving

towards greater sophistication to meet the needs of its customers. Undoubtedly, a critical aspect is customer proximity as well as its commitment to R&D, both in its products and operations. Services such as the integrated management of ATMs, cash management automation at POS or the outsourcing of high value-added services are only some of the areas that are pushing forward the boundaries of this business.

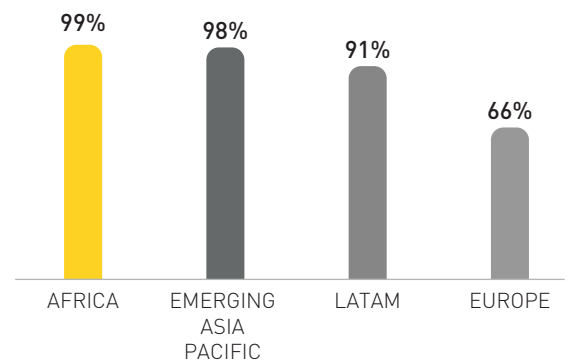
In accordance with data provided by central Banks and other benchmark institutions, **cash remains by far the most used payment instrument**. Today, 85 per cent of transactions around the world are made in cash.

### USE OF CASH VERSUS OTHER MEANS OF PAYMENT



Source: PwC. June 2015 Report

### USE OF CASH IN THE WORLD





The reason for this is that cash has characteristics and provides benefits that other means of payment cannot replicate:

- **Universal**, cash is the only means of payment that is accessible to all users.
- **Trust**, counterfeited banknotes represent a very small percentage of the total number of notes in circulation and card fraud is exponentially higher than counterfeiting. In addition, cash is the most popular payment option between individuals and is configured as the most commonly used alternative payment method.
- **Privacy**, cash protects privacy and spending habits of consumers cannot be tracked.
- **Efficiency**, cash is the cheapest way to make a transaction. For example, the cost of paying with cash in Spain is 0.2 per cent instead of 0.4-1.1 per cent of paying with cards.
- **Resilience**, cash is the most secure method of payment in disaster situations
- **Seigniorage**, cash is the most efficient way in which states finance themselves.

Cash in circulation continues to increase each year because of the abovementioned characteristics and cash withdrawals from ATMs, one of the best indicators, also continue to increase. Only in 2016, Prosegur Cash managed more than EUR 550,000 million.

Prosegur Cash operates in **fifteen countries** and is the second largest company in the

world in terms of market share. It is also noteworthy that Prosegur Cash is **leader in six of the countries in which it operates** and boasts a prominent presence in Latin America.

Prosegur Cash offers services in three main areas:

- **Logistics**
  - Collection, transport, custody, delivery and deposit in security vaults of funds and other valuable goods.
- **Cash management**
  - Counting, processing, fitness determination, custody, preparation and delivery of notes and coins and ATM replenishment.
- **Outsourcing**
  - Retail automation through self-service cash automatization machines (MAEs), including, amongst others, cash deposit devices, recycling and distribution of coins and notes services and bill payment services;
  - End-to-end ATM management, including, amongst others, forecasting, monitoring, first and second level maintenance and balancing services; and
  - AVOS (added value outsourced services) for financial institutions, including, amongst others, branch forecasting, reconciliation and settlement and credit card support services.

## 3.2. Customer experience management

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[G4-27]

Prosegur Cash aims to meet the growing expectations of its customers, fostering a close relationship based on transparency and proactivity to anticipate their needs.

In order to ensure an adequate response to the requirements of our customers, a systematic measurement is carried out to monitor the TOP customers of Prosegur Cash, those that account for 25 per cent of turnover in each country. These are key customers, so knowing how their concerns, needs, satisfaction and loyalty towards Prosegur Cash evolves is vital to enhance service quality and maintain their trust.

In 2016, the foundations for the implementation of the Customer Experience Management (CEM) Platform for Prosegur Cash have been laid. Contact points in the relationship with customers have been identified, including those relating to sales, service delivery and overall experience. With this tool, which will be fully operational in

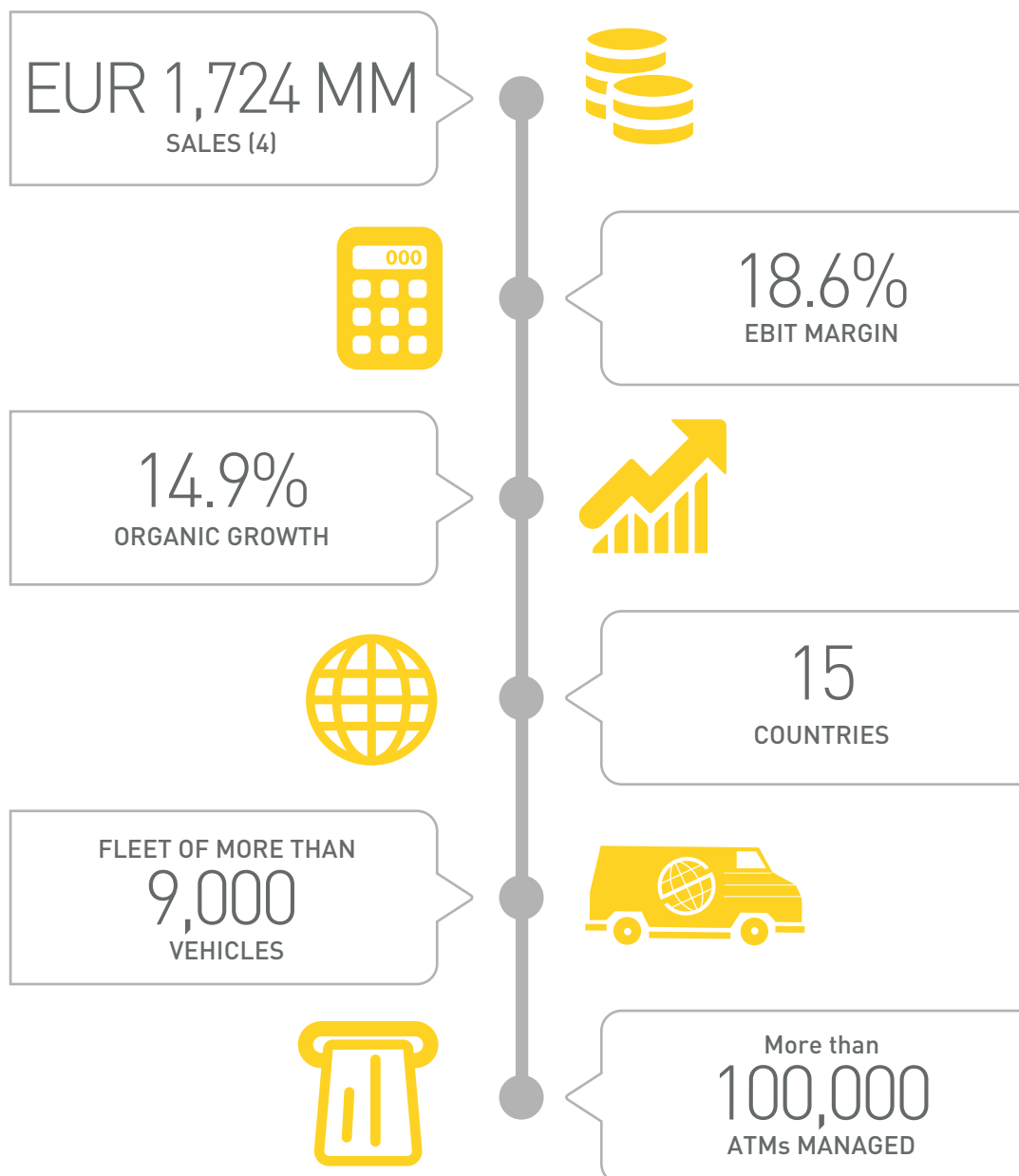
2017, Prosegur Cash will identify the action levers to continue to improve service quality.

In addition, other actions have been taken to improve the customer experience, among which are:

- Implementation of a new CRM tool (customer relationship management software) in most countries. It has taken advantage of the knowledge and experience acquired in recent years with the previous tool to incorporate new functionalities and consolidate its use by commercial teams. Among the utilities included is the automation of reporting and indicators.
- Training of the commercial team in new services and products, especially those related to new cash automation solutions with very important benefits for customers in sectors with intensive use of this means of payment.
- Process improvements related to the installation and maintenance of cash automation machines to improve service excellence.



### 3.3. Key figures of Prosegur Cash

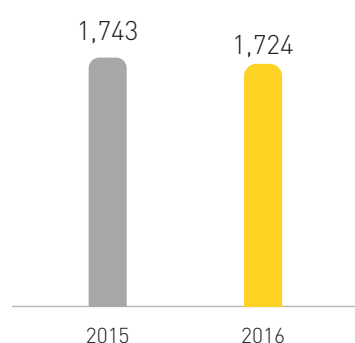


(4) Sales of Prosegur Cash do not include Courier Chile (sold in 2016)

## Economic and financial results of Prosegur Cash

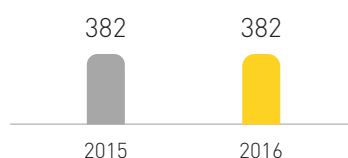
### SALES

Millions of euros



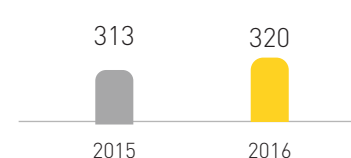
### EBITDA

Millions of euros



### EBIT

Millions of euros



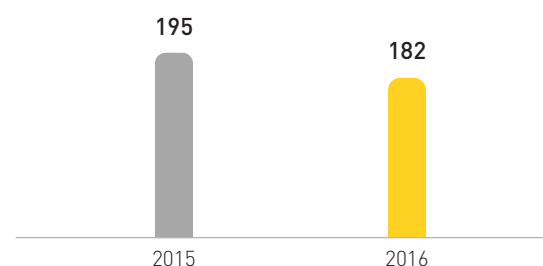
In 2016, Prosegur Cash recorded an **organic growth of 14.9 per cent**. Sales in local currency increased in all regions and reached EUR 1,724 million, not including income from the courier business in Chile which was sold in September 2016.

In accordance with the global objectives of the group, Prosegur Cash further improved profitability, raising the EIBT margin to 18.6 per cent, the **best in its sector**. The volume of cash processed also continued to increase in all of the countries in which it operates and the new business areas also recorded growth.

In 2016, Prosegur Cash **has continued to pursue its growth strategy** with the entry into South Africa and has expanded its operations in Spain, India and Australia.

### RESULTS

Millions of euros









## 3.4. Future challenges and opportunities

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Prosegur started its transport of valuables and cash management activities more than 40 years ago. Since then, the group's activity in this area has followed a continuous development process; first in the Iberian Peninsula, afterwards in Latin America and lately in new regions. Such growth has enabled Prosegur Cash to see its revenue increase eightfold over the past seventeen years.

The next step took place in September 2016, within the framework of a meeting with investors, when Prosegur presented its new organization and announced to the market that it was considering different strategic options for Prosegur Cash. After months of intense work, the company was admitted to trading on the continuous market in the Spanish stock markets on 17 March 2017.

In this new stage, Prosegur Cash has set itself the challenge of leading the international consolidation process, in a highly fragmented market, with more than 500 companies. The market structure, with more than 40 per cent in the hands of small and medium size local groups, presents some specific features that are ideal for the growth of Prosegur Cash through acquisitions without damaging the financial discipline of the company.

A few weeks before the IPO, the international rating agency Standard & Poor's assigned

Prosegur Cash a credit rating of BBB/A-2, so it stands two levels above investment grade, which demonstrates its financial strength. The rating agency, in its rating report, took a positive view of Prosegur Cash being the second largest operator in the global cash management market. It also highlighted the company's solid record of high margins with low earnings volatility.

Prosegur Cash has excellent growth levers. The company has also embarked in the development of new services to meet the outsourcing needs of customers. Increase automation at POS, ATM management and services to bank branches, international transport or valued cargo are only some of the business development vectors for the following financial periods.

Prosegur Cash has one of the **best platforms** in the world for the transport of cash, with an **important presence in emerging markets** and optimum solvency and financial soundness to meet any challenge. In future, significant improvements in the macroeconomic aspects of the regions where the business operates are expected. The possible stabilization of the Latin American economies and the sustainability of the economic improvements in Europe could maintain, or even increase, the profitability growth rate.

# 4 Prosegur Security



## 4.1. The value of Prosegur Security

Prosegur Security is Prosegur's business devoted to high added value integrated security services, combining the latest technologies with the best professionals. These factors, combined with Prosegur's experience and knowledge of the risk areas of customers, enable the company to offer the most advanced services in the field of private security, which is essential to ensure the development of society at large.

Private security is experiencing worldwide growth as citizens demand increased security. In Germany, the ratio of private security workers per number of inhabitants is similar to that of the country's combined total of police and army personnel. In the United Kingdom, the number of private security guards is now almost twice that of police officers. At present, the ratio of private security workers in Europe is one security guard in active duty for every 264 inhabitants

The Professional Association of Private Security Companies in Spain (Aproser) has carried out a sociological study into the public's perception of private security in this country.

According to this study;

- Respondents were in favour of increasing the number of security guards in streets and commercial areas (64 per cent). They also said that they would like to

see security guards at schools (colleges, institutes and universities) or in parks and gardens.

- Respondents said they felt very, or much more, secure in places with security guards (89 per cent).
- Respondents were in favour, or very much in favour, of increasing the presence of private security guards in critical infrastructures (transport, nuclear power plants, ports, water supplies etc.) to prevent terrorist threats (72 per cent).
- Respondents believed that the number of security guards per number of inhabitants in Spain (1 per 600 inhabitants) was insufficient when compared to the average in Europe (1 per 250 inhabitants).

The study highlights the growing awareness of society with the work carried out by private security companies.

However, during the years of economic crisis, the rise in demand for private security has led to the proliferation of informal enterprises. These companies often compete unfairly with other companies in the sector, creating job insecurity for their workers and incurring consumer fraud. This situation has led to a significant deterioration of the sector in Europe, mainly in Spain and Portugal. Prosegur, through the associations in which it is involved, actively works to reverse this situation that seriously damages customers, workers and compliant companies.

The following are the main services provided by Prosegur Security:

- **Manned Guarding**
  - Mobile Guarding.
  - Active Guarding.
  - Special services and other solutions
- **Electronic security systems**
  - CCTV and Smart image processing.
  - Access control.
  - Intruder and perimeter detection.
  - Automation of buildings and facilities.
  - Special installations.
  - Maintenance.
  - Systems integration.
- **Control Centres**
  - Alarm Reception Centre (ARC).
  - Technical signals, home automation and automated systems.
  - Geolocation and tracking
  - Business continuity.
  - Crisis coordination and management.
  - Monitoring and supervision of business processes.
- **Auxiliary services**
  - Auxiliaries, concierges, etc.
- **Fire protection**
  - Fire detection.
  - Fire extinction.
  - Maintenance.

## Prosegur Cybersecurity

As a response to the growing impact and sophistication of cyber-attacks, which can cause significant losses to companies, Prosegur has started to work in the field of cybersecurity.

Prosegur offers its customers a broad portfolio of cybersecurity services aimed at prevention, detection and response to incidents. It covers both information security within the organization as well risks associated with its presence in cyberspace.

- Five Security Operations Centres (SOC) in Europe and Latin America that operate at global level 24 hours a day, 7 days a week, 365 days a year.
- Accredited as one of the few CERT centres (Computer Emergency Response Team) in Spain and member of FIRST (Forum of Incident Response and Security Team).
- Teams of highly qualified experts on information security, and for whom we provide continuous in-service training.
- Industry-leading state of the art tools and technologies and our own cybersecurity developments.
- The main industry certifications for Information Security; such as the UNE-ISO/IEC 27001:2014.
- Partnerships with key technological partners in cybersecurity.

## 4.2. Customer experience management in Prosegur Security

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[G4-27]

Prosegur Security wants to meet its customer's expectations and have a close relationship with them based on transparency and proactivity to anticipate their needs. These values are shared by all its employees, especially those who have direct contact with customers such as salespersons, installation technicians, customer care staff or security guards.

In the last few years, the **Intrack** platform has been implemented for B2B customers, to keep track of the main customers, which account for about 60 per cent of total turnover. The aim is to ensure an adequate response to their requirements, regardless of their relevance in the turnover.

In the last quarter, Prosegur Security also launched the CEM platform of Customer Experience. The aim of which is to identify the action levers to keep improving the quality of service. The points of contact in the relationship with customers of Prosegur Security include those relating to sales experience, experience in the provision of services and global experience. The pilot carried out in Spain measured, in particular,

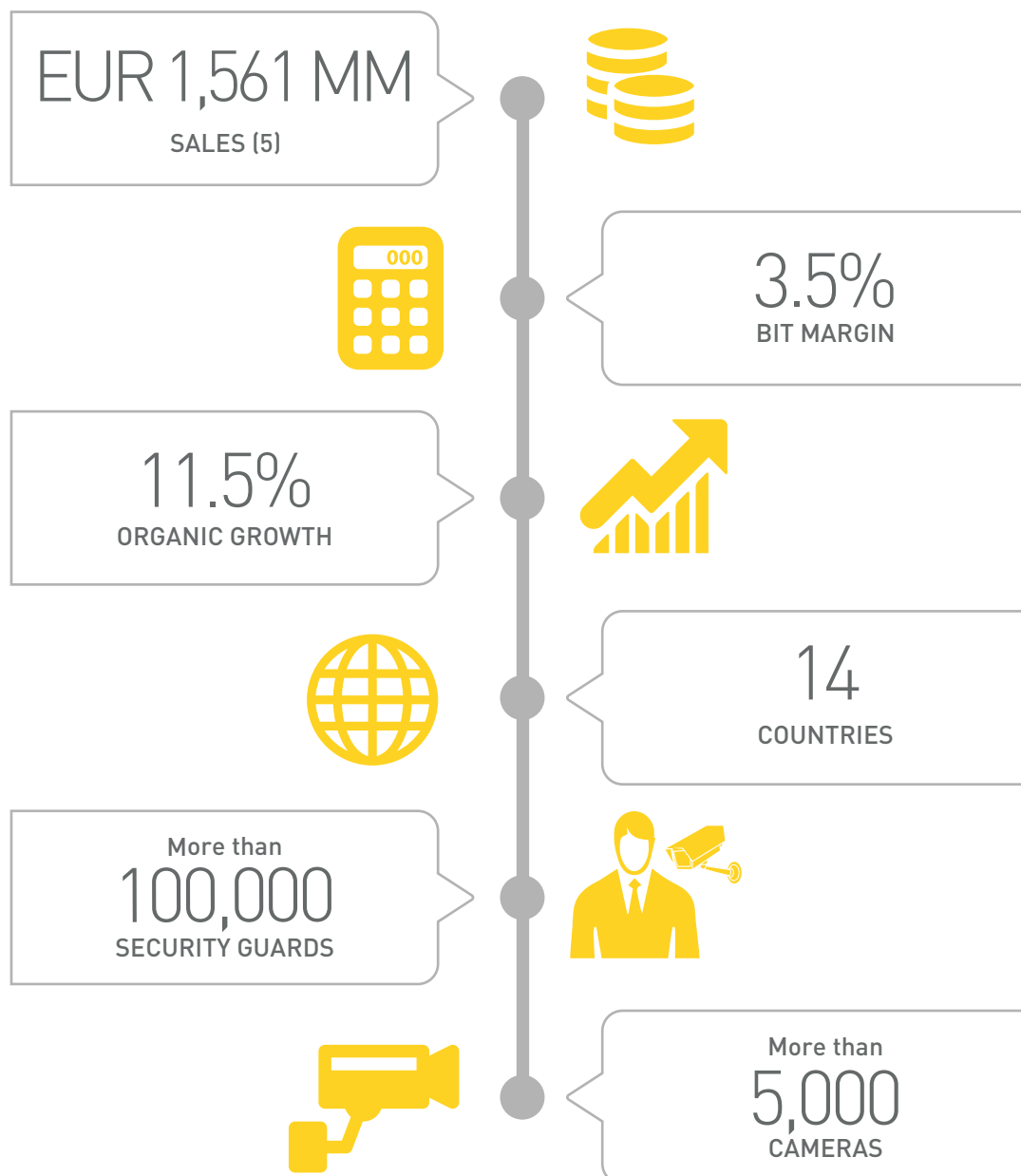
experience regarding the continuous provision of services. In 2017 the project will continue with the integration of the CEM platform with the CRM (customer relationship management software) of the business unit.

Likewise, other actions have been undertaken to improve customer experience, among which the following should be highlighted:

- A new CRM tool has been implemented in most countries. The knowledge and experience gained in recent years with the previous tool has been used to incorporate new functionalities and consolidate its use by sales teams. Among the utilities that have been included, the automation of reports and indicators stand out.
- Training courses for the sales team focused on new services and products, mainly those related to integrated solutions with increased use of technology, services such as remote surveillance or access control from the remote-control centre.
- New customer relations website channel to provide relevant information about services in real time (daily reports, results of service inspections, among others).



## 4.3. Key figures for Prosegur Security



(5) Prosegur Security excluding Brazil



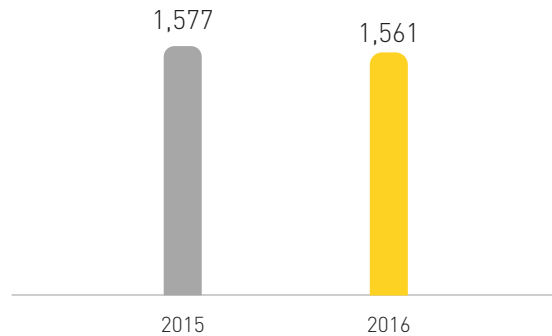
## Economic and Financial results of Prosegur Security

To transmit information of this business with the utmost transparency, Prosegur Security is reporting the results of the area in Brazil separately. The severe economic crisis in this country, which has led to the loss of more than 50,000 jobs in the private security sector, has had a strong impact on the results of this business. Even so, and due to the efficiency of the optimization policies carried out, there has been an improvement in its EBIT margin from -6.0 per cent in 2015 to -3.5 per cent in 2016.

Prosegur Security registered an **organic growth of 11.5 per cent**, without taking into account the business in Brazil. The turnover of this business stood at EUR 1,561 million in 2016 and the EBIT margin rose from 3.2 per cent in 2015 to 3.5 per cent in 2016. The optimization policies that have been implemented in this business line are demonstrating their effectiveness by allowing a gradual improvement in margins.

### SALES

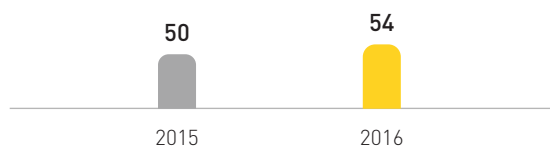
Millions of euros



This business, as a whole, is performing positively, but what is really remarkable is the strong increase in sales of combined guarding and technology products and services, one of the main pillars of growth. Likewise, Cybersecurity has continued to develop at an exponential rate in a year in which it has consolidated its operations centres in Spain, Portugal, Colombia and Paraguay, and at the same time has multiplied by ten its business volume and structure.

### EBIT

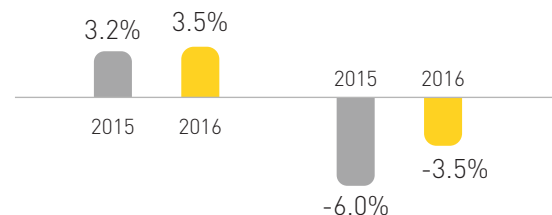
Millions of euros



### EBIT MARGINS

PROSEGUR SECURITY EXCLUDING BRAZIL

PROSEGUR SECURITY BRAZIL





## 4.4. Future challenges and opportunities

Prosegur Security is, at present, the third largest security company in the world and has great sales development potential in a sector in which technology is playing a critical role. Cybersecurity is set to become a major focal point in the future.

Prosegur Security expects to further increase its profitability and has set the following strategic priorities as its targets:

- Continue the progressive improvement in profitability in Brazil and France.
- Increase sales of solutions combining security and technology.
- Improve the use of working capital.

With regard to the Brazilian market, Prosegur considers that it has already started moving towards the return to profitability. In the case of Argentina, the evolution of the economic situation is allowing the full development of the growth and business development strategies.

Lastly, Prosegur will continue to support employers' and sectoral organizations working to raise awareness of the need to implement the requirement of contracting the provision of security services to responsible service-providers. The unreliability of some companies has a special impact on countries such as Spain or Portugal, which are very important markets for Prosegur Security.





# 5 Prosegur Alarms





## 5.1. The value of Prosegur Alarms

The alarms market varies significantly in each region. Growth is mainly based on the following factors:

- Income level.
- Perceived security.
- Reasonable and clear regulatory framework.
- Distribution of wealth.

In any case, this business presents clear opportunities as its worldwide penetration rate is relatively low. In accordance with the abovementioned factors, the United States stands out as the market with greater penetration, although it is only 20 per cent. This is particularly evident in the markets in which Prosegur Alarms operates, since none of them has a penetration rate of more than 10 per cent. There is, therefore, an enormous potential for development in this area and the sales and marketing

teams play a critical role in boosting its growth.

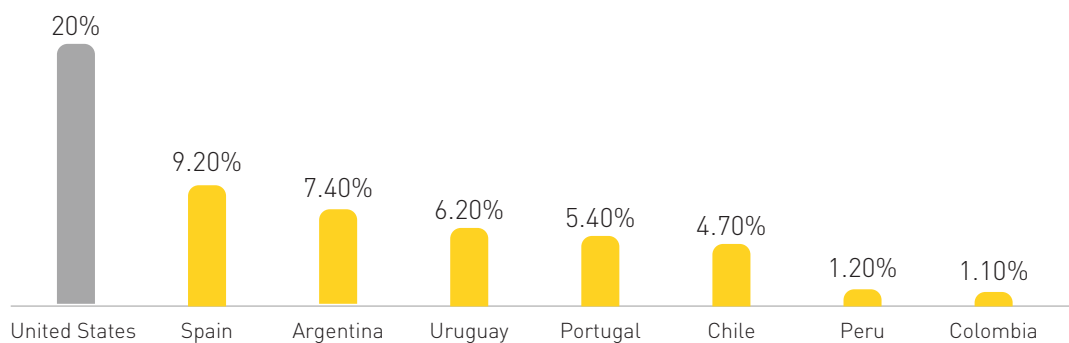
Prosegur Alarms provides high quality services to households and businesses. This business unit focuses on markets where the quality of services is a determinant factor in consumers' purchasing decisions. To meet the high expectations of its customers, Prosegur Alarms has the latest technological developments and highly qualified staff.

The company offers services in two main segments:

- **Households and people**
  - Monitored alarms
  - Alarms with video-verification
  - Vehicle localization
  - Access control
  - Image and CCTV solutions
  - Hawk's eye

### ALARMS MARKET PENETRATION RATE BY COUNTRY

% households with alarm connection



Source: Own construction

- **Businesses and retail**

- Monitored alarms
- Alarms with video-verification
- Vehicle localization
- Asset location
- Access control
- Image and CCTV solutions

These customized security solutions include, among other services such as Response service, Mobile Guarding or

GPS location. In addition, in this last year a Smart application for Smart Homes was launched and is now operative in nine countries. The company has also presented the Triple Security concept. Thus, Prosegur Alarms provides protection against intruders, inhibition and sabotage. Likewise, to meet the demands of other groups, Prosegur Alarms has fire protection services, anti-leak technical alarms, medical alarms, foggers or mobility alarms.

Among the services provided by Prosegur Alarms, and with the aim of offering its customers a range of high value innovative services, the business unit presents these three highly differentiated propositions that put Prosegur Alarms at the forefront of the alarms market, in particular with regard to self-managed systems.

**Response (Acudas):** The Immediate Response Service sends a security guard specifically trained for these situations to the place where the alarm has triggered. The security guard is backed by the Alarm Reception Centre that coordinates the intervention with the Police.

**Prosegur Smart** allows customers the full remote control of their security systems from a Tablet, PC or mobile telephone. This service allows viewing real-time images of businesses and households or the localization of vehicles. The platforms are connected 24 hours a day, 365 days a year to the Alarm Reception Centre, with immediate response and allowing notification to summon the police.

**Hawk's Eye:** Smart security system that guarantees maximum security in buildings 24 hours a day, 365 days a year. The security guard that monitors the system interacts in real time and on a permanent basis with the owners when they enter or exit their homes and, if an incident occurs, will notify the police, providing peace of mind and security to home owners. The Hawk's Eye has a closed-circuit IP television with multiple cameras, plus a security device at the entrance of the building that allows communication with a security guard. With the Hawk's Eye surveillance is smart, constant and remote.

## 5.2. Customer experience management in Prosegur Alarms

[G4-27]

To adequately meet the trust placed by its customers, Prosegur Alarms focuses on the development of methods and tools for the ongoing management of customer experience and, consequently, adapt the products and services it provides.

In this regard, it has implemented the “**Right Now**” tool that allows measurement of customer satisfaction in the provision of service in five different contact points:

- Contracting of the Service.
- Installation process.
- Alarm triggering / Response.
- Technical maintenance.
- Customer Service.

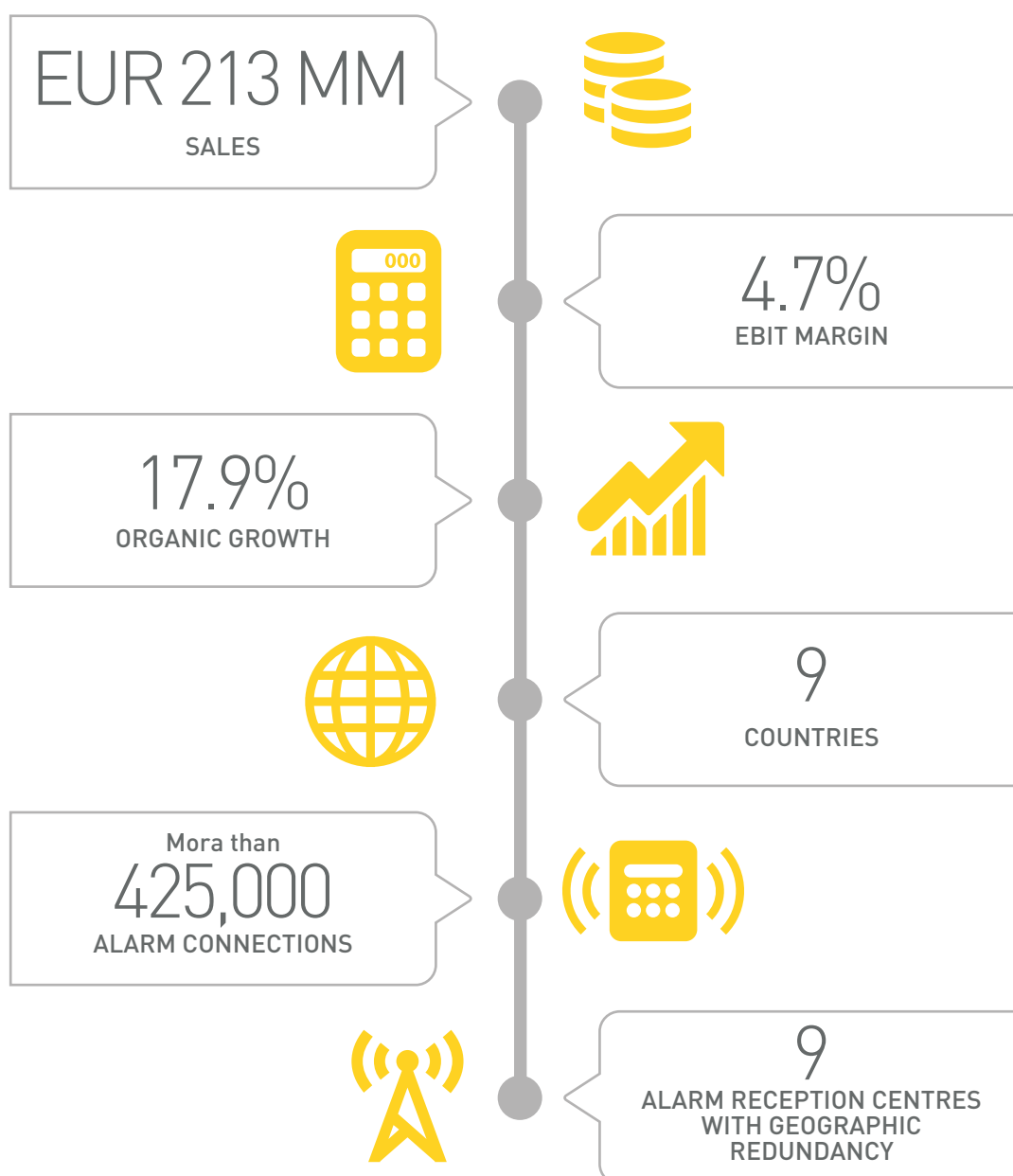
Prosegur Alarms has various resources to facilitate two-way communication with customers to respond to their particular needs. Among others, it has the following

active communications channels:

- Sales visits to customers and prospective customers. The sales team of the company is part of the Prosegur’s staff to ensure that the sales strategy is aligned with the values of the company, based in high value-added services.
- Technical visits and visits to repair equipment.
- Customer Portal in Prosegur’s websites
- Customer Centres in the different countries in which it operates
- Facebook and Twitter profiles in each country
- Surveys and other methods to measure customer satisfaction
- Mechanisms to manage complaints and claims. In 2016, 96 per cent of complaints received by Prosegur Alarms were dealt with, thus improving by two percentage points this indicator with regard to the previous year. Likewise, 68 per cent of complaints were resolved to the complainants’ satisfaction.



### 5.3. Key figures for Prosegur Alarms





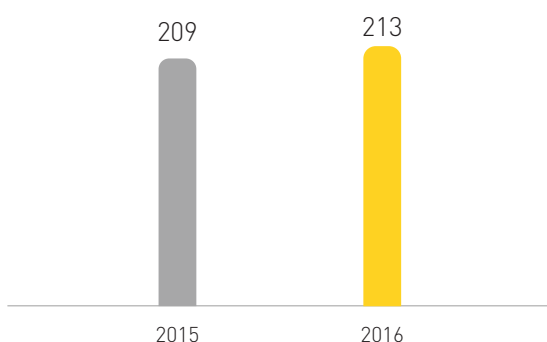
## Economic and Financial Results of Prosegur Alarms

In 2016, Prosegur Alarms experienced an **intense rate of growth** and increased its organic sales by 17.9 per cent to EUR 213 million. This is directly related to the increase of its salesforce by 25 per cent compared with the previous year.

The strong expansion strategy has concentrated in the Argentinian, Spanish and Portuguese markets. The entry of the business into India and South Africa should also be highlighted. Prosegur Alarms has maintained its average rate of income per user and its customer retention rate, which are very relevant indicators to understand the performance of the Alarms business.

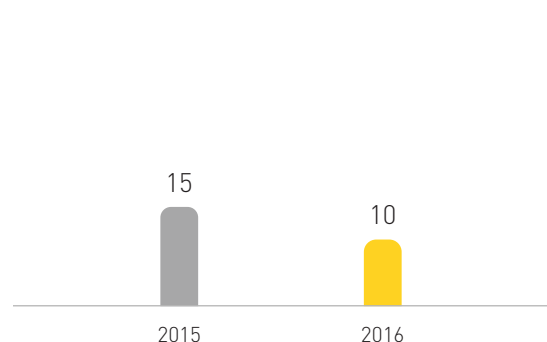
### SALES

Millions of euros



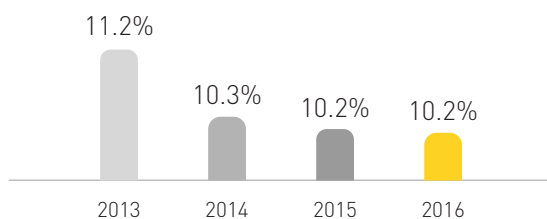
### EBIT

Millions of euros



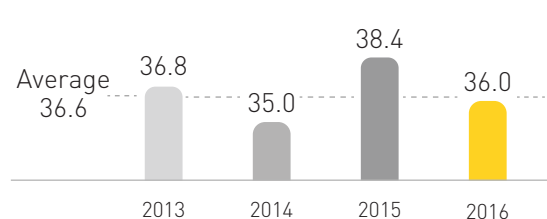
### CHURN

Attrition rate



### ARPU (Average Revenue per User)

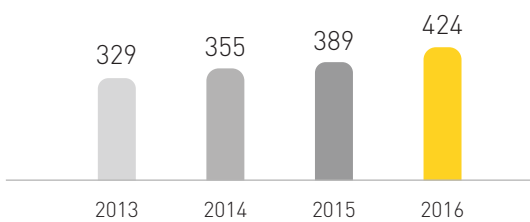
Euros



Prosegur Alarms closed the 2016 financial year with a total of 423,773 alarm connections, compared with the more than 389,000 of 2015.

### BTC

Thousands of connections



## 5.4. Future challenges and opportunities

Prosegur Alarms has a presence in nine countries and in the last fiscal years it has tripled its Salesforce. Furthermore, it is now at a stage of progressive deployment of Smart solutions for “Smart Homes” in the markets in which it operates.

The challenge that the company has set itself is that of increasing significantly the number of alarm connections in the next five years. To fulfil this commitment the company must, in the first place, maintain operational excellence. The company has also invested heavily in the latest technologies. The objective is to boost organic growth in the markets in which the business unit already has a presence. This push will also be accompanied by the

acquisition of alarm portfolios, both in the markets in which it is currently present and in new regions.

The main services that are registering the highest growth rates are:

- Alarms with photo-detector supported by the Smart application
- Video, both in CCTV and in the cloud
- Hawk’s Eye

To carry out these initiatives the company will have to retain its qualified staff and, most probably, will need to recruit new talent to support growth and customer service at all levels.





# 6 About this report





## 6.1. Scope of the Annual Report

The information included in the Annual Report 2016 refers to all the activities carried out by **Prosegur Compañía de Seguridad, S.A.** and its subsidiaries from 1 January 2016 to 31 December of the same year.

The report covers the financial and nonfinancial effort of the company as a

company specialized in security services, with a geographic scope that includes all countries in which Prosegur operated during the period: Argentina, Australia, Brazil, Chile, China, Colombia, France, Germany, India, Mexico, Paraguay, Peru, Portugal, Singapore, Spain, South Africa and Uruguay.

## 6.2. Standards of reference

[G4-18]

The Annual Report 2016 was drawn up following the principles established in the Guidelines for the preparation of sustainability reports of the **Global Reporting Initiative (GRI)**, version G4. The presentation of the organization's performance in 2016 has required the application of the following principles:

- Principles to determine the content of the report: stakeholder inclusiveness, sustainability context and completeness.

- Principles to ensure the quality of the report: balance, comparability, accuracy, periodicity, clarity and reliability.

Prosegur has prepared the Annual Report 2016 in conformity with the **GRI's "in accordance" comprehensive option**, thus covering all indicators related to the material aspects of the company that were defined in the materiality analysis.

Prosegur has also used the **IIRC Framework** (International Integrated Reporting Council) as a reference for drawing up integrated Annual Reports.

## 6.3. Materiality analysis

Prosegur's main purpose for drawing up the Annual Report is to **provide relevant information on the company's performance** in 2016 to its stakeholders, with regard to social, environmental and economic

matters. In this regard, the GRI G4 Guidelines stress that companies should publish information that is material or relevant for business development and stakeholders.

In order to determine which topics are relevant for Prosegur, the company updated its materiality study with internal and external factors following the steps below:

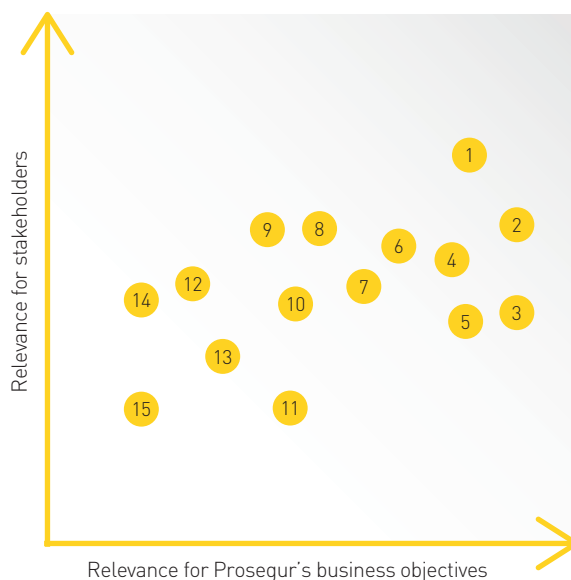
1. Analysis of the main material topics for the **private security industry** based on: [G4-18] [G4-25]
  - Issues included in the GRI G4 Guidelines.
  - International bodies and selective stock market indexes (CDP, DJSI, FTSE4good, etc.).
  - Annual Reports of three international competitors of the company.
  - Industry-related matters considered controversial that have taken place in 2016.

2. Analysis of the conclusions drawn from the **materiality study** associated to the 2016 Annual Report.

3. In-depth **interviews** to 12 **heads** of different areas of the company.

4. **Assessment of the identified topics** considering two factors: relevance for stakeholders and relevance for fulfilling the company's business strategy.

As a result of this assessment, a list was drawn up with the **15 most relevant topics** for Prosegur. [G4-19] [G4-20] [G4-21] [G4-26] [G4-27]



### Key topics and concerns

1. Corruption
2. Financial performance
3. Customer security
4. Reputation and brand
5. Ethics and integrity
6. Service quality
7. Good governance
8. Innovation
9. Occupational health and safety of employees
10. Relations between employer and employee
11. Qualification of employees
12. External communication
13. Human rights management
14. Internal communication
15. Diversity and equality

## 6.4. Contact details

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For further information or queries regarding the Annual Report 2016 or information contained herein, please contact us by email at [accionistas@prosegur.com](mailto:accionistas@prosegur.com).





# Annexes





# Annex I

## Performance indicators

The following table includes the main performance indicators of Prosegur for the years 2015 and 2016. The scope indicates the level of information reported for each indicator, weighted according to turnover by country. For example, Spain, with a turnover of EUR 940 million on a total turnover of Prosegur of EUR 3,902 million, represents 24.1% of the scope in 2016.

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
<b>FINANCIAL PERFORMANCE INDICATORS</b>					
G4-EC1	<b>Economic value generated and distributed by the company</b>				
	<b>Economic value generated (EVG) (million euros)</b>	<b>3,959.4</b>	100.0%	<b>3,902.3</b>	100.0%
	Sales	3,959.4		3,902.3	
	Other operating income	-		-	
	<b>Economic value distributed (EVD) (million euros)</b>	<b>3,999.7</b>		<b>3,734.9</b>	
	Employees (Employee wages and expenses)	2,712.8		2,642.2	
	Current Suppliers (Other operating expenses)	1,050.4		744.3	
	Public Administration (taxes)	104.5		140.1	
	Capital providers	129.6		205.6	
	Society investments (Community Investments)	2.4		2.6	
	<b>Economic value retained (EVR) (million euros)</b>	<b>-40.3</b>		<b>167.4</b>	
	Reserves	-164.4		51.0	
Amortisation and depreciation	124.1	116.4			
G4-9	<b>Main results</b>				
	<b>Sales (million euros) by region</b>	<b>3,959.4</b>	100.0%	<b>3,902.3</b>	100.0%
	Latin America	2,361.1		2,239.4	
	Europe and Asia-Pacific	1,598.3		1,662.9	
	<b>Sales (million euros) by business line</b>	<b>3,959.4</b>		<b>3,902.3</b>	
	Security	1,984.6		1,951.3	
	Cash	1,766.3		1,737.6	
	Alarms	208.5		213.4	
	<b>EBITDA (million euros)</b>	<b>448.4</b>		<b>449.4</b>	
<b>EBIT (million euros)</b>	<b>324.2</b>	<b>332.9</b>			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-9	Consolidated Net Profit (million euros)	183.4	100.0%	134.2	100.0%
	Equity (million euros)	699.6		751.5	
	Capex (million euros)	215.2		184.6	
	Current ratio (current assets / current liabilities)	1.1		1.6	
	Net Debt / Shareholders' equity	0.8		0.9	
	Net Debt (million euros)	579.6		712.4	
	Net Debt / EBITDA	1.3		1.6	
	Net financial expenses (million euros)	36.3		58.7	
	EBITDA / Financial Expenses	12.4		7.7	
	EV (million euros)	3,202.4		4,303.0	
G4-EC4	<b>Significant financial assistance received from government</b>		100.0%		37.1%
	Tax relief / tax credits (thousands of euros)	2,158.4		1,340.1	
	Subsidies (thousands of euros)	171.6		62.3	
	Investment or research and development grants and other relevant financial aid (thousands of euros)	1,580.4		2,037.0	
	Monetary awards (thousands of euros)	0.0		0.0	
	Time-limited exemption on payment of licences (thousands of euros)	31.3		38.0	
	Financial incentives (thousands of euros)	5.3		0.0	
Other financial benefits received or receivable from any public administration for any operation (thousand euros)	306.9	1.7			

## ETHICS AND COMPLIANCE

G4-S03	<b>Report the number and percentage of centres that have assessed risks related to corruption</b>	ND	0.0%	ND	0.0%
	Total number of centres	ND		ND	
	Number of centres that have assessed risks related to corruption.	ND		ND	
G4-S04	<b>Employees that have received training on anti-corruption policies and procedures</b>		100.0%		100.0%
	<b>Employees in management positions that have received training on anti-corruption (%)</b>	ND		ND	
	Total number of employees in management positions	ND		ND	
	Number of employees in management positions that have received training on anti-corruption	199		245	
	<b>Employees in non-managerial positions that have received training on anti-corruption (%)</b>	ND		ND	
	Total number of employees in non-managerial positions	ND		ND	
Number of employees in non-managerial positions that have received training on anti-corruption	2,738	5,969			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
<b>Actions taken in response to incidents of corruption</b>					
G4-S05	Total number of incidents in which employees were dismissed or disciplined for corruption	367	100.0%	254	100.0%
	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	ND		ND	
<b>Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services</b>					
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	0	43.3%	0	39.1%
<b>Incidents of non-compliance with regulations and voluntary codes concerning marketing communications</b>					
G4-PR7	Number of incidents of non-compliance with regulations resulting in a fine or penalty	3	43.3%	0	63.2%
	Number of incidents of non-compliance with voluntary codes	0		0	
<b>Customer complaints</b>					
G4-PR8	Total number of complaints regarding breaches of customer privacy and losses of customer data	0	43.3%	0	40.8%
<b>Fines concerning the provision and use of products and services</b>					
G4-PR9	Number of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services of the organization	2	43.3%	0	40.8%
	Total monetary value of fines (thousands of euros)	52,455.1		0,0	
<b>Anti-competitive behaviour and monopoly practices</b>					
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	1	43.3%	2	40.8%
<b>Significant fines and non-monetary sanctions for noncompliance with laws and regulations</b>					
G4-S08	Total monetary value of significant fines (thousands of euros)	1,073,456.5	43.3%	40,322,887.5	40.8%
	Number of non-monetary sanctions	0,0		0,0	
	Claims against the organization promoted to arbitration bodies	0,0		0,0	
<b>Grievances about Human Rights</b>					
G4-HR12	Total number of grievances about human rights impacts filed through formal grievance mechanisms (Whistleblower Channel) during the reporting period.	ND	100.0%	ND	100.0%
	Total number of grievances about human rights impacts that were resolved during the reporting period.	ND		ND	
	Total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period.	ND		ND	
<b>QUALITY</b>					
	Number of quality audits performed	172	68.7%	408	68.5%

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope	
<b>CUSTOMERS AND USERS</b>						
G4-PR5	Percentage of "satisfied" or "very satisfied" customers (Prosegur Security)	84.1%	60.6%	90.4%	68.5%	
	Total number of surveys completed by clients	929		1,816		
	Number of surveys to customers whose overall result is "satisfied" or "very satisfied"	781		1,642		
	<b>Complaints (Prosegur Security)</b>					
	Number of complaints received from customers	1,533	62.5%	1,028	38.0%	
	Number of complaints handled	1,321		808		
	Number of complaints resolved satisfactorily	1,377		1,023		
G4-PR5	Percentage of "satisfied" or "very satisfied" customers (Prosegur Cash)	96.8%	65.0%	92.6%	68.5%	
	Total number of surveys completed by clients	847		842		
	Number of surveys to customers whose overall result is "satisfied" or "very satisfied"	820		780		
	<b>Complaints (Prosegur Cash)</b>					
	Number of complaints received from customers	10,957	67.1%	18,006	47.6%	
	Number of complaints handled	10,799		17,903		
	Number of complaints resolved satisfactorily	9,761		12,523		
G4-PR5	Percentage of "satisfied" or "very satisfied" customers (Prosegur Alarms)	87.5%	54.2%	62.1%	68.5%	
	Total number of surveys completed by clients	26,060		46,819		
	Number of surveys to customers whose overall result is "satisfied" or "very satisfied"	22,801		29,093		
	<b>Complaints (Prosegur Alarms)</b>					
	Number of complaints received from customers	45,985	62.2%	46,75	47.6%	
	Number of complaints handled	43,299		44,919		
	Number of complaints resolved satisfactorily	32,280		31,983		
<b>SUPPLIERS AND PARTNERS</b>						
	Number of suppliers	35,797	93.5%	28,233	99.0%	
	Suppliers related expenses (million euros)	1,050.4	100.0%	716.7	99.0%	
<b>EMPLOYEES</b>						
G4-10	Total number of employees	161,822	100.0%	168,120	100.0%	
G4-10	<b>Number of employees by gender</b>					
	Men	137,675	100.0%	134,804	99.1%	
	Women	24,147		24,358		



[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-10	<b>Workforce by country and type of contract</b>				
	<b>Germany</b>	<b>4,143</b>	100.0%	<b>4,071</b>	99.1%
	Men	3,408		3,362	
	Indefinite	2,882		2,921	
	Temporary	526		441	
	Women	735		709	
	Indefinite	604		613	
	Temporary	131		96	
	<b>Argentina</b>	<b>18,374</b>		<b>17,920</b>	
	Men	16,719		16,222	
	Indefinite	16,686		16,22	
	Temporary	33		2	
	Women	1,655		1,698	
	Indefinite	1,655		1,698	
	Temporary	0		0	
	<b>Australia</b>	<b>1</b>		<b>1,06</b>	
	Men	691	702		
	Indefinite	691	702		
	Temporary	0	0		
	Women	309	358		
	Indefinite	309	358		
	Temporary	0	0		
	<b>Brazil</b>	<b>50,764</b>	<b>47,457</b>		
	Men	43,424	40,268		
	Indefinite	43,365	40,201		
	Temporary	59	67		
	Women	7,340	7,189		
	Indefinite	7,250	7,116		
	Temporary	90	73		
	<b>Chile</b>	<b>7,678</b>	<b>7,521</b>		
	Men	6,292	6,219		
	Indefinite	5,363	5,419		
	Temporary	929	800		
Women	1,386	1,302			
Indefinite	1,181	1,179			
Temporary	205	123			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-10	<b>China</b>	<b>511</b>	100.0%	<b>536</b>	99.1%
	Men	459		514	
	Indefinite	1		506	
	Temporary	458		8	
	Women	52		22	
	Indefinite	0		22	
	Temporary	52		0	
	<b>Colombia</b>	<b>9,237</b>		<b>10,556</b>	
	Men	7,471		8,244	
	Indefinite	838		798	
	Temporary	6,633		7,446	
	Women	1,766		2,312	
	Indefinite	385		374	
	Temporary	1,381		1,938	
	<b>Spain</b>	<b>27,703</b>		<b>29,384</b>	
	Men	21,723		23,14	
	Indefinite	15,211		16,022	
	Temporary	6,512		7,118	
	Women	5,980		6,244	
	Indefinite	4,123		4,084	
	Temporary	1,857		2,16	
	<b>France</b>	<b>5,441</b>		<b>5,853</b>	
	Men	4,686		5,040	
	Indefinite	4,189		4,723	
	Temporary	497		317	
	Women	755		813	
	Indefinite	673		767	
	Temporary	82		46	
	<b>India</b>	<b>10,522</b>		<b>10,644</b>	
	Men	10,458		10,522	
Indefinite	10,458	10,474			
Temporary	0	48			
Women	64	122			
Indefinite	64	122			
Temporary	0	0			
<b>Mexico</b>	<b>2,614</b>	<b>ND</b>			
Men	2,084	ND			
Indefinite	2,084	ND			
Temporary	0	ND			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-10	Women	530	100.0%	ND	99.1%
	Indefinite	530		ND	
	Temporary	0		ND	
	<b>Paraguay</b>	<b>1,392</b>		<b>1,520</b>	
	Men	1,273		1,393	
	Indefinite	1,273		1,393	
	Temporary	0		0	
	Women	119		127	
	Indefinite	119		127	
	Temporary	0		0	
	<b>Peru</b>	<b>11,155</b>		<b>10,742</b>	
	Men	9,596		9,246	
	Indefinite	3,963		3,66	
	Temporary	5,633		5,586	
	Women	1,559		1,496	
	Indefinite	604		460	
	Temporary	955		1,036	
	<b>Portugal</b>	<b>6,829</b>		<b>7,250</b>	
	Men	5,501		5,859	
	Indefinite	4,785		4,653	
	Temporary	716		1,206	
	Women	1,328		1,391	
	Indefinite	955		924	
	Temporary	373		467	
	<b>Singapore</b>	<b>1,609</b>		<b>1,839</b>	
	Men	1,328		1,556	
	Indefinite	826		939	
	Temporary	502		617	
	Women	281		283	
	Indefinite	211		207	
	Temporary	70		76	
	<b>Uruguay</b>	<b>2,850</b>		<b>2,809</b>	
	Men	2,562		2,517	
	Indefinite	2,562		2,517	
	Temporary	0		0	
	Women	288		292	
	Indefinite	288		292	
	Temporary	0		0	

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-10	<b>Workforce by working day type and gender</b>	<b>161,822</b>	100.0%	<b>159,162</b>	99.1%
	<b>Man</b>	<b>137,675</b>		<b>134,804</b>	
	Full-time	128,495		126,326	
	Part time	9,18		8,478	
	<b>Women</b>	<b>24,147</b>		<b>24,358</b>	
	Full-time	21,438		21,583	
	Part time	2,709		2,775	
G4-10	<b>Workforce by age</b>	<b>161,822</b>	100.0%	<b>159,162</b>	99.1%
	Under 30	37,537		34,195	
	Between 30 and 50 years	102,731		101,847	
	More than 50 years	21,554		23,120	
G4-10	<b>Workforce by employee category and age group</b>	<b>151,300</b>	100.0%	<b>148,519</b>	99.1%
	<b>Managers</b>	<b>813</b>		<b>838</b>	
	Under 30	44		38	
	Between 30 and 50 years	653		680	
	More than 50 years	116		120	
	<b>Heads</b>	<b>3,955</b>		<b>3,717</b>	
	Under 30	208		179	
	Between 30 and 50 years	3,033		2,81	
	More than 50 years	714		728	
	<b>Administrative personnel</b>	<b>6,804</b>		<b>6,631</b>	
	Under 30	1,625		1,555	
	Between 30 and 50 years	4,483		4,295	
	More than 50 years	696		782	
	<b>Operations personnel</b>	<b>139,728</b>		<b>137,333</b>	
	Under 30	31,018		28,295	
Between 30 and 50 years	89,357	88,154			
More than 50 years	19,353	20,883			
G4-10	<b>Workforce by employee category and gender</b>	<b>161,822</b>	100.0%	<b>148,519</b>	99.1%
	<b>Directors</b>	<b>813</b>		<b>838</b>	
	Men	628		634	
	Women	185		204	
	<b>Heads</b>	<b>3,979</b>		<b>3,717</b>	
	Men	3,333		3,138	
	Women	646		579	
	<b>Administrative personnel</b>	<b>7,093</b>		<b>5,873</b>	
	Men	4,053		3,215	
	Women	3,040		2,658	



[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-10	<b>Operations personnel</b>	<b>149,937</b>		<b>138,091</b>	
	Men	129,661	100.0%	117,229	99.1%
	Women	20,276		20,862	
	<b>Employees with disabilities</b>				
	Number of employees with disabilities	968	100.0%	1,06	99.1%
	Percentage of employees with disabilities	0.6%		0.7%	
	<b>Immigrant workforce</b>				
	Number of immigrants in the workforce	2,577	100.0%	2,92	99.1%
	Percentage of immigrants in the workforce	1.6%		1.8%	
G4-EC6	<b>Management hired from the local community</b>				
	Number of senior management hired from the local community	249	100.0%	249	99.0%
	Total number of senior managers	284		288	
Senior management hired from the local community	87.7%	86.5%			
G4-LA13	<b>Average salary of men and women by employee category (euros)</b>				
	<b>Directors</b>		99.4%		99.1%
	Men	110,711.7		130,664.1	
	Women	65,030.4		86,981.2	
	<b>Heads</b>				
	Men	38,875.3		46,957.8	
	Women	37,739.9		39,968.2	
	<b>Administrative personnel</b>				
	Men	19,235.9		21,545.8	
	Women	16,544.5		18,550.5	
	<b>Operations personnel</b>				
Men	11,269.7	14,716.6			
Women	10,365.2	13,418.4			
G4-11	<b>Trade union representation</b>				
	Number of employees who are members of a trade union	29,237	94.6%	29,077	99.1%
Percentage of employees who are members of a trade union	18.7%	19.0%			
G4-11	<b>Colective bargaining agreements</b>				
	Number of employees covered by collective bargaining agreements	124,148	94.6%	125,663	99.1%
Percentage of employees covered by collective bargaining agreements	76.7%	79.0%			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-LA9	<b>Total number of training hours</b>	1,792,590.5	100.0%	1,724,778.7	99.0%
	<b>By employee category</b>				
	Directors	6,652.5	100.0%	7,265.5	99.0%
	Heads	33,915.1		36,333.5	
	Administrative personnel	109,329.8		83,333.3	
	Operations personnel	1,642,693.2		1,597,846.5	
	<b>By gender</b>				
	Men	1,538,004.9	100.0%	1,524,209.6	99.9%
Women	254,586.2		249,997.8		
G4-LA9	<b>Average number of hours of training</b>	11.8	100.0%	11.6	99.9%
	<b>By employee category</b>				
	Directors	8.5	100.0%	9.0	99.9%
	Heads	8.8		10.0	
	Administrative personnel	16.1		14.2	
	Operations personnel	11.8		11.6	
	<b>By gender</b>				
	Men	12.1	100.0%	12.3	99.9%
Women	10.6		10.3		
G4-HR7	<b>Training on human rights</b>				
	Number of employees who have received training on human rights	15,169	90.2%	6,66	90.1%
	Percentage of employees who have received training on human rights	10.4%		4.7%	
	Hours of training on human rights	24,389.0		15,492.0	
<b>Training investment</b>					
	Investment on employees training	8.2	100.0%	11.8	100.0%
G4-LA11	<b>Employees receiving regular performance and career development reviews</b>				
	Number of employees receiving regular performance and career development reviews	20,759	94.5%	21,522	94.5%
	Men	17,507		17,898	
	Women	3,252		3,624	
	Percentage of employees receiving regular performance and career development reviews	13.3%		14.1%	
	Men	13.2%		13.8%	
Women	13.9%	15.4%			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-LA3	<b>Total number of employees that were entitled to parental leave</b>	<b>4,062</b>		<b>4,596</b>	
	Men	3,279	95.6%	3,497	95.6%
	Women	783		1,099	
	<b>Total number of employees who returned to work after parental leave ended</b>	<b>3,913</b>		<b>4,248</b>	
	Men	3,207	95.6%	3,392	95.6%
	Women	706		856	
	<b>Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work</b>	<b>3,257</b>		<b>3,84</b>	
	Men	2,653	90.2%	2,979	90.0%
	Women	604		861	
G4-LA1	<b>Total number and rate of new employee hires during the reporting period</b>	<b>43,067</b>	<b>100.0%</b>	<b>46,037</b>	<b>100.0%</b>
G4-LA1	<b>By gender</b>				
	Men	34,975	100.0%	37,003	100.0%
	Women	8,092		9,034	
G4-LA1	<b>By age</b>				
	Under 30	18,753	100%	19,355	100.0%
	Between 30 and 50 years	19,574		22,108	
	More than 50 years	2,475		3,089	
G4-LA1	<b>By Country</b>		100.0%		100.0%
	Germany	526		415	
	Argentina	3,290		2,713	
	Australia	158		232	
	Brazil	9,636		7,114	
	Chile	4,276		4,02	
	China	308		181	
	Colombia	3,115		6,747	
	Spain	6,627		7,108	
	France	4,426		4,584	
	India	2,265		1,406	
	Mexico	1,620		1,620	
	Paraguay	240		379	
	Peru	3,405		5,733	
	Portugal	781		1,697	
	Singapore	1,429		1,338	
Uruguay	965	750			

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
	<b>Total number and rate of employee turnover during the reporting period</b>	<b>29.7%</b>	<b>100.0%</b>	<b>32.8%</b>	<b>100.0%</b>
G4-LA1	<b>By gender</b>		<b>93.9%</b>		<b>100.0%</b>
	Men	25.5%		33.4%	
	Women	21.9%		32.5%	
	<b>By age</b>		<b>93.9%</b>		<b>100.0%</b>
	Under 30	32.4%		41.4%	
	Between 30 and 50 years	22.2%		27.9%	
	More than 50 years	12.6%		17.1%	
	<b>By Country</b>		<b>100.0%</b>		<b>100.0%</b>
	Germany	9.3%		14.3%	
	Argentina	16.6%		17.7%	
	Australia	11.0%		10.7%	
	Brazil	20.6%		17.9%	
	Chile	62.7%		51.2%	
	China	49.0%		39.6%	
	Colombia	57.9%		57.5%	
	Spain	10.0%		11.7%	
	France	32.7%		20.3%	
	India	22.8%		24.0%	
Mexico	67.6%	67.6%			
Paraguay	20.8%	11.0%			
Peru	38.0%	57.0%			
Portugal	12.7%	3.2%			
Singapore	7.3%	90.4%			
Uruguay	35.8%	30.0%			
G4-LA6	<b>Number of days worked by all employees of Prosegur</b>	<b>40,857,297</b>	<b>95.5%</b>	<b>44,598,735</b>	<b>96.2%</b>
	Men	35,179,408		38,003,386	
	Women	5,677,889		6,595,349	
	<b>Total number of lost days</b>	<b>2,028,664</b>		<b>2,057,809</b>	
	Men	1,761,286		1,714,241	
	Women	267,379		343,568	
	<b>Absenteeism rate (AR)</b>	<b>5.0%</b>		<b>4.6%</b>	
	Men	5.0%		4.5%	
Women	4.7%	5.2%			



