ISSUER IDENTIFICATION

FINANCIAL YEAR: 31.12.2018
TAX ID CODE: A-28297059
Corporate Name: PROMOTORA DE INFORMACIONES, S.A.
Registered address: Gran Vía, 32. Madrid 28013
A. CAPITAL STRUCTURE

A.1 Complete the table below with details of the share capital of the company:

<table>
<thead>
<tr>
<th>Date of last change</th>
<th>Share capital (Euros)</th>
<th>Number of shares</th>
<th>Number of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/12/2018</td>
<td>524,902,482.24 €</td>
<td>558,406,896</td>
<td>558,406,896</td>
</tr>
</tbody>
</table>

Remarks

1) On January 1, 2018, the share capital of Prisa amounted to 83,497,721.22 euros, represented by 88,827,363 ordinary shares with a nominal value of EUR 0.94 each.

In February 2018 the Company has increased its share capital, with preemption rights, for an amount of EUR 441,189,130.66, through the issuance and subscription of 469,350,139 new ordinary shares at a nominal value of EUR 0.94 each, of the same class and series as the shares outstanding. The issue price of the shares was EUR 1.20 each (EUR 0.94 nominal value and 0.26 share premium each).

In relation to the Warrants 2013 issued pursuant to the resolutions passed at the General Shareholders’ Meeting of the Company held on December 10, 2013, in September and December 2018, a total of 4,379,895 Warrants were exercised, which resulted in the subscription of 229,394 newly issued ordinary shares with a nominal value of EUR 0.94 each. The amount of the corresponding capital increases was EUR 215,630.36

ii) The date of the last change to the Company’s capital, (24/12/2018) is the date of execution of the deeds of the last transaction.

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

NO

A.2 Please provide details of the company’s significant direct and indirect shareholders at year end, excluding any directors:

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>% of shares carrying voting rights</th>
<th>% of voting rights through financial instruments</th>
<th>% of total voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Indirect</td>
<td>Direct</td>
</tr>
<tr>
<td>AMBER CAPITAL UK LLP</td>
<td>0</td>
<td>27.02%</td>
<td>0</td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>0</td>
<td>10.01%</td>
<td>0</td>
</tr>
<tr>
<td>TELEFONICA, S.A.</td>
<td>9.44%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>RUCANDIO, S.A.</td>
<td>0</td>
<td>8.30%</td>
<td>0</td>
</tr>
<tr>
<td>ADAR CAPITAL PARTNERSE LTD</td>
<td>0</td>
<td>7.29%</td>
<td>0</td>
</tr>
</tbody>
</table>
State the most significant shareholder structure changes during the year:

**Most significant changes**

The most significant changes in the shareholder structure during the year, based on the shareholders’ disclosures to the CNMV and whether their shareholdings have reached, exceeded or fallen below the thresholds specified in article 23 of Royal Decree 1362/2007 of 19 October, implementing Law 24/1988 of 28 July on the Securities Market in relation to transparency requirements (3%, 5%, 10%, 15%, 20%, 25%... etc. of share capital), are as follows:

i) Amber Capital UK LLP reached 27.02% of the share capital, compared to 18.06% at year-end.
ii) Telefónica, S.A. reduced its stake from 11.52% at year-end 2017 to 9.44%.

iii) Telefónica, S.A. reduced its stake from 15.46% at year-end 2017 to 8.30%.

iv) The Company’s significant shareholders in 2018 are: Adar Capital Partners LTD, with 7.29% of the share capital, and Carlos Fernández González, with 4.02% of the share capital.

v) Fundación Bancaria Caixa d’Estalvis i Pensions de Barcelona and Nicolas Berggruen no longer hold a qualifying holding in the Company (their holdings at at year-end 2017 amounted to 3.37% and 1.07%, respectively).

### Remarks

i) The significant holdings indicated above are in accordance with the information published on the CNMV’s website as of 31 December 2018 and, in some cases, the information provided by the Shareholders.

ii) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company that: i) the structure of his indirect stake in the share capital of the Company, through Amber Capital UK LLP, is as declared in the tables of this section A.2 and ii) he controls Amber Capital UK, LLP, which acts as investment manager to Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited.

iii) Adar Macro Fund Ltd. is a company controlled and managed by Adar Capital Partners Ltd., a management company that exercises the voting rights of the shares held by Adar Macro Fund Ltd. in a discretionary manner. Adar Capital Partners Ltd is a company wholly owned by Welwel Investments Ltd. which, in turn, is a company wholly owned by Zev Marynberg.

Adar Macro Fund has also notified the CNMV that it is the holder of financial instruments (SWAP) that would allow it to acquire 390,000 voting rights of the Company, if they were exercised or exchanged.

iv) The voting rights held by International Media Group, S.A.R.L have been declared to the CNMV by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, external director representing significant shareholdings, as an indirect stake.

International Media Group, S.A.R.L is 100% owned by International Media Group Limited which in turn is 100% owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani.

v) Mr Carlos Fernández González controls the majority of the capital and voting rights of Grupo Far-Luca, S.A. de C.V., the owner of 99% of Grupo Finaccess, S.A.P.I. de C.V., which in turn owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. de C.V. The latter holds the majority of the voting rights of FCapital Dutch, B.V., which is in turn the holder of 100% of the capital and voting rights of FCapital Lux S.à.r.l.

vi) Lastly, besides the voting rights shown in the above tables, as recorded on the CNMV website, at February 2017 Banco Santander, S.A. held directly 1,074,432 and indirectly 2,172,434 voting rights of Prisa, through the following Santander Group entities: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Poment e Inversiones, S.A., and Suleyado 2003, S.L.

It is also noted that some companies whose dominant entity is Santander, S.A. subscribed in 2017, 1,001,260 shares, within the framework of the capital increase for the conversion of Prisa bonds mandatorily convertible into new ordinary shares, which were issued in 2016, and which carried the same number of voting rights as those corresponding to the ordinary shares of the company.

However, Banco Santander has not updated its position at the CNMV to reflect PRISA’s current share capital.
A.3 In the following tables, list the members of the Board of Directors (hereinafter “directors”) with voting rights in the company:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>% of shares carrying voting rights</th>
<th>% of voting rights through financial instruments</th>
<th>% of total voting rights</th>
<th>% voting rights that can be transmitted through financial instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Indirect</td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>0.01%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>0.01%</td>
<td>0.03%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>FRANCISCO JAVIER MONZÓN DE CÁCERES</td>
<td>0.02%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>AMBER CAPITAL UK LLP</td>
<td>0.00%</td>
<td>27.02%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>ROBERTO LÁZARO ALCÁNTARA ROJAS</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>JOSEPH OUGHOURLIAN</td>
<td>0.00%</td>
<td>27.02%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>KHALID BIN THANI BIN ABDULLAH AL-THANI</td>
<td>0.00%</td>
<td>06.63%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>WAALID AHMAD IBRAHIM ALSA’DI</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>DOMINIQUE D’HININN</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>FRANCISCO JAVIER GOMEZ- NAVARRO NAVARRETE</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>JAVIER DE JAIME GUIJARRO</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>JOSE FRANCISCO GIL DIAZ</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>SONIA DULIA</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

| Total percentage of voting rights held by the Board of Directors | 33.72% |

Breakdown of the indirect holding:
i) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company: i) that his indirect stake in the share capital of the Company is through Amber Capital UK LLP and it follows the structure reported in the tables of Section A.2 and ii) that he controls Amber Capital UK, LLP, which acts as investment manager to Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited.

ii) Mr. Fernando Martinez Albacete, representative of Amber Capital UK LLP in the Board of Directors of Prisa, has stated that he doesn’t hold, directly or indirectly, shares of Prisa.

iii) The indirect stake of Khalid Bin Thani Bin Abdullah Al Thani, is through the Company International Media Group, S.A.R.L (see section A.2 of this Report).

iv) The following directors are holders of Prisa voting rights, although their stake don’t represent more than 0.00% of the share capital: Roberto Lázaro Alcántara Rojas (14,265 voting rights), Francisco Javier Gómez-Navarro Navarrete (8,435 voting rights) and Dª Sonia Dulá (8 voting rights).

v) Given that the indirect holdings reported by director Mr Manuel Polanco Moreno don’t represent 3% of the voting rights of the Company, it is not necessary identify the direct holders thereof, according to the terms of the Instructions for Completing the Annual Corporate Governance Report approved by CNMV Circular 2/2018.

### A.4

If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

#### Names of the Related Persons or Entities

<table>
<thead>
<tr>
<th>Names of the Related Person or Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUCANDIO, S.A.</td>
</tr>
<tr>
<td>AHERLOW INVERSIONES, S.L.</td>
</tr>
</tbody>
</table>

**Type of Relationship:** Corporate

**Brief Description:** Rucandio, S.A. controls indirectly 100% of the share capital of Aherlow Inversiones, through Timón, S.A.

#### Names of the Related Persons or Entities

<table>
<thead>
<tr>
<th>Names of the Related Person or Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUCANDIO, S.A.</td>
</tr>
<tr>
<td>PROMOTORA DE PUBLICACIONES, S.L.</td>
</tr>
</tbody>
</table>

**Type of Relationship:** Corporate

**Brief Description:** Rucandio, S.A. controls directly 8.32% and indirectly 82.95% (through Timón, S.A.) of the share capital of Promotora de Publicaciones, S.L.
### Names of the Related Persons or Entities

<table>
<thead>
<tr>
<th>RUCANDIO, S.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUCANDIO INVERSIONES, S.L.</td>
</tr>
</tbody>
</table>

**Type of Relationship:** Corporate  
**Brief Description:** Rucandio, S.A. holds 48.52% of Rucandio Inversiones SICAV.

### Names of the Related Persons or Entities

<table>
<thead>
<tr>
<th>CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHO NETWORKS, S.A. DE CV</td>
</tr>
</tbody>
</table>

**Type of Relationship:** Corporate  
**Brief Description:** GHO NETWORKS, s.a. de cv holds 99.99% of the share capital Consorcio Transportista Occher, S.A. de CV.

### Names of the Related Persons or Entities

<table>
<thead>
<tr>
<th>CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHO NETWORKS, S.A. DE CV</td>
</tr>
</tbody>
</table>

**Type of Relationship:** Commercial  
**Brief Description:** The company CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV is a subsidiary of GHO NETWORKS, S.A. DE CV, as a result of which there are various legal, fiscal and commercial links between them.

### Names of the Related Persons or Entities

<table>
<thead>
<tr>
<th>AMBER CAPITAL UK LLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBER FUNDS</td>
</tr>
</tbody>
</table>

**Type of Relationship:** Contractual  
**Brief Description:** Amber Capital UK LLP is the investment manager of Oviedo Holdings, SARL, Amber Active Investors Limited, and Amber Global Opportunities Limited and it is vested with discretion to exercise voting rights for the funds under its management pursuant to written investment management agreements. The exercise of the voting rights is also subject to Amber Capital UK LLP’s policies and procedures.

### A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

See section D on related transactions

### A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of
companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

<table>
<thead>
<tr>
<th>Name or company name of related director or representative</th>
<th>Name or company name of related significant shareholder</th>
<th>Company name of the group company of the significant shareholder</th>
<th>Description of relationship/post</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOSEPH OUGHOURLIAN</td>
<td>AMBER CAPITAL UK LLP</td>
<td>AMBER ACTIVE INVESTORS LIMITED.</td>
<td>JOSEPH OUGHOURLIAN IS DIRECTOR REPRESENTING AMBER ACTIVE INVESTORS LIMITED. MR. OUGHOURLIAN IS MAJORITY SHAREHOLDER OF AMBER CAPITAL MANAGEMENT LP, OWNER OF AMBER CAPITAL UK HOLDINGS LIMITED WHICH OWNS AMBER CAPITAL UK LLP.</td>
</tr>
<tr>
<td>AMBER CAPITAL UK LLP</td>
<td>AMBER CAPITAL UK LLP</td>
<td>AMBER CAPITAL UK LLP</td>
<td>AMBER CAPITAL UK LLP IS DIRECTOR (REPRESENTED BY THE PERSON OF MR. FERNANDO MARTINEZ ALBACETE) REPRESENTING ITSELF AS A SIGNIFICANT SHAREHOLDER.</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>RUCANDIO, S.A.</td>
<td>RUCANDIO, S.A.</td>
<td>MANUEL POLANCO IS DIRECTOR REPRESENTING TIMON, S.A A COMPANY CONTROLLED BY RUCANDIO,S.A. MR POLANCO IS ALSO DEPUTY CHAIRMAN OF TIMON, S.A; CEO OF RUCANDIO, S.A, IN WHICH HE HOLDS 25% OF ITS SHARE CAPITAL; DIRECTOR OF RUCANDIO INVERSIONES, S.L, IN WHICH HE HOLDS DIRECTLY 10.71% AND INDIRECTLY 1.99%, OF ITS SHARE CAPITAL.</td>
</tr>
<tr>
<td>KHALID BIN THANI BIN ABDULLAH AL-THANI</td>
<td>INTERNATIONAL MEDIA GROUP, S.A.R.L</td>
<td>INTERNATIONAL MEDIA GROUP, S.A.R.L</td>
<td>KHALID BIN THANI BIN ABDULLAH AL-THANI IS DIRECTOR REPRESENTING</td>
</tr>
<tr>
<td>Name</td>
<td>Company 1</td>
<td>Company 2</td>
<td>Remarks</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>-----------</td>
<td>---------</td>
</tr>
<tr>
<td>JOSE FRANCISCO GIL DÍAZ</td>
<td>TELEFONICA, S.A.</td>
<td>TELEFONICA MEXICO</td>
<td>FRANCISCO GIL DÍAZ IS INDEPENDENT DIRECTOR OF TELEFONICA MEXICO.</td>
</tr>
</tbody>
</table>

**Remarks**

i) Mr Francisco Javier Monzón de Cáceres is non-executive Chairman of OpenBank, S.A., the digital bank subsidiary of Banco Santander, and independent Director of Santander España, business unit which is not properly a legal entity.

ii) Mr Fernando Martínez (representative of the director Amber Capital UK LLP, who is also a significant shareholder of PRISA) holds an indirect 0.48% stake in the share capital of Timón, S.A. Timón is controlled by Rucandio, SA, significant shareholder of PRISA.

**A.7.** State whether the company has been notified of any shareholders’ agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital (“Corporate Enterprises Act” or “LSC”). If so, describe these agreements and list the party shareholders:

**YES**

*According to the information published on the CNMV website:*

**Parties to the Shareholders’ Agreement**

<table>
<thead>
<tr>
<th>Party</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RUCANDIO, S.A.</td>
<td></td>
</tr>
</tbody>
</table>
TIMON, S.A.

% of share capital: 0.02%

Brief Description of the Agreement: Shareholder Agreement in Promotora de Publicaciones, S.L. (Material disclosures no 48407 and 49622, dated 22 March 2004 and Material disclosure no 63701 dated January 30, 2006). The shareholders agreement was signed on May 21, 1992 and in a notarial document certified by Madrid Notary Public Mr. Jose Aristonico Sanchez, Timon S.A. and a group of shareholders of Promotora de Informaciones, S.A. entered into an agreement to govern the contribution of their shares in that company to Promotora de Publicaciones, S.L. (hereinafter, “Propu”) and their participation therein. Basically, the undertakings set forth in that agreement are as follows: a) each majority shareholder shall have at least one representative on the Board of Directors of Prisa and, to the extent possible, the governing body of Propu shall have the same composition as Prisa’s; b) Propu shares to be voted at Prisa’s General Shareholders Meetings will be previously determined by the majority members. Propu members who are likewise members of Prisa’s Board of Directors shall vote in the same manner, following instructions from the majority shareholders; c) in the event that Timon, S.A. sells its holdings in Propu, the remaining majority shareholders shall have the right to sell their holdings in Propu on the same terms to the same buyer, to the extent that the foregoing is possible.

Parties to the Shareholders’ Agreement

<table>
<thead>
<tr>
<th>IGNACIO POLANCO MORENO</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARIA JESÚS POLANCO MORENO</td>
</tr>
<tr>
<td>MARTA LOPEZ POLANCO</td>
</tr>
<tr>
<td>ISABEL LOPEZ POLANCO</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
</tr>
<tr>
<td>JAIME LOPEZ POLANCO</td>
</tr>
<tr>
<td>LUCIA LOPEZ POLANCO</td>
</tr>
</tbody>
</table>

% of share capital: 8.30%

Brief Description of the Agreement: Shareholder Agreement in Rucandio, S.A. (Material disclosures no 83185 dated 14 August 2007). On December 23, 2003 in a private document Mr. Ignacio Polanco Moreno, Ms. Isabel Polanco Moreno–deceased– (whose children have succeeded to her position in this agreement), Mr. Manuel Polanco Moreno, Ms. Mª Jesús Polanco Moreno and their now deceased father Mr. Jesús de Polanco Gutiérrez and mother Ms. Isabel Moreno Puncel signed a Family Protocol, to which a Shareholder Syndicate Agreement was annexed concerning shares in Rucandio, S.A. and whose object is to preclude the entry of third parties outside the Polanco Family in Rucandio, S.A. in the following terms: (i) the syndicated shareholders and directors must meet prior to any shareholder or board meeting to determine how they will vote their syndicated shares, and are obliged to vote together at shareholder meetings in the manner determined by the syndicated shareholders; (ii) if an express agreement is not achieved among the syndicated shareholders with respect to any of the proposals made at a shareholder meeting, it will be understood that sufficient agreement does not exist to bind the syndicate and, in consequence, each syndicated shareholder may freely cast his vote; (iii) members of the syndicate are obliged to attend syndicate meetings personally or to grant proxy to a person determined by the syndicate, unless the syndicate expressly agrees otherwise, and to vote in accordance with the instructions determined by the syndicate, as well as to refrain from exercising any rights individually unless they have been previously discussed and agreed at a meeting of the syndicate; (iv) members of the syndicate are precluded from transferring or otherwise disposing of shares in Rucandio, S.A until 10 years following the death of Mr. Jesús de Polanco Gutiérrez, requiring in any case the consensus of all shareholders for any type of transfer to a third party. An exception to the aforementioned term can be made upon the unanimous agreement of the shareholders. This limitation likewise applied specifically to the shares that Rucandio, S.A. holds directly or indirectly in Promotora de Informaciones, S.A.
State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

**NO**

<table>
<thead>
<tr>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The concerted actions known to the Company are the shareholders agreements described above.</td>
</tr>
</tbody>
</table>

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

On May 22, 2018, the Company notified the CNMV (Register no. 265,999) the information it had received from its shareholder Rucandio, regarding the termination of the Shareholders’ Agreement in PRISA, signed on April 24, 2014, between the companies controlled by Rucandio, S.A. and other PRISA shareholders.

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

**NO**

A.9 Complete the following table with details of the company’s treasury shares:

**At the close of the year:**

<table>
<thead>
<tr>
<th>Number of direct shares</th>
<th>Number of indirect shares (*)</th>
<th>Total percentage of share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,622,892</td>
<td>0</td>
<td>0.29%</td>
</tr>
</tbody>
</table>

| Remarks |

Explain any significant changes during the year:

| Explain significant changes |

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

1. On treasury stock policy, the Shareholders’ Meeting held on April 25, 2018 passed the following resolution regarding the derivative acquisition of own shares:
1. To revoke, to the extent not used, the authorisation granted by the Ordinary General Meeting of 22 June 2013, in point twelve of the agenda therefore, regarding the authorisation for direct or indirect derivative acquisition of own shares.

2. To grant express authorisation for derivative acquisition of shares of the Company, directly or through any of its subsidiaries.

3. To approve the limits or requirements for these acquisitions, which will be as follows:

   (i) Methods of acquisition: by purchase or by any other inter vivos act for consideration.

   (ii) Maximum amount: The par value of the shares acquired directly or indirectly, added to that of those already held by the Company and its subsidiaries and, if applicable, the controlling company and its subsidiaries, at no time will exceed the permissible legal maximum.

   (iii) Characteristics of the acquired shares: The acquired shares must be free of any liens or encumbrances, must be fully paid up and not subject to performance of any kind of obligation.

   (iv) Mandatory reserve: A restricted reserve may be established within net worth in an amount equivalent to the amount of the treasury shares reflected in assets. This reserve shall be maintained until the shares have been disposed of or cancelled or there is been a legislative change so authorising.

   (v) Term: 5 years from the date of approval of this resolution.

   (vi) Minimum and maximum price: the acquisition price may not be less than par value or more than 20 percent higher than market price, in both cases, at the moment of the acquisition. The transactions for the acquisition of own shares will be in accordance with the rules and practices of the securities markets.

All of the foregoing will be understood to be without prejudice to application of the general scheme for derivative acquisitions contemplated in article 146 of the current Capital Companies Act.

4. It is expressly stated that the shares acquired as a consequence of this authorisation may be used to be sold, amortized, or to the application of any remuneration system, plan or resolution by means of or any agreement for the delivery of shares or options on shares to the members of the Board of Directors and to the managers of the Company or its Group in force at any time, and that express authorisation is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorisation, and those owned by the Company at the date of holding of this General Meeting, to be used, in whole or in part, to facilitate fulfilment of the aforementioned plans or agreements, as well as the performance of programs that increase the participation in the Company's share capital such as, for example, dividend reinvestment plans, fidelity bonus or other analogous instruments.

5. The Board of Directors is also authorised to substitute the delegated powers granted by this General Shareholders Meeting regarding this resolution in favor of the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Board”.