[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
	<b>By Country</b>				
	<b>Germany</b>				
	Number of days worked by all employees of Prosegur	957,496		845,858	
	Total number of lost days	194,937		232,870	
	Absenteeism rate (AR)	<b>20.4%</b>		<b>27.5%</b>	
	<b>Argentina</b>				
	Number of days worked by all employees of Prosegur	4,409,760		4,300,800	
	Total number of lost days	249,718		244,885	
	Absenteeism rate (AR)	<b>5.7%</b>		<b>5.7%</b>	
	<b>Australia</b>				
	Number of days worked by all employees of Prosegur	147,274		166,051	
	Total number of lost days	13,913		15,207	
	Absenteeism rate (AR)	<b>9.4%</b>		<b>9.2%</b>	
	<b>Brazil</b>				
	Number of days worked by all employees of Prosegur	12,990,142		12,528,648	
	Total number of lost days	695,116		565,348	
	Absenteeism rate (AR)	<b>5.4%</b>		<b>4.5%</b>	
	<b>Chile</b>				
	Number of days worked by all employees of Prosegur	1,942,519		2,111,120	
G4-LA6	Total number of lost days	105,710	95.5%	113,261	96.2%
	Absenteeism rate (AR)	<b>5.4%</b>		<b>5.4%</b>	
	<b>China</b>				
	Number of days worked by all employees of Prosegur	ND		4,378	
	Total number of lost days	ND		2,908	
	Absenteeism rate (AR)	<b>ND</b>		<b>66.4%</b>	
	<b>Colombia</b>				
	Number of days worked by all employees of Prosegur	2,752,585		3,077,756	
	Total number of lost days	31,188		48,277	
	Absenteeism rate (AR)	<b>1.1%</b>		<b>1.6%</b>	
	<b>Spain</b>				
	Number of days worked by all employees of Prosegur	8,903,472		9,065,662	
	Total number of lost days	258,377		308,211	
	Absenteeism rate (AR)	<b>2.9%</b>		<b>3.4%</b>	
	<b>France</b>				
	Number of days worked by all employees of Prosegur	1,438,392		1,585,369	
	Total number of lost days	118,778		135,567	
	Absenteeism rate (AR)	<b>8.3%</b>		<b>8.6%</b>	
	<b>India</b>				
	Number of days worked by all employees of Prosegur	3,198,688		3,566,823	
	Total number of lost days	171,917		209,629	
	Absenteeism rate (AR)	<b>5.4%</b>		<b>5.9%</b>	

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-LA6	<b>Mexico</b>				
	Number of days worked by all employees of Prosegur	679,640		679,640	
	Total number of lost days	12,289		12,289	
	Absenteeism rate (AR)	<b>1.8%</b>		<b>1.8%</b>	
	<b>Paraguay</b>				
	Number of days worked by all employees of Prosegur	434,304		531,817	
	Total number of lost days	7,500		7,693	
	Absenteeism rate (AR)	<b>1.7%</b>		<b>1.4%</b>	
	<b>Peru</b>				
	Number of days worked by all employees of Prosegur	ND		3,452,847	
	Total number of lost days	ND		60,064	
	Absenteeism rate (AR)	<b>ND</b>		<b>1.7%</b>	
	<b>Portugal</b>				
	Number of days worked by all employees of Prosegur	1,802,856	95.3%	1,530,602	95.5%
	Total number of lost days	115,719		ND	
	Absenteeism rate (AR)	<b>6.4%</b>		<b>ND</b>	
	<b>Singapore</b>				
	Number of days worked by all employees of Prosegur	345,169		320,957	
Total number of lost days	34,383		3,460		
Absenteeism rate (AR)	<b>10.0%</b>		<b>1.1%</b>		
<b>Uruguay</b>					
Number of days worked by all employees of Prosegur	855		830,407		
Total number of lost days	19,119		98,140		
Absenteeism rate (AR)	<b>2.2%</b>		<b>11.8%</b>		
G4-LA5	<b>Formal Health and Safety Committees</b>				
	<b>Total number of employees</b>	151,300		149,012	
	Number of employees represented in formal health and safety committees	53,607	99.9%	65,656	99.1%
	Percentage of employees represented in formal health and safety committees	<b>35.4%</b>		<b>44.1%</b>	
G4-LA6	<b>Injury rate by gender</b>				
	<b>Number of hours worked by all Prosegur employees</b>	<b>311,440,781.0</b>		<b>298,518,958.4</b>	
	Men	268,284,009.0		252,531,489.5	
	Women	43,156,772.0		45,987,468.9	
	<b>Number of workplace injuries</b>	<b>5,064</b>		<b>5,417</b>	
	Men	4,368	99.9%	4,634	99.1%
	Women	696		783	
	<b>Injury rate (IR)</b>	<b>3.3</b>		<b>3.6</b>	
	Men	3.3		3.7	
Women	3.2		3.4		

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
	<b>Occupational diseases rate by gender</b>				
	<b>Total number of cases of occupational diseases</b>	<b>86</b>	99.9%	<b>74</b>	99.0%
	Men	38		36	
	Women	48		38	
	<b>Occupational diseases rate (ODR)</b>	<b>0.1</b>		<b>0.1</b>	
	Men	0.0		0.0	
	Women	0.2		0.2	
	<b>Rate of days lost by gender</b>				
G4-LA6	<b>Total number of lost days</b>	<b>112,182</b>	99.9%	<b>132,479</b>	99.1%
	Men	91,883		102,051	
	Women	20,299		30,428	
	<b>Lost day rate (IDR)</b>	<b>72.0</b>		<b>88.8</b>	
	Men	68.5		80.8	
	Women	94.1		132.3	
	<b>Fatalities</b>				
	<b>Number of fatalities</b>	<b>10</b>	100%	<b>12</b>	99.1%
	Men	7		12	
	Women	3		0	
	<b>Imparted training in OHS</b>				
G4-LA9	<b>Number of training hours on OHS</b>	<b>114,399</b>	100%	<b>141,956</b>	100.0%
	Men	<b>93,524</b>		<b>120,565</b>	
	Directors	127		114	
	Heads	415		449	
	Administrative personnel	3,054		3,067	
	Operative personnel	89,928		116,935	
	Women	<b>20,875</b>		<b>21,391</b>	
	Directors	37		40	
	Heads	134		107	
	Administrative personnel	1,763		1,621	
	Operative personnel	18,941		19,623	
		<b>Investment in health and safety in the workplace</b>			
	Investment in health and safety in the workplace (millions of euros)	1.4	63.8%	1.4	34.0%
<b>ENVIRONMENTAL COMMITMENT</b>					
G4-EN1	<b>Materials used</b>				
	Paper (t)	470.9	63.9%	407.1	67.6%
	Toner (t)	3.5		3.1	
	Plastic consumables (t)	1,129.7		873.9	

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
G4-EN2	<b>Materials used that are recycled input materials</b>				
	Number of uniforms reused each year	48,600.0	63.9%	36,774.0	68.5%
	Number of uniforms distributed each year	888,277.0		618,689.0	
G4-EN3 G4-EN4	<b>Direct and indirect energy consumption</b>				
	Fuel + diesel consumption (million litres)	23.5	63.9%	28.4	63.1%
	Natural gas consumption (m3)	140,471.6		90,651.2	
Electricity consumption (MWh)	36,835.1	34,863.0			
G4-EN8 G4-EN10	<b>Water consumption</b>				
	Obtained from the public network (m3)	204,738.0	63.9%	538,675.2	62.0%
	From other sources (m3)	0.0		0.0	
	<b>Total (m3)</b>	<b>204,738.0</b>		<b>538,675.2</b>	
	Volume of water recycled/reused (m3)	0.0		0.0	
Percentage of water consumption recycled/reused (m3)	0.0%	0.0%			
G4-EN15 G4-EN16 G4-EN17	<b>Direct and indirect emissions of greenhouse gases</b>				
	Direct emissions (t CO2eq)	58,848.3	54.1%	103,232.9	57.6%
	Indirect emissions (t CO2eq)	15,490.5		14,508.4	
<b>Total emissions (t CO2eq)</b>	<b>74,338.8</b>	<b>117,741.3</b>			
G4-EN23	<b>Waste managed</b>				
	Waste generation (t)	1,141.9	58.5%	1,210.2	67.6%
	Hazardous waste (t)	206.1		161.8	
	Non-hazardous waste (t)	935.8		1,048.4	
	<i>Paper and cardboard (t)</i>	143.5		158.9	
	<i>Plastics (t)</i>	322.2		332.3	
<i>Other (t)</i>	470.1	557.1			
G4-EN29	<b>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</b>				
	Number of environmental incidents	4	57.6%	3	67.6%
	Number of environmental incidents with disciplinary proceedings	0		0	
Cost of fines for disciplinary proceedings	0.0	0.0			
G4-EN31	<b>Environmental protection expenditures and investments</b>				
	Environmental investments (thousands of euros)	335.1	57.6%	662.3	62.1%
Environmental expenditures (thousands of euros)	ND	ND			
	<b>Environmental audits</b>				
	Number of environmental audits carried out	17	58.5%	70	70.3%

[G4-20] [G4-21] [G4-23]

G4 Equivalence	Indicator	2015	2015 Scope	2016	2016 Scope
<b>SOCIAL ACTION</b>					
	<b>Report number of projects developed in social action by action areas</b>	<b>28</b>		<b>29</b>	
	Education	7	<b>100.0%</b>	6	<b>100.0%</b>
	Labour inclusion	5		6	
	Promotion of culture	5		5	
	Corporate Volunteering	8		8	
	Other	3		4	
	<b>Beneficiaries / project participants</b>	<b>33,941</b>			
	Education	16,255	<b>100.0%</b>	16,815	<b>100.0%</b>
	Labour inclusion	641		1,719	
	Promotion of culture	1,218		1,865	
	Corporate Volunteering	1,35		1,332	
	Other	14,477		14,282	
	<b>Beneficiaries / project participants</b>	<b>2,351,416.0</b>			
	Education	1,250,403.8	<b>100.0%</b>	1,404,828.0	<b>100.0%</b>
	Labour inclusion	108,156.0		82,960.0	
	Promotion of culture	226,733.0		299,843.0	
	Corporate Volunteering	132,371.2		111,235.0	
	Other	633,752.0		701,182.0	



## Annex II

## Index of GRI G4 Indicators



## General basic contents

G4 Indicators	Page / Information (Omissions)	External Assurance	
<b>STRATEGY AND ANALYSIS</b>			
<b>G4-1</b>	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Letter from the Chairman and Message from the Chief Executive Officer <b>pp. 6-11</b>	No
<b>G4-2</b>	Provide a description of key impacts, risks, and opportunities	1. 6 Risk management <b>pp. 36-42</b> 3.4 Future challenges and opportunities - Prosegur Cash <b>p. 71</b> 4.4 Future challenges and opportunities - Prosegur Security <b>p. 79</b> 4.4 Future challenges and opportunities - Prosegur Security <b>p. 86</b>	No
<b>ORGANIZATIONAL PROFILE</b>			
<b>G4-3</b>	Report the name of the organization	Prosegur Compañía de Seguridad, S.A.	No
<b>G4-4</b>	Report the primary brands, products, and services	1. Prosegur and its business model <b>p. 13</b> 3.1. The value of Prosegur Cash <b>p. 66</b> 4.1. The value of Prosegur Security <b>p. 74</b> 5.1. The value of Prosegur Alarms <b>p. 81-82</b>	No
<b>G4-5</b>	Report the location of the organization's headquarters	Calle Pajaritos, nº 24, Madrid, España	No
<b>G4-6</b>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	1. Prosegur and its business model <b>p. 13</b>	No
<b>G4-7</b>	Report the nature of ownership and legal form	Prosegur Compañía de Seguridad, S.A.	No
<b>G4-8</b>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	1. Prosegur and its business model <b>pp. 14-15</b>	No

G4 Indicators		Page / Information (Omissions)	External Assurance
<b>G4-9</b>	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	1. Prosegur and its business model <b>p. 13</b> 1.1 Main magnitudes <b>pp. 16-18</b> 1.3 Good governance, ethics and compliance <b>p. 20</b>	No
<b>G4-10</b>	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	2.1. Employees <b>pp. 46-51</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>G4-11</b>	Report the percentage of total employees covered by collective bargaining agreements.	2.1 Employees <b>p. 50</b> Annex I. Performance indicators (Employees) <b>p.101</b>	No
<b>G4-12</b>	Describe the organization's supply chain.	2.2 Suppliers <b>pp. 52-54</b>	No
<b>G4-13</b>	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	1.3 Good governance, ethics and compliance <b>pp. 19-21</b>	No
<b>G4-14</b>	Report whether and how the precautionary approach or principle is addressed by the organization.	1.6 Risk management <b>pp. 36-42</b> 3.4 Future challenges and opportunities - Prosegur Cash <b>p. 71</b> 4.4 Future challenges and opportunities - Prosegur Security <b>p. 79</b> 5.4 Future challenges and opportunities - Prosegur Alarms <b>p. 86</b>	No
<b>G4-15</b>	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	1.3 Good governance, ethics and compliance <b>p. 25</b> Annex III. Industry associations <b>pp. 123-124</b>	No
<b>G4-16</b>	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization participates.	1.3 Good governance, ethics and compliance <b>p. 25</b> Annex III. Industry associations <b>pp. 123-124</b>	No

G4 Indicators		Page / Information (Omissions)	External Assurance
<b>MATERIAL ASPECTS AND BOUNDARIES</b>			
<b>G4-17</b>	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	2016 Consolidated Financial Statements Report - Annex I - Subsidiaries included in the consolidation perimeter. <b>pp. 259-269</b> <b>Available on the web <a href="http://www.prosegur.com">http://www.prosegur.com</a></b>	No
<b>G4-18</b>	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	6.2 Standards of reference <b>p. 89</b> 6.3 Materiality analysis <b>p. 90</b>	No
<b>G4-19</b>	List all the material Aspects identified in the process for defining report content.	6.3 Materiality analysis <b>p. 90</b>	No
<b>G4-20</b>	For each material Aspect, report the Aspect Boundary outside the organization.	6.3 Materiality analysis <b>p. 90</b> Annex I. Performance indicators <b>pp. 93-109</b>	No
<b>G4-21</b>	For each material Aspect, report the Aspect Boundary outside the organization.	6.3 Materiality analysis <b>p. 90</b> Annex I. Performance indicators <b>pp. 93-109</b>	No
<b>G4-22</b>	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	The information provided in any of the previous Reports has not been restated	No
<b>G4-23</b>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Annex I. Performance indicators <b>pp. 93-109</b>	No
<b>STAKEHOLDER ENGAGEMENT</b>			
<b>G4-24</b>	Provide a list of stakeholder groups engaged by the organization	2. The value of a group <b>p. 45</b>	No
<b>G4-25</b>	Report the basis for identification and selection of stakeholders with whom to engage.	2. The value of a group <b>p. 45</b> 6.3 Materiality analysis <b>p. 90</b>	No
<b>G4-26</b>	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<b>pp. 25, 50, 54, 55, 58, 60, 90</b>	No
<b>G4-27</b>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	<b>pp. 59, 62, 67, 75, 83, 90</b>	No
<b>REPORT PROFILE</b>			
<b>G4-28</b>	Reporting period (such as fiscal or calendar year) for information provided	2016	No
<b>G4-29</b>	Date of most recent previous Report (if any).	2015	No
<b>G4-30</b>	Reporting cycle (such as annual, biennial).	Annual	No
<b>G4-31</b>	Provide the contact point for questions regarding the Report or its contents.	6.4. Datos de contacto <b>p. 91</b>	No

G4 Indicators	Page / Information (Omissions)	External Assurance
<b>G4-32</b> a. Report the "in accordance" option that the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured.	6.2. Standards of reference <b>p. 89</b>	No
<b>G4-33</b> a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	The Annual Report is not verified externally (the Annual Financial Statements are externally audited)	No
<b>GOVERNANCE</b>		
<b>G4-34</b> Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	1.3 Good governance, ethics and compliance <b>p. 19-26</b>	No
<b>G4-35</b> Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
<b>G4-36</b> Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
<b>G4-37</b> Describe the process of consultation among stakeholders and the highest governance body regarding economic, environmental and social issues. If such consultation is delegated, point to whom and describe the process of information exchange with the highest governance body.	6.3 Materiality analysis <b>pp. 89-90</b> 1.3 Good governance, ethics and compliance <b>p. 19-26</b>	No
<b>G4-38</b> Report the composition of the highest governance body and its committee	1.3 Good governance, ethics and compliance (Board of Directors and Committees) <b>p. 19-26</b>	No
<b>G4-39</b> Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	1.3 Good governance, ethics and compliance (Board of Directors and Committees) <b>p. 19-26</b> Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
<b>G4-40</b> Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
<b>G4-41</b> Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
<b>G4-42</b> Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
<b>G4-43</b> Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No

G4 Indicators	Page / Information (Omissions)	External Assurance
<p><b>G4-44</b> a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</p>	<p>Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b></p>	No
<p><b>G4-45</b> a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	<p>1.6 Risk management <b>pp. 36-42</b></p> <p>3.4 Future challenges and opportunities - Prosegur Cash <b>p. 71</b></p> <p>4.4 Future challenges and opportunities - Prosegur Security <b>p. 79</b></p> <p>5.4 Future challenges and opportunities - Prosegur Alarms <b>p. 86</b></p> <p>1.3 Good governance, ethics and compliance <b>pp. 19-26</b></p> <p>Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b></p>	No
<p><b>G4-46</b> Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.</p>	<p>1.6 Risk management <b>pp. 36-42</b></p> <p>3.4 Future challenges and opportunities - Prosegur Cash <b>p. 71</b></p> <p>4.4 Future challenges and opportunities - Prosegur Security <b>p. 79</b></p> <p>5.4 Future challenges and opportunities - Prosegur Alarms <b>p. 86</b></p> <p>1.3 Good governance, ethics and compliance <b>pp. 19-26</b></p> <p>Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b></p>	No
<p><b>G4-47</b> Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.</p>	<p>1.6 Risk management <b>pp. 36-42</b></p> <p>3.4 Future challenges and opportunities - Prosegur Cash <b>p. 71</b></p> <p>4.4 Future challenges and opportunities - Prosegur Security <b>p. 79</b></p> <p>5.4 Future challenges and opportunities - Prosegur Alarms <b>p. 86</b></p>	No
<p><b>G4-48</b> Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.</p>	<p>The Annual Report is reviewed and ultimately approved by the Board of Directors.</p>	No



G4 Indicators		Page / Information (Omissions)	External Assurance
G4-49	Report the process for communicating critical concerns to the highest governance body.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b> Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b> Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable..	In 2016, no query on this issue has been received in any of the communication channels available in the Company.	No
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b> Report on Compensation of Directors <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Annual Corporate Governance Report <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b> Report on Compensation of Directors <b>Available on the web <a href="http://www.prosegur.com">www.prosegur.com</a></b>	No

#### ETHICS AND INTEGRITY

G4-56	Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	1.2 Mission, Vision and Values <b>p. 18</b> 1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b>	No
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b>	No
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b>	No

G4 Indicators	Page / Information (Omissions)	External Assurance	
<b>Specif standard disclosures</b>			
<b>CATEGORY: ECONOMIC</b>			
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	1.1 Main magnitudes <b>pp. 16-18</b>	No
<b>G4-EC1</b>	a. Report the direct economic value generated and distributed on an accruals basis b. To better assess local economic impacts, report the direct economic value generated and distributed separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.	1.1 Main magnitudes <b>pp. 16-18</b> 2. The value of a group <b>pp. 44-45</b> 3.3 Key figures of Prosegur Cash <b>pp. 68-69</b> 4.3 Key figures of Prosegur Security <b>pp. 76-78</b> 5.3 Key figures of Prosegur Alarms <b>pp. 84-86</b>	No
<b>G4-EC2</b>	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	1.6 Risk management <b>pp. 36-42</b> 3.4 Future challenges and opportunities - Prosegur Cash <b>p. 71</b> 4.4 Future challenges and opportunities - Prosegur Security <b>p. 79</b> 5.4 Future challenges and opportunities - Prosegur Alarms <b>p. 86</b>	No
<b>G4-EC3</b>	a. Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities. b. Where a separate fund exists to pay the plan's pension liabilities, report: The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; The basis on which that estimate has been arrived at; When that estimate was made. c. Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. d. Report the percentage of salary contributed by employee or employer. e. Report the level of participation in retirement plans (such as participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact).	Not applicable. There is no employee benefit plan.	No
<b>G4-EC4</b>	a. Report the total monetary value of financial assistance received by the organization from governments during the reporting period. b. Report the information above by country. c. Report whether, and the extent to which, the government is present in the shareholding structure.	Annex I. Performance indicators (Financial performance) <b>pp. 93-94</b>	No

G4 Indicators	Page / Information (Omissions)	External Assurance	
<b>CATEGORY: SOCIAL PERFORMANCE / SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK</b>			
<b>MATERIAL ASPECT: EMPLOYMENT</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees pp. 46-51	No
<b>G4-LA1</b>	a. Report the total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Report the total number and rate of employee turnover during the reporting period, by age group, gender and region.	Annex I. Performance indicators (Employees) pp. 96-107	No
<b>G4-LA2</b>	a. Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. b. Report the definition used for «significant locations of operation».	The Company does not offer different social benefits to full-time employees	No
<b>G4-LA3</b>	a. Report the total number of employees that were entitled to parental leave, by gender. b. Report the total number of employees that took parental leave, by gender. c. Report the total number of employees who returned to work after parental leave ended, by gender. d. Report the total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender. e. Report the return to work and retention rates of employees who took parental leave, by gender.	Annex I. Performance indicators (Employees) pp. 96-107	No
<b>MATERIAL ASPECT: LABOUR/MANAGEMENT RELATIONSN</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees (Occupational health and safety) pp. 46-51	No
<b>G4-LA4</b>	a. Report the minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.	Annex I. Performance indicators (Employees) pp. 96-107	No
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees (Occupational health and safety) pp. 46-51	No
<b>G4-LA5</b>	a. Report the level at which each formal joint management-worker health and safety committee typically operates within the organization. b. Report the percentage of the total workforce represented in formal joint management-worker health and safety committees.	Annex I. Performance indicators (Employees) pp. 96-107	No

G4 Indicators	Page / Information (Omissions)	External Assurance
<b>G4-LA6</b> a. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by: Region and Gender. b. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by: Region and Gender. c. Report the system of rules applied in recording and reporting accident statistics.	Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>G4-LA7</b> Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	No professional activities have been identified as at risk of diseases.	No
<b>G4-LA8</b> a. Report whether formal agreements (either local or global) with trade unions cover health and safety. b. If yes, report the extent, as a percentage, to which various health and safety topics are covered by these agreements.	The information is included in the collective bargaining agreements of the different countries in which the Company operates, but the percent range thereof is not available at present.	No
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>		
<b>G4-DMA</b> a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees (Employee training) <b>pp. 46-51</b>	No
<b>G4-LA9</b> a. Report the average hours of training that the organization's employees have undertaken during the reporting period, by: Gender and Employee category.	2.1 Employees (Employee training) <b>pp. 46-51</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>G4-LA10</b> a. Report on the type and scope of programs implemented and assistance provided to upgrade employee skills. b. Report on the transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	2.1 Employees (Employee training) <b>pp. 46-51</b> 2.1 Employees (Professional development and effort recognition) <b>pp. 46-51</b>	No
<b>G4-LA11</b> Report the percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	2.1 Employees (Professional development and effort recognition) <b>pp. 46-51</b>	No
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>G4-DMA</b> a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees <b>pp. 46-51</b>	No
<b>G4-LA12</b> a. Report the percentage of individuals within the organization's governance bodies in each of the following diversity categories: Gender; Age group: under 30 years old, 30-50 years old, over 50 years old; Minority groups; Other indicators of diversity where relevant. b. Report the percentage of employees per employee category in each of the following diversity categories: Gender; Age group: under 30 years old, 30-50 years old, over 50 years old; Minority groups; Other indicators of diversity where relevant.	1.3 Good governance, ethics and compliance (Composition of the Board of Directors) <b>pp. 19-26</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No

G4 Indicators		Page / Information (Omissions)	External Assurance
<b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees <b>pp. 46-51</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>G4-LA13</b>	a. Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. Report the definition used for 'significant locations of operation'	Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>CATEGORY: SOCIAL PERFORMANCE / SUB-CATEGORY: HUMAN RIGHTS</b>			
<b>MATERIAL ASPECT: INVESTMENT</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<b>G4-HR1</b>	a. Report the total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. Report the definition of «significant investment agreements» used by the organization.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b>	No
<b>G4-HR2</b>	a. Report the total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Report the percentage of employees in the reporting period trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b> 2.1 Employees (Employee training) <b>pp. 46-51</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>MATERIAL ASPECT: NON-DISCRIMINATION</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees (Labour relations) <b>pp. 46-51</b>	No
<b>G4-HR3</b>	a. Report the total number of incidents of discrimination during the reporting period. b. Report the status of the incidents and the actions taken.	1.3 Good governance, ethics and compliance (Whistleblowing Channel) <b>p. 19-26</b>	No
<b>MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	2.1 Employees (Labour relations) <b>pp. 46-51</b>	No



G4 Indicators	Page / Information (Omissions)	External Assurance
<b>G4-HR4</b> a. Report operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk. b. Report measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	2.1 Employees (Labour relations) <b>pp. 46-51</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>MATERIAL ASPECT: SECURITY PRACTICES</b>		
<b>G4-DMA</b> a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.”	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<b>G4-HR7</b> a. Report the percentage of security personnel who have received formal training in the organization’s human rights policies or specific procedures and their application to security. b. Report whether training requirements also apply to third party organizations providing security personnel.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b> 2.1 Employees (Employee training) <b>pp. 46-51</b> Annex I. Performance indicators (Employees) <b>pp. 96-107</b>	No
<b>MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>		
<b>G4-DMA</b> a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.”	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<b>G4-HR12</b> a. Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period. b. Of the identified grievances, report how many were: Addressed during the reporting period; Resolved during the reporting period. c. Report the total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period.	1.3 Good governance, ethics and compliance (Code of Ethics and Conduct and Whistleblowing Channel) <b>p. 19-26</b> Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No
<b>CATEGORY: SOCIAL PERFORMANCE / SUB-CATEGORY: SOCIETY</b>		
<b>MATERIAL ASPECT: ANTI-CORRUPTION</b>		
<b>G4-DMA</b> a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<b>G4-S03</b> a. Report the total number and percentage of operations assessed for risks related to corruption. b. Report the significant risks related to corruption identified through the risk assessment.	Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No

G4 Indicators	Page / Information (Omissions)	External Assurance
<p><b>G4-S04</b></p> <p>a. Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Report the total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Report the total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region.</p> <p>d. Report the total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Report the total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No
<p><b>G4-S05</b></p> <p>a. Report the total number and nature of confirmed incidents of corruption.</p> <p>b. Report the total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Report the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Report public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No
<b>MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOUR</b>		
<p><b>G4-DMA</b></p> <p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach.</p>	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<p><b>G4-S07</b></p> <p>a. Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Report the main outcomes of completed legal actions, including any decisions or judgments.</p>	Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No
<b>MATERIAL ASPECT: COMPLIANCE WITH LAWS AND REGULATIONS</b>		
<p><b>G4-DMA</b></p> <p>a. Report why the Aspect is material. Report the impacts that make this Aspect material.</p> <p>b. Report how the organization manages the material Aspect or its impacts.</p> <p>c. Report the evaluation of the management approach.</p>	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<p><b>G4-S08</b></p> <p>a. Report significant fines and non-monetary sanctions.</p> <p>b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.</p> <p>c. Report the context against which significant fines and non-monetary sanctions were incurred.</p>	Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No

G4 Indicators	Page / Information (Omissions)	External Assurance	
<b>CATEGORY: SOCIAL PERFORMANCE / SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>			
<b>MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	Prosegur, in accordance with its corporate purpose, assesses the impact on the health and safety of customers in all phases in the lifecycle of its products and services	No
<b>G4-PR1</b>	Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement	1.6 Risk management <b>pp. 36-42</b>	No
<b>G4-PR2</b>	a. Report the total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period. b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.	No incidents have been reported in this area	No
<b>MATERIAL ASPECT: COMPLIANCE WITH LAWS AND REGULATIONS</b>			
<b>G4-DMA</b>	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach. c. Facilite la evaluación del enfoque de gestión.	1.3 Good governance, ethics and compliance <b>pp. 19-26</b>	No
<b>G4-PR9</b>	a. Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.	Annex I. Performance indicators (Ethics and Compliance) <b>pp. 94-95</b>	No

## Annex III

### Industry associations

Prosegur is a member of industry associations and organizations in order to **promote the development of the sector**, the **improvement of quality standards** and to **promote the most advanced public policies**. The main **European and international organizations** of which it is a member are:



#### Ligue Internationale des Sociétés de Surveillance

Association of private security companies. Non-governmental consulting body of the United Nations (UN) and the European Union.

#### Confederation of European Security Services (CoESS)

#### European Security Transport Association (ESTA)

European association of companies providing services of transport of valuables, cash handling and management.

#### Asociación Latinoamericana del Transporte de Valores (Altraval)

European association of companies providing services of transport of valuables, cash handling and management.

#### Asian Cash Management Association (ACMA)

Association of companies providing cash in transit services in Asia, Africa and Oceania.

#### Aviation Security Services Association – International (ASSA-I)

Association of airport security service companies.

#### ATM Industry Association (ATMIA)

International association of the ATM industry.

At the **national level**, Prosegur participates in the main organizations of the sector of all the countries in which it is present:

<b>Germany</b>	National Association of the Cash In Transit Industry (BDGW) German Vending Federation (BDV)
<b>Argentina</b>	Argentine Chamber of Research and Safety Companies (CAESI) Argentine Chamber of CIT Services Companies (CETCA) Argentine Federation of Cargo Carriers (FADEEAC) Chamber of Cargo Carrier Companies (CEAC) Chamber of Private Security Training Centres Chamber of Security Companies of Buenos Aires (CAESBA)

<b>Australia</b>	Australian Security Industry Association (ASIAL)
<b>Brazil</b>	Brazilian Transport of Valuables Association (ABTV) National Federation of Surveillance, Security and CIT Companies (FENAVIST)
<b>Chile</b>	Association of Private Security and CIT Companies (ASEVA) Chilean Association of Alarm System Companies (ACHEA) National Association of Security Professionals (ANASEP) National Association of Security Companies of Chile (EMPRORSE)
<b>China</b>	Shanghai Security Association
<b>Colombia</b>	Colombian Federation of Surveillance and Private Security Companies (FEDESEGURIDAD) Surveillance and Private Security Companies Committee of the National Federation of Tradesmen (FENALCO)
<b>Spain</b>	Professional Association of Private Security Companies of Spain (APROSER) Spanish Association of Security Companies (AES)
<b>France</b>	Association of Private Security Companies (USP) Federation of Fiduciary Security Companies (FEDESEFI) Logistics Intelligence Association of Southern Europe (PILES)
<b>India</b>	Association of Cash Management of India (CLAI)
<b>Mexico</b>	Mexican Association of Private Security Companies (AMESP)
<b>Paraguay</b>	Paraguayan Chamber of Transport of Valuables and Security Companies (CAPATRAVASEP) Paraguayan Chamber of Professional Security Companies
<b>Peru</b>	National Security Society of Peru (SNS)
<b>Portugal</b>	Association of Private Security Companies (AES) Portuguese Association of Electronic Security and Fire Protection (APSEI)
<b>Singapore</b>	Security Association of Singapore (SAS) Association of Certified Security Agencies (ACSA)
<b>Uruguay</b>	Uruguayan Chamber of Cash in Transit (CUETRACA) Uruguayan Chamber of Professional Installers of Electronic Security Systems (CIPSES) Uruguayan Chamber of Security Companies (CUES)



## Annex IV

### Compliance with the United Nations Global Compact

HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	1.3. Good governance, ethics and compliance (Respect for human rights) <b>pp. 19-26</b>
Principle 2	Businesses should make sure they are not complicit in Human Rights abuses.	1.3. Good governance, ethics and compliance (Respect for human rights) <b>pp. 19-26</b>
LABOUR PRACTICES		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2.1. Employees (Labour relations) <b>pp. 46-51</b>
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	2.2. Suppliers (Supply chain management) <b>pp. 52-54</b>
Principle 5	Businesses should uphold the effective abolition of child labour	2.2. Suppliers (Supply chain management) <b>pp. 52-54</b>
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	2.1. Employees <b>pp. 46-51</b>
ENVIRONMENTAL		
Principle 7	Businesses should support a precautionary approach to environmental challenges	1.7. Environmental management <b>p. 43</b>
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	1.7. Environmental management <b>p. 43</b>
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	1.7. Environmental management <b>p. 43</b>
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	1.3. Good governance, ethics and compliance (Corporate Compliance Program) <b>pp. 19-26</b>

# Consolidated annual accounts and management report for the fiscal year ended on December 2016





## CA Consolidated Annual Accounts

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**I. CONSOLIDATED INCOME STATEMENTS FOR THE FISCAL YEARS ENDING ON 31 DECEMBER 2016  
AND 2015**

(In thousands of euros)

	Note	2016	2015
Ordinary revenue	3	3,902,266	3,959,384
Costs to sell	4	(2,989,970)	(3,026,798)
<b>Gross profit</b>		<b>912,296</b>	<b>932,586</b>
Other income	6	8,360	15,418
Sale and administrative expenses	4	(554,301)	(599,968)
Other expenses	6	(28,560)	(14,176)
Share of profits/losses of fiscal year accounted for under the equity method	15	(4,893)	(9,615)
<b>Operating profit/loss (EBIT)</b>		<b>332,902</b>	<b>324,245</b>
Finance income	7	16,150	27,358
Finance expenses	7	(74,803)	(63,687)
Net financial expenses		(58,653)	(36,329)
<b>Profit before tax</b>		<b>274,249</b>	<b>287,916</b>
Income tax	27	(140,118)	(104,547)
<b>Post-tax profit from continuing operations</b>		<b>134,131</b>	<b>183,369</b>
<b>Consolidated profit for the year</b>		<b>134,131</b>	<b>183,369</b>
Attributable to:			
Owners of the parent		134,160	183,378
Non-controlling interests		(29)	(9)
<b>Earnings per share from continuing operations attributable to the owners of the parent (euros per share)</b>			
— Basic	8	0.2242	0.3065
— Diluted	8	0.2242	0.3065

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

**II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER  
2016 AND 2015**

(In thousands of euros)

	Note	2016	2015
<b>Profit/loss for the year</b>		<b>134,131</b>	<b>183,369</b>
<b>Other comprehensive income:</b>			
<b>Items which are not reclassified to profit and loss</b>			
Actuarial gains (losses) on defined benefit plans	5.2	(634)	635
		<b>(634)</b>	<b>635</b>
<b>Items which are reclassified to profit and loss</b>			
Translation differences of financial statements of foreign operations	22	44,146	(269,361)
		<b>44,146</b>	<b>(269,361)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>177,643</b>	<b>(85,357)</b>
Attributable to:			
— Owners of the parent		177,671	(85,348)
— Non-controlling interests		(28)	(9)

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts



## III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Note	2016	2015
<b>ASSETS</b>			
Property, plant and equipment	11	558,021	467,101
Goodwill	12	528,366	494,151
Other intangible assets	13	256,736	245,972
Investment property	14	—	83,678
Investments accounted for using the equity method	15	30,234	18,328
Non-current financial assets	17	9,600	8,324
Deferred tax assets	27	185,628	163,959
<b>Non-current assets</b>		<b>1,568,585</b>	<b>1,481,513</b>
Inventory	18	86,654	69,695
Trade and other receivables	19	943,225	838,312
Current tax asset		147,061	68,001
Non-current assets held for sale	14	64,701	448
Other financial assets	20	—	739
Cash and cash equivalents	21	824,634	316,434
<b>Current assets</b>		<b>2,066,275</b>	<b>1,293,629</b>
<b>Total assets</b>		<b>3,634,860</b>	<b>2,775,142</b>
<b>EQUITY</b>			
Share capital	22	37,027	37,027
Share premium	22	25,472	25,472
Own shares	22	(53,315)	(53,493)
Translation differences	22	(470,371)	(514,517)
Retained earnings and other reserves	22	1,212,118	1,205,467
<b>Equity attributable to equity holders of the Parent</b>		<b>750,931</b>	<b>699,956</b>
Non-controlling interests	22	569	(330)
<b>Total equity</b>		<b>751,500</b>	<b>699,626</b>
<b>LIABILITIES</b>			
Financial Liabilities	24	1,223,597	617,291
Deferred tax liabilities	27	108,161	116,838
Provisions	23	238,612	178,440
<b>Non-current liabilities</b>		<b>1,570,370</b>	<b>912,569</b>
Suppliers and other payables	25	785,693	692,677
Current tax liabilities		123,929	82,725
Financial Liabilities	24	358,383	338,249
Provisions	23	4,374	8,133
Other current liabilities	26	40,611	41,163
<b>Current liabilities</b>		<b>1,312,990</b>	<b>1,162,947</b>
<b>Total liabilities</b>		<b>2,883,360</b>	<b>2,075,516</b>
<b>Total equity and liabilities</b>		<b>3,634,860</b>	<b>2,775,142</b>

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

## IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Equity attributable to equity holders of the Parent					Retained earnings and other reserves (Note 22)	Non-controlling interests	Total equity
	Share capital (Note 22)	Share premium (Note 22)	Own shares (Note 22)	Other equity instruments (Note 22)	Translation differences (Note 22)			
<b>Balance at 1 January 2015</b>	<b>37,027</b>	<b>25,472</b>	<b>(53,493)</b>	<b>3,401</b>	<b>(245,156)</b>	<b>1,085,402</b>	<b>11,408</b>	<b>864,061</b>
Total comprehensive income for the year	—	—	—	—	(269,361)	184,013	(9)	(85,357)
Dividends	—	—	—	—	—	(65,947)	—	(65,947)
Other movements	—	—	—	(3,401)	—	1,999	(11,729)	(13,131)
<b>Balance at 31 December 2015</b>	<b>37,027</b>	<b>25,472</b>	<b>(53,493)</b>		<b>(514,517)</b>	<b>1,205,467</b>	<b>(330)</b>	<b>699,626</b>
Total comprehensive income for the year	—	—	—	—	44,146	133,526	(29)	177,643
Share-based incentives exercised by employees	—	—	178	—	—	—	—	178
Dividends	—	—	—	—	—	(130,799)	—	(130,799)
Other movements	—	—	—	—	—	3,924	928	4,852
<b>Balance at 31 December 2016</b>	<b>37,027</b>	<b>25,472</b>	<b>(53,315)</b>	—	<b>(470,371)</b>	<b>1,212,118</b>	<b>569</b>	<b>751,500</b>

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

## V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Note	2016	2015
<b>Cash flows from operating activities</b>			
<b>Profit/loss for the year</b>		<b>134,131</b>	<b>183,369</b>
<i>Adjustments for:</i>			
Depreciation and amortisation	11, 13,14	116,412	124,146
Impairment losses on non-current assets	11, 13	309	106
Impairment losses on trade receivables and stock	18, 19	25,389	12,713
Impairment losses on other financial assets	7	—	3,027
Other revenues and expenses		1,519	(13,627)
Change in provisions	23	81,468	85,390
Change in provisions	7	(16,150)	(27,358)
Finance expenses	7	74,803	60,660
Gains/losses on derecognition and sale of fixed assets	6	5,211	(24)
Share of profits/losses of fiscal year accounted for under the equity method	15	4,893	9,615
Income tax	27	140,118	104,547
<b>Changes in working capital, net of the effect of acquisitions and translation differences</b>			
Inventory		(21,974)	(24,426)
Trade and other receivables		(121,935)	(80,679)
Suppliers and other payables		85,972	87,173
Payment of provisions	23	(56,844)	(86,041)
Other liabilities		(675)	3,816
<b>Cash from operating activities</b>			
Pagos de intereses		(33,233)	(27,791)
Income tax paid		(151,326)	(115,921)
<b>Net cash from operating activities</b>		<b>268,088</b>	<b>298,695</b>

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

## V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Note	2016	2015
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		3,536	13,176
Proceeds from sale of investment properties	14	4,943	—
Proceeds from sale of financial assets		1,768	10,236
Interest collection		3,311	5,608
Proceeds from sale of subsidiaries net of cash and cash equivalents		741	—
Investments accounted for using the equity method		—	(3,613)
Acquisition of subsidiaries, net of cash and cash equivalents		(10,961)	(2,533)
Acquisition of property, plant and equipment	11	(151,229)	(123,566)
Acquisition of intangible assets	13	(14,802)	(20,354)
Acquisition of investment property	14	—	(71,315)
Acquisition of joint ventures, net of cash and cash equivalents	15	(19,890)	—
Acquisition of financial assets		(1,750)	(2,877)
<b>Net cash from investing activities</b>		<b>(184,333)</b>	<b>(195,238)</b>
<b>Cash flows from financing activities</b>			
Collections from sales of own shares		—	—
Proceeds from other financial liabilities		—	3,782
Proceeds from loans and borrowings	24	711,743	82,345
Payments for loans and borrowings	24	(129,429)	(34,312)
Payments for other financial liabilities		(38,359)	(25,510)
Dividends paid	9	(120,224)	(63,906)
<b>Net cash from financing activities</b>		<b>423,731</b>	<b>(37,601)</b>
Net increase (decrease) in cash and cash equivalents		507,486	65,856
Cash and cash equivalents at the beginning of period		316,434	285,056
Effect of exchange differences		714	(34,478)
<b>Cash and cash equivalents at the end of the period</b>		<b>824,634</b>	<b>316,434</b>

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

# VI. Consolidated annual accounts as of 31 december 2016

## 1. General Information

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Prosegur is a business group composed of Prosegur Compañía de Seguridad, S.A., (hereinafter the Company) and its subsidiaries (boards, Prosegur) that provides private security services in the following countries: Spain, Portugal, France, Luxembourg, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, South Africa and Australia.

Prosegur is organised into the following geographical areas:

- Europe, Asia, Australia and Africa (hereinafter, EAAA), substituting the previous Europe & Asia-Pacific geographical area as a result of the inclusion of Africa.
- Latin America (LatAm).

The services rendered by Prosegur fall under the following activity lines:

- Security
- Cash
- Alarms

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid and the holder of 50.075% of the shares of Prosegur Compañía de Seguridad, S.A., which includes Prosegur in its consolidated financial statements.

Prosegur Compañía de Seguridad, S.A., is a public limited company whose shares are listed on the Madrid and Barcelona Stock Exchanges and which is traded over the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is registered on the Madrid Trade Register. Prosegur Compañía de Seguridad, S.A. has its registered business address in Madrid, at Calle Pajaritos, no. 24.

Its corporate purpose is described in article 2 of its company by-laws. The main purpose of the Company is to render the following services and activities using its subsidiary companies:

- The surveillance and protection of establishments, assets and people.
- The transport, deposit, safekeeping, counting and classification of currency and notes, bonds, securities and other objects that, due to their economic value or their danger, may require special protection.
- The installation and maintenance of security apparatuses, devices and systems.



These consolidated annual accounts were drawn up by the Board of Directors on 30 January 2017 and are pending approval by the shareholders at their General Shareholders' Meeting. However, the directors consider that these consolidated annual accounts shall be approved with no changes.

According to the Extraordinary General Shareholders' Meeting, held on 2 December 2016, the disposal or contribution of shares of Prosegur Cash, S.A., a subsidiary of the Prosegur Group, is authorised by means of an offer for sale and/or stock market flotation.

### Structure of Prosegur

Prosegur Compañía de Seguridad, S.A., is the parent company of a group made up of subsidiaries (Appendix I). In addition, Prosegur has Joint Arrangements (Note 15, 16 and Appendix II).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 17).

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in Note 35.2.

## 2. Basis of Presentation

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The consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter EU- IFRS) and other applicable financial reporting regulations to present fairly the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries as of December 2016, as well as the consolidated profit and loss from its operations and consolidated cash flows for the year then ended.

Any information or breakdowns, details of which due to qualitative importance are not required, that were not considered material or that have no relative importance, in accordance with the concept of Relative Importance defined in the conceptual framework of the EU-IFRS, have been omitted from these annual accounts.

### 2.1. Changes in the consolidated group

In 2016, the following companies were incorporated or dissolved:

- In January 2016, a joint venture was incorporated in India for the alarms activity, under the name SIS Prosegur Alarms Monitoring and Response Services Pte, Ltd.

- In February 2016, Prosegur Ciberseguridad S.A.S. was incorporated in Colombia.
- In February 2016, the company Prosegur CIT Holding S.L.U. was incorporated in Spain. On 21 September 2016, it changes its name to Prosegur Cash, S.A.
- In March 2016, Prosegur Holding CIT ARG S.A., Prosegur Sistemas Integrales de Seguridad S.A. and Prosegur Seguridad y Vigilancia, S.A. were incorporated in Argentina.
- In May 2016, Beagle Control (Pty) Ltd was incorporated in South Africa.
- In June 2016, Beagle Technical (Pty) Ltd was incorporated in South Africa.
- In June 2016, Prosegur Services France S.A.S. was incorporated in France.
- In June 2016, Prosegur Ciberseguridad S.L. was incorporated in Spain.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Paraguay.
- In July 2016, the company Prosegur Asset Management Pty was incorporated in Australia.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Argentina.
- In November 2016, the company Prosegur Assets Management, S.A., was incorporated in Spain.
- In December 2016, Prosegur CIT Integral Systems India Private, Ltd., was incorporated in India.

Furthermore, the following mergers took place between subsidiaries in 2016:

- In May 2016, the take-over merger of Prosegur Securite Nord, SAS, by Prosegur Securite Humaine, SAS, was formalised in France.
- In May 2016, the take-over merger of Prosegur Securite EST, SAS, by Prosegur Securite Humaine, SAS, was formalised in France.
- In September 2016, the take-over merger of Prosegur Securite Rubis, SAS, and Prosegur Securite Opale, SAS, by Prosegur Securite Humaine, SAS, was formalised in France.

On 28 September 2016, Prosegur sold 100% of the Chilean company Sociedad de Distribución Canje y Mensajería, Ltda., for CLP 3.150 millions (the equivalent in euros at the time of the operation totalled EUR 4,282 thousand), of which CLP 1,575 millions were collected in 2016 (equivalent to EUR 2,140 thousand at the time of payment in 2016) (Note 6).

The cash and cash equivalents sold with the company totalled CLP 434,462 thousand (equivalent to EUR 590 thousand at the time of the transaction).

The net assets of the company at the time of its sale amounted to 3,420,585 thousand Chilean pesos (equivalent to EUR 4,863 thousand at the time of the transaction). The sale resulted in a loss for Prosegur of EUR 581 thousand (Note 6).

In 2016, the company CTP Centro de Treinamento Prosegur, Ltda., was liquidated in Brazil, the company Prosegur Tecnología Paraguay, S.A., was liquidated in Paraguay and the company Transportadora de Valores Silviland, S.A., was liquidated in Uruguay.

Additionally, all other changes in the consolidated group in 2016 correspond to acquisitions of subsidiaries whose information is detailed in Note 30.

## 2.2. Comparative information

Consolidated annual accounts are shown for comparative purposes, with each item from the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements, in addition to the consolidated figures from 2016 and those corresponding to the previous fiscal year.

## 2.3. Estimates, assumptions and relevant judgements

The preparation of the consolidated annual accounts, in accordance with EU-IFRS, requires the application of relevant accounting estimates and the undertaking of judgements, estimates and assumptions in the process for application of the Prosegur accounting policies and measurement of the assets, liabilities and losses and gains.

Although estimates are calculated by Prosegur's directors based on the best information available at year end, future events may require modification of these estimates in subsequent years. Any effect on the consolidated annual accounts of modifications to be made in subsequent years would be recognised prospectively, where appropriate.

### Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments in the year ending on December 2016 are included in the following notes:

- Business combinations: determination of the interim fair values (Notes 30 and 35.2).
- Impairment of property, plant and equipment and intangible assets: assumption for the calculation of recoverable amounts (Notes 11, 12, 13, 14, 35.6, 35.7, 35.8 and 35.9).
- Available-for-sale financial assets: assumptions used to determine fair values (Note 17 and 35.10).
- Recognition and measurement of provisions and contingencies: assumptions to determine the probability of occurrence and the estimate amounts of resource outflows (Notes 23, 28 and 35.15).
- Recognition and valuation of the defined benefit plans for employees: actuarial assumptions for the provision of defined benefit plans for employees (Notes 5.2, 23 and 35.18).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (Notes 27 and 35.17).
- Revenue recognition: determination of the degree of progress for construction contracts (Note 35.22).

### Relevant judgements

Information on judgements made in applying Prosegur accounting policies with a significant impact on the amounts recognised in the consolidated financial statements is included in the following notes:

- Consolidation: control determination (Note 35.2).
- Leases: lease classification (Note 35.20).
- Investment property-Non current asset held for sale (Note 35.8 and 35.23)

### Determination of fair values

Certain Prosegur accounting policies and details require the determination of fair values for assets and liabilities, financial as well as non-financial.

Prosegur has established a control framework with respect to determining fair values. This framework includes a measurement team, reporting directly to Financial Management, with general responsibility over the supervision of all relevant fair value calculations.

On a regular basis the measurement team reviews significant unobservable criteria and measurement adjustments. If third-party information is utilised in determining fair values, such as price-fixing or broker quotations, the measurement team verifies the compliance of such information with the EU-IFRS and the level in the fair value hierarchy by which such measurements should be classified. Significant measurement issues are reported to the Prosegur Audit Committee.

In determining the fair value of an asset or liability, Prosegur uses observable market data to the greatest extent possible. Fair values are classified into different levels of fair value on the basis of the input data used in the measurement techniques, as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: variables other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: variables for the asset or liability that are not based on observable market data (unobservable inputs).

If such input data that are used to measure the fair value of an asset or liability may be classified into different levels of the fair value hierarchy, the fair value measurement is classified in its entirety into the same level of the fair value hierarchy, corresponding to the significant input data level for the complete measurement presented by the lower level.

Prosegur recognises transfers amongst levels of the fair value hierarchy at the end of the period in which the change has taken place.

The following notes contain more information on the assumptions utilised in determining fair values:

- Note 17: Available-for-sale financial assets.
- Note 30: Business combinations.
- Note 32.3: Financial instruments and fair value.

### 3. Ordinary revenue

Details of ordinary revenues are as follows:

Thousands of euros		
	2016	2015
Rendering of services	3,752,307	3,799,424
Goods sold	6,995	8,429
Operating lease revenues	142,964	151,531
<b>Total ordinary revenues</b>	<b>3,902,266</b>	<b>3,959,384</b>

Operating lease revenues contains revenues from alarm system rentals.

See Note 10 for further information on revenue by segment and geographical area.

### 4. Cost of sales and administrative and selling expenses

The main expenditure items that compose the cost of sales and administrative and selling expenses headings are itemised below:

Thousands of euros		
	2016	2015
Supplies	184,603	163,703
Employee benefits expense	2,364,638	2,409,845
Operating leases	46,792	48,838
Supplies and external services	232,214	224,113
Depreciation and amortisation	54,613	56,842
Other expenses	107,110	123,457
<b>Total costs to sales</b>	<b>2,989,970</b>	<b>3,026,798</b>
Supplies	5,051	3,639
Employee benefits expense	277,597	302,984
Operating leases	38,158	38,379
Supplies and external services	108,005	114,028
Depreciation and amortisation	61,799	67,304
Other expenses	63,691	73,634
<b>Total sale and administrative expenses</b>	<b>554,301</b>	<b>599,968</b>



Total supplies in the consolidated income statement for 2016 amount to EUR 189,654 thousand (in 2015: EUR 167,342 thousand).

## 5. Employee benefits

### 5.1. Employee benefits expenditure

Details of employee benefits expenditures are as follows:

Thousands of euros	2016	2015
Salaries and wages	1,932,743	1,970,969
Social Security	511,927	522,018
Other employee benefits expenses	123,463	127,709
Termination payments	74,102	92,133
<b>Total employee benefits expense</b>	<b>2,642,235</b>	<b>2,712,829</b>

With regard to the 2014 and 2017 long-term incentive plans for the Managing Director and Senior Management of Prosegur (Note 35.18), the expense accrued during 2016, for the amount of EUR 4,260 thousand, was included under the salaries and wages heading (Note 23) (2015: EUR 4,852 thousand).

### 5.2. Employee benefits

Prosegur makes contributions to three defined benefit plans in France, Brazil and Germany. The defined benefit plan comprises post-employment healthcare. This benefit is required by Law 9656 in that country, while the defined benefit plans in France and Germany consist of retirement premiums.

During financial year 2016, the amount recognised as the greater cost in the P&L account under the heading of personnel costs amounts to EUR 1,310 thousand (in 2015: a lesser cost of EUR 412 thousand).

The movement of the current value of obligations is shown in the following table:

Thousands of euros	2016	2015
<b>Balance as of January 1</b>	<b>6,439</b>	<b>8,573</b>
Net cost for period	1,310	(412)
Plan contributions	(244)	(74)
Actuarial loss/profit	955	(961)
Translation differences	729	(687)
<b>Balance as of December 31</b>	<b>9,189</b>	<b>6,439</b>

During 2016, the negative impact on equity arising from actuarial losses amounted to EUR 634 thousand (positive impact of EUR 635 thousand in 2015) (Note 23).

The breakdown between current and non-current of the present value of the obligations of the main defined benefit plans in Brazil, France and Germany is as follows:

Thousands of euros						
	Brazil		France		Germany	
	2016	2015	2016	2015	2016	2015
Non-current	4,083	1,733	4,492	4,023	614	613
Current	—	70	—	—	—	—
<b>Total liabilities for employee benefits</b>	<b>4,083</b>	<b>1,803</b>	<b>4,492</b>	<b>4,023</b>	<b>614</b>	<b>613</b>

The movement of the present value of the main obligations of the defined benefit plans in Brazil, France and Germany is as follows:

Thousands of euros						
	Brazil		France		Germany	
	2016	2015	2016	2015	2016	2015
<b>Balance as of January 1</b>	<b>1,803</b>	<b>3,007</b>	<b>4,023</b>	<b>4,948</b>	<b>613</b>	<b>618</b>
Net cost for period	1,040	518	269	(925)	1	(5)
Plan contributions	(56)	(74)	(188)	-	—	—
Actuarial loss/profit	567	(961)	388	-	—	—
Translation differences	729	(687)	-	-	—	—
<b>Balance as of December 31</b>	<b>4,083</b>	<b>1,803</b>	<b>4,492</b>	<b>4,023</b>	<b>614</b>	<b>613</b>

As of 31 December 2016, Brazilian defined benefit plans include 18,945 employees and 83 retirees (20,637 employees and 81 retirees in 2015). France's plan had 5,097 employees in 2016 (4,666 employees in 2015). Germany's plan had 2 employees as of 31 December 2016 (2 employees in 2015).

There are no benefit plan assets in any of the countries, except for the German defined benefit plan, whose fair value as of 31 December 2016 and 2015 amounts to EUR 202 thousand.

The detail of the actuarial assumptions used to calculate the present value of the main obligations of defined benefit plans in Brazil, France and Germany is as follows:

Thousands of euros						
	Brazil		France		Germany	
	2016	2015	2016	2015	2016	2015
Inflation	5.0%	5.0%	1.0%	1.0%	0.6%	0.3%
Discount rate	5.7%	7.2%	1.4%	2.1%	2.1%	2.1%
Retirement age	n/a	n/a	65	65	65	65

The age factor assumed in the benefit plan of Brazil in accordance with Prosegur's experience is as follows:

- 0 to 5 Minimum Salaries = 16.97%
- 5 to 10 Minimum Salaries = 14.29%
- greater than 10 Minimum Salaries= 11.42%

The mortality tables used in determining the defined benefit obligation were:

Brazil		France		Germany	
2016	2015	2016	2015	2016	2015
AT 2000 smoothed in 10% segregated by gender	AT 83 segregated by gender	INSEE 2014	INSEE 2014	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G

The defined benefit plan variables which cause Prosegur exposure to actuarial risk are: longevity, medical cost trends, discount rate and market.

## 6. Other revenues and expenses

### Other expenses

Details of other expenses are as follows:

Thousands of euros			
		2016	2015
Impairment losses on trade receivables	(Note 19)	(20,739)	(10,698)
Impairment losses on non-current assets	(Note 11, 13)	(309)	(106)
Net gains/losses on disposal of fixed assets		(5,211)	24
Other expenses		(2,301)	(3,396)
<b>Total other expenses</b>		<b>(28,560)</b>	<b>(14,176)</b>

The heading for (net profits)/losses due to the disposal of fixed assets mainly reflects the losses associated with derecognitions of property, plant and equipment amounting EUR 3,973 thousand (EUR 3,076 thousand as of 31 December 2015), which correspond mainly to alarm installations that Prosegur leases to third parties under operating leases. As of 31 December 2015, it also reflected profits totalling EUR 3,100 thousand from the disposal of a property located at Calle Pajaritos 24 in Madrid (Note 31).

The other expenses heading mainly includes the loss on the sale of two floors of the Torre Intercontinental in Argentina (Note 14) totalling EUR 743 thousand, as well as the recorded loss arising from the agreement to sell a series of Chinese companies for the amount of EUR 507 thousand (Note 15) and the loss on the sale of 100% of the Chilean company Sociedad de Distribución Canje y Mensajería, Ltda., totalling EUR 581 thousand (Note 2.1).

### Other income

The caption "other revenue", which amounts to EUR 8,360 thousand (2015: EUR 15,418 thousand), mainly includes the revenue generated from property investments located in Buenos Aires. These properties, which were classified under investment properties (Note 14) have been reclassified at 31 December 2016 under non current asset held for sale caption. The income generated in 2016 amounts to EUR 6,130 thousand (2015: EUR 4,089 thousand).

At 2016 year end the properties are leased for a length of between 2 and 3 years. The minimum future inflows by the mentioned leases are the following:

Thousands of euros	2016	2015
Up to one year	5,314	6,181
One to five years More than five years	9,392	506
Más de cinco años	—	—
	<b>14,706</b>	<b>6,687</b>

As of 31 December 2015, it also reflected the revenue associated with the payment of debt from deferred payments, arising from the acquisition of Imperial Dragon Security, Ltd., (Note 24) for an amount of EUR 5,388 thousand.

## 7. Net financial expenses

Details of the net financial expenses are as follows:

Thousands of euros		
	2016	2015
<b>Interest paid:</b>		
- Loans and borrowings	(11,773)	(14,718)
- Debentures and other negotiable securities	(14,598)	(14,574)
- Loans from other entities	(393)	(960)
- Securitisation programme	(8)	(86)
- Finance leases	(2,440)	(1,965)
	<b>(29,212)</b>	<b>(32,303)</b>
<b>Interest received:</b>		
- Loans and other investments	6,836	5,608
	<b>6,836</b>	<b>5,608</b>
<b>Other results</b>		
Net gains/losses on foreign currency transactions	(15,277)	9,927
(Losses) /gains on the fair value of derivative financial instruments	—	—
Other results on transactions with derivative financial instruments	—	—
Impairment losses of investments in equity instruments (Note 17)	—	(3,027)
Other finance income	9,314	11,823
Other finance costs	(30,314)	(28,357)
	<b>(36,277)</b>	<b>(9,634)</b>
<b>Net financial expenses</b>	<b>(58,653)</b>	<b>(36,329)</b>
<b>Total finance income</b>	<b>16,150</b>	<b>27,358</b>
<b>Total finance costs</b>	<b>(74,803)</b>	<b>(63,687)</b>
	<b>(58,653)</b>	<b>(36,329)</b>

The main variation of the 2016 financial results with respect to 2015 are differences due to transactions in a foreign currency other than the functional currency in each country, mainly Argentina.

Prosegur estimated the fair value of its investment in Capitolotre, S.P.A., as of 31 December 2015, concluding that objective evidence existed to support that this investment had sustained a decrease in value estimated at EUR 3,027 thousand. The investment was fully depreciated starting as of December 2015 (see Note 17).

As of 31 December 2016 and 2015, Prosegur has no derived financial instruments.



## 8. Earnings per share

### Basic

Basic earnings per share are calculated by dividing the profit for the fiscal year attributable to the owners of the parent company by the weighted average number of outstanding ordinary shares during the fiscal year, excluding the own shares acquired by the Company (Note 22.1).

Euros		
	2016	2015
Profit for the year attributable to owners of the parent	134,160,409	183,377,845
Weighted average number of ordinary outstanding shares	598,429,770	598,367,750
<b>Basic earnings per share</b>	<b>0.2242</b>	<b>0.3065</b>

### Diluted

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent company and the weighted average number of ordinary shares outstanding for all the inherent diluting effects of potential ordinary shares.

Euros		
	2016	2015
Profit for the year attributable to owners of the parent	134,160,409	183,377,845
(Diluted) weighted average number of ordinary shares outstanding	598,429,770	598,367,750
<b>Diluted earnings per share</b>	<b>0.2242</b>	<b>0.3065</b>

There are no binding potential adjustments for outstanding shares (Note 35.18).

## 9. Dividends per share

The Board of Directors will motion the General Shareholders' Meeting to approve a distribution of a dividend of EUR 0.1105 per share, or a total maximum amount of EUR 68,189 thousand (considering that share capital is currently divided into 617,124,640 shares). This dividend shall be paid to the shareholders in four payments of EUR 0.0276 per share in circulation on the date of each payment in the months of July and October 2017 and January and April 2018. The amount not distributed as a dividend on the total maximum amount agreed, as a result of the own shares on the date of each payment shall be devoted to voluntary reserves.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 17,047 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

At the General Shareholders' Meeting held on 27 April 2016, shareholders approved the distribution of dividends amounting to EUR 68,189 thousand (EUR 0.1105 per share). When this meeting was held, share capital was divided into 617,124,640 shares. Shareholders received 50% of the approved dividends, i.e. EUR 34,095 thousand, in July and October 2016. The remaining payments to shareholders, each representing 25% of the approved amount, will be made in January and April 2017. As of December 2016, dividends payable of EUR 34,094 thousand have been recognised under current liabilities as other payables under suppliers and other accounts payable.

On 2 December 2016, the Extraordinary General Shareholders' Meeting approved the distribution of an extraordinary cash dividend of EUR 0.1002 gross per share charged to freely-distributable reserves, representing a maximum total dividend of EUR 61,874 thousand (considering that the current share capital is divided into 617,124,640 shares). This dividend has been paid to shareholders on 12 December 2016.

## 10. Segment reporting

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The Executive Committee of the Board of Directors is the highest operational decision-making body in Prosegur and, along with the Audit Committee, it reviews the internal financial information of Prosegur in order to assess performance and allocate resources.

Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms.

Corporate functions are supervised by the Global Support Divisions that cover the Financial-Economic, Human Resources and External Relations, Risk Management, Legal, M&A, Strategy and Product Development areas. From a geographical perspective, the main segments identified are:

- EAAA, which includes the following countries: Spain, Germany, France, Luxembourg (despite not being a jurisdiction with operational activity, Luxembourg is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., which has the corporate purpose of insurance coverage), Portugal, Singapore, India, China, South Africa and Australia.
- LatAm (Latin America), which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

These geographical segments, in turn, include the following activity segments:

- Security: mainly includes the activities of surveillance and protection of premises, property and persons and activities related to technological security and cybersecurity solutions.

- Cash: mainly the transportation, storage, custody, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: includes installation and maintenance of home alarms, as well as alarm monitoring by the ARC.

The following amounts were used for segment reporting:

- EBITDA (see Note 35.27): Consolidated income for the fiscal year before net financial expenses, taxes, amortisation and depreciation.
- EBIT (see Note 35.27): Consolidated income for the fiscal year before net financial expenses and taxes.

The Executive Committee uses EBIT to assess segment performance, since this indicator is considered to best reflect the results of the Group's different activities.

Prosegur is not highly dependent on any particular clients (Note 32.1).

Inter-segment transactions are carried out at arm's length.

Total assets allocated to segments do not include other current and non-current financial assets, derivative financial assets, investment property, or cash and cash equivalents, as these are managed at Prosegur Group level.

Total liabilities allocated to segments do not include derivative financial liabilities or loans and borrowings, except for finance lease payables, as financing is managed at Prosegur Group level.

The detail of the ordinary revenue itemised by segment is as follows:

Thousands of euros						
	EAAA		LatAm		Total	
	2016	2015	2016	2015	2016	2015
Security	996,841	955,156	954,502	1,029,408	1,951,343	1,984,564
<i>% of total</i>	60%	60%	43%	44%	50%	50%
Cash	546,431	534,945	1,191,088	1,231,337	1,737,519	1,766,282
<i>% of total</i>	33%	33%	53%	52%	45%	45%
Alarms	119,630	108,157	93,774	100,381	213,404	208,538
<i>% of total</i>	7%	7%	4%	4%	5%	5%
<b>Total sales</b>	<b>1,662,902</b>	<b>1,598,258</b>	<b>2,239,364</b>	<b>2,361,126</b>	<b>3,902,266</b>	<b>3,959,384</b>

Cash sales include the sales of Sociedad de Distribución y Canje y Mensajería, Ltda., (Note 2) amounting EUR 13,261 thousand.

The detail of EBITDA (see Note 35.27) and EBIT (see Note 35.27) itemised by segment is as follows:

Thousands of euros								
	EAAA		LatAm		Not allocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales to external clients	1,662,902	1,598,258	2,239,364	2,361,126	—	—	3,902,266	3,959,384
Other net expenses	(1,540,782)	(1,477,314)	(1,903,148)	(2,033,679)	(9,022)	—	(3,452,952)	(3,510,993)
EBITDA	122,120	120,944	336,216	327,447	(9,022)	—	449,314	448,391
Depreciation and amortisation	(47,826)	(50,140)	(68,586)	(74,006)	—	—	(116,412)	(124,146)
<b>EBIT</b>	<b>74,294</b>	<b>70,804</b>	<b>267,630</b>	<b>253,441</b>	<b>(9,022)</b>	<b>—</b>	<b>332,902</b>	<b>324,245</b>

The unassigned heading includes costs associated with the corporate restructuring that Prosegur underwent throughout 2016, totalling EUR 9,022 thousand.

A reconciliation of the EBIT (see Note 35.27) allocated to segments with a net profit for the fiscal year attributable to the owners of the parent company is included below:

Thousands of euros		
	2016	2015
EBIT allocated to segments	332,902	324,245
Net financial expenses	(58,653)	(36,329)
Profit before tax	274,249	287,916
Income tax	(140,118)	(104,547)
Post-tax profit from continuing operations	134,131	183,369
Non-controlling interests	(29)	(9)
<b>Profit for the year attributable to owners of the parent company</b>	<b>134,160</b>	<b>183,378</b>

The geographical distribution of ordinary revenues and non-current assets is as follows:

Thousands of euros				
	Ordinary revenue		Non-current assets allocated to segments	
	2016	2015	2016	2015
Parent company country (Spain)	941,817	895,904	258,468	290,037
Brazil	871,629	894,780	480,975	385,264
Argentina Area	894,128	889,324	208,439	203,437
Other countries	1,194,692	1,279,376	611,103	510,773
	<b>3,902,266</b>	<b>3,959,384</b>	<b>1,558,985</b>	<b>1,389,511</b>

The Argentina area is comprised of Argentina, Uruguay and Paraguay.

Details of assets allocated to segments and a reconciliation with total assets are as follows:

Thousands of euros								
	EAAA		LatAm		Not allocated to segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Assets allocated to segments</b>	<b>1,066,494</b>	<b>920,180</b>	<b>1,669,879</b>	<b>1,445,787</b>	—	—	<b>2,736,373</b>	<b>2,365,967</b>
<b>Other unallocated assets</b>	—	—	—	—	<b>898,487</b>	<b>409,175</b>	<b>898,487</b>	<b>409,175</b>
Other non-current financial assets	—	—	—	—	9,600	8,324	9,600	8,324
Investment property	—	—	—	—	64,253	83,678	64,253	83,678
Other current financial assets	—	—	—	—	—	739	—	739
Cash and cash equivalents	—	—	—	—	824,634	316,434	824,634	316,434
	<b>1,066,494</b>	<b>920,180</b>	<b>1,669,879</b>	<b>1,445,787</b>	<b>898,487</b>	<b>409,175</b>	<b>3,634,860</b>	<b>2,775,142</b>

The “assets allocated to segments” heading includes investments accounted for by applying the equity method (Note 15) for a total amount of EUR 30,234 thousand (EUR 18,328 thousand in 2015), which are allocated in their entirety to the EAAA segment.

The additions made in 2016 of non-current assets that were allocated to segments total EUR 179,436 thousand (2015: EUR 145,563 thousand), which mainly correspond to investments made for fitting out bases, facilities and armoured vehicles intended for use in operational activities.

Details of liabilities allocated to segments and a reconciliation with total liabilities are as follows:

Thousands of euros								
	EAAA		LatAm		Not allocated to segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Liabilities allocated to segments</b>	<b>558,941</b>	<b>528,659</b>	<b>811,300</b>	<b>670,380</b>	—	—	<b>1,370,241</b>	<b>1,199,039</b>
<b>Other unallocated liabilities</b>	—	—	—	—	<b>1,513,119</b>	<b>876,477</b>	<b>1,513,119</b>	<b>876,477</b>
Loans and borrowings	—	—	—	—	1,513,119	876,477	1,513,119	876,477
	<b>558,941</b>	<b>528,659</b>	<b>811,300</b>	<b>670,380</b>	<b>1,513,119</b>	<b>876,477</b>	<b>2,883,360</b>	<b>2,075,516</b>



## 11. Property, plant and equipment

Details and movement in the different categories of property, plant and equipment are as follows:

Thousands of euros						
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
<b>Cost</b>						
Balance at 1 January 2015	234,245	110,819	286,566	331,750	43,584	1,006,964
Translation differences	(18,072)	(18,737)	(30,673)	(42,327)	(9,778)	(119,587)
Business combinations (Note 30)	433	68	29	68	—	598
Additions	7,242	11,657	41,150	18,326	45,191	123,566
Derecognitions	(11,927)	(2,396)	(18,165)	(12,472)	(1,278)	(46,238)
Transfers	7,542	8,632	11,947	15,342	(43,463)	—
<b>Balance at 31 December 2015</b>	<b>219,463</b>	<b>110,043</b>	<b>290,854</b>	<b>310,687</b>	<b>34,256</b>	<b>965,303</b>
Translation differences	5,322	11,465	6,081	17,981	1,133	41,982
Business combinations (Note 30)	—	8	1,798	1,928	—	3,734
Additions	12,582	9,666	45,929	19,010	65,468	152,655
Derecognitions	(1,162)	(2,520)	(19,068)	(15,997)	(3,030)	(41,777)
Transfers	5,294	12,669	13,550	10,617	(42,130)	—
<b>Balance at 31 December 2016</b>	<b>241,499</b>	<b>141,331</b>	<b>339,144</b>	<b>344,226</b>	<b>55,697</b>	<b>1,121,897</b>
<b>Amortisation and impairment</b>						
Balance at 1 January 2015	(47,988)	(59,208)	(177,772)	(215,457)	—	(500,425)
Translation differences	1,655	8,147	15,213	26,728	—	51,743
Derecognitions	2,210	2,054	14,302	11,582	—	30,148
Transfers	33	364	(1,463)	1,066	—	—
Amortisation for the fiscal year	(4,200)	(10,842)	(31,794)	(32,726)	—	(79,562)
Provision for impairment recognised in profit and loss	-	-	—	(106)	—	(106)
<b>Balance at 1 January 2015</b>	<b>(48,290)</b>	<b>(59,485)</b>	<b>(181,514)</b>	<b>(208,913)</b>	<b>—</b>	<b>(498,202)</b>
Translation differences	(671)	(5,601)	(3,766)	(13,567)	—	(23,605)
Derecognitions	745	1,586	16,530	15,407	—	34,268
Transfers	2,335	388	(3,987)	1,264	—	—
Amortisation for the fiscal year	(3,090)	(11,529)	(33,505)	(27,942)	—	(76,066)
Provision for impairment recognised in profit and loss	-	-	—	(271)	—	(271)
<b>Balance at 31 December 2016</b>	<b>(48,971)</b>	<b>(74,641)</b>	<b>(206,242)</b>	<b>(234,022)</b>	<b>—</b>	<b>(563,875)</b>

Thousands of euros						
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
<b>Carrying amount</b>						
At 1 January 2015	186,257	51,611	108,794	116,293	43,584	506,539
At 31 December 2015	171,173	50,558	109,340	101,774	34,256	467,101
At 1 January 2016	171,173	50,558	109,340	101,774	34,256	467,101
At 31 December 2016	192,528	66,690	132,902	110,204	55,697	558,020

The additions recorded in property, plant and equipment in 2016 amount to EUR 152,655 thousand (2015: EUR 123,566 thousand) and mainly correspond to investments made for fitting out bases, facilities and armoured vehicles intended for use in operational activities. These investments were essentially made in Argentina and Brazil.

Advances and property, plant and equipment in progress at year-end 2016, mainly include advances of armoured vehicles totaling EUR 11,917 thousand, mainly in Brazil, Argentina and Paraguay, accounting machines for a total of EUR 7,248 thousand, mainly in Argentina and Colombia and constructions amounting to EUR 20,911 thousand, mainly in Spain, Brazil and Argentina. The date planned for completing the armoured vehicles and machinery under assembly will be during the first half of 2017. The date planned for completing the fitting out of buildings is the first half of 2017.

The derecognitions recorded under the land and constructions heading as of 31 December 2015 correspond to the sale of two properties in Spain, located at Calle Pajaritos 24 in Madrid (the net carrying amount at the time of sale amounts to EUR 9,600 thousand, Note 31) and on Avenida Manuel Heredia in Malaga (the net carrying amount at the time of sale amounts to EUR 117 thousand).

Commitments for the acquisition of property, plant and equipment are detailed in Note 29.

Prosegur's policy is to take out insurance policies to cover possible risks that affect the diverse elements of its property, plant and equipment. At end of financial year 2016, there was no lack of cover for these risks.

Property, plant and equipment are measured at historical cost, with the exception of the buildings on Paseo de las Acacias in Madrid and the Hospitalet building in Barcelona, which were measured at market value on first-time adoption of EU-IFRS, and have since been revalued. The effect of this revaluation, to reflect the deemed cost, is as follows:

Thousands of euros		
	2016	2015
Cost	32,235	32,235
Accumulated amortisation	(4,889)	(4,513)
<b>Carrying value</b>	<b>27,346</b>	<b>27,722</b>

Other installations and furniture includes facilities, mainly alarm installations, leased by Prosegur to third parties under operating leases, with the following carrying amounts:

Thousands of euros		
	2016	2015
Cost	105,919	88,377
Accumulated amortisation	(54,478)	(52,133)
<b>Carrying value</b>	<b>51,441</b>	<b>36,244</b>

Property, plant and equipment, fully amortised and still in use, amounts to EUR 286,649 thousand at 31 December 2016 (in 2015: EUR 293,763 thousand).

Property, plant and equipment acquired by Prosegur under finance leases are as follows:

Thousands of euros					
	2016				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,589	8,665	85	50,126	62,465
Accumulated amortisation	(152)	(8,636)	(81)	(32,997)	(41,866)
<b>Net carrying amount</b>	<b>3,437</b>	<b>29</b>	<b>4</b>	<b>17,129</b>	<b>20,599</b>

Thousands of euros					
	2015				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,455	7,852	213	37,781	49,301
Accumulated amortisation	(114)	(5,720)	(192)	(24,556)	(30,582)
<b>Net carrying amount</b>	<b>3,341</b>	<b>2,132</b>	<b>21</b>	<b>13,225</b>	<b>18,719</b>

Main contracts of financial leases of property, plant and equipment are as follows:

- Other property, plant and equipment: Armoured vehicles, lease of armoured vehicles in Germany amount to EUR 24,947 thousand and Brazil amount to EUR 25,179 thousand.
- Technical installations and machinery: leases of coin counting machinery in Brazil amount to EUR 8,665 thousand.
- Buildings and lands: leases of lands and buildings in Colombia amount to EUR 3,589 thousand.

The detail of the present value and minimum payments under finance leases are included in Note 24.

## 12. Goodwill

Details of movement in goodwill are as follows:

Thousands of euros		
	2016	2015
<b>Balance as of January 1</b>	<b>494,151</b>	<b>532,219</b>
Business combinations (Note 30)	11,107	1,420
Additions	-	221
Derecognitions	(463)	(2,502)
Translation differences	23,571	(37,207)
<b>Balance as of December 31</b>	<b>528,366</b>	<b>494,151</b>

Additions to goodwill in 2016 and 2015 derive from the following business combinations:

	Country	2016	
		% ownership	Thousands of euros
MIV Gestión S.A. <sup>(1)</sup>	(Spain)	100%	309
Dognaedis Lda. <sup>(1)</sup>	(Portugal)	100%	1,066
Beagle Watch Armed Response Propierty Limited <sup>(1)</sup>	(South Africa)	75%	3,169
Procesos Técnicos de Seguridad y Valores S.A.S <sup>(1)</sup>	(Colombia)	100%	71
Indiseg Evolium Group S.L. <sup>(1)</sup>	(Spain)	100%	663
Toll Transport Pty Ltd <sup>(1)</sup>	(Australia)	100%	5,829
			<b>11,107</b>

<sup>(1)</sup> Calculations relating to business combinations may be adjusted for up to a year after the date of acquisition

	Country	2015	
		% ownership	Thousands of euros
Rama de actividad "Call Center y Back Office"	(Spain)	100%	1,128
Nanjing Zhong Dun Security Services	(China)	80%	102
Centro Informático de Vigo S.A.	(Spain)	100%	190
			<b>1,420</b>

Note 30 lists the goodwill estimates associated with the previous tables.

In 2015, the adjustments to the provisional values of net identifiable assets are associated with the following business combinations:

	Country	2015
		Thousands of euros
Transvig-Transporte de Valores e Vigilancia LTDA	(Brazil)	221
		<b>221</b>

The net adjusted assets corresponded to a plot of land and client portfolios whose final measurement was completed in 2015 by an independent expert.

Derecognitions for 2015, amounting to EUR 2,502 thousand, mainly corresponded to the adjustment to the value of the goodwill allocated to the business combination of Imperial Dragon Security, Ltd., amounting to EUR 2,177 thousand, after verifying the fair value.

### Impairment testing of goodwill

Goodwill was allocated to Prosegur's cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The nature of the assets that are included to determine the carrying value of a CGU are: Property, plant and equipment, goodwill, other intangible assets and working capital (Note 35.9).

A summary of the CGU to which goodwill has been allocated, by country, is as follows:

Thousands of euros		
	2016	2015
Spain CGU	94,532	93,559
France CGU	39,787	39,788
Portugal CGU	14,469	13,403
Germany CGU	34,305	34,303
Australia CGU	38,105	31,309
Singapore CGU	6,335	6,371
China CGU	96	102
South Africa CGU	3,825	—
<b>Subtotal EAAA</b>	<b>231,454</b>	<b>218,835</b>
Brazil CGU	122,116	103,734
Chile CGU	40,022	39,638
Peru CGU	40,398	39,292
Argentina CGU	38,686	40,461
Colombia CGU	36,181	33,207
Rest of LatAm CGU	19,509	18,984
<b>Subtotal LatAm</b>	<b>296,912</b>	<b>275,316</b>
<b>Total</b>	<b>528,366</b>	<b>494,151</b>



Additionally, an analysis by activity and country was developed as a result of the corporate restructuring carried out in 2016 and which will be effective as of 1 January 2017. The result of this analysis is a summary of goodwill allocation at the level of CGUs grouped by activity and country as of 31 December 2016:

Thousands of euros			
	2016		
	Cash	Security	Alarms
Spain CGU	2,415	92,117	—
France CGU	16,938	22,849	—
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	—	—
Australia CGU	38,105	—	—
Singapur CGU	—	6,335	—
China CGU	—	96	—
South Africa CGU	—	—	3,825
<b>Subtotal EAAA</b>	<b>97,493</b>	<b>123,947</b>	<b>10,014</b>
Brazil CGU	105,217	16,899	—
Chile CGU	35,586	4,436	—
Peru CGU	21,358	8,588	10,452
Argentina CGU	30,929	7,757	—
Colombia CGU	17,149	19,032	—
Rest of LatAm CGU	9,619	387	9,503
<b>Subtotal LatAm</b>	<b>219,858</b>	<b>57,099</b>	<b>19,955</b>
<b>Total</b>	<b>317,351</b>	<b>181,046</b>	<b>29,969</b>

Prosegur tests goodwill for impairment at the close of each fiscal year, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 35.9. At 31 December 2016, Prosegur has verified at the level of the CGUs grouped by division and country if these goodwill have suffered any impairment loss, with no indication of impairment.

The recoverable amount of a CGU is determined based on its value in use. Company budgets for the following year and the strategic plan for subsequent years are the key operating assumptions used for calculating the value in use for different CGU. Both the budget and the plan are approved by Management. Value in use is calculated using gross margin and sales projections that are calculated depending on the macroeconomic growth of each of the countries and efficiency plans defined for optimising results. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

Projected items for calculating value in use and the key assumptions considered are listed below:

- Ordinary revenue: the sales figure is estimated based on growth by volume and by price. Broadly, growth by volume is based on the country's GDP and growth by price is based on inflation.

- Gross profit: based on efficiency plans defined by the Company, mainly optimisation of client portfolios, applying a profitability analysis methodology focussed on establishing thresholds below which it is not deemed viable to establish a commercial relationship with such clients.
- CAPEX (see Note 35.27): mainly based on plans for fleet renewal depending on the age of the fleet, in order to rejuvenate it. We consider an estimated 3.1% to be a fair ratio of CAPEX to sales.
- Working capital (see Note 35.27): based on optimising days outstanding or average collection period for accounts payable. The projection is based on sales growth, according to the days outstanding. We consider that the working capital-sales ratio used (18%) is fair and, therefore, may be extrapolated to a projection.
- Taxes: projections for taxes are calculated depending on the effective rate for each country and the results expected from the same.

The macroeconomic estimates used are obtained from external sources of information.

The key assumptions used to calculate value in use are as follows:

	2016		2015	
	EAAA	Latam	EAAA	LatAm
Growth rate <sup>(1)</sup>	1.89%	5.51%	1.80%	7.89%
Discount rate <sup>(2)</sup>	6.39%	20.00%	5.56%	20.49%

<sup>(1)</sup> Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

<sup>(2)</sup> Weighted average discount rate after tax applied to cash flow projections.

Details of the key assumptions relating to the most significant CGU are as follows:

31 December 2016												
	Spain	France	Germany	Rest of Europe	Australia	Rest of Asia-Africa	Chile	Brazil	Colombia	Peru	Argentina	Rest of LatAm
Growth rate	1.56%	1.68%	1.98%	1.81%	2.52%	3.59%	3.00%	4.51%	3.00%	2.52%	9.70%	5.25%
Discount rate	5.02%	4.65%	4.24%	6.48%	7.47%	10.03%	10.04%	16.43%	12.57%	10.17%	36.24%	13.87%

31 December 2015												
	Spain	France	Germany	Rest of Europe	Australia	Rest of Asia-Africa	Chile	Brazil	Colombia	Peru	Argentina	Rest of LatAm
Growth rate	1.51%	1.66%	1.92%	1.70%	2.49%	3.35%	3.00%	4.56%	3.04%	2.00%	21.08%	5.20%
Discount rate	5.53%	4.87%	3.99%	6.34%	5.24%	9.94%	9.74%	16.41%	10.49%	9.99%	42.51%	14.28%

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount.

No impairment losses have been recognised on goodwill in 2016 and 2015.

Along with goodwill impairment tests, Prosegur performed a sensitivity analysis for the key assumptions of the value of the goodwill allocated to the main CGUs.

The EBITDA sensitivity analysis (see Note 35.27) involves determining the turning point which would lead to impairment losses. Hypothetical cases are assessed until figures are reached that would mean impairment that would be registered on the financial statements. The percentage represents how much the EBITDA has to decrease for the CGU to experience impairment, with the other variables remaining constant.

The sensitivity analysis on the growth rate involves determining the weighted average growth/drop rate used for extrapolating cash flows beyond the budgeted period, from which impairment losses would arise for each of the most representative CGU.

In addition, the sensitivity analysis on the discount rate consists on determining the weighted average discount rate used for extrapolating cash flows, from which impairment losses would arise for each of the most representative CGU.

The threshold beyond which impairment losses would result for discount rates, rates of growth/decline (-) and EBITDA (see Note 35.27), processed independently and keeping all other variables constant, is shown below. This analysis is presented at the country CGU level as of 31 December 2016 and 2015, as well as at the activity and country CGU level as of 31 December 2016:

Cash	2016		
	Discount rate	Growth rate	EBITDA
Brazil	19.52%	0.02%	9.30%
Argentina	140.30%	-100.00%	44.67%
Spain	128.20%	-100.00%	51.87%
France	5.86%	0.33%	7.89%
Colombia	12.76%	2.75%	0.82%
Peru	35.20%	-73.85%	45.52%
Chile	11.53%	1.13%	9.35%
Germany	7.09%	-1.28%	18.48%
Australia	23.77%	-35.80%	34.89%

ISS	2016		
	Discount rate	Growth rate	EBITDA
Argentina	46.77%	8.05%	20.80%
Spain	9.04%	-13.43%	25.70%
France	4.89%	1.00%	3.54%
Colombia	12.60%	2.94%	0.16%
Peru	11.58%	-0.49%	8.18%
Chile	12.12%	-1.80%	13.68%

As of 31 December 2016, the total fair value of the manned guarding business in Brazil, upon a measurement analysis delivered by an independent advisor, was set at BRL 63,273,000 (equivalent to EUR 18,444,250 as of December 2016). Given that the estimated fair value is greater than the net carrying amount of the assets and liability on the date of measurement, it was deemed unnecessary to record any losses due to impairment of the value.

The measurement is based on discounted cash flows (level 3 fair value). The measurement model considers the present value of future cash flows, discounted at a company/project discount rate, adjusted to the business risk, which includes the rate of return demanded by shareholders and debt lenders after taxes. The expected flows were determined considering the income forecast and the EBITDA, based on the budget approved by management. The statistically-significant unobservable variables used correlate with the annual revenue growth forecast, according to Company expectations, long-term growth in line with long-term inflation predictions in Brazil (4.51%) and the EBITDA forecast [2016-2019: from (0.3%) to 2.6%].

With regard to the Alarms CGU, considering it is a type of business where growth is based on an increase in acquisition costs and where the term of the contracts is set, Prosegur did not find reasonable to calculate the value in use based on perpetuity and opted for the fair value, which is common in this type of business.

The impairment analysis of the Alarms CGU used the fair value as the basis for the recoverable value. The fair value was estimated based on market multiples, according to the latest transactions observed (level 3). The multiple used is 45 times the monthly recurring income per connection.

	2016			2015		
	Discount rate	Growth rate	EBITDA	Discount rate	Growth rate	EBITDA
Brazil	19.52%	0.02%	9.50%	18.79%	1.20%	8.34%
Argentina	93.54%	-100.00%	42.93%	61.74%	-31.86%	21.66%
Spain	32.75%	-99.60%	50.51%	24.29%	-43.63%	48.35%
France	5.32%	0.96%	6.55%	5.56%	0.90%	6.29%
Colombia	12.61%	2.95%	0.20%	11.76%	1.72%	1.51%
Peru	29.36%	-45.40%	44.03%	22.27%	-21.36%	35.82%
Chile	16.85%	-6.58%	32.71%	11.69%	0.56%	11.82%
Germany	7.16%	-1.28%	20.19%	6.30%	-3.56%	15.74%
Australia	23.78%	-35.80%	36.17%	23.81%	-40.03%	41.40%

Prosegur does not believe that the sensitivity assumptions used are likely to occur. Thus, it does not consider that there are indications of impairment problems.

## 13. Other intangible assets

The detail and movement of the main types of other intangible assets are shown below:

Thousands of euros					
	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
<b>Cost</b>					
Balance at 1 January 2015	101,917	390,442	42,085	27,384	561,828
Translation differences	(9,722)	(65,715)	(5,815)	(2,437)	(83,689)
Combinaciones de negocio	14	672	8,877	—	9,563
New additions	16,906	—	—	3,448	20,354
Derecognitions	(1,146)	—	(14,956)	—	(16,102)
Transfers	—	—	—	—	—
<b>Balance at 31 December 2015</b>	<b>107,969</b>	<b>325,399</b>	<b>30,191</b>	<b>28,395</b>	<b>491,954</b>
Translation differences	3,187	45,737	4,435	1,061	54,420
Combinaciones de negocio (Nota )	251	6,000	—	—	6,251
New additions	14,802	—	—	1,018	15,820
Derecognitions	(1,924)	—	—	(219)	(2,143)
<b>Balance at 31 December 2016</b>	<b>124,285</b>	<b>377,136</b>	<b>34,626</b>	<b>30,255</b>	<b>566,302</b>
<b>Amortisation and impairment</b>					
Balance at 1 January 2015	(61,494)	(134,488)	(22,030)	(19,543)	(237,555)
Translation differences	5,648	20,736	4,174	2,067	32,625
Transfers	—	—	—	—	—
Derecognitions	1,053	—	997	—	2,050
Amortisation for the fiscal year	(11,611)	(22,667)	(3,665)	(5,159)	(43,102)
<b>Balance at 31 December 2016</b>	<b>(66,404)</b>	<b>(136,419)</b>	<b>(20,524)</b>	<b>(22,635)</b>	<b>(245,982)</b>
Translation differences	(2,646)	(17,955)	(4,199)	(959)	(25,759)
Derecognitions	925	—	—	175	1,100
Transfer	—	—	—	—	—
Amortisation for the fiscal year profit and loss	(14,261) (38)	(20,705) —	(913) —	(3,008) —	(38,887) (38)
<b>Balance at 31 December 2016</b>	<b>(82,424)</b>	<b>(175,079)</b>	<b>(25,636)</b>	<b>(26,427)</b>	<b>(309,566)</b>
<b>Carrying amount</b>					
At 1 January 2015	40,423	255,954	20,055	7,841	324,273
At 31 December de 2015	41,565	188,980	9,667	5,760	245,972
At 1 January 2016	41,565	188,980	9,667	5,760	245,972
At 31 December de 2016	41,861	202,057	8,990	3,828	256,736

The carrying amount at 31 December 2016 for individually significant client portfolios and their remaining useful life are as follows:

Thousands of euros				
	2016			Remaining useful life
	Cost	Mortisation and impairment	Carrying amount	
Nordeste Group Large Client Portfolio	105,181	(28,243)	76,938	13 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	32,043	(14,565)	17,478	9 years
Preserve y Transpev Large Client Portfolio	24,306	(14,709)	9,597	6 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	13,634	(2,153)	11,481	16 years
Chubb Security Services PTY LTD Remaining Client Portfolio	20,143	(3,180)	16,963	16 years
Transbank Client Portfolio	9,235	(3,188)	6,047	9 years and 2 months
Nordeste Group Sergipe Client Portfolio	8,783	(4,245)	4,538	5 years and 2 months
Fiel Large Client Portfolio	8,480	(3,262)	5,218	8 years
Bahia Nordeste Group Other Client Portfolio	6,843	(2,756)	4,087	7 years and 2 months
	<b>228,648</b>	<b>(76,301)</b>	<b>152,347</b>	

The carrying amount at 31 December 2015 for individually significant client portfolios and their remaining useful life are as follows:

Thousands of euros				
	2016			Remaining useful life
	Cost	Mortisation and impairment	Carrying amount	
Nordeste Group Large Client Portfolio	83,684	(17,822)	65,862	14 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	25,494	(10,043)	15,451	10 years
Preserve y Transpev Large Client Portfolio	19,338	(10,846)	8,492	7 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	13,358	(1,406)	11,952	17 years
Chubb Security Services PTY LTD Remaining Client Portfolio	19,736	(2,077)	17,659	17 years
Transbank Client Portfolio	7,348	(2,012)	5,336	10 years and 2 months
Nordeste Group Sergipe Client Portfolio	6,988	(2,679)	4,309	6 years and 2 months
Fiel Large Client Portfolio	6,747	(2,076)	4,671	9 years
Bahia Nordeste Group Other Client Portfolio	5,444	(1,739)	3,705	8 years and 2 months
	<b>188,137</b>	<b>(50,700)</b>	<b>137,437</b>	

In 2016, the intangible assets resulting from the allocation of fair value were incorporated into the purchase price of business combinations which are summarised in the following table (see Note 30):



Thousands of euros		
	Client portfolios	Trademarks and licences
MIV Gestión S.A.	701	—
Dognaedis Lda.	472	—
Indiseg Evolium Group S.L.	935	—
Toll Transport Pty Ltd	3,892	—
	<b>6,000</b>	—

In 2015, additions to intangible assets resulting from the allocation of fair value were incorporated into the purchase price of business combinations which are summarised in the following table:

Thousands of euros		
	Client portfolios	Trademarks and licences
Call centre and back office activity line	1,350	—
Nanjing Zhong Dun Security Services	—	205
Centro Informático de Vigo S.A.	40	—
Grupo Shangai Bigu	—	8,672
Transvig - Transporte de Valores e Vigilancia LTDA	(718)	—
	<b>672</b>	<b>8,877</b>

The amounts pertaining to the Transvig – Transporte de Valores e Vigilancia Ltda client portfolios and the Shangai Bigu Group licence stem from definitive allocations of values provisionally allocated in 2014. The remaining amounts arise from the allocation of the value of goodwill in 2015.

No other intangible assets are subject to restrictions on title or pledged as security for particular transactions.

All reported intangible assets have a defined useful life and are amortised in percentages ranging from 3.33% to 50% according to their estimated useful life. Details of the amortisation percentages of the client portfolio and trademark are described in Notes 30 and 35.7.

The commercial brand arising from the Servin Seguridad, S.A. business combination in 2013, is the only intangible asset with an indefinite useful life and amounts to EUR 527 thousand as of December 2016 (EUR 619 thousand as of December 2015) and is allocated to the Argentina CGU.

This intangible asset has an indefinite useful life as there is no foreseeable limit to the period during which the asset is expected to generate incoming cash flows.

Factors analysed to determine indefinite life include:

- The asset is expected to be used indefinitely and there are no plans to change the brand
- The brand has been operating for 14 years and has maintained stability with regard to market share
- Regular payments are being made to keep the brand registered and there is no expiry date set by contract

- The life of this asset does not depend on the useful lives of other assets held by the entity.

In addition, this brand is tested for impairment at the end of every financial year. The key assumptions mentioned were not modified in 2016.

Other intangible assets are tested for impairment as described in Note 35.7. No impairment losses or reversals occurred in 2016 and 2015.

## 14. Property investments- Non- current assets held for sale

The detail of movements of property investments in 2015 and 2016 is as follows:

Thousands of euros	
<b>Cost</b>	
Balance at 1 January 2015	<b>46,939</b>
Translation differences	(33,203)
Additions	71,315
Balance at 1 January 2016	<b>85,051</b>
Translation differences	(12,521)
Additions	—
Derecognitions	(5,792)
Transfer to available for the sale	(66,738)
<b>Balance at 31 December 2016</b>	<b>—</b>
<b>Amortisation and impairment</b>	
Balance at 1 January 2015	(410)
Translation differences	519
Amortisation for the fiscal year	(1,482)
<b>Balance at 1 January 2016</b>	<b>(1,373)</b>
Translation differences	241
Derecognitions	<b>106</b>
Amortisation for the fiscal year	<b>(1,459)</b>
Transfer to available for the sale	2,485
<b>Balance at 31 December 2016</b>	<b>—</b>
<b>Carrying amount</b>	
On 1 January 2015	46,529
At 31 December 2015	83,678
On 1 January 2016	83,678
At 31 December 2016	—

The derecognitions recorded in 2016 are due to the sale of two floors and 16 garages of the Torre Intercontinental for a total amount of ARS 82,749 thousand (equivalent to EUR 4,943 thousand at the time of transaction), resulting in a loss of EUR 743 thousand (Note 6).

The additions to property investments recorded in 2015 corresponded to the acquisition of several floors in the aforementioned buildings.

As of 31 December 2016, Prosegur began classifying property investments as non-current assets held for sale, since it believes that disposal will begin in 2017.

The detail of non-current assets held for sale is as follows:

Thousands of euros		
	2016	2015
Buildings	64,253	—
Other current assets	448	448
	<b>64,701</b>	<b>448</b>

As of 31 December 2016, non-current assets held for sale mainly includes several floors of two buildings located in the city of Buenos Aires (Argentina) for a net amount of EUR 64,253 thousand .

Prosegur has taken out policies to cover the risk of investment property. The coverage of these policies is considered sufficient.

At 31 December 2016, the fair value of the properties does not differ significantly from their net carrying amount. Total fair value, after a valuation analysis by an independent expert, amounts to EUR 84,018 thousand . The breakdown is as follows:

Thousands of euros	
Property	Fair value
Bouchard 551	36,511
Torre Intercontinental, Moreno 845/847/87 Alsina 880 y Tacuari 242/292	47,507
	<b>84,018</b>

The income and expenses generated in the 2015 from investment property amounted to EUR 4,089 thousand and 1,482 thousand, respectively.

Future minimum receipts under investment properties leases are as follows:

Thousands of euros	
Up to one year	6,181
One to five years	506
	<b>6,687</b>

## 15. Investments accounted for using the equity method

The main joint agreements of Prosegur (Appendix II) correspond to companies devoted to the cash activity which operate in India and South Africa. These joint agreements are structured as separate vehicles, and Prosegur has a share in their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures. In several Arrangements with India, governing the Joint Ventures, Prosegur and the other investor company have agreed, if necessary, to make additional contributions in proportion to their shareholdings in order to offset any losses.

Details of movements of investments in joint ventures accounted for under the equity method is as follows:

Thousands of euros	2016	2015
Share of joint ventures	30,234	18,328
	<b>30,234</b>	<b>18,328</b>

Thousands of euros	2016	2015
<b>Balance as of January 1</b>	<b>18,328</b>	<b>12,580</b>
Acquisitions	—	—
New additions	19,890	11,832
Share of profit/loss	(4,893)	(1,848)
Sale	(5,171)	—
Impairment losses	—	(7,767)
Transfers (Note 23)	622	1,568
Translation differences	1,458	1,963
<b>Balance as of December 31</b>	<b>30,234</b>	<b>18,328</b>

Additions in 2016 correspond mainly to the subscription of shares by Prosegur, representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which operates in the cash in transit sector. This transaction was completed on 25 February 2016.

The contractual terms of subscription of shares in SBV by Prosegur is of a hybrid nature, since they include an implicit derivative. From February 2019 to February 2021, Prosegur holds an option for sale of its entire shareholding in SBV, with the sole condition that, when it is exercised, Prosegur's total shareholding does not exceed 50% of the share capital. If Prosegur exercises that option, SBV itself will be obliged to repurchase the shares subscribed by Prosegur at 25 February 2016 and, where applicable, the shareholder selling the shares will be obliged to repurchase any shares that it may have subsequently transferred to Prosegur. If SBV is not in a position to purchase the shares subscribed by

Prosegur, the other shareholders will be obliged to do so. The sale price will be the same as the price paid for the shares at the time of their purchase, plus market interest.

The implicit derivative can not be valued separately, nor can its fair value be reliably determined (either at the time of its acquisition or at a later date, mainly because the sale option is based on shares of the acquiring company itself, which is not listed). The hybrid financial instrument will not be separated and classified as a whole as investments accounted for using the equity method.

In addition, the agreements signed for subscribing SBV shares also include an opposite right: a purchase option in favour of SBV under certain circumstances. From February 2016 until February 2019, if there is a serious (unamended) breach by Prosegur of its obligations under the intellectual property rights and technology licence contract signed by the parties, SBV will be entitled to demand that Prosegur transfer (to itself or, where applicable, to the shareholder who sold the shares to Prosegur) all of its shareholding. The purchase price will be the same as for the sales option described above: the price paid for the shares at the time of purchase, plus market interest increased by a specific margin.

In January 2016, a joint venture was incorporated in India for the alarms activity, under the name SIS Prosegur Alarms Monitoring and Response Services Pte, Ltd.

Shareholding balances in 2015 with a negative net investment value that Prosegur is bound to materially rebalance come under transfers. Associated provisions are recognised under other risks (Note 23) for a total amount of EUR 1,568 thousand.

The additions in 2015 arise, mainly, out of a reassessment of Prosegur's de facto control of the following investee companies in China: Shanghai Weldon Security Equipment Co Ltd, Shanghai Weldon Security Service Co Ltd, Hangzhou Weldon Security Service Co Ltd and Sichuan Weldon Security Service Co Ltd. (associated with the business combination of Imperial Dragon Security, Ltd., Note 6), as the result of a dispute with the local Chinese partner, which began at the start of 2015. Therefore, the consolidation method was modified due to a loss of de facto control, shifting from the global integration method to the equity method. Accordingly, the balance of non-controlling interests decreased in 2015 by a total of EUR 11,729 million (Note 22.5).

These Chinese companies were the subject of a sales agreement with the local Chinese partner for a total amount of CNY 36,000 thousand. CNY 28,000 thousand were already received as a down payment at 31 December 2015 (equivalent at time of payment to: EUR 3,923 thousand) and CNY 8,000 thousand are pending (equivalent at 31 December 2015 to: EUR 556 thousand). Finally, in 2016, CNY 4,285 thousand were received (equivalent at 31 December 2016 to: EUR 585 thousand) thus closing the sale. For this reason, a total loss of CNY 3,715 thousand has been recorded (equivalent at 31 December 2016 to: EUR 507 thousand), under other expenses (Note 6).

In 2015, an impairment was recognised for a total amount of EUR 7,767 thousand at 31 December 2015, as a result of the differential between the price established in the sales agreement and the recognised carrying value of the investment.

Details of joint ventures accounted for under the equity method are as follow:

Thousands of euros	2016	2015
Rosegur Fire SRL	4	4
Weldon Group	—	5,161
Rosegur Holding Corporation SL	88	109
SIS Cash Services Private Limited	6,849	7,944
SIS Prosegur Alarmas Monitoring and Response Services Private Limited	1,186	—
SIS Prosegur Holdings Private Limited	5,359	5,110
SBV Lesotho	65	—
SBV South Africa	16,683	—
<b>Balance as of December 31</b>	<b>30,234</b>	<b>18,328</b>

The detail of the main amounts of investments accounted for by applying the equity method is included in Appendix III.

Prosegur has no significant contingent liability commitments in any of the joint ventures accounted for under the equity method.

## 16. Joint Ventures

Prosegur participates in joint operations that are articulated through Joint Ventures where the entities have no legal capacity of their own and where there is a system of collaboration between companies for a certain time, defined or undefined, for the development and execution of a work or service (Note 35.2).

They are normally used to combine the characteristics and rights of the partners in the joint venture towards a common end with the aim of obtaining the best technical assessment possible. Joint ventures are considered independent companies, in general, with limited action, given that, in spite of being able to acquire commitments in their own name, they are usually taken on by partners in proportion to their participation in the joint venture. As a consequence, Prosegur considers joint ventures as a joint operation.

The amounts shown below represent Prosegur's share in the joint ventures' assets and liabilities, and sales and profits and losses. These amounts were included in the financial statement and in the consolidated profit and loss account in the consolidated annual accounts for the years ended 31 December 2016 and 31 December 2015.



Thousands of euros	2016	2015
<b>Assets:</b>		
Non-current assets	12	482
Current assets	22,297	19,851
	<b>22,309</b>	<b>20,333</b>
<b>Liabilities:</b>		
Current liabilities	22,309	20,333
	<b>22,309</b>	<b>20,333</b>
<b>Net profit:</b>		
Revenue	125,782	75,230
Expenses	(122,339)	(76,378)
Profit after tax	<b>3,443</b>	<b>(1,148)</b>

There are no contingent liabilities corresponding to Prosegur's share in the joint ventures.

## 17. Non-current financial assets

Details of non-current financial assets are as follows:

Thousands of euros	2016	2015
Available-for-sale financial assets	5,359	3,775
Deposits and guarantees	3,493	3,564
Other non-current financial assets	748	985
	<b>9,600</b>	<b>8,324</b>

**Available-for-sale financial assets**

Details of available-for-sale financial assets are as follows:

Thousands of euros		
	2016	2015
<b>Balance at 1 January</b>	<b>3,775</b>	<b>6,639</b>
New additions	1,732	476
Derecognitions	(746)	(207)
Impairment adjustment (Note 7)	—	(3,027)
Translation differences	598	(106)
<b>Balance at 31 Decemeber</b>	<b>5,358</b>	<b>3,775</b>
<b>As of 31 December</b>		
Cost or valuation	5,359	35,426
Impairment losses	—	(31,651)
	<b>5,359</b>	<b>3,775</b>

Available-for-sale financial assets include the following net investments:

**31 December 2016**

Thousands of euros			
	Recoverable amount	% ownership	Investment
Euroforum Escorial, S.A.	2,258	8.1%	2,258
Investment	3,101		3,101
	<b>5,359</b>		<b>5,359</b>

**31 December 2015**

Thousands of euros			
	Recoverable amount	% ownership	Investment
Capitolotre, S.P.A.	—	19.0%	31,647
Euroforum Escorial, S.A.	2,141	8.1%	2,141
Other investments and other assets	1,634		1,638
	<b>3,775</b>		<b>35,426</b>

**Capitolotre, S.P.A.**

On 18 December 2007, Prosegur acquired 33% of the shares of the investment vehicle Capitolotre, S.P.A. This share gives Prosegur 14.9% of the voting rights and 33% of the financial rights. Capitolotre,

S.P.A. has a 77% interest in Accadiesse, S.P.A., the holding company of the companies making up the IVRI Group, belonging to the Italian security sector with activities including security patrol, transport of valuables, alarm system monitoring, response services and electronic systems. On 11 June 2014, IVRI Group was sold by Accadiesse S.P.A.

Based on the accounting policy for associates (Note 35.2), Prosegur considers that it does not exercise significant influence over Capitolotre, S.P.A. and has classified this investment as an available-for-sale financial asset. Following the criteria set out in Note 2.3, Prosegur classified its investment in Capitolotre, S.P.A., at level 3 of the fair value hierarchies.

At 31 December 2015, Prosegur estimated the fair value of its investment in Capitolotre, S.P.A., concluding that objective evidence existed to support that this investment has sustained a decrease in value estimated at EUR 3,027 thousand. The investment was fully impaired at 31 December 2015.

On 23 December 2015, the Company has signed an agreement, subject to a condition precedent with Accadiesse S.P.A. under which the shareholding of Prosegur in Capitolotre, S.P.A. shall be transferred to the company itself, without expecting any consideration in favour of Prosegur. Having satisfied the condition precedent on 31 March 2016, the transfer was closed on 27 July 2016.

### Other investments

The valuation of the remaining investments is recognised at the lower of cost and the underlying carrying amount, as they cannot be measured reliably.

### Other non-current financial assets

Movement in other non-current financial assets is as follows:

Miles de euros		
	2016	2015
<b>Balance at 1 January</b>	<b>985</b>	<b>1,035</b>
Additions	28	290
Derecognitions	(212)	(195)
Translation differences	(53)	(145)
<b>Balance at 31 December</b>	<b>748</b>	<b>985</b>

As of December 2016, other non-current assets includes fixed-term deposits mainly maturing in 2018.

## 18. Inventory

Details of inventories are as follows:

Thousands of euros		
	2016	2015
Work in progress	33,276	30,216
Goods for resale, fuel and other	50,726	32,146
Operational material	2,300	5,399
Uniforms	6,502	7,294
Stock impairment	(6,150)	(5,360)
	<b>86,654</b>	<b>69,695</b>

No inventories have been pledged as collateral to secure loans.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to clients. The corresponding accounting policy is set out in Note 35.22. A sales revenue of EUR 87,577 thousand in 2016 was recognised in relation to these contracts (2015: EUR 87,714 thousand); and accumulated costs of EUR 67,705 thousand (in 2015: EUR 68,063 thousand). A liability was also recognised for revenue received in advance amounting to EUR 8,338 thousand (in 2015: EUR 7,470 thousand) which corresponds to the amount due to clients whose partial turnover exceeds the costs incurred plus the profits recognised (Note 26). The amount of withholdings in payments is EUR 1,696 thousand at the close of 2016 (2015: EUR 1,253 thousand).

Movement in impairment losses is as follows:

Thousands of euros		
	2016	2015
<b>Balance as of January 1</b>	<b>(5,360)</b>	<b>(3,429)</b>
Additions	(4,650)	(2,015)
Applications and other	4,246	(241)
Translation differences	(386)	325
<b>Balance as of December 31</b>	<b>(6,150)</b>	<b>(5,361)</b>

## 19. Trade and other receivables

Details are as follows:

Thousands of euros		
	2016	2015
Trade receivables for sales and services	794,602	722,611
Less: Impairment losses on trade receivables	(75,593)	(58,596)
Trade receivables - net	719,009	664,015
Public authorities	68,982	64,934
Employee salary advances	11,527	9,171
Court bonds	44,948	33,720
Prepayments	19,886	11,786
Other receivables	78,873	54,686
<b>Current</b>	<b>943,225</b>	<b>838,312</b>

There is no credit concentration risk in connection with trade receivables, given that Prosegur has a large number of clients distributed across the different countries where it operates (Note 32.1).

Borrowings sold are derecognised in the asset and the difference between their carrying amount and the amount collected is recorded as a financial expense in the income statement (Note 7). As of 31 December 2016 no factoring contract exists. Thus, there are no accounts receivable derecognised in the asset by such contract (as of 31 December 2015, the amount of accounts receivable derecognised in the asset by the factoring contract amounted to EUR 6,081 thousand).

On 29 December 2015, Prosegur signed a non-recourse factoring contract for the amount of BRL 26,218 thousand (equivalent at 31 December 2015 to: EUR 6,081 thousand). The programme matured in January 2016.

The detail of past-due trade receivables net of the corresponding impairment, by maturity, is as follows:

Thousands of euros		
	2016	2015
0 to 3 months	249,757	288,911
3 to 6 months	21,390	31,121
Over 6 months	42,657	19,749
	<b>313,804</b>	<b>339,781</b>

The carrying value of past-due trade receivables is close to fair value, given the non-significant effect of the discount.

There is no reasonable doubt regarding payment of past-due trade receivables, net of the corresponding impairment.

Movement in impairment of receivables is as follows:

Miles de euros	2016	2015
<b>Balance as of January 1</b>	<b>(58,596)</b>	<b>(63,429)</b>
Provision for impairment (Note 6)	(20,739)	(10,698)
Applications and reversals	2,111	8,913
Translation differences	1,631	6,618
<b>Balance as of December 31</b>	<b>(75,593)</b>	<b>(58,596)</b>

As a general rule, impaired receivables are derecognised when no further amount is expected to be received.

No impairment losses have been incurred on the remaining trade receivables.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables categories mentioned above. Prosegur does not hold any collateral to secure receivables.

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 32.1.

Court bonds mainly recognises deposits associated with the provision for labour causes in Brazil (Note 23).

The other accounts receivable heading mainly records advance payments of suppliers and creditors for an amount of EUR 33,297 thousand (2015: EUR 12,201 thousand) and balances with other debtors in the amount of EUR 36,126 thousand (in 2015: EUR 35,074 thousand)

## 20. Other financial assets

Details of balances and movement during the year are as follows:

Miles de euros	2016	2015
<b>Balance as of January 1</b>	<b>739</b>	<b>8,441</b>
New additions	—	745
Derecognitions	(739)	(8,441)
Translation differences	—	(6)
<b>Balance as of December 31</b>	<b>—</b>	<b>739</b>



At 31 December 2016, the Company has no current financial assets.

The composition and the issue and maturity dates of financial assets at 31 December 2015 are reflected in the following tables:

Thousands of euros				
Description	Date of issue	Matures on	Main	Balance as of 31/12/2015
Fixed-term deposit	15/12/2015	15/12/2016	739	739
				<b>739</b>

Prosegur's maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets. Fixed-term deposits are exposed to default risk by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings.

## 21. Cash and cash equivalents

Details are as follows:

Thousands of euros		
	2016	2015
Cash and banks	799,429	267,119
Current bank deposits	25,205	49,315
		<b>316,434</b>
		<b>824,634</b>

The increase in cash is mainly due to a syndicated loan operation carried out in December 2016 through its subsidiary, Prosegur Cash, S.A., for a sum of EUR 600,000 thousand for a three-year period (see Note 24), of which EUR 500,000 thousand were deposited in an escrow account with the aim of using it to repay the bond issued in 2013 which matures on 2 April 2018 (Note 24).

The effective interest rate on deposits and short-term deposits in financial institutions was 13.46% (2015: 9.23%) and the average term of deposits held during the year was 54 days (in 2015: 25 days).

Prosegur holds no investments in sovereign debt at the close of the fiscal year nor did it make any such investments during the fiscal year.

## 22. Equity

### 22.1. Share capital, share premium and own shares

Details of balance and movement is as follows:

Thousands of euros					
	No. of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance as of 1 January 2015	617,125	37,027	25,472	(53,493)	9,006
Balance as of 31 December 2015	617,125	37,027	25,472	(53,493)	9,006
Other distributions	—	—	—	178	178
Balance as of 31 December 2016	617,125	37,027	25,472	(53,315)	9,184

#### Share Capital

At 31 December 2016 and 2015, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to EUR 37,027 thousand, divided into 617,124,640 shares with a par value of EUR 0.06 each, fully subscribed and paid-up, which are all listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE).

The breakdown of the Company's shareholders is as follows:

Shareholders	Number of shares	
	2016	2015
Ms. Helena Revoredo Delvecchio <sup>(1)</sup>	309,240,330	309,240,330
Oppenheimer Acquisition Corporation <sup>(2)</sup>	34,957,437	34,957,437
Ms Mirta Gieso Cazenave <sup>(3)</sup>	34,778,187	34,778,187
Cantillon Capital Management LLC <sup>(4)</sup>	18,821,350	18,821,350
FMR LLC <sup>(5)</sup>	18,515,726	—
Invesco Limited <sup>(6)</sup>	6,223,180	—
Other	194,588,430	219,327,336
	<b>617,124,640</b>	<b>617,124,640</b>

(1) Through Gubel, S.L. and Prorevosa, S.L.U.

(2) Through a series of managed funds; one of them holds over 5% (Oppenheimer International Growth Fund).

(3) Both directly and through AS Inversiones, S.L.

(4) Through a series of managed funds.

(5) Through a series of managed funds

(6) Through a series of managed funds

At 31 December 2016 and 2015, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,125,760 shares (in 2015: 345,234,947 shares), representing 50.25% of the Company's share capital (in 2015: 55,94%).

### Share premium

There is a share issue premium amounting to EUR 25,472 thousand, which is freely disposable and which has undergone no changes over years 2016 and 2015.

### Own shares

The detail of movements made in the own shares account during the fiscal year is as follows:

	Number of shares	Miles de euros
<b>Balance as of 1 January 2015</b>	<b>18,756,890</b>	<b>53,493</b>
<b>Balance as of 31 December 2015</b>	<b>18,756,890</b>	<b>53,493</b>
Other distributions	(62,020)	(178)
<b>Balance as of 31 December 2016</b>	<b>18,694,870</b>	<b>53,315</b>

At the general meeting held on 27 June 2011, the shareholders authorised the Board of Directors acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the directors of the Company or Prosegur employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

In financial year 2016 and 2015, no acquisition or sale or treasury share transactions were completed. "Other deliveries" are related to the purchase of shares by employees at market value.

### 22.2. Other equity instruments

In 2015, EUR 3,401 thousand, which were considered as other equity instruments during the previous fiscal year, were transferred to short-term provisions (Note 23) as a result of the replacement of the originally planned share settlement method. In 2016, there were no movements in other equity instruments (Note 35.18).

Thousands of euros	2016	2015
<b>Balance as of January 1</b>	—	<b>3,401</b>
Share-based incentives accrued during the year	—	—
Share-based payments exercised	—	—
Transfers	—	(3,401)
<b>Balance as of December 31</b>	—	—

### 22.3. Cumulative translation differences

The detail of the balances and movements of this reserve is as follows:

Thousands of euros		
	2016	2015
<b>Balance as of January 1</b>	<b>(514,517)</b>	<b>(245,156)</b>
Translation differences of financial statements of foreign operations	44,146	(269,361)
<b>Balance as of December 31</b>	<b>(470,371)</b>	<b>(514,517)</b>

The variations between 2016 and 2015 mainly arise as a result of the devaluations in Argentine currency and appreciation of the Brazilian real.

### 22.4. Retained earnings and other reserves

The composition and movement of the retained earnings and other reserves heading are as follows:

Thousands of euros				
	Legal reserve	Other unavailable reserves	Other retained earnings	Total
<b>Balance at 1 January 2015</b>	<b>7,406</b>	<b>165</b>	<b>1,077,831</b>	<b>1,085,402</b>
Total comprehensive income for the year	—	—	184,013	184,013
Distribution of Profit	—	—	(65,947)	(65,947)
Other movements	—	—	1,999	1,999
<b>Balance at 31 December 2015</b>	<b>7,406</b>	<b>165</b>	<b>1,197,896</b>	<b>1,205,467</b>
Total comprehensive income for the year	—	—	133,525	133,525
Distribution of extraordinary dividend	—	—	(61,874)	(61,874)
Distribution of Profit	—	—	(68,925)	(68,925)
Other movements	—	—	3,924	3,924
<b>Balance at 31 December 2016</b>	<b>7,406</b>	<b>165</b>	<b>1,204,547</b>	<b>1,212,118</b>

Other restricted reserves as of December 2016 and 2015 correspond to the reserve for the update of National Budget Act 83 (EUR 104 thousand) and reserves for capital adjustment to euros (EUR 61 thousand).

The legal reserve, which amounts to EUR 7,406 thousand, was endowed in compliance with article 274 of the revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully endowed. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, it must be replenished with future profits.

The proposed profit distribution of the parent company for 2016, determined in accordance with current mercantile legislation and standards for preparing individual annual accounts and which will be submitted to the General Shareholders' Meeting, is shown in the following table:

Thousands of euros		
	2016	2015
<b>Basis of allocation</b>		
Profit/loss for the year	(7,037)	68,925
	<b>(7,037)</b>	<b>68,925</b>
<b>Distribution</b>		
Voluntary reserves	(75,226)	736
Dividends	68,189	68,189
	<b>(7,037)</b>	<b>68,925</b>

## 22.5. Non- controlling interests

In 2015, as a result of a re-evaluation of control (Note 15), non-controlling interests were reduced almost entirely. As of 31 December 2016 and 2015, they are included under the "other non-significant companies" heading.

## 23. Provisions

The composition of the balance and the detail of the movements of this heading are shown in the following table:

Thousands of euros							
	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Accrued obligations to personnel	Other risks	Total
<b>Saldo al 1 de enero 2016</b>	<b>84,274</b>	<b>8,913</b>	<b>3,821</b>	<b>6,439</b>	<b>6,035</b>	<b>77,091</b>	<b>186,573</b>
Initial balance transfers	36,492	18,965	—	1,309	4,260	27,796	<b>88,822</b>
Provisions charged to income statement	(5,205)	(2,126)	—	—	—	(645)	<b>(7,976)</b>
Applications	(22,415)	(8,964)	(900)	(244)	(988)	(23,333)	<b>(56,844)</b>
Reversal posted to Equity	—	—	—	955	—	—	<b>955</b>
Transfers	—	—	—	—	—	622	<b>622</b>
Translation differences	12,166	1,477	—	730	—	16,461	<b>30,834</b>
<b>Balance at 31 December 2016</b>	<b>105,312</b>	<b>18,265</b>	<b>2,921</b>	<b>9,189</b>	<b>9,307</b>	<b>97,992</b>	<b>242,986</b>
Non-current 2016	105,312	18,265	—	9,189	7,854	97,992	238,612
Current 2016	—	—	2,921	—	1,453	—	4,374

### a) Labour-related risks

The provisions for labour-related risks, amounting to EUR 105,312 thousand (2015: EUR 84,274 thousand), are calculated individually, based on the estimated likelihood of success or failure. This likelihood is determined by the different legal firms that work with the group companies. In addition, there is an internal review of the likelihoods of reaching agreements for each of the causes depending on the record of experience maintained with Prosegur, from which the final provision to be recognised is concluded.

The provision for labour-related risks mainly includes provisions for work-related causes in Brazil, which includes lawsuits filed by Prosegur employees and ex-employees. The characteristics of the country's labour legislation cause proceedings to take some time, leading to a provision of EUR 61,605 thousand in 2016 (2015: EUR 48,287 thousand).

As of December 2016, there were 6,043 open labour cases in Brazil (31 December 2015: 6,290). In 2016, almost 4,717 cases were closed, and payments were made amounting to BRL 95,150,796 (equivalent at time of payment to: EUR 24,640 thousand), corresponding to agreements made or final rulings handed down. The cost recognised for this item in 2016 was EUR 24,226 thousand.

Additionally, this heading includes a provision for EUR 12,839 thousand (31 December 2015: EUR 14,879 thousand), in relation to the business combination carried out in 2005 with Transpev.

### b) Legal risk

The provisions for legal risks, amounting to EUR 18,265 thousand (2015: EUR 8,913 thousand), correspond mainly to civil lawsuits, which are analysed on a case-by-case basis. Mainly includes civil lawsuits from Spain, France and Brazil. The settlement of these provisions is highly probable, but both the value and the time of the final settlement are uncertain and depend upon the outcome of the proceedings that are underway. There is no significant legal risk.

### c) Restructuring

The provisions correspond to the company Brinks Deutschland GmbH in 2013, which has a recognised restructuring provision that corresponds to estimates for the payment of severances for dismissal and other costs. The settlement of the provision is highly probable. Though the settlement date is uncertain, it is highly probable that it will take place in the short term. In 2016, payments were made for a value of EUR 900 thousand.

### d) Employee benefits

As indicated in Note 5.2 of the consolidated annual accounts for the fiscal year ending on 31 December 2016, Prosegur has defined benefit plans in Germany, Brazil and France. The actuarial assessment made by qualified actuaries regarding the value of the arranged benefits is updated at the end of 2016.



The German and French defined benefit plans consist of retirement and pension plans.

Prosegur has a defined benefit plan in Brazil which consists of post-retirement health coverage, mandated by Law 9656 of the country.

#### **e) Accrued obligations to personnel**

These provisions include the accrued incentive, payable in cash, for the 2014 and 2017 Plans (see Note 35.18).

During this period, an endowment was made and charged to the profit/loss account for the year, amounting to EUR 4,260 thousand (Note 5.1). This amount includes the fair value adjustment of the share price for the 2014 plan and the accrual corresponding to the 2017 plan.

In 2016, payments corresponding to the 2014 plan were made, using Prosegur's share price at the time of the payment as a reference, thereby replacing the originally planned share settlement method.

In 2016, EUR 988 thousand, corresponding to the settlement of the first part of the 2014 plan, were applied.

The fair value of incentives pegged to the share's listed price was estimated on the basis of the listed price of Prosegur shares at the end of the period or at the time of payment.

Finally, part of this provision was classified as current provisions for a value of EUR 1,453 thousand, since this commitment, associated with the 2014 plan, will mature in 2017.

In 2015, payments corresponding to the 2014 plan were made, using Prosegur's share price at the time of payment as a reference, thereby replacing the originally planned share settlement method. As a result, in 2015, EUR 3,401 thousand, which were considered as other equity instruments during the previous fiscal year, were transferred to short-term provisions (Note 22.2). Additionally, the difference between the total commitment originally considered by Prosegur in connection with the incentives in shares and the payment of incentives in cash ultimately made, using Prosegur's share price as a reference, amounted to EUR 1,802 thousand and was recorded under the wages and salaries heading.

#### **f) Other risks**

The provision for other risks, which amounts to EUR 97,992 thousand (2015: EUR 77,091 thousand), includes many items.

The settlement of these provisions is highly probable, but both the value and the time of the final settlement are uncertain and depend upon the outcome of the proceedings that are underway.

Details of the most significant are as follows:

## Tax risk

This mainly includes tax risk in Brazil and Argentina, amounting to EUR 73,702 thousand (2015: EUR 54,692 thousand).

The tax risks associated with Brazil are related to several items, mainly direct and indirect municipal and state tax claims, along with provisions from the Nordeste and Transpev business combination. In Argentina, they are related to diverse insignificant amounts individually related to municipal and provincial taxes, primarily. The most representative risks emerge as a result of the disparity between Prosegur and the administration's criteria.