2. Likewise on December 31, 2018, the current powers conferred to issue shares, upon the Board of Directors at the Shareholders’ Meeting, are the following:

   i. Resolution delegating authority to increase capital to the Board of Directors, with delegation to exclude preemption rights, if any, adopted by the General Shareholders Meeting of April 25, 2018, in effect until April 2023.

   ii. Resolution delegating to the Board of Directors authority to issue fixed income securities, both straight and convertible into newly-issued shares and/or shares exchangeable for outstanding shares of Prisa and other companies, warrants (options to subscribe new shares or acquire outstanding shares of Prisa or other companies), bonds and preferred shares, with delegation of the authority to increase capital by the amount necessary to cover applications for conversion of debentures or exercise of warrants, and to exclude the preemption rights of shareholders and holders of convertible debentures or warrants on newly-issued shares, adopted by the General Shareholders Meeting of April 25, 2018 in effect until April, 2023.
iii. Agreement for the transfer of shares in the Company as remuneration for members of the Board of Directors and managerial staff. The total number of shares to be transferred each year may not in any case exceed 1.5% of total capital at any time. The Board of Directors is empowered to adopt such agreements as may be required to meet the obligations derived from this share transfer system in the way that best suits the interests of the Company. The shares to be transferred to participants may be Prisa treasury shares or shares from any other financial instrument specified by the Company. The above agreement was adopted by the General Shareholders Meeting held on 28 April 2014 and remains in force until April 2019.

iv. Medium-Term Incentive Plan for the period falling between 2018 and 2020 (the “Plan”), consisting of the award of Company shares linked to stock market value and to the performance of certain objectives, targeted at the Managing Director, Senior Managers and other Managers of Promotora de Informaciones, S.A. and, as the case may be, of the dependent companies. To entrust the Board of Directors, including an express power of delegation, with the implementation, development, formalization and enforcement of the aforesaid compensation scheme. The shares are to be awarded, as the case may be, within sixty (60) calendar days after the date on which the Company’s Board prepares the 2020 financial statements. The Plan may be covered with treasury stock, with newly issued shares through a capital increase or through the Company’s contracting of suitable financial coverage instruments. The agreement was adopted by the General Shareholders Meeting held on 25 April 2018.

A.11 Estimated working capital:

<table>
<thead>
<tr>
<th>Estimated working capital</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17.77</td>
</tr>
</tbody>
</table>

**Remarks**

Floating capital has been estimated following the instructions of CNMV Circular 2/2018, that is, not taking into account the part of the share capital in the hands of significant shareholders or the voting rights of members of the Board of Directors or treasury stock and avoiding duplicities which exist between the data reported in sections A.2, A.3, and A.9.

A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company’s financial instruments.

**NO**

**Description of restrictions**

A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.

**NO**
A.14 State if the company has issued shares that are not traded on a regulated EU market.

YES

If so, please list each type of share and the rights and obligations conferred on each.

<table>
<thead>
<tr>
<th>List each type of share</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) “American Depositary Shares” (“ADS”): At the Extraordinary General Meeting of PRISA held on 27 November 2010, ordinary class A shares and convertible class B shares were issued and were formally subscribed by a depositary bank (Citibank NA), acting purely in a fiduciary capacity for the benefit of the real owners of the PRISA shares. Simultaneously with the subscription, the depositary bank issued “American Depositary Shares” (“ADS”), representing Class A (ADS-A) and Class B (ADS-B) shares. The ADS representing Class A and Class B PRISA shares were listed on the New York Stock Exchange (NYSE) until: i) the mandatory conversion of the ADS-B shares in July 2014 and ii) the delisting of the ADS-A shares (requested by the Company) in September 2014. PRISA has continued the ADS program in the European Union via the non-organized OTC market on which the ADS shares may be traded. The Company’s share capital is currently represented by ordinary shares, all of the same class and series, and the reference to Class A shares has disappeared. Each PRISA ADS gives the right to one ordinary PRISA share. The owners of the ADS have had the right to ask the depositary institution holding the aforementioned ADS (Citibank NA) for the direct delivery of the corresponding shares and their consequent trading on the Spanish stock exchanges. As of December 31, 2018 the number of ADSs was 526,202. ii) It is noted that in December 2018 the &quot;PRISA 2013 Warrants&quot;, which were issued in December 2013, have been extinguished. The Warrants were issued in December 2013 in the context of the refinancing of the Company’s bank debt, that was signed with all the banks and certain institutional investors representing the entirety of PRISA’s financial debt. The “PRISA Warrants 2013” gave the right to subscribe for new ordinary shares of the Company.</td>
</tr>
</tbody>
</table>

B  GENERAL SHAREHOLDERS’ MEETING

B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders’ Meetings and those set by the company and if so, describe them in detail:

NO

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

NO
B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

The amendment of the Bylaws is a matter for the General Shareholders Meeting and shall be carried out in accordance with the provisions contained in the Capital Companies Act and the Bylaws, whose article 14 provides that for approval of Articles amendments and unless the law otherwise provides, the favorable vote of the absolute majority of the voting shares present in person or by proxy at the General Shareholders Meeting will be required if the capital present in person or by proxy is more than 50%, or the favorable vote of two thirds of the capital present in person or by proxy at the Meeting when, on second call, shareholders are present that represent 25% or more of the subscribed voting capital without reaching 50%.

The Nominations, Compensation and Corporate Governance Commission shall report on proposals for amending the Bylaws. Furthermore, in accordance with the provisions of the Capital Companies Act, the Board shall prepare a report justifying the proposed bylaw amendment to be published on the website of the Company from the date of publication of the notice of the General Shareholders Meeting.

B.4 Give details of attendance at General Shareholders’ Meetings held during the year of this report and the previous year:

<table>
<thead>
<tr>
<th>Date of General Meeting</th>
<th>% physically present</th>
<th>% present by proxy</th>
<th>% distance voting</th>
<th>Total</th>
<th>Of which, free float:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June 2017</td>
<td>17.63%</td>
<td>59.45%</td>
<td>0.00%</td>
<td>77.08%</td>
<td>5.65%</td>
</tr>
<tr>
<td>15 November 2017</td>
<td>9.51%</td>
<td>66.62%</td>
<td>0.00%</td>
<td>76.13%</td>
<td>3.94%</td>
</tr>
<tr>
<td>25 April 2018</td>
<td>20.74%</td>
<td>57.85%</td>
<td>0.00%</td>
<td>78.59%</td>
<td>4.32%</td>
</tr>
</tbody>
</table>

**Remarks**

i) The data provided in the above table as to the free float shareholders present at the shareholders’ meetings in person or by proxy are the result of estimates made by the Company solely for the purpose of completing this template, based on statistical studies carried out originally after the shareholders’ meetings in question, and so cannot be considered exact. The free float shown as being present at the shareholders’ meetings includes both shareholders present in person and those who attended by proxy.

ii) The percentage of electronic voting in the shareholders’ meeting of June 30, 2017 was 0.003% and of other distance voting was 0.001%; in the shareholders’ meeting of November 15, 2017 the percentage of electronic voting was 0.003% and in the shareholders’ meeting of April 25, 2018 the percentage of electronic voting was 0.001%. These data are not recorded in the table, because the CNMV’s templates only allows inserting figures with two decimals.
B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

NO

B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

SI

<table>
<thead>
<tr>
<th>Number of shares required to attend General Meetings</th>
<th>60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares required for distance voting</td>
<td>60</td>
</tr>
</tbody>
</table>

Remarks
The Company’s Articles of Association and General Meeting Regulations provide that any person holding at least 60 shares may attend General Meetings. As the General Meeting Regulations specify that shareholders who vote remotely are to be included in the quorum for the General Meeting, such shareholders are subject to the same minimum shareholding requirement as those who attend in person.

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

NO

B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders’ Meetings that must be made available to shareholders through the company website.

The Company maintains a website for the information of shareholders and investors whose URL is http://www.prisa.com.
Within this website there is a section entitled “Shareholders and Investors”, within which is posted all information PRISA must make available to its shareholders.

COMPANY ADMINISTRATIVE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

<table>
<thead>
<tr>
<th>Director category</th>
<th>Position on the Board</th>
<th>Date first appointed to Board</th>
<th>Last re-election date</th>
<th>Method of selection to Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE CEO</td>
<td></td>
<td>30 June 2017</td>
<td>30 June 2017</td>
<td>COOPTATION</td>
</tr>
<tr>
<td>PROPRIETARY CHAIRMAN</td>
<td></td>
<td>19 April 2001</td>
<td>01 April 2016</td>
<td>APPOINTED AT THE ANNUAL SHAREHOLDER S’ MEETING</td>
</tr>
<tr>
<td>INDEPENDENT DEPUTY CHAIRMAN</td>
<td></td>
<td>20 November 2017</td>
<td>20 November 2017</td>
<td>COOPTATION</td>
</tr>
<tr>
<td>PROPRIETARY DIRECTOR</td>
<td></td>
<td>22 March 2018</td>
<td>22 March 2018</td>
<td>COOPTATION</td>
</tr>
<tr>
<td>PROPRIETARY DIRECTOR</td>
<td></td>
<td>24 February 2014</td>
<td>28 April 2014</td>
<td>APPOINTED AT THE ANNUAL SHAREHOLDER S’ MEETING</td>
</tr>
<tr>
<td>PROPRIETARY DIRECTOR</td>
<td></td>
<td>18 December 2015</td>
<td>01 April 2016</td>
<td>APPOINTED AT THE ANNUAL SHAREHOLDER S’ MEETING</td>
</tr>
<tr>
<td>PROPRIETARY DIRECTOR</td>
<td></td>
<td>18 December 2015</td>
<td>01 April 2016</td>
<td>APPOINTED AT THE ANNUAL SHAREHOLDER S’ MEETING</td>
</tr>
<tr>
<td>PROPRIETARY DIRECTOR</td>
<td></td>
<td>06 May 2016</td>
<td>06 May 2016</td>
<td>COOPTATION</td>
</tr>
<tr>
<td>INDEPENDENT DIRECTOR</td>
<td></td>
<td>06 May 2016</td>
<td>06 May 2016</td>
<td>COOPTATION</td>
</tr>
</tbody>
</table>
State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Director type</th>
<th>Date of last appointme nt</th>
<th>Date director left</th>
<th>Specialised committees of which he/she was a member</th>
<th>Indicate whethe r the director left before the end of the term</th>
</tr>
</thead>
<tbody>
<tr>
<td>JUAN LUIS CEBRIÁN ECHARRI</td>
<td>EXECUTIVE</td>
<td>01/04/2016</td>
<td>01/01/2018</td>
<td>DELEGATED COMMITTEE</td>
<td>YES</td>
</tr>
<tr>
<td>JOHN PATON</td>
<td>INDEPENDENT</td>
<td>28/04/2014</td>
<td>24/04/2018</td>
<td>DELEGATED COMMITTEE AND NOMINATION AND COMPENSATION COMMITTEE</td>
<td>YES</td>
</tr>
</tbody>
</table>

Reason for leaving and other remarks

i) In relation to the first table in this section C.1.2, it should be noted that:

In December 2018, Manuel Polanco Moreno stood down as PRISA’s Non-executive Chairman and Javier Monzón de Cáceres (Deputy Non-executive Chairman and Coordinating Director until then) was appointed as Non-executive Chairman of PRISA’s Board of Directors with effect from 1 January 2019. This appointment was reported to the CNMV as a relevant fact on 18 December 2018.

ii) As regards the reasons for the resignations of directors during the year (second table in this section C.1.2), it is noted that:

In October 2017 the Board of Directors initiated the succession of the Executive Chairman Mr. Juan Luis Cebrián Echarri. At its meeting in December 2017, after considering various alternatives and candidates, the Board of Directors finally accepted Mr. Juan Luis Cebrián...
Echarri’s resignation as director and Executive Chairman and appointed Mr. Manuel Polanco Moreno, then executive and Vice-Chairman, as Non-Executive Chairman of the Board of Directors of PRISA with effect from 1 January 2018.

Mr. Paton submitted his resignation as director of the Company in order to facilitate the reorganisation of the Board of Directors (his term as director ended on 28 April 2018).

All the above was duly disclosed to the market in the relevant facts filed on 15 November and 19 December 2017 and 25 April 2018.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

**EXECUTIVE DIRECTORS**

<table>
<thead>
<tr>
<th>Name or company name of director</th>
<th>Post in organisational chart of the company</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. MANUEL MIRAT SANTIAGO</td>
<td>CEO</td>
<td>Lawyer and Financial</td>
</tr>
<tr>
<td><strong>Total number of executive directors</strong></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Percentage of Board</strong></td>
<td></td>
<td>7.69%</td>
</tr>
</tbody>
</table>

**PROPRIETARY DIRECTORS**

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Name or company name of the significant shareholder represented or that has proposed their appointment</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. MANUEL POLANCO MORENO</td>
<td>TIMON, S.A.</td>
<td>Businessman and Economist</td>
</tr>
<tr>
<td>MR. ROBERTO LAZARO ALCANTARA ROJAS</td>
<td>CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V</td>
<td>Businessman</td>
</tr>
<tr>
<td>MR JOSEPH OUGHOURLIAN</td>
<td>AMBER ACTIVE INVESTORS LIMITED</td>
<td>Businessman and Economist</td>
</tr>
<tr>
<td>AMBER CAPITAL UK LLP</td>
<td>AMBER CAPITAL UK LLP</td>
<td>The profile of Mr. Fernando Martinez Albacete, representative of AMBER CAPITAL UK LLP in PRISA’s Board of Director, is Financial.</td>
</tr>
<tr>
<td>MR KHALID BIN THANI BIN ABDULLAH AL THANI</td>
<td>INTERNATIONAL MEDIA GROUP, S.À.R.L.</td>
<td>Businessman</td>
</tr>
<tr>
<td>MR. WAALED AHMAD IBRAHIM ALSA’DI</td>
<td>INTERNATIONAL MEDIA GROUP, S.À.R.L.</td>
<td>Auditor</td>
</tr>
</tbody>
</table>

| **Total number of proprietary directors** | 6 |

Percentage of the Board
46,15%

Remarks
Timón, S.A. is a company controlled by Rucandio, S.A.

INDEPENDENT DIRECTORS

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. DOMINIQUE D'HINNIN</td>
<td>FINANCIAL ADVISOR</td>
</tr>
<tr>
<td>FRANCISCO JAVIER GOMEZ-NAVARRO</td>
<td>BUSINESSMAN AND POLITICIAN</td>
</tr>
<tr>
<td>NAVARRETE</td>
<td></td>
</tr>
<tr>
<td>FRANCISCO JAVIER MONZÓN DE</td>
<td>ECONOMIST. BUSINESS ACTIVITY</td>
</tr>
<tr>
<td>CÁCERES</td>
<td>(FINANCE AND TECHNOLOGY)</td>
</tr>
<tr>
<td>MR. JAVIER DE JAIME GUIJARRO</td>
<td>LAWYER</td>
</tr>
<tr>
<td>MRS. SONIA DULA</td>
<td>ECONOMIST</td>
</tr>
</tbody>
</table>

Number of independent directors | 5
Percentage of the Board | 38.46%

Remarks

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

<table>
<thead>
<tr>
<th>Name of the director</th>
<th>Description of the relationship</th>
<th>Statement of the Board</th>
</tr>
</thead>
</table>

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:
<table>
<thead>
<tr>
<th>Name of director</th>
<th>Reason</th>
<th>Company, director or shareholder to whom the director is related</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. JOSE FRANCISCO GIL DIAZ</td>
<td>Mr. Francisco Gil Díaz was Executive Chairman of Telefónica Mexico until July 1, 2016. Telefónica Mexico is a subsidiary of Telefónica, S.A. and a significant shareholder of PRISA, so for the purposes of section 4 of article 529 duodecies of the Capital Companies Act, Mr. Gil cannot be considered an independent director of the Company, although he meets all the other requirements.</td>
<td>TELEFONICA, S.A.</td>
<td>ECONOMIST</td>
</tr>
</tbody>
</table>

**Total number of other external directors** | 1  
**Percentage of the Board** | 7.69%  
**Remarks**

State any changes in status that has occurred during the period for each director:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Date of change</th>
<th>Previous Status</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. MANUEL POLANCO MORENO</td>
<td>01/01/2018</td>
<td>EXECUTIVE DIRECTOR</td>
<td>DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS</td>
</tr>
</tbody>
</table>

**Remarks**

At its meeting in December 2017 the Board of Directors accepted the resignation of Mr. Juan Luis Cebrián Echarri as director and Executive Chairman and appointed Mr. Manuel Polanco Moreno, then executive and Vice-Chairman, as Non-Executive Chairman of the Board of Directors of PRISA with effect from 1 January 2018.

Consequently and considering that Mr. Manuel Polanco had the dual role of executive director and proprietary director of PRISA, for the purposes provided in art. 529 duodecies of the LSC and at the proposal of the Nomination and Compensation Committee, Mr. Polanco was reclassified as a proprietary director of PRISA with effect from 1 January 2018.
C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

<table>
<thead>
<tr>
<th></th>
<th>Number of female directors</th>
<th>Percentage of the total number of directors in each category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 2018</td>
<td>Year 2017</td>
</tr>
<tr>
<td>Executive</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Proprietary</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Independent</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>External</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Remarks

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

YES

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

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

Description of policies, objectives, measures and how they have been implemented, including results achieved

Prior to responding to this point, it should be noted that the Company is completing this section taking into account the new text of Subsection 6 of article 540.4.c) of the Capital Companies Act, in accordance with Law 11/2018 of 28 December, which amends the Code of Commerce, the consolidated text of the Capital Companies Act and the Accounts Auditing Act in relation to non-financial information and diversity.

The Company's Board of Directors Regulations establishes that the Board shall ensure that the selection procedures of its members encourage diversity of gender, professional experience, sector knowledge, geographic background and skills, and do not suffer from any implicit bias that could imply any type of discrimination.

The Company also has a Director Selection Policy that establishes that proposals to nominate or re-elect directors must be based on a prior analysis of the needs of the Board of Directors and, at the same time, encourage the diversity of knowledge, professional experience, personal profiles and gender in its composition.
By virtue of the foregoing, the Nominations, Compensation and Corporate Governance Commission applies the aforementioned principles, criteria and policies to its actions and proposals so that the Board can adequately plan the renewal and orderly succession of its members, especially independent directors, prioritising those profiles that are appropriate for the Board at any given time.

The aforementioned Commission must periodically review these policies, issuing the corresponding proposals to the board to update and improve them in order to keep them up-to-date with the applicable regulations, recommendations and good practices in the market.

In line with Recommendation 14 of the CNMV’s Code of Good Governance, the Director Selection Policy establishes a specific target to increase the number of female directors so that they represent at least 30% of the total members of the Board of Directors by 2020.

The development and execution of the diversity policies established by the Company must be carried out within the framework determined by the current composition of the Board:

- Of the 13 current directors, the only executive (the CEO) was appointed in 2017 and it is in the Company’s interests that he remains in his position in the medium or even long-term.

- Six of them are shareholder directors, representing four significant shareholders, to which their appointments relate in accordance with their own considerations, about which the Board can make recommendations in general, but cannot exert specific influence.

- Therefore, the Commission and the Board can only directly and significantly apply the aforementioned policies in relation to the six remaining directors, five of whom are independent and one is classified as “Other External Director”. Of these six directors, five were appointed in 2017.

The conclusion of the analysis and review carried out by the Commission is that the current composition of the Board is reasonably diverse in terms of the profile, training, experience and professional qualifications, skills, age and the geographical background of its directors, with a positive balance in its overall structure, although it is clearly deficient in terms of its gender diversity.

The following point C.1.7 describes the results of this analysis and the future actions to improve the situation in specific areas and, in particular, with regards to the gender diversity in order to comply with the aforementioned target established for 2020.

No progress was possible towards this target in 2018, notwithstanding the fact that it is still considered to be achievable and remains in place, with the actions that are listed and described in the following points C.1.6 and C.1.7.

It should be noted that the wide-ranging renewal carried out by the Company of its Management Committee and senior management team during the last few months of 2017 and early 2018 has allowed it to achieve a level of 30% women among this group.

Senior management members are deemed to be members of the Business Management Committee that are not executive directors of Prisa and that have an employment relationship with Prisa or with other companies in the Group; or managers that regularly attend the meetings of this committee, as well as the Internal Audit Manager of Prisa.

This group comprises 10 managers, three of whom are women (the HR and Talent Management Manager, the CEO of Media Capital and the Internal Audit Manager).

Furthermore, the profile of the members of the senior management team is diverse in terms of age, training, experience and professional qualifications.

The age range of the members of the Management Committee spans the youngest executive at 39, to the oldest at 69. This situation ensures a balance of maturity, extensive experience and knowledge of the market among the older members, and the inclusion of new skills contributed by the younger executives, jointly working together to adapt the business to the current environment.
C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women:

**Explanation of means**

As already stated in the above point C.1.5, the Company has a Director Selection Policy that seeks to achieve a higher representation of women on the Board of Directors, among other principles and objectives.

As indicated in greater detail in the following point C.1.7, the Nominations, Compensation and Corporate Governance Commission has launched a plan to identify female candidates to whom it will give absolute preference in future proposals to nominate new non-shareholder external directors.

If there are still few or no female directors, despite the measures that may have been taken, if applicable, explain the justifying reasons:

**Explanation of means**

As also explained in the previous point C.1.5, only one new director joined the Board in 2018, with the classification of shareholder director, having been nominated at the proposal and request of the significant represented shareholder, Amber Capital. The Commission and the Board believed that it was fully justified that this shareholder had one more director representing its interest, reflecting the significance of its stake and its intentions to remain a shareholder. The physical person proposed to represent the company as a director also had the appropriate qualifications and professional experience to perform the role.

Furthermore, in 2018 a proposal was made to the General Shareholders’ Meeting to ratify the appointment of five of the six non-shareholder external directors who had been appointed less than one year previously. Their initial appointment took place under particular circumstances, which required the search for very specific profiles that although they gave the Board the skills that the General Meeting believed to be ideal and necessary, only allowed one female director to be identified at that time.

Since their appointment, these directors have promoted an in-depth process of review and modernisation of the Company’s corporate governance system, in order to bring it in line with recommendations and best practices in this area, including the recent application of strict policies on diversity and gender diversity in particular; incorporating in the latter case the aforementioned target to achieve 30% female directors by 2020, a clearly ambitious target given the current structure and composition of the Board.

Both the Nominations, Compensation and Corporate Governance Commission and the Board of Directors believe (and this was approved by the General Shareholders’ Meeting by a wide majority) that it was in the best interests of the Company for these directors to remain in their positions for a reasonable period of time, notwithstanding the implementation of future
C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors; in particular, as it relates to the goal of ensuring that the number of female directors represents at least 30% of the total membership of the Board of Directors by the year 2020.

The conclusion of the analysis and review carried out by the Commission, as indicated in the previous point C.1.5, is that the current composition of the Board is reasonably diverse in terms of the profile, training, experience and professional qualifications, skills, age and the geographical background of the directors, with a positive balance in its overall structure. The specific analysis of the situation of the most relevant of these factors is summarised below:

- In terms of knowledge and professional profiles, Prisa's characteristics make it advisable for the Board as a whole to have capabilities in a wide range of key areas, such as global business experience, knowledge of the Group’s business sectors or related sectors, transformation processes (especially in relation to technological and digital impacts), experience and knowledge of international markets in general and Latin America in particular, management of managerial resources and talent, finance and control, and lastly, experience in the field of corporate governance.

All of these areas are sufficiently represented on the Board and each director has significant capabilities in several of these areas, which can be seen in the biographical notes of each director published on the corporate website www.prisa.com.

Nevertheless, the Commission has proposed to strengthen some of these areas in the future, in which it believes that additional capabilities would be positive for the company and to improve the performance of the functions of the Board to promote and supervise a business project with strong future potential.

- With regards to geographical diversity, the Board includes directors with five nationalities from three continents, and residents from six countries on three continents.

- With regards to age, the directors are aged between 46 and 75, with an average of 59 and a median value of 58.

In short, the situation in these aspects is worthy of a favourable assessment, notwithstanding the fact that improvements can still be made in certain specific aspects, as indicated, having already defined actions in these areas.

Gender diversity is the area in which the current situation is clearly deficient. The Company has only one female director, equivalent to 8% of all directors.

This is why the Commission has promoted and proposed a plan and specific actions to enable this situation to be corrected no later than 2020, achieving the target established for that year of at least 30% female directors.

The Commission has therefore launched a process to identify women whose profile would make them suitable candidates to be proposed as female directors of the Company, focusing on those attributes that the Commission intends to prioritise in future selection processes.

Likewise, in future selection processes for non-shareholder external directors, the Commission shall exclusively—or in very large proportion—submit female candidates for consideration.

The Commission believes that the future evolution of the Board’s composition shall present
opportunities for women to join the Board in sufficient numbers to achieve the established
target, having worked on and identified various alternative options for this purpose.

In the review of the Director Selection Policy that the Commission intends to carry out during
2019, it shall develop and progress the diversity policies as necessary so that these enable
strict standards to be attained and achieve the objectives established in this area in the coming
years.

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

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Reason</th>
</tr>
</thead>
</table>

State whether the Board has failed to meet any formal requests for
membership from shareholders whose equity interest is equal to or higher
than that of others at whose request proprietary directors have been
appointed. If this is the case, please explain why the aforementioned requests
were not met:

NO

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to
directors or Board committees:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Brief description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR MANUEL MIRAT SANTIAGO</td>
<td>He has been delegated all powers of the Board of Directors except those that cannot be delegated by law.</td>
</tr>
<tr>
<td>DELEGATED COMMISSION</td>
<td>It has been delegated all powers of the Board of Directors except those that cannot be delegated by law. Notwithstanding the Board of Directors Regulation provides that, when duly justified urgent circumstances arise and the law permits it, the Delegated Commission, or any other authorized committee, may adopt resolutions related to the matters referred to in section 5.3 of the Regulations, which shall be confirmed in the first meeting of the Board of Directors held after they are adopted.</td>
</tr>
</tbody>
</table>

C.1.10 Identify any members of the Board who are also directors or officers in
other companies in the group of which the listed company is a member:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Name of the Group Company</th>
<th>Position</th>
<th>Does he/she has executive functions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>GRUPO MEDIA CAPITAL, SGPS, S.A.</td>
<td>DIRECTOR</td>
<td>NO</td>
</tr>
<tr>
<td>Name</td>
<td>Company Name</td>
<td>Title</td>
<td>Board Member</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------------------------------</td>
<td>------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>MCP MEDIA CAPITAL PRODUÇÕES, S.A</td>
<td>CHAIRMAN</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>PLURAL ENTERTAINMENT PORTUGAL, S.A</td>
<td>CHAIRMAN</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>PRODUCTORA CANARIA DE PROGRAMAS, S.L.</td>
<td>DIRECTOR</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>SOCIEDAD CANARIA DE TELEVISION REGIONAL, S.A.</td>
<td>DIRECTOR</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>TVI - TELEVISÃO INDEPENDENTE, S.A.</td>
<td>CHAIRMAN</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>VERTIX, SGPS, S.A.</td>
<td>CHAIRMAN</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>GRUPO MEDIA CAPITAL, SGPS, S.A.</td>
<td>DIRECTOR</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>DIARIO EL PAÍS, S.L.U</td>
<td>CHAIRMAN</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>PRISA NOTICIAS, S.L.U</td>
<td>CHAIRMAN</td>
<td>YES</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>NOTICIAS AS MÉXICO, S.A. de C.V.</td>
<td>DIRECTOR</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>PRISA RADIO, S.A.</td>
<td>DIRECTOR AND CHAIRMAN</td>
<td>NO</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>PLURAL ENTERTAINMENT ESPAÑA, S.L.U</td>
<td>JOINT AND SEVERAL DIRECTOR</td>
<td>YES</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>TESELA PRODUCCIONES AUDIOVISUALES, S.L.</td>
<td>JOINT AND SEVERAL DIRECTOR</td>
<td>YES</td>
</tr>
</tbody>
</table>

**Remarks**

Mr Manuel Mirat represents:

- Diario El País, S.L.U as Sole Director of: Factoría Prisa Noticias, S.L.U and Pressprint, S.L.U.
- Prisa Noticias, S.L.U as Sole Director of: Espacio Digital Editorial, S.L.U and Grupo de Medios Impresos y Digitales, S.L.U.
- Grupo de Medios Impresos y Digitales, S.L.U as Sole Director of: Estructura, Grupo de Estudios Económicos, S.A., and Promotora General de Revistas, S.A.,
- Diario As, S.L. as Chairman of Diario As Colombia, S.A.
- Promotora General de Revistas, S.A. as Sole Director of Meristation Magazine, S.L.
- Prisaprint, S.L.U. as Sole Director of Distribuciones Aliadas, SAU and Norprensa, SAU.
- Prisa Participadas, S.L.U. as Sole Director of Prisaprint, S.L.U.

C.1.11 List any legal-person directors of your company who are members of the Board of Directors of other companies listed on official securities markets.
other than group companies, and have communicated that status to the Company:

<table>
<thead>
<tr>
<th>Director’s Name</th>
<th>Name of Listed Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANUEL POLANCO MORENO</td>
<td>GRUPO MEDIA CAPITAL, SGPS, S.A.</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>MANUEL MIRAT SANTIAGO</td>
<td>GRUPO MEDIA CAPITAL, SGPS, S.A.</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>KHALID BIN THANI BIN ABDULLAH AL THANI</td>
<td>EZDAN HOLDING GROUP</td>
<td>CHAIRMAN</td>
</tr>
<tr>
<td>KHALID BIN THANI BIN ABDULLAH AL THANI</td>
<td>QUATAR INTERNATIONAL ISLAMIC BANK</td>
<td>CHAIRMAN</td>
</tr>
<tr>
<td>WAALED AHMAD IBRAHIM ALSA’DI</td>
<td>EZDAN HOLDING COMPANY</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>WAALED AHMAD IBRAHIM ALSA’DI</td>
<td>QUATAR INTERNATIONAL ISLAMIC BANK</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>WAALED AHMAD IBRAHIM ALSA’DI</td>
<td>MEDICARE GROUP</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>JOSE FRANCISCO GIL DIAZ</td>
<td>BOLSA MEXICANA DE VALORES</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>JOSE FRANCISCO GIL DIAZ</td>
<td>FIBRA DAHNO</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>JOSE FRANCISCO GIL DIAZ</td>
<td>BBVA BANCOMER</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>FRANCISCO JAVIER MONZON DE CÁCERES</td>
<td>FERROGLOBE PLC</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>FRANCISCO JAVIER MONZON DE CÁCERES</td>
<td>SOPRA STERIA GROUP, S.A.</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>DOMINIQUE D’HINNIN</td>
<td>EUTELSAT COMMUNICATION</td>
<td>CHAIRMAN</td>
</tr>
<tr>
<td>DOMINIQUE D’HINNIN</td>
<td>EDENRED</td>
<td>DIRECTOR</td>
</tr>
<tr>
<td>FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE</td>
<td>TECNICAS REUNIDAS, S.A.</td>
<td>DIRECTOR</td>
</tr>
</tbody>
</table>

Remarks
Director Mr Javier de Jaime represents Theatre Directorship Service Beta, S.A.R.L. on the Board of Directors of Deoleo, S.A.

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

YES

Explanation of the rules and identification of the document where this is regulated
Article 11 of the Board Regulations provides that regarding the number of other boards of which they may be members, the general rule shall be that directors may not be members of so many other boards that it prevents or hinders them from dedicating the proper amount of time to their position as Company director. In this regard, the Company directors shall comply with the following restrictions:

(i) Executive directors may hold administrative posts at other companies, provided that they do not perform executive duties at any of them.

(ii) Non-executive directors may hold administrative posts at six other companies, provided they do not perform executive duties at any of them. However, they may only hold administrative posts at two other companies if they perform executive functions in one of them. Those who perform executive functions at
C.1.13. State total remuneration received by the Board of Directors

<table>
<thead>
<tr>
<th>Board remuneration in financial year (thousand euros)</th>
<th>2,673</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of vested pension interests for current members (thousand euros)</td>
<td>0</td>
</tr>
<tr>
<td>Amount of vested pension interests for former members (thousand euros)</td>
<td>0</td>
</tr>
</tbody>
</table>

**Remarks**

The amount of the total directors’ remuneration is the amount accrued in 2018 following the accrual criterion specified in CNMV Circular 2018/2 (which sets out the template for the annual directors’ report of listed public limited companies) and differs by 480 thousand euros from the total amount of directors’ remuneration recorded in the Notes to the consolidated financial statements and the semi-annual financial statements for 2018, which reflects the accounting records. The difference breaks down as follows:

i) Variable remuneration of the CEO: a provision was recorded for a qualitative assessment of 20%. The Board of Directors set the qualitative assessment of the CEO’s performance at 25%.

ii) In relation to the Medium-Term Incentive Plan for the period 2018/2020 (see section A.10 above), the Company has allocated a number of Restricted Stock Units to each beneficiary and has specified certain objectives (other than the share price) which must be met in order for them to receive the incentive and which will serve as a reference in determining the number of shares, if any, to be delivered at year-end. A total of 2,200,000 Restricted Stock Units have been allocated to the CEO. The possibility of the plan beneficiaries’ receiving shares of the Company is conditional upon certain conditions being met during the reference period, so no right has been granted to receive any amount whatsoever on this account in 2018, notwithstanding any provision expenses recorded in the income statement.

iii) Reversal of insurance: an amount of €9,000 was recorded in the accounts, while the abovementioned overall remuneration includes an amount of €11,000, as a result of regularisations of premiums due to changes in the Group’s workforce over the course of the previous year.

Finally, the overall remuneration of the Board of Directors includes the remuneration of Mr. John Paton until his resignation as director in April 2018.

The remuneration shown in the above table therefore coincides with that stated in the directors’ remuneration report, to which we refer for further explanations.
C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

| Name                        | Position                                                      |
|-----------------------------|                                                              |
| XAVIER PUJOL TOBEÑA         | SECRETARY GENERAL AND SECRETARY OF THE BOARD                  |
| GUILLERMO DE JUANES MONTMETERME | CFO                                                        |
| JORGE RIVERA                | CHIEF OF COMMUNICATION AND INSTITUTIONAL RELATIONS           |
| AUGUSTO DELKADER            | CHIEF EDITOR                                                  |
| MARTA BRETOS                | HEAD OF TALENT MANAGEMENT                                    |
| MIGUEL ANGEL CAYUELA SEBASTIAN | CEO OF GRUPO SANTILLANA                                     |
| PEDRO GARCÍA GUILLEN        | CEO PRISA RADIO                                               |
| ALEJANDRO MARTÍNEZ PEÓN     | CEO OF PRISA NOTICIAS                                         |
| ROSA CULLEL                 | CEO OF MEDIA CAPITAL                                          |
| VIRGINIA FERNANDEZ IRIBARNEGARAY | INTERNAL AUDIT DIRECTOR                                    |

**Total senior management remuneration (thousand euros)** | 5,963

**Remarks**

The above remuneration relates to the members of the Business Management Committee who are not executive directors of PRISA and who have an employment relationship with PRISA or other Group companies; the managers who regularly attend the committee’s meetings; and PRISA’s internal audit director. The included remuneration of Messrs. Delkader, Rivera, Bretos, García Guillén and Martínez Peón is the remuneration they received from the time of their appointment, in 2018, to the posts shown in the previous table.

Likewise the remunerations of Ms Bárbara Manrique de Lara, Mr. Ignacio Soto and Mr Andrés Cardó, until they ceased in 2018 as Chief of Communication and Institutional Relations, Chief Revenue Officer, and CEO of PRISA Radio, respectively, are also included within the total remuneration of senior management, amounting 1,208 thousand euros.

This aggregate remuneration includes, among other things, 1,017 thousand euros in respect of the post-contractual non-competition agreement and compensation for termination of contracts of senior management in 2018. It is noted that Mr. Fernando Martinez Albacete, the representative of the director Amber Capital, was a member of PRISA’s senior management until June 2017 and, due to the termination of his contract with the Company, he has received amounts in the form of non-competition agreement, until May 2018. These amounts are not included within the remuneration of the Managers, since they do not refer to payments received for having the status of member of senior management in 2018.

This total remuneration is the amount accrued in 2018 following the accrual criterion specified in CNMV Circular 2018/2 (which sets out the template for the annual corporate governance report of listed public limited companies) and differs from the amount of remuneration shown in the Consolidated Financial Statements and Semi-annual Financial Information for 2018, which relates to the accounting provision.

In particular, the figure for total remuneration of senior management contained in this
report does not include the remuneration that appears in the semi-annual financial statements and the consolidated financial statements for 2018, which is as follows:

i) In relation to the Medium-Term Incentive Plan for the period 2018/2020 (see section A.10 above), it is noted that the Company has allocated a number of Restricted Stock Units to each beneficiary and has specified certain objectives (other than share price objectives) which must be met in order for the beneficiaries to receive the incentive and which will serve as a reference in determining the number of shares, if any, to be delivered at year-end. A total of 4,940,000 Restricted Stock Units have been allocated to the members of senior management. The possibility of the plan beneficiaries' receiving shares of the Company is conditional upon certain conditions being met during the reference period, so no right has been granted to receive any amount whatsoever on this account in 2018,

ii) A sum of €145,000 for the assignment of a qualitative assessment of 25% and 30%, instead of 20%, in the performance of four members of senior management.

iii) A reversal of €168,000 in respect of the variable remuneration for 2018 of a member of senior management.

C.1.15  State whether the Board rules were amended during the year:

YES

<table>
<thead>
<tr>
<th>Description of amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Board of Directors held on 22 March 2018 approved a new consolidated text of the Regulations of the Board of Directors of PRISA, in the terms detailed in the report that the Board of Directors made available to the shareholders on calling the General Shareholders’ Meeting held on April 2018, which is available on the Company’s website (<a href="http://www.prisa.com">www.prisa.com</a>). The amendment to the Board of Directors Regulations was part of a project for the update of the Company’s internal regulations (which also comprised the review of the Bylaws and the Regulations of the General Shareholders’ Meeting), to align them with the best corporate governance practices, and took into account the reforms introduced in the Spanish Companies Law by Spanish Law 5/2015 of 27 April on the promotion of business financing (Ley de fomento de la financiación empresarial), by Spanish Law 31/2014 of 3 December, amending the Spanish Companies Law to improve corporate governance, and by Spanish Law 15/2015 of 2 July on Voluntary Jurisdiction (Ley de la Jurisdicción Voluntaria), as well as certain provisions specified in the code of good governance for listed companies of the Spanish National Stock Market Commission (CNMV) of February 2015 and in the Technical Guide 3/2017 of 27 June on audit committees of entities of public interest of the National Stock Market Commission. The Board of Directors Regulations included specific measures to ensure the best management of the Company. It included technical improvements and adapted the Company’s corporate governance system to the changes in the Company’s capital and governance structure, as well as to the best existing standards.</td>
</tr>
</tbody>
</table>

C.1.16  Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Procedures for the selection, appointment, re-election and removal of directors are regulated by the Bylaws and the Board Regulations. Furthermore, the Company has a “Director Selection Policy”, that is concrete and verifiable, ensures that director appointment or re-election proposals are based on a prior analysis of the Board of Directors’ needs and, at the same time, favours diversity
of knowledge, experience and gender composition.

Noteworthy amongst the objectives of that policy are: i) that the principle of diversity in the composition of the Board of Directors should prevail in its broadest sense; ii) the director selection or re-election process will be guided by the goal of achieving an appropriate balance in the Board of Directors as a whole, and, toward that end, qualified persons will be sought with personal and professional good repute and whose appointment favours diversity of knowledge, experience, background and gender on the Board of Directors and, furthermore, iii) by 2020 the number of female directors will account for at least 30% of the total members of the Board of Directors.

Quantitative and qualitative composition of the Board of Directors:

According to Article 16 of the Company Bylaws, the Board shall have a minimum of five and a maximum of fifteen members. The General Meeting shall establish the number of directors in an express resolution.

In exercising its powers to submit proposals to the General Meeting of Shareholders and co-opt to fill vacancies, the Board of Directors shall ensure that the Board’s composition is such that the external directors represent a large majority of the Board, and that the number of independent directors represent at least half of the total Board members and, in any case, a third. The number of the executive directors shall be the minimum necessary, taking into account the complexity of the corporate Group and the share of the executive directors in the Company’s capital.

To establish a reasonable balance between the proprietary directors and the independent directors, the Board shall take into account Company shareholder structure, considering the importance of the shareholdings, in absolute and comparative terms, as well as the degree of permanence and strategic connection with the Company of those shareholders.

In any case, the Board shall ensure that the percentage of non-executive directors who are proprietary directors does not exceed the percentage of the Company’s capital represented by those proprietary directors.

For the above purposes, the Company shall adapt the classification of the directors to the definitions and criteria contained in the applicable regulations in effect at any time.

Structure of the Board of Director

Chairman: The Board of Directors shall appoint one of its members Chairman at the proposal of the Nominations, Compensation and Corporate Governance Committee, with the active participation of the Coordinating Director, if one has been named.

Vice-Chairman or Vice-Chairmen: At the proposal of the Nominations, Compensation and Corporate Governance Committee, the Board may appoint one or more Vice-Chairmen, who shall substitute the Chairman in case of temporary absence, momentary incapacity, or the specific delegation of the latter, regarding to the functioning of the Board of Directors, and shall have the other powers established in the internal rules of the Company.

Should the Board decide to designate a Vice Chairman, provided that the Chairman of the Board is not considered an independent director, the first or sole Vice Chairman, as the case may be, shall be appointed from among the independent directors, with the abstention of the executive directors, assuming the duties of the Coordinating Director or designating him to assume the aforementioned post if he has already been appointed.

Coordinating Director: If the Chairman is not considered an independent director, the Board, on the proposal of the Nominations, Compensation and Corporate Governance Committee, shall appoint, with the abstention of the executive directors, a Coordinating Director from among the independent directors.

If a Vice Chairman has been appointed who is considered an independent director and the Chairman of the Board is not, the Vice Chairman shall assume the duties of the
Coordinating Director, and if the latter has already been appointed, he shall be designated to the post of Vice Chairman.

Chief Executive Officer: With the favourable vote of two-thirds of its members, and at the proposal of the Nominations, Compensation and Corporate Governance Committee, the Board of Directors shall appoint a Chief Executive Officer (CEO), giving the latter all of the powers of the Board that are not considered non-delegable powers under the law and the Bylaws.

The CEO shall be considered the chief executive of the Company and shall have overall responsibility for its management.

Honourable Chairman: The Board of Directors may grant the title of Honorary Chairman to any person or persons who have held the post of Chairman of the Board of Directors and have earned the distinction because of their accomplishments and extraordinary dedication to the Company, after they have left the Board.

The resolution adopted by the Board of Directors to name an Honorary Chairman shall be based on a proposal from the Nominations, Compensation and Corporate Governance Committee.

Since the title is honorary, the Honorary Chairman is not a member of the Board of Directors.

The title of Honorary Chairman may be revoked by the Board, depending on the circumstances in each case.

Board Secretary: The Board of Directors shall appoint a Secretary proposed by the Chairman who shall be a lawyer but need not be a director. Upon a proposal by the Secretary, the Board of Directors may appoint a Deputy Secretary, who need not be a director, to help the Secretary perform the tasks related to the post.

The appointment and cease of the Secretary and Deputy Secretary shall be made following a report from the Nominations, Compensation and Corporate Governance Committee.

Appointment of Directors:

Directors shall be selected by the General Shareholders Meeting or provisionally by the Board of Directors pursuant to the provisions of applicable regulations.