The variation in the provision of tax risks compared to 31 December 2015 is mainly due to an increase in the provision relating to indirect municipal and state tax claims in Brazil, associated with, mainly old, tax risks for which the probability of occurrence has been re-evaluated.

Prosegur uses "the most likely result" to measure uncertain tax positions. Significant tax risk is qualified based on opinions of external analysis, according to analysis of jurisprudence regarding the matter in question. In addition, internal analysis is drawn up based on similar cases that occurred in the past at Prosegur or in other companies.

At the end of each quarter, each of the tax contingencies are analysed in detail. This analysis refers to the quantification, qualification and level of provision associated with the risk. By year end, an independent expert will provide the analysis and measurement in a letter to aid in the determination of these parameters for the most significant risks. The level of provision is adjusted based on this letter.

## Price of overtime

The provisions for the price of overtime are the result of the lawsuit filed against the articles of the State Collective Bargaining Agreement of Security Companies for 2005-2008, which set overtime rates for security guards. Based on its best estimates, Prosegur quantifies the provision for past years from the starting date of the agreement (1 January 2005) to the accounting close as of December 2016. As of 31 December 2016, there is no amount reserved for this item (2015: EUR 3,531 thousand).

In 2016, 131 proceedings were closed (2015: 237) for payments amounting to EUR 33 thousand corresponding to agreements made with some of the plaintiff employees (2015: EUR 160 thousand). Additionally, revenue has been recognised in the income statement, totalling EUR 3,498 thousand (EUR 91 thousand in 2015) corresponding to provisions in previous fiscal years which, based on the information available at the close of 2016, Prosegur believes will not be claimed.

## Comcare Australia

In 2016, payments were made for commitments associated with Australia's occupational accident insurance plan, amounting to EUR 1,195 thousand (EUR 1,347 thousand in 2015). The endowment for

the fiscal year amounted to EUR 852 thousand, for a total provision of EUR 4,763 thousand (EUR 5,002 thousand in 2015), of which EUR 1,195 thousand mature in the short term (2015: EUR 1,017 thousand).

## 24. Financial liabilities

The detail and composition of financial liabilities and the corresponding terms and conditions are as follows:

Thousands of euros					
	Average interest rate	2016		2015	
		Non-current	Current	Non-current	Current
Debentures and other negotiable securities	2.75%	498,883	10,312	498,016	10,312
Loans and borrowings	1.37%	648,433	167,785	32,320	166,953
Finance lease payables	7.71%	14,439	9,466	12,318	8,004
Credit accounts	1.76%	48,570	139,143	48,019	120,857
Other payables	10.68%	13,272	31,677	26,618	32,123
		<b>1,223,597</b>	<b>358,383</b>	<b>617,291</b>	<b>338,249</b>

Thousands of euros						
	Currency	Year of maturity	2016		2015	
			Non-current	Current	Non-current	Current
Debentures and other negotiable securities	Euro	2018	498,883	10,312	498,016	10,312
Loans and borrowings	Euro	2017-2019	625,725	145,755	13,746	75,633
Loans and borrowings	Brazilian Real	2017	—	17,054	5,757	32,647
Loans and borrowings	Australian dollar	—	—	—	—	47,098
Loans and borrowings	South African Rand	2019	18,750	—	—	—
Loans and borrowings	Peruvian Nuevo Sol	2017	—	3,632	6,825	5,031
Loans and borrowings	Other currencies	2017-2020	3,958	1,344	5,992	6,544
Finance lease payables	Euro	2017-2019	5,446	3,381	6,883	3,865
Finance lease payables	Brazilian Real	2017-2019	3,103	2,012	1,369	1,911
Finance lease payables	Other currencies	2017-2023	5,890	4,073	4,066	2,228
Credit accounts	Euro	2017-2020	48,570	127,430	48,019	91,247
Credit accounts	Australian dollar	2017	—	—	—	13,426
Credit accounts	Other currencies	2017	—	11,713	—	16,184
Other payables	Euro	2017-2021	3,637	1,726	1,011	1,252
Other payables	Brazilian Real	2017-2019	9,016	21,291	24,322	23,234
Other payables	Argentine Peso	2017-2023	357	242	817	263
Other payables	Other currencies	2017-2018	263	8,418	468	7,374
			<b>1,223,597</b>	<b>358,383</b>	<b>617,291</b>	<b>338,249</b>

As of 31 December 2016, the total drawdown amount from credit lines amounted to EUR 187,713 thousand (2015: EUR 168,876 thousand). The detail of the undrawn credit lines is as follows:

Thousands of euros	2016	2015
Maturing in less than 1 year	189,716	303,365
Maturing in more than 1 year	400,000	350,000
	<b>589,716</b>	<b>653,365</b>

Credit facilities are subject to various interest rate reviews in 2017.

### Debentures and other negotiable securities

On 2 April 2013, uncovered bonds were issued for a nominal amount of EUR 500,000 thousand, maturing on 2 April 2018. This issue allows the deferral of the maturities of part of Prosegur's debt and the diversification of funding sources. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue a coupon of 2.75% per annum payable yearly on maturity.

#### Debenture (Brazil)

On 23 April 2012, a debenture was issued in Brazil for limited public distribution with a firm guarantee of full placement. The placement institutions were Banco Bradesco BBI, S.A., Banco Itaú BBA, S.A., and Banco Santander.

The whole of the debenture was paid in advance on 28 September 2016. Thus, there is no outstanding amount as of 31 December 2016 (as of 31 December 2015: BRL 70,933 thousand, equivalent as of 31 December 2015 to: EUR 16,452 thousand).

#### Syndicated loan operation (Spain)

On 12 June 2014, Prosegur entered into a syndicated credit loan operation for a sum of EUR 400,000 thousand for a five-year period, in order to defer the maturities of part of Prosegur's debt. On 18 March 2015, a novation was made of the syndicated loan, whereby its maturity date was modified and deferred to 18 March 2020. As of 31 December 2016, the drawdown balance amounts to EUR 50,000 thousand (2015: EUR 50,000 thousand).

The interest rate of the drawdowns under the syndicated loan operation is equal to Euribor plus an adjustable spread, based on the variation of the net financial debt/EBITDA ratio.

Additionally, this loan is secured by collateral from the main subsidiaries of Prosegur in Spain, Portugal, Peru, Argentina and Brazil. The contract provides the following compulsory financial ratios, which are met for 2016:

- The net financial debt/EBITDA ratio must be less than or equal to 3.5.
- The EBITDA/finance cost ratio must be greater than 5.

### Syndicated loan (Spain)

In December 2016, Prosegur entered into a syndicated loan operation through its subsidiary, Prosegur Cash, S.A., for a sum of EUR 600,000 thousand for a three-year period. As of 31 December 2016, the drawdown capital of the syndicated loan totals EUR 600,000 thousand. The interest rate is pegged to the Euribor rate plus a margin.

In accordance with the contract, the loan has a single amortisation for its entirety, which will be made upon maturity of the loan in 2019.

Additionally, this loan is secured by the main subsidiaries of Prosegur Cash, S.A., in Peru, Argentina and Brazil. The contract provides the following compulsory financial ratios, which are met for 2016:

- The net financial debt/EBITDA ratio must be less than or equal to 3.5.
- The EBITDA/finance cost ratio must be greater than 5.

### Syndicated loan (Australia)

In December 2013, Prosegur entered into a syndicated loan operation through its subsidiaries, Prosegur Australia Holdings PTY Limited and Prosegur Australia Investments PTY Limited, for a sum of AUD 70,000 thousand for a three-year period, in order to finance the acquisition of security companies.

On 12 September 2016, the whole of the syndicated loan was paid in advance. Thus, there is no outstanding amount as of 31 December 2016 (as of 31 December 2015: AUD 70,000 thousand, equivalent as of 31 December 2015 to: EUR 46,989 thousand)

### Finance lease payables

The detail of the minimum payments for finance leases is as follows:

Thousands of euros	2016	2015
Less than 1 year	11,499	8,392
Between 1 to 5 years	14,135	13,180
Over 5 years	304	184
Interest	(2,033)	(1,434)
	<b>23,905</b>	<b>20,322</b>

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 11).

### Bailment

Prosegur in Australia has access to bailment facilities for the supply of cash to automated teller machines belonging to Prosegur. In these facilities, the cash is owned by the bailor, who has contracts directly with Prosegur. Prosegur has access to this money for the sole purpose of loading cash into the ATMs, which are governed by this contract. The settlement of the corresponding cash assets and liabilities is carried out via regulated clearing systems, such as the right of offset. As a result of the foregoing, no assets or liabilities are shown in the consolidated annual accounts for this item. The amount in circulation as of 31 December 2016 is AUD 67.60 millions (equivalent to EUR 46.65 millions). At 31 December 2015 the amount was AUD 60 millions equivalent to EUR 40.3 million

### Loan with financial institutions (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, Prosegur took out a 4-year bullet loan on 29 January 2016, for a sum of ZAR 272,000 thousand (equivalent as of 31 December 2016 to EUR 18,814 thousand).

### Other payables

Other payables mainly relate to business combinations pending payments formed in both the present year and previous years (Note 30). Details of other payables are as follows:

Thousands of euros	2016	2015
<b>Non-current</b>		
Contingent and deferred payments for acquisitions	2,639	23,471
Other	10,633	3,147
	<b>13,272</b>	<b>26,618</b>
<b>Current</b>		
Contingent and deferred payments for acquisitions	30,854	27,456
Other	823	4,667
	<b>31,677</b>	<b>32,123</b>



The items composing the balance of debts from deferred and contingent payments resulting from acquisitions are as follows:

Thousands of euros					
	Currency	2016		2015	
		Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Values	Reales	—	1,004	—	699
Transvig-Transporte de Valores e Vigilancia LTDA	Reales	769	384	805	268
Nordeste and Transbank Group	Reales	—	19,689	22,105	22,105
Prover Electronica, Ltda.	Reales	—	108	50	50
Martom Segurança Eletrônica Ltda.	Reales	—	377	—	334
Evttec Management Services PTE LTD	Singapore Dollar	—	286	—	537
Securlog GmbH	Euros	—	258	—	258
MIV Gestión S.A.	Euros	—	323	—	—
Dognaedis Lda	Euros	1,381	70	—	—
Indiseg Evolium Group S.L.	Euros	400	200	—	—
Asset Purchase from Toll Transport Pty Ltd	Australian dollar	—	4,796	—	—
Segura Group	Uruguayan Peso	—	108	14	97
Roytronic, S.A.	Uruguayan Peso	—	—	85	58
Genper, S.A.	Uruguayan Peso	—	118	—	114
Nanjing Zhong Dun Security Services	Renminbi	82	82	170	—
Inversiones BIV, S.A. and subsidiary	Colombian Peso	—	357	—	471
Integra Group - Colombia	Colombian Peso	—	2,238	—	2,065
Shanghai Bigu Group	Renminbi	—	219	142	142
TC Interplata S.A.	Argentine Peso	7	100	100	50
Tellex, S.A.	Argentine Peso	—	135	—	208
		<b>2,639</b>	<b>30,852</b>	<b>23,471</b>	<b>27,456</b>

## 25. Suppliers and other payables

The breakdown of the suppliers and other payables heading is as follows:

Thousands of euros		
	2016	2015
Trade payables	208,212	191,163
Accrued personnel costs	276,522	261,447
Social Security and other taxes	197,917	166,784
Other payables	103,042	73,283
	<b>785,693</b>	<b>692,677</b>

### Accrued personnel costs

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Prosegur employees' contribution to its success by achieving or surpassing targets and developing the necessary skills for excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established by Prosegur management or the employee's direct superior over a given time.

The accrued obligations to personnel heading includes EUR 36,886 thousand relating to the incentives programme (2015: EUR 30,856 thousand). The amount recognised under the employee benefits expense heading in the income statement for this item amounts to EUR 60,611 thousand (2015: EUR 62,374 thousand).

The employee benefits expense heading also includes other liabilities corresponding to outstanding remunerations and accrued extra salary payments.

### Information on the average supplier payment period. Second final provision of Law 31/2014, of 3 December

The information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	2016	2015
	Days	Days
Average payment period for suppliers	61	60
Ratio of paid operations	60	53,3
Ratio of operations pending payment	74.0	128.8

	Thousands of euros	Thousands of euros
Total payments made	280,787	226,890
Total payments pending	19,916	23,556

In accordance with the ICAC Resolution on calculating the average period for paying suppliers, commercial operations were considered corresponding to the delivery of goods or services accrued from the effective date of Law 31/2014, of 3 December, meaning on 24 December 2014. The information of these consolidated accounts on payments to suppliers pertains exclusively to companies located in Spain that are added to the consolidated group via the global integration method.

Suppliers are defined, for the exclusive purposes of providing information set out in this Resolution as trade payables for debts with suppliers of goods or services, included in the account of suppliers and other payables of the current liabilities on the consolidated balance sheet.

“Average supplier payment period” is understood to be the period from delivery of the goods or rendering of the service that are the supplier’s responsibility and the payment being made for the operation.

The maximum legal payment term applicable to consolidated companies in financial year 2016 according to Law 11/2013, of 26 July, is 30 days (unless the terms fulfilled in the above are fulfilled to allow such term to be raised to 60 days).

## 26. Other liabilities

Other non-current liabilities include amounts corresponding to accruals of alarm rental income.

Details of other liabilities are as follows:

Thousands of euros	2016		2015	
	Non-current	Current	Non-current	Current
Revenues received in advance	—	31,364	—	28,451
Other liabilities	—	9,247	—	12,712
	—	<b>40,611</b>	—	<b>41,163</b>

Revenue received in advance mainly includes advanced billing of alarm system contracts for EUR 17,940 thousand (2015: EUR 15,446 thousand), along with revenue received in advance associated with building contracts (Note 18).

## 27. Taxation matters

Prosegur Compañía de Seguridad, S.A. is the parent of a group that files consolidated income tax returns in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Additionally, Prosegur files consolidated tax returns in the following countries: France, Luxembourg, Portugal and Australia

- Certain companies in France, directly or indirectly owned by Prosegur, make up two consolidated tax groups and file tax returns, pursuant to relevant legislation, under the special “Intégration Fiscale” system.
- In Luxembourg, the consolidated tax group, which was made up of Luxpai Holdco, SARL, and Pitco Reinsurance, S.A., broke up as a result of corporate restructuring operations.

- In Portugal, Prosegur has a new consolidated tax group, made up of the following Portuguese companies: Prosegur Companhia de Segurança, Ltda., Prosegur Distribuição e Serviços, Ltda., Prosegur Agencia Promoção e Comercialização de Productos e Servicios Unipessoal, LDA, Prosegur Logística e Tratamento de Valores Portugal, S.A., Prosegur Alarmes Dissuasão Potugal Unipessoal, Ltda., Prosegur SES Serviços Empresariais de Segurança Unipessoal, LDA, Prosegur de Servicios Partilhados Unipessoal, LDA, and Prosegur Gestão de Activos Imobiliários, S.A.
- In Australia, there is a consolidated tax group made up of five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia, Prosegur Technology Pty Limited and Prosegur Asset Management.

The rest of Prosegur's subsidiaries file tax returns in accordance with the tax policies in force in the countries in which they operate.

Details of income tax expense, for current tax and deferred tax, are as follows:

Thousands of euros	2016	2015
Current tax	162,707	127,517
Deferred tax	(22,589)	(22,970)
	<b>140,118</b>	<b>104,547</b>

The main items making up the current tax expense are as follows:

Thousands of euros	2016	2015
From year	141,540	116,872
Adjustments from previous years	10,472	455
Loss without recognised deferred tax	10,695	10,190
	<b>162,707</b>	<b>127,517</b>

The main items making up the deferred tax expense/revenue are as follows:

Thousands of euros	2016	2015
Deductions	(5,916)	960
Source and reversal of temporary differences	(14,984)	(8,359)
Tax losses	(3,691)	(12,944)
Due to investments	20,001	(2,329)
Goodwill for tax purposes	(17,999)	(302)
Other	—	4
	<b>(22,589)</b>	<b>(22,970)</b>

Deferred taxes relating to goodwill for tax purposes come from Brazilian local mergers that took place in past fiscal years. Brazilian tax legislation allows accelerated amortisation.

The calculation of the tax expense over gain, based on pre-tax profit, is as follows:

Thousands of euros		
	2016	2015
<b>Profit before income tax</b>	<b>274,249</b>	<b>287,916</b>
Tax rate	25%	28%
Result of applying tax rate to profit	68,562	80,617
Permanent differences	30,464	7,398
Effect of applying different tax rates	21,095	10,753
Adjustment of deferred taxes from previous years	(763)	(2,294)
Adjustment to taxes from previous years	10,472	455
Loss without deferred tax	10,695	10,190
Previously unrecognised deductions applied	(407)	(2,572)
<b>Income tax expense</b>	<b>140,118</b>	<b>104,547</b>

The effective average tax rate in 2016 is 51.09% (2015: 36,31%).

During fiscal years 2015 and 2016, Prosegur, as defined in its strategic plan, has carried out a process of organizational and corporate restructuring of the group aimed to transforming the management model by country into a business model (in line with The best practices of the sector), separating the divisions of Cash, Security and Alarms. The process of organizational and corporate restructuring of the Prosegur Group's Cash division has been carried out legally through execution in the years 2015 and 2016. The tax cost associated with this corporate restructuring for 2016 amounts to 41.5 million Euros.

In this respect, Prosegur guarantees Prosegur Cash that the reorganization of Prosegur Cash has been carried out in compliance with the rules (in particular, commercial, administrative, labor and tax) applicable in each jurisdiction. Accordingly, Prosegur undertakes to keep Prosegur Cash fully indemnified and indemnify Prosegur Cash from any actual and actual damages and losses suffered by Prosegur Cash or any of Prosegur Cash's current subsidiaries as a direct result of breach of the Guarantee on the reorganization.

The tax rates in the countries where Prosegur operates are as follows:

Tax rate	2016	2015
Germany	30.5%	30.5%
Spain	25.0%	28.0%
France	33.3%	33.3%
Luxembourg	29.2%	29.2%
Portugal	22.5%	22.5%
Argentina	35.0%	35.0%
Brazil	34.0%	34.0%
Chile	24.0%	22.5%
Colombia	35.0%	35.0%
Mexico	30.0%	30.0%
Paraguay	10.0%	10.0%
Peru	28.0%	28.0%
Uruguay	25.0%	25.0%
Australia	30.0%	30.0%
India	38.0%	38.0%
Singapore	17.0%	17.0%
China	25.0%	25.0%
Hong Kong	16.5%	16.5%
South Africa	28.0%	28.0%

Likewise, local legislation in Peru and Chile modified tax rates for coming years in 2015. Therefore, the tax rate for coming fiscal years will be as follows:

Tax rates that start as of	Type of tax	
	Peru	Chile
1 January 2017	29.5%	25.5%
1 January 2018	29.5%	27.0%
1 January 2019	29.5%	27.0%

Therefore, deferred tax assets and liabilities have been adapted to these new tax rates.



Movement in deferred tax assets and liabilities and their structure during the year are as follows:

### Deferred tax asset

Thousands of euros													
	1 January 2015	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2015	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016
Property, plant and equipment and tangible asset	6,841	(1,093)	–	–	–	(112)	5,636	5,974	–	–	–	372	11,982
Deferred alarm costs	145	(2)	–	–	–	8	151	609	–	–	–	0	760
Due to investments	21,813	(4,328)	–	–	–	449	17,934	(16,598)	–	–	–	623	1,959
Due to provision differences	74,625	3,985	–	–	–	(14,171)	64,439	12,691	–	–	–	6,618	83,748
Tax losses	34,712	12,944	–	–	–	(7,906)	39,750	3,691	–	–	–	7,134	50,575
Tax deductions	3,588	(960)	–	–	–	–	2,628	5,916	–	–	–	–	8,544
Overtime ruling	1,135	(222)	–	–	–	28	941	(941)	–	–	–	–	–
Goodwill for tax purposes	36,888	(948)	–	–	–	(9,150)	26,790	(1,948)	–	–	–	2,648	27,490
Other	1,235	4,864	–	(327)	–	(82)	5,690	(5,110)	–	129	–	(139)	570
	180,982	14,240	–	(327)	–	(30,936)	163,959	4,284	–	129	–	17,256	185,628

### Deferred tax liabilities

Thousands of euros													
	1 January	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2015	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016
Property, plant and equipment and tangible asset	(84,114)	6,421	(2,493)	–	3,490	13,559	(63,137)	1,247	(1,733)	–	–	(3,515)	(67,138)
Goodwill for tax purposes	(27,393)	1,249	–	–	–	2,266	(23,878)	19,947	–	–	(915)	(3,141)	(7,987)
Due to investments	(22,573)	6,657	–	–	–	247	(15,669)	(3,403)	–	–	915	(132)	(18,289)
Deferred alarm income	(3,864)	(1,990)	–	–	–	993	(4,861)	(1,096)	–	–	–	–	(5,957)
Deferred gains on sale of fixed assets	(412)	–	–	–	–	–	(412)	526	–	–	–	(114)	–
Revaluation of assets	(10,110)	2,013	–	–	–	88	(8,009)	(765)	–	–	–	(16)	(8,790)
Other	(25)	(5,620)	–	–	–	4,773	(872)	1,849	–	–	–	(977)	–
	(148,491)	8,730	(2,493)	–	3,490	21,926	(116,838)	18,305	(1,733)	–	–	(7,895)	(108,161)

Details of total current and deferred income tax in relation to items credited or debited directly in other comprehensive income during the year are as follows:

Thousands of euros				
	2016		2015	
	Current	Deferred	Current	Deferred
Equity profit and loss	—	129	—	(327)
	—	<b>129</b>	—	<b>(327)</b>

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

Thousands of euros		
	2016	2015
Deferred tax assets	163,911	133,824
Deferred tax liabilities	(100,066)	(108,675)
	<b>63,845</b>	<b>25,149</b>

According to the provisions of current Spanish tax legislation, in 2016, tax loss carryforwards of Prosegur companies may be offset by positive income from subsequent tax periods up to 25% of the tax base.

The detail of deferred tax assets and liabilities by country in thousands of euros is as follows:

Thousands of euros				
	2016		2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Brazil	91,622	(41,229)	75,116	(38,210)
Spain	22,468	(24,372)	32,147	(36,551)
Argentina	17,057	(8,567)	19,316	(7,821)
France	3,447	(3,932)	2,279	(4,425)
Other	51,034	(30,061)	35,101	(29,831)
<b>Total</b>	<b>185,628</b>	<b>(108,161)</b>	<b>163,959</b>	<b>(116,838)</b>

Prosegur has no deductions pending application that have not been capitalised.

Deferred tax assets regarding tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset.

Details of tax loss carryforwards and the year up to which they could be offset as of 31 December 2016 are as follows:

Thousands of euros			
Year	Total	Not capitalised	Capitalised
2017	2,841	1,587	1,254
Subsequent years or no time limit	300,188	134,971	165,217
	<b>303,029</b>	<b>136,558</b>	<b>166,471</b>

The detail of taxable bases capitalised and not capitalised by the company and their prescription period as of 31 December 2016 is as follows (tax base expressed in thousands of euros):

Thousands of euros			
	Total amount	2017	Later
Germany	69,212	—	69,212
Spain	22,545	—	22,545
France	58,391	—	58,391
Portugal	3,003	—	3,003
Argentina	23,008	1,135	21,873
Brazil	67,882	—	67,882
Chile	30,052	—	30,052
Colombia	200	118	82
Mexico	23,210	1,588	21,622
Peru	1,364	—	1,364
Uruguay	2,347	—	2,347
China	344	—	344
Hong Kong	498	—	498
Singapore	732	—	732
Netherlands	51	—	51
South Africa	190	—	190
<b>Total</b>	<b>303,029</b>	<b>2,841</b>	<b>300,188</b>

The detail of negative taxable bases capitalised and not capitalised as of 31 December 2016 is as follows:

Thousands of euros		
	Capitalised	Not capitalised
Germany	34,590	34,622
Spain	22,545	—
France	3,689	54,702
Portugal	2,628	375
Argentina	23,008	—
Brazil	54,876	13,006
Chile	21,691	8,361
Colombia	200	—
Mexico	—	23,210
Peru	453	911
Uruguay	2,347	—
China	254	90
Hong Kong	—	498
Singapore	—	732
Netherlands	—	51
South Africa	190	0
<b>Total</b>	<b>166,471</b>	<b>136,558</b>

The most significant non-capitalised tax bases are in France, Germany, Mexico and Brazil. Of the EUR 303,029 thousand tax bases capitalised and not capitalised by Prosegur, with a prescription period after 2017, there is no offset time limit for EUR 249,754 thousand and there is for the remaining EUR 53,275 thousand.

Deferred tax assets are recognised provided that it is probable that sufficient future gains will be generated against which the temporary differences can be offset. The recoverable amount of a CGU is determined based on its value in use. These calculations use cash flow projections based on financial budgets that exclude the effects of potential future improvements in the return on assets and which are approved by Management, covering a four-year period (Note 10).

On 10 May 2016, the opening of auditing actions was announced. These actions are in relation to corporate tax and partially with regard to the origin of freedom of amortisation for job creation or maintenance in 2011 and the deductibility of remuneration made to directors in 2011 and 2014.

Furthermore, on the same date, 10 May 2016, the opening of auditing actions was announced against Prosegur Compañía de Seguridad (acquiring company) as the successor of the takeover merger of the companies Prosegur Transporte de Valores and Prosegur Activa España (both acquired companies). These actions are also in relation to corporate tax and partially with regard to the origin of freedom of amortisation for job or maintenance creation in 2011.

As a consequence of such actions, the following documents were signed:

- Certificate of agreement regarding the freedom of amortisation
- Certificate of disagreement regarding the remuneration of directors with a payment of EUR 390,145.61 and EUR 30,267.58 in interest.

With regard to this certificate of disagreement, pleas were submitted, as Prosegur expects a favourable resolution. These pleas are currently awaiting response from the Technical Office of the State Tax Administration Agency.

The remaining Prosegur companies are subject to their corresponding local jurisdictions.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the directors of the Company believe that the liabilities that could arise would have a significant effect on consolidated annual accounts.

In 2016, the following corporate restructuring operations were carried out under the neutral tax system:

— In Spain:

- Contribution of 0.03% of the shares of Prosegur International CIT 1, S.L., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
- Contribution of 5% of the shares of Armor Acquisition, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
- Contribution of 100% of the shares of Prosegur BPO España, S.L.U., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.
- Contribution of 100% of the shares of Prosegur Global CIT ROW, S.L.U., from Prosegur Compañía de Seguridad, S.A., to Prosegur Cash, S.A.
- Contribution of 100% of the shares of Prosegur Global CIT S.L.U., from Prosegur Compañía de Seguridad, S.A., to Prosegur Cash, S.A.
- Contribution of 100% of the shares of Prosegur USAP International, S.L., from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
- Contribution of 100% of the shares of Formación, Selección y Consultoría, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
- Contribution of 100% of Prosegur Ciberseguridad, S.L., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS ROW, S.L.U.
- Contribution of 95% of the shares of Prosegur Gestion d'Actifs France SCI from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
- Contribution of 100% of the shares of Prosegur France, S.A.S., from Prosegur Compañía de Seguridad, S.A., to PS Global SIS ROW, S.L.U.
- Contribution of 5% of the shares of Prosegur Serviços Aeroportuarios, Ltda., B74 from Prosegur Global SIS, S.L.U., to Prosegur International SIS, S.L.
- Contribution of 8.929% of the shares of Prosegur Tecnología em Sistemas de Seg Elet e Incendios, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
- Contribution of 100% of the shares of Prosegur Cash Services Germany GmbH from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.

- Contribution of 44.96% of the shares of Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
  - Contribution of 85.6028% of the shares of Prosegur Mexico, S. de R.L. de C.V., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
  - Contribution of 80% of the shares of Grupo Tratamiento y Gestion de Valores SAPI de C.V. from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
  - Contribution of 100% of the shares of Prosegur Gestao de Activos Imobiliarios, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
  - Contribution of 100% of the shares of Prosegur de Servicios Partilhados Unipessoal, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur USAP International, S.L.
  - Contribution of 100% of the shares of Prosegur Companhia de Segurança, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS ROW, S.L.U.
  - Contribution of 100% of the shares of Prosegur Alarmes Dissuasao Potugal Unipessoal, Ltda., from Prosegur Compañía de Seguridad, S.A., to PS Global Alarmas ROW, S.L.U.
  - Contribution of 100% of the shares of Prosegur Logistica e Tratamento de Valores Portugal, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.
  - Contribution of 90% of the shares of General Industries Argentina, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
  - Contribution of 95% of the shares of Tellex, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
  - Contribution of 5% of the shares of Prosegur Tecnología Argentina, S.A., (5%) from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
  - Contribution of 5% of the shares of Prosegur Tecnología Argentina, S.A., from Prosegur Global SIS, S.L.U., to Prosegur International SIS, S.L.
  - Contribution of 7.86% of the shares of Xiden SACI from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
  - Contribution of 7.86% of the shares of Xiden SACI from Prosegur Global SIS, S.L.U., to Prosegur International SIS, S.L.
  - Contribution of 4% of the shares of Prosegur Gestión de Activos Chile, Ltda., from Prosegur Gestión de Activos, S.L.U., to Prosegur Gestion de Activos International, S.L.
  - Contribution of 99.98038966% of the shares of Servicios Prosegur, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
  - Contribution of 33.33% of the shares of SBV Services from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.
  - Contribution of 94.90% of the shares of Compañía Transportadora de Valores Prosegur de Colombia, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
  - Contribution of 100% of the shares of Malcoff Holdings BV from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
- In France, in 2016, four mergers took places, whereby the companies Prosegur Traitement de Valeurs EST, S.A.S., Prosegur Sécurité EST, S.A.S., Prosegur Sécurité Rubis, S.A.S., and Prosegur Sécurité Opale, S.A.S., were all taken over by Prosegur Sécurité Humaine, S.A.S.
  - In Portugal, on 1 March 2016, there was a split between the cash in transit and alarm businesses of the company Prosegur Companhia de Segurança, Ltda. Thus, the successor of the manned guarding activity is Prosegur Companhia de Segurança, Ltda.; the successor of the cash in transit acti-



vity is Prosegur Logística e Tratamento de Valores Portugal Unipessoal, Ltda.; and the successor of the alarm activity is Prosegur Alarmes Dissuasão Portugal Unipessoal, Ltda.

## 28. Contingencies

### Guarantees

Prosegur has contingent liabilities for bank and other guarantees related with its normal business operations which are not expected to result in any significant liabilities.

Guarantees provided by Prosegur to third parties are as follows:

Thousands of euros	2016	2015
Commercial guarantees	156,188	130,602
Financial guarantees	149,226	130,355
	<b>305,414</b>	<b>260,957</b>

Commercial guarantees include those given to clients.

Financial guarantees essentially include those relating to lawsuits in process, amounting EUR 79,182 thousand (2015: EUR 83,153 thousand). Civil and labour lawsuits in Brazil amount to EUR 72,800 thousand as of 31 December 2016 (2015: EUR 67,483 thousand) (see Note 23).

### National Commission of Markets and Competition

On April 22, 2015, the National Commission for Mercantile and Competition (hereinafter CNMC) initiated proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. and Loomis España, S.A. for alleged anti-competitive practices in accordance with EU law. On November 10, 2016, the CNMC imposed a fine of approximately 39,4 millions euros on Prosegur and the subsidiary of the Company jointly and severally. The decision of the CNMC is not yet final and can be challenged in court. Prosegur will assume exclusively and at its expense the defense of Prosegur and Prosegur Servicios de Efectivo España, S.L. in front of the Sanctioning File and the decision of the Board of Competence of the Council of the CNMC of November 10, 2016, enjoying exclusive power with respect to the direction and control of said defense and the Contentious-Administrative Procedure.

The evaluation made by the CNMC, in due time, may result in additional liabilities when the proceedings are finalised. In any case, the directors of the Company do not believe that the liabilities that could arise would have a significant effect on consolidated annual accounts.

### Liquidation of subsidiaries in France

In April 2005, the accounts of Bac Sécurité, Force Gardiennage and Sécurité Européenne de L'Espace Industriel (SEEI) were deposited with the Versailles Court of Commerce and these companies have been in receivership since that date. The liquidation of these companies was completed in 2008 and they are currently being dissolved. The Directors do not expect significant liabilities to arise from this process.

### Liquidation of subsidiaries in Romania

At the end of financial year 2015, the company SC Rosegur S.A. is undergoing insolvency proceedings and the company SC Rosegur Cash Services S.A. has been declared bankrupt. The company Rosegur Holding Corporation S.L., in liquidation, has been dissolved as agreed by the shareholders at their general meeting and is currently under liquidation. Lastly, the companies SC Rosegur Fire SRL and SC Rosegur Training SRL, both inactive, form part of the equity of SC Rosegur S.A. to be liquidated as part of the insolvency proceedings. The Directors do not expect significant liabilities to arise from this process.

## 29. Commitments

### Purchase commitments for fixed assets

The following investments were committed but not yet incurred at the close of the fiscal year:

Thousands of euros	2016	2015
Property, plant and equipment	14,455	13,303
Other intangible assets	457	228
	<b>14,912</b>	<b>13,531</b>

As of 31 December 2016, there are commitments in property, plant and equipment for the purchase of facilities amounting to EUR 3,095 thousand, mainly in Argentina (EUR 4,039 thousand in 2015).

### Operating lease commitments

Prosegur rents various premises, offices, industrial bays, warehouses and vehicles under non-cancellable operating leases.

Total future minimum payments under non-cancellable operating leases are as follows:

**At 31 December 2016**

Thousands of euros			
Type	Less than 1 year	Between 1 to 5 years	Over 5 years
Property	16,216	39,598	12,714
Vehicles	12,363	11,715	5,858
Other assets	—	—	—
	<b>28,579</b>	<b>51,313</b>	<b>18,572</b>

**At 31 December 2015**

Thousands of euros			
Type	Less than 1 year	Between 1 to 5 years	Over 5 years
Property	12,808	26,585	6,073
Vehicles	15,526	15,503	7,088
Other assets	66	67	1
	<b>28,400</b>	<b>42,155</b>	<b>13,162</b>

The main operating leases on properties are as follows:

- Leases held for buildings located at Calle Santa Sabina 8 and Calle Pajaritos 24 in Madrid, between the parent company, Prosegur Compañía de Seguridad, S.A., and the company Proactinmo, S.L.U. The total expense for these leases, in 2016, amounts to EUR 1,859 thousand (2015: EUR 1,159 thousand), (Note 31).
- Leases held by Prosegur Brasil, S.A., for the use of operating bases located in Rio de Janeiro and São Paulo. The total expense for these leases, in 2016, amounts to EUR 2,334 thousand (2015: EUR 1,957 thousand).
- Lease held by Prosegur Companhia de Segurança, Ltda., for the office building located at Avenida Berna 54 in Lisbon. The total expense for this lease, in 2016, amounts to EUR 220 thousand (2015: EUR 220 thousand).

Operating leases on vehicles have an average duration of four years.

The expense corresponding to operating leases included in the consolidated income statement for 2016 amounts to EUR 84,950 thousand (2015: EUR 87,217 thousand), (Note 4). There are no contingent payments for this item.

Prosegur also lets installations to other parties under cancellable operating leases as part of its alarm system rental activity. Clients may cancel these contracts by giving notice, terminating the agreement immediately. The uncertainty regarding these cancellation periods does not allow the total future collections from these operating leases to be reliably estimated.

## 30. Business combinations

The detail of the variations in goodwill are presented in Note 12.

### 30.1. Goodwill included in 2016

The detail of the net assets acquired and the goodwill recognised by the additions made during the fiscal year is as follows:

Thousands of euros						
	Segment to which it is allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
MIV Gestión S.A. <sup>(1)</sup>		698	443	1,141	832	309
Dognaedis Lda. <sup>(1)</sup>	EAAA	60	1,451	1,511	445	1,066
Beagle Watch Armed Response Property Limited <sup>(1)</sup>	EAAA	2,155	3,311	5,466	2,297	3,169
Procesos Técnicos de Seguridad y Valores S.A.S <sup>(1)</sup>	EAAA	156	—	156	85	71
Indiseg Evolium Group S.L. <sup>(1)</sup>	LatAm	961	600	1,561	898	663
Toll Transport Pty Ltd <sup>(1)</sup>	EAAA	7,218	4,545	11,763	5,934	5,829
	EAAA	<b>11,248</b>	<b>10,350</b>	<b>21,598</b>	<b>10,491</b>	<b>11,107</b>

<sup>(1)</sup> Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Goodwill is not tax-deductible.

Had the businesses acquired in 2016 been acquired on 1 January 2016, the ordinary revenue of the 2016 consolidated income statement would have increased by EUR 8,771 thousand, and the profit for the fiscal year would have increased by EUR 338 thousand.

Prosegur recognised EUR 1,172 thousand in transaction costs under the administrative and selling expenses heading of the consolidated income statement (2015: EUR 892 thousand).

Thousands of euros				
	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
MIV Gestión S.A.	Spain	698	(240)	458
Dognaedis Lda.	Portugal	60	(9)	51
Beagle Watch Armed Response Propierty Limited	South Africa	2,155	(35)	2,120
Procesos Técnicos de Seguridad y Valores S.A.S	Colombia	156	(3)	153
Indiseg Evolium Group S.L.	Spain	961	—	961
Compra de Activos a Toll Transport Pty Ltd	Australia	7,218	—	7,218
		11,248	(287)	10,961

The cash outflow incurred to acquire these businesses, the net amount of cash acquired, is as follows:

#### MIV Gestión, S.A.

On 8 January 2016, Prosegur acquired 100% of the company MIV Gestión S.A. —a security company that provides international transport services for valuable and vulnerable goods— in Spain. The total purchase price was EUR 1,141 thousand, made up of a cash payment of EUR 698 thousand, a deferred payment maturing in 2016 and 2017 for a total of EUR 360 thousand and a contingent deferred payment of EUR 83 thousand.

The acquiree was added to the consolidated group on 8 January 2016. It contributed ordinary revenue of EUR 2,451 thousand and net losses of EUR 80 thousand to the 2016 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	240	240
Property, plant and equipment	17	17
Other non-current assets	10	10
Trade and other receivables	475	475
Suppliers and other payables	(427)	(427)
Current tax liabilities	(8)	(8)
Other intangible assets	—	701
Deferred tax	(1)	(176)
<b>Identifiable net assets acquired</b>	<b>306</b>	<b>832</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 701 thousand) with a useful life of 5 years.

### Beagle Watch Armed Response Proprietary Limited

On 28 January 2016, Prosegur acquired 57% of the company Beagle Watch Armed Response Proprietary Limited — a security company specialising in monitoring residential alarms— in South Africa. The total purchase price was ZAR 42,251 thousand (equivalent on the acquisition date to: EUR 2,415 thousand), comprising a cash payment of ZAR 37,697 thousand (equivalent on the acquisition date to: EUR 2,155 thousand), and a deferred amount to secure possible liabilities amounting to ZAR 4,554 thousand (equivalent on the acquisition date to: EUR 260 thousand). In addition, Prosegur has increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing to a capital increase by a total amount of ZAR 53.369 million (equivalent on the acquisition date to: EUR 3,051 thousand), achieving a 75% shareholding in the same. The subscription to these shares is pending payment in its entirety. Prosegur might not pay for the shares and the capital increase, in this case, will be void.

The acquiree was added to the consolidated group on 28 January 2016. It contributed ordinary revenue of EUR 3,220 thousand and net losses of EUR 88 thousand to the 2016 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	35	35
Property, plant and equipment	186	186
Trade and other receivables	2,389	2,389
Inventory	20	20
Suppliers and other payables	(167)	(167)
Other liabilities and expenses	(6)	(6)
Financial liabilities and other non-current liabilities	(112)	(112)
Current tax liabilities	(8)	(8)
Deferred tax	(40)	(40)
<b>Identifiable net assets acquired</b>	<b>2,297</b>	<b>2,297</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

### Dognaedis Lda.

On 14 March 2016, Prosegur acquired 100% of the company Dognaedis Lda. S.A. —a company specialising in cybersecurity services— in Portugal. The total purchase price was EUR 1,511 thousand, made



up of a cash payment of EUR 60 thousand and a contingent deferred payment, for a total of EUR 1,451 thousand.

The acquiree was added to the consolidated group on 14 March 2016. It contributed ordinary revenue of EUR 444 thousand and net losses of EUR 268 thousand to the 2016 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	9	9
Property, plant and equipment	13	13
Trade and other receivables	150	150
Current tax assets	22	22
Suppliers and other payables	(51)	(51)
Current tax liabilities	(4)	(4)
Other current liabilities	(117)	(117)
Non-current financial liabilities	(140)	(140)
Other intangible assets	251	723
Financial debt	(45)	(45)
Deferred tax	—	(115)
<b>Identifiable net assets acquired</b>	<b>88</b>	<b>445</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

#### Procesos Técnicos de Seguridad y Valores, S.A.S.

On 29 April 2016, Prosegur acquired 100% of the company Procesos Técnicos de Seguridad y Valores S.A.S. —a company specialising in cash management services performing tasks of processing, packaging and recycling notes and coins— in Colombia. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to: EUR 156 thousand), comprising a cash payment of COP 512,000 thousand (equivalent on the acquisition date to: EUR 156 thousand).

The acquiree was added to the consolidated group on 29 April 2016. It contributed ordinary revenue of EUR 3,362 thousand and net profit of EUR 237 thousand to the 2016 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	3	3
Property, plant and equipment	35	35
Trade and other receivables	450	450
Current tax assets	121	121
Suppliers and other payables	(501)	(501)
Current tax liabilities	(23)	(23)
<b>Identifiable net assets acquired</b>	<b>85</b>	<b>85</b>

The goodwill was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

#### Indiseg Evolium Group, S.L.

On 3 November 2016, Prosegur acquired 100% of the company Indiseg Evolium Group, S.L. - a company specialising in cybersecurity services - in Spain. The total purchase price was EUR 1,561 thousand, comprising a cash payment of EUR 961 thousand, a deferred payment maturing in 2016 for a total of EUR 100 thousand and a contingent deferred payment for a total of EUR 600 thousand.

The acquiree was added to the consolidated group on 3 November 2016. It contributed ordinary revenue of EUR 116 thousand and net profit of EUR 90 thousand to the 2016 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	—	—
Property, plant and equipment	25	25
Trade and other receivables	819	819
Suppliers and other payables	(379)	(379)
Financial Liabilities	(268)	(268)
Other intangible assets	—	935
Deferred tax	—	(234)
<b>Identifiable net assets acquired</b>	<b>197</b>	<b>898</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 935 thousand) with a useful life of 8 years.

### Toll Transport Pty Ltd

On 4 November 2016, Prosegur acquired a bundle of assets from Toll Transport Pay Ltd. in Australia. The total purchase price was AUD 18,115 thousand (equivalent on the purchase date to: EUR 11,763 thousand), comprising a cash payment of AUD 11,115 thousand (equivalent on the purchase date to: EUR 7,218 thousand) and a contingent deferred payment of AUD 7,000 thousand (equivalent on the purchase date to: EUR 4,545 thousand)

The acquired assets were added to the consolidated group on 4 November 2016. It contributed ordinary revenue of EUR 3,272 thousand and net profit of EUR 283 thousand to the 2016 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	—	—
Property, plant and equipment	—	—
Suppliers and other payables	3,458	3,458
Other intangible assets	(248)	(248)
Deferred tax	—	3,892
Identifiable net assets acquired	—	(1,168)
<b>Activos netos identificables adquiridos</b>	<b>3,210</b>	<b>5,934</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 3,892 thousand) with a useful life of 13 years.

### 30.2. Goodwill included in 2015 and not revised in 2016

The details of the net assets acquired and goodwill recognised for additions made in 2015 whose measurement was not revised in 2016 are as follows:

Thousands of euros						
	Segment to which it is allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
<b>Subsidiaries</b>						
Call Centre and Back Office activity line	EAAA	2,186	—	<b>2,186</b>	1,058	<b>1,128</b>
Nanjing Zhong Dun Security Services	EAAA	88	176	<b>264</b>	162	<b>102</b>
Centro Informático de Vigo S.A.	EAAA	283	—	<b>283</b>	93	<b>190</b>
		2,557	176	<b>2,733</b>	1,313	<b>1,420</b>

Goodwill is not tax-deductible.

The cash outflow incurred to acquire these businesses, the net amount of cash acquired, is as follows:

Thousands of euros				
	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Call Centre and Back Office activity line	Spain	2,186	-	<b>2,186</b>
Nanjing Zhong Dun Security Services	China	88	(6)	<b>82</b>
Centro Informático de Vigo S.A.	Spain	283	(18)	<b>265</b>
		<b>2,557</b>	<b>(24)</b>	<b>2,533</b>

### Call Centre and Back Office activity line

On 1 April 2015, Prosegur acquired 100% of the Call Center and Back Office activity line from HP Procesos de Negocio España, S.L. The total purchase price was EUR 2,186 thousand.

The acquiree was added to the consolidated group on 1 April 2015. It contributed ordinary revenue of EUR 428 thousand and net loss of EUR 177 thousand to the 2015 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Property, plant and equipment	63	63
Trade and other receivables	82	82
Suppliers and other payables	(59)	(59)
Other intangible assets	—	1,350
Deferred tax	—	(378)
<b>Identifiable net assets acquired</b>	<b>86</b>	<b>1,058</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 1,350 thousand) with a useful life of 8 years.

### Nanjing Zhong Dun Security Services Co Ltd

On 2 June 2015, Prosegur bought in China 80% of the company Nanjing Zhong Dun Security Services Co Ltd, a company specialising in the rendering of surveillance services. The total purchase price was CNY 1,800 thousand (equivalent on the acquisition date to: EUR 264 thousand), comprising a cash payment of CNY 600 thousand (equivalent on the acquisition date to: EUR 88 thousand) and a contingent deferred

payment of CNY 200 thousand (equivalent on the acquisition date to: EUR 29 thousand) maturing in 2017 and 2018. Furthermore, there is a contingent consideration agreement with a best estimate as of 31 December 2015 amounting to CNY 1,000 thousand (equivalent on the acquisition date to: EUR 147 thousand). As of 31 December 2015, it is the only contingent consideration agreement held by Prosegur. It is a contingent consideration agreement subject to the evolution of the EBIT of the aforementioned subsidiary.

The acquiree was added to the consolidated group on 2 June 2015. It contributed ordinary revenues of EUR 307 thousand and profit for the year of EUR 9 thousand to the consolidated income statement for 2015.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	6	6
Property, plant and equipment	1	1
Trade and other receivables	58	58
Suppliers and other payables	(57)	(57)
Other intangible assets	—	205
Deferred tax	—	(51)
<b>Identifiable net assets acquired</b>	<b>8</b>	<b>162</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise licences (EUR 205 thousand) with a useful life of 20 years.

### Centro Informático de Vigo S.A.

On 17 November 2015, Prosegur acquired 100% of the company Centro Informático de Vigo, S.A. in Spain, a company that specialises in the rendering of banking administration services, under the Cash activity. The total purchase price was EUR 283 thousand.

The acquiree was added to the consolidated group on 17 November 2015. It contributed ordinary revenue of EUR 428 thousand and net loss of EUR 177 thousand to the 2015 consolidated income statement.

The assets and liabilities that arose from this acquisition are as follows:

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	18	18
Property, plant and equipment	101	101
Trade and other receivables	334	334
Suppliers and other payables	(323)	(323)
Other non-current assets	11	11
Financial debt	(56)	(56)
Other non-current liabilities	(14)	(14)
Other current liabilities	(11)	(11)
Other intangible assets	4	44
Deferred tax	—	(11)
<b>Identifiable net assets acquired</b>	<b>64</b>	<b>93</b>

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 40 thousand) with a useful life of 7 years.

## 31. Related Parties

Prosegur is controlled by Gubel, S.L., a company which was incorporated in Madrid and holds 50.075% of the Company's shares. The remaining 49.925% of the shares is held by various shareholders, including the main shareholders Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones, S.L. with 5.328%, Cantillon Capital Management LLC with 3.050%, FMR LLC with 3.00% and Invesco limited with 1.008% (Note 22).

### Purchase of goods and services

In October 2005, a lease was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the rental of the building located at Calle Santa Sabina, number 8, in Madrid adjacent to a building located at Calle Pajaritos, number 24. At the end of 2015, a novation of the lease was signed, updating the annual rental fee in line with market conditions to EUR 1,012 thousand and extending the term of the contract from five to ten years, extendible for one year. A total expense of EUR 1,154 thousand was incurred for this lease in 2016 (in 2015: EUR 1,285 thousand).

In December 2015, a lease was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the rental of the building located at Calle Pajaritos, number 24, in Madrid. The duration of the contract is for ten years, renewable for one year, as it has been updated according to market conditions. A total expense of EUR 705 thousand was incurred for this lease in 2016 (in 2015: EUR 29 thousand).

Both rental fees are at market prices.



During the fiscal year, the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) invoiced Prosegur EUR 87 thousand for hotel services (in 2015: EUR 495 thousand).

### Rendering of services

In 2016, Prosegur provided security services to Gubel, S.L. amounting to EUR 14 thousand and to Proactinmo, S.L.U. (controlled by Gubel, S.L.) amounting to EUR 49 thousand (2015: EUR 92 thousand).

During the fiscal year, Prosegur invoiced the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) for EUR 307 thousand (in 2015: EUR 11 thousand).

In 2016, assets were not sold to associated companies.

### Remuneration of directors and Senior Management personnel

#### 1. Remuneration of directors

The total remuneration accrued by members of the Board of Directors is as follows:

Thousands of euros	2016	2015
Fixed remuneration	1,325	1,384
Variable remuneration	500	500
Remuneration for membership of the Board and Committee	590	710
Daily allowances	152	206
Life insurance premiums	57	53
	<b>2,624</b>	<b>2,853</b>

#### 2. Remuneration of Senior Management personnel

Senior management personnel are understood to be Prosegur employees who hold, de facto or de jure, senior management positions reporting directly to the Board of Directors, executive committees or managing director, including those holding a power of attorney which relates to the corporate object and is not restricted to specific areas or matters.

The total remuneration accrued by senior management personnel of Prosegur is as follows:

Thousands of euros	2016	2015
Fixed remuneration	2,812	2,774
Variable remuneration	1,534	2,189
Remuneration in kind	117	102
Life insurance premiums	8	8
	<b>4,471</b>	<b>5,073</b>

On 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation during the period from 2012 to 2014, at their annual general meeting.

At the General Shareholders' Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of Long-term Incentives for the Managing Director and Senior Management of Prosegur. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and sets out the payment of incentives pegged to the listed value of shares and/or cash incentives to the Managing Director and Senior Management of the Company like the previous plan (Note 35.18).

With regard to the 2014 and 2017 long-term incentive plans for the Managing Director and Senior Management of Prosegur (Note 5.1), the expense accrued during 2016, for the amount of EUR 4,260 thousand, was included under the salaries and wages heading (Note 23).

With regard to liabilities for the total commitment acquired, it is recognised as an expense on the income statement with a credit to provisions on an accruals basis over the Plan assessment period (Note 23).

In 2016, EUR 988 thousand corresponding to settlement of the first part of the 2014 Plan was applied (Note 23) (in 2015:) EUR 5,877 thousand).

### Loans to related parties

As of 31 December 2016 and 2015, Prosegur had not granted any loans to related parties.

### Shareholdings and positions held by the members of the Board of Directors of the parent company and their related parties in other companies

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities in companies with an identical, similar or complementary corporate object to that of the Company, outside of the scope of Prosegur.

### Information required by Article 229 of the Spanish Companies Act

Regarding the provisions set forth in articles 228, 229 and 230 of the revised text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the im-

provement of corporate governance, no situations arose during 2016 in which the members of the Board of Directors and their related parties were in direct or indirect conflict with the interests of the Company.

The firm J&A Garrigues, S.L.P. has been providing Prosegur, in a recurring manner and since long before the appointment of Fernando Vives as a director of the Company, services of legal and tax advice, within the ordinary course of business and in market conditions. Prosegur does not work exclusively with the firm J&A Garrigues, S.L.P., receiving legal and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not significant for the firm in material terms, nor do they represent a significant amount in Prosegur accounts. As of 31 December 2016, fees amount to EUR 698 thousand (as of 31 December 2015, the amount to EUR 849 thousand).

In addition, these services are rendered through other partners in the firm besides Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is totally independent and not linked in any way to the firm's invoicing to Prosegur. Therefore, the Board of Directors considers that the business relationship between the firm J&A Garrigues, S.L.P. and Prosegur, due to its recurring nature in the ordinary course of business, its non-exclusivity and its scant importance in the aforementioned terms, does not in any way affect the independent nature of Fernando Vives for performing the role of director of Prosegur and being classed as independent.

## 32. Financial risk management and fair value

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### 32.1. Financial risk factors

Prosegur's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. Prosegur's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

#### Currency risk

Prosegur operates on an international level and is therefore exposed to exchange rate risks for currency operations. Currency risk arises when future commercial transactions, equity investments, profit and loss from operating activities and financial positions are denominated in a foreign currency other than the functional currency of each one of the Prosegur companies.

To control the risk arising in these operations, Prosegur's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows, considering market expectations.

As Prosegur intends to remain in the foreign markets in which it is present in the long term, it does

not hedge equity investments, assuming the risk relating to the translation to euros of the assets and liabilities denominated in foreign currencies.

The following provides details of Prosegur's exposure to currency risks, with details on the carrying amounts of the financial instruments denominated in a foreign currency other than the functional one of each country:

#### As of 31 December 2016

Thousands of euros							
	Euro	US Dollar	Brazilian Real	Colombian Peso	Mexican Peso	Other currencies	Total position
Loans to related parties	—	—	—	—	—	—	—
Non-current financial assets	—	90	—	—	—	364	454
<b>Total non-current assets</b>	<b>—</b>	<b>90</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>364</b>	<b>454</b>
Trade and other receivables	14,746	5,174	—	—	—	1,840	21,760
Other current financial assets	—	—	—	—	—	—	—
Cash and cash equivalents	34,590	5,196	—	—	—	—	39,786
<b>Total current assets</b>	<b>49,336</b>	<b>10,370</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,840</b>	<b>61,546</b>
Financial Liabilities	(3,659)	(222)	—	—	—	(18,739)	(22,620)
<b>Non-current liabilities</b>	<b>(3,659)</b>	<b>(222)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(18,739)</b>	<b>(22,620)</b>
Suppliers and other payables	(11,305)	(18,081)	(1,166)	—	—	(8,624)	(39,176)
Financial Liabilities	(29,174)	(3,755)	(493)	(2,599)	—	(410)	(36,431)
<b>Current liabilities</b>	<b>(40,479)</b>	<b>(21,835)</b>	<b>(1,659)</b>	<b>(2,599)</b>	<b>—</b>	<b>(9,034)</b>	<b>(75,607)</b>
<b>Net position</b>	<b>93,474</b>	<b>32,518</b>	<b>1,659</b>	<b>2,599</b>	<b>—</b>	<b>29,977</b>	<b>160,227</b>

#### As of 31 December 2015

Thousands of euros							
	Euro	US Dollar	Brazilian Real	Colombian Peso	Mexican Peso	Other currencies	Total position
Loans to related parties	30,293	—	—	—	—	—	30,293
Non-current financial assets	3,215	91	—	—	—	—	3,306
<b>Total non-current assets</b>	<b>33,508</b>	<b>91</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>33,599</b>
Trade and other receivables	352,341	11,558	—	—	—	—	363,899
Other current financial assets	331,670	7,222	—	—	13	13,426	352,331
Cash and cash equivalents	12,934	15,157	—	—	—	—	28,091
<b>Total current assets</b>	<b>696,945</b>	<b>33,937</b>	<b>—</b>	<b>—</b>	<b>13</b>	<b>13,426</b>	<b>744,321</b>
Financial Liabilities	546,920	204	—	—	—	—	547,124
<b>Non-current liabilities</b>	<b>546,920</b>	<b>204</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>547,124</b>
Suppliers and other payables	276,617	27,079	2,820	—	1,014	3,656	311,186
Financial Liabilities	522,721	11,768	385	2,727	130	198	537,929
<b>Current liabilities</b>	<b>799,338</b>	<b>38,847</b>	<b>3,205</b>	<b>2,727</b>	<b>1,144</b>	<b>3,854</b>	<b>849,115</b>
<b>Net position</b>	<b>(615,805)</b>	<b>(5,023)</b>	<b>(3,205)</b>	<b>(2,727)</b>	<b>(1,131)</b>	<b>9,572</b>	<b>(618,319)</b>

Details of the main average and year-end exchange rates to euros of the foreign currencies in which Prosegur operates are as follows:

	2016		2015	
	Average	Closing	Average	Closing
US Dollar	1.11	1.05	1.11	1.09
Brazilian Real	3.86	3.43	3.69	4.32
Argentine Peso	16.33	16.76	10.23	14.26
Chilean Peso	748.56	703.39	725.54	770.08
Mexican Peso	20.66	21.77	17.60	18.91
Peruvian Nuevo Sol	3.74	3.54	3.53	3.72
Colombian Peso	3,379.51	3,163.05	3,040.57	3,428.83

The strengthening (weakening) of the euro vs. the Brazilian Real, Argentine Peso, Chilean Peso and Peruvian Nuevo Sol as of 31 December would increase (decrease) the profit and loss and the equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate that Prosegur deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant.

Thousands of euros				
	Increase in exchange rate		Drop in exchange rate	
	Equity	Result	Equity	Result
<b>As of 31 December 2016</b>				
Brazilian Real (18% variation)	81,085	(364)	(56,347)	253
Argentine Peso (38% variation)	194,275	4,986	(87,283)	(2,240)
Chilean Peso (10% variation)	12,218	(1,379)	(9,997)	1,646
Peruvian Nuevo Sol (10% variation)	12,157	(494)	(9,946)	404
US Dollar (10% variation)	74	(1,083)	(61)	886
<b>As of 31 December 2015</b>				
Brazilian Real (18% variation)	29,176	356	(23,871)	(291)
Argentine Peso (38% variation)	31,927	2,975	(26,122)	(2,434)
Chilean Peso (10% variation)	7,252	1,153	(5,933)	(944)
Peruvian Nuevo Sol (10% variation)	10,247	(2,570)	(8,384)	2,103
US Dollar (10% variation)	39	276	(32)	(226)

### Credit risk

Prosegur is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of clients are used if available. Otherwise, the Credit

Control Department assesses each client's credit rating, considering financial position, past experience and other factors. Individual credit limits are established depending on internal and external qualifications in accordance with the limits set by the Financial and Economic Management. There is regular monitoring of the use of credit limits.

Prosegur has formal procedures for detecting objective evidence of impairment on trade receivables. As a result of the same, it identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. The impairment of accounts receivable as of 31 December 2016 amounts to EUR 75,593 thousand (in 2015: EUR 58,596 thousand) (Note 19) and the client balances not included in this provision at year end have sufficient credit quality, so the credit risk for these accounts receivable is considered covered by this provision.

In Spain, the Collections Department manages an approximate monthly volume of 8,323 clients with a monthly average turnover of EUR 10,183 per client. The payment instrument most used by clients is the bank transfer which represents 86% while the remaining 14% is represented by notes (cheques, promissory notes, direct debits, etc.).

The following table indicates the percentage of total Prosegur turnover represented by the 8 main clients:

	2016	2015
<b>Counterparty</b>		
Client 1	4.31%	4.28%
Client 2	3.53%	3.66%
Client 3	2.82%	2.86%
Client 4	2.28%	2.34%
Client 5	2.21%	1.87%
Client 6	1.66%	1.74%
Client 7	1.22%	1.13%
Client 8	1.14%	1.10%

As explained in Note 19, as of 31 December 2016 Prosegur does not have a factoring contract.

All financial assets contracted in 2016 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

### Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach Prosegur's business targets safely, efficiently and on time. The Group's Treasury Department aims to maintain liquidity and sufficient availability to guarantee Prosegur's business operations.



Management monitors Prosegur's liquidity reserves which comprise credit available for drawdown (Note 24) and cash and cash equivalents (Note 21), and are forecast based on expected cash flows.

Prosegur's liquidity position for 2016 is based on the following points:

- Cash and cash equivalents of EUR 824,634 thousand as of 31 December 2016 (in 2015: EUR 316,434 thousand).
- EUR 589,716 thousand available in undrawn credit facilities as of 31 December 2016 (in 2015: EUR 653,365 thousand).
- The cash flow from operating activities in 2016 amounted to EUR 268,088 thousand (in 2015: EUR 298.695 thousand).

The amounts presented in this table reflect the cash flows stipulated in the contract.

Thousands of euros							
	Carrying amount	2016					
		Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
<b>Non-derivative financial liabilities</b>							
Debentures and other marketable securities	509,195	527,500	13,750	—	513,750	—	—
Loans and borrowings	816,218	962,825	172,153	6,998	76,185	707,489	—
Finance lease payables	23,905	28,794	6,495	4,601	7,033	8,430	2,236
Credit accounts	187,713	190,385	137,480	2,904	—	50,000	—
Other payables	44,949	52,825	32,111	2,751	5,565	8,239	4,158
Suppliers and other payables	587,776	587,776	587,776	—	—	—	—
	<b>2,169,756</b>	<b>2,350,104</b>	<b>949,765</b>	<b>17,254</b>	<b>602,533</b>	<b>774,158</b>	<b>6,394</b>

Thousands of euros							
	Carrying amount	2016					
		Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
<b>Non-derivative financial liabilities</b>							
Debentures and other marketable securities	508,328	541,250	13,750	—	13,750	513,750	—
Loans and borrowings	199,273	212,972	39,986	136,349	17,437	18,776	424
Finance lease payables	20,322	23,275	5,047	3,980	6,272	6,576	1,400
Credit accounts	168,876	171,858	108,332	13,526	—	50,000	—
Other payables	58,741	68,525	30,803	6,790	26,845	3,878	209
Suppliers and other payables	525,893	525,893	525,893	—	—	—	—
	<b>1,481,433</b>	<b>1,543,773</b>	<b>723,811</b>	<b>160,645</b>	<b>64,304</b>	<b>592,980</b>	<b>2,033</b>

Finally, systematic forecasts are prepared for cash generation and requirements. They are used to determine and monitor Prosegur's liquidity position on an ongoing basis.