Nominations of directors that the Board of Directors submits to the General Meeting for consideration and the resolutions to appoint them that are adopted by the aforementioned body by virtue of its powers of co-optation under the law, shall comply with the provisions of Board of Directors Regulations, with the Company policy for selecting directors, and shall be preceded by the corresponding proposal in the case of independent directors, or report for other directors, of the Nominations, Compensation and Corporate Governance Committee.

Nominations of directors shall always be accompanied by a supporting statement from the Board of Directors. For these purposes, the Board can use the supporting statement already submitted by the Nominations, Compensation and Corporate Governance Committee.

All of the proposals and statements for the appointment of directors, both those submitted by the Board and by the Nominations, Compensation and Corporate Governance Committee shall assess the suitability of the proposed candidates for the position of director, with special attention to their expertise, experience and accomplishments, as well as their ability to commit to the duties that correspond to the position.

Reappointment of Directors

Proposals for the reappointment of directors that the Board of Directors decides to submit to the General Meeting shall be subject to a formal process, which requires:
C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes

(i) In the case of independent directors, a proposal from the Nominations, Compensation and Corporate Governance Committee; and

(ii) In the case of other directors, a report from the Nominations, Compensation and Corporate Governance Committee.

The proposal or report of the Committee shall evaluate the performance and the commitment to the position of the proposed directors during their previous term, and to determine whether the profile of the proposed directors continues to be suitable and their commitment continues.

Term of the position

Directors shall serve a term of four years, and may be reappointed.

Directors selected by co-optation may be confirmed to the post by resolution of the next General Meeting following their selection.

If a vacancy occurs after the General Meeting is convened but before it is held, the Board of Directors may appoint a director until the next General Meeting.

Termination of directors

Directors shall cease to hold office when the term for which they were appointed expires, or when the General Meeting resolves their termination with the powers conferred on it by law or the Bylaws.

Directors who leave the post before their term expires because they resign, or for another reason by resolution of the General Shareholders Meeting, they shall send a letter to all members of the Board of Directors to explain their reasons for leaving. The reason for the termination shall be noted in the Annual Report of Corporate Governance.

Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the cases provided in the Board of Directors Regulation (see section C.1.19 of this Report).

The Board of Directors shall not propose the termination of any independent director before the statutory term for which the latter was appointed expires, unless the Board determines that there is just cause after a report from the Nominations, Compensation and Corporate Governance Committee. In particular, just cause is deemed to exist if the director has breached the obligations inherent in the post or has incurred in any of the situations described in the Board of Directors Regulation for the resignation of the Directors (see section C.1.19 of this Report). Termination may also be proposed as a result of a takeover bid, merger or other similar corporate operations that cause a significant change to the Company’s shareholder structure.

Objectivity, voting secrecy and duty to abstain

All votes of the Board of Directors concerning the appointment, reappointment or termination of directors shall be secret if any of the members request this, notwithstanding the right of all directors to have their vote recorded in the minutes. Directors affected by proposed appointments, reappointments, termination, reprimands or approval of the contract with the Company that governs their remuneration and the rest of the rights and obligations in the case of executive directors, shall be absent during the deliberations and votes on the respective resolutions.
During 2017 and the first quarter of 2018, the Company’s Board of Directors underwent a thorough reorganisation, which included the succession of the Chairman, Vice-Chairman and CEO. This reorganisation also gave rise to a reshuffle of all the Board committees, including their chairmen.

As a result of these changes, a large number of directors considered that they did not have a sufficient basis on which to assess the Board’s performance in 2017, so the assessment could not be carried out.

In 2019, however, the Company has carried out the full assessment for 2018.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

**Description of the evaluation process and evaluated areas**

Although the Board assessment was not carried out in 2018, art. 8 of the Board of Directors Regulations specifies the assessment process and the areas to be assessed in the following terms:

1. Each year, the Board of Directors shall hold specific meetings to evaluate:
   
   (i) The quality and efficiency of the Board’s function and the quality of the work, as well as diversity in its composition and skills, based on a report submitted by the Nominations, Compensation and Corporate Governance Committee;
   
   (ii) The performance of the duties of the Chairman of the Board of Directors and the CEO of the Company (at the same or in separate meetings), based on a report submitted by the Nominations, Compensation and Corporate Governance Committee;
   
   (iii) The function and composition of the Committees, based on the report that each of the latter submits to it; and
   
   (iv) The performance and contribution of the directors, paying special attention to the directors chairing the various Board Committees.

2. The Chairman of the Board of Directors shall organize and coordinate the aforementioned evaluation process, except as it applies to him, along with the chairmen of the Audit, Risks and Compliance and the Nominations, Compensation and Corporate Governance Committees, as well as the Coordinating Director, if one is appointed. The evaluation of the Chairman shall be organized by the Coordinating Director or, in the absence thereof, the Chairman of the Nominations, Compensation and Corporate Governance Committee.

3. The Chairman of the Board and the Chief Executive Officer will be absent during the debates corresponding to their respective evaluations. In the Chairman’s absence, the Board —and, where appropriate, the respective Committee— shall be chaired by the Vice-Chairman, and in the latter’s absences, by the Coordinating Director; and in his absence, by the Chairman of the Nominations, Compensation and Corporate Governance Committee.

4. To perform the evaluation, the Board shall have the support of external consultants and any internal resources it deems necessary in each case.

5. Based on the results of the annual evaluation, the Board of Directors shall propose the appropriate actions to remedy the problems identified and promote improvements.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.
To date, the Company has not hired any external consultant for the evaluation processes of the Board.

## C.1.19 State the situations in which directors are required to resign.

Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases provided in the Board of Directors Regulation:

1. If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law.

2. If, events or conduct attributable to the director result in – or in the Board’s judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group.

3. If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability.

4. If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors.

5. When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment.

6. If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law.

7. If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high.

In all events, the director shall inform the Board and, if necessary, resign in those cases that affect and may harm the credit and reputation of the company.

In particular, all directors shall inform the Company, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings. In this case, the Board of Directors shall review the circumstances as soon as possible and, following a report by the Nominations, Compensation and Corporate Governance Committee, shall adopt the resolutions it deems to be in the Company’s interest. The Board of Directors shall reasonably record all of this in the Annual Report of Corporate Governance.

In the cases mentioned above, the Board of Directors may require the resignation of the director and recommend the latter’s termination to the General Shareholders Meeting.

If, in the cases described in paragraphs v) and vi) above, a report from the Nominations, Compensation and Corporate Governance Committee, the Board of Directors considers that there are justified grounds for the director to stay, it shall review the latter’s classification.
C.1.20 Are qualified majorities other than those established by law required for any specific decision?

NO

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

NO

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

NO

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

NO

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 20 of the Company Bylaws and Article 20 of the Board Regulations provide that if it is impossible for them to attend board meetings, they will appoint another director as proxy. In that regard, proxies must be in writing, specifically for the meeting in question and instructing the representative about the sense of any vote. Non-executive directors can only delegate their representation to other non-executive directors. Representation cannot be delegated on matters in which the director has a conflict of interest.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.
State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

<table>
<thead>
<tr>
<th>Number of meetings</th>
<th>1</th>
</tr>
</thead>
</table>

Remarks

Please specify the number of meetings held by each committee of the Board during the year:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Number of meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings held by the Delegated Commission</td>
<td>5</td>
</tr>
<tr>
<td>Number of meetings held by the Audit, Risks and Compliance Commission</td>
<td>8</td>
</tr>
<tr>
<td>Number of Meetings held by the Appointments, Remuneration and Corporate Governance Commission</td>
<td>8</td>
</tr>
</tbody>
</table>

Remarks

C.1.26 State the number of meetings held by the Board of Directors during the year and the details of attendance:

<table>
<thead>
<tr>
<th>Attendance Criteria</th>
<th>Number of Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings attended by at least 80% of the directors</td>
<td>9</td>
</tr>
<tr>
<td>% of attendance over total votes during the year</td>
<td>92.06%</td>
</tr>
<tr>
<td>Number of meetings in situ or representations made with specific instructions of all directors</td>
<td>6</td>
</tr>
<tr>
<td>% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year</td>
<td>96.92%</td>
</tr>
</tbody>
</table>

Remarks

Attendance is deemed to include attendance in person and also by telephone.

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

YES
C.1.28 Explain any measures established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders’ Meeting with a qualified audit opinion.

The Regulations of the Board of Directors (articles 27 and 43) establish that:

i. It is the responsibility of the Audit, Risks and Compliance Committee to ensure that the Board of Directors strives to submit the accounts to the General Shareholders without restrictions or qualifications in the audit report. In exceptional cases in which there are qualifications, both the Chairman of the Audit, Risks and Compliance Committee and the auditors, as the case may be, shall clearly explain the content and scope of such restrictions or qualifications to the shareholders.

ii. The Board shall do its best to submit the annual financial statements to the General Meeting without reservations or qualifications in the audit report. If these exist, the Board shall ask the external auditors to clearly explain them to the shareholders at the Ordinary General Meeting.

C.1.29 Is the secretary of the Board also a director?

NO

If the secretary is not a director, please complete the following table:

<table>
<thead>
<tr>
<th>Name of the secretary</th>
<th>Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>XAVIER PUJOL TOBEÑA</td>
<td></td>
</tr>
</tbody>
</table>

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

The Board of Directors Regulations provides that the relationship with the external auditors shall be channelled through the Audit, Risks and Compliance Committee, which, among other responsibilities, will have the following:
i. Should the external auditor resign, to examine the circumstances that led to the resignation;

ii. To ensure that the remuneration of the external auditor does not compromise the auditor’s quality or independence;

iii. To ensure that the Companies reports the change of auditor to the National Securities Market Commission as a significant event and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist;

iv. To maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company;

v. To ensure that the Company and the external auditor comply with the applicable regulations on the provision of non-auditing services, restrictions on the concentration of the auditing business and, other general regulations on the independence of auditors.

In Addition, the Audit, Risks and Compliance Committee shall be responsible for the procedure for proposing the auditor, which shall take into account factors such as the scope of the works to perform, the training, experience and resources of the auditing team, and the auditor’s signature, the fees, and its independence, and the effectiveness and quality of the services it provides.

Under art. 529 quaterdecies of the Capital Companies Act, the Audit, Risks and Compliance Committee also has the following tasks for preserving the auditors’ independence:

i. Establish relations with the external auditor in order to receive information, for examination by the Committee, on any matters that may entail a threat to the auditor’s independence and on any other matters concerning the audit; where necessary, authorise any permitted services, as provided by the Spanish Audit Act in relation to auditor independence; and receive any other communications provided for in auditing legislation and standards. The committee must receive an annual statement from the external auditors certifying their independence in relation to the Company or entities directly or indirectly related to it, as well as detailed, individualised information about any additional services of any kind provided to, and the fees received from, such entities by the external auditor or by individuals or entities related to it, in accordance with auditing regulations.

ii. Issue each year, before the auditor’s report is issued, a report stating an opinion as to whether the auditor or audit firm’s independence is compromised. This report must contain a reasoned assessment of the provision of any of the additional non-audit services referred to in the previous paragraph, considered individually and in the aggregate, in relation to the auditors’ independence and compliance with auditing standards.

The Board of Directors Regulations also specify the following safeguards with respect to the external auditor:

i. The Board shall not award the contract to audit the annual accounts to firms at which there are circumstances that could compromise their independence, pursuant to the criteria defined at any time by applicable legislation.

ii. With the regularly and content defined by the applicable regulations at any time, the Board shall publically disclose the total fees that the Company has paid to the auditing firm for auditing services, and for non-auditing services, providing a breakdown of the fees paid to the external auditors and payments to any other company of their group.

iii. The auditing firm and/or the professional auditor responsible for the work and the members of the external auditing team shall be periodically rotated in accordance with the legally established deadlines at any time and in cases and with the criteria defined, where applicable, by the Board in accordance with a proposal by the Audit, Risks and Compliance Committee.

All the above safeguards are effectively applied by the Company: the Audit, Risks and Compliance Committee proposes the appointment of the external auditor and examines and, where appropriate, approves each specific proposal for the engagement of the external auditor’s services in all Group companies, following the established preapproval procedure. This procedure requires that for each service subject to approval by the committee the
external auditor must issue a certificate guaranteeing that providing the service does not affect its independence as auditor. The preapproval procedure is updated and approved by the committee each year and is distributed to the Group’s business units, which must apply it. The committee also reviews and approves the audit fees of the external auditor and any other firms (which are disclosed in the notes to the financial statements and in the committee’s annual activity report) and also reviews and approves any change of audit firm in any Group company.

Likewise, on the occasion of the review and authorisation of the financial statements, the Audit, Risks and Compliance Committee receives from the external auditor written confirmation of its independence with respect to the previous financial year, as well as information about the fees paid to the main auditor and its related parties for other professional services provided to Grupo PRISA companies, in accordance with the provisions of the Audit Act. The committee issues a report in which, in view of the foregoing, it sets out its conclusions regarding the external auditors’ independence during the year in question, which is published on the company’s website (www.prisa.com) sufficiently in advance of the annual general meeting of shareholders, in compliance with Recommendation 6 of the CNMV’s Unified Code on Good Corporate Governance.

The team responsible for the auditing of Grupo PRISA’s accounts also attends various meetings of the committee, as well as the Board of Directors meeting at which the financial statements are authorised for issue, and holds meetings with committee members outside of any committee meeting.

The Company has not established any specific mechanism with respect to financial analysts, investment banks or rating agencies, but verifies their independence and possible conflicts of interest before engaging their services.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

If there were any disagreements with the outgoing auditor, please provide an explanation:

NO

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

YES

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Group Companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount invoiced for non-audit services (thousand euros)</td>
<td>391</td>
<td>364</td>
<td>755</td>
</tr>
<tr>
<td>Amount invoiced for non-audit services/Amount for audit work (in %)</td>
<td>57.1%</td>
<td>21.8%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Remarks

The non-audit services include the services the auditor was required to provide in relation to the capital increase and the refinancing carried out by the Company in 2018.
C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

NO

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of consecutive years</td>
<td>28</td>
<td>27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Remarks

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

YES

<table>
<thead>
<tr>
<th>Explanation of procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Board of Directors Regulations provides the following:</td>
</tr>
<tr>
<td>i. The schedule of ordinary meetings shall be established by the Board of Directors itself before the start of each financial year. Se prevé asimismo un procedimiento y unos plazos para modificar el calendario y para convocar reuniones extraordinarias.</td>
</tr>
<tr>
<td>The scheduled meetings shall be formally convened sufficiently in advance, and not later than three calendar days before the meeting, except in the case of urgent meetings, and shall include the agenda, unless there is a justified reason not to. The meeting shall be convened at least four calendar days in advance if a weekend falls between the date on which the meeting is convened and the date set for holding it.</td>
</tr>
<tr>
<td>Unless the Board meets or has been exceptionally convened for urgent reasons, the notification of the meeting shall include the information necessary for the directors to properly prepare for and deliberate the items on the agenda, and should be accompanied by proposed resolutions</td>
</tr>
</tbody>
</table>
related to the items on the agenda requiring a decision of the Board.

ii. Likewise, the Directors shall have the duty to demand and the right to seek, with the broadest of powers, the information and advice they need about any aspect of the Company, provided it is necessary for the performance of their duties. The right to information is channelled through the Chairman, who shall respond to requests from directors, directly facilitating the information for them, providing them with the appropriate contact persons or making all the arrangements necessary for the requested inspection.

Furthermore, the Chairman of the Board shall ensure, with the Secretary's assistance, that all documents distributed in the meetings of the various Committees is accessible to all of the directors.

iii. For help in carrying out their duties, any of the directors may seek to hire, at the Company's expense, legal, accounting, technical, financial, business or other experts. The mandate must involve specific problems of certain relevance and complexity that arise during the performance of the director's duties.

C.1.36 State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

YES

Explain the rules

As established in the above section C.1.19, Directors shall inform the Board of Directors and formally resign from the post, if the latter deems it necessary, in the following cases provided in the Board of Directors Regulation:

i. If, due to unforeseen circumstances, they have incurred in any of the situations of incompatibility or prohibition or grounds for termination, as defined in the law.

ii. If, events or conduct attributable to the director result in – or in the Board's judgement could result in – serious harm to the equity or reputation of the Company, or there is a risk of criminal liability for the Company or one of the companies of the Group.

iii. If they consider themselves to have been significantly harmed in terms of the reputation, suitability, solvency, competency, availability or commitment necessary to be a director of the Company. Particularly when the activities of the director or the companies it controls, directly or indirectly, or the individuals or legal entities who are shareholders or associated with any of them, or the person representing a director that is a legal entity, could compromise their suitability.

iv. If they are seriously reprimanded by a resolution adopted by two-thirds of the Board of Directors for having breached their obligations as directors.

v. When the reasons for which they were appointed disappear, particularly in the case of proprietary directors, when the shareholder or shareholders that proposed, required or designated their appointment, sell or transfer all or part of their stake so that it is no longer significant or sufficient enough to justify the appointment.

vi. If an independent director incurs in any of the circumstances that prevent the latter from being considered as such, pursuant to the provisions of the law.

vii. If the Board considers that the number of times that the director has missed meetings of the Board, and the Committees on which the latter serves, to be high.

In all events, the director shall inform the Board and, if necessary, resign in those cases that affect and may harm the credit and reputation of the company.
In particular, all directors shall inform the Company, via the Secretary of the Board of Directors, in the event they are under investigation, will be prosecuted or indicted in a criminal proceeding for any offence, and about any important milestones in such proceedings. In this case, the Board of Directors shall review the circumstances as soon as possible and, following a report by the Nominations, Compensation and Corporate Governance Committee, shall adopt the resolutions it deems to be in the Company's interest. The Board of Directors shall reasonably record all of this in the Annual Report of Corporate Governance.

In the cases mentioned above, the Board of Directors may require the resignation of the director and recommend the latter's termination to the General Shareholders Meeting.

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the LSC:

NO

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Refinancing agreement signed by Prisa, HSBC Plc., as agent, and other financial institutions (Override Agreement), in June 2018, and senior financing agreement signed on the same date by Prisa, Global Loan Agency Services Limited, as agent, and Deutsche Bank AG London Branch (Super Senior Term and Revolving Facilities Agreement).

Both the refinancing agreement and the senior financing contract include grounds for acceleration, which include the acquisition of control of PRISA (being the “control” defined by the contract as: the acquisition by one or more people acting in concert of more than 30% of the share capital with voting rights).

In the event that such event of default occurs, the debt covered by each of said agreements would be accelerated and its payment would be enforceable from that moment.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of Beneficiaries: 16

Type of Beneficiaries:

As of December 31, 2018, there were the following beneficiaries: Mr Manuel Polanco Moreno (Non-executive Chairman until December 31, 2018) as regards the post-contractual non-competition agreement explained below, Mr Manuel Mirat Santiago (CEO), 7 senior managers and 7 managers of Grupo PRISA other than senior managers.

Description of the agreement:
1. Indemnification for unjustified dismissal:

The contracts of Mr. Manuel Mirat Santiago (CEO) and 5 senior managers include a special clause that provides, in general terms, an indemnification for unjustified dismissal by the employer in an amount that ranges from between one year and one and a half years of total remuneration (fixed salary plus, normally, the last bonus received).

The commercial contract with 1 senior manager provides that the indemnification, alternatively, will be the greater of the following: the indemnification defined in the preceding paragraph or the one that would have been receivable for an ordinary employment relationship in the event of unjustified dismissal.

In addition, the contract of the CEO and 3 of those senior managers will receive compensation equivalent to the maximum unemployment benefit that applies at the time the contractual relationship is terminated.

Furthermore, at December 31, 2018, 5 executives of Grupo PRISA (who are not considered part of the Senior Management) had a golden parachute.

2. Indemnification for other reasons:

The contracts of two members of senior management provide for indemnification equivalent to one year’s total remuneration (fixed salary plus annual variable remuneration) if the manager wishes to leave the company as a result of the change of CEO of PRISA before January or February 2019, respectively.

The contract of another member of senior management provides for indemnification equivalent to one and a half years' total remuneration (fixed salary plus variable remuneration) if the manager unilaterally decides to leave the Company as a result of a change of control.

3. Post-contractual noncompetition undertaking:

The contract of Mr. Manuel Mirat Santiago (CEO) contains a 6 months post-contractual noncompetition agreement, with compensation equivalent to six months of the last gross fixed salary, payable in equal instalments over the term of the noncompetition agreement.

In addition, Mr. Manuel Polanco (Non executive Chairman until December 31, 2018) will be entitled to receive, in accordance with the terms agreed for the termination of his former service provision contract, the amount foreseen therein to compensation the non-competition agreement (a clause which was agreed to stop being in force on 31 December 2019), amounting to EUR 230,000 if he ceased being the Board Chairman before 31 December 2019—as a result of his removal as the Board Chairman through a resolution by the General Meeting or by the Board for reasons other than a serious breach of his obligations which would lead to his removal—and did not compete with the PRISA Group during the period of one year after his removal as Chairman.

The contracts of 7 members of the senior management likewise provide for a post-contractual noncompetition agreement of between 6 months and 1 year, with compensation equivalent to 3, 6 or 12 months, as the case may have it, of the last gross fixed salary, payable in equal instalments over the term of the noncompetition agreement.

In addition, 6 executives not considered part of the senior management have a noncompetition agreement of between 6 and twelve months with compensation equivalent to six months of their fixed salary.

Indicate whether, beyond regulatory requirements, these contracts must be reported to and/or approved by management bodies of the company or of the Group. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

| Board of Directors | General Shareholders’ |
The requirements regarding the approval and notification of the abovementioned contracts are those laid down by the Capital Companies Act, which have also been incorporated in the Company’s Board of Directors Regulations:

The contracts of executive directors must be approved by a two-thirds majority of the Board of Directors, pursuant to article 249 of the LSC.

Additionally, pursuant to articles 529 septdecies, 529 octodecies and 529 novodecies of the LSC, directors’ remuneration must be specified in the Directors’ Remuneration Policy, which is submitted to the General Meeting of Shareholders for approval, at the proposal of the Board of Directors, backed by a report by the Nominations, Compensation and Corporate Governance Committee (NCCGC).

The Directors’ Remuneration Policy was approved by the Annual General Meeting of Shareholders held in April 2018, is applicable for financial years 2018, 2019 and 2020 and is published on the website www.prtsa.com. This policy includes the abovementioned agreements with the directors Mr. Manuel Mirat and Mr. Manuel Polanco.

Under article 249 bis of the LSC, the Board of Directors also has the following non-delegable powers: i) decisions on directors’ remuneration, within the framework of the articles of association and the remuneration policy approved by the General Meeting, and ii) approval of the terms of the contracts of senior managers, all this at the proposal of the NCCGC.

Guarantee or lock-in clauses have been approved by the Board of Directors since 1 January 2018.

The General Meeting of Shareholders is informed of these clauses to the extent that it approves the Directors’ Remuneration Policy and, also, at yearly intervals when the Company publishes its Annual Corporate Governance Report on the occasion of the notice of General Meeting.

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

**AUDIT, RISKS AND COMPLIANCE COMMISSION**

<table>
<thead>
<tr>
<th>Name</th>
<th>Post</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. DOMINIQUE D’HINNIN</td>
<td>CHAIRMAN</td>
<td>INDEPENDENT EXTERNAL DIRECTOR</td>
</tr>
<tr>
<td>MR. WAALED AHMAD IBRAHIM</td>
<td>MEMBER</td>
<td>EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS</td>
</tr>
</tbody>
</table>
MS. SONIA DULA  
MEMBER  
INDEPENDENT EXTERNAL DIRECTOR

| % of executive directors | 00.00% |
| % of proprietary directors | 33.33% |
| % of independent directors | 66.66% |
| % of external directors | 00.00% |

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The rules governing the organization and operations of the Audit, Risks and Compliance Committee that are described below are provided in the Board of Directors Regulation:

The Audit, Risks and Compliance Committee shall be formed by a number of directors that is determined by the Board of Directors at any time, with a minimum of three and a maximum of five. All members of the Audit, Risks and Compliance Committee shall be non-executive directors and the majority of them shall be independent directors.

Members of the Audit, Risks and Compliance Committee, and especially its Chairman, shall be selected according to their knowledge and experience on matters of accounting, audits or risk management.

Members of the Audit, Risks and Compliance Committee shall be selected according to their knowledge and experience on matters of accounting, audits, or both.

Members of the Committee are appointed or terminated by the Board of Directors based on a recommendation of the Nominations, Compensation and Corporate Governance Committee.

Members of the Committee shall resign their position when they do so as directors and when the Board of Directors resolves it.

The Chairman of the Committee shall be chosen by the Board of Directors, on the recommendation of the Nominations, Compensation and Corporate Governance Committee, from among the members of the Committee who are independent directors. The Chairman of the Committee shall be replaced every four years, and may be reappointed one year after termination. In the absence of its Chairman, the meeting shall be chaired by the independent director designated by the Committee.

For the Audit, Risks and Compliance Committee to have a quorum, at least a majority of the directors who are members must be present or represented, and those not attending may authorize another director on the Committee to represent them —and they provide them with specific voting instructions, if possible—.

The resolutions shall be adopted by a straight majority of the member directors attending in person or represented. The Chairman of the Committee shall have the casting vote in case of a tie.

In addition to the duties assigned to it by law, the Audit, Risks and Compliance Committee also has the following responsibilities:

i. To ensure that the Board of Directors strives to submit the accounts to the General Shareholders without restrictions or qualifications in the audit report.
exceptional cases in which there are qualifications, both the Chairman of the Audit, Risks and Compliance Committee and the auditors, as the case may be, shall clearly explain the content and scope of such restrictions or qualifications to the shareholders.

ii. To supervise the Internal Audit division so that it ensures the proper operation of the information and internal control systems. The Internal Audit division shall depend on the Audit, Risks and Compliance Committee for its work. The Committee shall evaluate the Internal Audit division and its managers, approving each year its duties, action plans and resources, and shall recommend, where appropriate, the appointment, reappointment or termination of its manager, as well as the latter’s salary conditions and contractual relationship with the Company, which shall require a favourable report of the Nominations, Compensation and Corporate Governance Committee. The head of the Internal Audit division shall present its annual work plan to the Audit, Risks and Compliance Committee. Furthermore, it shall inform the Committee about incidents that occur during the Internal Auditing work, and shall submit a report on its activities to the Committee at the end of each financial year.

iii. Regarding the information and internal control systems and the divisions responsible for them: (i) to supervise the preparation process and the integrity of the financial information related to the Company and the Group, checking for compliance with regulations, adequate delimitation of the consolidation perimeter and proper application of accounting criteria; (ii) to ensure the independence of the division that assumes the Internal Auditing duties; (iii) approve the orientation and its work plans, ensuring that the activity focuses mainly on the significant risks for the Company; (iv) to receive regular information on its activities; and (v) to verify that senior management takes the conclusions and recommendations of its reports into account.

iv. To channel the contact with the external auditor, pursuant to the provisions of Article 23 of these Regulations, and, in particular: (i) should the external auditor resign, to examine the circumstances that led to the resignation; (ii) to ensure that the remuneration of the external auditor does not compromise the auditor’s quality or independence; (iii) ensure that the Companies reports the change of auditor to the National Securities Market Commission as a significant event and includes a statement on the existence of any disputes with the outgoing auditor, and their substance, if they exist; (iv) maintain fluid communication with the external auditor and ensure that the latter holds an annual meeting with the full Board of Directors to inform it about the work performed and about developments with the accounting situation, assets and financial situation, and the risks to the Company; and (v) ensure that the Company and the external auditor comply with the applicable regulations on the provision of non-auditing services, restrictions on the concentration of the auditing business and, other general regulations on the independence of auditors.

v. The Audit, Risks and Compliance Committee shall be responsible for the procedure for proposing the auditor, which shall take into account factors such as the scope of the works to perform, the training, experience and resources of the auditing team, and the auditor’s signature, the fees, and its independence, and the effectiveness and quality of the services it provides, among other things, and notwithstanding the provisions of applicable regulations.

vi. To verify compliance with the Board’s Regulations, the Internal Rules of Conduct and, the general rules of governance of the Company, and to make suggestions for improvement as a result of this analysis.

vii. To evaluate everything related to the non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational risks.

The Audit, Risks and Compliance Committee shall establish an annual work plan that includes at least the following activities:
i. Establish specific objectives in relation to each of the functions of the Audit, Risks and Compliance Committee, especially for those that may be novel or refer to the most significant matters.

ii. Create an annual schedule of meetings. It should include the schedule of meetings of the Board of Directors and the Shareholders Meeting with the objective of preparing, where applicable, reports to be submitted on the matters they will be discussing, and the report on the activities carried out by the Committee.

iii. Systematically organize the information and meeting agendas, identifying and planning the issues that should be regularly addressed and others that should be discussed during specific meetings.

iv. Supplement, in appropriate cases, the formal meetings with the Audit, Risks and Compliance Committee with the scheduling of work sessions or meetings to prepare specific topics.

v. Plan meetings or other ways of communicating with the managers of the company, internal auditing and external auditing.

vi. Prevent to the extent possible the need to rely on external experts that advise on how to perform certain tasks.

vii. Plan appropriate training for its members on how to properly perform their duties.

The Audit, Risks and Compliance Committee shall establish and oversee a mechanism so that it is notified about potentially significant irregularities, particular those of a financial and accounting nature that may be discovered at the Company. When employees report such irregularities to the Company or the Group, this mechanism shall ensure the confidential treatment and, if deemed appropriate, anonymity of the complaint.

The Audit, Risks and Compliance Committee shall periodically evaluate the control function and its duly independent management of risks, verifying that appropriate procedures have been introduced so that management, the Committee itself, and the Board can be sure that the control and risk management systems have worked in accordance with the policies and criteria approved by the Board. The divisions responsible for this function or, in their absence, the Committee shall have the following duties: a) to ensure that the control and risk management systems are working properly and, in particular, that all of the significant risks to the company are properly identified, managed and quantified; b) to actively participate in the preparation of a risk strategy and the important decisions on managing it; and c) ensure that the control and risk management systems sufficiently mitigate the risks within the policy defined by the Board of Directors.

The Audit, Risks and Compliance Committee shall meet periodically, according to need, and at least four times a year. Managers and other directors, executive or otherwise, may only be present in the meetings of the Audit, Risks and Compliance Committee by prior invitation of the Chairman of the Committee and strictly for the agenda items for which they were summoned.

The Audit, Risks and Compliance Committee shall have the power to seek and obtain advice, legal opinions or expert reports when it deems it necessary.

When required to do so, all members of the management team or employees of the Company shall attend the meetings of the Committee to provide assistance and access to the information they have. The Committee may also require the auditors to attend its meetings.

The Audit, Risks and Compliance Committee shall prepare an annual report on its activities, noting the main incidents that have arisen, if any, in relation to its work, and shall propose its publication to the Board for the General Shareholders Meeting. Furthermore, the Committee may specifically evaluate its own performance to strengthen its operation and improve planning for the next financial year. For these purposes, it may seek the opinion of the other directors and, if it deems it appropriate, the advice of an external consultant. Irrespective of
the procedure it chooses, it must inform the Board about the matters analysed and the results of the analysis, so that it is included in the annual evaluation of the Board. The annual report on the activities of the Committee shall note the extent to which the analysis led to significant changes in its internal organization and procedures.

The Board may approve rules for the Audit, Risks and Compliance Committee to implement the foregoing provisions in relation to its composition, the requirements for appointing its members, procedural rules, responsibilities and assigned duties, the resources it must have, rules about the interaction of the Committee with the Board of Directors and the shareholders, rules about communicating with the auditors and the Internal Auditing divisions, evaluations of the Committee, and reports to issue. If approved, these rules shall be made public on the Company’s website.

The most important actions of the Audit, Risks and Compliance Committee during 2018 are detailed in the annual report on this Committee’s activities, which will be published when the 2019 Ordinary General Meeting is called, on the corporate website www.prisa.com.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

<table>
<thead>
<tr>
<th>Name of directors with experience</th>
<th>Name</th>
<th>Post</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. DOMINIQUE D’HINNIN</td>
<td>MR FRANCISCO JAVIER MONZÓN DE CÁCERES</td>
<td>CHAIRMAN</td>
<td>INDEPENDENT EXTERNAL DIRECTOR</td>
</tr>
<tr>
<td>MR. WAALID AHMAD IBRAHIM ALSA’DI</td>
<td>MR. JOSEPH OUGHOURLIAN</td>
<td>MEMBER</td>
<td>EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS</td>
</tr>
<tr>
<td>MS. SONIA DULA</td>
<td>MR DOMINIQUE D’HINNIN</td>
<td>MEMBER</td>
<td>INDEPENDENT EXTERNAL DIRECTOR</td>
</tr>
<tr>
<td></td>
<td>MR FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE</td>
<td>MEMBER</td>
<td>INDEPENDENT EXTERNAL DIRECTOR</td>
</tr>
<tr>
<td></td>
<td>MR. ROBERTO ALCANTARA</td>
<td>MEMBER</td>
<td>EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS</td>
</tr>
</tbody>
</table>

| % of executive directors | 00.00% |
| % of proprietary directors | 40.00% |
| % of independent directors | 60.00% |
| % of external directors | 00.00% |
Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The rules governing the organization and operations of the Nominations, Compensation and Corporate Governance Committee that are described below are provided in the Board of Directors Regulation:

The Nominations, Compensation and Corporate Governance Committee shall be formed by a minimum of three to a maximum of five non-executive directors, the majority of them independent directors. Members of the Committee shall be appointed, ensuring that they have adequate knowledge, qualifications and experience for the duties they will be expected to perform.

The Board of Directors shall appoint and terminate members of the Committee pursuant to a recommendation by the Nominations, Compensation and Corporate Governance Committee. Members of the Nominations, Compensation and Corporate Governance Committee shall resign their position on the Delegated Committee when they do so as directors or when the Board of Directors resolves it.

The Chairman of the Committee shall be chosen by the Board of Directors, on the recommendation of the Nominations, Compensation and Corporate Governance Committee, from among the members of the Committee who are independent directors. In the Chairman’s absence, the meeting shall be chaired by the independent director designated by the Committee.

For the Nominations, Compensation and Corporate Governance Committee to have a quorum, at least a majority of the directors who are members must be present or represented, and those not attending may authorize another director on the Committee to represent them —and provide them with specific voting instructions, if possible—.

The resolutions shall be adopted by a straight majority of the member directors attending in person or represented. The Chairman of the Committee shall have the casting vote in case of a tie.

In addition to the duties it is assigned by law, the Nominations, Compensation and Corporate Governance Committee has the following responsibilities:

(i) Regarding the composition of the Board of Directors and the Committees of the Company Board and the management bodies of the other companies of the Group:

(a) Verify compliance annually with the Selection Policy for directors approved by the Board of Directors.

(b) Make proposals, in the case of independent directors, and inform about the proposals submitted to the Board in the case of other directors, for the appointment of directors for their designation by co-optation or for their submission for consideration to the General Shareholders Meeting, taking into account the criteria referred to in Article 20.4 of these Regulations, and take equivalent actions in relation to their reappointment or termination by the General Shareholders Meeting, or when there is just cause if the director has breached his obligations inherent in the position, and disciplinary proceedings have begun which might involve the termination of the director.

(c) Make recommendations for classifying directors as executive, proprietary, independent or other external director, when the Board or the General Meeting is going to appoint or confirm the appointment of the directors.
(d) Annually verify that the traits with which each director was appointed are still maintained, an account of which shall be included in the Annual Report of Corporate Governance.

(e) Report on the proposals for appointing the individual representatives of legal entities who are directors.

(f) Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on the appointments of the Chairmen, the Vice-Chairmen, the Coordinating Director, the CEO, the members of the Delegated Committee, and the other Committees of the Board of Directors, as well as their respective Chairmen.

(g) Report on the proposals for the appointment of the Secretary and the Vice Secretary.

(h) Make recommendations and report, together with the Chairman of the Board — except for what specifically refers to the latter — on proposals for severance, termination or replacement of any post on the Board and its Committees other than the Secretary and Vice-Secretary.


(j) Make appropriate recommendations for the Board to conduct proper planning for the orderly renewal and succession of its members, particularly the independent directors, taking their seniority into account and the profiles that it would be advisable for the Board as a whole to have at all times.

(ii) Regarding the senior management of the Group:

(a) Report on the appointment and severance of senior managers, the remuneration and contractual conditions of their relationship with the Company, receive information and, if applicable, issue reports on disciplinary measures in relation to senior managers of the Company prior to their enforcement.

(b) Supervise the succession plan of senior managers that the Company should keep up to date under the responsibility of the CEO.

(iii) Regarding the remuneration policy for the directors and senior managers:

(a) Propose to the Board of Directors a policy for the remuneration of the directors and senior managers, and for the individual remuneration and other contractual conditions of the executive directors.

(b) Verify compliance and periodically review the remunerations policy for directors and senior managers, including the system of remuneration with shares and its implementation, and guarantee that their individual remuneration is proportional to their level of responsibility and dedication, as well as that of the other directors and senior managers of the Company.

(c) Inform the Board about the proposals related to the variable terms of remuneration for executive directors and senior managers of the Company, and about the other incentive plans aimed at them and, if applicable, verify the degree of meeting the targets to which they are subject.
(d) Verify the information in the various corporate documents about the remuneration of the directors and senior managers and, in particularly, prepare the Annual Report on the Remuneration of the directors for its approval by the Board.

(iv) Regarding the corporate governance system:

(a) Promote the Company’s corporate governance policies.

(b) Propose the approval of the Annual Report on Corporate Governance by the Board of Directors.

(c) Prepare a preliminary report on which the Board can base the annual evaluation of its activities in the terms established in Article 8 of these Regulations.

(d) Ensure that the external advice that the Committee and the Board receive on this matter is provided with due independence.

(e) Promote, orientate and supervise the policy, internal rules, procedures and practices of the Company on matters of corporate social responsibility and sustainability, as well as its degree of adaptation to the rules, recommendations and domestic and international best practices in these areas, and report on these issues to the Board of Directors and the Delegated Committee, as appropriate.

(f) Propose the changes deemed appropriate to the Board of the aforementioned policies, rules, practices and procedures on matters of corporate social responsibility, stating the reasons that justify them.

(g) Propose to the Board of Directors the approval of the annual report on corporate social responsibility and, in general, issue the reports and take the additionally appropriate actions on matters of corporate social responsibility and sustainability in accordance with the corporate governance of the Company, or that is requested by the Board of Directors or its chairman.

(h) Supervise the strategy of communication and contact with shareholders and investors, including small and medium shareholders.

(i) Report on the proposals to amend the Corporate Bylaws, the Regulations of the Board, the Regulations of the General Meeting, the Operating Rules of the Electronic Shareholders Forum, the Internal Rules of Conduct, the Ethics Code, and any other governance rules of the Company.

(j) Review the policy of regulatory compliance and propose all of the steps necessary to reinforce them.

(v) Other responsibilities:

(a) Annually approve a report on the activities of the Committee and propose its publication to the Board of Directors for the General Shareholders Meeting.

(b) Fulfil other responsibilities assigned to the Committee in these Regulations.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests a report of the approval of proposals within its authority, provided that, in the judgement of the Committee Chairman, this is advisable for its proper performance of
To perform its duties, the Committee may seek the assistance for its meetings of any member of the management team or employee of the Company, and any collaborator of the Company or any of the Companies of the Group, and shall have access to all information it deems necessary.

The most important actions of the Nominations and Compensation Committee during 2017 are detailed in the annual report on this Committee’s activities, which will be published when the 2018 Ordinary General Meeting is called, on the corporate website www.prisa.com.

### DELEGATED COMMISSION

<table>
<thead>
<tr>
<th>Name</th>
<th>Post</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>MR. MANUEL POLANCO MORENO</td>
<td>CHAIRMAN</td>
<td>EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS</td>
</tr>
<tr>
<td>MR. MANUEL MIRAT SANTIAGO</td>
<td>MEMBER</td>
<td>EXECUTIVE DIRECTOR</td>
</tr>
<tr>
<td>MR. FRANCISCO JAVIER MONZÓN DE CÁCERES</td>
<td>MEMBER</td>
<td>INDEPENDENT EXTERNAL DIRECTOR</td>
</tr>
<tr>
<td>MR. JOSEPH OUGHOURLIAN</td>
<td>MEMBER</td>
<td>EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS</td>
</tr>
<tr>
<td>MRS SONIA DULA</td>
<td>MEMBER</td>
<td>INDEPENDENT EXTERNAL DIRECTOR</td>
</tr>
</tbody>
</table>

| % of executive directors          | 20.00%          |
| % of proprietary directors        | 40.00%          |
| % of independent directors        | 40.00%          |
| % of external directors           | 00.00%          |

**Remarks**

As already indicated in section C.1.2. of this Report, in December 2018, Manuel Polanco Moreno stood down as PRISA’s Non-executive Chairman and Javier Monzón de Cáceres (Deputy Non-executive Chairman until then) was appointed as Non-executive Chairman of PRISA’s Board of Directors with effect from 1 January 2019.

Effective from the same date, Mr. Monzón also chairs the Executive Committee.

Explain the duties exercised by this committee, other than those that have already been described in Section C.1.10, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.
The rules governing the organization and operations of the Delegated Commission that are
described below are provided in the Board of Directors Regulation:

The Delegated Committee shall consist of at least one third of the members of the Board. The
Delegated Committee shall be chaired by the Chairman of the Board of Directors, unless the
Board decides that the CEO should chair it. In case of the temporary absence or momentary
incapacity of the person acting as Chairman, the latter shall be substituted by the Chairman
of the Board or by the CEO, as the case may be, and in their absence, by the Coordinating
Director or, in the latter’s absence, by another external director designated by the
Committee.

The Board of Directors shall appoint the members of the Delegated Committee at the
proposal of the Nominations, Compensation and Corporate Governance Committee, with a
favourable vote of two-thirds of the directors. The Chairman of the Board and the CEO shall
be members of the Delegated Committee and, if there is one, the Coordinating Director.

The Delegated Committee shall be composed of a majority of non-executive directors. The
Board shall ensure that the structure of participation in the different categories of directors
in the composition of the Delegated Committee is similar to that of the Board.

Members of the Delegated Committee shall resign their position on the Delegated Committee
when they do so as directors and when the Board of Directors resolves it.

The Delegated Committee shall meet whenever this is deemed to be in the interests of the
Company in the judgement of the Chairman, who shall convene the meetings sufficiently in
advance and when requested by two or more members of the Delegated Committee or the
CEO.

For the Committee to have a quorum, at least a majority of the directors who are members
must be present or represented, and those not attending may authorize another director on
the Committee to represent them as an exception — ensuring that they provide them with
specific voting instructions. Members of the Committee who are non-executive directors
may only authorize other non-executive directors.

Resolutions shall be adopted by a straight majority of the directors on the Delegated
Committee who are attending in person or represented. The Chairman of the Committee has
the casting vote in the case of a tie.

If they are summoned by the Chairman of the Committee, other directors who are not
members of the Committee, and managers whose reports are necessary or advisable for the
work of the Committee, may attend the meetings in an advisory capacity but without the
right to vote.

The Delegated Committee shall keep minutes of its meetings in the terms established for the
Board of Directors.

The Chairmen of the Committee shall give an account of its activities and address the work
performed at the next meeting of the full Board of Directors. The Board of Directors shall
always have knowledge of the matters discussed and the decisions taken by the Committee.
All members of the Board of Directors shall have access to the information provided at the
meetings of the Delegated Committee and a copy of the minutes of the meetings or pro-forma
document before the next meeting of the Board after each meeting of the Delegated
Committee.