### Cash flow and fair value interest rate risks

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities maintained in its financial statement.

The exposure of Prosegur's financial liabilities (excluding the Other payables) on the contract dates on which their prices are reviewed is as follows:

Thousands of euros	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
<b>As of 31 December 2016</b>					
Total financial liabilities (fixed rate)	142,085	4,998	507,725	288	655,096
Total financial liabilities (variable rate)	175,960	3,658	700,525	1,787	881,930
	<b>318,045</b>	<b>8,656</b>	<b>1,208,250</b>	<b>2,075</b>	<b>1,537,026</b>
<b>As of 31 December 2015</b>					
Total financial liabilities (fixed rate)	21,697	5,735	514,578	272	542,282
Total financial liabilities (variable rate)	135,364	143,329	74,434	1,390	354,517
	<b>157,061</b>	<b>149,064</b>	<b>589,012</b>	<b>1,662</b>	<b>896,799</b>

Prosegur analyses its interest rate risk exposure dynamically. In 2016, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros, Brazilian Reals and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

The details of financial liabilities, indicating the portion considered to be hedged at a fixed rate, are as follows:

Thousands of euros			
<b>As of 31 December 2016</b>			
	Total debt	Hedged debt	Debt exposure
Europe & Asia-Pacific	1,489,841	656,876	832,965
LatAm	92,139	17,147	74,992
	<b>1,581,980</b>	<b>674,023</b>	<b>907,957</b>
<b>As of 31 December 2015</b>			
	Total debt	Hedged debt	Debt exposure
Europe & Asia-Pacific	819,487	519,853	299,634
LatAm	136,053	22,429	113,624
	<b>955,540</b>	<b>542,282</b>	<b>413,258</b>

In relation to the debt covered as of 31 December 2016, EUR 509,195 thousand correspond to the simple bond (Note 24) (EUR 508,328 thousand as of 31 December 2015). In addition, there are credit accounts, lease payables and loans with financial institutions at a fixed interest rate in Spain, Chile, Germany, Peru, Brazil and Singapore.

As of 31 December 2016, if the interest rate of the bank loans and borrowings were basically 100 basic points greater, keeping the other variables constant, the profit and loss after taxes of the period would have been EUR 4,444 thousand less (in 2015: EUR 2,632 thousand less), mainly as a result of a greater cost due to variable interest rates on loans.

### 32.2. Capital risk management

Prosegur's capital management is aimed at safeguarding its capacity to continue operating as a going concern, with the aim of providing shareholder remuneration and profits for other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, Prosegur can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, Prosegur controls its capital structure on a gearing ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the balance sheet. Total capital is the sum of equity plus net financial debt, as presented in the balance sheet.

The gearing ratio is calculated as follows:

Thousands of euros	2016	2015
Financial liabilities (Note 24)	1,581,980	955,540
Less: other non-bank payables (Note 24)	(44,949)	(58,741)
Less: cash and cash equivalents (note 21)	(824,634)	(316,434)
Less: Other current financial assets (Note 20)	—	(739)
Net financial debt	712,397	579,626
Equity	751,500	699,626
<b>Total capital</b>	<b>1,463,897</b>	<b>1,279,252</b>
<b>Gearing ratio</b>	<b>48,66%</b>	<b>45,31%</b>
Net financial debt/equity ratio	94,80%	82,85%

The variation of the net financial debt to equity ratio has mainly increased by the distribution of an extraordinary cash dividend in the amount of 61,874 thousand euros and by the formalization of the loan to finance the subscription of shares representing 33.33% of the Capital stock of the South African

company SBV Services Proprietary Limited amounting to 272,000 thousand South African Rands (equivalent to 18,814 thousand euros at 31 December 2016).

### 32.3. Financial instruments and fair value

#### Classification and fair value

The carrying amounts and fair values of financial instruments, classified by category, are as follows, including the levels of fair value. If the fair values of financial assets and liabilities not measured at fair value are not included, it is because Prosegur believes that these are close to their carrying amounts owing, to a large extent, to the short-term maturities of these instruments.

#### 31 December 2016

Thousands of euros									
	Carrying amount					Fair value			
	Available-for sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>									
Investments and other assets	–	–	–	–	–	–	–	–	–
	–	–	–	–	–				
<b>Financial assets not measured at fair value</b>									
Deposits and guarantees	–	3,493	–	–	3,493				
Deposits	–	6,108	–	–	6,108				
Trade and other receivables	–	842,830	–	–	842,830				
Cash and cash equivalents	–	824,634	–	–	824,634				
	–	1,677,065	–	–	1,677,065				
<b>Financial liabilities recognised at fair value</b>									
Contingent payments	–	–	(253)	–	(253)	–	–	(253)	(253)
	–	–	(253)	–	(253)				
<b>Financial liabilities not measured at fair value</b>									
Financial liabilities by bonds issue	–	–	–	(509,195)	(509,195)	518,710	–	–	518,710
Financial liabilities from financial institutions	–	–	–	(1,027,830)	(1,027,830)	–	1,025,974	–	1,025,974
Other financial liabilities	–	–	–	(44,696)	(44,696)	–	(44,696)	–	(44,696)
Suppliers and other payables	–	–	–	(587,776)	(587,776)				
	–	–	–	(2,169,497)	(2,169,497)				

## 31 December 2015

Thousands of euros									
	Carrying amount					Fair value			
	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>									
Investments and other assets	–	–	–	–	–	–	–	–	–
	–	–	–	–	–				
<b>Financial assets not measured at fair value</b>									
Deposits and guarantees	–	3,564	–	–	3,564				
Deposits	–	5,499	–	–	5,499				
Trade and other receivables	–	752,421	–	–	752,421				
Cash and cash equivalents	–	316,434	–	–	316,434				
	–	1,077,918	–	–	1,077,918				
<b>Financial liabilities recognised at fair value</b>									
Contingent payments	–	–	(142)	–	(142)	–	–	(142)	(142)
	–	–	(142)	–	(142)				
<b>Financial liabilities not measured at fair value</b>									
Financial liabilities by bonds issue	–	–	–	(508,328)	(508,328)	(527,946)	–	–	(527,946)
Financial liabilities from financial institutions	–	–	–	(388,471)	(388,471)	–	(388,970)	–	(388,970)
Other financial liabilities	–	–	–	(58,597)	(58,597)	–	(58,597)	–	(58,597)
Suppliers and other payables	–	–	–	(525,893)	(525,893)				
	–	–	–	(1,481,289)	(1,481,289)				

**Measurement bases and variables used for financial instruments measured at fair value:**

The following are the measurement values used to determine Level 2 and 3 fair values in 2016, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input and sensitivity analyses:

Type	Measurement bases	(Unobservable) variables employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Contingent payments	<p><i>Discounted cash flows:</i></p> <p>The measurement model considers the present value of the net cash flows to be generated by the business.</p> <p>The expected cash flows are determined considering the scenarios that may be exercised by Gross Margin forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.</p>	<ul style="list-style-type: none"> <li>– EBIT</li> <li>– Gross Profit</li> </ul>	<ul style="list-style-type: none"> <li>– The estimated fair value would increase (fall) according to the value of EBIT.</li> <li>– The estimated fair value would increase (fall) depending on the value of the gross result.</li> </ul>	<ul style="list-style-type: none"> <li>– If the estimated EBIT were located at 5% of the agreed scenario, the value of contingent payments in 2016 would have been EUR 0 thousand; if it were between 5% and 50%, the value of contingent payments would have been EUR 55 thousand and, if it were above 50%, contingent payments would have been EUR 137 thousand.</li> <li>– In the case of a 10% decrease in EBIT, a maximum estimated decrease of 116 thousand euros could be determined.</li> </ul>

#### Measurement bases for financial instruments not measured at fair value:

Type	Measurement bases	(Unobservable) variables employed
Financial liabilities from financial institutions	Discounted cash flows	N/A
Finance lease liabilities	Discounted cash flows	N/A
Other financial liabilities	Discounted cash flows	N/A

#### Transfer of assets and liabilities amongst the various levels

During the reporting period ending on 31 December 2016, there were no transfers of assets and liabilities amongst the various levels.

## 33. Other information

The average headcount of Prosegur is as follows:

	2016	2015
Operations personnel	157,693	150,549
Other	9,440	8,659
	<b>167,133</b>	<b>159,208</b>

The average headcount of operations personnel employed by proportionately consolidated subsidiaries in 2016, using the equity method, is 17,047 employees (in 2015: 10,313 employees).

The average headcount of personnel employed by companies in Spain with a disability of 33% or more, by category, is as follows:

	2016	2015
Operations personnel	170	248
Indirect Staff	50	77
	<b>220</b>	<b>325</b>

At year end, the distribution by gender of Prosegur personnel is as follows:

	2016		2015	
	Male	Female	Male	Female
Operations personnel	135,343	23,269	131,684	22,194
Other	6,189	3,319	4,865	3,079
	<b>141,532</b>	<b>26,588</b>	<b>136,549</b>	<b>25,273</b>

The distribution by gender of the Board of Directors and senior management personnel of Prosegur is as follows:

	2016		2015	
	Male	Female	Male	Female
Board of Directors	6	2	6	3
Senior Management	11	1	11	1
	<b>17</b>	<b>3</b>	<b>17</b>	<b>4</b>



KPMG Auditores, S.L., the auditors of the annual accounts of Prosegur, have invoiced the following fees and expenses for professional services during the year:

Thousands of euros	2016	2015
KPMG Auditores, S.L., audit services	1,314	649
KPMG Auditores, S.L., Other assurance services	118	20
KPMG Auditores, S.L., other services	—	—
	<b>1,432</b>	<b>669</b>

The amounts included in the above table include the total fees for services provided in 2015 and 2016, irrespective of the date of invoice.

Additionally, other KPMG International affiliates invoiced Prosegur the following fees and expenses for professional services during the fiscal year:

Thousands of euros	2016	2015
Audit services	1,574	1,476
Other assurance services	178	177
Tax advisory services	433	140
Other services	1,138	306
	<b>3,323</b>	<b>2,099</b>

On the other hand, other auditors have invoiced Prosegur the following fees and expenses for professional services during the year:

Thousands of euros	2016	2015
Audit services	31	29
	<b>31</b>	<b>29</b>

## 34. Events after the reporting date

No significant subsequent events have incurred from the year end date to the issue of the consolidated annual accounts.

## 35. Summary of the main accounting policies

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The main accounting policies used in the preparation of these consolidated annual accounts are described below. These principles have been applied consistently throughout the reporting periods presented.

### 35.1. Accounting standards

#### a) Standards effective on or after 1 January 2016

The annual accounts for 2016 were prepared using the same accounting principles as for 2015, except for the following standards and modifications adopted by the European Union and of mandatory application on or after 1 January 2016:

- Modifications to IAS 19 - Employee Benefits. It simplifies the accounting of contributions made to defined benefit plans by employees that do not depend on the number of years employed, being able to recognise such contributions as a reduction in the cost of the service in the fiscal year in which they are made instead of distributing contributions throughout the years of service. Effective for annual periods beginning on or after 1 February 2015.
- Annual improvements to the IFRS of the 2010-2012 cycle - They modify the following standards:
  - FRS2 - *Share-based Payment*, definition of the irrevocability conditions;
  - IFRS 3 - *Business Combinations*, calculation after the determined payment;
  - IFRS 8 - *Operating Segments*, aggregation criteria used by Management;
  - IFRS 13 - *Fair Value Measurement*, measurement of the current accounts receivable and payable;
  - IAS 16 and IAS 38: *Property, Plant and Equipment and Intangible Assets*, applicable methods for recognising revaluations;
  - IAS 24 - *Transactions with Related Parties*, Information that must be provided on outsourcing management services.

Effective for annual periods beginning on or after 1 February 2015.

- Modifications to IFRS 11 - *Accounting for Acquisitions of Interests in Joint Operations*. The accounting of business combinations also applies to the acquisition of additional holdings in a joint operation whenever the joint operator maintains joint control. The additional acquired holding will be measured at its fair value and the previously maintained holdings in the joint operation will not be measured again. Effective for annual periods beginning on or after 1 January 2016.
- Modifications to IAS 16 and IAS 38: Clarification of acceptable amortisation methods. The modifications to IAS 38 - *Intangible assets* introduce a rebuttable assumption that the use of amortisation methods based on the ordinary revenue in intangible assets is inappropriate and can only be avoided when the ordinary revenue and consumption of the economic profits of the intangible asset are significantly correlated, or when the intangible asset is expressed as a measure of the ordinary revenue. The modifications to IAS 16 - *Property, Plant and Equipment* explicitly state that amortisation

methods cannot be used for ordinary revenue. Effective for annual periods beginning on or after 1 January 2016.

- Annual improvements to the IFRSs of the 2012-2014 cycle. The following standards were modified:
  - IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, measurement and recognition of reclassifications of non-current assets held for sale or distribution;
  - IFRS 7 - *Financial Instruments*, disclosures on continuing involvement;
  - IAS 19 - *Employee Benefits*, the kind of discount and currency to use for high-quality company bonds;
  - IAS 34 - *Interim Financial Reporting*, the use of cross references between the interim management reports and the management reports.

Effective for annual periods beginning on or after 1 January 2016.

- Modification to IAS 27 (Equity Method in Separate Financial Statements). This modification is used to apply the equity method to individual financial statements of the investor. Effective for annual periods beginning on or after 1 January 2016.
- Modifications to IAS 1 (Disclosure Initiative). This affects the materiality. There is no obligation to present specific, unique disclosures that are not material even if they are a minimum requirement of a standard. Effective for annual periods beginning on or after 1 January 2016.
- Modifications to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exemption.

Effective for annual periods beginning on or after 1 January 2016.

The adoption of these modifications has not had any significant impact on Prosegur's consolidated annual accounts.

**b) Standards and interpretations issued, approved by the European Union, but not effective on or after 1 January 2016 and which Prosegur expects to adopt as of 1 January 2017 or later (none were adopted in advance):**

Standards and interpretations issued, approved by the European Union, but which did not enter into effect on 1 January 2016 and which the Group expects to adopt as of 1 January 2017 or later (none were adopted in advance):

- IFRS 15 - *Revenue from Contracts with Clients*. New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31). Effective for annual periods beginning on or after 1 January 2018.
- IFRS 9 - *Financial Instruments* and subsequent modifications. This standard replaces the requirements for classification, measurement, recognition and derecognition of financial assets and liabilities, accounting for hedging and impairment as provided for in IAS 39. Effective for annual periods beginning on or after 1 January 2018.

Based on the analyses carried out until now, Prosegur Management estimates that applying most of these standards and amendments will not significantly affect the financial statements. However, Prosegur is currently analysing the impact of applying IFRS 15 even though it does not expect significant impacts on any of the different revenue types in each of its business lines/segments (not even between the different performance obligations of the Alarms activity). Furthermore, the changes introduced by IFRS 9 will affect the financial assets and transactions involving them which are made on or after 1 January 2018.

### c) Standards and interpretations issued by the International Accounting Standards Board (IASB), pending approval by the European Union:

- Modifications to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. This modification clarifies that unrealised losses on debt instruments measured at fair value (financial instruments available for sale), whose tax base is the cost of acquisition, give rise to a temporary deductible difference regardless of whether the holder of the debt instrument expects to recover its carrying amount by sale or through use. Effective for annual periods beginning on or after 1 January 2017.
- Modifications to IAS 7: Disclosure Initiative. This modification adds requirements related to the disclosure of financing activities on the statement of cash flows. Mandatory application is planned for annual periods beginning on or after 1 January 2017.
- Modifications to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Clarification of the accounting of specific kinds of transactions with share-based payments. Effective for annual periods beginning on or after 1 January 2018.
- Modifications to IFRS 4: Applying IFRS 9 - *Financial Instruments* with IFRS 4 - *Insurance Contracts*. It gives entities who issue insurance contracts within the scope of IFRS 4 two options: focus on overlay and focus on deferral. Effective for annual periods beginning on or after 1 January 2018.
- Annual improvements to the IFRSs of the 2014-2016 cycle. They modify the following standards:
  - IFRS 1 - *First-time Adoption of International Financial Reporting Standards*;
  - IFRS 12 - *Disclosure of Interests in Other Entities*;
  - IAS 28 - *Investments in Associates and Joint Ventures*;

Effective for annual periods beginning on or after 1 January 2018 / 1 January 2017 (for IFRS 12).

- Interpretation of IFRIC 22 - Foreign Currency Transactions and Advance Consideration. This covers the exchange rate to be used in transactions with advance consideration paid or received in foreign currency. Effective for annual periods beginning on or after 1 January 2018.
- Modifications to IAS 40: Transfers of Investment Property. These modifications clarify the requirements for the transfer to or from investment property. Effective for annual periods beginning on or after 1 January 2018.
- IFRS 16 - *Leases* The new standard on leases which replaces IAS 17. Effective for annual periods beginning on or after 1 January 2019.
- IFRS 14 - *Regulatory Deferral Accounts*: The European Union decided not to start the process for approving this interim standard and to wait for the final standard.
- Modifications to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. Clarification of the profits or losses that should be recognised in these

transactions depending on if they involve businesses or assets. No date is set for the application of these modifications in the European Union.

Regarding IFRS 16, it establishes that the companies must recognise the assets and liabilities arising from all leases (except for short-term leases and leases whose object is low-value assets) on the statement of financial position. Prosegur mainly has contracts signed for transferring the right to use specific assets to third parties (lessor). As a result, a significant impact due to applying this standard to Prosegur's financial statements is not expected.

On the date of preparation of these consolidated annual accounts, Prosegur Management is assessing the impact applying the other standards and modifications will have on the consolidated annual accounts.

## 35.2. Consolidation principles

### Subsidiaries

Subsidiaries, including structured entities, are those controlled by the Company, directly or indirectly, via subsidiaries. The Company controls a subsidiary when as a result of its involvement therein it is exposed or entitled to variable returns and has the ability to influence such returns via the power exercised on said entity. The Company holds the power when it holds substantive powers in force which provide it with the ability to manage relevant activities. The Company has exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control until the date that control ceases.

The transactions and balances held with Group companies and the unrealised gain or loss have been removed from the consolidation process. However, unrealised loss has been considered as an indicator of impairment on transferred assets.

Subsidiary accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

### Business Combinations

Prosegur applies the acquisition method for business combinations. The acquisition date is the date on which Prosegur obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments

issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the amount exchanged for the acquiree. Acquisition costs are recognised as an expense when incurred.

On the date of acquisition Prosegur recognises the acquired assets, the liabilities assumed (and any non-controlling interest) at fair value. A non-controlling interest in the acquired business is recognised by the amount pertaining to the percentage share in the fair value of the acquired net assets. This criterion is only applicable to non-controlling interests that grant present access to economic rights and the right to the proportional share of the net assets of the acquired entity in the event of liquidation. Otherwise, the non-controlling interests are valued at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in profit and loss.

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 30).

The potential benefit of the acquiree's income tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as income tax revenue provided that it does not arise from a measurement period adjustment.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

The business combination cost includes contingent considerations if, on the date of acquisition, they are likely and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

### Non-controlling interests

Non-controlling interests in subsidiaries are recognised on the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries on the date of first consolidation.

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to Prosegur and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Prosegur and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the parent until the non-controlling interest's share in the previous years' losses is recovered.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Prosegur and non-controlling interests are recognised as a separate transaction.

### Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence is the power to intervene in financial policy and operating decisions of a company, without there being control or joint control thereof. When assessing whether an entity has significant influence, the existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered, as well as the potential voting rights held by the Prosegur or by another entity.



Investments in associates are recognised by the equity method as of the date on which the significant influence is exercised until the date on which the Company cannot continue to justify the existence thereof.

Investments in associates are initially recognised by their purchase price. Any surplus between the cost of investment and the percentage belonging to Prosegur of the fair values of identifiable net assets is posted as goodwill, which is included in the carrying amount of the investment.

The share of Prosegur in the profit or loss of the associate entities obtained since the date of acquisition is recognised as an increase or decrease in value of the investments, with a debit or credit made to the item Interest in the P&L of the associate entities, accounted for under the equity method in the consolidated income statement (consolidated income statement). Likewise, the share of Prosegur in the other global result of the associate entities obtained since the date of acquisition is recognised as an increase or decrease in value of the investments in the associate entities, recognising the counterparty by nature in another global result. Dividend distributions are recognised as reductions in the value of the investments.

### Impairment

Prosegur applies the impairment criteria contained in IAS 39: Financial instruments: Recognition and Valuation, in order to determine whether or not to record impairment losses additional to those already recognised in the net investment of the associate or in any other financial asset held therewith as a result of the application of the equity method.

Calculation of impairment is determined as the result of the comparison between the carrying amount associated with the net investment in the associate with its recoverable value, the latter being understood as the greater value between the value in use or fair value minus costs of sale or disposal via any other channel. In this regard, value in use is calculated on the basis of the share of Prosegur in the current value of estimated cash flows from ordinary activities and amounts which might result from the final sale of the associate.

The recoverable amount of the investment of an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 35.9).

Value impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, value reversals of investments are recognised in results, insofar as there is an increase in recoverable value. Value impairment losses are presented separately from the Prosegur share in the results of the associates.

### Joint arrangements

Joint ventures are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions relating to the relevant activities require the unanimous consent of Prosegur and the remaining venturers or operators. The assessment of the existence of joint control is carried out according to the definition of control of subsidiaries.

## Joint ventures

Investments in joint ventures are recognised by applying the equity method. This method involves including the value of the net assets and goodwill in the consolidated balance sheet line "Investments accounted for using the equity method" if it exists, corresponding to the share held in the joint venture. The net result obtained each year, corresponding to the percentage of shareholding in the joint ventures is reflected in the consolidated profit and loss accounts as "Share in profit/loss for the year of investments accounted for using the equity method". Prosegur decides to submit these results as part of its operating results as it considers that the results of its joint ventures form part of its operations.

Dividend distributions from joint ventures are recognised as reductions in the value of the investments. Losses of joint ventures which pertain to Prosegur are limited to the value of the net investments, except for those cases in which Prosegur has assumed legal or implied obligations, or else has made payments in the name of the joint ventures.

## Joint Operations

In regard to joint operations, in its consolidated annual accounts Prosegur recognises its assets, including its interest in jointly controlled assets; its liabilities, including its interest in liabilities assumed jointly with other operators; the income obtained from the sale of its share of production arising from the joint operation, and its expenses, including the part pertaining to its joint expenses.

In sales transactions or contributions by Prosegur to joint operations, only the results pertaining to the share of the rest of operators are recognised, unless the losses should highlight a loss or impairment of value of assets transferred, in which case, these will be recognised in full.

In purchase transactions of Prosegur to joint operations, results are only recognised when assets acquired are sold to third parties, unless the losses should highlight a loss of value or impairment of the acquired assets, in which case Prosegur shall recognise the proportional share of the losses pertaining to it in full.

The acquisition by Prosegur of the initial and subsequent interest in a joint operation, is recognised applying the criteria applied for business combinations, by the percentage share held in the individual assets and liabilities. However, in the subsequent acquisition of an additional share of a joint operation, the previous share in individual assets and liabilities are not subject to revaluation.

### 35.3. Consolidated functional profit and loss account

Prosegur chooses to submit the costs recognised in the profit and loss account using a classification based on the function of the same within the entity as it considers that this method provides users with more relevant information than the classification of costs by nature.

### 35.4. Segment reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

### 35.5. Foreign currency transactions

#### Functional and presentation currency

The consolidated annual accounts of each Prosegur entity are presented in the currency of the main economic environment in which it operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of euros (unless stated otherwise), the Parent's functional and presentation currency.

#### Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange gains or losses relating to loans and cash and cash equivalents are recognised in the income statement under finance income or costs.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are recognised as changes in fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised in the revaluation reserve in equity.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as “Effect of translation differences on cash held”.

#### Translation of foreign operations

Prosegur applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyper-inflationary economy have been translated into euros as follows:

- i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate on the reporting date;
- ii. Income and expenses are translated at the average monthly exchange rate;
- iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

On consolidation, exchange differences arising on the translation of a net investment in foreign operations, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the equity of the company holding the investment. When these investments are sold, the exchange differences are recognised in the income statement as part of the gain or loss on the sale.

### 35.6. Property, plant and equipment

Land and buildings mainly comprise operating divisions. Property, plant and equipment are recognised at cost less depreciation and any accumulated impairment losses, except in the case of land, which is presented at cost net of any impairment losses.

Historical cost includes all expenses directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to Prosegur and the cost of the item can be reliably measured. The carrying amount of the replaced item is derecognised. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

	Ratio (%)
Buildings	2 and 3
Technical installations and machinery	10 to 25
Other installations and tools	10 to 30
Furniture	10
Information technology equipment	25
Motor vehicles	10 - 16
Other property, plant and equipment	10 to 25

The residual values and useful lives of assets are revised, and adjusted if necessary, as a change in accounting estimates, at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 35.9).

Gains and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount of the asset and are recognised in the income statement.

### 35.7. Intangible assets

#### Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill impairment is verified every year (Note 35.9) posted at cost minus cumulative impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGU). Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

#### Client portfolios

The relationships with clients that Prosegur recognises under client portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are client service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with clients are recognised at fair value on the acquisition date less amortisation and accumulated impairment losses.

The fair value allocated to client contract portfolios acquired from third parties is the acquisition price. To determine the fair value of intangible assets allocated in business combinations in the form of client relationships, the income approach is used: discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the company's business plans.

Prosegur amortises client portfolios on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with clients or the average annual client churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Client portfolios have useful lives of between 5 and 22 years.

Client portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

At the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of client portfolios mainly consist of:

- Verifying whether events have taken place that could have a negative impact on the estimated cash flows from the contracts making up the portfolio (such as a decline in total sales or EBITDA margins).
- Updating the estimated client churn rates to identify any changes to the periods for which client portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a client portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If client churn rates have risen, the useful lives of client portfolios are re-estimated.

### Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimate useful lives (1.6 to 30 years).

### Computer software

Computer software licences are capitalised at cost of acquisition or cost of preparation of the specific software for use. These expenses are amortised over the estimated useful lives of the assets (3 to 5 years).

Computer software maintenance or development costs are charged as expenses when incurred.

### 35.8. Investment property

Prosegur classifies as property investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur or sale in the ordinary course of business. Investment property is initially recognised at cost, including transaction costs. As of 31 December 2016, Prosegur classified investment property as non-current assets held for sale.

Prosegur measures investment property subsequent to initial recognition by applying the criteria of cost or attributed cost used for property, plant and equipment. The amortisation methods are those contained in that section. The estimate useful life of real estate investments is of 50 years.

### 35.9. Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss. The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

#### Impairment losses on goodwill

Goodwill was allocated to Prosegur's cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The recoverable amount is the higher between its fair value less costs to sell or otherwise dispose and its value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use Prosegur prepares forecasts of future cash flows before tax based on the most recent budgets approved by management. These budgets incorporate the best available estimates of income and expenses of the cash-generating units (CGU) using past experience and future expectations. These budgets have been prepared for the next four years, and future cash flows have been calculated by applying non-increasing estimated growth rates that do not exceed the average long-term growth rate for the business in which the CGU operates.

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur considers the present value of money and risk premium calculations currently in general use amongst analysts for the geographical area.



If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement (Note 12).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, Prosegur performs a sensitivity analysis on goodwill which consists of verifying the impact of deviations in key assumptions on the recoverable amount of a CGU (Note 12).

### 35.10. Financial assets

#### Classification

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial asset in IAS 32 "Financial Instruments: Presentation".

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, separating those initially designated from those held for trading, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial instruments are classified into different categories based on the nature of the instruments and Prosegur's intentions on initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (Note 35.12).

#### Available-for-sale financial assets

In this category, Prosegur classifies values representing debt and equity instruments of other companies that have not been classified in any other category of financial asset.

#### Recognition, measurement and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the date on which Prosegur commits to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are

derecognised when they expire or the contractual rights to the cash flows from the investment have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently recognised at fair value.

Loans and receivables are measured at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary assets classified as available for sale are recognised in equity. When assets classified as available for sale are sold or incur irreversible impairment losses, the accumulated adjustments in fair value are included in the income statement as gains or losses on the assets.

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. In the case of equity securities classified as available for sale, to determine whether they are impaired Prosegur considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

The Company derecognises financial assets when they expire or the rights to cash flows for the corresponding financial asset have been transferred and the risk and profit inherent to ownership of the same has also been substantially transferred, such as transfer of commercial credit in factoring operations where the company does not retain any credit risk or interest.

To the contrary, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the payment received, in transfers of financial assets where the risk and benefits inherent to ownership of the same was substantially retained, such as draft discounting or recourse factoring where the transferring company retains subordinate financing or other types of guarantees that substantially absorb all expected losses.

### 35.11. Inventory

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

- Inventories held in warehouses and uniforms are measured at weighted average cost.
- Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

### 35.12. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. Impairment of trade receivables is recognised if there is objective evidence that Prosegur will not collect all the amounts due under the original contractual terms. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered to indicate that a receivable is impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is irrecoverable, it is written off against the allowance account for receivables.

### 35.13. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in financial institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

### 35.14. Share capital

Ordinary shares are classed as equity.

When any Prosegur entity acquires shares in the Company (own shares), the consideration paid, including any incremental costs that are directly attributable to the acquisition (net of income tax), is subtracted from equity attributable to shareholders of the Company until cancellation or disposal. When these shares are sold, the consideration received, net of any incremental costs directly attributable to the sale and the corresponding income tax effect, is recognised in equity attributable to shareholders of the Company.

### 35.15. Provisions

Provisions for restructuring and litigation are recognised when:

- i. Prosegur has a present obligation (legal or constructive) as a result of a past event.
- ii. It is more probable than not that an outflow of resources will be required to settle the obligation.
- iii. A reliable estimate has been made of the amount of the obligation.

Where Prosegur has a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if an outflow of resources in connection with any item included in the same class of obligations is unlikely.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 23).

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

### 35.16. Financial liabilities

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial liability in IAS 32 Financial Instruments: Presentation.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at amortised cost. Financial liabilities are subsequently measure by their amortised cost. Any difference between the funds obtained (net of arrangement costs) and the redemption amount is recognised in the income statement over the term of the liability using the effective interest method.

Liabilities are classified as current unless Prosegur has an unconditional right to defer settlement for at least twelve months after the reporting date.

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that Prosegur is likely to draw down from the credit facility, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

### 35.17. Current and deferred tax

The income tax expense for the year comprises current tax and deferred tax. The tax is recognised in the results account, except in the measure that it refers to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

A significant degree of judgement is required to determine the provision for income tax payable by the Group. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. Prosegur recognises tax contingencies that it expects to arise based on estimates when it considers that additional taxes will be payable. If the tax finally paid in these cases differs from the amounts initially recognised, these differences affect income tax and the provision for deferred taxes for the year in which they were calculated.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised provided that it is probable that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

Prosegur recognises the conversion of a deferred tax asset into Public Administration receivables when it is payable pursuant to the provisions of tax legislation in force. Likewise, Prosegur recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

### 35.18. Employee benefits

#### Offsetting based on Prosegur share listing – 2014 Plan

At the General Meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur. The 2014 Plan is essentially linked to value creation during the 2012-2014 period and originally set out the payment of Company share-based and/or cash incentives to the Managing Director and Senior Management of the Company. The maximum number of shares earmarked for the 2014 Plan amounted to 4,120,000, representing 0.668% of the Company's current share capital. In 2016, payments corresponding to this Plan were paid, taking as a reference the listing of Prosegur's shares at the time of the payment, thereby replacing the original share settlement method planned. As a result, in 2016, EUR 1,438 thousand was transferred to short-term provisions from other equity instruments the previous year.

The 2014 Plan is a multi-annual bonus payable at a rate of 50% cash and 50% based on the listing of parent company shares.

The 2014 Plan lasts three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2012 until 31 December 2014 and length of service from 1 January 2012 until 31 December 2016. The measurement dates of the 2014 Plan are the following:

Final measurement date: 31 December 2014

Length-of-service bonus date: 2017

In 2016, EUR 988 thousand were used for the settlement of the first part of the 2014 Plan (Note 23). The amount was finally paid based on the listing value of the share at the time of the payment.

### Offsetting based on Prosegur share listing – 2017 Plan

At the General Shareholders' Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of Long-term Incentives for the Managing Director and Senior Management of Prosegur. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and sets out the payment of incentives pegged to the listing value of shares and/or cash incentives to the Managing Director and Senior Management of the Company.

For the purposes of determining the cash value of each share that the beneficiary is entitled to, the average listing for Prosegur shares on the Madrid Stock Exchange for the past fifteen trading sessions in the month before the one when the shares are delivered will be taken as a benchmark.

The quantification of the total incentive will depend on the degree to which the objectives have been achieved that were established in line with the strategic plan.

The 2017 Plan lasts three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The Plan measures target achievement from 1 January 2015 until 31 December 2017 and length of service from 1 January 2015 until 31 December 2019. Entitlement to incentives is assessed on the following dates:

- Final measurement date: 31 December 2017.
- Length-of-service bonus date: 2020.

The 2017 Plan is a multi-annual bonus payable at a rate of 50% cash and 50% based on the listing of parent company shares.

With regard to the 2014 and 2017 long-term incentive plans for the Managing Director and Senior Management of Prosegur (Note 5.1), the expense accrued during 2016, for the amount of EUR 4,260 thousand, was included under the salaries and wages heading (Note 23).

The fair value of incentives pegged to the share's listed price was estimated based on the listed price of Prosegur shares (EUR 5.9 per share) at the end of the period or at the time of the payment.

### Termination benefits

Termination benefits are recognised on the earlier date between the one on which Prosegur may no longer withdraw the offer and when restructuring costs entailing the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that Prosegur may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of Prosegur to withdraw the offer takes effect.

In the case of benefits for voluntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If Prosegur expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

### Short-term employee remuneration

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within 12 months of the end of the reporting period in which the employees have provided the services for the remuneration.

Short-term employee remuneration is reclassified as long-term, if the characteristics of the remuneration are modified or if a non-provisional change occurs in settlement expectations.

Prosegur recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees provide the services granting them the right to collection. If the leaves are not cumulative, the expense is recognised as the leaves take place.

### Profit-sharing plans and bonuses

Prosegur calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Prosegur recognises this cost when a present, legal or implied obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.



## Remuneration of executives

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the reporting period, provision has been made for these plans based on Prosegur management's best possible estimate of the extent to which targets will be met.

## Defined benefit plans

Prosegur includes in defined benefit plans those financed through the payment of insurance premiums where there is the legal or implicit obligation to directly pay employees the benefits committed as soon as they are payable or to pay additional amounts if the insurer does not disburse the benefits corresponding to services provided by employees in the year or in previous years.

Liabilities for defined benefits recognised in the consolidated statement of financial position correspond to the current value of the defined benefit obligations existing at the reporting date, less the fair value at said date of the assets under the plan.

The present value of employee benefits depends on a number of factors determined using various assumptions. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

In those cases in which the result obtained from the undertaking of the aforementioned operations is negative, in other words an asset arises, Prosegur recognises this up to the limit of the amount of the present value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions thereto. The economic benefit is available for Prosegur if it is realisable at any moment during the life of the plan or in the settlement of plan liabilities, even if not immediately realisable at the close of the reporting date.

Income or expense related to defined benefit plans is recognised as other employee benefits expenses and is the sum of the net current service cost and the net interest cost of the net liabilities or assets for defined benefits. The recalculation of the measurement of net liabilities or assets for defined benefits is recognised in other comprehensive income. The latter includes actuarial losses and gains, the net return on plan assets and any change in the effects of the asset limit, excluding any quantities included in the net interest on liabilities or assets. The costs of administering plan assets and all types of taxes characteristic of these, other than those included in the actuarial assumptions, are deducted from the net return of the plan assets. Amounts deferred in other comprehensive income are reclassified to retained earnings in the same reporting period.

Prosegur likewise recognises the cost of past services as an expense of the reporting period on the earlier date between the one on which the modification or reduction of the plans takes place and when the corresponding restructuring or termination benefits are recognised.

The present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit Method. The discount rate of the net asset of liability for defined benefits is

calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Discretionary contributions of employees or third parties to defined benefit plans reduce the service cost for the reporting period in which they are received. Contributions of employees or third parties established in the terms of the plan reduce the service cost of the service periods if they are associated with the service or reduce recalculations. Changes in contributions associated with the service are recognised as a cost for a current or past service, if they are not established in the formal terms of the plan and do not derive from an implicit obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an implicit obligation.

Prosegur does not offset assets and liabilities amongst different plans except in cases in which a legal right exists to offset surpluses and deficits generated by the various plans and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously cancel plan obligations with deficits.

Assets or liabilities from defined benefits are recognised as current or non-current depending on the realisation or maturity period of the related benefits.

### 35.19. Revenue recognition

Ordinary revenues include the fair value for the sale of goods and services, net of value added tax, discounts and returns and after eliminating intra-Prosegur sales. Prosegur recognises revenues when the amount can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of Prosegur's activities.

Ordinary revenue is recognised on an accruals basis applying the following criteria:

- a) Sales of goods, mainly security installations and home alarm systems, are recognised when the product has been delivered to, and accepted by, the client. These revenues are measured at the fair value of the corresponding receivable.
- b) Sales of active manned guarding, cash in transit and cash management services are recognised in the reporting period in which the services are provided, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
- c) Revenues from the home alarm system activity are recognised in the reporting period in which the services are provided, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount. In some alarm monitoring contracts, the client does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered.
- d) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective

- interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.
- e) Dividends received are recognised when the right to receive payment is established.

### 35.20. Leases

#### When a Prosegur entity is the lessee

Leases of property, plant and equipment where Prosegur assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance costs, so as to produce a constant rate of interest on the remaining balance of the liability. The lease payable, net of the corresponding finance cost, is recognised under financial liabilities. The interest within the finance cost is taken to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised as an expense on a straight-line basis over the lease term.

#### When a Prosegur entity is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment in the balance sheet. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by Prosegur. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

### 35.21. Borrowing costs

Prosegur recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

### 35.22. Construction contracts

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred for which recovery is probable.

When the outcome of a construction contract can be estimated reliably and the contract is likely to yield a profit, contract revenue is recognised over the duration of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Prosegur uses the stage of completion method to calculate the amount to be recognised in a certain period. The stage of completion is determined by calculating the percentage of estimated total contract costs represented by costs incurred at the reporting date. Costs incurred during the year in relation with future contract activity are excluded from the contract costs used to determine the stage of completion. These costs are recognised as inventories, prepayments or other assets, depending on their nature.

Prosegur recognises the gross receivable from clients in relation to work on all contracts in force when the costs incurred plus recognised profit (or less recognised losses) exceed the portion invoiced to date. Progress billings outstanding and retention payments are recognised under trade and other receivables.

Prosegur recognises the gross amount payable to clients in relation to work on all current contracts when the progress billings exceed the costs incurred plus recognised profit (or less recognised losses).

### 35.23. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when the carrying amount is principally recoverable through a sale, provided that the sale is considered highly probable. The assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

### 35.24. Distribution of dividends

Dividends distributed to Prosegur's shareholders are recognised as a liability in the consolidated annual accounts in the year in which the dividends are approved by the shareholders.

### 35.25. Environment

The costs of armoured vehicles compliant with the Euro V standard on non-polluting emissions were recognised with the highest value of the equipment. At the 2016 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

### 35.26. Consolidated cash flow statement

The following expressions are used in the following regards in the consolidated cash flow statements, drawn up according to the indirect method.

- Cash flows: incoming and outgoing cash and cash equivalents, which are understood to be short-term, highly liquid investments with a low risk of significant variation in their value.
- Operating activities: ordinary activities of the companies forming the consolidated group, along with other activities that cannot be qualified as investment or financing.
- Investment activities: purchase, sale or disposal by other means of long-term assets and other investments not included in the cash and cash equivalents.
- Financing activities: activities that produce changes in equity and financing liabilities. Overdrafts, in particular, are included in this section.

### 35.27. Alternative Performance Measures (APMs)

To comply with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While Prosegur presents its results in accordance with generally accepted accounting principles (IFRS), Management believes that certain APMs provide useful additional financial information that should also be taken into account when assessing the company's performance. Management also relies on these APMs when making financial, operational and planning decisions, and when assessing its performance. Prosegur provides those APMs deemed relevant and useful for users to make decisions and it is convinced that these help provide a true and fair view of its financial information.

APM	Definition and calculation	Use
Working capital (Note 11)	It is a financial metric which represents operating liquidity available to the Group.	Positive working capital is required to ensure that the Group is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash.
CAPEX (Note 11)	Capex (Capital Expenditure) is the expense that the Group makes in capital goods and that generates profits for a company, either through the acquisition of new fixed assets, or through an increase in the value to the existing fixed assets. The CAPEX includes both property, plant and equipment and computer applications (intangible assets) additions.	The CAPEX is an important indicator of the life cycle in which the Group is at a given time. When a company grows rapidly, CAPEX will be higher than depreciations of fixed assets, indicating that the value of capital goods is increasing rapidly. Conversely, when the CAPEX is similar to depreciation or even lower, it is a clear sign that the company is being de-capitalized, and may be a symptom of a clear decline of the company.

APM	Definition and calculation	Use
Consolidated profit before net income/ (costs) and income taxes (EBIT) (Note 9)	EBIT is calculated based on the operating result of the Group, excluding interest or taxes expenses.	EBIT provides an analysis of the operating results excluding interests and taxes. This variable does not take into account the tax weight that can vary among countries and the impact of financial income and costs.
Consolidated earnings before interest, taxes and amortization (EBITA)	EBITA is calculated based on the operating result of the Group, excluding amortization of goodwill and amortization of intangible assets except computer software as well as interest and taxes expenses.	EBITA gives an analysis of the earnings before interest, tax and amortization.
Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (Note 9, 11)	EBITDA is calculated using the Group's net earnings, before the deduction of interest expenses, taxes, depreciation and amortization.	It is a key indicator of the Group's performance focusing only in its own business. EBITDA excludes all non-cash variables which can vary substantially from company to company depending on accounting policies applied. Amortization is a non-monetary variable and therefore of limited interest to stakeholders.

# Appendix I

## Consolidated subsidiaries

Information as of 31 December 2016

[G4-17]

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal	Shareholding Company			
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Compañía Ridur, S.A.	Pajaritos, 24 (MADRID)	100	Juncadella Prosegur International, S.A.	a	8	B
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos International S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International Alarmas S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Centro Informático de Servicios de Vigo S.A.	Ru Tomas a Alonso,5 Vigo - España	100	Prosegur BPO España SLU	a	7	B
MIV Gestión, S.A.		100	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	B
Indiseg Evuliom Group				a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (MADRID)	51	Prosegur Cia de Seguridad, S.A.	a	1	A
		49	Prosegur Assets Management, S.L.			
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur BPO España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	7	B



## Information as of 31 December 2016

[G4-17]

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	5	Prosegur Global CIT SLU	a	5	A
		95	Prosegur Intenational Handels GmbH			
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68.79	Armor Acquisition SA	a	5	A
		31.21	Prosegur Intenational Handels GmbH			
Prosegur International CIT 1, S.L.	Pajaritos 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH (ex Prosegur GmbH)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Investments Verwaltungs GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos, S.L.U.	a	8	B
Prosegur Investments GmbH & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos SLU	a	8	B
		0	Prosegur Investments Verwaltungs GmbH			
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	8	B
		0	Prosegur Berlin SLU	a		
Prosegur France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95	Prosegur Gestión de Activos SLU	a	7	B
		5	Prosegur Gestion de Activos International SL			
GRP Holding S.A.R.L.	177 Rue de Luxembourg, L - 8055 Bertrange	100	Luxpai Holdo SARL	a	5	B
Prosegur Security Luxembourg S.A.R.L.	177 Rue de Luxembourg, L - 8077 Bertrange	100	GRP Holding SARL	a	1	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruries - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Participations, S.A.S.	a	2	A

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur France SAS	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	7	B
Prosegur Centre EURL	88 Ave Du Général Frère - 69008 Lyon	100	Prosegur France SAS	a	1	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitement de Valeurs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Participations, S.A.S.	a	2	B
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U.	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Av. Monterey, L-2163 Luxemburg	100	Luxpai CIT SARL	a	7	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	8	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Distribucao e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Produtos e Servicios Unipessoal LDA.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global CIT, S.L.U.	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	7	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur USAP International, S.L.U.	a	7	B
Rosegur Cash Services, S.A.	Bulev. Ghica Tel. Nr. 64-70. Sector 2.Cod 023708 Bucuresti. Romania	51	Prosegur Cia de Seguridad, S.A.	a	2	B
		49	Rosegur, S.A.			
Transportadora de Caudales de Juncadella S.A.	2835 Tres Arroyos Buenos Aires	94.99	Juncadella Prosegur Internacional S.A.			
		5.00	Armor Acquisition SA	a	2	A
		0.01	Prosegur Holding CIT ARG, S.A.			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Seguridad, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Prosegur Argentina Holding, S.A.	2835 Tres Arroyos Buenos Aires	56.21	Prosegur Global SIS, S.L.U.	a	5	A
		43.79	Prosegur International SIS SLU			
Prosegur Inversiones Argentina, S.A.	2835 Tres Arroyos Buenos Aires	56.56	Prosegur Global SIS, S.L.U.	a	5	A
		43.44	Prosegur International SIS SLU			
Prosegur Holding CIT ARG, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Global CIT, S.L.U	a	5	B
		5	Prosegur International CIT 1, S.L.			
Prosegur Sistemas Integrales de Seguridad, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	B
		5	Prosegur Argentina Holding S.A.			
Prosegur Seguridad y Vigilancia, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	B
		5	Prosegur Argentina Holding S.A.			
Prosegur Gestion de Activos, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Gestion de Activos, S.L.U.	a	7	B
		5	Prosegur Gestion de Activos International, S.L.U.			
Prosegur Vigilancia Activa, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Servicios Auxiliares Petroleros, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Xiden, S.A.C.I.	2835 Tres Arroyos Buenos Aires	7.86	Prosegur International SIS, S.L.U	a	1	A
		92.14	Prosegur Global SIS, S.L.U.			
Prosegur Tecnología Argentina, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Global SIS, S.L.U.	a	1	A
		5	Prosegur International SIS, S.L.U			
General Industries Argentina, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Global SIS, S.L.U.	a	1	A
		10	Prosegur International SIS, S.L.U			
Tellex, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Global SIS, S.L.U.	a	1	A
		5	Prosegur International SIS, S.L.U			
Prosegur Holding, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Holding, S.A.	a	3	A
		10	Prosegur Inversiones, SA			
Prosegur, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires	95	Transportadora de Caudales de Juncadella SA	a	2	A
		4	Juncadella Prosegur Internacional S.A.			
		1	Prosegur Holding CIT ARG, S.A.			
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Yasuhiko Empreendimentos e Participacoes, S.A.		100				
TSR Participacoes Societarias S.A.	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP	47.08	Juncadella Prosegur Internacional S.A.	a	5	B
		52.92	Prosegur Global CIT SLU			
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72.4	Prosegur Global SIS SLU	a	1	B
		27.6	Prosegur International SIS SLU			
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99.79	Prosegur Global SIS SLU	a	7	B
		0.21	Prosegur Sistemas de Segurança Ltda			
Prosegur Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda.	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paulo CEP 024-000	95.00	Prosegur Global SIS SLU	a	1	B
		5.00	Prosegur International SIS SLU			
Setha Indústria Eletrônica Ltda.	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro/RJ	95	Prosegur Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda.	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95	Prosegur Global SIS SLU	a	7	B
		5	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	78.07	Prosegur Global CIT SLU	a	2	B
		5.00	Prosegur International CIT 1, SLU			
		6.84	Prosegur International Handels GmbH			
		10.09	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98	Prosegur Global CIT SLU	a	2	B
		0.01	Prosegur International Handels GmbH			
		0.01	Juncadella Prosegur Group Andina SA			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Prosegur Global SIS SLU			
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnología Chile Limitada	Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago	99.99	Prosegur Global SIS SLU	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
		0.00	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	95	Prosegur Gestion de Activos, S.L.U.	a	7	B
		5	Prosegur Gestion de Activos International SLU			
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70	Prosegur, S.A.	a	1	B
		30	Prosegur Global SIS SLU			
Prosegur Ciberseguridad, S.A.S.	TV 23 · 95-53 Bogota D.C.	100	Inversiones BIV SAS	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	2	B
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	94.90	Prosegur Global CIT SLU	a	2	A
		5.10	Prosegur International CIT 1, SLU			
		0.00	Prosegur Cash, S.A.			
		0.00	Prosegur Servicios de Efectivo España SLU			
		0.00	Prosegur Global CIT ROW SLU			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	95	Prosegur Gestion de Activos, SLU	a	7	B
		5	Prosegur Gestion de Activos International SLU			
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales de Juncadella SA			
Soluciones Integrales en Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95	Proseguridad SA	a	1	B
		5	Prosegur International SIS SLU			
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64.89	Prosegur Global SIS SLU	a	1	B
		35.11	Prosegur International SIS SLU			
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99	Prosegur Cia de Seguridad, S.A.	a	1	B
		1	Prosegur Global Alarmas SLU			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Reguard Security Corp, S.A. (Ex Proseguridad Perú S.A.)	Av. Los Proceres 250 Lima - Santiago de Surco	84.86	Proseguridad SA	a	1	B
		10.14	Inversiones RB, SA			
		5.00	Prosecur Intenational SIS SLU			
Proseguridad Selva SA (Ex )Orus Selva S.A.	Cas. Palmawasi San Martin - Tocache - Uchiza	90	Reguard Security Corp, S.A.	a	1	B
		10	Prosecur International SIS SLU			
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95	Proseguridad SA	a	5	B
		5	Prosecur International SIS SLU			
Prosecur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	22.57	Prosecur Global Alarmas SLU	a	3	B
		77.20	Prosecur International Alarmas SLU			
		0.23	Prosecur Cia de Seguridad, S.A.			
Prosecur Servicios Administrativos. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99	Prosecur Cia de Seguridad, S.A.	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	99	Prosecur Gestion de Activos, SLU	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	85.60	Prosecur Global SIS SLU	a	5	B
		14.40	Prosecur International SIS SLU			
Prosecur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100	Prosecur Mexico S de RL de CV	a	1	A
		0	Prosecur Global SIS SLU			
Prosecur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100	Prosecur Global CIT SLU	a	2	B
		0	Prosecur International CIT 1, SL			
Prosecur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.997	Prosecur Mexico S de RL de CV	a	1	B
		0.003	Prosecur Compañía de Seguridad SA de CV			
Prosecur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.9998	Prosecur Gestion de Activos, SLU	a	7	B
		0.0002	Prosecur Gestion de Activos International SLU			
Prosecur Servicios de Seguridad Privada Electrónica SA de C.V.	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosecur Mexico S de RL de CV	a	2	B
		0.0002	Prosecur Compañía de Seguridad SA de CV			



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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Custodias, S.A. de C.V.	México State, Tlalnepantla de Baz, Los Reyes Industrial, calle Alfredo Nobel	99.9998	Prosegur Mexico S de RL de CV	a	1	B
		0.0002	Prosegur Compañía de Seguridad SA de CV			
Grupo Mercurio de Transportes SA de C.V.	Federal District, Azcapotzalco, Sector Naval, AV De las Granjas, 76	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnología SA de C.V.	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosegur Mexico S de RL de CV	a	1	B
		0.0002	Prosegur Compañía de Seguridad SA de CV			
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Federal District, Azcapotzalco, Sector Naval, 79 B calle Norte	80	Prosegur Global CIT SLU	a	7	B
Centro Nacional de Formación Prosegur Asociación Civil	Federal District, Azcapotzalco, Sector Naval, 76 AV De las Granjas	50	Prosegur Compañía de Seguridad SA de CV	a	7	B
		50	Prosegur Mexico S de RL de CV			
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Martina, S.A.	Guarani 1531, Montevideo	100	Prosegur Gestión de Activos, SLU	a	7	B
Prosegur Transportadora de Caudales S.A.	Guarani 1531, Montevideo	99.91	Juncadella Prosegur Internacional SA	a	2	B
		0.09	Armor Acquisition SA			
Prosegur Activa Uruguay, S.A.	Guarani 1531, Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michellini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531, Montevideo	99	Prosegur Transportadora de Caudales SA	a	3	B
		1	Prosegur Global CIT SLU			
Genper, S.A.	Guarani 1531, Montevideo	100	Prosegur Global SIS SLU	a	1	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531, Montevideo	90	Prosegur Uruguay BV SA	a	1	A
		10	Prosegur Global SIS SLU			
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michellini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	4	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	7	B
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	7	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Shanghai Meiyu Information Technology Co Ltd.	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	1	B
Shanghai Pitco Information Technology Co Ltd.	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	1	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	1	B
Shanghai Pitco Consulting Management Co Ltd.	Roon 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosecur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Evttec Management Services Pted Ltd.	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Prosec Cash Services Pte Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	8	B
Singpai Alarms Private Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Prosecur Global Alarmas ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosecur Cia de Seguridad, S.A.	a	5	B
Prosecur SIS USA Inc	Florida	100	Prosecur global SIS ROW, SLU	a	8	B
Prosecur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Global CIT ROW, SLU	a	5	B
Prosecur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Holdings PTY Limited	a	5	B
Prosecur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Investments PTY Limited	a	2	A
Prosecur Technology Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Holdings PTY Limited	a	8	B
Prosecur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Gestion de Activos, SLU	a	7	B
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	57	Prosecur Global Alarmas ROW SLU	a	3	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland, Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland, Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd (Ex-SingPai India Private Limited)	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi, 110001 India	99.99	Luxpai Holdo SAR	a	7	B
		0.01	Pitco Asia Pacific Ltd			
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Saultnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59.98	Prosegur Cia de Seguridad, S.A.	a	8	B
		40.02	Esta Service SAS			
Esta Service S.A.S.	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4.8	Prosegur Cia de Seguridad, S.A.	a	8	B
		95.2	Esta Service SAS			
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	4.8	Prosegur Cia de Seguridad, S.A.	a	8	B
		95.2	Esta Service SAS			

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Soluciones Integrales de Seguridad España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Prosegur Global Alarmas SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Gestión de Activos International SL	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur International SIS SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur International Alarmas SLU	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones SAU	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Centro Informático de Servicios de Vigo SA	Ru Tomas a Alonso,5 Vigo - España	100	Prosegur BPO España SLU	a	7	B
Prosegur Global SIS SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Berlin SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur BPO España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Armor Acquisition SA	Pajaritos, 24 (MADRID)	5	Prosegur Cia de Seguridad, S.A.	a	5	A
		95	Prosegur Intenational Handels GmbH			
Juncadella Prosegur Internacional SA	Pajaritos, 24 (MADRID)	68.79	Armor Acquisition SA	a	5	A
		31.21	Prosegur Intenational Handels GmbH			
Prosegur International CIT 1, SL	Pajaritos, 24 (MADRID)	0.03	Prosegur Cia de Seguridad, S.A.	a	5	B
		99.97	Prosegur Global CIT SLU			
Prosegur International CIT 2, SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	8	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	8	B
Prosegur Investments Verwaltungs GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos, S.L.U.	a	8	B
Prosegur Investments GmbH & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos SLU	a	8	B
		0	Prosegur Investments Verwaltungs GmbH			
Prosegur Berlin SL & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	8	B
		0	Prosegur Berlin SLU			
Prosegur France SAS	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur Securite Humaine SAS	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	1	A

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Gestion d'Actifs France SCI	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95	Prosegur Cia de Seguridad, S.A.	a	7	B
		5	Prosegur Gestion de Activos International SL			
Prosegur Securite Nord SAS	28 Rue D'Acueil - 94250 Gentilly	100	Prosegur France SAS	a	1	B
GRP Holding SARL	177 Rue de Luxembourg, L - 8055 Bertrange	100	Luxpai Holdo SARL	a	5	B
Prosegur Security Luxembourg SARL	177 Rue de Luxembourg, L - 8077 Bertrange	100	GRP Holding SARL	a	1	B
Prosegur Securite EST SAS	14 Rue des Serruriers - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Securite Rubis SAS	2 Boulevard Général de Gaulle - 94270 Le Kremlin Bicêtre	100	Prosegur France SAS	a	1	B
Prosegur Securite Opale SAS	2 Boulevard Général de Gaulle - 94270 Le Kremlin Bicêtre	100	Prosegur France SAS	a	1	B
Prosegur Accueil et Service SAS	14 Rue des Serruriers - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Traitement de Valeurs SASU	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST SAS	2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Logistique de Valeurs Azur SA	a	2	A
Prosegur Technologie SASU	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur France SAS	a	1	A
Prosegur Formation et Competences, SARL	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	7	B
Prosegur Centre EURL	88 Ave Du Général Frère - 69008 Lyon	100	Prosegur France SAS	a	1	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitement de Valeurs Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence SAS	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Participations, S.A.S.	a	2	B
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Av. Monterey, L-2163 Luxemburg	100	Luxpai Holdo S.A.R.L.	a	7	A
Luxpai CIT SARL	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	8	B
Prosegur Gestao de Activos Imobiliarios SA	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur Distribuição e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Produtos e Serviços Unipessoal LDA	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Alarmas España SLU	a	3	B

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Logística e Tratamento de Valores Portugal Unipessoal Ltda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Alarmes Dissuasão Potugal Unipessoal Ltda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Lda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	8	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Lda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Rosegur Cash Services, SA	Bulev. Ghica Tel. Nr. 64-70. Sector 2. Cod 023708 Bucuresti. Romania	51	Prosegur Cia de Seguridad, S.A.	a	2	B
		49	Rosegur, S.A.			
Transportadora de Caudales de Juncadella SA	2835 Tres Arroyos, Buenos Aires	92.15	Juncadella Prosegur Internacional S.A.	a	2	A
		4.85	Armor Acquisition SA			
		2.85	Prosegur Inversiones Argentina S.A.			
		0.15	Prosegur Argentina Holding S.A.			
Prosegur Seguridad, S.A.	2835 Tres Arroyos, Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.05	Prosegur Argentina Holding S.A.			
		0.95	Prosegur Inversiones Argentina, S.A.			
Prosegur Argentina Holding, S.A.	2835 Tres Arroyos, Buenos Aires	95	Juncadella Prosegur Internacional S.A.	a	5	A
		5	Armor Acquisition SA			
Prosegur Inversiones Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	95	Juncadella Prosegur Internacional S.A.	a	5	A
		5	Armor Acquisition SA			
Prosegur Vigilancia Activa, S.A.	2835 Tres Arroyos, Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.05	Prosegur Argentina Holding S.A.			
		0.95	Prosegur Inversiones Argentina, S.A.			
Servicios Auxiliares Petroleros, S.A.	2835 Tres Arroyos, Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.05	Prosegur Argentina Holding S.A.			
		0.95	Prosegur Inversiones Argentina, S.A.			
Xiden, S.A.C.I.	2835 Tres Arroyos, Buenos Aires	7.86	Prosegur Cia de Seguridad, S.A.	a	1	A
		92.14	Juncadella Prosegur Internacional S.A.			

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Tecnología Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	95	Juncadella Prosegur Internacional S.A.	a	1	A
		5	Prosegur Cia de Seguridad, S.A.			
General Industries Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Cia de Seguridad, S.A.	a	1	A
		10	Juncadella Prosegur Internacional S.A.			
Tellex, S.A.	2835 Tres Arroyos, Buenos Aires	95	Prosegur Cia de Seguridad, S.A.	a	1	A
		5	Armor Acquisition SA			
Prosegur Holding, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Holding, S.A.	a	3	A
		10	Prosegur Inversiones, SA			
Prosegur, S.A.	2835 Tres Arroyos, Buenos Aires	39.53	Juncadella Prosegur Internacional S.A.	a	1	A
		59.47	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires	95	Transportadora de Caudales de Juncadella SA	a	2	A
		4	Juncadella Prosegur Internacional S.A.			
		1	Prosegur Inversiones Argentina S.A.			
Servin Seguridad, S. A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
TSR Participacoes Societarias SA	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo, SP	47.08	Juncadella Prosegur Internacional S.A.	a	5	B
		52.92	Prosegur Global CIT SLU			
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte, MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Segurança Ltda	Guaratã, 667 - Prado - Belo Horizonte, MG	56.2	Prosegur Global SIS SLU	a	1	B
		43.8	Prosegur International SIS SLU			
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte - CEP 88134, 100 Palhoça	99.62	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0.38	Prosegur Sistemas de Segurança Ltda			



## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Administração de Recebíveis Ltda	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo, SP	99.79	Prosegur Global SIS SLU	a	7	B
		0.21	Prosegur Sistemas de Segurança Ltda			
Prosegur Tecnología en Sistemas de Seguridad Electrónica e Incendios Ltda.	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paolo CEP 024-000	99.99	Prosegur Cia de Seguridad, S.A.	a	1	B
		0.01	Prosegur Global SIS SLU			
Setha Indústria Eletrônica Ltda.	Rua Alvaro de Macedo, 134 and 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro, RJ	95	Prosegur Tecnología em Sistemas de Segurança Eletrônica e Incendios Ltda..	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes SA	Av. Thomas Edison, 813, 2nd floor, Barra Funda, São Paulo, SP	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda	Av. Thomas Edison, 813, 2nd floor, Barra Funda, São Paulo, SP	99.9	Prosegur Cia de Seguridad, S.A.	a	7	B
		0.1	Prosegur Global SIS SLU			
Prosegur Gestao de Ativos Ltda	Av. Thomas Edison, 813, 2nd floor, Barra Funda, São Paulo, SP	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	78.07	Prosegur Global CIT SLU	a	2	B
		5.00	Prosegur International CIT 1, SLU			
		6.84	Prosegur International Handels GmbH			
		10.09	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.98	Prosegur Cia de Seguridad, S.A.	a	2	B
		0.01	Prosegur International Handels GmbH			
		0.01	Juncadella Prosegur Group Andina SA			
Sociedad de Distribución Canje y Mensajería Ltda.	2548 Los Gobelinos, Renca	48.72	Prosegur Cia de Seguridad, S.A.	a	2	B
		30.56	Juncadella Prosegur Group Andina SA			
		20.72	Prosegur International Handels GmbH			

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567, Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Juncadella Prosegur Group Andina SA			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnología Chile Limitada	Avenida Loboza 8395, Mod. 3 Pudahuel, Santiago	99.99	Juncadella Prosegur Group Andina SA	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
		0.00	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009, floor 14, Santiago	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.00	Prosegur Gestion de Activos, S.L.U.	a	7	B
		1.00	Servicios Prosegur Ltda			
Prosegur Chile, S.A.	Los Gobelinos 2567, Of. 203, Renca, Santiago	70	Prosegur, S.A.	a	1	B
		30	Prosegur International Handels GmbH			
Compañía Transportadora de Valores Prosegur de Colombia SA	Avda. De las Américas, 42-25, Bogotá	94.90	Prosegur Cia de Seguridad, S.A.	a	2	A
		5.10	Prosegur Global Alarmas SLU			
		0.00	Prosegur International Alarmas SLU			
		0.00	Formacion Seleccion y Consultoria SA			
0.00	ESC Servicios Generales SLU					
Prosegur Procesos SAS	Avda. De las Américas, 42-25, Bogotá	100	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 No. 8A-65 Building BCH floor 8, Cartagena	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda	Calle 32 No. 8A-65 Building BCH floor 8, Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Servimax Servicios Generales SAS	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Sistemas Electronicos SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales SAS	Calle 32 No. 8A-65 Building BCH floor 8, Cartagena	100	Inversiones BIV SAS	a	7	B

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Gestion de Activos de Colombia SAS	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Paraguay SA	Calle Artigas, corner of Concepción Leyes de Chávez, Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Paraguay, SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales de Juncadella SA			
Soluciones Integrales en Seguridad Prosegur Paraguay SA	Avda. Artigas No. 960	99	Juncadella Prosegur Internacional SA	a	1	B
		1	Transportadora de Caudales de Juncadella SA			
Alarmas Prosegur Paraguay SA	Avda. Artigas No. 960	99	Juncadella Prosegur Internacional SA	a	3	B
		1	Transportadora de Caudales de Juncadella SA			
Proservicios SA	Av. Los Proceres 250, Lima, Santiago de Surco	99	Proseguridad SA	a	1	B
		1	Compañía de Seguridad Prosegur SA			
Compañía de Seguridad Prosegur SA	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima, Santiago de Surco	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad SA	Av. Los Proceres 250, Lima, Santiago de Surco	38.04	Juncadella Prosegur Internacional SA	a	1	B
		35.11	Transportadora de Caudales de Juncadella SA			
		26.85	Prosegur Cia de Seguridad, S.A.			
Prosegur Cajeros SA	La Chira, 103, Surco, Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Perú SA	La Chira, 103, Surco, Lima	99	Prosegur Cia de Seguridad, S.A.	a	1	B
		1	Prosegur Global Alarmas SLU			
Proseguridad Perú SA	Av. Los Proceres 250, Lima, Santiago de Surco	84.86	Proseguridad SA	a	1	B
		10.14	Inversiones RB, SA			
		5.00	Compañía de Seguridad Prosegur SA.			

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Orus Selva SA	Cas. Palmawasi San Martin, Tocache, Uchiza	90	Proseguridad Perú SA	a	1	B
		10	Prosecur International SIS SLU			
Inversiones RB, SA	Avenida Nicolás Arriola, 780 Urb. Santa Catalina, La Victoria, Lima	95	Proseguridad SA	a	5	B
		5	Prosecur International SIS SLU			
Prosecur Activa Peru, SA	Av. Republica De Panama 3890, Lima, Surquillo	22.57	Prosecur Global Alarmas SLU	a	3	B
		77.20	Prosecur International Alarmas SLU			
		0.23	Prosecur Cia de Seguridad, S.A.			
Prosecur Servicios Administrativos. S.A.	Av. Los Proceres 250, Lima, Santiago de Surco	99	Prosecur Cia de Seguridad, S.A.	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Gestion de Activos, S.A.	Calle La Chira 103, Urbanización Las Gardenias, Santiago de Surco	99	Prosecur Gestion de Activos, SLU	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Mexico S de RL de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY.	85.60	Prosecur Cia de Seguridad, S.A.	a	5	B
		14.40	Prosecur Global Alarmas SLU			
Prosecur Compañía de Seguridad SA de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100.00	Prosecur Mexico S de RL de CV	a	1	A
		0.00	Prosecur Cia de Seguridad, S.A.			
Prosecur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	55.032	Prosecur Mexico S de RL de CV	a	2	B
		44.968	Prosecur Cia de Seguridad, S.A.			
		0.000	Prosecur Compañía de Seguridad SA de CV			
Prosecur Seguridad Privada SA de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.99	Prosecur Mexico S de RL de CV	a	1	B
		0.01	Prosecur Compañía de Seguridad SA de CV			
Prosecur Consultoria y Servicios Administrativos S de RL de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.9998	Prosecur Mexico S de RL de CV	a	7	B
		0.0002	Prosecur Compañía de Seguridad SA de CV			
Prosecur Servicios de Seguridad Privada Electrónica SA de CV	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosecur Mexico S de RL de CV	a	2	B
		0.0002	Prosecur Compañía de Seguridad SA de CV			
Prosecur Custodias, S.A. de CV	Mexico State, Tlalnepantla de Baz, Los Reyes Industrial, 21 calle Alfredo Nobel	99.99991	Prosecur Mexico S de RL de CV	a	1	B
		0.00009	Prosecur Compañía de Seguridad SA de CV			

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Grupo Mercurio de Transportes SA de CV	Federal District, Azcapotzalco, Sector Naval, Av De las Granjas, 76	0.002	Prosegur Custodias, S.A. de CV	a	2	B
		99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV			
Prosegur Tecnologia SA de CV	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosegur Mexico S de RL de CV	a	1	B
		0.0002	Prosegur Compañía de Seguridad SA de CV			
Grupo Tratamiento y Gestión de Valores SAPI de CV	Federal District, Azcapotzalco, Sector Naval, 79 B calle Norte	80	Prosegur Cia de Seguridad, S.A.	a	7	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Federal District, Azcapotzalco, Sector Naval, 76 AV De las Granjas	50	Prosegur Compañía de Seguridad SA de CV	a	7	B
		50	Prosegur Mexico S de RL de CV			
Compañía Ridur, SA.	Guarani 1531, Montevideo	100	Juncadella Prosegur Internacional SA	a	8	B
Prosegur Uruguay BV	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Prosegur Transportadora de Caudales SA	Guarani 1531, Montevideo	99.91	Juncadella Prosegur Internacional SA	a	2	B
		0.09	Armor Acquisition SA			
Transportadora de Valores Silviland SA	Guarani 1531, Montevideo	100	Prosegur Transportadora de Caudales SA	a	2	A
Prosegur Activa Uruguay, S.A.	Guarani 1531, Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, SA	Michelini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531, Montevideo	99	Prosegur Transportadora de Caudales SA	a	3	B
		1	Prosegur Global CIT SLU			
Genper, S.A.	Guarani 1531, Montevideo	100	Prosegur Global SIS SLU	a	1	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531, Montevideo	90	Prosegur Uruguay BV SA	a	1	A
		10	Prosegur Global SIS SLU			
GSM Telecom SA	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody SA	Guarani 1531, Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren SA	Michelini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic SA	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	4	B
Pitco Shanghai Trading Co Ltd	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	7	B
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	7	B
Imperial Dragon Security Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B

## Information as of 31 December 2015

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Weldon Technology Co Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	99.95	Luxpai Holdo SARL	a	5	B
		0.05	Imperial Dragon Security Ltd			
Shanghai Meiyu Information Technology Co Ltd	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	1	B
Shanghai Pitco Information Technology Co Ltd	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	1	B
Shanghai Bigu Investment Co Ltd	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	1	B
Shanghai Pitco Consulting Management Co Ltd	Roon 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosecur Security Service Co Ltd	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	100	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	1	A
Singpai Pte Ltd	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai Holdo S.A.R.L.	a	5	A
Evtec Management Services Pted LTD	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Singpai Pte Ltd	a	1	A
Prosec Cash Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	8	B
Singpai Alarms Private Ltd	111Geylang Road, #01-01, Singapore 389216	100	Prosecur Global Alarmas ROW SLU	a	5	B
Prointrans LLC	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosecur Cia de Seguridad, S.A.	a	5	B
Prosecur SIS USA Inc	Florida	100	Prosecur Cia de Seguridad, S.A.	a	8	B
Prosecur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Singpai Pte Ltd	a	5	B
Prosecur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Holdings PTY Limited	a	5	B
Prosecur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Investments PTY Limited	a	2	A
Prosecur Technology Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Investments PTY Limited	a	8	B

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prime Hiring India Private Ltd (Ex-SingPai India Private Limited)	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110001 - India Delhi, INDIA Louvres)	99.99	Luxpai Holdo SARL	a	7	B
		0.01	Pitco Asia Pacific Ltd			
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Sautnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel SA	15 Rue de Louvres (Chennevieres Les Louvres)	59.98	Prosegur Cia de Seguridad, S.A.	a	8	B
		40.02	Esta Service SAS			
Esta Service SAS	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage SRL	92 Boulevard Emile Delmas (La Rochelle)	4.8	Prosegur Cia de Seguridad, S.A.	a	8	B
		95.2	Esta Service SAS			

### Case in which it is consolidated

- If the investee company is controlled, consolidated by the global integration method.
- Existence of significant influence, consolidation by the equity method.
- Joint ventures are consolidated by the proportional method.

### Activity

- Activities of the Security business group.
- Activities of the Cash business group.
- Activities of the Alarm business group.
- Activities included in more than one business group.
- Holding company.
- Financial services.
- Auxiliary services.
- Dormant.

### Auditor

- A Audited by KPMG.  
 B Not subject to audit.  
 C Audited by other auditors.



## Appendix II

### Details of Joint Arrangements

#### Information as of 31 December 2016. Joint Ventures

Business Name	Registered offices	Shareholding		Instance when it is consolidated	Activity	Auditor
		% of Nominal	Shareholding Company			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	b	8	B
Rosegur, S.A.	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A.	b	2	B
SIS Prosegur Holdings Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	100.0	SIS Cash Services Private Ltd	b	2	B
SIS Prosegur Alarms Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50.0	Singpai Alarms Private Ltd	b	3	B
Prosegur Technological Security Solutions LLC	Abu Dhabi, Al falah Street, 211 ABDULLA HAMAD LUWAI AL AMERI, P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.	b	3	C
SBV Services Proprietary Limited	No. 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg	33.3	Prosegur Global CIT ROW SLU	b	2	B
Standard Betrieb Virtschaft Services Limited (SBV Nigeria)		50.0	A través de: SBV Services Proprietary Limited	b	2	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Proprietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburgo, South Africa	97.93	Standard Betrieb Virtschaft Services Limited (SBV Nigeria)	b	1	A

## Information as of 31 December 2016. Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.- BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESPAÑA SERVIMAX OF.ANTIFRAU CATALUNYA II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTO. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100		d	2

## Information as of 31 December 2016. Joint Ventures

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, Building 1 Metropol I, 4th mod. 20. Mairena de aljarafe, SEVILLA 41927	10	CLECE	d	
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56	SEGUR IBERICA Y OTROS	d	
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135, 28002 Madrid	20	FERROSER	d	
SEGURIDAD TOTAL	Calle 19 B 34-69, Bogotá	53	SEGURIDAD SOS	d	
SIGLO XXI	Prosegur manned guarding Teusaquillo Office	55	SEGURIDAD SOS	d	
EPIG	Calle 21 B 44-18, Bogota	28.75	OTROS	d	1
SIES 2010	Calle 21 B 44-18, Bogota	24.5	OTROS	d	1
SIES 2011	CCalle 21 B 44-18, Bogota	22.5	OTROS	d	1
UNION TEMPORAL ESPINAL CCTV	Trans 23 95-53 Ecotec Building	80	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL CONGRESO 2011	Trans 23 95-53 Ecotec Building	69.5	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL MANIZALES 2011	Trans 23 95-53 Ecotec Building	99.5	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL TECNOLOGIA CALI	Trans 23 95-53 Ecotec Building	47	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL INDRA PROSEGUR	Trans 23 95-53 Ecotec Building	40	INDRA SISTEMAS S.A	d	1
CONSORCIO LOGISTICA GESTION DOCUMENTAL	Trans 23 95-53 Ecotec Building	51	PROTESH INGENIERIA SAS	d	7

## Information as of 31 December 2015. Joint Ventures

Business Name	Registered offices	Shareholding		Instance when it is consolidated	Activity	Auditor
		% of Nominal	Shareholding Company			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	b	8	B
Rosegur, S.A.	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A.	b	2	B
SIS Prosegur Holdings Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	100.0	SIS Cash Services Private Ltd	b	2	B

## Information as of 31 December 2016. Joint Ventures

Business Name	Registered offices	Shareholding		Instance when it is consolidated	Activity	Auditor
		% of Nominal	Shareholding Company			
Shanghai Weldon Security Equipment Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Prosegur Cia de Seguridad, S.A.	b	3	B
Shanghai Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Via: Shanghai Weldon Security Equipment Co Ltd	b	1	B
Hangzhou Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	36.0	Via: Shanghai Weldon Security Service Co Ltd	b	1	B
Sichuan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30.6	Via: Shanghai Weldon Security Equipment Co Ltd	b	1	B
Prosegur Technological Security Solutions LLC	Abu Dhabi, Al falah Street, 211 ABDULLA HAMAD LUWAIE AL AMERI, P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.	b	3	C

## Information as of 31 December 2015. Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1

## Information as of 31 December 2015. Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Partner company in joint venture	Notes	Activity
		% of Nominal				
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESPAÑA SERVIMAX OF.ANTIFRAU CATALUNYA II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTD. JUSTICIA	Pajaritos, 24 28007 Madrid	43		VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100			d	2
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100			d	2
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100			d	1
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, Building 1 Metropol I, 4th mod. 20. Mairena de Aljarafe, SEVILLA 41927	10		CLECE	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56		SEGUR IBERICA Y OTROS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135 28002 Madrid	20		FERROSER	d	1
TOTAL SECURITY	Calle 19 B 34-69, Bogotá	53		SEGURIDAD SOS	d	1
SHOPPING CENTRE	Prosegur manned guarding Teusaquillo Office	55		SEGURIDAD SOS	d	1
EPIG	Calle 21 B 44-18, Bogota	28.75		OTROS	d	1
SIES 2010	Calle 21 B 44-18, Bogota	24.5		OTROS	d	1
SIES 2011	Calle 21 B 44-18, Bogota	22.5		OTROS	d	1
ESPINAL CCTV JOINT VENTURE	Trans 23 95-53 Ecotec Building	80		INTEGRA SECURITY SYSTEMS	d	1
2011 CONGRESS JOINT VENTURE	Trans 23 95-53 Ecotec Building	69.5		INTEGRA SECURITY SYSTEMS	d	1
2011 MANIZALES JOINT VENTURE	Trans 23 95-53 Ecotec Building	99.5		INTEGRA SECURITY SYSTEMS	d	1
CALI TECHNOLOGY JOINT VENTURE	Trans 23 95-53 Ecotec Building	47		INTEGRA SECURITY SYSTEMS	d	1
PROSEGUR INDRA JOINT VENTURE	Trans 23 95-53 Edificio Ecotec	40		INDRA SISTEMAS S.A	d	1
DOCUMENT MANAGEMENT LOGISTICS CONSORTIUM	Trans 23 95-53 Edificio Ecotec	51		PROTESH INGENIERIA SAS	d	7

**Case in which it is consolidated**

- a. If the investee company is controlled, consolidated by the global integration method.
- b. Existence of significant influence, consolidation by the equity method.
- c. Joint ventures are consolidated by the proportional method.

**Activity**

1. Activities of the Security business group.
2. Activities of the Cash business group.
3. Activities of the Alarm business group.
4. Activities included in more than one business group.
5. Holding company.
6. Financial services.
7. Auxiliary services.
8. Dormant.

**Auditor:**

- A. Audited by KPMG.
- B. Not subject to audit.
- C. Audited by other auditors.

**Notes:**

- d. The purpose of joint operations corresponds entirely to services related to the Integrated Security Solutions-business line.

**Joint venture activity:**

1. Active Joint Venture.
2. Dormant Joint Venture.
3. Joint Venture under liquidation.

## Appendix III

### Summarised Financial Information on Joint Ventures

#### Information as of 31 December 2016

Thousands of euros					
	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
<b>Information from the statement of financial position</b>					
Non-current assets	27,237	12,026	84,019	1,153	124,436
Non-current liabilities	—	—	(50,966)	(776)	(51,741)
Total net non-current assets	27,237	12,026	33,054	378	72,695
Current assets	16,038	19,596	40,450	3,894	79,978
Cash and cash equivalents	2,198	10,883	19,809	154	33,044
Current liabilities	(16,723)	(20,685)	(23,453)	(6,749)	(67,610)
Current liabilities	—	—	—	—	—
Total net current assets	(685)	(1,089)	16,997	(2,855)	12,368
Net assets	26,552	10,937	50,051	(2,477)	85,063
Percentage of share	49%	49%	33%	44%	—
Share in net assets	13,011	5,359	16,682	(1,098)	33,954
Carrying value of share	13,011	5,359	16,682	(1,098)	33,954
<b>Information from profit and loss account</b>					
Ordinary revenue	(24,147)	(18,766)	(134,070)	(451)	(177,433)
Costs to sell	26,759	19,654	139,199		187,196
Finance expenses	608	394	4,825	(146)	5,682
Expenses (income) for tax on profit	58	79	3,033	(18)	3,151
Yearly profit from continuing operations interrupted	3,163	1,203	6,922	1,006	12,294
Yearly profit from interrupted operations	—	—	—	—	—
Profit/loss for the year	3,163	1,203	6,922	1,006	12,294
Other comprehensive income	—	—	—	—	—
Total comprehensive income	3,163	1,203	6,922	1,006	12,294
Dividends received	—	—	—	—	—



## Information as of 31 December 2015

Thousands of euros					
	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	Weldon Group	Other insignificant companies	Total
<b>Information from the statement of financial position</b>					
Non-current assets	14,988	12,324	4,151	296	31,759
Non-current liabilities	—	—	—	(84)	(84)
Total net non-current assets	14,988	12,324	4,151	212	31,675
Current assets	13,471	20,396	16,772	23	50,662
Cash and cash equivalents	11	4	2,929	—	2,944
Current liabilities	(12,248)	(22,291)	(9,202)	(8)	(43,749)
Current liabilities	(5,507)	(889)	—	—	(6,396)
Total net current assets	1,223	(1,895)	7,570	15	6,913
Net assets	16,211	10,429	11,721	227	38,588
Percentage of share	49%	49%	44%	50%	—
Share in net assets	7,944	5,110	5,161	113	18,328
Carrying value of share	7,944	5,110	5,161	113	18,328
<b>Information from profit and loss account</b>					
Ordinary revenue	(24,266)	(19,405)	(3,601)	—	(47,272)
Costs to sell	23,761	19,254	4,704	—	47,719
Impairment of shares by equity method	—	—	17,019	—	17,019
Depreciation and amortisation	1,602	1,305	187	57	3,151
Finance expenses	719	179	9	—	907
Expenses (income) for tax on profit	(62)	(82)	(242)	(34)	(420)
Yearly profit from continuing operations	1,754	1,251	18,076	23	21,104
Profit/loss for the year	1,754	1,251	18,076	23	21,104
Total comprehensive income	1,754	1,251	18,076	23	21,104

# Consolidated management report for reporting year 2016

This management report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of management reports of listed companies, published by the CNMV.

## 1. Position of the company

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Prosegur is a multinational group whose holding company is Prosegur Compañía de Seguridad, S.A. (hereinafter the Company) which creates global and comprehensive security solutions, adapted to the needs of our clients.

Prosegur provides private security services in the following countries: Spain, Portugal, France, Luxembourg, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, Australia and South Africa.

### 1.1. Organisational structure

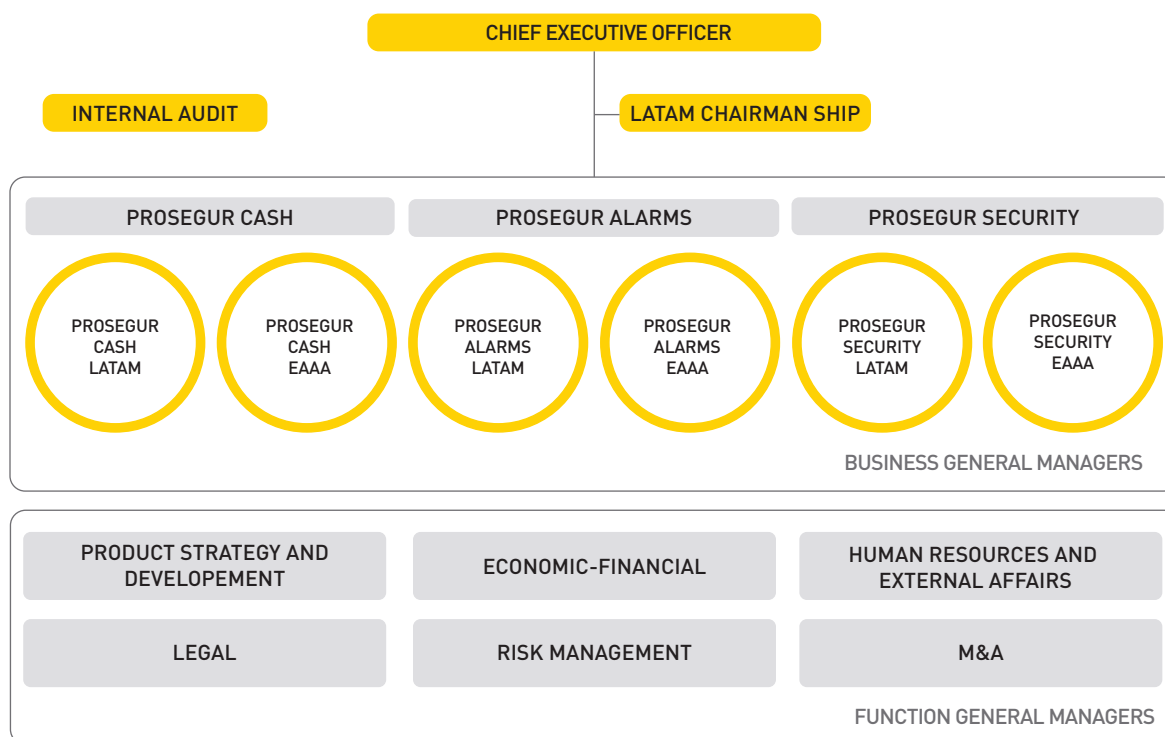
The organisational structure of Prosegur is designed to improve business processes and offer added value to our clients. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur as a business group. In addition, it fosters transversal knowledge of business areas and results in a closer approach to client needs.

Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms.

To reinforce our client focus and obtain a fast and efficient structure, geography is a fundamental aspect of the organisation and represented in two principal segments: Latam and EAAA.

Corporate functions are supervised by Global Support Divisions, which cover the areas of Finance, Human Resources and External Affairs, M&A, Risk Management, Legal Services, Product Strategy and Development.

The organisation of Prosegur is shown in the table below:



The representation power of the parent company of the Group pertains to the Board of Directors acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the General Shareholders' Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Executive Committee, the Audit Committee and the Appointments and Remuneration Committee. The Executive Committee has the broadest powers of administration, management, disposal and all the functions which pertain to the Board of Directors, except for those which are not eligible for delegation by legal or statutory provision. Among the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of generally accepted accounting principles. For its part, the Appointments and Remuneration Committee establishes and reviews the criteria for the composition and remuneration of the Board of Directors and for the Prosegur management team. It also periodically reviews remuneration programmes.

### Changes in the composition of the Group

Changes that took place in the composition of Prosegur during the 2016 reporting period were mainly as a result of the following acquisitions:

- On 8 January 2016, the group acquired in Spain 100% of the company MIV Gestión S.A., a security company that provides international transport services for valuable and vulnerable goods. The total purchase price was EUR 1.1 million.
- On 28 January 2016, Prosegur acquired 57% of the company Beagle Watch Armed Response Proprietary Limited —a security company specialising in monitoring residential alarms— in South Africa. The total purchase price was ZAR 42.3 million (equivalent on the acquisition date to: EUR 2.4 million). In addition, Prosegur has increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing to a capital increase by a total amount of ZAR 53.4 million (equivalent on the acquisition date to: EUR 3.1 million), achieving a 75% shareholding in the same. The subscription to these shares is pending payment in its entirety. Prosegur might not pay for the shares and the capital increase, in this case, will be void.
- On 14 March 2016, Prosegur acquired 100% of the company Dognaedis Lda. S.A. —a company specialising in cybersecurity services— in Portugal. The total purchase price was EUR 1.5 million.
- On April 29, 2016, Prosegur has acquired 100% of the company Procesos Tecnicos de Seguridad y Valores, S.A.S. in Colombia, a company specialized in services of management of cash through the tasks of processing, packaging and recycling of banknotes and coins. The total purchase price has been EUR 0.16 million.
- On 3 November 2016, Prosegur acquired 100% of the company Indiseg Evolium Group S.L. —a company specialising in cybersecurity services— in Spain. The total purchase price was EUR 1.6 million.

In 2016, acquisitions of companies owned and accounted for using the equity method were as follows:

- On 25 February 2016, shares were subscribed by Prosegur representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which is engaged in the logistics and management of cash and securities. This transaction was completed on 25 February 2016.

During reporting period 2016, the following companies were incorporated or wound up:

- In January 2016, Prosegur incorporated a joint venture in India for the activity of alarms, under the name SIS Prosegur Alarms Monitoring and Response Services Pte Ltd.
- In February 2016, Prosegur Ciberseguridad, S.A.S. was incorporated in Colombia.
- In February 2016, the company Prosegur CIT Holding, S.L.U. was incorporated in Spain. On 21 September 2016, it changes its name to Prosegur Cash, S.A.
- In March 2016, Prosegur Holding CIT ARG, S.A., Prosegur Sistemas Integrales de Seguridad, S.A. and Prosegur Seguridad y Vigilancia, S.A. were incorporated in Argentina.
- In May 2016, Beagle Control (Pty) Ltd was incorporated in South Africa.
- In June 2016, Beagle Technical (Pty) Ltd was incorporated in South Africa.
- In June 2016, Prosegur Services France, S.A.S. was incorporated in France.
- In June 2016, Prosegur Ciberseguridad S.L. was incorporated in Spain.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Paraguay.
- In July 2016, the company Prosegur Asset Management Pty was incorporated in Australia.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Argentina.
- In November 2016, the company Prosegur Asset Management, S.A. was incorporated in Spain.
- In December 2016, the company Prosegur CIT Integral Systems India Private Ltd. was incorporated in India.

Furthermore, the following mergers took place between subsidiaries in 2016:

- In May 2016, Prosegur Securite Nord S.A.S. merged with Prosegur Securite Humaine, S.A.S.
- In May 2016, Prosegur Securite Nord S.A.S. merged with Securite EST, S.A.S. with Prosegur Securite Humaine, S.A.S.
- In September 2016, Prosegur Securite Humaine, S.A.S. took-over Prosegur Securite Rubis, S.A.S. and Prosegur Securite Opale, S.A.S. in France

On 28 September 2016, Prosegur sold 100% of the Chilean company Sociedad de Distribución Canje y Mensajería Ltda for 3,150 million Chilean pesos (equivalent to EUR 4.3 million at the time of the operation), of which 1.6 million Chilean pesos were collected in 2016 (equivalent to EUR 2.1 million at the time of payment).

## 1.2. Operation

The organisation of Prosegur focuses on creation of value and aims to fulfil the growth strategy of Prosegur which, in turn, is based on a solid model that is sustained by financial strength.

The approval and implementation of the various Strategic Plans implies the determination and fulfilment of demanding targets based on the growth model and the various axes defined for each plan. In 2015, the new Strategic Plan for 2015-2017 was launched. The main objectives are classified as:

### Qualitative objectives

- Management at delegation level. (compliance expected 2015-2016).
  - Continuously measure the quality level of the services and customer satisfaction.
  - Offer value focused on the needs of the client.
- Efficiency in operations (compliance expected 2015-2017).
  - Finish implementing corporate platforms in all Prosegur countries
  - Continue with Kaizen Project.
  - Continue promoting expertise centres implementing best practices in all countries.
- Simplification of management (fulfilment expected 2015-2016).
  - To build a Prosegur that is more agile, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making.

### Quantitative objectives

- Growth (compliance expected 2015-2016).
  - Emphasise growth in new volume.
  - Maintain a firm commitment with the development and sale of new products.
  - Promote the specialisation of managers.
- Management of indirect costs (compliance expected 2016).
  - Simplify the decision making process and create a more streamlined organisation.
  - Reduce the burden of indirect costs, mainly in corporate business.

Prosegur is ready to continue with its growth strategy, both organic and inorganic, and maintains the capacity to take on new corporate acquisitions.

## 2. Business performance and results

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### 2.1. Fundamental indicators of financial and non-financial character

In the 2016 financial year, Prosegur carried out a corporate restructuring that involved numerous purchase and sale transactions of companies, real estate and contributions, amongst others. As a result, exceptional expenses have been accrued with no operational purpose. Therefore, we have presented the profit and loss account with both effects, so that it can be analysed with and without the effect.

The 2016 reporting year saw a sales decrease of 1.4%. Consolidated sales of Prosegur in financial year 2016 amount to 3,902.3 million euros and have experienced an increase of 12.6% at a constant exchange rate.

The EBITDA increased 32.2% excluding the effect of currency depreciation in the countries where Prosegur operates based on conversion to the euro, which reflects the increase of the margins in spite of the increase in labour costs in countries with a significant impact on results.

The EBIT/Sales margin of 8.5% demonstrates Prosegur's ability to maintain the profitability of businesses in spite of the impact of amortisations derived from new business acquisition operations.

Consolidated net income decreased by 26.9%, mainly due to the increase in taxes suffered as a result of the corporate restructuring.

Excluding the effect of corporate restructuring, Prosegur had a 2.2% increase in EBITDA on 2015. The EBIT / Sales margin was 8.8% and consolidated net income increased by 0.7%.

Millions of euros					
	Without restruct. Cost			Without restruct. Cost	
	2016	2016	2015	Variation	Variation
Sales	3,902.3	3,902.3	3,959.4	-1.4%	-1.4%
EBITDA	458.4	449.4	448.4	2.2%	0.2%
<i>Margin</i>	11.7%	11.5%	11.3%		
Depreciation of property, plan and equipment	-77.5	-77.5	-81.1		
Depreciation of intangible assets	-39.0	-39.0	-43.1		
EBIT	341.9	332.9	324.2	5.5%	2.7%
<i>Margin</i>	8.8%	8.5%	8.2%		
Financial results	-58.7	-58.7	-36.3		
Profit before tax	283.2	274.2	287.9	-1.6%	-4.7%
<i>Margin</i>	7.3%	7.0%	7.3%		
Tax	-98.6	-140.1	-104.5		
<i>Tax rate</i>	-34.8%	-51.1%	-36.3%		
Net profit	184.6	134.1	183.4	0.7%	-26.9%
Minority interests	0.0	0.0	0.0		
Consolidated net profit	184.7	134.2	183.4	0.7%	-26.8%
Basic profit per share	0.3086	0.2242	0.3065		

### Analysis of management in 2016

The financial year 2016 was a year with clear macroeconomic differences based on the geographical locations in which Prosegur develops its activity.

On the one hand, the Latin American region has been heavily affected by the devaluations of practically all its currencies, with the Argentine Peso and the Brazilian Real being the two currencies that have seen their prices most altered and in turn those that most affect Prosegur's profit and loss account in the region.

The strong devaluation of both currencies has tried to be compensated with a strong increase of the local sales favoured by the improvements that the Argentine economy has presented after the change of government at the end of 2015 and the signs of recovery that the Brazilian economy has presented, mainly in the second half of the year, resulting in a reduction in sales in the region slightly above 5 per cent when accounted for in Euros.

The Argentine economy has been the main engine this year, which resulted in improved sales in local currency and the termination of the blockade that has existed in recent years to the capital market and has allowed the free repatriation of funds from the country, as well as a strong increase of the alarms business and the technological part of Security due to the restrictions on the importation of products - mainly alarm devices - being completely lifted, which were slowing down the growth of these activities.



Meanwhile, Brazil has maintained an almost flat growth marked by efforts to correct the deficit situation of the Security business, which involves not only adjustments in the administrative and support areas, but also a strict focus on the optimisation of client portfolios, dropping low-profit clients in favour of higher-yielding accounts.

This process - which is still in development - has involved a reduction in volumes in the Security business, which, although offset by the growth of the Cash business in the country, has resulted in a flat situation in local currency sales, but with very positive prospects for upcoming years.

The rest of the Latam region has maintained a performance very in line with the dynamics of their respective economies in which the different Prosegur businesses have maintained their usual dynamics of improvement and growth above nominal GDP, showing organic growth in line with those seen in previous years and, in general, healthy within the estimates provided.

Meanwhile, the Europe region and the Rest of the World has had a year defined by the recovery of the Spanish economy, already at full capacity, and also by the growth of the German business above GDP.

The German subsidiary made a profit throughout the year and this, coupled with the good progress of the cash in transit business in the region, benefited from the upturn in consumption and the strong improvement in the Security and Alarms business in Spain, have allowed an increase in volumes of turnover above the average of growth of the countries where the activity is developed and an improvement of the profitability of around 5%.

Despite this improvement, market conditions in the European region can be considered adverse given the political uncertainties such as the Brexit, the absence of government in Spain during practically the whole year, or the elections in Italy, as well as the climate of insecurity due to terrorist attacks that have been experienced and have led to a general stalemate that has not been beneficial.

With respect to the Africa and Asia-Pacific region, the development of the new Australian subsidiary, fully in line with the growth estimates of its respective market, and supported by the purchase of another cash in transit company in the company, is promising and a perfect combination with Prosegur's market consolidation strategy, while it constitutes a powerful platform for innovation and the development of new practices in cash management and more specifically in comprehensive cashpoints and teller window management.

This activity is reinforced by Prosegur's position on the national Indian market as the second cash management services supplier, with the leading position in the south and east regions of the country—together with the activity in Australia, Singapore, and China, consolidating and growing the strategy that Prosegur is carrying out in the Asia- Pacific markets.

In addition, in 2016, the entry into the African market was also announced through the acquisition of 33% of the South African SBV cash in-transit company. This new acquisition has operations in South Africa, Lesotho, Namibia and Nigeria and, until the entry of Prosegur into its shareholding, it was owned by the four largest South African banks. With this operation, Prosegur reaffirms its strategy of expanding the Cash business to new geographical locations and goes one step further in its objective of

consolidating an industry that continues to be of strong growth and in which new trends in outsourcing banking and automation of cash management processes in retailers ensure a very promising future.

The financial year 2016 closed very satisfactorily, despite the difficult macroeconomic environment in Latin America and the still-weak but nevertheless sustained growth in EAAA, financial year 2016 has closed in a satisfactory way and the results positively reflect the success of the inorganic growth strategies of previous years which have provided a solid platform to guarantee organic growth during difficult times as well as the excellent adaptation capacity of the integrated business model of Prosegur to provide security and cash management solutions that are valued by clients in all countries well above any price arguments; this has enabled the company to combat adverse economic conditions and experience organic growth in a continuous and profitable way.

The objectives achieved are even more valuable taking into account that Prosegur carries out its activity in 14 currencies different from its operating currency, the euro, and that the effect of depreciation of some currencies in Latam has resulted in a highly negative impact on the main sections of the income statement.

The supports that made it possible to obtain satisfactory results in 2016 were an efficient combination of promotion commercial strategies, in mature markets, towards new service models focused on reducing the cost of security for the client while guaranteeing and measuring desired protection levels, combined with growth sustainability strategies above the market for the more traditional products in emerging markets and a strategy for entry into the market of outsourcing banking business processes.

In order to carry out this combination of highly distinct business plans, in 2016, Prosegur completed the internal reorganisation that was started in 2015 to reinforce the independent growth of the business areas, maintaining the market advantage of a comprehensive security model but also fostering independent margin protection policies for each business while assisting regions in dedicating the majority of resource to sales and customer service with support from a more efficient and service-oriented centralised global structure.

This new organisation model resulted in strict control of indirect costs and expenses that reinforces previous year policies and that is complemented by the introduction of new quantification and comparison tools that streamline decision making and identify and isolate inefficiencies more quickly.

As result of these new management and internal control policies, and with all previous acquisitions fully integrated into the business, a notable improvement in cash generation for the group has taken place, constituting a satisfactory continuation of the debt reduction and restructuring process and achieving Moody's Baa2 Stable rating, in addition to Standard & Poor's BBB Stable rating which had been obtained in 2012.

From the businesses point of view, 2016 has meant the start of a new management and reporting model, independent of each other, which includes the following aspects:

The Security business has shown very good performance in the Europe-Rest of the World region, with significant growth in Spain and Asia and with the full commercial consolidation of the newly combined technology and manned guarding solutions.

In the case of Spain, it is important to highlight the fact that, during 2016, more than half of the new sales in the Security business already correspond to these types of high profitability services, while the competence transfer model has been finalised to transfer these new business approaches and associated products to other geographical locations in the minimum possible time.

Regarding Latam, in the Security business, the focus has been placed not only on correcting Brazil's deficit situation, but also on increasing the presence of new integrated solutions in the rest of the markets. The result has been very positive and the Security business has seen its profitability increase in the region.

Regarding the Cash business, performance has been positive in both regions with a significant increase of new automation solutions and new banking outsourcing services in Europe.

In upcoming years, Prosegur aims to lead the consolidation of this business worldwide, increasing its turnover and market shares through greater penetration of new services and inorganic expansion to new geographical locations. To do so, all the strategic alternatives that favour the maximisation of value of this important part of the group are being studied.

As part of this strategy, different possibilities are being considered, such as continuing the acquisition processes of companies that reinforce presence in existing countries, expanding this activity to new geographical locations or even the stock market listing with the objective of creating a consolidation platform of global scope.

Finally, in the alarm business, 2016 has maintained the strong pace of growth in both regions seen in previous years, with a strong increase in activity in Argentina, thanks to the lifting of restrictions on imports, in Spain due to the increase of sales force during the year and with the new incorporations of two geographical locations, - South Africa and India - in which Prosegur Alarmas started its activity through the purchase of a portfolio of clients in the city of Johannesburg and the start from scratch of an alarm company in New Delhi, respectively.

Finally, in 2016, the development and improvement of the implementation of new key management indicators for the group continued. As a result we have updated corporate policies this year that have facilitated decision making with respect to:

- a) The establishment of continuous improvement objectives.
- b) The consideration of alternative strategies and options.
- c) The adoption of necessary measures for the implementation of defined strategies and introducing corrective measures to deal with deviations.
- d) The creation of competitive advantages

Currently, the Prosegur Management employs a control panel of timely and suitable information on its clients, the market, and the legal, economic, and technological environment that allows it to make continuous operational adjustments.

Over the following sections details are provided on the most significant variables of the management and its evolution during the period, including activities, business management, personnel, investments, and financial exploitation and management.

## Sales by geographic area

Prosegur's consolidated sales over 2016 were EUR 3,902.3 million (in 2015: EUR 3,959.4 million), or a total decrease of 1.4%, of which 12.2% corresponds to pure organic growth, 0.4% corresponds to inorganic growth mainly derived from purchases carried out during 2016. The effect of the performance of exchange rates decreased by 14%.

The total growth of sales is above the nominal GDP of the countries in which Prosegur operates. This improvement is due in good part to the comprehensive security solutions model and the experience acquired in each market throughout the years.

The following table provides a breakdown of consolidated sales by geographical area:

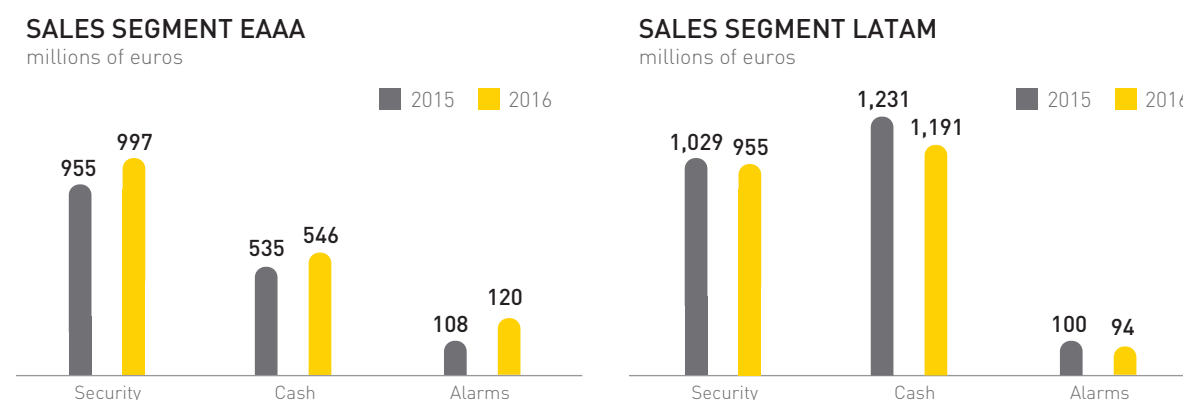
Millions of euros			
	2016	2015	Variation
EAAA	1,662.9	1,598.3	4.0%
LatAm	2,239.4	2,361.1	-5.2%
<b>Total Prosegur</b>	<b>3,902.3</b>	<b>3,959.4</b>	<b>-1.4%</b>

EAAA sales increased by 4.0%, mainly due to obtaining multiple synergies in Germany in the last year following purchases acquired during the last 24 months.

Sales in the Latam region declined by 5.2% compared to 2015. The increase of sales in this region, in 2016, was negatively affected by 23.4% by the depreciation of the main currencies of Latin American countries.

## Sales by business area

The following table provides a breakdown of consolidated sales by geographical area and business area:



The following table provides a breakdown of consolidated sales in aggregate form by business area:

Millions of euros			
	2016	2015	Variation
Security	1,951.3	1,984.6	-1.7%
<i>% of total</i>	50,0%	50.1%	
Cash	1,737.6	1,766.3	-1.6%
<i>% of total</i>	44,5%	44.6%	
Alarms	213,4	208.5	2.3%
<i>% of total</i>	5,5%	5,3%	
<b>Total Prosegur</b>	<b>3,902.3</b>	<b>3,959.4</b>	<b>-1.4%</b>

The decrease of turnover for 2016 compared to 2015 is 1.4%.

The Security business, which includes the Manned Guarding and Technology activities has experienced a decrease in sales of 1.7% at constant exchange rate. The effect of the devaluation of currencies in countries such as Argentina has negatively affected Prosegur's turnover.

The Security activity decreased its sales in the Latam region, reaching EUR 954.5 million (2015: EUR 1,029.4 million) as a result of the effect of the devaluation of certain currencies. This business has experienced a slight increase in the EAAA region, having achieved a turnover of EUR 996.8 million (2015: EUR 955.2 million) as a result of the optimisation of portfolios in past years.

In relation to the Cash business, sales have followed a negative trend as a result of the exchange rate effect, decreasing by 1.6% to reach EUR 1,737.6 million (2015: EUR 1,766.3 million).

The Cash business in EAAA has increased to a total of EUR 546.4 million (in 2015: EUR 534.9 million). This is an important achievement considering the restructuring that the banking sector experienced over recent years in countries such as Spain and Portugal. It is also proof of the business strength and differentiation of the Cash services offered by Prosegur compared with its competitors.

In the Latin America region, the Cash business totalled EUR 1,191.1 million (in 2015: EUR 1,231.3 million) affected negatively by the depreciation of the main currencies of countries such as Brazil.

Finally, the Alarms business achieved annual earnings of EUR 213.4 million during 2016 (in 2015: EUR 208.5 million), or an increase of 2.3%.

The series shown below illustrates the growth of Prosegur's consolidated turnover over the last five reporting years:

Millions of euros					
	2012	2013	2014	2015	2016
Billing	3,669.1	3,695.2	3,782.6	3,959.4	3,902.3

**EBIT margins by geographic area**

Earnings before income tax (EBIT) for 2016 were EUR 332.9 million (in 2015: EUR 324.2 million). The EBIT margin for 2016 was 8.5% (in 2015: 8.2%).

This margin of 8.5% is especially important in a year affected the depreciation of the main currencies of Latin American countries. This margin includes extraordinary expenses for corporate restructuring amounting to EUR 9.0 million. If we isolate this effect, the real margin would be 8.8%.

The following table shows the distribution of EBIT margins by geographical area:

**Financial year 2016**

Millions of euros				
	<b>EAAA</b>	<b>LatAm</b>	<b>Restructuring costs</b>	<b>Prosegur</b>
Sales	1,662.9	2,239.4	—	3,902.3
EBIT	74.3	267.6	-9.0	332.9
EBIT margin	4.5%	12.0%	—	8.5%

**Financial year 2015:**

Millions of euros				
	<b>Europe &amp; Asia Pacífico</b>	<b>LatAm</b>	<b>Prosegur</b>	
Sales	1,598.3	2,361.1	3,959.4	
EBIT	70.8	253.4	324.2	
EBIT margin	4.4%	10.7%	8.2%	

As already mentioned, EAAA improved margins in absolute and relative terms, as in the Latam region, even considering currency devaluations.

The optimisation of client portfolios carried out during 2013 and 2014 mainly in Europe are due to Prosegur's priority of maintaining high profitability margins and guarantee returns on investments. Compliance to this objective is part of the innovation and services improvement strategy aimed at excellence of the latter as well as in the area of customer relations.

In the following table, the EBIT trend over the last five years can be seen:

Millions of euros						
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 - sin costes restructuración</b>	<b>2016</b>
EBIT	311.5	297.6	307.3	324.2	341.9	332.9
% sales margin	8.5%	8.1%	8.1%	8.2%	8.8%	8.5%

The EBIT margin on consolidated sales was 8.5% during 2016. The upwards trend of earlier years was reduced in 2013, basically because of currency depreciation, in particular the Brazilian Real. However, since 2015, Prosegur managed to recover a growth strategy, mitigating the currency depreciations that took place in 2015 and 2016 mainly due to the Brazilian Real and the Argentine Peso.

Information concerning the assignment of Prosegur assets to each one of the segments and reconciliation between the result assigned to segments and the consolidated net results is shown in Note 10 of the Annual Consolidated Accounts.

### Commercial information

Prosegur services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. To this end, for clients with whom there is no prior experience, inquiries and consultations are conducted using public domain data in order to carry out risk evaluations and individual analyses that are objectively measurable. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing the optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is arranging a value added and responsible security service.

Prosegur continuously renews its offer and develops new products in every business line.

### Investments

Prosegur's investments are analysed in every case by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to the Executive Committee for approval.

Amortisation provisions totalled EUR 116.5 million in 2016 (in 2015: EUR 124.2 million). This amount corresponds to property, plant and equipment and investment property worth EUR 77.5 million (in 2015: 81.1 million) and computer applications worth EUR 14.3 million (in 2015: EUR 11.6 million) and other intangible assets worth EUR 24.7 million (in 2015: EUR 31.5 million).

Details of total investments analysed by the Investments Committee during 2016 and a comparison with 2015 are shown below:



Millions of euros	2016	2015
First Quarter	17.2	32.9
Second Quarter	35.7	32.6
Third Quarter	24.9	48.5
Fourth Quarter	37.7	19.2
<b>Total</b>	<b>115.5</b>	<b>133.2</b>

Investment in property, plant and equipment amounted to EUR 152.6 million in 2016 (in 2015: EUR 123.6 million). Moreover, there have been investments in computer applications amounting to EUR 14.8 million (in 2015: EUR 16.9 million).

No real estate investments were made in 2016 in Argentina or any other country (2015: EUR 71.3 million).

## 2.2. Environment

Prosegur has the “3P” policy (Prosegur Policies and Processes) or mandatory general regulation for all employees with respect to the definition of the environmental protection policy in each country, compliance to applicable environmental legislation, risk evaluation and the adoption of risk mitigation measures and measures to reduce the impact of our activities on the environment.

The Security, Cash and Alarms business activity do not have a heavy environmental impact. The two businesses mentioned first and second are very intensive businesses in terms of human resources in which thousands of employees participate and, therefore, we take the sensitisation of our employees with respect to environmental responsibility and sustainability as well as training programs aimed at employee groups to be another main focus of our environmental policies.

The 3P management system has a common foundation in all countries and includes the 3P policy mentioned in the first paragraph, which is global and establishes compliance with environmental legislation as an obligation of the management of each country and a common policy for all countries.

The main environmental aspects inherent to our business activities are:

- a) For the Security business, the consumption and generation of residue of the following materials: Residue of containers containing the remains of dangerous substances or that are contaminated by these: toner, fluorescent materials, Ni-Cd batteries, Pb batteries, paper and plastic.
- b) For the Cash business, the consumption and generation of residue of the following materials: absorbent and filtering materials, cleaning rags, and protective clothing contaminated by dangerous substances, the residue of containers with the remains of dangerous substances, or contaminated by the latter, toner, fluorescent materials, paper and plastic.
- c) For the Alarms business, the consumption and generation of residue of the following elements: lead batteries, the residue of containers containing the remains of dangerous substances or that

are contaminated by these: toner, fluorescent materials, dangerous RAEEs, Ni-Cd batteries, paper and plastic.

At the country level we monitor the impact of each one of the environmental aspects related to the businesses that Prosegur conducts in the country and actions and objectives are established to minimise said impact, such as:

- a) We value energy efficiency in the programs for the progressive withdrawal of armoured vehicles and the replacement of some of its operative vehicles for electric vehicles, hybrid or fuelled by fuels with less pollutants such as liquefied petroleum gas (LPG), vehicular natural gas (VHG) and ethanol. Since 2015, the group has developed new 3P policies applicable to "Fuel Management".
- b) The reduction of water consumption at delegations and offices through the dissemination of environmental sensitisation campaigns.
- c) Reduction of electrical consumption and related atmospheric emissions by way of the installation of efficient lighting (LEDs) as well as the dissemination of environmental sensitisation campaigns.
- d) Adopting restrictive printing rules whereby printing is only allowed on two sides of a page and in grey scale, which means less paper consumption at offices and headquarters.

On 31 December 2016, Prosegur has no environment-related contingencies, legal claims or income and expenses relating to the environment.

### 2.3. Personnel

Taking into account the growth strategy implemented globally in recent years, Prosegur generates employment in the markets where it is present.

The Prosegur workforce closed 2016 with 168,120 employees (in 2015: 161,822 persons), or an increase of 3.1%.

Historically, one of the main reasons that Prosegur has consolidated itself as one of the main security services groups worldwide has been its selection of personnel. The characteristics of special trust and responsibility that must characterise the people who deliver its services in the client's installations, in such a sensitive activity as security, make obligatory the guarantee not only of the effectiveness of Prosegur personnel but also their honesty, responsibility, emotional balance, and psychological maturity.

Therefore, a constant priority for Human Resources Management is the continuous improvement of the selection processes that make it possible to identify the suitability of a person for a position with Prosegur.

Over the last five years the average workforce has grown as follows:

Workforce	2012	2013	2014	2015	2016
Direct	140,049	145,364	146,954	150,549	157,693
Indirect	8,530	9,150	8,184	8,659	9,440
<b>Total Prosegur</b>	<b>148,579</b>	<b>154,514</b>	<b>155,138</b>	<b>159,208</b>	<b>167,133</b>

The growth of the workforce relative to invoicing over the past five years was as follows:

Number of persons per million billed	2012	2013	2014	2015	2016
Direct	38.2	39.3	38.9	38.0	40.4
Indirect	2.3	2.5	2.2	2.2	2.4

Annual satisfaction surveys are conducted for Prosegur to become aware of its employees' perceptions with respect to the aspects that affect their daily work. From these surveys action plans are designed to establish improvement policies for the work environment of Group companies.

Prosegur applies industry standards regarding occupational risk prevention. It invests in specific training as well as modernisation to guarantee that employees work in safe environments, and it provides them with the best equipment.

Internal communication channels have been improved, particularly in recent years, and are available via the corporate Intranet and through strategic presentations involving a large number of employees.

The Prosegur foundation collaborates with the construction of a society characterised by greater solidarity and less injustice and, with this in mind, one of its objectives is to promote the social integration of sectors at risk of exclusion in order to generate attitude changes toward values of greater solidarity. For years we have supported participation in the workforce of people with an intellectual disability, offering them a more stable future through employment. In the most representative Prosegur offices, a Work Insertion Plan for People with Intellectual Disabilities was implemented, with new professionals from this group joining the teams of different countries.

Next key indicators are shown for the last two years reflecting the actions of Prosegur in supporting the training and education of its employees and for the promotion of diversity and equal opportunity (the distribution of the workforce by gender is included in Note 33 of the Consolidated Annual Accounts):

(Number of persons and millions of euros)	2016	2015
Staff	168,120	161,822
Percentage of women	15.8%	15.6%
Percentage of women in Board of Directors	25.0%	33.3%
Disabled personnel in operating workforce in Spain (average)	170	248
Investment in training	8.5	8.2
Accident rate	3.2	3.3
Rate of sick leave	0.06	0.06

## 3. Liquidity and capital resources

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In a context in which credit was still relatively restricted, during 2016 Prosegur continued to formalise strategic financing operations designed to optimise financial debt, control debt ratios and meet growth targets.

Prosegur calculates the net financial debt by considering the total of current and non-current external debt (excluding other non-banking debts) plus net derived financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 32.2).

The financial debt on 31 December 2016 was EUR 712.4 million (in 2015: EUR 579.6 million).

### 3.1. Liquidity

Prosegur has a good level of liquidity reserves and a great capacity for financing that makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

On 31 December 2016, Prosegur cash reserves are EUR 1,414.3 million (in 2015: EUR 969.8 million). This figure is the sum of the following sections:

- The balance of cash and cash equivalents totalling EUR 824.6 million (in 2015: EUR 316.4 million).
- The existing availability long-term of credits for EUR 350 million corresponding to the syndicated loan taken out in 2015 (in 2015: EUR 350 million).
- Other unused credit lines for an amount of EUR 239.7 million (in 2015: EUR 303.4 million) contracted in a diversified manner in an ample banking pool and in which the main banks of each country where the company operates are represented.

This liquidity figure implies 36.2% in consolidated annual sales (in 2015: 24.5%), which makes it possible to cover both short-term financing needs and the growth strategy.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The set of maturities of Prosegur's debt is in line with the company's capacity for generating cash flows to repay it.

It is important to note that, although part of the cash position referred to for the close of the 2016 period is subject to certain regulatory conditions derived from Prosegur's geographical location, compliance to forthcoming contractual obligations does not depend on distributions or payments from subsidiaries that are subject to insurmountable legal or regulatory restrictions. During the annual budget planning process, a plan for the repatriation of dividends from subsidiaries is executed, maximising the tax efficiency of the consolidated Group.

The market value of treasury stock held by the Prosegur mother company on 31 December 2016 was of EUR 111.0 million (in 2015: EUR 79.7 million).

### 3.2. Capital resources

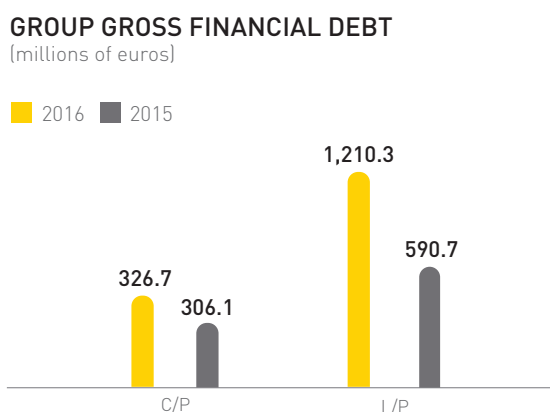
The structure of the long term financial debt is determined by the following contracts:

- On April 2, 2013, single bonds were issued for a nominal amount of € 500 million, maturing in 2018. The bonds accrue a coupon of 2.75% per annum payable for annuities due and listed on the Irish Stock Exchange. The market price at 31 December 2016 is 0.27%.
- A syndicated loan signed in Spain in 2014 amounting to EUR 400 million over a five-year term, the maturity of which has been extended one year after the novation in 2015. As of 31 December 2016, the capital stock amounts to EUR 50 million (2015: EUR 50 million).
- In December, the Group entered into a syndicated loan agreement for the sum of EUR 600 million with a three-year maturity. At 31 December 2016, the capital drawn down under this syndicated loan amounted to EUR 600 million.

In consolidated terms, the gross long-term financial debt with maturity greater than one year reached EUR 1,210.3 million at the close of 2016 (2015: EUR 590.7 million), largely on account of the syndicated loan agreement signed in 2014 and 2016 and the corporate bonds issued on 2013.

The current gross financial debt totals EUR 326.7 million (in 2015: EUR 306.1 million).

The current and non-current maturities of gross financial debt are distributed as follows



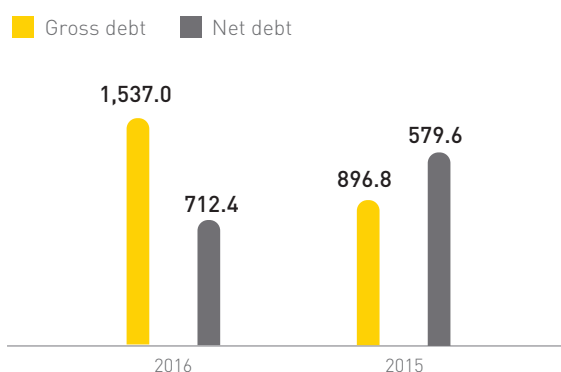
The average cost of the financial debt, in 2016, was 2.72% (in 2015: 3.25%). The decrease in the average cost of debt is due to the cancellation of the syndicated loan in Australia and Debenture in Brazil and the new financing in Spain at a low cost.

The net financial debt at the close of 2016 reached EUR 712.4 million (in 2015: EUR 579.6 million). The main consequence was an increase of the extraordinary dividend payment in December 2016 for the amount of EUR 61.8 million.

The following diagram shows a comparison of gross and net debt in 2015 and 2016:

### PERFORMANCE OF GROUP FINANCIAL DEBT

millions of euros



No significant changes are expected in 2017 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2016.

The following table shows the maturities of the drawn debt as per contractual obligations on 31 December 2016:

Millions of euros				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Debentures and other securities	13.8	513.8	0.0	527.6
Loans and borrowings	179.2	783.7	0.0	962.9
Credit accounts	140.4	50.0	0.0	190.4
Finance lease payables	11.1	15.5	2.2	28.8
Other payables	34.9	13.8	4.2	52.9
	<b>379.4</b>	<b>1,376.8</b>	<b>6.4</b>	<b>1,762.6</b>

In its current activity, Prosegur occasionally resorts to operations not entered in the statement of financial position, normally under the contractual formula of operational leasing and mainly with a view to use high value assets such as buildings and vehicles. Payment commitments for future leases amount to EUR 98.4 million (in 2015: EUR 83.7 million) which mainly correspond to the contract for the office building in Madrid, operating bases located in Brazil, other buildings representing the business, and operational vehicles (Note 29).

Prosegur calculates the leverage ratio as the quotient of the net financial debt over total capital, with the latter defined as the sum of the net financial debt and the net assets. On 31 December 2016, the ratio was 0.49 (2015, 0.45).

The ratio of net financial debt to own resources on 31 December 2016 was 0.95 (in 2015: 0,83).

The ratio of net financial debt to EBITDA was 1.59 in 2016 (in 2015, 1.29). If the market value of treasury stock at the close of the year is considered as adjustment to the financial debt and debts to third parties resulting from company acquisitions are taken into account, the coefficient over EBITDA is 1.37 (in 2015: 1.23).

### 3.3. Analysis of contractual obligations and off balance sheet operations

Note 29 of the Consolidated Annual Accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

In addition, as indicated in Note 28 of the Consolidated Annual Accounts, Prosegur issues guarantees to third parties for commercial and financial motives. The total amount of guarantees issued on 31 December 2016 is EUR 305.4 million (in 2015: EUR 260.9 million).

## 4. Main risks and uncertainties

Prosegur's Risk Management System is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system, complemented with standards applied by the main clients of the financial sector, such as the Basel III and ISO 31000 standards. Final responsibility in risk management lies with the Board of Directors. The Audit Committee has, amongst its basic responsibilities, that of supervising the effectiveness of internal control and risk management systems, checking their appropriateness and completeness, and reviewing the appointment and substitution their managers.

### 4.1. 4.1 Operational risk

The risk management cycle at Prosegur is the following:





## Regulatory risk

Prosegur conducts its activity in a highly regulated environment and is required to comply with diverse rules in countries in which it operates that encompass everything from the authorisations or entitlements to be able to provide security services, compliance to multiple obligations in the execution of its operations and informing on the diverse areas of its activities.

Among other regulations Prosegur is required to fulfil laws that regulate the private security activity, labour relations and social security, the prevention of occupational hazards, firearms regulations, money laundering prevention, data protection, fair competition, and the stock market.

Prosegur devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Local Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the group operates and that are adapted to the requirements of the applicable policies in each case.

Likewise, the Corporate Regulatory Compliance Division carries out an essential role in complying with all regulations affecting Prosegur. With respect to regulation affecting the prevention of money laundering, it relies internally on a money laundering prevention unit (Spanish acronym UPBC) in Spain. This unit is dedicated to the implementation of measures to control and monitor activities in order to prevent facilities for the transportation of valuables to be used for money laundering purposes.

## Operational risk

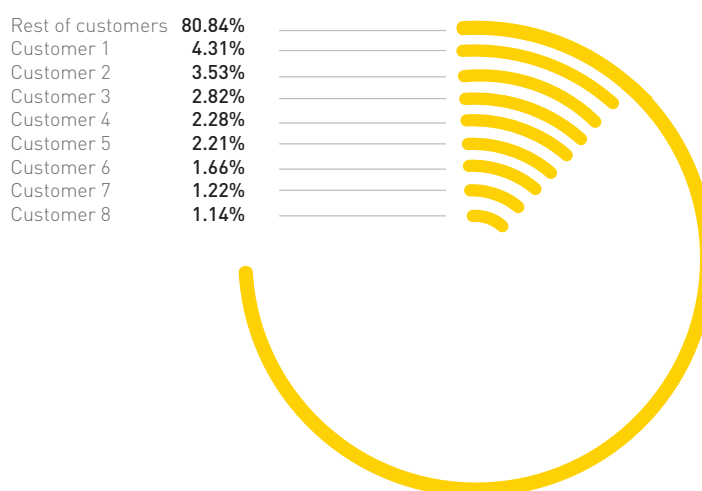
Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

It is worth mentioning the monitoring task carried out by the Corporate Security Division over control and monitoring processes for the traceability of operations carried out in transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of losses.