Without prejudice to the authority of the Chief Executive Officer, the Delegated Commission
is delegated all authority of the Board except for those that cannot be delegated under the
law or the bylaws. Notwithstanding when duly justified urgent circumstances arise and the
law permits it, the Delegated Committee may adopt resolutions related to the matters
reserved to the Board, which shall be confirmed in the first meeting of the Board of Directors
held after they are adopted.

The function performed by the Delegated Committee during 2018 primarily consisted in
supervising the activities and results of the Company and of the Board of Directors.
C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

<table>
<thead>
<tr>
<th>Delegated Committee</th>
<th>Year 2018 Number %</th>
<th>Year 2017 Number %</th>
<th>Year 2016 Number %</th>
<th>Year 2015 Number %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 (20.00)</td>
<td>0 (00.00)</td>
<td>1 (14.28)</td>
<td>0 (00.00)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit, Risks and Compliance Committee</td>
<td>1 (33.33)</td>
<td>1 (33.33)</td>
<td>1 (25.00)</td>
<td>0 (00.00)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointments, Compensation and Corporate Governance Committee</td>
<td>0 (00.00)</td>
<td>0 (00.00)</td>
<td>0 (00.00)</td>
<td>1 (25.00)</td>
</tr>
</tbody>
</table>

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

The functioning, powers and composition of the Delegated Commission, Audit, Risks and Compliance Commission and Appointments, Compensation and Corporate Governance Commission are regulated by the Bylaws and by the Board Regulations.

As already mentioned in section C.1.15, the meeting of the Board of Directors held on 22 March 2018 decided to approve a new consolidated text of the Regulations of the Board of Directors of PRISA, in the terms detailed in the report that the Board of Directors made available to the shareholders on calling the General Shareholders’ Meeting held on April 2018, which is available on the Company’s website (www.prisa.com).

The Audit, Appointments and Compensation and Corporate Governance Committees (which, since April 2018, have been merged into two Commissions, one of Audit, Risks and Compliance and the other of Appointments, Compensation and Corporate Governance) in 2018 published reports on their functions and activity during 2017.

The Commissions will again issue these reports on their functions and activities for the year 2018, which also will be made available to shareholders.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Describe, if applicable, the procedure for approval of related-party and intragroup transactions.
In accordance with the Board of Directors Regulations of the Company, it is a non-delegable power of the Board to approve, following a report from the Audit, Risks and Compliance Committee, related party transactions as defined by currently applicable legislation.

Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company’s directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.

The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall assess the operation from a perspective of equal treatment of shareholders and considering market conditions.

Notwithstanding the foregoing, authorization corresponds to the General Meeting if the transaction exceeds a value of 10% of the corporate assets.

For transactions of a recurring nature conducted during the ordinary course of the Company’s business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.

The authorization provided for above shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:

(i) they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;

(ii) they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and

(iii) the amount of the transaction does not exceed 1% of the Company’s annual income.

For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influence in companies or entities that maintain commercial or business relationships with the Company.

The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.

The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones.

D.2 Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:
<table>
<thead>
<tr>
<th>Name of significant shareholder</th>
<th>Name of company within the group</th>
<th>Nature of the relationship</th>
<th>Type of transaction</th>
<th>Amount (thousand euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TELEFÓNICA, S.A.</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Rendering of services</td>
<td>2,140</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Rendering of services</td>
<td>2,370</td>
</tr>
<tr>
<td>RUCANDIO, S.A.</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Rendering of services</td>
<td>3</td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Rendering of services</td>
<td>2</td>
</tr>
<tr>
<td>TELEFÓNICA, S.A.</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Reception of services</td>
<td>8,070</td>
</tr>
<tr>
<td>TELEFÓNICA, S.A.</td>
<td>GRUPO PRISA</td>
<td>Contractual</td>
<td>Operating lease agreements</td>
<td>2,228</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Reception of services</td>
<td>10</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>GRUPO PRISA</td>
<td>Contractual</td>
<td>Operating lease agreements</td>
<td>11</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PROMOTORA DE INFORMACIONES, S.A.</td>
<td>Commercial</td>
<td>Reception of services</td>
<td>8,918</td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>PROMOTORA DE INFORMACIONES, S.A.</td>
<td>Commercial</td>
<td>Reception of services</td>
<td>4,222</td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>GRUPO PRISA</td>
<td>Commercial</td>
<td>Reception of services</td>
<td>11</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>5,241</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>MEDIA GLOBAL, SGPS</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>14,982</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>SOCIEDAD ESPAÑOLA DE RADIOFUSIÓN, S.L.</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>5,919</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PROMOTORA DE INFORMACIONES, S.A.</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>4,367</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PRISA ACTIVOS EDUCATIVOS, S.L.</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>6,915</td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>PROMOTORA DE INFORMACIONES, S.L.</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>142,295</td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>PRISA ACTIVOS EDUCATIVOS, S.L.</td>
<td>Contractual</td>
<td>Financing Agreements: Loans</td>
<td>225,321</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PROMOTORA DE INFORMACIONES, S.L.</td>
<td>Contractual</td>
<td>Warranties</td>
<td>1,153</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>GRUPO SANTILLANA EDUCACIÓN</td>
<td>Contractual</td>
<td>Warranties</td>
<td>285</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PRISA RADIO, S.L.</td>
<td>Contractual</td>
<td>Warranties</td>
<td>322</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>SERVIÇOS DE INTERNET, S.A.</td>
<td>Contractual</td>
<td>Warranties</td>
<td>60</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PROMOTORA DE INFORMACIONES, S.A.</td>
<td>Contractual</td>
<td>Interest paid</td>
<td>338</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>PRISA ACTIVOS EDUCATIVOS, S.L.</td>
<td>Contractual</td>
<td>Interest paid</td>
<td>141</td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>GRUPO SANTILLANA</td>
<td>Contractual</td>
<td>Interest paid</td>
<td>167</td>
</tr>
<tr>
<td>Name of related party</td>
<td>Relationship</td>
<td>Type of transaction</td>
<td>Amount (thousand euros)</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------</td>
<td>---------------------</td>
<td>------------------------</td>
<td></td>
</tr>
<tr>
<td>BANCO SANTANDER, S.A.</td>
<td>CONTRACTUAL</td>
<td>INTEREST PAID</td>
<td>202</td>
<td></td>
</tr>
<tr>
<td>MEDIA GLOBAL, SGPS</td>
<td>CONTRACTUAL</td>
<td>INTEREST PAID</td>
<td>208</td>
<td></td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>CONTRACTUAL</td>
<td>INTEREST PAID</td>
<td>9,370</td>
<td></td>
</tr>
<tr>
<td>HSBC HOLDINGS PLC</td>
<td>CONTRACTUAL</td>
<td>INTEREST PAID</td>
<td>4,607</td>
<td></td>
</tr>
</tbody>
</table>

Remarks

i) Transactions shown in the table include operations with the significant shareholder and/or companies in the Group.

ii) Transactions with Grupo PRISA include those with Promotora de Informaciones, S.A. (PRISA) and companies in its group. When the name of a particular company in Grupo PRISA is specified, this indicates that the transaction was carried out exclusively with that company.

iii) The operations shown in the table reflect the accounting information contained in the consolidated income statement for Grupo PRISA.

iv) It should also be noted that in 2018 the Company reached an agreement with its bank creditors for the refinancing and amendment of the terms of its debt. Those creditors include some of the Company’s significant shareholders, notably HSBC and Banco Santander.

v) As already stated in section A.1 of this report, in February 2018 PRISA has increased its share capital, with preemption rights, for an amount of EUR 441,189,130.66. This capital increase was subscribed, among others, by some significant shareholders of the Company as stated in their notifications to the CNMV.

D.3 Describe any transactions that are significant, either because of their amount or subject matter, entered into between the company or entities within its group and directors or managers of the company:

<table>
<thead>
<tr>
<th>Name of director or manager</th>
<th>Name of the related party</th>
<th>Relationship</th>
<th>Type of transaction</th>
<th>Amount (thousand euros)</th>
</tr>
</thead>
</table>

Remarks

i) Compensation to Prisa directors and senior management is detailed in Sections C.1.13 and C.1.14 of this report.

ii) According to information published on the website of the CNMV, the capital increase carried out in February 2018 was subscribed by the following PRISA directors: Manuel Mirat.
iii) The director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Vice Chairman of the media group Dar Al-Sharq, which maintains a strategic alliance with Diario As (a company of PRISA Group), under which in 2017 they jointly launched “AS Arabia”.

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

<table>
<thead>
<tr>
<th>Name of entity within the group</th>
<th>Brief description of the transaction</th>
<th>Amount (thousand euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Le Monde Libre</td>
<td>Loan granted by Prisa Noticias, S.L. to Le Monde Libre Sociedad Comandité Simple.</td>
<td>6,351</td>
</tr>
<tr>
<td>Sociedad Española de Radiodifusión, S.L.</td>
<td>Loans granted by Sociedad Española de Radiodifusión, S.L. to the company in which it holds holdings, Green Emerald Business INC.</td>
<td>2,472</td>
</tr>
<tr>
<td>PRISA Radio, S.A.</td>
<td>Income received by PRISA Radio, S.A for the provision of technical assistance and advisory services to Sistemas Radiópolis, S.A. de CV.</td>
<td>859</td>
</tr>
<tr>
<td>Ediciones El País, S.L.</td>
<td>Income received by Ediciones El País, S.L. for the sale of copies to KIOSKOYMÁS, Sociedad Gestora de La Plataforma Tecnológica, S.L.</td>
<td>421</td>
</tr>
<tr>
<td>Noticias As México, S.A. de CV</td>
<td>Income received by Noticias As México, S.A. de CV for the sale of advertising to Sistema Radiópolis, S.A. de CV.</td>
<td>554</td>
</tr>
<tr>
<td>Prisa Gestión Financiera, S.L.</td>
<td>Loans extended by Prisa Gestión Financiera, S.L. to Planet Events, S.A.</td>
<td>970</td>
</tr>
</tbody>
</table>

**Remarks**

In addition to the transactions described in sections above, the following transactions with related parties, have been performed: i) services rendered to companies of Grupo Prisa by other investee companies, for an aggregate amount of 1,176 thousand euros, ii) services provided by Grupo Prisa companies to other investee companies, for an aggregate amount of 385 thousand euros, iii) loans granted by companies of Grupo Prisa to other associated companies, for an amount of 1,219 thousand euros, iv) financial income recorded by companies of Grupo Prisa, linked to the loans granted to the investees, for an aggregate amount of 1,015 thousand euros, v) dividends received by companies of Grupo Prisa from investee companies, for an aggregate amount of 20 thousand euros and vi) loan impairment.
expenses associated with loans granted to associates and foreign exchange differences arising from loans denominated in foreign currencies.

D.5 State the amount of any transactions conducted with other related parties that have not been reported in the previous sections.

<table>
<thead>
<tr>
<th>Name of entity within the group</th>
<th>Brief description of the transaction</th>
<th>Amount (thousand euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Remarks

D.6 Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

Provisions of the Board of Directors Regulation:

"Article 36: Conflicts of interest and their exemption"

1. The directors shall take the necessary steps to avoid incurring in situations in which their interests, whether for their own account or that of others, may come into conflict with the interests of the company and with their obligations to the Company.

The exceptions are cases in which the Company has given its consent under the terms established in paragraph 6 of this Article.

2. A conflict of interests is deemed to exist in cases in which there is a directly or indirect clash between the interests of the Company, or the companies of the Group, and the personal interests of the director. A personal interest of the director is deemed to exist when the matter concerns him or a person associated with him.

For purposes of these Regulations, persons associated with the director are those defined as such in the applicable legislation at any time.

3. In particular, in a conflict of interests situation, directors shall refrain from the following: Conducting:

   i. transactions with the Company, except for ordinary transactions standard for customers or suppliers and of little importance, under the terms established by law;

   ii. exploiting the Company’s name or invoking the director’s status as administrator to unduly influence private transactions;

   iii. using the corporate assets, including the Company’s confidential information, for personal ends, under the terms established in Article 37 of these Regulations;

   iv. taking advantage of the Company’s business opportunities, terms established in Article 39 of these Regulations; and
receiving benefits or payments from sources other than the Company and the Group in connection with the performance of their duties, unless these involve simple acts of courtesy.

4. The provisions of paragraph 3 above shall also apply in the event that the beneficiary of the banned acts or activities is a person associated with the director.

5. In cases in which the conflict of interest is, or can reasonably be expected to be, of such a nature that it constitutes a structural and permanent conflict between the director (or a person related to the latter or, in the case of a the proprietary director, the shareholder or shareholders the latter proposed or appointed, or persons directly or indirectly associated with them) and the Company or the companies included in their Group, it will be understood that the director is not, or has ceased to be suitable to hold the post pursuant to the requirements of Article 23 of these Regulations.

6. The directors shall notify the Board about any direct or indirect conflict that they may have with the interest of the Company. In particular, they shall disclose situations that may involve conflicts of interest pursuant to the provisions of the “Internal Rules of Conduct Concerning Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies.”

Likewise, they shall also disclose: (i) the positions they hold on other boards of directors of which they are members, whether listed companies or not, and other paid activities of any nature they are engaged in; and (ii) the shares of the Company they directly or indirectly own and the rights of options over them.

7. Notwithstanding the provisions of paragraph 3 above, the Company may waive the prohibitions contained therein in individual cases, authorizing: (i) a director or associated person to conduct a specific transaction with the Company (in accordance with the provisions of these Regulations); (ii) the use of certain corporate assets; (iii) the exploitation of a specific business opportunity; (iv) the attainment of an advantage; or (v) payment from a third party.

This authorization shall require a resolution of the General Meeting if the purpose is a waiver of the prohibition of attaining an advantage or payment from third parties, or concerns a transaction with a value of more than 10% of the corporate assets.

In other cases, authorization the Board of Directors may also grant this authorization, provided that the independence of the members who grant it is ensured with respect to the director who receives the waiver, also ensuring that the authorized transaction poses no harm to the corporate assets or, if applicable, their realization in market conditions, and that the process is transparent.

8. In the cases foreseen in paragraph 2 above, the Board, following a report from the Nominations, Compensation and Corporate Governance Committee, shall require the adoption of measures which, in its judgement alone, are necessary to protect the Company's interests.

9. The Company shall publically disclose the conflicts of interest of the directors under the terms established in the applicable legislation at any time.

“Article 40. Transactions with directors and major shareholders:

1. Any transaction conducted by the Company with directors and shareholders who are considered major shareholders under securities market regulations applicable at any time or that have proposed the appointment of any of the Company's directors, or with related parties, defined as any of the persons described in applicable regulations, shall require the authorization of the Board of Directors – or the Delegated Committee with the subsequent confirmation of the Board of Directors if it constitutes an emergency, as long as the emergency exists – in all events following a report by Audit, Risks and Compliance Committee.

2. The Audit, Risks and Compliance Committee and the Board of Directors or the Delegated Committee, before disclosing or authorizing transactions conducted by the Company of this nature, shall asses the operation from a perspective of equal treatment of shareholders and considering market conditions.

3. Notwithstanding the provisions of the previous paragraph, authorization corresponds to the
General Meeting if the transaction exceeds a value of 10% of the corporate assets.

4. For transactions of a recurring nature conducted during the ordinary course of the Company's business under standard market conditions for customers or suppliers, and of minor importance, defined in this case as being those transactions with information that is not necessary to provide a true picture of the assets, the financial situation and the results of the company, the prior authorization of the Board for the generic line of transactions is sufficient.

5. The authorization provided for in the previous paragraphs shall not be required, however, if the related transactions involved meets all of the following conditions simultaneously:

   i. they are conducted under contracts with standard terms and are applied en masse to a significant number of customers or suppliers;

   ii. they are conducted at prices or rates generally established by the party acting as supplier of the product or service involved; and

   iii. the amount of the transaction does not exceed 1% of the Company's annual income.

6. For the Company to be able to identify potential related transactions in advance, the directors shall keep the Board informed about direct or indirect interests or significant influenced in companies or entities that maintain commercial or business relationships with the Company.

7. The directors who are affected by the associated transactions or who represent or are associated with the affected shareholders, in addition to not casting or delegating their vote, shall not attend the meeting while the Board or the relevant Committee deliberate and vote on them.

8. The Board of Directors shall include in its annual public information a summary of the transactions conducted by the company with its directors and major shareholders. The aim of the information shall be the total volume of the transactions and the nature of the most significant ones.

Provisions of the Internal Conduct Regulation for Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies” (RIC), which has been modified in July 2016 to its adaptation to Regulation (EU) 596/2014 of 16 April 2014 on market abuse, states the following regarding conflicts of interest. The RIC applies, among others, to the directors of the Company and to certain managers of the Group:

"Article 22 (Conflict of Interest): A conflict of interest shall be deemed to exist when any of the following applies to an Affected Person in relation to the entities referred to in this section:

1. The party is a director or senior manager with regular access to Inside Information directly or indirectly relating to the entity in question, and with power to make management decisions affecting the said entity’s future evolution and business prospects.

2. The party holds a significant holding (meaning: for companies listed in any official Spanish or foreign secondary market, those referred to in article 125 SML and its implementing legislation; and, for unlisted Spanish or foreign companies, any direct or indirect holdings of more than twenty percent of the issued share capital).

3. The party is a relative, to the second degree by affinity or third degree by consanguinity, of the parties referred to in article 21.1 above or of holders of significant holdings in their share capital.

4. The party has relevant direct or indirect contractual relations.

Affected Persons subject to conflicts of interest must observe the following general principles of action:

Independence: Affected Persons must at all times act with freedom of opinion, loyalty to the Company and its shareholders and independently of their own or third parties’ interests. Consequently, they shall refrain from placing their own interests above those of the Company or those of some investors over others.

Refrainment: They must refrain from being involved in, or influencing, the taking of any decisions that could affect the persons or entities with which there is a conflict and from accessing Inside Information that affects such conflict.
Disclosure: Affected Persons must inform the Compliance Unit of any possible conflicts of interest in which they may be involved as a result of their activities outside the Company, their family ties, personal assets or for any other reason, as regards:

(a) The Company or any of the GRUPO PRISA companies.
(b) Significant suppliers or customers of the Company or of GRUPO PRISA companies.
(c) Entities engaged in the same type of business as, or which are competitors of, the Company or any of the GRUPO PRISA companies.

Any queries regarding the possibility of a conflict of interest must be discussed with the Compliance Unit, and the final decision shall be made by the Audit Committee”.

Provisions of the Code of Ethics of Grupo PRISA:

The Code of Ethics, which applies to directors, amongst others, underscores the duty to avoid situations that could give rise to conflict between private interests and those of the company and requires that such situations be disclosed to the Company.

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

NO

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

The Risk Management System functions in an integrated way by business unit and the management of it is consolidated at corporate level.

The Group continuously monitors the most significant risks, including tax risks, which could affect the business units. To do so it has a risk map which it uses as a tool for representing the risks inherent in the Group in graphic form, in order to identify and assess the risks that may affect the performance of the activities of the different business units.

E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

The identification of the risks and the operating processes in which each of the risks considered is managed is the responsibility of the general managers of the business units and the corporate general manager and is aggregated and homogenized by the Group’s Internal Audit Department, which reports the results regularly to the Audit Committee. The respective business unit managers identify both the people responsible for managing each risk and the associated action plans and controls.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives

The businesses of Group subsidiaries and, therefore, their operation and earnings are subject to risks that may be grouped into the following categories:

- Risks relating to the financial and equity situation.
- Strategic and operational risks
Risks relating to the financial and equity situation

Financing risk

The Group’s financial obligations are set out in note 10b “Financial liabilities” in the attached consolidated financial statements.

As of December 31, 2018, the Group’s net bank debt level stood at EUR 928.6 million and represents a series of risks:

- It is more exposed to the economic cycle and market performance, especially in those businesses with a higher exposure to economic cycles.
- It requires part of the cash flow from operations to be put aside to cover payment obligations, interest payments and amortisation of the debt principal, hindering the capacity to dedicate these cash flows to cover working capital, investments and finance for future transactions.
- It limits the ability to adapt to changes in the markets.
- It places the Group at a disadvantage with regard to less indebted competitors.

As described in the Prisa consolidated financial statement for the year 2018, the Company reached an agreement with all the financial creditors of the Override Agreement (agreement to refinance the Group’s debt signed in December 2013) to refinance and modify the terms of Prisa’s current financial debt. This agreement came into force on June 29, 2018. The Refinancing agreement contemplates the extension of the debt maturity from 2018 and 2019 to the year 2022 with no amortisation obligation until December 2020.

In addition, the level of net indebtedness has been reduced from EUR 1,517.2 million at December 31, 2017 to EUR 928.6 million at December 31, 2018.

In addition, the contracts governing Prisa’s Group debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (covenants). These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, as well as the Override Agreement.

Equity situation of the Group’s Parent Company

As of December 31, 2018, the equity of the parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain’s Corporate Enterprises Act stood at EUR 418,653 thousand, greater in EUR 68,718 thousand to the two thirds of the capital stock (EUR 524,902 thousand).

The evolution of Prisa’s net equity will depend, among other factors, on the performance of the Prisa Group’s businesses, the recoverability of financial assets and investments, the cost of debt financing, possible contingencies and other operating costs of the Company. In this respect, an unfavourable evolution of the Company’s net equity could lead to a situation of equity imbalance as concerns commercial legislation. This situation could entail the need to propose, to the competent corporate bodies, the implementation of new capital decreases or increases; or, in the event of a cause for dissolution that is not resolved as provided by law, the dissolution of the Company.

Credit and liquidity risk

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group’s ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2018, advertising revenue represented 37.8% of Group operating income.

Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana’s cash flow. While the seasonality of the Group’s cash flow is not significant, so far as the flows coming from the various business units
largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

In this respect, on June 29, 2018, within the framework of debt refinancing, the Company established a Super Senior credit policy until June 2023, in the amount of EUR 50 million, to finance the Company's operating needs. As of 31 December 2018, no drawdowns of the aforementioned policy have been made.

In terms of the commercial credit risk, the Group assesses the age of the trade receivables and constantly monitors the management of the receivables and payables associated with all its activities, as well the maturities of financial and commercial debt and repeatedly analyses other financing methods in the aim of covering planned cash requirements in the short, medium and long-term.

Non-controlling interests in cash generating units-

The Group has significant non-controlling interests in cash generating units including education and radio businesses. Likewise, Santillana is obliged to pay on an annual basis its non-controlling shareholders (25% of share capital) a preferential set fixed dividend to the Prisa dividend.

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 98.01% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates.

Exposure to exchange rate hedges-

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in American companies, as well as revenue and profits from said investments.

In this context, and in the aim of mitigating this risk, if there are credit lines available the Group adheres to the practice of formalizing hedge contracts for exchange rate variations (mainly forex insurance, 'forwards' and options on currencies) based on its monthly analyzed forecasts and budgets, in order to reduce volatility in operations, results and cash flows of subsidiaries operating overseas.

Moreover, a possible unfavourable performance in the economies of the Latin American countries where the Group operates could translate into hyperinflationary situations, with the consequent negative impact on exchange rates.

Tax risks-

The Group's tax risks are related to possibly different interpretations of the rules that the relevant tax authorities may make, as well as to the changes in tax rules in the different countries in which the Group operates.

As of December 31, 2018, the consolidated Group had active tax credits amounting to EUR 135.4 million; of these, EUR 87 million corresponded to the tax consolidation group whose parent company is Prisa.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that changes in tax rules or the ability to generate positive tax bases may not suffice to recover the active tax credits arising from the negative tax bases from previous financial years, from limiting the deductible nature of financial expenses and amortizations, as well as from tax deductions.

Intangible assets and goodwill-

As of December 31, 2018, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 111.2 million and goodwill of EUR 408.8 million. The analysis of the value of these assets and goodwill used estimates made to date, based on the best available information. It is possible that events which could occur in the future make it
necessary to modify these estimates down. In this event, the impact of these new estimates in valuing intangible assets and goodwill will be registered on the future consolidated income statement.

**Strategic and operational risks**

**Macroeconomic risks**

The evolution in macroeconomic variables affect to the Group business performance in Spain and America.

During the year 2018, 59.9% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group’s main geographical market (representing 40.1% of Group operating income).

The main consumer figures in Spain saw major declines in the past that have affected, and may continue to do so if growth comes in below forecasts, spending by Group customers on its products and services, including advertisers and other clients of Prisa content offers.

With regard to Prisa’s business and investments in Latin America, we should state that it is the highest risk region among developing nations due to its links with the United States and China, especially when it comes to Brazil and Chile, where the economy is dependent on commodity exports to China and the United States, among others.

Macroeconomic declines could negatively affect the Group’s position in terms of earnings and cash generation, as well as the value of Group assets.

**Decline in the advertising market**

An important part of Prisa’s operating income comes from the advertising market, mainly in its television, press and radio businesses. As of December 31, 2018, advertising revenue represented 37.8% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

If macroeconomic figures worsen in the countries where the Group operates (especially GDP), the spending outlook for advertisers could be negatively impacted. Given the large fixed expenses component linked to businesses which rely heavily on advertising, any decline in advertising revenues directly affects operating profits and, therefore, the Group’s ability to generate cash.

**Changes occurring to the tradition media business**

Press revenues from the sale of copies and subscriptions continue to be negatively impacted by the growth of alternative distribution media, including free news websites and other content.

If the Group’s businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group’s income and results.

**Competition risk**

Prisa’s businesses operate in highly competitive sectors.

Competition between companies offering online content is intense in the Television, Press and Radio businesses, and the Group is fighting for advertising against traditional players, multinational online audiovisual and musical content platforms, new online content providers and news aggregators.

In the Education business, the Group also competes against traditional players and smaller businesses, online portals and digital operators offering alternative content and methodology. In addition, there is a growing trend towards access to open educational content through online sites, and the market for second-hand materials is growing. However, the number of schools that do not use books and that develop new content within the scope of their own curricular autonomy is increasing.

The ability to anticipate and adapt to the requirements and new demands from customers may
impact the competitive position of Group businesses with regard to other competitors.

*Country risk-*

Prisa operations and investments may be affected by different risks that are typical to investments in countries with emerging economies or with unstable backdrops, such as currency devaluation, capital controls, inflation, expropriations or nationalizations, tax changes or changes in policies and regulations.

*Regulatory risk-*

Prisa operates in regulated sectors and, therefore, is exposed to regulatory and governmental risks that could negatively impact the business.

Specifically, the radio business is subject to having franchises and licenses for its activity, while the education business is subject to public policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by legislative changes, changes in the contracting procedures of public administrations, or the need to obtain prior administrative authorization with respect to the content of publications. Curriculum changes force the Group to modify its education contents, which requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

Furthermore, Prisa businesses are subject to many regulations in terms of fair competition, control of economic mergers or anti-monopolistic legislation at a global or local level.

*Risk of concentration of sales in the public sector-*

The main customers in the Group’s Education business are the governments and public bodies in the various jurisdictions where it operates. During 2018, 20.2% of the operating income of the Education business came from institutional sales, with a particularly high concentration existing in Brazil.

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies.

*Digital transformation process-*

The businesses where the Group operates are in a permanent process of technological change. Recent technological progress has introduced new methods and channels for content distribution and use. This progress then drives changes in preferences and audience consumption habits.

Along the same lines, the proliferation of alternative digital communication, including social networks or news aggregators, has had a notable impact on the options available to consumers, thus resulting in a fragmentation of the audience. Moreover, the proliferation of these new players means an increase in the inventory of digital advertising space available to advertisers, and which affects, and is expected to continue affecting, the Group’s Television, Press and Radio businesses.

Moreover, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices. Likewise, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications, and for smartphones that visit.

Digital transformation imply several risks such as developing new products and services to respond to market trends, losing of value of contents within a digital environment, importance of technology to develop digital business or resistance to technological change in businesses of the Group.

*Technology risk-*

The businesses in which the Group operates depend, to a greater or lesser extent, on
information technology ("IT") systems. The Group offers software or technology solutions through web-based platforms.

IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, hacking and the physical damage sustained by IT centers. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa’s systems and platforms could result in the loss of data or compromise customer data or other sensitive information. Major faults in the systems or attacks on their security could have an adverse effect on Group operating profits and financial conditions.

In this regard, the Group has externalized with several technology providers its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases or the service was transferred to new suppliers, Group operations could be impacted.

Litigation and third-party claims risk-

Prisa is involved in important litigation and is also exposed to liability for the content in its publications and programs. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

To manage this risk, the Group manages and monitors legal proceedings and is advised by independent experts.

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group’s business.

Intellectual property-

The Group’s businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group’s pillars of success and ways to maintain a competitive advantage. However, there is the risk that third parties might, without the Company’s authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group.

In addition, in order to use third-party intellectual property rights, the Group has non-exclusive paid-for permission from management companies servicing the owners of these rights. Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights.

E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

Prisa has defined the tolerable error regarding risks associated to the financial information. By reference to this tolerance level the company identifies the significant processes and accounts in the control over financial information system.

As far as other risks are concerned, the impact and probability of their occurrence is assessed in order to determine their relative position on the risk maps of the Group and the business units. This assessment is carried out by the Group’s senior management.
E.5  State which risks, including tax compliance risks, have materialised during the year.

In 2018 financial year Prisa has recorded an impairment of tax credits amounting to EUR 201 million. This impairment is based on the impact on the tax plan of its creation from a cash optimization perspective in line with long-term projections of Prisa Group, the result of the Tax Audit completed in 2018 corresponding to the Corporate Tax of the Prisa consolidation group for the period from 2012 to 2015, which generated a reallocation of credits from one category to another having a negative impact in their recovery, and the impact on the tax plan of the financial cost increase of the debt Refinancing Agreement reached during the year.

On the other hand, the impairment recorded in 2018 of Media Capital goodwill amounting to EUR 76 million, is the result of the increase of country risk due to rising geopolitical uncertainty in Europe, and increased market volatility and lower long term growth prospects, especially in the second half of the year, in the free-to-air television industry in Europe. All of which have negatively impacted the valuation of European comparable companies and have result on an increase of the applicable discount rate, and a decrease on the Media Capital long term growth rate.

E.6  Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The Group’s risk map is reported to the Audit Committee, which continuously monitors the main risks identified. The Board of Directors receives a report on the Group’s risk map at least once a year.

As regards risk management, the Group has defined a risk manager for the main business risks, and they are responsible for defining actions plans and controls to mitigate the impact of the risks.

In relation to risks that materialized during FY 2018, the Group is continuously monitoring the recoverability of its assets, specifically, tax credits recorded and investment in companies in which it has a stake. To do this, it tests these assets for impairment at least once a year or, where appropriate, whenever there is any indication of impairment.

F  INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1  Control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.
The company’s approach regarding the internal control over financial reporting (hereinafter ICFR), which was initially deployed according to Internal Control Framework issued by COSO in 1992, was adapted during 2014 to the revised COSO Framework issued in 2013. In this regard, the Group will continue improving its ICFR system in conformity with this new Integrated Internal Control Framework.

As set out in Article 5.3 of the Board Regulations, the functions of the Prisa Board of Directors include ensuring that there is an appropriate and effective system of internal control over financial reporting (ICFR) in place and maintained. Also, pursuant to the same article of the regulations, the Board is responsible for supervising internal reporting and control systems.

In this regard, the Board of Directors is assisted, for the development of these functions, by the Audit, Risks and Compliance Committee of Prisa. Among the responsibilities of the Audit Committee, is the monitoring of the preparation and presentation of the regulated financial information.

The effective implementation of internal control model is the responsibility of the CEO and the CFO of Prisa, as well as the CEOs and CFOs of the Group’s business units involved in the preparation of financial information which forms the basis for the preparation of Group’s Financial Statements.

The monitoring of ICFR, is performed both by the Audit Committee and the Board of Prisa, with the Internal Audit function support.

F.1.2. State whether the following are present, especially if they relate to the creation of financial information:

- Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.

The Direction of Talent Management and Human Resources, under the Secretary of the Board, is responsible for the design, implementation, reviewing and updating of the Group’s organizational structure. The Group’s business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of the financial reporting.

In addition, this Direction and the Group Compliance Officer coordinate and monitor the internal procedures of the Group companies, and its degree of documentation, updating and communication.

- Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.

Prisa Group has a Code of Ethics that sets out the principles and standards of conduct that should govern the companies in PRISA Group and all their employees, aimed at ensuring ethical and responsible behavior in the pursuit of their activities.

The PRISA Compliance Unit reports to the Audit, Risks and Compliance Committee and is the body charged with safeguarding and promoting ethical behavior of employees, associates and members of PRISA Group, and,
therefore, amongst other functions, with overseeing their compliance with the Code of Ethics.

The Compliance Unit reports incidents relating to the Code of Ethics to the Audit, Risks and Compliance Committee so that the latter can assess annually the compliance with the Group’s rules of governance.

The Compliance Unit promotes internal communication with officers and employees to ensure they know the compliance policy and obligations in this respect.

The Code of Ethics has been communicated and disseminated to all employees of the Group to whom it applies. Also, the Communication Department has implemented an internal and external communication plan for the Code, supervised by the PRISA Compliance Unit.

The Code of Ethics is posted on the corporate website (www.Prisa.com) and in PRISA’s global intranet (Toyoute).

The Code of Ethics sets out a series of standards of conduct based on the following principles:

i. Respect human rights and liberties.
ii. Promotion of career development, equal opportunity, non-discrimination due to personal, physical or social conditions, and respect for persons.
iii. Occupational safety and health.
iv. Environmental protection.

Specifically, in relation to financial reporting, PRISA Group considers transparency in financial information as a basic principle that must govern its actions and, therefore, establishes rules of conduct aimed at ensuring that all information, be it internal information or the information reported to the markets, to the regulators of those markets or to government authorities, be truthful and complete and adequately reflects, amongst other aspects, its financial situation and the results of its operations, and be reported on a timely basis and in accordance with the applicable standards and general principles governing markets and their proper governance that PRISA Group has endorsed.

Rules of conduct are also established aimed to guarantee that all transactions are timely recorded in the Group’s systems, in keeping with the principles of existence, completeness, clarity and accuracy in the Group’s systems and financial statements, in accordance with the applicable accounting standards.

- Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature.

The Group has a Whistle-blowing mailbox for the reception and treatment of complaints regarding wrongdoings or breaches related to both, internal and external regulations, in matters affecting the Group, its employees or its activities.

It is a confidential and anonymous communication channel available to any employee in the Group intranet or alternatively through a post office box laid out for this purpose. The complaints received are currently managed by Prisa Compliance Unit, who reports them to the Audit Committee. Additionally, there is a confidential Whistle-blowing mailbox for third parties related to the Group and accessible through corporate website www.Prisa.com.
Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

The financial officers responsible for reporting in the business units and significant companies in the Group periodically receive accounting standards update bulletins. In this regard, during 2018, training sessions were held about the Criminal Compliance management risk.

F.2 Assessment of financial information risks

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:

- Whether the process exists and is documented.

The system established in the Group for financial reporting risks identification and assessment is formally documented and updated at least once a year.

In the Group financial reporting risks assessment it is applied a top down approach based on the Group’s significant risks. This approach starts with the identification of significant accounts and disclosures, assuming both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and it is supplemented by qualitative analysis that determines the associated risk considering the characteristics of the transactions, the nature of the account, the accounting and reporting complexity, the probability of significant contingent liabilities to be generated resulting from transactions associated with the account, the susceptibility to errors or fraud losses and the potential impact on financial reporting of the risks identified in business units, corporate risks maps and during performed Internal Audit reviews.

In order to perform a full risk assessment, this analysis is performed on each business unit, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group.

For each business unit, the most relevant accounts are identified, based on mentioned risk analysis. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main kind of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

- If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.

For each account the controls are analyzed in order to cover the assertions to ensure the reliability of financial reporting, i.e. that recorded transactions have occurred and pertain to that account (existence and occurrence), transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are
properly disclosed, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness). Complementary to risks update, the Group annually performs a review of controls that mitigate identified risks.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.

Among the significant processes it is considered the determination of the scope of consolidation of the Group, which is conducted monthly by the Consolidation department, set in the Corporate Finance Department, in collaboration with Legal Advisory Department, who regularly reports the corporate transactions and subscribed shareholder agreements.

- If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

Risk assessment process takes into account the risk profile of each business unit, which is determined by their contribution to the consolidated financial statements, and assessing the specific risks, among other factors, the nature of their activities, centralization or decentralization of operations, specific industry and environmental risks, to the extent they may have potential impact in financial statements.

- The governing body within the company that supervises the process.

The system is monitored, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

The Group has documentation describing flows of activities and process controls identified as significant in each business unit and at corporate level. Based on this description the key risks and mitigating controls are identified. The documentation of control activities is supported on risk and control matrices by process. In these matrices the activities are classified by their nature as preventive or detective, and based on the degree of mitigation of associated risks, as key or standard.

In each significant business unit there is a documented process describing the accounting close as well as specific controls concerning relevant judgments and estimates, according to the nature of the activities and risks associated to each business unit.
In relation to the financial reporting review and approval process, a phased certification process is developed on the effectiveness of internal control model over financial reporting. The CEOs and General Managers in the business units and companies that are considered significant, confirm, at the year end, in writing the effectiveness of defined controls for their critical processes as well as their financial information reliability. Also, in relation to this process, as mentioned above, there are procedures for the financial information disclosed to the stock markets review and approval by the governing bodies.

F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

As for the controls on the systems or applications which are relevant in relation to the developing of financial information, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls considered on information systems are essentially access control, segregation of duties, systems operations and development or modification of computer applications. The Group annually reviews and evaluates the controls and procedures associated with the main applications implied in financial reporting processes.

F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

In relation to subcontracted activities, the main outsourced activity in the Group is information technologies service, entrusted to Indra. The Group has established a model of government based on regularly holding several meetings and committees in order to monitor the outsourced services.

F.4 Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The organization has an accounting manual founded on the International Financial Reporting Standards applicable to the Group’s businesses, developed by the Internal Audit Department, and annually updated and communicated to the different business units. There are also specific accounting policies developed for some Group businesses providing simplified accounting treatment to correctly reflect their activities. Furthermore, Internal Audit Department periodically issues accounting newsletters that show the latest changes of international accounting standards in those aspects that could affect Group entities’ financial statements.

F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the
entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

Prisa counts on an unified and adapted chart of accounts applicable to all the Group companies that manage financial information within Group SAP software. Likewise, there is a single and homogeneous format of documentation for the financial reporting of Group business units which supports the financial statements, notes and disclosures included in regulated financial information.

F.5 Supervision of system performance

Describe at least the following:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

As part of the monitoring activities on the internal control system carried out by the Audit, Risks and Compliance Committee, the following are included:

i. Monitor the effectiveness of the Company’s internal control, internal audit and risk management system.

ii. In relation to the external auditor, it must supervise the work performed by the latter and their conclusions, including any that have an impact on the audit report and any significant weaknesses identified in the internal control system during the audit.

iii. Supervise the process of drawing up financial reporting for Prisa and for the Group and the integrity of the information, ensuring it meets regulatory requirements, covers the appropriate scope of consolidation and that accounting criteria are properly applied.

The Group has an internal audit unit, which supports the Group Audit, Risks and Compliance Committee in monitoring internal control system over financial reporting. The Internal Audit Direction depends functionally on the Audit Committee.

The main objective of internal audit is to provide the Group management and the Audit Committee with reasonable assurance on the environment and internal control systems operating within the Group companies having been properly managed. For this purpose, internal audit reviews the design and scope of the Group’s internal control system over financial reporting, and subsequently carries out the evaluation of the design and effectiveness of the control activities defined in the model. Annually the functioning of the general controls of the Group as well as controls related to the information systems and the key control activities in the ICFR are tested.

For each of the identified weaknesses, an estimation is done on the economic impact and probability of occurrence, classifying them according to this estimation. Also, for all the identified weaknesses a plan of action is defined in order to correct or mitigate the risk, including a responsible for the management and an implementation schedule.

The Internal Audit Direction reports annually to the Audit Committee on the results of the evaluation of the ICFR and regularly informs on the evolution of the established action plans.
F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit’s assessment of the internal control system over financial reporting, are reported to both the Audit Committee and the external auditor. Internal Audit prepares an annual report on the evaluation of the internal control system over the Group’s financial information in which it is detailed for each weakness identified, the mitigating controls or a defined action plan, and those responsible for its implementation.

Additionally, ultimately, the internal control system is audited by the statutory auditor of the Group, who reports to the Audit Committee on the significant and material weaknesses identified and gives opinion on the effectiveness of internal control over financial reporting during the year.

F.6 Other relevant information

None

F.7 External auditor’s report

Report from:

F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

The system of internal control over financial reporting is audited by the statutory auditor of the Group that gives opinion on the effectiveness of internal control within a reasonable assurance report in accordance with ISAE 3000.

EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company’s level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company’s actions. General explanations are not acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain
other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Compliant

2. That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:

a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Does not apply

3. That, during the course of the ordinary General Shareholders’ Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

a) Changes that have occurred since the last General Shareholders’ Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Partially compliant

At the Ordinary Shareholders’ Meeting held in April 2018, the Chairman of the Board reported in detail on most relevant changes in matters of corporate governance that have taken place in the Company since the previous ordinary shareholders meeting. He also reported on the status of compliance with the recommendations of the Unified Code of Good Governance of the CNMV, but not informed on the specific reasons for the company not following a given good governance code recommendation, considering the President that the Annual Corporate Governance Report (which is available to the shareholders on the occasion of the call to the shareholders’ meeting) contains an adequate and reasoned explanation of those grounds.

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.
5. That the Board of Directors should not propose to the General Shareholders’ Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation. And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Compliant

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:
   a) Report regarding the auditor's independence.
   b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.
   c) Report by the audit committee regarding related-party transactions
   d) Report on the corporate social responsibility policy.

Compliant

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Compliant

8. That the audit committee ensures that the Board of Directors presents financial statements in the audit report for the General Shareholders' Meetings which do not have qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Compliant

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders’ Meetings, and the exercise of the right to vote or to issue a proxy.
And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Compliant

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders’ Meeting, the company:

a) Immediately distributes the additions and new proposals.

b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders’ Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Does not apply

11. That, in the event the company intends to pay for attendance at the General Shareholders’ Meeting, it establish in advance a general policy of long-term effect regarding such payments.

Does not apply

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company’s interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Compliant
13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Compliant

14. That the Board of Directors approves a selection policy for directors that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.

c) Favours diversity in knowledge, experience and gender.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

And that the selection policy for directors promotes the objective that by the year 2020 the number of female directors accounts for at least 30% of the total number of members of the Board of Directors.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Compliant

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

Compliant

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.

b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Compliant
The Company has 12 non-executive directors, of which 6 (50%) are proprietary. The proprietary directors represent the significant shareholders Amber Capital, International Media Group, Consorcio Transportista Occher and Rucandio which, jointly, as of December 31, 2018, represent the 46.97% of the capital stock of the Company.

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Compliant

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Compliant

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Does not apply

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its
entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Compliant

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director’s term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Compliant

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company’s standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Compliant

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company’s interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.
Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Compliant

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

Compliant

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Compliant

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Compliant

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Compliant

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.
Compliant

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company’s expense.