Prosegur boasts a large team working in two continental platforms: one for Latin America and the other for EAAA.

## Client concentration

Prosegur is not significantly exposed to clients. Note 32 of the Consolidated Financial Statements shows representation tables of the main clients on the global turnover of Prosegur, as shown in the following chart:



## 4.2. Financial risk

### Interest rates risk

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities.

Prosegur analyses its interest rate risk exposure dynamically. In 2016, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. The scenarios are only analysed for those liabilities that represent the most significant positions subject to a floating interest rate.

### Currency risk

Natural hedging conducted by Prosegur is based on capital expenditure required in the industry (which varies by business area) being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

During financial year 2016, Prosegur has maintained a natural hedging policy, holding debts in the currencies of the main countries where Prosegur operates in order to minimise exposure to currency risk in countries such as Australia or Brazil.

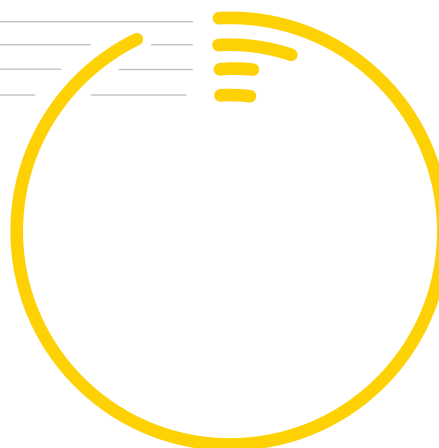
Although Prosegur operates in a large number of countries, its financial debt is concentrated mainly in three currencies: Euro, Brazilian Real and South African Rand. Debt is 95% in Euros, 1% in Brazilian Reais, 1% in South African Rands and 3% in the other currencies in which Prosegur operates.

Note 24 of the Consolidated Financial Statements reflects the value of financial assets and liabilities in the various currencies. Note 32 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

In graphical form, the financial debt structure of Prosegur distributed by currency at the close of 2016 is as follows:

#### GROUP FINANCIAL DEBT

Euro	<b>95%</b>
Others	<b>3%</b>
Brand	<b>1%</b>
BRL	<b>1%</b>



#### Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur operates carries out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 32 of the Consolidated Financial Statements shows tables of representativeness of the main clients over the overall turnover of Prosegur.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Management Department and updated credit limits and levels are periodically published.

## 5. Important circumstances after the reporting period

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No significant events occurred after the end-of-year.

## 6. Information on the foreseeable performance of the entity

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Forecasts for 2017 are optimistic. Although significant improvements in the macroeconomic aspects of both regions are not expected, it does seem that the positive stabilisation of most Latin American economies and the sustainability, albeit weak, of economic improvements in Europe, may represent a year of lower volatility in the rate of change and maintenance or increase of the rate of growth of profitability.

Prosegur will continue to strengthen internal control procedures that guarantee efficiency in different businesses. The maintenance and control of the group's financial discipline and the reinforcement of corporate control policies designed to provide greater control of profitability by business line and greater focus by the countries on organic growth via new products with greater margin. This comprehensive level of internal control and optimisation allow internal improvements and growth in cash generation in 2017, continuing the path already begun in previous years.

Meanwhile, during 2017 and the following years, Prosegur plans to bring about strong intensification in the Alarms business.

The idea is to characterise this activity by a pure B2C ("business to consumer") approach, supporting this sales and marketing strategy with a powerful set of products designed to provide services with perceived and measurable value added to the client.

In the next few years, the business of home and small business alarms will be strongly boosted by way of additional investment, both in sales force and advertising, as well as service provision capacity, with a view to positioning Prosegur amongst the group of the largest world operators in this specific business with the additional advantage brought by the other business lines which can complement and support the sale of alarms, transforming from a basic service into a highly specialised security solution for small business premises –including collection management– or an assistance service for families, geolocation services, advanced domotics and many other possibilities.

Within the countries in the Latam region, it is estimated that the currencies of the main countries still have a way to go in terms of depreciation in 2017, although less than has been seen in previous years. This negative impact already forecast will be compensated by the potential development of the region and capacity of Prosegur to gain customer loyalty by offering the best services.

The excellent results obtained in the past by the sales teams in the Latam region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturity process, allows us to remain optimistic for 2017.

Thanks to the experience gained in each one of these markets over the years, Prosegur has developed a business model that has proven to be successful in any economic environment, enabling margins to be maintained and even increased.

In this regard, the profitability of the Integrated Security Solutions (ISS) business in the Latam region will continue with the upwards trend of 2016 although it will require similar portfolio optimisation to that performed in 2016.

For its part, the economic context of Europe presents an improvement profile that will provide a gradual drive to the business and, above all, will improve profitability.

Prosegur will continue to show its excellent capacity for adaptation to the situation and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services and integrated security solutions.

To this end, new remote security monitoring services will be added such as the new Cybersecurity Monitoring Centre which is already operational for clients in several countries, or the new process outsourcing back-office banking services.

Solid foundations have been laid to face the coming years that are expected to bring about a positive increase in margins and the achievement of reasonable growth rates.

Asia-Pacific, and potentially other geographic areas, may constitute the doorway to markets with high growth potential and diversification of risks and opportunities. Prosegur intends to take the utmost advantage to the strong growth prospects of this region for the private security industry. To this end it shall continue to focus on inorganic growth in the area, benefiting from the excellent platform it has built over previous years and the vast experience it has accumulated in corporate operations. It will seek new opportunities to introduce other business lines and also develop the alarms market.

With the excellent low cost current financing and the current low level of leverage of the company, Prosegur is in an ideal position to continue with its inorganic growth process without compromising the level and ratios which measure the level of debt.

By way of conclusion, Prosegur is facing big challenges in the coming years, which include meeting the expectations to maintain the recovery trend of margins in Europe and sustaining the profitability levels in Latam despite the adverse macro situation.

The company has excellent supports for growth: the best platform worldwide for funds in transit, with a dominant presence in emerging markets unequalled by any competitor, the combination of the most

innovative integrated security solutions supported by a portfolio of clients of the highest quality in all countries and the optimal solvency and financial stability to confront these challenges. And, although the coming years will be more focused on profitability and organic growth, Prosegur will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company with the most advanced security solutions.

It must also be noted that in the second half of the year, the company announced a possible listing of its Prosegur Cash business.

## 7. R&D&i activities

---

The important projects carried out in recent years have brought differentiation to the quality of the security services offered by Prosegur and reflect the company's commitment to innovation and service excellence.

Amongst the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

### **Security**

The company developed a surveillance drone able to fly indoors unmanned. The proprietary software makes it possible to fly unmanned using a new algorithm, height sensors and a laser scanner. This is a service offered exclusively in Spain and that has been developed in-house. It is the result of Prosegur's decisive strategy to invest in innovation and the technological improvement of its security services.

### **Alarms**

The first mobile remote assistance service has been presented in Spain, consisting of an alarm with a remote assistance service for elderly people or people with disabilities, capable of connecting the user with medical services in real time. The new assistance service, called "Prosegur Always With You" is aimed at elderly people or people with special care needs and their families. The system, operational on a 24/365 basis allows GPS geolocalisation of the exact position of the user, his or her movements, detect falls or inactivity after 48 hours and it automatically notifies family members and medical services in case of need.

The service also features a user monitoring system with control calls every 15 days, and can be used like a mobile phone to call the Prosegur Service Centre and another two phone numbers specified by the user.

## 8. Acquisition and disposal of treasury shares

On 31 December 2016, the company holds 18,694,870 treasury shares (in 2015: 18,756,890 shares), representing 3.03% of the share capital (in 2015: 3.04%), and with a value of EUR 53.3 million (in 2015: EUR 53.5 million).

## 9. Alternative Performance Measures

To comply with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the Company presents its results in accordance with generally accepted accounting principles (GAAP), the Management believes that certain Alternative Performance Measures provide useful additional financial information that should also be taken into account when appraising the company's performance. The Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the company's performance. Prosegur provides those APMs deemed relevant and useful for users to reach decisions and it is convinced that these help provide a true and fair view of its financial performance.

APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Company's operational liquidity. Working capital is calculated as current assets less current liabilities	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. Management of working capital requires the Company to control inventories, accounts receivable and payable and cash.
CAPEX	Capex (Capital Expenditure) means the money a company spends on capital equipment that generates a profit or return, whether by acquiring new fixed assets or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its capital equipment is increasingly quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
EBIT	EBIT is calculated on the basis of a company's operating earnings, without including interest and tax expenses.	EBIT provides a view of the company's operating results, excluding interest and tax. This variable does not take into account the tax burden, which may vary by country, or the impact of finance income and expense.



APM	Definition and calculation	Purpose
EBITA	EBIT is calculated on the basis of a company's operating earnings, without including interest and tax expenses, or the decreases of value due to amortisations.	EBITA provides a view of the company's earnings before interest, taxes and amortisation. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.
EBITDA	EBITDA is calculated on the basis of a company's operating earnings, without including interest and tax expenses, or the decreases of value due to depreciations or amortisations.	EBITDA provides an accurate view of what a company is earning or losing from its business without further complications. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied.

## 10. Other significant information

### 10.1. Stock market information

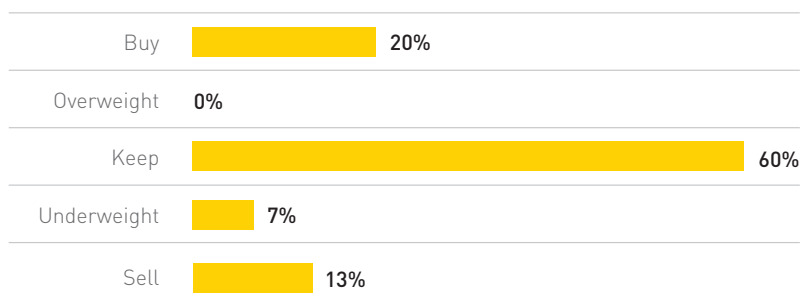
Prosegur focuses its efforts in the creation of value for its shareholders. The improvement in results and transparency, as well as rigour and credibility, underpin the Company's actions.

The Prosegur shareholder and investor relations policy aims to establish a communication that is direct, personal and stable over time. The Company has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

In order to fulfil this transparency commitment, Prosegur uses multiple communication channels such as the Webcast held every quarter to report results or the creation of the Investors Newsletter, in addition to the publication of other information bulletins with specific content of interest to the investment community.

#### Analysts coverage

The recommendations of the investment companies that monitor Prosegur are as follows:



On 31 December 2016, the price per Prosegur share closed at EUR 5.94. The listed share price of the company has grown by 43.82%.

## Main shareholders

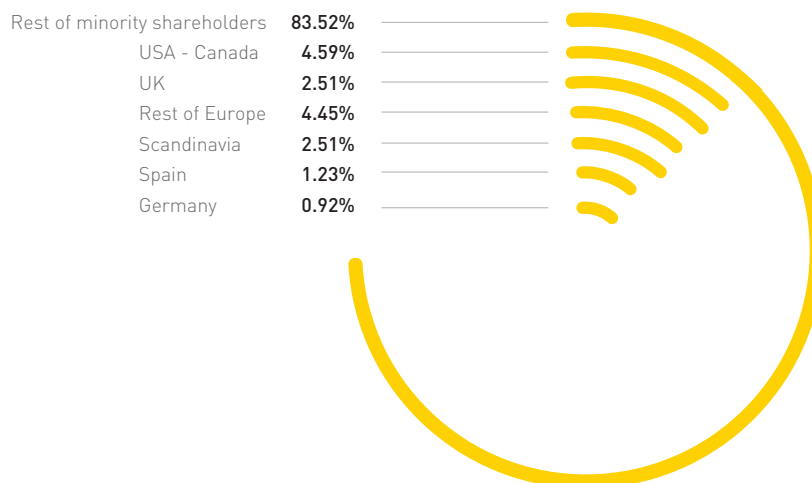
The shareholding structure of Prosegur reflects its solidity and stability.

On 31 December 2016, 66.79% of the capital of the Company was held by significant shareholders. The remaining 33.21% was floating capital.

The strong presence of shareholders in the Board of Directors enables the management bodies, and particularly the Executive Committee, to define strategic lines and make decisions in line with the interests of all of the shareholders. This solid and stable relevant shareholder base, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

## Geographical distribution of floating capital

At the international level and given its growth potential, Prosegur has always been well accepted among investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its floating capital.



## 10.2. Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2016 forms part of the Directors' Report and as of the date of publication of the financial statements is available on the Web site of the National Securities Market Commission as well as on Prosegur's own Web site.

This report includes sections E, analysing control and risk management systems of the Company, and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

**STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2016**

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2016, authorised for issue by the board of directors at the meeting held on 30 January 2017 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

Madrid, 30 January 2017.

Mrs Helena Irene Revoredo Develcchio  
President

D. Isidro Fernández Barreiro  
Vice-president

Mr Christian Gut Revoredo  
Managing Director

D. Fernando D'Ornellas Silva  
Director

Ms Chantal Gut Revoredo  
Director

D. Pedro Guerrero Guerrero  
Director

Mr Fernando Vives Ruiz  
Director

D. Eugenio Ruiz-Gálvez Priego  
Director

## DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the Directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil this responsibility mainly by establishing and maintaining accounting systems and other regulations, with adequate support by internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. In any case the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2016. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino  
Chief Financial Officer

# Annual Report on Corporate Governance of Listed Corporations



## Annual Report on Corporate Governance of Listed Corporations

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## A. Structure of the property

### A.1 Complete the following table regarding the company's share capital:

Date of last modification	Share capital (euros)	Number of shares	No. of voting rights
06/07/2012	37,027,478.40	617,124,640	617,124,640

State if there are different categories of shares with different associated rights:

No

### A.2 Details of direct and indirect owners of significant shareholdings, of company at year end, excluding directors:

Name or business name of shareholder	No. of direct voting rights	No. of indirect voting rights	% of total voting rights
Gubel, S.L.	309,026,930	0	50.08%
Oppenheimer International Growth Fund	30,969,685	0	5.02%
Cantillon Capital Management LLC	0	18,821,350	3.05%
Oppenheimer Acquisition Corporation	0	34,957,437	5.66%
Ms Mirta Maria Giesso Cazenave	1,898,320	32,879,867	5.64%
Invesco Limited	0	6,223,180	1.01%
FMR LLC	0	18,515,726	3.00%

Name or business name of the indirect owner of the share	Via: Name or business name of the direct owner of the share	No. of voting rights
Gubel, S.L.	Gubel, S.L.	0
Oppenheimer International Growth Fund	Oppenheimer International Growth Fund	0
Cantillon Capital Management LLC	Miscellaneous Funds	18,821,350
Oppenheimer Acquisition Corporation	Miscellaneous Funds	34,957,437
Ms Mirta Maria Giesso Cazenave	As Inversiones, S.L.	32,879,867
Invesco Limited	Miscellaneous Funds	6,223,180
FMR LLC	Miscellaneous Funds	18,515,726



State the most significant changes to the share structure during the financial year:

Name or business name of shareholder	Date of the transaction	Description of the transaction
FMR LLC	07/01/2016	Share capital has increased 3%
FMR LLC	20/07/2016	Share capital has decreased 3%
FMR LLC	14/10/2016	Share capital has increased 3%
Invesco Limited	17/08/2016	Share capital has increased 1% (only tax havens)

**A.3 Complete the following tables regarding members of the company board of directors who have rights to vote from company shares:**

Name or business name of director	No. of direct voting rights	No. of indirect voting rights	% of total voting rights
Ms Helena Irene Revoredo Delvecchio	0	309,240,330	50.11%
Mr Pedro Guerrero Guerrero	1,000	0	0.00%
Mr Christian Gut Revoredo	885,430	0	0.14%

Name or business name of the indirect owner of the share	Via: Name or business name of the direct owner of the share	No. of voting rights
Ms Helena Irene Revoredo Delvecchio	Gubel, S.L.	309,026,930
Ms Helena Irene Revoredo Delvecchio	Prorevosa, S.L.	213,400
Mr Christian Gut Revoredo	Mr Christian Gut Revoredo	0

<b>% total voting rights in the hands of the board of directors</b>	50.25%
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Complete the following tables regarding members of the company board of directors who have rights over company shares:

Name or business name of director	No. of direct voting rights	No. of indirect voting rights	No. of equivalent shares	% of total voting rights
Ms Christian Gut Revoredo	956,856	0	956,856	0.16%

**A.4 State, where applicable, relationships of a familiar, commercial, contractual or business kind existing between owners of significant shareholdings, insofar as they are known to the company, except where they are scarcely relevant or derive from ordinary commercial traffic or business:**

**A.5 State, where applicable, relationships of a familiar, commercial, contractual or business kind existing between owners of significant shareholdings, and the company and/or its group, except where they are scarcely relevant or derive from ordinary commercial traffic or business:**

**Name or business name related parties**

Proactinmo, S.L.U.

Prosegur Compañía De Seguridad, S.A.

**Type of relationship:** Commercial

**Short description:**

Two property leases for EUR 1,859 thousand

**Name or business name related parties**

Euroforum Escorial, S.A.

Prosegur Compañía de Seguridad, S.A.

**Type of relationship:** Commercial

**Short description:**

Hotel services for EUR 87 thousand

**A.6 State whether the company has been notified of shareholder agreements that affect it as stipulated in articles 530 and 531 of the Spanish Companies Act. Where applicable, describe them briefly and list the shareholders related to the agreement:**

No

State whether the company knows of the existence of joint actions between its shareholders. Where applicable, describe them briefly:

No

Where there was any change to or termination of these agreements or joint actions during the financial year, expressly state it:

N/A

**A.7 State whether there is any natural person or legal entity that exercises or may exercise control over the company in accordance with article 4 of Securities Market Law. Where applicable, identify it:**

Yes

**Name or company name**

Ms Helena Irene Revoredo Delvecchio

**Observations**

Via the company GUBEL, S.L.

**A.8 Complete the following tables regarding the company's treasury stock:**

At year end:

No. of direct shares	No. of indirect shares (*)	total % of share capital
18,694,870	0	3.03%

(\*) Via:

List any significant changes occurring during the year, in accordance with the provisions of Royal Decree 1362/2007:

**Explain the significant variations**

There have been 2 variations in treasury stock:

- i) Delivery of shares to employees as part of their salary on April 6, 62,020 shares in total.
- ii) Transfer of treasury stock that was in Paraguay to Prosegur Compañía de Seguridad, S.A. (4,000,000 shares). As part of corporate restructuring that the Prosegur Group has undergone to organise the corporate structure into three distinct lines of business, the company decided that the parent company directly owned all treasury stock, including 4,000,000 shares that were held by a fully-owned Paraguayan company. With value date 27/09/2016 these securities became directly owned by Prosegur Compañía de Seguridad, S.A.

**A.9 State the conditions and term of the mandate issued by the shareholders' meeting to the board of directors for issuing, buying back or transferring treasury stock.**

The Ordinary General Meeting of Shareholders of Prosegur Compañía de Seguridad, S.A., held on 27 April 2016, resolved to renew the authorisation granted at the General Shareholders' Meeting (on 27 June 2011) for the derivative acquisition of treasury stock directly or via group companies, in the terms literally transcribed below:

1. To authorise the derivative acquisition of shares in Prosegur Compañía de Seguridad, S.A. by the Company and its subsidiaries pursuant to the provisions of the Spanish Companies Act, in compliance with the requirements stipulated in applicable legislation at all times and under the following conditions:

- a) The shares may be acquired directly by the Company or indirectly via its subsidiaries, in the form of sale and purchase, exchange or any other legally-valid transaction.
- b) The par value of the shares acquired, plus, where applicable, that of those already held, directly or indirectly, must not exceed the maximum legally allowed at any given time.
- c) The purchase price per share shall be, at least, the par value and, at most, the market value on the day of the purchase plus 10%.
- d) This authorisation is granted for a period of five years.

It is expressly stated that this authorisation may be used wholly or partially for the acquisition of treasury stock to be delivered or transmitted to directors or employees of the company or its affiliates, directly or as a consequence of these aforementioned parties exercising their stock options, all within the framework of the remuneration systems referenced to the market price of the shares of Prosegur Compañía de Seguridad, S.A.

- 2. It is authorised for the purposes of the provisions of the last paragraph of section a) of Article 146.1 of the Spanish Companies Act, that the shares acquired by the company or its subsidiaries under this authorisation to earmark all or partly to be delivered to employees or directors of the Company or its subsidiaries, either directly or as a result of exercising the option rights they hold.
- 3. To empower the Board of Directors, with express powers to sub-delegate and in the broadest possible terms, to exercise this authorisation and to perform the rest of the provisions contained herein.
- 4. Terminate, in the part unused, the authorisation granted in point seven of the agenda for the Ordinary General Shareholders' Meeting held on 27 June 2011.

#### A.9.2 Estimated floating capital:

	%
Estimated Floating Capital	31.53

**A.10 State whether there is any restriction on the transfer of shares and/or any restriction on voting rights. In particular, the existence of any type of restriction that may make a takeover of the company through acquisition of shares on the market difficult will be notified.**

No

**A.11 Indicate whether the General Meeting has agreed to adopt measures to neutralise a takeover bid under the provisions of Law 6/2007.**

No

Where appropriate, explain the measures approved and the terms under which the inefficiency of restrictions will be produced:

**A.12 Indicate whether the company has issued shares which are not traded on a regulated market at EU level.**

No

Where applicable, state the different types of shares and, for each category of share, the rights and obligations they entail.

## B. General shareholders' meeting

**B.1 State whether there are any differences from the minimum requirements of the Spanish Companies Act (LSC) regarding the quorum for constituting the general shareholders' meeting and, where applicable, give details of the same.**

No

**B.2 State whether there are any differences from the requirements of the Spanish Companies Act (LSC) for adopting company agreements and, where applicable, give details of the same.**

No

Describe how it differs from the requirements of the LSC.

**B.3 State the rules that apply to changing company bylaws. In particular, the majorities required for changing bylaws and, where applicable, the rules for safeguarding the rights of partners when changing bylaws will be notified.**

The board of directors submits the proposals for changing or adding to the company bylaws to the general shareholders' meeting with the corresponding directors' report on those changes to the bylaws.

All the documentation relating to the changes to bylaws is made available to shareholders when the general shareholders' meeting is announced where the changes are approved.

The announcement of the general shareholders' meeting gives details of the shareholders' right to examine and obtain all the documentation in this regard at the company's registered address, and also to request it to be sent to them immediately and free of charge.

With regard to majorities, article 17.2 of the regulations of the General Shareholders' Meeting stipulates that, for the General Shareholders' Meeting to validly approve a change to the bylaws, shareholders holding at least fifty per cent (50%) of the subscribed capital with a right to vote must be present or represented at the first meeting announced. The attendance of shareholders holding twenty-five per cent (25%) of this capital will be sufficient at the second meeting.

When shareholders representing less than (50%) of subscribed capital with a right to vote attend, the agreements mentioned in the above paragraph may only be adopted validly with the vote in favour of two thirds (2/3) of the capital present or represented at the general shareholders' meeting.

**B.4 State the details of attendance at general shareholders' meetings held during the year that this report refers to and those held the previous year:**

Date of general shareholders' meeting	Details of attendance				
	% of physical presence	% represented	% remote voting		Total
			E-vote	Other	
27/04/2016	55.97%	32.29%	0.00%	0.00%	88.26%

**B.5 State whether there is any restriction in the bylaws that stipulates a minimum number of shares required for attending the general shareholders' meeting:**

Yes

Number of shares required for attending the general shareholders' meeting	1,000
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**B.6 Section revoked.**

**B.7 State the URL and way to access the company website for information on corporate governance and other information on general shareholders' meetings that should be available to shareholders on the company website.**

Address: [www.prosegur.com](http://www.prosegur.com)

Way to access corporate governance content: Home page/Investors & Shareholders/Corporate governance and Home page/Investors & Shareholders/General Ordinary Shareholders' Meeting

## C. Structure of the company administration

### C.1 Board of Directors

**C.1.1 Maximum and minimum number of directors provided for in the company bylaws:**

Maximum number of directors	15
Minimum number of directors	5

## C.1.2 Complete the following table with the members of the board:

Name or business name of director	Representative	Category of the director	Role on the board	Date first appointment	Date last appointment	Election procedure
Mr Eugenio Ruiz-Gálvez Priego		Independent	Director	27/06/2005	30/06/2014	General shareholders' meeting agreement
Ms Helena Irene Revoredo Delvecchio		Proprietary	Chair	30/06/1997	27/04/2016	General shareholders' meeting agreement
Mr Pedro Guerrero Guerrero		Independent	Director	29/03/2005	30/06/2014	General shareholders' meeting agreement
Mr Isidro Fernández Barreiro		Other External	Vice chairperson	19/06/2002	27/04/2016	General shareholders' meeting agreement
Mr Christian Gut Revoredo		Executive	Managing director	30/06/1997	27/04/2016	General shareholders' meeting agreement
Mr Fernando Vives Ruiz		Independent	Director	29/05/2012	28/04/2015	General shareholders' meeting agreement
Ms Chantal Gut Revoredo		Proprietary	Director	30/06/1997	27/04/2016	General shareholders' meeting agreement
Mr Fernando D'Ornellas Silva		Independent	Director	27/04/2016	27/04/2016	General shareholders' meeting agreement

---

**Total number of directors**

8

State the resignations from the board of directors during the reporting period:

Name or business name of director	Category of the director at the time of termination	Leaving date
Mr Eduardo Paraja Quirós	Independent	27/04/2016
Ms Mirta Maria Giesso Cazenave	Proprietary	27/04/2016

## C.1.3 Complete the following tables regarding the members of the board and their different categories:

## Executive directors

Name or business name of director	Role in the company's organisational table
Mr Christian Gut Revoredo	Managing director
<b>Total number of executive directors</b>	1
<b>% of the total board</b>	12.50%



**External proprietary directors**

Name or business name of director	Name of the significant shareholder he or she represents or how proposed his or her appointment
Ms Helena Irene Revoredo Delvecchio	Gubel, S.L.
Ms Chantal Gut Revoredo	Gubel, S.L.
<b>Total number of proprietary directors</b>	2
<b>% of the total board</b>	25.00 %

**External independent directors****Name or business name of director:**

Mr Eugenio Ruiz-Gálvez Priego

**Profile:**

Civil Engineer. MBA from Stanford University.

CEO of the Uralita Group since 1993 and vice-chairperson from 1997 to 2002.

Director of Ebro Foods (formerly Azucarera Ebro Agrícolas and then Ebro Puleva) from 2000 until 2016.

Managing Director of Azucarera Ebro between 2000 and 2010.

Prosegur director since 2005.

**Name or business name of director:**

Mr Pedro Guerrero Guerrero

**Profile:**

Law degree from the Complutense University of Madrid.

Public prosecutor, foreign exchange dealer and Madrid notary (not practising).

He was Chair of the Sociedad Rectora de la Bolsa de Madrid and the Sociedad de Bolsas.

He was a founding partner and vice-chairman of A.B. Asesores Bursátiles and Chairman of A.B. Gestión and A.B. Asesores Red. He is the non-executive chairman of Bankinter, S.A., of which he has been a director since the year 2000. Additionally, he is a member of the executive committee of the same.

Prosegur director since 2005.

**Name or business name of director:**

Mr Fernando Vives Ruiz

**Profile:**

Doctor of Law, Comillas Pontifical University (ICADE).

Degree in Economics and Business Science, Comillas Pontifical University (ICADE).

Chairperson and Managing Partner of the legal firm JA Garrigues, S.L.P. Professor of Business Law, Comillas Pontifical University (ICADE).

Member of the Consultative Committee of the National Securities Market Commission. Prosegur director since 2012.

**Name or business name of director:**

Mr Fernando D'Ornellas Silva

**Profile:**

Degree in Law and Economics from ICADE E3.

MBA from IESE.

Director of Prosegur Compañía de Seguridad S.A. since 2016.

Director of Meliá Hotels International since 2012.

Managing Director of Grupo Bergé between 2007 and 2012.

Director of Endesa S.A. between 2007 and 2009.

<b>Total number of independent directors</b>	4
<b>total % of the board</b>	50.00%

State whether any director qualified as independent receives any amount or benefit from the company, or from its group, for a concept other than director's remuneration, or maintains or has maintained, during the last financial year, a business relationship with the company or with any company in its group, whether on his or her own behalf or as a significant shareholder, director or senior management of an entity that maintains or has maintained that relationship.

**Name or business name of director:** Fernando Vives Ruiz.

Description of the relationship: Managing director of the law firm J&A Garrigues, S.L.P., which provides legal and tax advisory services to the Company of a recurrent and ordinary nature.

**Reasoned statement:** The firm J&A Garrigues, S.L.P. has been providing Prosegur Group, in a recurring manner and since long before the appointment of Fernando Vives as a director of the Company, legal and tax advisory services, within the ordinary course of business and in market conditions. The Prosegur Group does not work exclusively with the firm J&A Garrigues, S.L.P., receiving legal and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from the Prosegur Group are not significant for the firm in material terms, as they represent less than 1% of the total turnover, nor do they represent a significant amount in the Prosegur Group accounts. Moreover, the remuneration of Mr. Fernando Vives as a partner of J&A Garrigues, S.L.P. is completely independent and is not linked in any way to invoicing the firm to the Prosegur Group. Therefore, the Board of Directors considers that the business relationship between the firm J&A Garrigues, S.L.P. and the Prosegur Group, due to its recurring nature in the ordinary course of business, its non-exclusivity and its scant importance in the aforementioned terms, does not in any way affect the independent nature of Fernando Vives for performing the role of director of Prosegur and being classed as independent. In addition, Prosegur provides surveillance services at the Garrigues head office on Calle Hermosilla in Madrid. The amount is not significant for Prosegur.

**Name or business name of director:** Fernando D'Ornellas Silva

Description of the relationship: Senior Advisor of Lazard Asesores Financieros S.A. since 2013.

**Reasoned statement:** Reasoned statement: Prosegur Compañía de Seguridad, S.A. has contracted equity advisory services from Lazard Asesores Financieros, S.A. in the field of the process of preparing a possible IPO of the Cash business division of the Prosegur Group. Mr. D'Ornellas does not form part of the advisory team providing services to Prosegur in this project. The contracting of Lazard Asesores Financieros, S.A. was the result of an internal contest in which Mr. D'Ornellas did not participate or have any influence in the final decision. The relationship between Mr. D'Ornellas and Lazard Asesores Financieros, S.A. is a commercial relationship to pro-

vide advisory services in the area of Latin America and his remuneration does not involve a stake in the profits of Lazard Asesores Financieros, S.A. The billing of Lazard Asesores Financieros, S.A. to Prosegur Compañía de Seguridad, S.A. under the equity advisory services contracted could represent, if necessary, a maximum of 5% of the annual turnover of Lazard Asesores Financieros, S.A. In addition, the remuneration of Mr. D'Ornellas as senior advisor of Lazard Asesores Financieros, S.A. is completely independent and is not linked in any way to that company billing the Prosegur Group or the operation indicated above. Therefore, the Board of Directors considers that the business relationship between Lazard Asesores Financieros, S.A. and the Prosegur Group, due to its nature of being limited to a specific operation in which Mr. D'Ornellas does not participate in the advisory team of Lazard Asesores Financieros, S.A. or affect in any way its remuneration, in the ordinary course of business, its non-exclusivity and its scant importance in the aforementioned terms, does not in any way affect the independent nature of Fernando D'Ornellas to continue performing the role of director of Prosegur and being classed as independent.

Where applicable, a reasoned statement by the board will be included regarding the reasons it considers that the director may perform his or her duties as an independent director.

#### Other external directors

The other external directors will be identified and details will be given of the reasons why they may not be considered proprietary or independent and their connections, whether with the company, its directors or its shareholders:

State the variations, where applicable, that occurred during the period in the category of each director:

Name or business name of director	Date of change	Previous category	Current category
Mr Isidro Fernández Barreiro	27/04/2016	Independent	Other External

C.1.4 Complete the following table with information relating to the number of female directors over the past 4 years, and the nature of these directors:

	No. of female directors				% of the total directors of each type			
	Financial year 2016	Financial year 2015	Financial year 2014	Financial year 2013	Financial year 2016	Financial year 2015	Financial year 2014	Financial year 2013
<b>Executive</b>	0	0	1	2	0.00%	0.00%	50.00%	66.67%
<b>Proprietary</b>	2	3	2	1	100.00%	100.00%	100.00%	100.00%
<b>Independent</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Other External</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	2	3	3	3	25.00%	33.33%	33.33%	33.33%

**C.1.5 Explain the measures that, where applicable, have been adopted to try to include a number of women on the board of directors that ensures a balanced presence of men and women.**

**Explanation of the measures**

N/A

**C.1.6 Explain the measures that, where applicable, have been agreed by the appointments committee so that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and so that the company deliberately searches for and includes women with the desired professional profile among potential candidates:**

**Explanation of the measures**

The Policy of selecting candidates for Directors approved by the Board of Directors of 24/02/2016 states that selecting candidates for director will start with an analysis of the needs of the Company and the group of companies whose company is dominant, which shall be carried out by the Board of Directors with the advice and report provided by the Appointments Committee. Among other conditions, people will be sought whose appointment favours diversity of knowledge, experiences, nationalities and gender within the Board of Directors. The Policy of selecting candidates for Directors will ensure that the number of female directors continues to represent thirty percent of the total members of the Board of Directors.

When, in spite of the measures that, where applicable, have been adopted, the number of female directors is low or null, give reasons to justify this:

**Explanation of reasons**

N/A

**C.1.6 B Explain the conclusions of the appointments committee regarding verification of compliance with the policy for selecting directors. And, in particular, regarding how that policy is promoting the objective of the number of female directors representing, at least, 30% of the total members of the board of directors by 2020.**

**Explanation of conclusions**

Prosegur has Directors representing 25% of the members of the Board of Directors; however, during the last four years the number of female directors has represented more than 30% of the total and continues its commitment to comply with such percentage as established in its Policy of selecting candidates for the Board of Directors.

**C.1.7 Explain how shareholders with significant shareholdings are represented on the board of directors.**

Gubel, S.L. has two proprietary directors. Mr Christian Gut Revoredo is an executive director proposed by Gubel S.L.

**C.1.8 Explain, where applicable, the reasons why proprietary directors have been appointed at the request of shareholders whose shareholdings are less than 3% of the capital:**

Name or business name of shareholder:

**Justification:**

N/A

State whether formal requests have not been answered for a presence on the board from shareholders whose shareholdings are equal to or more than those of others at whose request proprietary directors have been appointed. Where applicable, give the reasons why they were not answered:

No

**C.1.9 State whether any director has resigned before the end of his or her mandate, if he or she gave reasons and by which means, to the board and, if they were given in writing to the board as a whole, explain the reasons given, at least, below:****Name of director:**

Mr Eduardo Paraja Quiros

**Reason for leaving:**

Eduardo Paraja Quirós, who was last appointed on 28/04/2015, informed the Board of Directors of Prosegur Compañía de Seguridad S.A. through a letter that he was leaving office as Director for personal reasons.

**C.1.10 State what authority, if any, the managing director/s has/have:****Name or business name of director:**

Mr Christian Gut Revoredo

**Short description:**

The managing director has all the authority of the board of directors in his or her favour, except for those that may not be delegated by Law, by the bylaws or by the regulations of the board of directors.

**C.1.11 Identify, where applicable, the members of the board that assume administrative or management roles in other companies that form part of the listed company's group:****C.1.12 Give details, where applicable, of the company directors that are members of the board of directors of other companies listed on official stock markets other than those of its group, that have been notified to the company:**

Name or business name of director	Business name of the group company	Role
Ms Helena Irene Revoredo Delvecchio	Banco Popular Español. S.A.	Director
Ms Helena Irene Revoredo Delvecchio	Endesa, S.A.	Director
Ms Helena Irene Revoredo Delvecchio	Mediaset España Comunicación. S.A.	Director
Mr Pedro Guerrero Guerrero	Bankinter. S.A.	Chair
Mr Fernando D'Ornellas Silva	Melia Hotels International S.A.	Director

**C.1.13 State and, where applicable, explain whether the company has stipulated rules regarding the number of boards on which its directors may sit:**

No

**C.1.14 Section revoked.**

**C.1.15 State the global remuneration of the board of directors:**

<b>State the global remuneration of the board of directors</b> (thousands of eur)	2,624
<b>Amount of global remuneration that corresponds to the pension rights accumulated by directors</b> (thousands of eur)	0
<b>Amount of global remuneration that corresponds to the pension rights accumulated by former directors</b> (thousands of eur)	2,624

**C.1.16 Identify those senior officers that are not also executive directors, and state their total remuneration accrued in the year:**

Name or company name	Role
Mr Javier Tabernero da Veiga	General Manager of Sis
Mr Rafael Ros Montero	Regional Director Alarms Row
Mr Alejandro Adelardi	Regional Director Alarms Latam
Mr Fernando Abos Pueyo	Global Director of Security
Mr Jose Antonio Lasanta Luri	Global Director of Strategy and Business Development
Mr Antonio Rubio Merino	Chief Financial Officer
Mr Gonzaga Higuero Robles	Regional Director Row Cit
Mr Francisco Javier Poveda Gil	Internal Audit Director
Mr Rodrigo Zulueta Galilea	Chairman Prosegur Latam
Ms Sagrario Fernández Barbe	Head of Legal Advice
Mr Miguel Ángel Bandrés Gutiérrez	Global Director of Human Resources
Mr Juan Cocci	Regional Director Latam Cit

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**Total remuneration of senior management (thousands of EUR)**

4,472

C.1.17 State, where applicable, the identities of the members of the Board of Directors who are, at the same time, members of the Board of Directors of companies that are significant shareholders and/or companies belonging to the same group:

Name or business name of director	Business name of significant shareholder	Role
Ms Helena Irene Revoredo Delvecchio	Gubel, S.L.	Chair
Mr Christian Gut Revoredo	Gubel, S.L.	Director
Ms Chantal Gut Revoredo	Gubel, S.L.	Director

State, where applicable, the significant relationships other than those envisaged in the previous section, of members of the Board of Directors that relate them to significant shareholders and/or companies belonging to their group:

**Name or business name of related director**

Ms Helena Irene Revoredo Delvecchio

**Name or business name of related significant shareholder:**

Gubel, S.L.

**Description of the relationship:**

Shareholder individually having control

**Name or business name of related director:**

Mr Christian Gut Revoredo

**Name or business name of related significant shareholder:**

Gubel, S.L.

**Description of the relationship:**

Shareholder with non-controlling minority shareholding

**Name or business name of related director:**

Ms Chantal Gut Revoredo

**Name or business name of related significant shareholder:**

Gubel, S.L.

**Description of the relationship:**

Shareholder with non-controlling minority shareholding

C.1.18 State whether there have been any changes in the regulations of the board of directors during the financial year:

Yes

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**Description of the changes**


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Article 5 (General Supervisory Role): establishes that the Appointments and Remuneration Committee will report to the board on related-party transactions submitted for its approval.

Article 6.1 (Creation of shareholder value): expressly incorporates the principle of equal treatment in the description of the functions of the Board of directors.

Article 7 (Other Interests): replaces maximising value by pursuit of corporate interest.

Article 8 (Qualitative composition): The requirement that the number of independent directors accounts for at least one third of all directors is expressly introduced.

Article 10 (Chair of the Board of Directors): Introduces new duties for the Chair of the Board of Directors.

Article 14 (Delegated bodies of the Board of Directors and advisory committees) Removes the requirement to establish an Executive Committee.

Article 16 (Audit Committee): It is almost entirely changed to adapt the text to the new Audit Law and the New Code of Good Governance.

Article 17 (Appointments and Remuneration Committee): The wording is changed almost entirely to adapt it specifically to the Code of Good Governance.

Article 18 (Meetings of the Board of Directors): Modified to explicitly add the need to attach the agenda to the meeting notice.

Article 24 (Removal of directors): Modified to adapt it specifically to the Code of Good Governance regarding the obligation for removal of directors.

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**C.1.19 State the procedures for the selection, appointment, re-election, evaluation and removal of directors. List the competent bodies, the necessary steps and the criteria used in each of the procedures.**

(i) Selection.

In the policy selecting candidates for director of the Company, it is established that the selection shall be carried out by the Board of Directors with the advice and report provided by the Appointments and Remuneration Committee.

Candidates must be honourable, suitable individuals of acknowledged solvency, skill, experience, qualification, training, availability and commitment to their duties. Specifically, the candidates must be upstanding professionals whose conduct and professional career is in line with the principles in the Group's Code of Ethics as well as with the Group's mission, vision and values.

Candidates will also be sought whose appointment favours diversity of knowledge, experiences, nationalities and gender within the Board of Directors.

(ii) Appointment.

The Company bylaws provide that the Board of Directors shall comprise, at least, five and, at most, fifteen members to be appointed at the General Shareholders' Meeting.

The appointment of Directors at the company is subject to the decision of the General Shareholders' Meeting. Only on certain occasions, in accordance with the provisions of the Spanish Companies Act, may directors be appointed through co-option, and this decision is then ratified at the next General Shareholders' Meeting. The Board shall ensure that the composition of the body, external directors constitute a majority over executive directors, and reduce their number to a minimum.



In accordance with the provisions of article 20 of the Regulation of the Board of Directors, proposals for the appointment of directors which the Board of Directors decides to submit to the General Shareholders' Meeting and the decisions regarding appointments by co-option must be subject to the corresponding proposal (in the case of independent directors) or report (in the case of other directors) issued by the Appointments and Remuneration Committee.

The proposals must always be submitted with a justification report by the Board of Directors which assesses the skill, experience and merit of the candidate. Any proposal for appointing or re-electing a non-independent director must also be preceded by a report from the Appointments and Remuneration Committee. The foregoing also applies to natural persons that have been appointed representatives of directors that are legal entities.

(iii) Re-election.

Directors are appointed for a term of three years, and may be re-elected once or more times for equal periods.

Notwithstanding the above, independent directors may not remain in the post for a term of more than twelve consecutive years, unless they become proprietary, executive or other external directors.

Proposals for the re-election of directors which the Board of Directors decides to submit to the General Shareholders' Meeting for approval must entail a formal preparation process, necessarily involving a report by the Appointments and Remuneration Committee, evaluating the quality of the work and professional dedication of the directors proposed during the previous term.

(iv) Evaluation.

In accordance with the provisions of article 17 of the Regulations of the Board, the Appointments and Remuneration Committee will organise and coordinate the periodic evaluation of the Chairperson of the Board of Directors and, with this, the periodic evaluation of the Board of Directors, of its members and the CEO of the Company.

(v) Resignation.

In accordance with Article 24 of Regulations of the Board of Directors, Directors will cease to hold their post when their appointment's term elapses and when it is so decided by the Shareholders' Meeting or the Board of Directors pursuant to their legal or bylaw-based powers.

The Board may only propose that the appointment of an independent director be terminated before the end of their term when there is just cause as determined by the Board with the aid of a report from the Appointments and Remuneration Committee.

Directors must present their resignation to the Board of Directors and, if deemed advisable, formalise their resignation in the following cases:

- (i) When the directors no longer hold the executive positions which their appointment were linked to, or representing shareholders in the case of proprietary directors, or when the reasons for their appointment no longer exist.
- (ii) When they meet any of the legally-defined criteria for incompatibility or prohibition.
- (iii) When they are taken to court for a suspected crime or are the object of disciplinary proceedings due to a serious or very serious incident.

- (iv) When they are seriously disciplined by the Audit Commission as a result of having breached their obligations as directors.
- (v) When their presence in the Board of Directors may affect the Company's credit or reputation or jeopardise its interests.

Directors who terminate their position before the end of their term (be it because they resign or for any other reason) must state their reasons in a letter sent to all directors. Without prejudice to reporting this termination as a relevant fact, the reason therefor must be described in the annual corporate governance report.

**C.1.20 Explain to what extent the annual evaluation of the board has given rise to significant changes in its internal organisation and the procedures applicable to its activities:**

<b>Description of the changes</b>	The annual assessment has not given rise to changes as they were not considered necessary.
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**C.1.20.2 Describe the evaluation process and the areas evaluated by the board of directors, assisted—where applicable— by an external consultant, with regard to the diversity of its composition and duties, operations and the composition of its committees, the performance of the chairperson of the board of directors and the Company's chief executive and the performance and contribution of each director.**

In accordance with Article 5 of the Regulations of the Board of Directors, one of the main missions of the Board of Directors is the general supervisory function highlighting among others overseeing its own organisation and operation.

Article 17 of the Regulations of the Board highlights that the Appointments and Remuneration Committee will organise and coordinate the periodic evaluation of the Chairperson of the Board of Directors and, with this, the periodic evaluation of the Board of Directors, of its members and the CEO of the Company.

The Company does not have an external consultant so the Appointments and Remuneration Committee will directly perform the duty of assessment.

**C.1.20.3 List, where applicable, the business relationships that the consultant or any company in its group maintains with the Company or any company in its group.**

N/A

**C.1.21 State the scenarios in which directors are obliged to resign.**

In accordance with Article 24.3, directors must offer their resignation to the Board of Directors and, if deemed necessary by the latter, present their resignation formally in the following cases:

- (i) When the directors no longer hold the executive positions which their appointment as directors were linked to or when the reasons for their appointment no longer exist. Specifically, in the case of proprietary directors, when the shareholder(s) that proposed, required or determined their appointment sell(s) or transfer(s) their participation partially or in full and, as a consequence, the shareholder(s) no longer hold a significant or sufficient equity participation to justify the appointment.
- (ii) When they meet any of the legally-defined criteria for incompatibility or prohibition.
- (iii) When they are taken to court for a suspected crime or are the object of disciplinary proceedings initiated by the supervisory authorities due to a serious or very serious incident.
- (iv) When they are seriously disciplined by the Audit Commission as a result of having breached their obligations as directors.
- (v) When their presence in the Board of Directors may affect the Company's credit or reputation or in any way jeopardise its interests.

#### C.1.22 Section revoked.

#### C.1.23 Are strengthened majorities, different from legal majorities, required for any kind of decision?

No

Where appropriate, describe the differences.

#### C.1.24 Explain whether there are specific requirements, other than those relating to directors, to be appointed chairperson of the board of directors.

No

#### C.1.25 Indicate whether the chairperson has a casting vote:

Yes

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##### **Matters where there is a quality vote**

In accordance with article 23.6 of the Company Bylaws. Notwithstanding legal provisions relating to majorities, resolutions are adopted by an outright majority of the Directors attending the meeting. In the event of deadlock, the chairperson has the casting vote.

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#### C.1.26 State whether the bylaws or regulations of the board of directors stipulates any limit on the age of directors:

No

**C.1.27 State whether the bylaws or the regulations of the board of directors stipulate a term limit for independent directors, other than the one stipulated in regulations:**

Yes

<b>Maximum number of years in term</b>	12
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**C.1.28 State whether the bylaws or the regulations of the board of directors stipulate specific rules for delegating votes to the Board of Directors, how this is done and, in particular, the maximum number of proxies that can be held by one director, as well as whether there is any limit to the number of categories that can be made proxy, other than the limitations imposed by law. In the event, give a brief outline of these rules.**

Article 23.5 of the Company's Bylaws stipulates that, when absent, directors may arrange to be represented at meetings of the Board of Directors by other directors via written proxy, which, to the extent possible, should contain voting instructions. In any event, non-executive directors may only delegate their representation to another non-executive director.

Furthermore, in accordance with the provisions of Article 19 of the Regulations of the Board, directors shall make every effort to attend meetings of the Board of Directors and, when they cannot attend personally, they shall try to ensure that their representation is conferred upon another member of the same group and includes the relevant instructions. In any event, non-executive directors may only delegate their representation to another non-executive director.

**C.1.29 State the number of meetings held by the Board of Directors during the financial year. Where applicable, state the number of times the Board has met without the Chair in attendance. Include attendance with representation involving specific instructions.**

<b>Number of Board meetings</b>	10
<b>Number of Board meetings without the chairperson in attendance</b>	0

If the chairperson is an executive director, state the number of meetings held without the attendance or representation of any executive director and chaired by the coordinating director

<b>Number of meetings</b>	0
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State the number of meetings held in the year by the various committees of the board:

<b>Committee</b>	<b>No. of meetings</b>
Auditing committee	4
Appointments and remuneration committee	3

**C.1.30 State the number of meetings held by the Board of Directors with all members in attendance during the financial year. Include attendance with representation involving specific instructions:**

<b>Number of meetings with all members in attendance</b>	8
<b>% of attendance out of total votes during the year</b>	80.00%

**C.1.31 State whether the individual and consolidated annual financial statements presented to the board for approval are previously certified:**

Yes

Identify, where applicable, the person/persons who has/have certified the company's individual and consolidated annual financial statements, for their formulation by the board:

Name	Role
Mr Antonio Rubio Merino	Chief financial officer

**C.1.32 Explain, if applicable, the mechanisms stipulated by the Board of Directors to prevent the individual and consolidated accounts it prepares from being presented at the general shareholders' meeting with a qualified auditor's report.**

The Company's Finance Department operates stringent controls over the individual and consolidated accounts to ensure that they are in line with generally accepted accounting principles in Spain and IFRS, and all Prosegur companies are audited by the same auditor: KPMG Auditores, S.L.

Among other duties, the Audit Committee monitors relations with external auditors and, as part of these duties, must supervise the opinion in the audit report on the annual accounts to ensure that it is not qualified, holding any necessary talks with the auditors while the accounts are being prepared.

Lastly, Article 44 of the Regulations of the Board stipulates that the Board of Directors shall seek to provide a final version of the accounts with no scope for qualification in the auditor's opinion. However, when the Board of Directors considers that its own criterion should prevail, it shall publicly explain the content and scope of the discrepancy.

**C.1.33 Is the Secretary to the Board of Directors a director?**

No

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

Name or business name of secretary:	Representative
Ms Sagrario Fernández Barbe	

**C.1.34 Section revoked.****C.1.35 State whether the company has stipulated mechanisms to maintain the independence of external auditors, financial analysts, investment banks and rating agencies.**

The Audit Committee monitors the independence of external auditors, and when it considers it advisable, it requests their presence at its meetings.

In this regard, Article 44 of the Regulations of the Board stipulates that the Board of Directors shall refrain from hiring the services of audit firms whose fees, for all items, are higher than five percent of its total revenues during the last financial year, and it must publicly disclose the global fees which Prosegur has paid to the audit firm for any services other than auditing.

Regarding financial analysts and investment banks as well as with regard to the rating agencies, at present no procedure is established in order to ensure the independence of the same, although Prosegur has always acted transparently with them and their criteria have always been based on the principles of professionalism, solvency and independence in their views.

**C.1.36 State whether, during the year, the Company has changed its external auditor. If so, identify the incoming and outgoing auditor:**

No

If there was a disagreement with the outgoing auditor, describe it:

**C.1.37 State whether the audit firm performs work for the company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the company and/or its group:**

Yes

	Company	Group	Total
Fees for work other than auditing (thousands of EUR)	983	883	1,866
Fees for work other than auditing/Total fees billed by the audit firm (%)	21.00%	18.00%	39.00%

**C.1.38 State whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. Where applicable, state the reasons given by the chairperson of the Audit Committee to explain the content and scope of said reservations or qualifications.**

No

C.1.39 State the number of consecutive financial years that the current auditing firm has been auditing the annual accounts for the company and/or its group Likewise, state the percentage represented by the number of financial years audited by the current auditing firm out of the total number of financial years that the annual accounts have been audited:

	Sociedad	Grupo
Number of consecutive years	7	7
No. of years audited by the current audit firm/No. of years that the company has been audited (%)	23.33%	23.33%

C.1.40 State whether there is a procedure to provide directors with external advice and, if so, give details:

Yes

**Provide details of the procedures**

The procedures are described in detail in Article 27 of the Regulations of the Board.

External directors may request that legal, accounting, financial advisers or other experts be hired, payable by the Company The experts must be commissioned to work on specific problems that are relatively important and complex.

The decision to engage the services of experts must be notified to the Chairperson and may be vetoed by the Board of Directors if it is proven that

- a) It is not necessary for the proper performance by external directors of their assigned duties;
- b) Its cost is not reasonable in light of the importance of the problem and the assets and revenues of the Company; or
- c) The technical assistance required may be adequately provided by the Company's own experts.

C.1.41 State whether there is a procedure for directors to obtain the necessary information to prepare meetings with management bodies sufficiently in advance, and, if so, give details:

Yes

**Provide details of the procedures**

In accordance with Article 18 of the Regulations of the Board of Directors, convening of meetings will be sent at least three days in advance and shall always include the meeting agenda and be accompanied, where appropriate, with the relevant information deemed necessary.

Also the Regulations of the Board establishes in its Articles 26 and 27 information powers of directors and the right to request the assistance of experts.

**C.1.42 State whether the company has stipulated rules to oblige directors to report and, in the event, resign, in scenarios that might damage the credit and reputation of the company, and, if so, give details:**

Yes

**Explain the rules**

In accordance with Article 24.2, sections 3 and 4 of the Rules and Regulations of the Board, directors must offer their resignation to the Board of Directors and, if deemed necessary by the latter, present their resignation formally in the following cases:

- (i) When the directors no longer hold the executive positions which their appointment as directors were linked to or when the reasons for their appointment no longer exist. Specifically, in the case of proprietary directors, when the shareholder(s) that proposed, required or determined their appointment sell(s) or transfer(s) their participation partially or in full and, as a consequence, the shareholder(s) no longer hold a significant or sufficient equity participation to justify the appointment.
- (ii) When they meet any of the legally-defined criteria for incompatibility or prohibition.
- (iii) When they are taken to court for a suspected crime or are the object of disciplinary proceedings initiated by the supervisory authorities due to a serious or very serious incident.
- (iv) When they are seriously disciplined by the Audit Commission as a result of having breached their obligations as directors.
- (v) When their presence in the Board of Directors may affect the Company's credit or reputation or in any way jeopardise its interests.

Directors must inform the Board of Directors of any court proceedings they are defendants in and any disciplinary proceedings initiated by the supervisory authorities due to a serious or very serious incident. In both events, the directors must inform of any subsequent actions. If a legal action were initiated against a director or an order to proceed to a public hearing were issued due to any of the crimes listed in the legislation on companies, the Board of Directors must analyse the case as soon as possible and, based on the specific circumstances, decide whether or not the director must retain his/her position. All details shall be carefully described in the annual corporate governance report.

**C.1.43 State whether any member of the Board has notified the Company that he/she is involved in legal proceedings or has been indicted in respect of any of the offences listed in Article 213 of the Spanish Companies Act:**

No

State whether or not the Board of Directors has analysed the case. If so, explain the reasoning behind the decision on whether or not the director should remain in his/her post and, where applicable, explain the Board of Directors' actions to date or planned actions.



**C.1.44 List any significant agreements entered into by the Company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.**

Credit agreement for EUR 400 million, between Prosegur Compañía de Seguridad, S.A. and a syndicate of credit institutions, with last novation dated 18 March 2015. At 31 December 2016, the capital drawn down amounted to EUR 50 million. In the event of a change of control, creditors would no longer be obliged to make the arranged amounts available to the Company and they would be entitled to request early repayment.

Syndicated loan contract worth EUR 600 million, between Prosegur Cash, S.A. and a syndicate of accrediting entities, dated December 20, 2016. In the event of a change of control, creditors would no longer be obliged to make the arranged amounts available to the Company and they would be entitled to request early repayment.

Issuance of bonds by Prosegur Compañía de Seguridad, S.A. on 2 April 2013, in the amount of EUR 500 million, maturing on 2 April 2018. In the event of a change of control, bondholders would be entitled to request the retrospective sale of the bonds if the change of control is accompanied by the loss of investment grade rating (BBB-).

**C.1.45 List and provide details of any agreements between the company and its management or employees that envisage severance payments, guarantee or golden parachute clauses, when they resign or are dismissed improperly, or when the contractual relationship ends because of a takeover bid or other kind of transaction.**

Number of beneficiaries: 0

Type of beneficiary:

N/A

Description of the agreement:

N/A

State whether these contracts must be notified to and/or approved by the governing bodies of the company or its group:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	Yes	No
Is the General Shareholders' Meeting informed about the clauses?		No

**C.2 Board of Directors' committees**

**C.2.1 Provide details of all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors they comprise:**

## Auditing committee

Name	Role	Category
Mr Eugenio Ruiz-Gálvez Priego	Chair	Independent
Mr Pedro Guerrero Guerrero	Member	Independent
Mr Isidro Fernández Barreiro	Member	Other External
<b>% of proprietary directors</b>		0.00%
<b>% of independent directors</b>		66.67%
<b>% of other external directors</b>		33.33%

Explain the duties assigned to this committee, describe the organisational and operational procedures and rules for the same and summarise its most important actions during the financial year.

In with Article 16 of the Regulations of the Board:

1. The Audit Committee will comprise, at least, three and, at most, five non-executive directors. The members, and especially its Chair, shall be appointed based on their knowledge and experience in accounting, auditing or risk management. Most of its members must be independent directors.
2. The Board shall appoint the Chairperson of the Audit Committee from among the independent directors. The term of office shall be 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.
3. The Audit Committee shall perform the following basic duties:
  - a) To report to the General Shareholders' Meeting on questions raised regarding areas of their competence.
  - b) Ensure that the Board of Directors shall present the accounts to the General Shareholders' Meeting without limitations or qualifications in the audit report.
  - c) Bring proposals for the selection, appointment, re-election and replacement of the external auditor before the Board of Directors and the conditions of their employment.
  - d) As for the external auditor: (I) consider, where appropriate, the reasons for his resignation; (ii) ensure that their remuneration does not compromise their quality and independence; (iii) monitor that the Company reports any change of auditor as a significant event to the CNMV (iv) ensure that the external auditor holds an annual meeting with the Board to communicate their work and the evolution of the accounting situation and risks of the Company; (V) monitor compliance with the audit contract; and (vi) Ensure that regulations concerning the provision of various services respecting the audit.
  - e) Establish and maintain appropriate relations with the external auditor on the terms contemplated in the law.
  - f) Issue an annual report, before the account audit report, stating whether or not the auditor's independence is compromised.
  - g) Supervise the internal audit work.
  - h) Supervise the process for drawing up and submitting mandatory financial information.
  - i) Supervise the efficiency of the Company's internal control and risk management systems, including tax risk, presented, where appropriate, recommendations to the Board of Directors.
  - j) Oversee the operation of the risk control and management unit.

- k) 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.
  - l) Inform the Board of Directors beforehand of any matters required by law and the corporate by-laws.
  - m) To review offering prospectuses and any other relevant information that the Board of Directors must supply to the markets and its supervisory bodies.
  - n) Establish and oversee a mechanism whereby staff can report, confidentially and if appropriate anonymous, any irregularity with potentially serious implications.
  - o) Assess the adequacy of the corporate governance system of the company and oversee the compliance with the company's internal codes of conduct and corporate governance rules.
  - p) Oversee the strategy for communicating and maintaining relationships with shareholders and investors, including small- and medium-sized shareholders.
  - q) Review the company's corporate social responsibility policy.
  - r) Evaluate all matters relating to the company's non-financial risks.
  - s) Coordinate the process for reporting non-financial information and information about diversity according to the applicable regulations and the leading international standards.
4. The Audit Committee shall meet periodically and at least four times a year.
  5. Any member of the Company's or Group's management team or staff, including the auditor, required to do so must attend the Audit Committee meetings and collaborate and provide access to the information they have access to.
  6. To better perform its duties, the Audit Committee may request advice from external professionals. In this event, Article 27 herein shall apply.
  7. The Chair of the Audit Committee must inform the Board of Directors of the topics discussed and the decisions made by the Committee during the first Board meeting after the Committee's session. Additionally, the Audit Committee's minutes must be available to the directors.

Identify the director on the audit committee who was appointed taking into account his or her knowledge and experience in the area of accountancy, audit or in both and report on the number of years that the Chairperson of this committee has been in the role.

<b>Name of the director with experience</b>	Mr Eugenio Ruiz-Gálvez Priego
<b>No. of years the Chairperson in role</b>	1

#### Appointments and remuneration committee

Name	Role	Category
Mr Pedro Guerrero Guerrero	Chair	Independent
Ms Helena Irene Revoredo Delvecchio	Member	Proprietary
Mr Isidro Fernández Barreiro	Member	Other external
Mr Eugenio Ruiz-Gálvez Priego	Member	Independent
Mr Fernando Vives Ruiz	Member	Independent
<b>% of proprietary directors</b>		20.00%
<b>% of independent directors</b>		60.00%
<b>% of other external directors</b>		20.00%

Explain the duties assigned to this committee, describe the organisational and operational procedures and rules for the same and summarise its most important actions during the financial year.

In accordance with Article 17 of the Regulations of the Board:

1. The Appointments and Remuneration Committee consists of between three and five non-executive directors appointed by the Board of Directors. They must have the knowledge, skills and experience necessary for performing their duties in the Committee. Most of the members of the Appointments and Remuneration Committee must be independent directors.
2. The Board of Directors shall appoint the Chair of the Appointments and Remuneration Committee from among the independent directors that are part of the Committee.
3. Without prejudice to the duties assigned by the Board of Directors, the Appointments and Remuneration Committee shall perform the following basic duties:
  - a) Assess the skills, knowledge and experience of the Directors.
  - b) Inform the Board of Directors about matters in connection with gender diversity and set a representation objective for the least represented gender in the Board of Directors.
  - c) Submit proposals for appointments to the Board of Directors (independent directors for appointment by co-option or submission to the General Shareholders' Meeting), and submit proposals for re-electing or terminating the appointment of these directors to be decided by the General Shareholders' Meeting.
  - d) Report on the proposed appointments, re-election and removal the remaining directors of the Company.
  - e) On an annual basis, verify compliance with the policy on the selection of directors and report thereon in the annual corporate governance report.
  - f) Submit proposals for appointments and removal of positions in the Board of Directors and submit proposals for the members of each of the Board's committees to the Board of Directors.
  - g) Examine and organise the succession of the Chairperson of the Board of Directors and Chief Executive of the Company.
  - h) Organise and coordinate the periodic assessment of the Board's Chair and, in conjunction, the periodic assessment of the Board of Directors, its members and the Company's top executive.
  - i) Submit proposals to the Board of Directors for appointments and termination of appointment of senior executives and the basic terms and conditions of their contracts.
  - j) Submit a proposal to the Board of Directors for the remuneration policy for directors and general managers or senior managers that are directly subordinate to the Board, to executive committees or managing directors; and submit a proposal for individual remuneration and other contractual terms and conditions for executive directors and ensure compliance therewith.
  - k) Check that the Company's remuneration policy is complied with.
  - l) Periodically review the remuneration policy for directors and senior executives, including remuneration schemes with or referenced to Company shares and the application thereof; analyse their suitability and pay and ensure that their individual remuneration is proportional to the remuneration of other Company directors and senior executives.
  - m) Check the information about remuneration for directors and senior executives in corporate documents, including the annual report on remuneration for directors.
  - n) Report on transactions that involve or may involve conflicts of interest.
  - o) Ensure that possible conflicts of interest do not compromise the independence of external advisory services provided, when appropriate, to the Committee.
4. The Appointments and Remuneration Committee must consider the suggestions from the Chair, the members of the Board of Directors, executives or shareholders.

5. The Appointments and Remuneration Committee shall consult with the Chair of the Board of Directors and the Company's top executive, especially in matters relating to the executive directors and senior executives.
6. The Appointments and Remuneration Committee shall meet every time the Board of Directors or its Chair request a report or that proposals be adopted and, in any event, whenever it is advisable for correct performance of its duties. In any case, it will meet once a year.
7. The Chair of the Appointments and Remuneration Committee shall inform the Board of Directors about any issues discussed and decisions made by the Committee. Additionally, the Committee's minutes must be available to the directors.

**C.2.2 Complete the following table with information on the number of women directors sitting on the Board of Directors' committees over the past four years:**

	No. of female directors							
	Financial year 2016		Financial year 2015		Financial year 2014		Financial year 2013	
	Number	%	Number	%	Number	%	Number	%
Auditing committee	0	0.00%	0	0.00%	0	0.00%	1	25.00%
Appointments and remuneration committee	1	20.00%	1	20.00%	1	20.00%	1	20.00%

**C.2.3 Section revoked.**

**C.2.4 Section revoked.**

**C.2.5 State, where applicable, the existence of regulations of the Board of Directors' Committees, the location where they may be consulted, and any changes made during the year. State whether an annual report on the activities of each committee has been drafted voluntarily.**

**Appointments and remuneration committee.**

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Regulations of the Board of Directors (Article 17); both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market.

Commission (CNMV).The Board of Directors of February 24, 2016 approved the amendment of Article 17 of the Regulations of the Board of Directors.

**Executive committee.**

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Regulations of the Board of Directors (Article 15); both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

**Auditing committee**

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Regulations of the Board of Directors; both these documents are available for consultation on the

Company's website, and on the website of the Spanish Securities Market Commission (CNMV). The Board of Directors of February 24, 2016 approved the amendment of Article 17 of the Regulations of the Board of Directors.

C.2.6 Section revoked.

## D. Related-party and intra-group transactions

**D.1 Explain, where applicable, the procedure for approving related-party and intra-group transactions.**

**Procedure for approving related-party transactions**

In accordance with Article 5 and 39 of the Regulations of the Board of Directors, after a report has been submitted by the Appointments and Remuneration Committee, the Board is empowered to approve the transactions completed between the Company or the group's companies and its directors (in compliance with Articles 229 and 230 of the Spanish Companies Act), or shareholders that hold a significant equity participation (either individually or as a group), including shareholders that are represented in the Company's Board of Directors or the Board of Directors of other companies in the same group, or transactions with people related to these ("related-party transactions"), in accordance with the terms and conditions herein.

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

**D.2 Provide details of transactions that are significant either because of their amount or their content, between the company or group companies and significant shareholders in the company:**

Name or business name of significant shareholder	Name or business name of company or member of its group	Nature of the relationship	Type of transaction	Amount (thousands of EUR)
Gubel, S.L.	Proactinmo, S.L.	Commercial	Operating leases	1,859
Gubel, S.L.	Euroforum Escorial, S.A.	Commercial	Provision of services	87

**D.3 Provide details of transactions that are significant either because of their amount or their content, between the company or group companies and the directors or executives of the company:**

Name or business name of the directors or executives of the company	Name or business name of related party	Relationship	Nature of the transaction	Amount (thousands of EUR)
Ms Helena Irene Revoredo Delvecchio	Proactinmo, S.L.U.	Controla Proactinmo, S.L.U.	Operating leases	1,859
Mr Christian Gut Revoredo	Proactinmo, S.L.U.	Its parent controls Proactinmo, S.L.U.	Operating leases	1,859
Ms Chantal Gut Revoredo	Proactinmo, S.L.U.	Its parent controls Proactinmo, S.L.U.	Operating leases	1,859
Ms Helena Irene Revoredo Delvecchio	Euroforum Escorial, S.A.	It controls Euroforum Escorial, S.A.	Provision of services	87
Mr Christian Gut Revoredo	Euroforum Escorial, S.A.	Its parent controls Euroforum Escorial, S.A.	Provision of services	87
Ms Chantal Gut Revoredo	Euroforum Escorial, S.A.	Its parent controls Euroforum Escorial, S.A.	Provision of services	87

**D.4 Provide details of transactions that are significant executed by and between the company and other companies of the same group, provided they are not removed during the process of preparing the consolidated financial statements and are not part of the company's normal business in respect of their purpose and terms.**

In any event, any intra-group transaction performed with companies located in countries considered to be tax havens shall be notified:

**D.5 State the amount of transactions conducted with other related parties.**

0 (in thousands of euros).

**D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or the group and its directors, executives or significant shareholders.**

In accordance with the provisions of article 33 of the Regulations of the Board of Directors, the director must notify the Board of Directors, through the Chair or Secretary to the Board, of any situation of conflict of interest, direct or indirect, he/she finds himself/herself in.

To detect, determine and resolve possible conflicts of interest with directors, the Regulations of the Board of Directors of Prosegur Compañía de Seguridad, S.A. establish certain mechanisms:

- Disclosure obligations: in accordance with Article 38 of the aforementioned Rules and Regulations, the directors must notify the Company of all the posts they hold and all the activities they perform at other companies or entities and, in general, of any other fact or situation that may prove relevant for their actions as administrator of the Company.
- Obligations to abstain: in accordance with article 33 of the Regulations of the Board of Directors: unless they have obtained the waiver stipulated in Article 230 of the Spanish Companies Act, directors must refrain from:

- a) performing transactions with the Company except for ordinary operations under standard conditions for the customers that are not very relevant; this means transactions whose information is not necessary to present fairly the company's assets, financial situation and P&L;
- b) obtaining advantages or remuneration from third parties outside of the Company and its group in connection with their duties, except for simple gestures of courtesy; and
- c) in general, attending and participating in decision-making and voting that affect matters which place them in a position of conflict of interest.

With regard to significant shareholders, Article 39 of the Rules and Regulations of the Board stipulates that it is up to said body to be informed of any transaction by the Company with a significant shareholder and/or with any other related party in accordance with applicable regulations, and no transactions may be authorised unless a report has previously been issued by the Appointments and Remuneration Committee, assessing the transaction from the standpoints of equality of treatment of shareholders and market conditions.

#### D.7 Is more than one of the Group's companies listed in Spain?

No

Identify subsidiaries that are listed in Spain:

##### Listed subsidiary

State whether the respective areas of activity and possible business relations between them have been publicly and accurately defined, as well as those of the listed dependent company with the other companies in the group;

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**Define the potential business relations between the parent company and the listed subsidiary, and between the latter and the rest of the companies in the group**

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#### D.8 Identify the mechanisms in place to solve possible conflicts of interest between the listed subsidiary and the other companies in the group:

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**Mechanisms to solve potential conflicts of interest**

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## E. Risk management and control systems

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### E.1 Outline the scope of the Company's Risk Management System, including tax risk.

Prosegur considers that the efficient management of risks is key to ensure the creation of value and to guarantee the Company's success. For this purpose, it has a robust risk management and control system implemented in its various areas of activity. The Company analyses, controls and assesses the relevant factors that might affect



its daily management to meet its business objectives. Accordingly, it safeguards the assets and interests of customers, employees and shareholders.

Prosegur's Risk Management System works comprehensively and continuously, consolidating management by area, business unit, activity, subsidiaries, geographical areas and areas of support at corporate level.

### **E.2 Identify which corporate bodies are responsible for preparing and executing the Risk Management System, including tax risk.**

Board of Directors, Audit Committee, Corporate Risk Committee and the unit for the internal risk management and control function.

### **E.3 State the main risks, including tax risk, that might affect the achievement of the business objectives.**

1. Transactions in markets with a temporary reduction in the demand for security services. Target volumes not met for organic business.
2. Transactions in highly competitive markets. Pressure on prices and margins.
3. Difficulty obtaining expected results for alarms business.
4. Inadequate management of indirect costs.
5. Adverse regulatory changes. Increase in the intervention of governments or regulators.
6. Transactions in highly regulated markets. Risk of non-compliance with regulations, including applicable tax regulations in each market and/or as a group.
7. Failures or incidents in the IT infrastructure.
8. Incidents involving assets held or loss of cash.
9. Loss or theft of own or customers' confidential information. Cyberattacks and computer and security faults.
10. Decline in liquidity generation or in cash management.
11. Reputational risks. Negative publicity regarding name. Loss of brand value.

### **E.4 Identify whether the company has a risk tolerance level, including tax risk.**

Prosegur has defined a model for the identification of critical risk and a procedure for the evaluation and supervision of its management through key risk indicators. The identification of critical risks and their prioritisation is updated annually according to a model that, basically, considers the risks related to Prosegur's main business and corporate objectives. The indicators-based evaluation model identifies significant parameters (indicators) that provide a useful measure of how each risk is managed. The indicators are chosen considering that (i) they may be applied consistently in all countries, (ii) they allow measurable comparisons to be made over time and between countries, and (iii) they allow the persons responsible to evaluate risk management and anticipate situations of non-compliance with objectives that are relevant for Prosegur.

According to the above criteria, the indicators are usually:

- Values that may be easily obtained from accountancy or other similarly reliable records.
- Budgeted figures, which allows limits to be defined for the indicator.

As a general rule, the tolerance levels (acceptable risk level) are defined considering a percentage of the limit of the indicator in each country. These tolerance levels are consistent with economic indicators used in the application of local and corporate incentive programmes.

In the case of risks that do not allow for indicators to be identified with the general criteria that has been defined, the party responsible for managing them proposes alternative methods for the assessment and supervision of their management that are validated by the Corporate Risk Committee.

#### **E.5 State what risks, including tax risk, have materialised during the year.**

Risks that have materialised during the year are circumstantial to the business model, Prosegur's activity and the markets in which it operates, mainly due to incidents involving assets held, so that they tend to recur in each financial year. The risk control and mitigation systems planned for these risks have worked adequately, and consequently none of them has had a significant impact either on Prosegur's activity or on its results.

#### **E.6 Explain the response and supervision plans for the company's main risks, including tax risk.**

Prosegur periodically and repeatedly identifies, evaluates and prioritises the risks it considers to be critical, considering their impact on relevant objectives, in particular:

Depending on the type of risk and its relevance, Prosegur management and the parties directly responsible for its management have established appropriate procedures to allow the effects of any risk that may materialise to be prevented, detected, avoided, mitigated, compensated or shared.

The results of risk management and control are periodically reviewed and analysed by the Corporate Risk Committee. The whole risk management system and its results are supervised by the Audit Committee.

## **F. Internal risk management and control systems in relation to the process of financial reporting (ICFR)**

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Describe the mechanisms that make up the risk management and control systems in relation to the process of financial reporting (ICFR) of the company.

### **F.1 The company's framework of control**

State the main characteristics of, at least:

**F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of proper and effective ICFR; (ii) its implementation; and (iii) its supervision.**

Article 5 of the Regulations of the Board of Directors stipulates that said body has a general supervisory function. Except for the matters which are reserved for the General Shareholders' Meeting, the Board of Directors is the Company's top decision-making body.

For this purpose, Article 5 of the Regulations of the Board of Directors stipulates that the Board of Directors undertakes to carry out the following duties directly: determining "the Company's general policies and strategies and, in particular, the risk management and control policy, including tax risk, as well as the periodic monitoring of internal information and control systems."

Article 16 of the Regulations stipulates that the Audit Committee shall have, among others, the responsibility to "oversee the preparation and presentation of mandatory financial information and submit recommendations or proposals to the administration body 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; reviewing compliance with regulations, and ensuring correct delimitation of the consolidation perimeter and the correct application of accounting criteria, with the Board of Directors being duly informed thereof; "overseeing the efficacy of the Company's internal control and the risk management systems (including tax risks) and discussing 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"; "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."

#### **F.1.2. Whether, most notably in relation to the process of financial reporting, the following elements are in place:**

- Departments and/or mechanisms involved: (i) design and review of organisational structure; (ii) clear definition of lines of responsibility and authority, with adequate distribution of tasks and duties; and (iii) sufficient procedures for their proper dissemination inside the company.

Pursuant to its regulations, the Board of Directors of Prosegur undertakes, in particular, to directly appoint and terminate the appointment of the Company's managing directors and define the terms and conditions of their contracts. Appoint and terminate the appointment of executives that report directly to the Board of Directors or any of the directors, and define the basic contractual terms and conditions, including remuneration.

The design and review of the organisational structure and definition of the lines of responsibility and authority are proposed by the Managing Director and validated by the Appointments and Remuneration Committee.

The responsibilities or duties, as well as the profile and skills necessary for each post are defined by each direct superior and approved by the area managers with the help of experts from the Human Resources Department and approved by the corresponding Human Resources Division.

The description and evaluation of the post (and therefore the review of the organisational structure, job map and job descriptions) are performed and updated when those in charge of the post notify the Human Resources Division.

This organisational structure is represented in a chart showing the relationships between the various departments, businesses and support activities belonging to Prosegur. An organisation chart of the Company is located on the corporate Intranet and accessible by the personnel it affects.

- Code of Conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the record of operations and preparation of financial information), body in charge of analysing non-compliances and proposing corrective actions and penalties.

Prosegur's Board of Directors approved a Code of Ethics and Conduct applicable to all companies belonging to the Prosegur group in all businesses and activities performed by Prosegur in all the countries where it operates. It is binding upon all members of the governing bodies, executives and personnel of Prosegur.

The Code of Ethics and Conduct provides a guideline on how all Prosegur professionals should conduct themselves. It evidences the company's commitment to conduct itself, at all times, in line with common principles and standards in its relations with stakeholders affected by its activities: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates. At the proposal of the Audit Committee, on 28 October 2013, a revised version of the Code of Ethics and Conduct was approved by the Board of Directors of Prosegur.

All Prosegur's professionals are obliged to know, subscribe to and comply with the Code of Ethics and Conduct, and to collaborate in facilitating its implementation, as well as to notify possible non-compliances of which they are aware.

The Code stipulates that, whomsoever, by action or omission, breaches the Code of Ethics and Conduct, shall be subject to the disciplinary measures that, in accordance with current labour regulations and internal policies and procedures, are applicable in each case. All reported non-compliances shall be analysed through an enquiry process conducted by a team of impartial experts led by the compliance official, who will present his/her findings and, in the event, propose any corrective measures to be implemented, notifying the persons who have identified or reported the non-compliance.

Within the legal compliance section of the Code of Ethics and Conduct, express reference is made to the preparation of financial information in a thorough, clear and accurate manner, using the appropriate accounting records, and its dissemination through transparent communication channels that enable the market and, in particular, Prosegur's shareholders and investors to permanently access it.

Likewise, the section concerning the use and protection of resources refers to the need to ensure that all economically significant transactions performed on Prosegur's behalf are listed clearly and accurately in the appropriate accounting records representing a true and fair view of the transactions performed, and that they are available to the internal and external auditors.

The Code of Ethics and Conduct is available on Prosegur's corporate website and has been disseminated to all Prosegur workers through numerous actions aimed at spreading awareness of it and having employees sign it.

In 2014, a plan to implement and disseminate the Code of Ethics and Conduct was developed, including the following actions:

- Approval of a new, revised version of the Code of Ethics and Conduct by the governing bodies of all the group companies in countries where Prosegur operates.
- Announcement to disseminate the new version of the Code of Ethics and of Conduct to all Prosegur employees through various media: Intranet, website, corporate magazines, noticeboards, e-mail, etc.
- Signing of the Code of Ethics and Conduct by all employees through various means.
- Continuing in-person training on the courses imparted by the Regulatory Compliance and Human Resources Departments and online through courses run by Prosegur Corporate University.

In 2016, dissemination and training actions in relation to the Code of Ethics and of Conduct continued in all the countries where Prosegur operates.

- Complaints channel, allowing the audit committee to be notified of financial and accounting irregularities, in addition to potential breaches of the Code of Conduct and irregular activities within the organisation, stating, where applicable, whether this is confidential in nature.

Prosegur has a Complaints Channel in place to enable any person to safely and confidentially report any acts that are irregular, unlawful or which contravene the ethics and conduct code of Prosegur of which they may become aware, including any of a financial and accounting nature which take place in the performance of the activities of the Company.

The Complaints Channel consists in a form that is available on the website [www.prosegur.com](http://www.prosegur.com), which is permanently open, allowing the confidentiality required for each situation and the necessary anonymity to protect persons using it.

The Internal Audit Department confidentially manages communications received and conveys its findings to the Audit Committee.

- Training and periodic continuing learning programmes for personnel involved in preparing and revising financial information, and evaluation of ICFR, covering at least accounting standards, auditing, internal control and risk management.

Prosegur pays particular attention to continuing training and the development of its professionals for the proper performance of their functions.

Specifically, personnel belonging to the Finance Department (mainly the tax and financial reporting section), and the Audit Department continually attend training sessions to keep abreast of regulatory and legal changes.

The Company has cooperation agreements with other organisations that allow it to constantly refresh the knowledge of employees involved in preparing and revising the financial information.

Prosegur's management of training processes is centralised through the Prosegur Corporate University. The University hosts the Financial Community, aimed at professionals who form part of the financial and economic areas in the countries where the Company has a presence. The main objectives of the Financial Community are to standardise financial processes and to update the criteria for accounting, tax, financial and control and risk management, and international standards.

In 2016, persons involved in the preparation, review and reporting of financial information received various updates and attended courses on new regulatory developments that took place throughout the year.

## F.2 Evaluation of financial reporting risks, at a minimum, of:

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

- Whether such a process exists and is documented.

Every year, the Finance Department identifies, using the ICFR scope matrix, the risks affecting financial reporting from the standpoint of accounting records and potential non-compliance with accounting standards and, after analysis of these risks, it documents the design of controls to mitigate the same along with the corresponding evidence.

- Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and whether and how often it is updated.

The ICFR scope matrix is aimed at identifying the accounts and entries that have significant risk associated with them, whose potential impact on financial reporting is material and, which therefore require special attention. In this regard, in the process of identifying the significant accounts and breakdowns a series of quantitative variables (balance of the account) and qualitative variables (complexity of transactions; changes and complexity of regulations; need to use estimates or projections; application of judgement and qualitative importance of the information) are considered.

This ICFR scope matrix is based on the balance sheet and consolidated income statement included in the latest audited Consolidated Financial Statements that are available. Said matrix is updated every year, after the Consolidated Financial Statements are prepared. In 2016, the scope matrix was last updated based on the figures contained in the Financial Statements on 31 December 2015.

For each of these significant accounts and breakdowns included in the scope matrix, the associated critical processes and sub-processes have been defined, and the risks that might generate errors and/or fraud in financial reporting have been identified, covering all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations).

- The existence of a process of identification of the consolidation scope, considering, among other aspects, the possible existence of complex corporate structures, or instrumental or special purpose vehicles.

The identification of the consolidation perimeter is carried out each month. The changes in the consolidation perimeter are recorded in the Group consolidation software system, where the map of the structure of ownership of the companies within the perimeter is permanently updated. The Business Development Management along with the Legal Department Management are responsible for reporting to the Economic and Financial Management the transactions carried out within this scope and which affect the structure of the group and the consolidation perimeter.

The Finance Department, through the Tax Department, keeps a record of all the entities included in the consolidation perimeter, the means of control or influence, the legal format and the type of direct or indirect participation of all the companies. It is continuously updated and allows historical changes in the perimeter to be tracked.

- Whether the process takes into account the effects of other risk types (operating, technological, financial, legal, reputational, environmental, etc.) to the extent they affect the financial statements.

Prosegur has a Corporate Risk Committee that reports to the Audit Committee the results of the regular assessment of critical risk management. Prosegur identifies and prioritises all kinds of critical risks every year (operational, financial, strategic, regulatory compliance, technological and others) that, were they to materialise, might have an adverse effect on the achievement of relevant objectives for the Company.

- Which of the company's governing bodies supervises the process?

Supervision of ICFR is the responsibility of the Audit Committee. The Internal Audit Management Department uses specific programs to verify the internal control of financial information under the supervision of the Audit Committee.

### F.3 Control activities

State, indicating their main characteristics, whether there are at least:

**F.3.1. Review and authorisation procedures for financial reporting and the description of ICFR, to be published in securities markets, indicating those responsible for them, and documentation describing the flows of activities and controls (including those relating to the risk of fraud) of the various group of transactions that might have a material impact on the financial statements, including the procedure for account closure and the specific review of relevant judgements, estimates, valuations and projections.**

The parent company's annual financial statements, Prosegur's consolidated annual financial statements and the half-yearly financial reports are all reviewed by the Audit Committee prior to being prepared by the Board of Directors, in accordance with Article 16 of their Regulations.

The Audit Committee reviews any other relevant information prior to publication through the regulatory bodies.

The Board of Directors approves and, where applicable, formulates the financial information presented, which is later published via the Spanish Securities Markets Commission and presented to third parties.

Prosegur conducts periodic reviews of the financial information it prepares, as well as the description of ICFR, in accordance with various levels of responsibility in order to ensure information quality. The Finance Department is in charge of preparing the description of ICFR in coordination with the departments involved. This process culminates in the review by the Audit Committee and it is, therefore, also approved in the Annual Corporate Governance Report, validated by the full Board of Directors.

The Finance Department has described the flow of activities and controls on significant transactions which affect the financial statements. The documentation of these flows defines the applicable rules of action and the information

systems used for the process of closing accounts. Personnel involved in the process of preparing financial information are continuously trained and informed with regard to the procedures for the accounting closure of Individual and Consolidated Financial Statements and Accounts. The documents detail the basic areas for preparing, reviewing and approving consolidated accounting closures and accounting closures for companies belonging to the Group.

Prosegur discloses financial information to the securities markets on a quarterly basis. The Finance Department is ultimately responsible for financial reporting. In the description of the flow of activities in the accounting closure process, the control activities that ensure the reliability of the information are defined. The corporate areas within the Finance Department analyse and supervise the information prepared. The Finance Department has documented the risk of error or fraud in financial reporting and the controls that affect all critical processes/sub-processes. These processes cover the various kinds of transaction that may have a material impact on the financial statements (acquisitions, sales, personnel expenses, etc.), and the specific consolidation and reporting process.

In this regard, Prosegur has identified all the processes necessary to prepare the financial information, in which it has used relevant judgements, estimates, valuations and projections, considering all of them to be critical.

The documentation of each of these critical processes comprises:

- A description of each of the sub-processes linked to each process.
- Details of the information systems affecting sub-processes.
- Details of the internal procedures and rules approved by the Department, and regulating said sub-processes.
- Description of the key and non-key controls mitigating each of the risks identified.

For each control, the following have been identified:

- Organisational structures and/or functions of persons in charge of each of the key and non-key controls identified.
- Frequency of the controls.
- Level of automation of the controls.
- Type of control: preventive or detective.

The specific review of the relevant judgements, estimates and valuations for quantifying goods, rights and obligations, revenues and expenses and any other commitments listed in the Individual and Consolidated Annual Financial Statements is performed by the Financial Department with the collaboration of the rest of Prosegur's Support Departments. Assumptions based on business performance are analysed jointly with the Business Departments.

The Chief Financial Officer and the Managing Director analyse the reports issued and approve financial information before it is presented to the Audit Committee and the Board of Directors.

### **F.3.2. Internal control policies and procedures concerning information systems (including access security, tracking of changes, operation thereof, operating continuity and segregation of functions) that underpin the company's significant processes in relation to the preparation and publication of financial information.**

One of the specific functions of the Risk Management Department is the continuous evaluation of the part of the internal control system linked to information systems, which include support to the issuance of financial information.



There is an Information Security Committee which is a management body comprising representatives from all the substantive areas of Prosegur.

This Committee is responsible for:

- Aligning the information security objectives with the main strategic business lines.
- Approaching Prosegur's information security as a global activity integrated within the business.
- Coordinating and approving the proposals received for projects linked to information security.
- Providing the necessary resources for developing information security initiatives.
- Identifying and evaluating security risks in respect of business needs.

The Information Security Committee monitors all these functions through a Master Plan. The 2015–2017 Information Security Master Plan is currently being implemented.

Control of access to information systems is managed by assigning a personalised user name and password. Internal audits are conducted on the process for controlling access to the systems at least once a year. A procedure is in place to control access to the Prosegur data processing centre; access is restricted to authorised personnel and all access is recorded.

There is a process in place for managing changes to software applications before the systems are put into production.

Prosegur systems and information are backed up and in a redundant infrastructure that allows business continuity.

As part of its continuous improvement, Prosegur will continue to strengthen the information security management process in all countries and systems with financial impact.

### **F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, and those aspects of evaluation, calculation or valuation commissioned to independent experts that might have a material impact on the financial statements.**

The recurring activities in the process of preparation of financial information are not outsourced by Prosegur. Occasionally Prosegur requests advice from independent experts in situations of the following kind:

- a) Evaluation of the tax impact of corporate restructuring transactions.
- b) Tax advice for subsidiaries in preparing tax returns subject to specific regulations.
- c) Estimates of the fair value of certain assets, branches of activity or business.
- d) Verification of the efficacy of the money laundering prevention system.
- e) Valuation of the allocation of the purchase price of the new companies.

When hiring external advisers, depending on the amounts involved, decision-making processes involve the consideration of at least three proposals from the cost and professional qualification standpoints. Prosegur only uses the services of experts for work that underpins valuations, judgements or accounting calculations when they are registered with the relevant collegiate or similar bodies, and when they are from companies of recognised prestige in the market.

The corporate Finance and Legal Departments supervise the results of evaluations, calculations or valuations

performed by third parties in the accounting, legal and tax areas. In addition, the relevant departments of Prosegur have adequate personnel to validate the conclusions of the reports issued.

#### F.4 Information and communication

State, indicating their main characteristics, whether there are at least:

**F.4.1. A specific function for defining and refreshing accounting policies (accounting policy department or area) and resolving doubts or conflicts deriving from their interpretation, maintaining a fluid communication with the persons responsible for the operations within the organisation, and an up-to-date accounting policies manual, communicated to the business units through which the company operates.**

The Corporate Financial Reporting Department, which is an integral part of the Finance Department, is responsible for preparing, issuing, publishing and later implementing the Accounting Standards applicable to Prosegur under the internal certification of the 3P process management system (Prosegur's Policies and Processes). It also analyses and resolves the queries, doubts or conflicts regarding the interpretation and appropriate application of each of the policies.

Among the functions of the Corporate Financial Reporting Department is the analysis of International Accounting Standards, in order to comply with:

- The establishment of Support Standards or procedures to help personnel in relation to the process of preparing financial information.
- The analysis of transactions requiring specific accounting treatment.
- The resolution of queries regarding the application of specific accounting standards.
- The evaluation of possible future impacts on the financial statements, as a result of new developments or changes to international accounting standards.
- The list of external auditors in relation to the criteria applied, and the accounting estimates and judgements.
- The resolution of any doubt arising from the various interpretations of the standards.

Prosegur's accounting manual is updated annually. There is good communication with all of the managers involved in preparing financial information and updates made after the latest changes to regulations are also distributed and made available to employees with accounting duties.

**F.4.2. Mechanisms to compile and prepare financial information with standardised formats, for application and use by all units of the company or group which support the main financial statements and the notes thereto, as well as detailed information on ICFR.**

The process of compiling and preparing consolidated financial information is centralised. The first phase of this process begins at the subsidiaries of the Prosegur Group, based on enterprise resource planning (ERP) platforms under the supervision of the Financial Department, which ensures that the financial information of the companies is reliable, complete and consistent. Based on the subsidiaries' financial statements, and through IT systems programmed to extract and aggregate data, the individual and consolidated financial statements are compiled and analysed.

There is a half-yearly reporting process for obtaining the necessary information for the line items of the consolidated annual accounts and half-yearly report. Prosegur's Accounting Plan is applied at all Prosegur's subsidiaries for the purposes of compiling information for the consolidation of financial statements.

## F.5 Supervision of the system's operation

State the main characteristics of, at least:

**F.5.1. The ICFR supervisory activities performed by the audit committee and whether the company has an internal audit function that supports the committee in its oversight of the internal control system, including ICFR. There is also information on the scope of the evaluation of ICFR in the year and the procedure for the person in charge of the evaluation to convey the findings, whether the company has a plan of action detailing the possible corrective measures, and whether the impact on financial reporting has been considered.**

In accordance with the provisions of Article 16.3 of the Regulations of the Board of Directors, among the basic responsibilities of the Audit Committee are the following:

- 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 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.
- 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 his/her work; (iii) oversee that the Company informs the Spanish National Securities Market Commission 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 yearly basis to report about his/her 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 content of the audit report is written clearly and accurately; and (vi) ensure that the Company and the external auditor comply with applicable rules on audit service provision, limits on concentration of auditing business and, in general, all other rules about 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. 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 particularly (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 plan for internal auditing and the annual activity report; (v) receive periodic information about its activities; and (vi) verify that senior management takes the conclusions and recommendations in its reports into account.
- Overseeing the efficacy of the Company's internal control and the risk management systems (including tax risks) and discussing 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.
- 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.
- 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 periodically; 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.
- 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. Prosegur has an internal audit department that is functionally dependent upon the Audit Committee. Its objectives and functions include (i) assisting the Audit Committee in the objective compliance with its responsibilities, (ii) verifying the adequate management of risks, and (iii) ensuring the completeness and reliability of accounting information.

The internal audit department has prepared a programme for revision of ICFR which is executed regularly in two-year periods and integrated in the annual work schedules submitted for approval to the Audit Committee.

The internal audit department continuously updates its verification programs to adapt them to the changes that the Financial Reporting Department makes to ICFR.

In 2016, significant processes were reviewed in relation to financial information in Spain and other European and Latin American subsidiaries. The verification carried out in 2016 was the end of the plan for supervising the operation of ICFR, which was started in 2015.

The internal audit department verifies the state of execution of the recommendations included in its audit reports, including those concerning ICFR verification. In 2016, two half-yearly reports were issued on the state of execution of the guidelines issued to the members of the Audit Committee.

Additionally, the internal audit department conducts quarterly evaluations of critical risk management, which may include financial reporting risk, based on key risk indicators, their comparison with the established limits and their performance over time. The results are presented to the Corporate Risk Committee for analysis and to the Audit Committee for supervision of their management. During 2016, the evaluation model was updated.

**F.5.2. Whether there is a discussion procedure in which the auditor (in accordance with technical auditing standards), the internal auditing role and other experts may convey to senior management and the audit committee or directors of the company any significant weaknesses in the internal control they have discovered during the review process of the annual accounts or other reviews they have been commissioned to perform. State also if there is an action plan to correct or mitigate the weaknesses observed.**

In 2016, the external auditors attended two Audit Committee meetings for the review of conclusions on the auditing of annual accounts and of the agreed procedures performed regarding the interim half-yearly financial statements. At the same time, external auditors report on possible weaknesses in internal control and opportunities for improvement identified during the course of their work.

In addition, the Chief Financial Officer, responsible for preparing the annual accounts and the intermediate financial information that Prosegur provides to the markets and its supervisory bodies, attends the meetings of the Audit Committee, in order to review and discuss any relevant issue that might arise during the process of preparation and presentation of the regulated financial information.

At each Audit Committee meeting, the Internal Audit Director regularly presents the conclusions of his or her work verifying the operation and efficacy of the procedures in ICFR, the control weaknesses identified, the recommendations made and the status of execution of the action plans agreed for mitigation thereof. The Chief Financial Officer and the Internal Audit Director attended all four meetings of the Audit Committee in 2016.

## **F.6 Other significant information**

N/A

## **F.7 External auditor's report**

State:

**F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor, in which case the company must include the relevant report as an appendix. Otherwise, it should explain why.**

Prosegur has submitted the ICFR information sent to the markets for the financial year 2016 for review by the external auditor, whose report is attached to this document as appendix I. The scope of the auditor's review procedures was in accordance with the Guidelines for Action and the model auditor's report referring to information concerning the internal control system on financial reporting of listed companies in July 2013 (updated in December 2015), issued by the Spanish Auditors' Institute (Instituto de Censores Jurados de Cuentas de España).

## G. Degree of implementation of corporate governance guidelines

State the degree to which the company has adhered to the recommendations of the Good Governance Code of Listed Companies.

If any guideline is not followed or only partially followed, a detailed explanation must be included so that shareholders, investors and the market in general have enough information to assess the company's action. General explanations are not acceptable.

1. The Bylaws of listed companies should not limit the maximum number of votes that a single shareholder may cast, or contain other restrictions that hamper taking control of the company through the acquisition of its shares in the market.

Compliant

2. 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 relations between them, and those of the listed subsidiary with other companies in the group.
  - b) The mechanisms in place to resolve potential conflicts of interest.

Not applicable

3. At the general shareholders' meeting, in addition to the written dissemination of the annual corporate governance report, the Chairperson of the board of directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the company's corporate governance and, in particular:
  - a) Any changes that have taken place since the previous general shareholders' meeting.
  - b) The specific reasons why the Company is not following any of the Corporate Code of Governance guidelines and, if applicable, any alternative rules it applies in this area.

Compliant

4. The Company should define and promote a policy of communication and contact with shareholders,

institutional investors and advisors on voting that fully respects rules against market abuse and applies equal treatment to shareholders in the same position.

The Company should publish this policy on its website, including information in relation to the way in which it has been put into practice and identifying the contact persons or parties responsible for carrying it out.

#### Compliant

5. The board of directors should not submit to the general shareholders' meeting a proposal for delegation of powers for issuing shares or convertible bonds excluding the right to preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

When the board of directors approves any issuing of shares or convertible bonds excluding the right to preferential subscription, the Company should immediately publish the reports on its website regarding this exclusion, which are referred to by commercial legislation.

#### Partially compliant

The General Shareholders' Meeting of 27/04/2016 approved delegating to the Board of Directors powers for issuing shares or convertible bonds excluding the right to preferential subscription, for a maximum amount corresponding to 20% of capital at the time of delegation.

Since such delegation the Board has not approved any issuing of shares or convertible bonds excluding the right to preferential subscription.

6. Listed companies that prepare the reports listed below should, whether in a mandatory or voluntary manner, publish them on their website sufficiently in advance of the general shareholders' meeting, although it is not compulsory to disseminate them:
  - a) Report on the auditor's independence.
  - b) Reports on the operation of the audit and appointments and remuneration committees.
  - c) Report by the audit committee on related-party transactions.
  - d) Report on the corporate social responsibility policy.

#### Compliant

7. The Company should broadcast the general shareholders' meeting on its website in real time.

#### Explain

The Company considers that, to date, the dissemination systems and channels of information to shareholders regarding the holding of the General Meetings has been sufficient and there has been no need to rebroadcast the meeting.

8. The audit committee should ensure that the board of directors seek to present a financial statement to the general shareholders' meeting based on an audit report with no qualifications or reservations. In the exceptional event of reservations, both the chairperson of the audit committee and the auditors must explain the content and scope of these limitations and reservations to the shareholders.

Compliant

9. The Company must permanently publish, on its website, the requirements and procedures that it will accept for certifying ownership of shares, the right to attend the general shareholders' meeting and for using or delegating voting rights.

And these requirements and procedures should favour shareholders attending and using their rights and be applied in a non-discriminatory manner.

Compliant

10. When any legitimate shareholder has exercised the right to complete the agenda or submit new proposals for agreement, before the general shareholders' meeting, the Company:
- a) Immediately disseminates these additional points and new proposals for agreement.
  - b) Publishes the attendance card model or proxy voting or remote voting form with the required changes so that the new points on the agenda and alternative proposals may be voted on under the same conditions as those proposed by the board of directors.
  - c) Submits all of these points and alternative proposals to the vote and applies the same voting rules as for those proposed by the board of directors, including, in particular, assumptions or deductions regarding the voting.
  - d) After the general shareholders' meeting, give the breakdown of the voting on these additional points or alternative proposals.

Not applicable

11. If the Company plans to pay bonuses for attendance at the general shareholders' meeting, it should establish a general policy regarding these bonuses in advance and this policy should be stable.

Not applicable

12. The board of directors should perform its duties with the same aim in mind and using independent judgement and should apply equal treatment to shareholders in the same position. The board of directors should be guided by the corporate interest, i.e. a business that is profitable and sustainable in the long term which promotes business continuity and maximisation of the Company's economic value.

And, while striving for the corporate interest, besides observing applicable regulations and acting in good faith, ethically and in compliance with the commonly accepted customs and good practices,



it should try to balance the corporate interest with, as appropriate, the legitimate interests of its employees, providers, customers and other affected stakeholders, and also the impact of Company activities on the community as a whole as well as the environment.

Compliant

13. The board of directors should be the right size to manage to operate in an efficient and participative manner, which makes it advisable for it to have between five and fifteen members.

Compliant

14. The board of directors should approve a policy for selecting directors that:

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

The result of the prior analysis of the needs of the board of directors should be contained in the appointment committee's justification report, which should be published along with the announcement for the general shareholders' meeting to which the ratification, appointment or re-election of each director will be submitted.

And the policy for selecting directors should promote the objective of the number of female directors representing, at least, 30% of the total members of the board of directors by 2020.

On an annual basis, the appointments committee will verify compliance with the policy for selecting directors and report thereon in the annual corporate governance report.

Compliant

15. Proprietary and independent directors should constitute a large majority of the board and the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of executive directors in the company's capital.

Compliant

16. Among the total non-executive directors, the percentage of proprietary directors should not be greater than the proportion of company capital represented by those directors in comparison with the remainder of the capital.

This criteria may be minimised:

- a) In companies with high capitalisation where there are few shareholdings that are legally considered significant.

- b) In companies with high capitalisation where there are few shareholdings that are legally considered significant.

Compliant

17. The number of independent directors should account for at least half of all directors.

However, when the company does not have high capitalisation or, even when it does, it has one or several shareholders acting together, who control more than 30% of the business capital, the number of independent directors should represent, at least, a third of the total directors.

Compliant

18. Companies should publish the following information on directors on their websites, and keep it updated:

- a) Professional profile and biography.
- b) Other boards of directors that he or she sits on, whether or not they are listed companies, and also any other paid activities he or she performs, whatever their nature.
- c) State the category of director he or she is, indicating the shareholder, in the case of proprietary directors, that he or she represents or with whom he or she is connected.
- d) Date of first appointment as director of the company, and those of subsequent re-elections.
- e) Company shares, and options regarding the same, that they own.

Compliant

19. In the annual corporate governance report, after verification by the appointments committee, the reasons should be explained why proprietary directors have been appointed at the request of shareholders whose shareholdings are less than 3% of capital; and the reasons should be given why formal requests have not been answered for a presence on the board from shareholders whose shareholdings are equal to or more than those of others at whose request proprietary directors have been appointed.

Not applicable

20. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding. And they should also resign when the shareholder whose interests they represent reduces its stake to such a level that its number of proprietary directors should be reduced.

Compliant

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board, based on a proposal from the appointments committee. In particular, just cause shall be said to exist if the director assumes new posts or obligations that prevent him/her from dedicating the necessary

time to his/her duties as director, fails to fulfil duties inherent to his/her post or incurs in any of the circumstances that cause him/her to cease to be independent, in accordance with the provisions of applicable legislation.

It shall also be possible to propose the removal of independent directors as a result of takeover bids, mergers or other similar corporate operations, which imply a change in the company's capital structure, when such changes in the board of directors are triggered by the criterion of proportionality set forth in Recommendation 16.

Compliant

22. Companies should establish rules to oblige directors to report and, in the event, resign, in scenarios that might damage the credit and reputation of the company, and, in particular, to oblige them to report to the Board any criminal proceedings for which they are indicted, as well as the subsequent developments of these proceedings.

And, if a director is investigated or indicted for any of the offences listed in the Spanish Companies Act, the board of directors should examine the case as soon as possible and, in light of the specific circumstances, decide whether or not the director should continue in his/her post. The Board should disclose all such determinations in the Annual Corporate Governance Report.

Compliant

23. All directors should clearly express their opposition when they consider a proposal submitted to the board of directors to be contrary to the interests of the company. The same applies, in particular to independent and other directors not affected by the potential conflict of interest, when the decision could jeopardise the interests of shareholders not represented on the board of directors.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she should draw the pertinent conclusions and, if he or she chooses to resign, he or she should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary to the board of directors, whether a director or not.

Not applicable

24. When, due to resignation or any other reason, a director leaves his/her post before the end of his/her term, he/she should explain why in a letter to all members of the board of directors. And, without prejudice to its being notified as a relevant fact, the reason for the termination should be explained in the annual corporate governance report.

Compliant

25. The appointments committee should ensure that non-executive directors have enough time to correctly perform their duties.

The regulations of the board should establish the maximum number of company boards of directors that its directors may sit on.

Partially compliant

In accordance with Article 17.3.a) of the Regulations of the Board of Directors, the Appointments and Remuneration Committee must also determine the time and dedication necessary for the directors to effectively perform their duties and confirm that non-executive directors have enough free time to perform their duties correctly.

The Company believes that it is not necessary to establish the maximum number of company boards of directors that its directors may sit on.

26. The board of directors should meet as frequently as necessary to perform their duties effectively and, at least, eight times a year, following the calendar and topics established at the start of the financial year, and each director may, individually, propose other points for the agenda that were not initially planned.

Compliant

27. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. When directors have no choice but to delegate their vote, they should do so with instructions.

Compliant

28. When the directors or the secretary is concerned regarding a proposal or, in the case of directors, regarding the company's progress, and these concerns are not resolved by the board of directors, they will be recorded in the minutes at the request of the party who stated them.

Not applicable

29. The Company should provide adequate channels for directors to comply with their duties, which in special circumstances may include external advisory services paid for by the Company.

Compliant

30. Regardless of the knowledge required of directors for performing their duties, the companies should also offer refresher programmes when circumstances so advise.

Compliant

31. The meeting agenda should clearly state the points on which the board of directors must adopt a decision or agreement so that the directors can study or gather the information they need, in advance, for adopting it.

When, exceptionally, for reasons of urgency, the chairperson wishes to submit decisions or agreements for approval by the board of directors that are not on the agenda, most of the directors present must first expressly agree therewith. Their consent shall be noted down in the minutes.

Compliant

32. The directors should be regularly informed of movements in the shareholding and of the opinion that the significant shareholders, the investors and the rating agencies have of the Company and its group.

Compliant

33. The chairperson, as the party responsible for the efficient operation of the board of directors, besides performing the duties attributed to him by law and the bylaws, should prepare and submit to the board of directors a calendar and topics to be dealt with; should organise and coordinate the regular evaluation of the board and also, where applicable, of the Company's chief executive; should be responsible for managing the board and for the effectiveness of its operation; should ensure that sufficient time is spent discussing matters of strategy, and should agree on and review the programmes for updating knowledge for each director, when required by circumstances.

Compliant

34. When there is a coordinating director, besides the powers legally bestowed on him or her, the bylaws or the regulations of the board of directors should attribute the following to him or her: to chair the board of directors when the chairperson and the vice chairperson, if there are any, are absent; to voice the concerns of the non-executive directors; to maintain contact with investors and shareholders and discover their points of view for the purpose of forming an opinion on their concerns, in particular, in relation to the corporate governance of the Company; and to coordinate the succession plan for the chairperson.

Not applicable

35. The secretary of the board of directors should ensure, in particular, that the board of directors take any good governance guidelines contained in this Code of Good Governance that are applicable to the Company into account in their actions and decisions.

Compliant

36. The plenary of the board of directors should evaluate and adopt, where applicable, an action plan once a year, to correct any deficiencies detected with regard to:
- The quality and efficiency of the operation of the board of directors.
  - The operation and composition of its committees.
  - Diversity in the composition and duties of the board of directors.
  - The performance of the chairperson of the board of directors and the Company's chief executive.
  - The performance and contribution of each director, paying special attention to the parties responsible for the different board committees.

The different committees shall be evaluated based on the report that they submit to the board of directors and the latter shall be evaluated based on the report submitted to it by the appointments committee.

Every three years, the board of directors shall be helped to perform the evaluation by an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the Company or any company in its group must be listed in the annual corporate governance report.

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

Compliant

37. When there is an executive committee, the share structure of the different categories of director shall be similar to that of the board of directors and its secretary should be the secretary to the board of directors.

Not applicable

38. The board is always aware of the matters discussed and the decisions taken by the executive committee and all members of the board receive copies of the minutes of the meetings of the executive committee.

Not applicable

39. The members of the audit committee, and especially its Chair, must be appointed based on their knowledge and experience in accounting, auditing or risk management, and most of these members must be independent directors.

Compliant

40. Under the supervision of the audit committee, there should be a unit that assumes the internal audit function that ensures the appropriate operation of internal control and information systems and that reports to the non-executive chairperson of the board or of the audit committee.

Compliant

41. The manager of the unit that assumes the function of internal audit should submit his or her annual work plan to the audit committee, should directly report any incidents that occur while carrying it out and should submit an activity report at year end.

Compliant

42. Besides those stipulated by law, the following functions correspond to the audit committee:

1. In relation to the internal control and information systems:
  - a) Oversee the preparation and integrity of the financial information about the company and, where applicable, the group, review compliance with regulations, and ensure correct delimitation of the consolidation perimeter and the correct application of accounting criteria.
  - b) Guarantee that the unit that assumes the function of internal auditing is independent; propose the selection, appointment, re-election and termination of appointment of the manager of the internal audit service; propose the budget for the service; approve the focus and its work plans, ensuring that its activity is focussed mainly on relevant risks for the company; receive periodic information about its activities; and verify that senior management takes the conclusions and recommendations in its reports into account.
  - c) Establish and oversee a mechanism that allows employees to report potentially relevant irregularities, particularly financial and accounting irregularities, within the company. This mechanism must be confidential and, if possible and appropriate, anonymous.
  
2. As for the external auditor:
  - a) If the external auditor resigns, examine the circumstances behind this resignation.
  - b) Ensure that the external auditor's remuneration for his or her work does not compromise its quality or independence.
  - c) Ensure that the company notifies the 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.
  - d) 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.
  - e) 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.

Compliant

43. The audit committee should be able to invite any of the company's employees or executives to its meetings and it may even determine that no other executive shall be present.

Compliant

44. The audit committee should be informed of operations that involve structural and corporate changes that have been planned by the company for analysis and a preliminary report to the board of directors regarding their economic conditions and their accounting impact and, in particular, where applicable, regarding the proposed exchange ratio.

Compliant

45. The risk management and control policy should, at least, identify:

- a) The various types of risk (operating, technological, financial, legal, reputational, etc.) to which the company is exposed, including among the financial risks, contingent liabilities and other off-balance-sheet risks.
- b) The establishment of the risk level the company sees as acceptable.
- c) Measures in place to mitigate the impact of risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant

46. Under the direct supervision of the audit committee or, where applicable, of a specialist committee of the board of directors, there should be an internal risk management and control function performed by one of the company's internal departments or units, to which the following functions are expressly attributed:
- a) Ensure the correct operation of the risk management and control systems and, in particular, that they appropriately identify, manage and qualify all the important risks affecting the company.
  - b) Participate actively in the preparation of the risk strategy and in important decisions on risk management.
  - c) Ensure that the risk management and control systems appropriately mitigate risk as part of the policy defined by the board of directors.

Compliant

47. The members of the appointment and remuneration committee —or the appointment committee and the remuneration committee, if they are separate— should be appointed with the appropriate knowledge, skills and experience for the functions that they are to perform and the majority of these members should be independent directors.

Compliant

48. Companies with high capitalisation should have a separate appointments committee and remuneration committee.

Not applicable

49. The appointments committee should consult with the chairperson of the board of directors and the company's chief executive, especially in matters relating to the executive directors and senior executives.  
Any director should be able to request that the appointments committee consider potential candidates for director positions in case they find them suitable, in their judgement.

Compliant

50. The remuneration committee should perform its duties independently and, besides the duties it is attributed by law, should also be responsible for the following:



- a) Make proposals to the board of directors regarding the standard conditions for senior officer employment contracts.
- b) Check that the company's remuneration policy is complied with.
- c) Periodically review the remuneration policy for directors and senior executives, including remuneration schemes with company shares and the application thereof; and ensure that their individual remuneration is proportional to the remuneration of other company directors and senior executives.
- d) Ensure that possible conflicts of interest do not compromise the independence of external advisory services provided, when appropriate, to the committee.
- e) Check the information about remuneration for directors and senior executives in corporate documents, including the annual report on remuneration for directors.

Compliant

51. The remuneration committee should consult with the chairperson and the company's chief executive, especially in matters relating to the executive directors and senior executives.

Compliant

52. The rules for the composition and operation of the supervision and control committees figure in the regulations of the board of directors and should be consistent with those applicable to the committees that are mandatory in accordance with the above recommendations, including:

- a) They should be exclusively comprised of non-executive directors, with a majority of independent directors.
- b) Their chairpersons should be independent directors.
- c) The board of directors should appoint the members of these committees taking the knowledge, skills and experience of the directors and duties of each committee into account, deliberate on their proposals and reports, and account for their activity and answer for the work done at the first plenary of the board of directors after their meetings.
- d) The committees should be able to receive external advice, when deemed necessary for the performance of their duties.
- e) Minutes should be kept of their meetings, which shall be available to all directors.

Not applicable

53. The job of overseeing compliance with corporate governance rules, internal codes of conduct and corporate social responsibility should be entrusted to the various committees of the board of directors, such as the audit committee, the appointments committee, the corporate social responsibility committee, if there is one, or a specialist committee that the board of directors, exercising its powers of self-organisation, decides to create for the purpose, to which the following minimum functions are entrusted:

- a) Overseeing compliance with the company's internal codes of conduct and corporate governance rules.
- b) Overseeing the strategy for communicating and maintaining relationships with shareholders and investors, including small- and medium-sized shareholders.

- c) Regular evaluation of the suitability of the company's corporate governance system, in order for it to comply with its mission of promoting company interests and take into account, as applicable, the legitimate interests of the remaining stakeholders.
- d) The review of the company's corporate responsibility policy, ensuring that it is focussed on the creation of value.
- e) Monitoring corporate social responsibility practices and strategy and evaluating the degree to which it is complied with.
- f) Supervision and evaluation of relationship processes with the different stakeholders.
- g) Evaluation of all matters in relation to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the process for reporting non-financial information and information about diversity according to the applicable regulations and the leading international standards.

Compliant

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily assumes in its relationship with the different stakeholders and identify at least:
- a) The objectives of the corporate social responsibility policy and the development of support instruments.
  - b) Corporate strategy in relation to sustainability, the environment and social issues.
  - c) Specific practices in matters relating to: shareholders, employees, customers, providers, social issues, the environment, diversity, tax liability, respect for human rights and prevention of illegal conduct.
  - d) Methods and systems for monitoring the results of applying the specific practices stated in the letter above, the associated risk and management of the same.
  - e) Mechanisms for supervision of non-financial risk, ethics and business conduct.
  - f) Channels of communication, participation and dialogue with the stakeholders.
  - g) Responsible communication practices that prevent the manipulation of information and protect integrity and honour.

Compliant

55. The company should report, in a separate document or in the management report, on matters relating to corporate social responsibility, using any of the internationally accepted methods to do so.

Compliant

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise the independence of criteria of non-executive directors.

Compliant

57. Remuneration for executive directors should be limited to variable remuneration linked to the company's results and personal performance, and also to remuneration through shares, options on or rights over shares or instruments indexed to the share price, and long-term savings plans, such as pension plans, retirement plans or other welfare systems.

Shares may be contemplated as remuneration for non-executive directors when it is conditional upon the directors holding them until they leave their post. The above will not apply to shares that the director needs to sell, where applicable, to pay for costs relating to their purchase.

Compliant

58. In the case of variable remuneration, remuneration policies should incorporate the precise necessary technical ceilings and precautions to ensure that it is in line with the professional performance of its beneficiaries and does not simply derive from the general performance of the markets or the company's business sector or other similar circumstances.

In particular, the variable components of the remuneration should:

- a) Be linked to predetermined and measurable performance criteria and those criteria should be considered the risk assumed for obtaining a result.
- b) Promote the sustainability of the company and include non-financial criteria that is appropriate for the creation of value in the long term, such as compliance with the company's internal rules and procedures and with its risk management and control policies.
- c) Be based on a balance between meeting objectives in the short, medium and long term that allow for remuneration of performance through continuous effort over a sufficient period for its contribution to the sustainable creation of value to be appreciated, so the elements for measuring this performance are not based only on specific, occasional or special events.

Compliant

59. Payment of a significant portion of the variable components of remuneration should be deferred for a period sufficient to ensure that the previously-established minimum performance conditions have been met.

Compliant

60. That remuneration linked to company earnings should take into account any qualifications stated in the external auditor's report that reduce such earnings.

Compliant

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments referenced to their value.

Compliant

62. Once the shares or options or rights over shares corresponding to the remuneration systems are attributed, directors may not transfer ownership of a number of shares equal to twice their annual set remuneration, or exercise options or rights until, at least, three years after they are attributed.

The above will not apply to shares that the director needs to sell, where applicable, to pay for costs relating to their purchase.

Explain

The Company believes that the remuneration policy for the Managing Director (sole Executive Board Member) is adequate without there being a need to include this limitation thus far.

63. Contracts and agreements should include a clause that allows the company to claim a refund of the variable components of the remuneration when the payment was not been adapted to performance conditions or when it was paid taking into account data that later proved to be erroneous.

Compliant

64. Payment for termination of contract should not exceed a set amount equal to two years of total annual payment and it should not be paid until the company has been able to check that the director complied with previously established performance criteria.

Compliant

## H. Other information of interest

1. If there are any relevant aspects of corporate governance in the company or group companies that have not been discussed in other sections of this report, but which it is necessary to include in order offering more thorough and reasoned information on the structure and practices of governance in the company or its group, briefly outline them.
2. In this section, any other information, clarification or nuance relating to the previous sections of the report may be included, provided they are relevant and not repetitive.

Specifically, state whether the company is subject to corporate governance legislation other than Spanish legislation and, if so, include such information as is obligatory and different from the information presented herein.

3. The company may also state whether it has voluntarily subscribed to other international, sector-specific codes of ethics or good practices, or codes pertaining to other spheres. If applicable, the code in question must be identified and the date of subscription stated.

GENERAL CLARIFICATION: It is hereby certified that the data contained in this Report refer to the financial year ended 31 December 2016, except in those matters specifically and expressly referring to another date.

EXPLANATORY NOTE TO SECTION A.3: The number of shares in the table under the heading 'equivalent number of shares', refers to the maximum number of shares which there is an option to receive, although the number of shares actually received will depend on compliance with the terms and conditions provided in the Long-Term Incentives Plan approved at the General Shareholders' Meeting held on 28 April 2015.

EXPLANATORY NOTE TO SECTION A.8: Treasury stock may only change ownership during restructuring of the company.

This annual corporate governance report was approved by the Board of Directors of the company, at its meeting on 30/01/2017.

State whether there were directors who voted against or who abstained from approving this Report.

No



KPMG Auditores, S.L.  
Pº. de la Castellana, 259 C  
28046 Madrid

Auditors' Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of Prosegur Compañía de Seguridad, S.A. for 2016

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Directors  
Prosegur Compañía de Seguridad, S.A.

As requested by the Board of Directors of Prosegur Compañía de Seguridad, S.A. (the "Company") and in accordance with our proposal letter dated 10 January 2017, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of Prosegur Compañía de Seguridad, S.A. for 2016, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the *Action Guide referring to the Auditors' Report on Information on Internal Control over Financial Reporting for listed entities*, published on the website of the Spanish Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2016 described in the attached Information concerning the ICFR. Consequently, had additional procedures been applied to those defined in the Action Guide, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to the current Audit Law in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the attached information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the ICFR description, of the standard Annual Corporate Governance Report pursuant to CNMV Circular 7/2015 of 22 December 2015.
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.
4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes of the meetings of the Board of Directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Spanish Companies Act and CNMV Circular 7/2015 of 22 December for the purposes of describing ICFR in the Annual Corporate Governance Reports.

KPMG Auditores, S.L.  
(Signed on original in Spanish)

Bernardo Rücker-Embden

31 January 2017

# Audit Committee Activity Report for Fiscal Year 2016

## I. Introduction

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### Regulation

The Audit Committee of the Prosegur Security Company was created in 2003.

Its regulations are contained in article 27 of the Company Bylaws and article 16 of the Regulations of the Board of Directors.

### Duties

The duties of the Audit Committee include the following:

- Inform the General Shareholders' Meeting about matters relating to the Committee's scope of action, particularly the results of audits, and explain how audits contribute 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 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.
- Submit proposals for selecting, appointing, re-electing and replacing the external auditor to the Board of Directors; assume responsibility for conducting the selection process in accordance with the legal requirements, 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 exercise of their duties.
- In relation to 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 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.
- 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 periodic 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 administration body aimed at safeguarding integrity. In connection to this, the Committee is responsible for overseeing the preparation and integrity of the financial information about the Company and the Group, for reviewing compliance with regulations, and for ensuring correct delimitation of the consolidation perimeter and the correct application of accounting criteria. The Board of Directors must be duly informed of all of these aspects.
- Oversee the efficiency of the Company's internal control and the risk management systems (including tax risks) and discuss with the account auditor any significant weaknesses of the internal control system that have been detected during auditing. Independence must never be compromised. To this end, and where 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) 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.
- 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.
- 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 periodically; and (ii) 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.

- 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.

### Composition of the Committee and attendance at its meetings in 2016

The Audit Committee is a committee appointed by the Board of Directors and it is therefore made up of Company directors.

At 31 December 2016, the composition of the Audit Committee was as follows:

Name	Type of director
Mr Eugenio Ruiz-Gálvez Priego (Presidente)	Independent
Mr Pedro Guerrero	Independent
Mr Isidro Fernández Barreiro	Other External
Secretary to the Committee (not a member):	Ms Sagrario Fernández Barbé

In accordance with its regulations, the Committee meets as often as it is convened by agreement of the Board of Directors, of the Committee itself or of its Chair, and at least four times a year. Four meetings were held in 2016.

Attendance at Audit Committee meetings in 2016 was as follows:

Mr Eugenio Ruiz-Gálvez Priego	Four meetings
Mr Pedro Guerrero Guerrero	Three meetings
Mr Isidro Fernández Barreiro	Three meetings

Depending on the agenda for the Committee meeting, external advisors and management also attended these meetings, including the external auditors who are asked to come and report to the Committee at least twice a year.

Minutes are taken at Audit Committee meetings and are available to members of the Board of Directors.

## II. Activities in 2016

### 1. Financial information

The Committee paid special attention to the review—conducted prior to the one performed and disseminated by the Executive Committee and the Board of Directors—of the Prosegur Group's and the Company's annual accounts, and also of the quarterly financial information, six-monthly financial statements and all other information made available to the market and supervisory bodies.

At the meetings in fiscal year 2016, the periodic public information that the Company sends to CNMV was reviewed.

At the meeting held on 26 April, the Committee unanimously agreed to accept the proposal submitted by the CFO to increase the information made available to the market about the Alarms business and, accordingly, to inform the Board of Directors and request the relevant authorisation.

## **2. Account auditing**

The account auditors attended the meeting held on 23 February to present their conclusions regarding the accounts audit for fiscal year 2015, and the meeting held on 27 July to present the results of the procedures agreed upon for the financial statements at 30 June 2016.

## **3. Codes of conduct**

The Audit Committee is responsible for examining compliance with codes of conduct and with rules of corporate governance in general.

In 2016, the Audit Committee supervised this compliance, especially with regard to internal regulations on conduct and the Code of Ethics and Conduct.

The Committee agreed to issue the Report on Related-Party Transactions for fiscal year 2015.

## **Modification to the regulations of the board of directors**

At its meeting on 23 February, the Committee unanimously agreed to issue a favourable report with regard to the proposed agreement for adoption by the Board of Directors on the modification to the following articles in the Regulations of the Board of Directors in order to adapt them to the new Spanish Companies Act (LSC 30/2014): Art. 5 (General Supervisory Role), Art. 6.1 (Creation of Value for Shareholders), Art. 7 (Other Interests), Art. 8 (Qualitative Composition), Art. 10 (Chair of the Board of Directors), Art. 16 (Audit Committee), Art. 17 (Appointments and Remuneration Committee), Art. 18 (Meetings of the Board of Directors), and Art. 24 (Termination of Appointment of Directors).

At its meeting on 27 July, the Committee agreed to issue a favourable report with regard to allowing the Board of Directors to make a decision about modifying Art. 14 of the Regulations of the Board of Directors. This modification consists in removing the obligation to create an executive committee within the Board of Directors.

## **4. Risk management and internal control**

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

On 23 February 2016, the Internal Audit Director submitted the 2015 activity report for approval, along with the 2016 work schedule drawn up (i) in accordance with certain regulatory requirements, (ii) in accordance with the schedule established for verifying internal controls regarding financial information, and (iii) considering weaknesses in internal control identified during the external audit process and other procedures for identifying risk. The Internal Audit Director regularly reported on the execution of the work schedule at the Audit Committee meetings.

The following are the most noteworthy activities performed by the internal audit department and supervised by the Audit Committee:

- Conclusion and report on the projects contained in the work schedule for 2016.
- Receipt and analysis of notifications received through the report channel.
- Preparation of six-monthly follow-up reports for recommendations agreed upon in audits performed. For each recommendation, a formal document of commitment is defined with the audited area, specifying an action plan, the party responsible for carrying it out, the planned completion date and, where possible, quantification of the result obtained.

The Committee received the results of the critical risk assessment performed quarterly by the Risk Committee.

At the meeting of 23 February, and in accordance with the recommendations of the new code of good governance, the Committee unanimously agreed to approve the proposed risk control and management policy and to submit it for approval to the Board of Directors.

### **Monitoring the group's occupational contingencies**

At all meetings the Committee was informed of the corporate-level monitoring of the group's occupational risk with the aim of improving the management of this risk, reducing the costs associated with it and diminishing the likelihood of its occurrence through preventive and other actions.



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