Compliant

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require

Compliant

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Compliant

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Compliant

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Partially compliant

Throughout the year 2017, a restructuring was carried out in the composition of the Board of Directors, with the departure of 9 directors and the entry of 6 new directors, including the succession of the Chief Executive Officer. Likewise, during the first quarter of 2018, the resignation of 2 directors and the appointment of a new director have taken effect, with the succession of the
Chairman also taking place. This situation has made it difficult to carry out a formal assessment, as not enough self-assessment questionnaires are available.

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairman, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Compliant

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Compliant

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

   a) The quality and efficiency of the Board of Directors’ work.
   b) The workings and composition of its committees.
   c) Diversity of membership and competence of the Board of Directors.
   d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.
   e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser’s group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.
The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Partially compliant

The Regulations of the Board of Directors provides for the procedure to carry out the annual evaluation of the Board. Nevertheless and as already indicated in relation to recommendation 33, in 2018 the Company was not able to carry out the assessment of the Board corresponding to fiscal year 2017 and that of the first executive of the Company.

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Compliant

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Compliant

39. That the members of the audit committee, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and that the majority of its members be independent directors.

Compliant

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Compliant

41. That the person in charge of the group performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Compliant

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:
1. With regard to information systems and internal control:

   a) Supervise the preparation and integrity of financial information relative to the company and, if applicable, the group, monitoring compliance with governing rules and the appropriate application of consolidation and accounting criteria.

   b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

   c) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.

2. With regard to the external auditor:

   a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.

   b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor’s independence.

   c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

   d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

   e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor’s billing, and all other rules regarding the auditor’s independence.

Compliant

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Compliant
44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Compliant

45. That the risk management and control policy identify, as a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.

b) Fixing of the level of risk the company considers acceptable.

c) Means identified in order to minimise identified risks in the event they transpire.

d) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Compliant

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Compliant

47. That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate -- are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Compliant
48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Does not apply

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Compliant

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

   a) Propose basic conditions of employment for senior management.
   b) Verify compliance with company remuneration policy.
   c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.
   d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.
   e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Compliant

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Compliant

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

   a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee’s last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Compliant

53. That verification of compliance with corporate governance rules, internal codes of conduct and social corporate responsibility policy be assigned to one or split among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee in the event that one exists, or a special committee created by the Board of Directors pursuant to its powers of self-organisation, which at least the following responsibilities shall be specifically assigned thereto:

a) Verification of compliance with internal codes of conduct and the company's corporate governance rules.

b) Supervision of the communication strategy and relations with shareholders and investors, including small- and medium-sized shareholders.

c) The periodic evaluation of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.

d) Review of the company's corporate social responsibility policy, ensuring that it is orientated towards value creation.

e) Follow-up of social responsibility strategy and practice, and evaluation of degree of compliance.

f) Supervision and evaluation of the way relations with various stakeholders are handled.

g) Evaluation of everything related to non-financial risks to the company, including operational, technological, legal, social, environmental, political and reputational.

h) Coordination of the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.

Compliant
54. That the corporate social responsibility policy include principles or commitments which the company voluntarily assumes regarding specific stakeholders and identifies, as a minimum:

a) The objectives of the corporate social responsibility policy and the development of tools to support it.

b) Corporate strategy related to sustainability, the natural environment and social issues.

c) Concrete practices in matters related to: shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.

d) Means or systems for monitoring the results of the application of specific practices described in the immediately preceding paragraph, associated risks, and their management.

e) Means of supervising non-financial risk, ethics, and business conduct.

f) Communication channels, participation and dialogue with stakeholders.

g) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Compliant

55. That the company reports, in a separate document or within the management report, on matters related to corporate social responsibility, following internationally recognised methodologies.

Compliant

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Compliant

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as
directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Compliant

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Compliant

59. That a material portion of variable remuneration components be deferred for a minimum period of time sufficient to verify that previously established performance criteria have been met.

Compliant

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor’s report which would diminish said results.

Compliant

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Compliant
62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Compliant

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Compliant

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

Compliant

FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010.
Remarks:

- With regard to Section A.5 of this report, see section D.

- With regard to Section B.2 of this report, it should be underscored that in the Company’s internal regulations (Articles of Association, General Meeting Regulations and Board of Directors Regulations) the power to issue non-convertible bonds has been transferred from the General Meeting to the Board. Therefore, although those regulations stipulate the same qualified majorities as are set out in article 201.2 of the LSC for the cases provided for in article 194.1 of the LSC, the quorums and qualified majorities required for the issue of bonds by the General Meeting apply exclusively to resolutions for the issue of convertible bonds.

- With regard to section C.1.2 of this report it should be underscored that: i) the co-optation into the Board of Mr. Waaled Ahmad Ibrahim Alsadi and Mr. Dominique D’Hinnin, carried out by the Board of Directors on 6 May 2016, was ratified by the shareholders at the Ordinary General Meeting held on 30 June 2017, ii) the co-optation onto the Board of Mr. Manuel Mirat Santiago, carried out by the Board of Directors on 30 June 2017, was ratified by the shareholders at the Ordinary General Meeting held on 15 November 2017, and iii) the co-optation onto the Board of Mr. Javier Monzón de Cáceres, Mr. Javier Gómez-Navarro Navarrete, Mr. Javier de Jaime Guijarro, Mr. Francisco Gil Díaz and Ms Dª Sonia Dulá carried out by the Board of Directors on 20 November 2017 and the co-optation onto the Board of Amber Capital UK, LLP (represented by Mr Fernando Martinez Albacete) carried out by the Board of Directors on 22 March 2018, were ratified by the shareholders at the Ordinary General Meeting held on April 25, 2018.

- With regard to section C.1.25 of this report, it should be underscored that, as mentioned in section C.1.15, in the first quarter of 2018 the Company’s main internal regulations (Articles of Association, General Meeting Regulations and Board of Directors Regulations) were updated. Among other things, the organisational structure and rules of operation of the corporate bodies were revised and, from 25 April 2018, the former Nomination and Compensation Committee (NCC) and Corporate Governance Committee (CGC) were replaced by a Nominations, Compensation and Corporate Governance Committee (NCCGC).

The NCC met five times between January and April 2018 and four of those meetings were held jointly with the CGC. Between April and December 2018 the NCCGC met three times.

- With regard to section D.7 of this report it should be underscored that PRISA Portuguese subsidiary Grupo Media Capital, S.G.P.S, S.A. is listed on the Portuguese securities market.

- As PRISA’s ADS are not listed on the NYSE (see Section A.14 of this Report), the Company is not subject to the corporate governance requirements specified by the Securities Exchange Act, the Sarbanes-Oxley Act and the NYSE.

- Prisa does not prepare any annual corporate governance report other than this one.

- The Company is not a signatory to the Code of Best Tax Practices of 20 July 2010.

- Lastly it is placed on record, in general for the entire Report that the taxpayer identification numbers (CIF) attributed to certain natural and legal persons are fictitious and have only been included to be able to complete the electronic template.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on March 12, 2019.

State whether any directors voted against or abstained from voting on this report.

NO
Promotora de Informaciones, S.A. (Prisa) and Subsidiaries

Independent report on the system of internal control over financial reporting (ICFR)

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.
Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

To the shareholders of Promotora de Informaciones, S.A.,

Scope of the work

We have conducted the reasonable assurance review of the information relating to the System of Internal Control over Financial Reporting (ICFR) of Promotora de Informaciones, S.A. and Subsidiaries ("the Group") contained in Note F of the accompanying Annual Corporate Governance Report for the year ended 31 December 2018.

The objective of this system is to contribute to the faithful representation of the transactions performed and to the provision of reasonable assurance in relation to the prevention or detection of any errors that might have a material effect on the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Board of Directors of Promotora de Informaciones, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) guarantee that these transactions are performed only in accordance with the authorisations established; (iii) provide reasonable assurance that transactions are recognised appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

Directors' Responsibility

The Board of Directors of Promotora de Informaciones, S.A. is responsible for maintaining the System of Internal Control over the Financial Information included in the consolidated financial statements and for evaluating its effectiveness.

Our Responsibility

Our responsibility is to issue a report on the independent reasonable assurance review of the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us.

Our work includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the consolidated financial statements of the Group as at 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.
Our work was performed in accordance with the requirements established in Standard ISAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

This standard requires the planning and performance of procedures and the obtainment of sufficient evidence to reduce engagement risk to an acceptably low level in the circumstances of the engagement, and the issuance of a positive conclusion.

**Independence**

Our work was performed in accordance with the independence standards required by the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1 (ISQC 1), Deloitte has in place a global system of quality control which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

**Conclusion**

In our opinion, as at 31 December 2018, the Group maintained, in all material respects, an effective System of Internal Control over the Financial Information contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of Promotora de Informaciones, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report “Internal Control-Integrated Framework (2013)”. Furthermore, the disclosures contained in the information relating to the system of ICFR which is included in Note F of the Group’s Annual Corporate Governance Report as at 31 December 2018 are in compliance, in all material respects, with the requirements established by the Corporate Enterprises Act, the Order ECC / 461/2013, of 20 March and Circular No. 5/2013 of 12 June 2013 of the Spanish National Securities Market Commission (CNMV), subsequently modified by Circular No. 7 / 2015 of 22 December 2015 of the CNMV and Circular No. 2/2018 of 12 June 2018 of the CNMV.

DELIOITTE, S.L.

Jesús Mota Robledo

12 March 2019
E.5 State which risks, including tax compliance risks, have materialised during the year.

In 2018 financial year Prisa has recorded an impairment of tax credits amounting to EUR 201 million. This impairment is based on the impact on the tax plan of its creation from a cash optimization perspective in line with long-term projections of Prisa Group, the result of the Tax Audit completed in 2018 corresponding to the Corporate Tax of the Prisa consolidation group for the period from 2012 to 2015, which generated a reallocation of credits from one category to another having a negative impact in their recovery, and the impact on the tax plan of the financial cost increase of the debt Refinancing Agreement reached during the year.

On the other hand, the impairment recorded in 2018 of Media Capital goodwill amounting to EUR 76 million, is the result of the increase of country risk due to rising geopolitical uncertainty in Europe, and increased market volatility and lower long term growth prospects, especially in the second half of the year, in the free-to-air television industry in Europe. All of which have negatively impacted the valuation of European comparable companies and have resulted on an increase of the applicable discount rate, and a decrease on the Media Capital long term growth rate.

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The Group’s risk map is reported to the Audit Committee, which continuously monitors the main risks identified. The Board of Directors receives a report on the Group’s risk map at least once a year.

As regards risk management, the Group has defined a risk manager for the main business risks, and they are responsible for defining actions plans and controls to mitigate the impact of the risks.

In relation to risks that materialized during FY 2018, the Group is continuously monitoring the recoverability of its assets, specifically, tax credits recorded and investment in companies in which it has a stake. To do this, it tests these assets for impairment at least once a year or, where appropriate, whenever there is any indication of impairment.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.
The company’s approach regarding the internal control over financial reporting (hereinafter ICFR), which was initially deployed according to the Internal Control Framework issued by COSO in 1992, was adapted during 2014 to the revised COSO Framework issued in 2013. In this regard, the Group will continue improving its ICFR system in conformity with this new Integrated Internal Control Framework.

As set out in Article 5.3 of the Board Regulations, the functions of the Prisa Board of Directors include ensuring that there is an appropriate and effective system of internal control over financial reporting (ICFR) in place and maintained. Also, pursuant to the same article of the regulations, the Board is responsible for supervising internal reporting and control systems.

In this regard, the Board of Directors is assisted, for the development of these functions, by the Audit, Risks and Compliance Committee of Prisa. Among the responsibilities of the Audit Committee, is the monitoring of the preparation and presentation of the regulated financial information.

The effective implementation of internal control model is the responsibility of the CEO and the CFO of Prisa, as well as the CEOs and CFOs of the Group's business units involved in the preparation of financial information which forms the basis for the preparation of Group's Financial Statements.

The monitoring of ICFR, is performed both by the Audit Committee and the Board of Prisa, with the Internal Audit function support.

F.1.2. State whether the following are present, especially if they relate to the creation of financial information:

- Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.

The Direction of Talent Management and Human Resources, under the Secretary of the Board, is responsible for the design, implementation, reviewing and updating of the Group's organizational structure. The Group's business units have a distribution and definition of tasks and functions in the financial areas, which have job descriptions for key roles in these areas, as well as clearly defined lines of responsibility and authority in the preparation process of the financial reporting.

In addition, this Direction and the Group Compliance Officer coordinate and monitor the internal procedures of the Group companies, and its degree of documentation, updating and communication.

- Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.

Prisa Group has a Code of Ethics that sets out the principles and standards of conduct that should govern the companies in PRISA Group and all their employees, aimed at ensuring ethical and responsible behavior in the pursuit of their activities.

The PRISA Compliance Unit reports to the Audit, Risks and Compliance Committee and is the body charged with safeguarding and promoting ethical behavior of employees, associates and members of PRISA Group, and,
therefore, amongst other functions, with overseeing their compliance with the Code of Ethics.

The Compliance Unit reports incidents relating to the Code of Ethics to the Audit, Risks and Compliance Committee so that the latter can assess annually the compliance with the Group’s rules of governance.

The Compliance Unit promotes internal communication with officers and employees to ensure they know the compliance policy and obligations in this respect.

The Code of Ethics has been communicated and disseminated to all employees of the Group to whom it applies. Also, the Communication Department has implemented an internal and external communication plan for the Code, supervised by the PRISA Compliance Unit.

The Code of Ethics is posted on the corporate website (www.Prisa.com) and in PRISA’s global intranet (Toyoutome).

The Code of Ethics sets out a series of standards of conduct based on the following principles:

i. Respect human rights and liberties.
ii. Promotion of career development, equal opportunity, non-discrimination due to personal, physical or social conditions, and respect for persons.
iii. Occupational safety and health.
iv. Environmental protection.

Specifically, in relation to financial reporting, PRISA Group considers transparency in financial information as a basic principle that must govern its actions and, therefore, establishes rules of conduct aimed at ensuring that all information, be it internal information or the information reported to the markets, to the regulators of those markets or to government authorities, be truthful and complete and adequately reflects, amongst other aspects, its financial situation and the results of its operations, and be reported on a timely basis and in accordance with the applicable standards and general principles governing markets and their proper governance that PRISA Group has endorsed.

Rules of conduct are also established aimed to guarantee that all transactions are timely recorded in the Group’s systems, in keeping with the principles of existence, completeness, clarity and accuracy in the Group’s systems and financial statements, in accordance with the applicable accounting standards.

- Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature.

The Group has a Whistle-blowing mailbox for the reception and treatment of complaints regarding wrongdoings or breaches related to both, internal and external regulations, in matters affecting the Group, its employees or its activities.

It is a confidential and anonymous communication channel available to any employee in the Group intranet or alternatively through a post office box laid out for this purpose. The complaints received are currently managed by Prisa Compliance Unit, who reports them to the Audit Committee. Additionally, there is a confidential Whistle-blowing mailbox for third parties related to the Group and accessible through corporate website www.Prisa.com.
Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

The financial officers responsible for reporting in the business units and significant companies in the Group periodically receive accounting standards update bulletins. In this regard, during 2018, training sessions were held about the Criminal Compliance management risk.

F.2 Assessment of financial information risks

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:

- Whether the process exists and is documented.

The system established in the Group for financial reporting risks identification and assessment is formally documented and updated at least once a year.

In the Group financial reporting risks assessment it is applied a top down approach based on the Group’s significant risks. This approach starts with the identification of significant accounts and disclosures, assuming both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and it is supplemented by qualitative analysis that determines the associated risk considering the characteristics of the transactions, the nature of the account, the accounting and reporting complexity, the probability of significant contingent liabilities to be generated resulting from transactions associated with the account, the susceptibility to errors or fraud losses and the potential impact on financial reporting of the risks identified in business units, corporate risks maps and during performed Internal Audit reviews.

In order to perform a full risk assessment, this analysis is performed on each business unit, as they primarily generate financial information that serves as the basis for preparing consolidated financial statements of the Group.

For each business unit, the most relevant accounts are identified, based on mentioned risk analysis. After identifying significant accounts and disclosures at the consolidated level and in each business unit, we proceed to identify the relevant processes associated with them, and the main kind of transactions within each process. The objective is to document how key relevant processes transactions are initiated, authorized, recorded, processed and reported.

- If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.

For each account the controls are analyzed in order to cover the assertions to ensure the reliability of financial reporting, i.e. that recorded transactions have occurred and pertain to that account (existence and occurrence), that transactions and assets are registered in the correct amount (assessment / measurement), the assets, liabilities and transactions of the Group are
properly disclosed, categorized and described (presentation and disclosure) and there are no assets, liabilities, and significant transactions not recorded (completeness). Complementary to risks update, the Group annually performs a review of controls that mitigate identified risks.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.

Among the significant processes it is considered the determination of the scope of consolidation of the Group, which is conducted monthly by the Consolidation department, set in the Corporate Finance Department, in collaboration with Legal Advisory Department, who regularly reports the corporate transactions and subscribed shareholder agreements.

- If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

Risk assessment process takes into account the risk profile of each business unit, which is determined by their contribution to the consolidated financial statements, and assessing the specific risks, among other factors, the nature of their activities, centralization or decentralization of operations, specific industry and environmental risks, to the extent they may have potential impact in financial statements.

- The governing body within the company that supervises the process.

The system is monitored, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

### F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

**F.3.1. Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.**

The Group has documentation describing flows of activities and process controls identified as significant in each business unit and at corporate level. Based on this description the key risks and mitigating controls are identified. The documentation of control activities is supported on risk and control matrices by process. In these matrices the activities are classified by their nature as preventive or detective, and based on the degree of mitigation of associated risks, as key or standard.

In each significant business unit there is a documented process describing the accounting close as well as specific controls concerning relevant judgments and estimates, according to the nature of the activities and risks associated to each business unit.
In relation to the financial reporting review and approval process, a phased certification process is developed on the effectiveness of internal control model over financial reporting. The CEOs and General Managers in the business units and companies that are considered significant, confirm, at the year end, in writing the effectiveness of defined controls for their critical processes as well as their financial information reliability. Also, in relation to this process, as mentioned above, there are procedures for the financial information disclosed to the stock markets review and approval by the governing bodies.

F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

As for the controls on the systems or applications which are relevant in relation to the developing of financial information, these are intended to maintain the integrity of systems and data and ensure its operation over time. The controls considered on information systems are essentially access control, segregation of duties, systems operations and development or modification of computer applications. The Group annually reviews and evaluates the controls and procedures associated with the main applications implied in financial reporting processes.

F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

In relation to subcontracted activities, the main outsourced activity in the Group is information technologies service, entrusted to Indra. The Group has established a model of government based on regularly holding several meetings and committees in order to monitor the outsourced services.

F.4 Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The organization has an accounting manual founded on the International Financial Reporting Standards applicable to the Group’s businesses, developed by the Internal Audit Department, and annually updated and communicated to the different business units. There are also specific accounting policies developed for some Group businesses providing simplified accounting treatment to correctly reflect their activities. Furthermore, Internal Audit Department periodically issues accounting newsletters that show the latest changes of international accounting standards in those aspects that could affect Group entities' financial statements.

F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the
entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

Prisa counts on an unified and adapted chart of accounts applicable to all the Group companies that manage financial information within Group SAP software. Likewise, there is a single and homogeneous format of documentation for the financial reporting of Group business units which supports the financial statements, notes and disclosures included in regulated financial information.

F.5  **Supervision of system performance**

Describe at least the following:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

As part of the monitoring activities on the internal control system carried out by the Audit, Risks and Compliance Committee, the following are included:

i.  Monitor the effectiveness of the Company’s internal control, internal audit and risk management system.

ii. In relation to the external auditor, it must supervise the work performed by the latter and their conclusions, including any that have an impact on the audit report and any significant weaknesses identified in the internal control system during the audit.

iii. Supervise the process of drawing up financial reporting for Prisa and for the Group and the integrity of the information, ensuring it meets regulatory requirements, covers the appropriate scope of consolidation and that accounting criteria are properly applied.

The Group has an internal audit unit, which supports the Group Audit, Risks and Compliance Committee in monitoring internal control system over financial reporting. The Internal Audit Direction depends functionally on the Audit Committee.

The main objective of internal audit is to provide the Group management and the Audit Committee with reasonable assurance on the environment and internal control systems operating within the Group companies having been properly managed. For this purpose, internal audit reviews the design and scope of the Group’s internal control system over financial reporting, and subsequently carries out the evaluation of the design and effectiveness of the control activities defined in the model. Annually the functioning of the general controls of the Group as well as controls related to the information systems and the key control activities in the ICFR are tested.

For each of the identified weaknesses, an estimation is done on the economic impact and probability of occurrence, classifying them according to this estimation. Also, for all the identified weaknesses a plan of action is defined in order to correct or mitigate the risk, including a responsible for the management and an implementation schedule.

The Internal Audit Direction reports annually to the Audit Committee on the results of the evaluation of the ICFR and regularly informs on the evolution of the established action plans.
F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the internal control system over financial reporting, are reported to both the Audit Committee and the external auditor. Internal Audit prepares an annual report on the evaluation of the internal control system over the Group's financial information in which it is detailed for each weakness identified, the mitigating controls or a defined action plan, and those responsible for its implementation.

Additionally, ultimately, the internal control system is audited by the statutory auditor of the Group, who reports to the Audit Committee on the significant and material weaknesses identified and gives opinion on the effectiveness of internal control over financial reporting during the year.

F.6 Other relevant information

None

F.7 External auditor’s report

Report from:

F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

The system of internal control over financial reporting is audited by the statutory auditor of the Group that gives opinion on the effectiveness of internal control within a reasonable assurance report in accordance with ISAE 3000.

EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Unified Code of Good Governance.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company’s actions. General explanations are not acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain