



English translation for information purposes only. In case of discrepancies between the Spanish original and the English translation, the Spanish version shall prevail.

ANNUAL REPORT ON CORPORATE GOVERNANCE

LISTED COMPANIES

FINANCIAL YEAR: 31.12.2017

TAX ID CODE: A-28297059

Corporate Name: **PROMOTORA DE INFORMACIONES, S.A.**

Registered address: Gran Vía, 32. Madrid 28013

A. OWNERSHIP STRUCTURE

A.1. Complete the following table concerning the company's share capital:

Date Last Modified	Share Capital (€)	Number of Shares	Number of Voting Rights
17/11/2017	83,497,721.22 €	88,827,363	88,827,363

Indicate whether there are different classes of shares having different rights:

NO

A.2. Indicate the direct or indirect owners of significant holdings in your organization at the end of the financial year, excluding Board Members:

Shareholder's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights
AMBER CAPITAL UK LLP	-	16,043,730	18.06
RUCANDIO, S.A.	-	13,729,811	15.46
TELEFONICA, S.A.	10,228,745	-	11.52
INTERNATIONAL MEDIA GROUP, S.A.R.L	6,400,000	-	7.20
GHO NETWORKS, S.A. DE CV	-	6,297,076	7.09
HSBC HOLDINGS PLC	-	12,827,135	14.44
BANCO SANTANDER, S.A.	1,074,432	2,172,434	3.66
FUNDACION BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA	-	2,997,879	3.37
DON NICOLAS BERGGRUEN	6,115	947,433	1.07

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights
AMBER CAPITAL UK LLP	AMBER ACTIVE INVESTORS LIMITED	11,841,366
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	2,770,893
AMBER CAPITAL UK LLP	OVIEDO HOLDINGS, SARL	1,431,471
RUCANDIO, S.A.	TIMON, S.A.	264,271
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	11,303
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	2,574,964
RUCANDIO, S.A.	ASGARD INVERSIONES, SLU	922,069
RUCANDIO, S.A.	OTNAS INVERSIONES, S.L.	3,100,000
RUCANDIO, S.A.	PRISA SHAREHOLDERS' AGREEMENT	6,857,204

GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	6,297,076
HSBC HOLDINGS PLC	HSBC BANK PLC	12,827,135
BANCO SANTANDER, S.A.	GROUP SANTANDER´COMPANIES	2,172,434
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CAIXABANK, S.A.	2,997,879
DON NICOLAS BERGGRUEN	BH STORES IV, B.V	947,433

Indicate the most significant changes in shareholder structure during the financial year:

Shareholder's Name	Date of Transaction	Description of transaction
HSBC HOLDINGS PLC	22/11/2017	Reached 10% of share capital
AMBER ACTIVE INVESTORS LIMITED	22/11/2017	Dropped from 15% of share capital
ABANTE ASESORES, S.A.	29/11/2017	Dropped from 3% of share capital

A.3. Complete the following tables concerning members of the Board of Directors who hold voting rights in the Company:

Director's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights
JUAN LUIS CEBRIAN ECHARRI	288,686	48,330	00.31%
MANUEL POLANCO MORENO	8,597	23,841	00.04%
MANUEL MIRAT SANTIAGO	12,438	0	00.01%
ROBERTO LÁZARO ALCÁNTARA ROJAS	14,265	0	00.02%
JOSEPH OUGHOURLIAN	0	16,043,730	18.06%
KHALID BIN THANI BIN ABDULLAH AL-THANI	0	6,400,000	07.20%
WAALED AHMAD IBRAHIM ALSA'DI	0	0	00.00%
DOMINIQUE D´HINNIN	0	0	00.00%
JOHN PATON	133	0	00.00%
FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	1,333	0	00.00%
FRANCISCO JAVIER MONZÓN DE CÁCERES	40,000	0	00.05%

JAVIER DE JAIME GUIJARRO	0	0	00.00%
JOSE GRANCISCO GIL DIAZ	0	0	00.00%
SONIA DULÁ	8	0	00.00%

Indirect Shareholder's Name	Through: Direct Shareholder's Name	Number of Voting Rights
JUAN LUIS CEBRIÁN ECHARRI	CONTROLLED COMPANIES	48,330
MANUEL POLANCO MORENO	CONTROLLED COMPANIES	23,841
JOSEPH OUGHOURLIAN	AMBER CAPITAL UK LLP	16,043,730
KHALID BIN THANI BIN ABDULLAH AL-THANI	INTERNATIONAL MEDIA GROUP SARL	6,400,000

Total % of Voting Rights controlled by the Board of Directors	27.86%
---	--------

Complete the following table concerning Members of the Board of Directors holding stock options in the Company:

A.4. Indicate, if applicable, any family, commercial, contractual or corporate relationships existing between the owners of significant shareholdings that are known to the Company, unless they are irrelevant or derive from ordinary commercial transactions:

Names of the Related Persons or Entities
RUCANDIO, S.A.
TIMON, S.A.

Type of Relationship
Corporate

Brief Description:
Rucandio, S.A. controls directly 56.53% of the share capital of Timón, S.A.

Names of the Related Persons or Entities
ASGARD INVERSIONES, SLU
TIMON, S.A.

Type of Relationship
Corporate

Brief Description:
Timón, S.A. directly controls 100% of Asgard Inversiones, S.L.U.

Names of the Related Persons or Entities
PROMOTORA DE PUBLICACIONES, S.L.

TIMON, S.A.

Type of Relationship

Corporate

Brief Description:

Timón, S.A. controls directly 82.95% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities

OTNAS INVERSIONES, S.L.

ASGARD INVERSIONES SLU

Type of Relationship

Corporate

Brief Description:

Asgard Inversiones, S.L.U controls directly 91.79% of the share capital of Otnas Inversiones, S.L.

Names of the Related Persons or Entities

NICOLAS BERGGRUEN.

OTNAS INVERSIONES, S.L.

Type of Relationship

Corporate

Brief Description:

Berggruen Acquisition Holdings S.A.R.L directly holds 8.21% of Otnas Inversiones, S.L.

Names of the Related Persons or Entities

RUCANDIO, S.A.

PROMOTORA DE PUBLICACIONES, S.L.

Type of Relationship

Corporate

Brief Description:

Rucandio, S.A. controls directly 8,32% of the share capital of Promotora de Publicaciones, S.L.

Names of the Related Persons or Entities

CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
--

GHO NETWORKS, S.A. DE CV

Type of Relationship

Corporate

Brief Description: GHO NETWORKS, S.A. DE CV holds 99.99% of the share capital of Grupo Herradura de Occidente, S.A. de CV, after the split conducted in Grupo Herradura de Occidente S.A. de CV

Names of the Related Persons or Entities

CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
--

GHO NETWORKS, S.A. DE CV

Type of Relationship

Commercial

Brief Description: The company CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV is a subsidiary of GH0 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
RUCANDIO, S.A.
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV

Type of Relationship

Contractual

Brief Description: In April 2014 a shareholders agreement was signed by Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Otnas Inversiones, S.L. (all direct or indirect subsidiaries of Rucandio, S.A.) and the shareholder CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV together with other shareholders of PRISA (see Section A.6 below).

Names of the Related Persons or Entities
AMBER CAPITAL UK LLP
AMBER FUNDS

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. Indicate, if applicable, any commercial, contractual or corporate relationships existing between significant shareholders and the Company and/or its Group, unless they are of little relevance or derive from ordinary commercial transactions:

A.6. Indicate whether any shareholders' agreement have been communicated to the Company pursuant to articles 530 and 531 LSC. If applicable, describe them briefly and list the shareholders bound by those agreements:

YES

Parties to the Shareholders' Agreement
OTNAS INVERSIONES, S.L.
EVIEND SARL
CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV
MANUEL VARELA UÑA
JOSE BUENAVENTURA TERCEIRO LOMBA
JOSE MARIA ARANAZ CORTEZO
ANDRÉS VARELA ENTRECANALES
JUAN LUIS CEBRIAN ECHARRI

TIMON, S.A.
LIBERTAS 7, S.A.
PROMOTORA DE PUBLICACIONES, S.L.
EDICIONES MONTE ANETO, S.L.
ASGARD INVERSIONES, SLU
INVERSIONES MENDOZA SOLANO, S.L.

% of share capital: 7.71%

Brief Description of the Agreement

PRISA Shareholders' Agreement (See the note in section H)

Parties to the Shareholders' Agreement
RUCANDIO, S.A.
TIMÓN, S.A.

% of share capital: 2.89%

Brief Description of the Agreement

Shareholders' Agreement in Promotora de Publicaciones, S.L. (See the note in section H)

Parties to the Shareholders' Agreement
IGNACIO POLANCO MORENO
ISABEL MORENO PUNCEL
MARIA JESÚS POLANCO MORENO
MARTA LOPEZ POLANCO
ISABEL LOPEZ POLANCO
MANUEL POLANCO MORENO
JAIME LOPEZ POLANCO
LUCIA LOPEZ POLANCO

% of share capital: 15.46%

Brief Description of the Agreement

Shareholders' Agreement in Rucandio, S.A. (See the note in section H)

Indicate, if applicable, any concerted actions among company shareholders that are known to the Company:

NO

Expressly indicate any change or breach of those agreements or concerted actions during the financial year.

NO

A.7. Indicate whether any individual or corporate entity controls or may control the Company pursuant to Article 4 of the Securities Market Law, and if so, identify:

NO

A.8. Complete the following tables concerning the Company's treasury stock:

At year's end:

Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
270,725	0	0.31%

(*) Through:

Indicate any significant variations during the financial year with respect to the provisions of Royal Decree 1362/2007:

A.9. Indicate the conditions and terms of any current powers conferred upon the Board of Directors at the Shareholders' Meeting to issue, repurchase or transfer treasury stock.

On treasury stock policy, the Shareholders' Meeting held on June 22, 2013 passed the following resolution regarding the derivative acquisition of own shares,:

"1. To revoke, to the extent not used, the authorization granted by the Ordinary General Meeting of 30 June 2012, in point eleventh of the agenda therefore, regarding the authorization for direct or indirect derivative acquisition of own shares.

2. To grant express authorization for derivative acquisition of Class A shares of the Company, directly or through any of its subsidiaries, by purchase or by any other inter vivos act for consideration, for a maximum term of 5 years from the holding of this Meeting.

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

- 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.*
- 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.*
- 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 authoring.*
- The acquisition price may not be less than par value or more than 20 percent higher than market price 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 authorization for the acquisition of own shares granted pursuant to this resolution, may be used, in whole or in part, to acquire shares of the Company to be delivered by it in fulfillment of any compensation plan 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 in force at any time, and that express authorization is granted for the shares acquired by the Company or its subsidiaries pursuant to this authorization, 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 fulfillment of the aforementioned plans or agreements.

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

Likewise on December 31, 2017, the current powers conferred to issue shares, upon the Board of Directors at the Shareholders' Meeting, are the following:

- i. Delegation of powers to the Board of Directors to implement the resolution of share capital increase by way of monetary contributions for a nominal amount of EUR 352,500,000.00, through the issue of 375,000,000 new ordinary shares of EUR 0.94 of nominal and a share premium of EUR 0.26 each and for an effective total amount of EUR 450,000,000 (including nominal amount and share premium), with preferential subscription rights and foreseeing the possibility of incomplete subscription. The resolution is to be executed within a maximum period of one year from the date of its adoption by the Extraordinary Shareholders Meeting held on November 15, 2017, after which, if it has not been executed, the resolution shall be null and have no effect.
- ii. Delegation of powers to the Board of Directors to implement the resolution of share capital increase by way of a compensation of credits for an amount of EUR 47,000,000.00, through the issue of 50,000,000 new ordinary shares of EUR 0.94 of nominal and a minimum share premium of EUR 1.06 each and foreseeing the possibility of incomplete subscription. The new shares may be subscribed and paid for by the Company's profit participating loan creditors listed in the resolution, or by any person who, by the time of the execution of this resolution, has replaced any of the creditors in accordance with the provisions included in the corresponding financing agreements. The resolution is to be executed within a maximum period of one year from the date of its adoption by the Extraordinary Shareholders Meeting held on November 15, 2017, after which, if it has not been executed, the resolution shall be null and have no effect.
- iii. The General Shareholders' Meeting of November 15, 2017, approved an extraordinary incentive plan linked to the Company's recapitalization and financial stabilization (the "Extraordinary Incentive"), consisting in delivery free of charge of 1,600,000 ordinary shares of the Company to the previous Chief Executive, Mr. Juan Luis Cebrián Echarri. The purpose of the Extraordinary Incentive is to foster and reward the performance of the Chief Executive in the configuration, preparation, negotiation and implementation of the Company's recapitalization plan consisting in the monetary capital increase totalling a cash amount of 450 million euros, with recognition of the preferred subscription right (the "Recapitalization Plan").

The delivery of the shares in accordance with the Extraordinary Incentive will accrue at the moment that the Recapitalization Plan is completed, subject to the satisfactory conclusion of the sale of Media Capital and the obtaining of a favourable report on the reasonableness of the capital increase resolved by the General Shareholders' Meeting of 15 November 2017 and the adjustment of the price of the shares with respect to normal and usual conditions of the market (fairness opinion).

In the event that the capital increase resolved by the General Shareholders' Meeting of 15 November 2017 is subscribed in less than 85% of the total foreseen amount of the increase proposal -- the special case of incomplete subscription--, the Board of Directors, at proposal of the Appointments and Remunerations Committee, will determine if the Recapitalization Plan has been completed or not, in which case, the Payment Date is that of the resolution of the Board (which will occur within 90 calendar days following the date of admission to trading of the new shares).

The settlement of the Extraordinary Incentive and the delivery to Mr. Cebrián of the entirety of the shares planned in this will take place within the 90 natural days following the date of accrual of the Extraordinary Incentive -- i.e., the date on which the new shares derived from the capital increase referred to in the Recapitalization Plan are admitted for negotiation in the Spanish Stock Markets--, in the terms and conditions that, on proposal of the Committee of Appointments and Remuneration, the Board of Directors may establish, who will determine the precise date of delivery of the shares. For the purposes of this resolution, the "Date of Award of the Shares" shall be understood as the date on which the corresponding stock exchange operation has been completed.

Mr. Cebrián makes a commitment not to dispose of (or lock-up) the shares received in accordance with the Extraordinary Incentive, which will last (i) regarding the one-third of the shares received,

until a year is completed from the Date of Delivery of the Shares; (ii) regarding the other one-third of the shares received, until two years have been completed from the Date of Delivery of the Shares; and (iii) regarding the remaining one-third of the shares received until three years are completed from the Date of Delivery of the Shares.

Likewise, the Extraordinary Incentive is subject to termination. Hence, if the Recapitalization Plan is not completed before June 30, 2018, or on that date, then the Extraordinary Incentive will not take effect.

It will be a requirement for the delivery of the shares that are accrued in the context of the Extraordinary Incentive that Mr. Cebrián will remain in the Group at the moment of its delivery, except for special cases (e.g. death, disability or retirement), either as a member of the board, or a senior manager employed by or associated with the Group by a service relationship.

The shares to be awarded may be Prisa's own shares held as treasury stock that may have been acquired or are acquired both by Prisa itself or any company of the Prisa Group, or shares from any other financial instrument determined by the Company as advisable, subject to the fulfilment of the legal requirements in place. The Company's Board of Directors is authorized, to develop, formalise, execute and liquidate the Extraordinary Incentive as applicable and when and in the manner in which it deems convenient. This Extraordinary Incentive was approved at the Extraordinary Shareholders Meeting held on November 15, 2017. If the recapitalization plan to which is linked this extraordinary incentive is not completed on or before 30 June 2018 this resolution shall be rendered void.

- iv. Capital increase in the amount necessary for the rights under the Prisa Warrants issued by the Company to certain of the Company's creditors, that give holders the right to subscribe for new ordinary shares of Prisa exclusively by way of the set-off of receivables, in a maximum foreseen of 37,266,130 euros, through the issue of up to a maximum total set of 372,661,305 new shares with a nominal value of 0.10 euros and with a share premium of 0.1673 euros, although this price will be adjusted in circumstances provided in the agreement. The Prisa Warrants may be exercised by holders, in whole or in part, at any time within a maximum of five (5) years. This resolution was adopted by the Extraordinary Shareholders Meeting of December 10, 2013.
- v. 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 20, 2015, in effect until April 2020.
- vi. 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 20, 2015 in effect until April, 2020.
- vii. 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.

A.9 bis estimated floating capital:

	%
Estimated floating capital	22.13

A.10. State whether there are any restrictions on the transfer of securities and/or any restrictions on voting rights. In particular, information must be provided on the existence of any kind of restriction that may impede the takeover of the company by means of share purchases on the market.

NO

A.11 Indicate whether shareholders at the Annual Meeting have resolved to adopt any anti-takeover measures pursuant to Law 6/2007.

NO

If applicable, explain the measures passed and the terms in which restrictions would not apply:

A.12. State whether the company has issued securities that are not traded on an official market in the EU.

YES

If appropriate, state the different classes of share and, for each class of share, the rights and obligations it confers.

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, 2017 the number of ADSs was 1,129,386.

ii) “PRISA Warrants 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 Extraordinary Shareholders Meeting of PRISA held on December 10, 2013, agreed and issuance of warrants (the “PRISA Warrants 2013” which give the right to subscribe for new Class A ordinary shares of the Company. Likewise at the same Meeting there was approved the Company’s capital increase in the amount necessary for the rights under the “PRISA Warrants 2013” to be exercised, exclusively by way of the set-off of receivables, consequently, without pre-emption rights, delegating to the board of directors the power to execute the share issue agreed upon on one or more occasions as rights over the shares are exercised.

B. SHAREHOLDERS MEETING

B.1 Concerning the quorum required at Shareholders Meetings, indicate whether there are differences with respect to the minimum stipulated in the Corporations Law (LSC), and if so, explain.

NO

B.2 Concerning rules for adopting corporate resolutions, explain whether there are differences with respect to those provided in the Corporations Law (LSC) and, if so, explain:

NO

Describe how it differs from the regime provided for in the LSC.

B.3 State the rules applicable to amendment of the bylaws. In particular, information must be provided on the majorities established for amendment of the bylaws and, if appropriate, the rules established to safeguard the rights of shareholders when the bylaws are amended.

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 17 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 fifty percent (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 twenty-five percent (25%) or more of the subscribed voting capital without reaching fifty percent (50%).

The Corporate Governance Committee 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. Provide attendance statistics for the general shareholders’ meetings held during the year to which the present report refers and during the previous year:

	Attendance Statistics				
Date of Shareholders' Meeting	% physically present	% represented by proxy	% distance voting		Total
			Vote by electronic means	Others	
30 June 2017	17.63%	59.45%	0.00%	0.00%	77.08%
15 November 2017	9.51%	66.62%	0.00%	0.00%	76.13%

B.5 Indicate whether there are any restrictions in the company bylaws with respect to the minimum number of shares required to attend the Annual Shareholders Meeting:

YES

Number of shares required to attend the Annual Shareholders Meeting	60
---	----

B.6 Section repealed

B.7 State the address and manner of accessing the company's website to view corporate governance content and other information on the shareholders' meetings which must be made available to shareholders through the company's website.

In accordance with the provisions of Article 35 of the Bylaws, 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.

The section "Shareholders and Investors" is organized into the following sections: I. GENERAL INFORMATION: i) Communication channels, ii) Shares and Share Capital, iii) Major Shareholders and Treasury Stock, iv) Shareholder agreements Pactos parasociales, v) Dividends, vi) Investor Calendar and vii) Prospectus; II. CORPORATE GOVERNANCE: i) Bylaws, Regulations And Other Internal Rules, ii) Board of Directors and Board Committees, iii) Honorary Presidency, iv) Management Team, v) Remuneration of Board members and vi) Corporate Governance Report; III. FINANCIAL INFORMATION: i) Periodic Public Information (IPP), ii) Audited Financial Statements and Management Report iii) Average payment period to suppliers IV. GENERAL SHAREHOLDERS' MEETING : i) Annual General Meeting Regulations , ii) Exercising the Right to Information , iii) Distance and proxy voting , iv) AGMs 2017 v) AGM 2016; vi) AGM 2015, and vii) Shareholders meetings preceding to 2015 and v) RELEVANT EVENTS.

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1. Indicate the maximum and minimum number of directors provided for in the Bylaws:

Maximum Number of Directors	17
Minimum Number of Directors	3

C.1.2. Complete the following table providing information concerning Board Members:

Director's Name	Category	Position on the Board	Date of First Appointment	Date of Last Appointment	How Elected
JUAN LUIS CEBRIÁN ECHARRI	EXECUTIVE	CHAIRMAN-CEO	15 June 1983	01 April 2016	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
MANUEL POLANCO MORENO	EXECUTIVE	DEPUTY CHAIRMAN	19 April 2001	01 April 2016	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
MANUEL MIRAT SANTIAGO	EXECUTIVE	CEO	30 June 2017	30 June 2017	COOPTATION
ROBERTO ALCANTARA ROJAS	PROPRIETARY	DIRECTOR	24 February 2014	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
JOHN PATON	INDEPENDENT	DIRECTOR	24 February 2014	28 April 2014	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
JOSEPH OUGHOURLIAN	PROPRIETARY	DIRECTOR	18 December 2015	01 April 2016	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
KHALID BIN THANI BIN ABDULLAH AL THANI	PROPRIETARY	DIRECTOR	18 December 2015	01 April 2016	APPOINTED AT THE ANNUAL SHAREHOLDERS' MEETING
DOMINIQUE D'HINNIN	INDEPENDENT	DIRECTOR	06 May 2016	06 May 2016	COOPTATION
WAALED AHMAD IBRAHIM ALSA'DI	PROPRIETARY	DIRECTOR	06 May 2016	06 May 2016	COOPTATION
FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	INDEPENDENT	DIRECTOR	20 November 2017	20 November 2017	COOPTATION
FRANCISCO JAVIER MONZÓN DE CÁCERES	INDEPENDENT	DIRECTOR	20 November 2017	20 November 2017	COOPTATION
JAVIER DE JAIME GUIJARRO	INDEPENDENT	DIRECTOR	20 November 2017	20 November 2017	COOPTATION

JOSE FRANCISCO GIL DIAZ	OTHER EXTERNAL	DIRECTOR	20 November 2017	20 November 2017	COOPTATION
SONIA DULÁ	INDEPENDENT	DIRECTOR	20 November 2017	20 November 2017	COOPTATION

Total Number of Board Members	14
--------------------------------------	----

Indicate any Members retiring from the Board of Directors during the financial year

Board Member	Board member status upon retirement	Retirement Date
BLANCA HERNANDEZ RODRIGUEZ	INDEPENDENT	5 June 2017
JOSE LUIS SAINZ DÍAZ	EXECUTIVE	4 September 2017
GLEN RICHARD MORENO	INDEPENDENT	14 November 2017
JOSE LUIS LEAL MALDONADO	INDEPENDENT	15 November 2017
GREGORIO MARAÑÓN BERTRÁN DE LIS	OTHER EXTERNAL	15 November 2017
ALAIN MINC	INDEPENDENT	15 November 2017
ERNESTO ZEDILLO PONCE DE LEON	INDEPENDENT	15 November 2017
MARIA ELENA PISONERO RUIZ	INDEPENDENT	15 November 2017
ALFONSO RUIZ DE ASSIN CHICO DE GUZMAN	INDEPENDENT	15 November 2017

C.1.3 Complete the following tables concerning the Members of the Board and their functions:

EXECUTIVE DIRECTORS

Director's Name	Post or Functions
MR. JUAN LUIS CEBRIÁN ECHARRI	CHAIRMAN OF THE BOARD OF DIRECTORS AND OF THE DELEGATED COMMITTEE
MR. MANUEL POLANCO MORENO	DEPUTY CHAIRMAN AND EXECUTIVE CHAIRMAN OF PRISA AUDIOVISUAL
MR. MANUEL MIRAT SANTIAGO	CEO

Total Number of Executive Directors	3
% of the Board	21.43%

EXTERNAL DIRECTORS REPRESENTING SIGNIFICANT SHAREHOLDINGS

Director's Name	Name of Significant Shareholder Who He/She Represents or Who Proposed His/Her Appointment
------------------------	--

MR. ROBERTO LAZARO ALCANTARA ROJAS	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V
MR JOSEPH OUGHOURLIAN	AMBER ACTIVE INVESTORS LIMITED
MR KHALID BIN THANI BIN ABDULLAH AL THANI	INTERNATIONAL MEDIA GROUP, S.À.R.L.
MR. WAALED AHMAD IBRAHIM ALSA'DI	INTERNATIONAL MEDIA GROUP, S.À.R.L.

Total number of external directors representing significant shareholdings	4
% of the Board	28.57%

INDEPENDENT EXTERNAL DIRECTORS

MR. DOMINIQUE D'HINNIN	FINNACIAL ADVISOR
MR JOHN PATON	JOURNALIST
FRANCISCO JAVIER GOMEZ-NAVARRO NAVARRETE	BUSINESSMAN AND POLITICIAN
FRANCISCO JAVIER MONZÓN DE CÁCERES	ECONOMIST. BUSINESS ACTIVITY (FINANCE AND TECHNOLOGY)
MR. JAVIER DE JAIME GUIJARRO	LAWYER
MRS. SONIA DULA	ECONOMIST

Total number of independent external directors	6
% of the Board	42.86%

State whether any director classed as independent receives from the company, or from its group, any amounts or benefits in respect of an item other than director remuneration, or maintains or has maintained, during the previous year, a business relationship with the company or with any company in its group, either in his own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

If appropriate, include a statement from the Board explaining the reasons why it considers that the director in question is able to discharge his functions in his capacity as independent director.

The director Mr. Dominique D'Hinnin provided advisory services to the Chairman and the Chief Executive Officer, in relation to the Company's Refinancing Plan, for €50,000 per half-year (a total of €100,000 in 2017).

The Board of Directors considers that the advice Mr. D'Hinnin provides to PRISA does not compromise his independence as a director, as the remuneration he receives for this work is not material for him.

OTHER EXTERNAL DIRECTORS

List the other external directors and the reasons why they cannot be considered proprietary or independent and detail their relationships with the company, its executives or shareholders:

Director's Name	Reasons	Company, executive or shareholder with whom maintains the relationship
MR. JOSE FRANCISCO GIL DIAZ	Mr. Francisco Gil Díaz was Executive Chairman of Telefónica Mexico until June 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 <i>duodecies</i> of the Capital Companies Act, Mr. Gil cannot be considered an independent director of the Company.	TELEFONICA, S.A.

Total number of other external directors	1
% of the Board	7.14%

If applicable, indicate any changes that have occurred during the year in each director's status:

C.1.4. Complete the following table with information on the number of female directors during the previous four years, as well as the type of directorship held:

	Number of female directors				Percentage of the total number of directors in each category			
	Year 2017	Year 2016	Year 2015	Year 2014	Year 2017	Year 2016	Year 2015	Year 2014
Executive	0	0	0	0	0.00	0.00	0.00	0.00
Proprietary	0	0	1	1	0.00	0.00	20.00	33.33
Independent	1	2	1	1	16.66	22.22	16.66	12.50
Other External	0	0	0	0	0.00	0.00	0.00	0.00
Total:	1	2	2	2	7.14	11.76	13.33	12.50

C.1.5 Explain the measures that, as the case may be, have been taken to seek to include on the Board of Directors a number of women which enables there to be a balanced presence of both men and women.

Explanation of measures
The Company has a "Director Selection Policy" that ensures that director appointment or re-election proposals are based on a prior analysis of the Board of Directors' needs and whose objectives are summarized in the following: i) principle of diversity in the composition of the Board of Directors; ii) purpose of achieving an adequate balance in the Board of Directors as a whole, looking for persons whose appointment would foster diversity of knowledge, experience, origin and gender and iii) objective that for the year 2020 the number of female directors represents at least 30% of the total members of the Board of Directors.

In addition, as per recommendation 14 of the CNMV Good Governance Code, in December 2015 the Company set as objective for the composition of the Board of Directors that female directors account for 30% of the total in 2020, and also set a series of principles and guidelines to improve the gender balance on the management bodies of PRISA.

C.1.6. Explain the measures that, as the case may be, have been taken by the Appointments Committee to ensure that there is no implicit bias in selection procedures which could obstruct the selection of female directors, and so that the company actively looks for and includes women who meet the required professional profile in the potential candidates:

Explanation of measures

The Board of Directors Regulation provides that *“the Board of Directors will ensure that the procedures for selection of its members favour diversity of gender, experience and knowledge and do not suffer from implicit bias that could imply any discrimination”*.

In addition, as already stated in section C.1.5 above, the Company has a “Director Selection Policy”, the objectives of which include favouring gender diversity on the Board. Likewise, in December 2015 the Nominations and Compensation Committee set a target for representation of the gender less represented on the Board of Directors and drew up guidelines on how to achieve this objective.

If, despite the measures that may, as the case may be, have been taken there are few female directors, or none at all, explain the reasons for this situation:

Explanation of reasons

The Nominations and Compensation Committee understands that the number of female directors must be higher than the current, so the Committee will pay special attention to remedy the lack of female directors.

C.1.6 bis Explain the findings of the Nominations and Compensation Committee on the verification of compliance with the selection Policy. And in particular, how the policy is promoting the goal that by 2020 women Directors represent at least 30% of the total members of the board.

Explanation of conclusions:

The Nominations and Compensation Committee has verified that, during 2017, the principles, objectives and procedures established in the Directors Selection Policy have been taken into account in relation to proposals for ratification and /or appointment of directors, which have been the following:

- i. Ratification of the appointments by co-optation of the independent director, Mr Dominique Marie Philippe D’Hinnin, and of the external proprietary director, Mr Waleed Ahmad Ibrahim AlSa’di, at the Ordinary Shareholders’ Meeting on June 30, 2017.
- ii. Appointment of Mr Manuel Mirat as a director and CEO, and proposal to ratify his appointment at the Extraordinary Shareholders’ Meeting in November 2017.
- iii. Appointment by co-optation of the independent directors Javier Monzón, Javier Gómez- Navarro,

Javier de Jaime, Sonia Dulá and the “other external director”, Francisco Gil, at the November 20, 2017 Board meeting.

- iv. Appointment of Manuel Polanco Moreno as Board Chairman, resolved by the Board of Directors in December 2017.

The board understands that the Directors Selection Policy deserves an special consideration and a thought for the future.

Although in the selection processes that were carried out in 2017 several female candidates were taken into account, finally only D^a Sonia Dulá was selected.

Having two female directors left their position during 2017, the Company currently has one only female director, Mrs. Sonia Dulá, who represent 5,88% of the fixed number of board members (that is 17) and 7.14% of directors at December 31, 2017 (that is 14).

Even when this circumstance does not imply a formal breach of the Director Selection Policy since, as aforesaid, in the selection processes other female candidates has taken into account and no discrimination has taken place, having been adopted the decisions that the board has considered more appropriate for the corporate interest considering the specific circumstances occurring at the decision moment, the board understands that a review of its policy and actions need to be done for in order to improve the gender diversity for the future.

C.1.7. Explain how shareholders with significant holdings are represented on the Board.

As already indicated in section C.1.3 of this Report, on December 31, 2017, the Company has four directors representing significant shareholders of the Company: Mr Joseph Oughourlian, Mr Roberto Lázaro Alcántara Rojas, Mr Khalid Bin Thani Bin Abdullah Al Thani and Mr Waaled Ahmad Ibrahim Alsa'di.

Mr Joseph Oughourlian represents Amber Active Investors Limited. Mr Oughourlian has an indirect interest of 18.06% of the share capital of PRISA, through Amber Active Investors Limited and other companies.

Mr Roberto Lázaro Alcántara Rojas represents Consorcio Transportista Occher, S.A. de CV, that has a direct interest of 7.09% in the share capital of PRISA and that is linked to Rucandio through the shareholders agreement dated April 24, 2014 which is described in Section A.6 of this Report.

Mr Khalid Bin Thani Bin Abdullah Al Thani and Mr Waaled Ahmad Ibrahim Alsa'di represent International Media Group, S.à.r.l. that has a direct interest of 7.20 %in the share capital of PRISA.

Finally it is noted that on December 31, 2017, Mr Manuel Polanco Moreno was a Director representing significant shareholders at the instance of Timon, S.A and he also had the status of executive director, as long as he had a contract as executive responsible for the audiovisual area of the Group.

C.1.8. Explain, if applicable, why directors representing significant shareholdings have been appointed at the request of shareholders whose stake is less than 3% of share capital:

Indicate whether formal requests for representation on the board have been denied shareholders whose stake is equal or higher than others whose requests to appoint a

director to represent a significant shareholding was granted. If so, explain why such requests were denied:

NO

C.1.9. Indicate whether any board member has left his post before the end of his mandate, whether he explained his reasons to the board and by what means, and if expressed in writing to the entire board, provide the reasons given:

Board Member's Name	Reasons
BLANCA HERNANDEZ RODRIGUEZ	Ms. Hernández stated that her personal and professional circumstances were likely, in the near term, to make it especially difficult for her to fulfil her duties and responsibilities as a director with the necessary commitment.
JOSE LUIS SAINZ DIAZ	The Company reached an agreement with Mr. Sainz to start a succession plan for him as Chief Executive Officer.
GLEN RICHARD MORENO	Mr. Moreno stated that certain events that occurred in the Company related to the succession of the president, prevented him from continuing on the Board.
ERNESTO ZEDILLO PONCE DE LEON	Mr. Zedillo stated that certain circumstances in the Company prevented him from properly exercising his functions.

C.1.10. If applicable, indicate the powers delegated to members of the Board of Directors:

Board Member's Name	Brief Description
MR JUAN LUIS CEBRIÁN ECHARRI	ON DECEMBER 31, 2017, HE HAD BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW
MR MANUEL MIRAT SANTIAGO	HE HAS BEEN DELEGATED ALL POWERS OF THE BOARD OF DIRECTORS EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW

C.1.11. If applicable, identifies board members who hold posts as directors or officers in subsidiary companies within the listed company's group:

Director's Name	Name of the Group Company	Position	Does he/she has executive functions?
JUAN LUIS CEBRIAN ECHARRI	DIARIO EL PAIS, S.L.	CHAIRMAN	NO
JUAN LUIS CEBRIAN ECHARRI	PRISA INC	CHAIRMAN AND CHIEF EXECUTIVE OFFICER	NO
JUAN LUIS CEBRIAN ECHARRI	PROMOTORA DE ACTIVIDADES AMERICA 2010 MEXICO, S.A. DE CV.	CHAIRMAN AND CHIEF EXECUTIVE	NO

		OFFICER	
MANUEL POLANCO MORENO	GRUPO MEDIA CAPITAL, SGPS, S.A.	DIRECTOR	NO
MANUEL POLANCO MORENO	MCP MEDIA CAPITAL PRODUCOES, S.A	CHAIRMAN	NO
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT ESPAÑA, S.L.U	JOINT AND SEVERAL DIRECTOR	YES
MANUEL POLANCO MORENO	PLURAL ENTERTAINMENT PORTUGAL, S.A	CHAIRMAN	NO
MANUEL POLANCO MORENO	PRODUCTORA CANARIA DE PROGRAMAS, S.L.	DIRECTOR	NO
MANUEL POLANCO MORENO	SOCIEDAD CANARIA DE TELEVISION REGIONAL, S.A.	JOINT AND SEVERAL CEO	YES
MANUEL POLANCO MORENO	TESELA PRODUCCIONES CINEMATOGRAFICAS, S.L.	JOINT AND SEVERAL DIRECTOR	YES
MANUEL POLANCO MORENO	TVI - TELEVISÃO INDEPENDENTE, SA	CHAIRMAN	NO
MANUEL POLANCO MORENO	VERTIX, SGPS, S.A.	CHAIRMAN	NO
MANUEL MIRAT SANTIAGO	GRUPO MEDIA CAPITAL, SGPS, S.A.	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	DIARIO EL PAIS, S.L.U	CEO	YES
MANUEL MIRAT SANTIAGO	PRISA NOTICIAS, S.L.U.	CHAIRMAN	YES
MANUEL MIRAT SANTIAGO	NOTICIAS AS MÉXICO, S.A. de C.V.	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	DIARIO AS, S.L.	CHAIRMAN AND CEO	YES
MANUEL MIRAT SANTIAGO	DIARIO AS COLOMBIA S.A.S.	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	PRISA AUDIOVISUAL, S.L.U.	DIRECTOR	YES
MANUEL MIRAT SANTIAGO	PRISA DIVISION INTERNACIONAL, S.L.U,	JOINT AND SEVERAL DIRECTOR	YES
MANUEL MIRAT SANTIAGO	PRISA PARTICIPADAS, S.L.U	JOINT AND SEVERAL DIRECTOR	YES
MANUEL MIRAT SANTIAGO	PRISA RADIO, S.A.	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	SOCIEDAD ESPAÑOLA DE RADIODIFUSION	DIRECTOR	NO
MANUEL MIRAT SANTIAGO	PLURAL ENTERTAINMENT CANARIAS, S.L.U	SOLE DIRECTOR	YES
JOHN PATON	DIARIO EL PAIS, S.L.	DIRECTOR	NO

C.1.12. If applicable, indicate the directors of your company who are members of the boards of directors of other companies listed on official Spanish securities markets, other than companies in your own group, which have been reported to the company:

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

C.1.13. Indicate, and if applicable explain, whether the company has established rules regarding the number of boards on which its directors may sit:

YES

Article 10 of the Board Regulations provides that:

1. The executive Directors of the Company may not serve as directors of more than four (4) companies other than the Company and its Group, the shares of which are admitted to trading on domestic or foreign stock exchanges. They also may not assume executive functions of any kind within such companies.
2. The non-executive Directors of the Company may not serve as directors of more than four (4) companies other than the Company and its Group, the shares of which are admitted to trading on domestic or foreign stock exchanges.
3. For purposes of the rules established in 1 and 2 above:
 - a) All of the administration bodies of companies that are a part of the same group, as well as those of which a Director is a member in the capacity of a proprietary Director proposed by any company in

that group, will be considered to be a single administration body, even if the equity interest in or the degree of control over the company does not allow it to be considered to be a member of the group; and

- b) The administration bodies of family-held holding companies or companies that serve as vehicles for the exercise of the profession of the Director, the Director's spouse or a person with a comparable relationship, or the Director's closest relatives, are not included.
- c) By way of exception, for duly justified reasons, the Board of Directors may exempt a Director from this prohibition.

C.1.14. Section repealed

C.1.15. State the overall remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of €)	9,812
Amount of total pension rights accumulated by current directors (thousands of euros)	0
Amount of total pension rights accumulated by former directors (thousands of euros)	0

C.1.16. Identify members of senior management who are not executive directors and indicate the total remunerations paid in their favor during the financial year:

Name	Position
GUILLERMO DE JUANES MONTMETERME	CFO
XAVIER PUJOL TOBEÑA	SECRETARY GENERAL AND LEGAL COUNSEL
MIGUEL ANGEL CAYUELA SEBASTIAN	CHIEF EXECUTIVE OFFICER OF GRUPO SANTILLANA
BARBARA MANRIQUE DE LARA	CORPORATE COMMUNICATIONS, MARKETING & EXTERNAL RELATIONS DIRECTOR
IGNACIO SOTO PÉREZ	CHIEF REVENUE OFFICER
ANDRES CARDÓ SORIA	CEO PRISA RADIO
ROSA CULLEL	CEO MEDIA CAPITAL.
VIRGINIA FERNANDEZ IRIBARNEGARAY	INTERNAL AUDIT DIRECTOR
Total Senior Management Salaries (in Euros 000)	4,462

C.1.17. If applicable, identify the members of the Board of Directors who are likewise members of the boards of directors of significant shareholder's companies and/or in companies within its group:

Director's Name	Significant Shareholder's Corporate Name	Position
MANUEL POLANCO MORENO	RUCANDIO, S.A.	CEO
MANUEL POLANCO MORENO	TIMÓN, S.A.	DEPUTY CHAIRMAN
DON MANUEL POLANCO MORENO	RUCANDIO INVERSIONES SICAV	DIRECTOR
ROBERTO LAZARO ALCANTARA ROJAS	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	CHAIRMAN
ROBERTO LAZARO ALCANTARA ROJAS	GHO NETWORKS, S.A. DE CV	CHAIRMAN

If applicable, indicate the relevant relationships (other than those listed in the previous table) existing between members of the Board of Directors and significant shareholders and/or companies in the group:

Director's Name	Significant Shareholder's Name	Description of the Relationship
MANUEL POLANCO MORENO	RUCANDIO, S.A.	THE DIRECTOR OWNS 13.55% OUTRIGHT AND IS THE NAKED OWNER OF 11.45% OF THE SHARE CAPITAL OF RUCANDIO, S.A.
MANUEL POLANCO MORENO	RUCANDIO INVERSIONES SICAV, S.A.	THE DIRECTOR HAS DIRECT (10.71%) AND INDIRECT (2%) HOLDINGS IN THE SHARE CAPITAL OF RUCANDIO INVERSIONES SICAV, S.A.
ROBERTO LAZARO ALCANTARA ROJAS	GHO NETWORKS, S.A. DE CV	THE DIRECTOR HAS DIRECT HOLDINGS (18.1815%) IN THE SHARE CAPITAL OF GHO NETWORKS, S.A. DE CV
JOSEPH OUGHOURLIAN	AMBER CAPITAL UK LLP	JOSEPH OUGHOURLIAN IS THE MAYORITY PARTNER OF AMBER CAPITAL MANAGEMENT LP, WHICH OWNS AMBER CAPITAL UK HOLDINGS LIMITED, WHICH OWNS AMBER CAPITAL UK LLP. AMBER CAPITAL UK LLP ACTS AS INVESTMENT MANAGER OF OVIEDO HOLDINGS SARL, AMBER ACTIVE INVESTORS LIMITED, AMBER GLOBAL OPPORTUNITIES LIMITED.
KHALID BIN THANI BIN ABDULLAH AL THANI	INTERNATIONAL MEDIA GROUP, S.A.R.L	INTERNATIONAL MEDIA GROUP, S.A.R.L IS OWNED 100% BY INTERNATIONAL MEDIA GROUP LIMITED WHICH, IN TURN, IS OWNED 100% BY KHALID BIN THANI BIN ABDULLAH AL THANI.

FRANCISCO GIL DIAZ	TELEFONICA, S.A.	FRANCISCO GIL IS DIRECTOR OF TELEFONICA MEXICO, SUBSIDIARY OF TELEFONICA, S.A.
--------------------	------------------	--

C.1.18. Indicate if the Board Regulation has been amended during the year.

YES

The Board of Directors held on 13 October 2017 agreed approved the amendment of the Board of Directors Regulations, in order to enable the exercise of the powers and faculties of the Deputy Chairman of the Board of Directors within the different corporate bodies, as well as to adapt the wording of the Board of Directors Regulations to the new wording given to the Company's Articles of Association on 30 June 2017, with regard to the quantitative and qualitative composition of the Audit Committee, and to incorporate technical improvements in the current text of the Board of Directors Regulations.

The Board has also approved a consolidated text of the Board of Directors Regulations, solely for the purposes of including the amended articles and in order for all the provisions of the Regulations to be included in a single document.

C.1.19. Indicate the procedures for the selection, appointment, reelection, evaluation and removal of directors. Describe the bodies empowered to do so, the steps to be taken and the criteria to be applied in each of those procedures.

Procedures for the selection, appointment, reelection, evaluation 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.

According to Article 19 of the Company Bylaws, the Board shall have a minimum of three and a maximum of seventeen members, who shall be appointed by and whose number shall be determined at the Shareholders' Meeting. In that regard, the shareholders may expressly determine the number at a Meeting, or may do so indirectly by choosing to fill or not to fill vacancies or to appoint or not to appoint new Directors within the aforementioned minimum and maximum number of members.

The Board of Directors shall appoint a Chairman from among its members and may likewise appoint one or several deputy chairmen. It may also appoint a Delegated Committee from one of its members, or one or several Chief Executive Officers, to whom the Board may grant joint or joint and several powers to represent the Company. The Board shall also appoint a secretary, who need not be a board member, and may appoint a deputy secretary, who likewise need not be a board member.

If the Chairman is an executive Director, the Board of Directors, with the abstention of the executive Directors and on proposal of the Corporate Governance Committee, must appoint a Coordinating Director from among the independent Directors, who will be specifically empowered to request a call of the Board of Directors or

inclusion of new points on the agenda for a Meeting already called; coordinate and meet with the non-executive Directors and if applicable, to lead the periodic evaluation of the Chairman of the Board of Directors.

Article 20 of the Bylaws also provides that The Board of Directors will be so comprised that proprietary and independent Directors represent a majority over executive Directors.

Chapter VI of the Board Regulations provides for the following procedures for appointing, reelection and removing Directors:

- Appointment of Directors: Directors shall be appointed by the participants at the Shareholders' Meeting or, provisionally, by the Board of Directors in accordance with the provisions of the Companies Law and the Company Bylaws.

The proposals for appointment of Directors that the Board of Directors submits for consideration of the General Meeting and the appointment resolutions adopted by the Board using the co-option authority legally attributed to it, must comply with the provisions of this Regulation and be preceded by the corresponding proposal, in the case of independent Directors, or report, for other Directors, of the Appointment and Remuneration Committee. Proposals for appointment of independent Directors in any event must be preceded by a report of the Corporate Governance Committee.

Proposals for appointment of Directors in any event must attach an explanatory report of the Board of Directors that evaluates the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Meeting or of the Board.

In this regard, the Board of Directors and the Appointment and Remuneration Committee will endeavour, within the scope of their respective powers, to ensure that the chosen candidates are people of proven competence and experience.

- Re-appointment of Directors: Proposals for re-election of Directors that the Board of Directors decides to submit to the General Meeting must be subjected to a formal process of preparation, requiring the following: i) in the case of independent Directors, a proposal from the Appointment and Remuneration Committee, after a report from the Corporate Governance Committee; and ii) in the case of other Directors, a report from the Appointment and Remuneration Committee.

The reports of the Committees will evaluate the performance and dedication of the proposed Directors to their positions during their prior terms.

- Tenure of Service: Directors shall be appointed for a term of four (4) years, and may be re-appointed. Directors appointed by co-optation may be ratified in office by resolution of the first shareholders meeting following his appointment. If there is a vacancy after the General Meeting is called and before it is held, the Board of Directors may appoint a Director until the holding of the following General Meeting.

- Termination of Tenure: Directors shall leave their posts when the period for which they were appointed has expired, or when so decided by shareholders at a shareholders meeting in the exercise of the powers that are conferred upon them by statute or in the bylaws. Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in cases provided in article 24 of the Board of Directors Regulation, which are described in section C.1.21 below.

The Board of Directors shall not propose the removal of any independent director before completing the term of office set forth in the bylaws for which he was appointed, unless the Board deems that there is just cause for doing so and after seeking the opinion of the Appointment and Remuneration Committee. In that regard, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post.

Committee members shall leave their posts when they cease to be directors.

- Voting Objectivity and Secrecy: All votes of the Board of Directors regarding the appointment, re-election and removal of Directors will be secret if so requested by any of its members, without prejudice to the right of any Director to reflect the sense of his vote in the minutes.

-Evaluation: As provided in the Board of Directors Regulation, annual evaluation of the functioning of the Board of Directors, the functioning of its Committees, and proposal, based on the results, of an action plan correcting detected deficiencies, shall be submitted to Board approval with the previous report by the Corporate Governance Committee. The Chairman will organize and coordinate with the chairman of the relevant Committees the regular evaluation of the Board.

C.1.20 Explain to what extent the self-evaluation has produced significant changes to its internal organization and to the procedures applying to its activities:

Description of changes
As a consequence of the results of self-assessment of the Board of Directors corresponding to the fiscal year 2016, the Corporate Governance Committee considered that there was no need for major changes in the procedures applicable to the its activities.

C.1.20 bis. Describe the evaluation process (and the areas evaluated) conducted by the board of directors, assisted, if applicable, by an external facilitator, in relation to diversity in the membership and competences of the board, the performance and membership of its committees, the performance of the chairman of the board of directors and the company's chief executive, and the performance and contribution of each director.

In accordance with Article 29.3.a.)vi) of the Board of Directors Regulation, the competences of the Corporate Governance Committee include presenting a report on the results of the assessment of the performance of the Board and its Committees, with an action plan to correct the weaknesses detected.

Toward that end the Corporate Governance Committee prepares questionnaires that it distributes to the directors in order for them to evaluate the operation and methodology of the Boar and of the Committees on which they sit. In the evaluation they are asked about strategic planning, operational and financial supervision and other aspects of corporate governance. The Board of Directors does not evaluate the individual performance and contribution of each director, as it believes an overall evaluation of the board as a single body is sufficient.

The directors complete a questionnaire prepared by the Chairman of the Corporate Governance Committee and with the answers of the questionnaire the Chairman of the Corporate Governance Committee takes the evaluations carried out by the directors and prepares a report with conclusions and with the improvements to be proposed to the Board.

In this process, in relation to the evaluation for 2016, the Company does not engage the assistance of an external facilitator.

C.1.20 ter. Breakdown, where appropriate, business relations that the consultant or any company of its group holds with the company or any company in its group.

As already indicated in section C.1.20 bis above, the Company has not hired any external consultant for the evaluation process of the Board.

C.1.21. Indicate under what circumstances Directors are obliged to resign.

As set forth in Article 24.2 of the Board Regulations, “Directors must tender their resignation to the Board of Directors and, if the Board deems it to be appropriate, resign, in any circumstance that might harm the company’s name or reputation and particularly in the following cases:

- 1) When they are subject to any of the circumstances of incompatibility or prohibition or grounds for removal contemplated by law.
- 2) When a director is indicted or tried for any of the offences stated in company legislation.

Notwithstanding the foregoing, Directors must to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

- 3) When they are seriously admonished by the Board of Directors for violating their duties as Directors.
- 4) When the reasons for their appointment cease to exist or, in particular, an independent Director or a proprietary Director no longer qualifies as such.
- 5) When, in the course of one year, they fail to physically attend more than two (2) meetings of the Board of Directors, of the Delegated Commission or of the other Committees to which they belong, of which one necessarily must be of a Board meeting, without just cause in the judgment of the Board, the Delegated Commission or the other Committee to which they belong.
- 6) When their remaining on the Board, by reason of lack of suitability, on the terms described in article 38.4 this Regulation, may, directly, indirectly or through persons related thereto, put loyal and diligent exercise of their duties in accordance with the corporate interest at risk.”

Article 38.4 of the Board of Director Regulations provides that “in those cases in which the conflict of interest is or may reasonably be expected to be of such nature that it constitutes a structural and permanent conflict between the Director (or a person related thereto or, in the case of a proprietary Director, the shareholder or shareholders that proposed or made the appointment or the persons directly or indirectly related thereto) and the Company or the companies in its Group, the Director will be deemed to be or have become unsuitable for exercise of the position for purposes of the provisions of article 24 of this Regulation.”

C.1.22. Section repealed

C.1.23. Are reinforced majorities required for taking certain types of decisions, other than those required by law?

NO

C.1.24. Indicate whether the requirements for being elected Chairman differ from those required for election to the Board:

NO

C.1.25. Indicate whether the Chairman may exercise a casting vote:

YES

Matters in which the Chairman has a Casting Vote	
Pursuant to Article 29.3 of the Company Bylaws and Article 19.3 of the Board Regulations, the Chairman may exercise a casting vote to break any possible ties that may arise concerning any matter.	

C.1.26. Indicate whether the Bylaws of the Board Regulations set an age limit for Directors:

NO

B.1.27. Indicate whether the Bylaws or Board Regulations limit the term of office of independent directors, different from that required by law:

NO

C.1.28 Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether there is any limitation beyond the statutory restrictions on the categories in which a proxy appointment may be made. If so, give brief details.

Article 29 of the Company Bylaws and Article 19 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 to the representative about the sense of any vote.

Non-executive directors can only delegate their representation to other non-executive directors.

C.1.29. Indicate how many Board Meetings were held during the year. Also indicate, if appropriate, how often the Board met without the chairman's attendance. Proxies granted with no specific instructions will be treated as attendances.

Number of Board Meetings	12
Number of meetings that the President did not attend	0

If the chairman is an executive director, indicate the number of meetings held without the attendance or representation of an executive director and under the chairmanship of the coordinating director

Number of meetings	1
---------------------------	---

Indicate the number of meetings held by the Board's committees:

Committees	Number of Board Meetings
Delegated Commission	5
Audit Committee	7
Compensations and Nominations Committee	11
Corporate Governance Committee	10

C.1.30. Indicate the number of meetings held by the Board of Directors during the financial year in which all members were in attendance. Proxies in attendance with specific instructions should be counted as attendances:

Number of meetings with all directors attending	9
% of attendances with respect to the total number of votes during the year	97.79

C.1.31. Indicate whether the individual and consolidated annual accounts submitted to the Board for its approval are previously certified:

NO

Identify, if applicable, the person or persons who certified the individual and consolidated annual accounts of the Company, for submission to the Board:

C.1.32. Explain, if they exist, the mechanisms established by the Board of Directors to prevent the annual and consolidated accounts from being submitted at the Shareholders' Meeting with provisos in the Auditor's Report.

There are no such mechanisms in the company.

C.1.33. Is the Secretary of the Board of Directors likewise a Director?

NO

If the secretary does not hold a full directorship, complete the following table:

Full individual or corporate name of Secretary	Representative
XAVIER PUJOL TOBEÑA	

C.1.34 . Section repealed

C.1.35. Indicate, if applicable, the mechanisms established by the Company to preserve the independence of auditors, financial analysts, investment banks and rating agencies.

In relation to the mechanisms established to preserve the independence of external auditors, article 27 of the Board Regulation and, by reference, Article 529 quaterdecies of the LSC, provides that the Audit Committee will have the following basic duties in relation to the Company's statutory auditor:

i. Raising with the board of directors the proposals for selection, appointment, re-election and replacement of the statutory auditor, as well as the contractual terms of its engagement, and obtaining information therefrom on a regular basis regarding the audit plan and its implementation, as well as ensuring independence in the exercise of its duties.

ii. Establishing the appropriate relationships with the statutory auditors to receive information regarding such questions as may compromise their independence, for review by the committee, and any others related to the process of auditing accounts, and such other communications as may be contemplated in the legislation regarding auditing of accounts and audit standards. In all events, there must be received each year from the statutory auditors the declaration of their independence in relation to the company or to its directly or indirectly related companies, as well as the information on additional services provided of any kind and the fees received from said entities by the statutory auditors or by their related persons or enterprises according to the legislation on accounting auditors.

iii. Annually, prior to the issue of the audit report, issuing a report stating an opinion regarding the independence of the statutory auditors. Said report must in all events contain an assessment of the provision of the additional services referred to in the preceding subparagraph, considered individually and in aggregate, other than the legal audit and in relation to the rules on independence or to the audit regulations.

Likewise, article 43 of the Board Regulations stipulates that:

1. The Board of Directors shall refrain from proposing the appointment or renewal of a firm of auditors when the fees paid by the Company for all of its services represent more than 5% of the annual income of that auditing firm, based on the average for the last five years.

2. The Board of Directors shall publicize the total fees that the Company has paid to the auditors, differentiating between fees for auditing company accounts and those paid for other services rendered. The Annual Report of company accounts must likewise include a breakdown of the fees paid to auditors, as well as those paid to any company belonging to the firm of auditor's corporate group or to any company sharing common property, management or control with the Company's auditors.

With respect to the others (financial analysts, investment banks and rating agencies) there is no any mechanism established).

C.1.36 Indicate whether during the financial year the company has changed external auditors. If so, specify the former and present auditors:

NO

In the event there were discrepancies with the former auditor, explain the nature of those discrepancies:

C.1.37. Indicate whether the auditing firm renders other non-auditing services to the Company and/or its corporate group and, if so, state the amount of fees paid for those

services and the percent that this represents of the total fees invoiced to the Company and/or its group.

YES

	Company	Group	Total
Amount paid for non-auditing services (Euros 000)	280	422	702
Amount paid for non-auditing services / Total amount invoiced by the auditing firm (%)	48.6	23.5	29.6

C.1.38. Indicate whether the report on the audit of the annual accounts for the previous year contained any reservations or qualifications. If so, indicate the reasons provided by the chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

NO

C.1.39. Indicate the number of consecutive years that the present auditing firm has audited the annual accounts of the Company and/or its group. Likewise indicate the percent that the number of years with this auditing firm represents with respect to the total number of years that the annual accounts have actually been audited.

	Company	Group
Number of consecutive years	27	26

	Company	Group
Number of years audited by the present auditing firm / Number of years that the Company has been audited (%)	100.00	100.00

C.1.40. Indicate whether there is a procedure for Directors to obtain outside counsel and, if so, describe that procedure.

YES

Description of the Procedure
Article 32 of the Board Regulations includes the following procedure: In order to be assisted in the performance of his duties, any Director may request the engagement, at the expense of the Company, of legal, accounting, technical, commercial, financial, commercial and other expert advisors. Such advice must necessarily relate to specific problems of a degree importance and complexity that arise

in the discharge of the directors' duties.

The request to engage the advisor will be channelled through the Chairman, which may subject it to prior authorization of the Board of Directors for engagements with an amount above the cap established by the Board of Directors for a period of four (4) years, which may be denied when there are reasons so justifying.

Likewise it is established that the Delegated Commission and the Committees may seek outside advice when they deem it necessary for the fulfillment of their obligations.

C.1.41. Indicate whether there is a procedure for Directors to obtain the information they need in sufficient time to enable them to prepare for the meetings of the governing bodies and, if so, describe that procedure:

YES

Description of the Procedure
The Board Regulations of PRISA contain the following provisions: A Director will have a duty to demand and right to receive, with the broadest authority, the information and advice needed regarding any aspect of the Company, provided that it is so required for the performance of the Director's functions. The right to information extends to subsidiary companies, whether domestic or foreign, and will be channelled through the Chairman, who will respond to the Director's requests, directly providing the information, offering the appropriate spokesman or marshalling such resources as may be necessary for the requested examination. In addition the Chairman of the Board, with the assistance of the Secretary, will see to it that all Directors are provided with all documentation that is distributed at meetings of the Delegated Commission and the various other Committees. The Chairman of the Board, with the assistance of the Secretary (who must take all necessary measures for the correct functioning of the Board), will ensure that the Directors are supplied with sufficient information in advance of board meetings. Board of Directors meetings will be called at least 7 days in advance and the notice of the meeting will always set out the agenda. The Chairman will make sure that the Directors have the necessary information on the Company's activity and performance to adopt proposed resolutions set out on the agenda of each Board meeting. Moreover, as pointed out in section C.1.20 of this Report, the Board of Directors has a Guide to Good Practice which constitutes a guide to internal conduct in matters of good governance and which makes a series of practices compulsory, among which the sending of documentation to directors enough in advance, is included.

C.1.42. Indicate whether the company has rules (and if so, describe those rules) compelling directors to inform and, if warranted, resign in circumstances that may damage the prestige and reputation of the company:

YES

Description of the Procedure

As established in section 24.2. of the Rules of the Board of Directors, Directors must tender their resignation to the Board of Directors and, if the Board deems it to be appropriate, resign, in any circumstance that might harm the company's name or reputation and particularly in the following cases:

1) When they are subject to any of the circumstances of incompatibility or prohibition or grounds for removal contemplated by law.

2) When a director is indicted or tried for any of the offences stated in company legislation.

Notwithstanding the foregoing, Directors must to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

3) When they are seriously admonished by the Board of Directors for violating their duties as Directors.

4) When the reasons for their appointment cease to exist or, in particular, an independent Director or a proprietary Director no longer qualifies as such.

5) When, in the course of one year, they fail to physically attend more than two (2) meetings of the Board of Directors, of the Delegated Commission or of the other Committees to which they belong, of which one necessarily must be of a Board meeting, without just cause in the judgment of the Board, the Delegated Commission or the other Committee to which they belong.

6) When their remaining on the Board, by reason of lack of suitability, on the terms described in article 38.4 this Regulation, may, directly, indirectly or through persons related thereto, put loyal and diligent exercise of their duties in accordance with the corporate interest at risk.

C.1.43. Indicate whether any member of the Board of Directors has informed the company that he has been prosecuted or that proceedings have been brought against him for any of the offenses listed in Article 213 of the Corporations Law:

NO

Indicate whether the Board of Directors has reviewed the case. If yes, explain the reasons underpinning the decision on whether or not the director should continue in office or, if appropriate, detail the steps taken by the Board of Directors up to the date of this report or the steps it intends to take.

C.1.44. Detail the major agreements entered into by the company that come into force, are changed or terminate in the event that the control of the company changes as a result of a tender offer, and its effects.

Refinancing agreement signed by Prisa, HSBC Plc., as agent, and other financial institutions (Override Agreement), in December 2013:

The refinancing agreement includes 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 would be accelerated and its payment would be enforceable from that moment.

C.1.45. Identify, in aggregate terms, and indicate, in detail, the agreements between the company and its managers, executives or employees which provide for indemnification, safeguard or golden parachute clauses in the event of their resignation or unjustified dismissal, or in the event that the contractual relationship ends as a result of a tender offer or another type of transaction.

Number of Beneficiaries: 16

Type of Beneficiaries: As of December 31, 2017, there were the following beneficiaries: 3 executive directors, 6 senior managers and 7 managers of Grupo PRISA other than senior managers.

Description of the agreement:

Retirement benefit for Mr. Juan Luis Cebrián Echarri (Executive Chairman and director until January 1, 2018):

The contract signed between the Company and the former Chairman, Mr. Juan Luis Cebrián Echarri, provided that for each of the years 2014, 2015, 2016, 2017 and 2018, he was entitled to an annual contribution of 1,200,000 euros, as retirement benefit, for a total amount of 6,000,000 euros, which would be deliverable in all cases, even in the event of early termination of the contract. As indicated in previous sections of this report, Mr. Cebrián's contract was terminated effective 1 January 2018 and the Company paid this retirement benefit in full to Mr. Cebrián in January 2018. As provided in Mr. Cebrián's contract with the Company, in the event of early termination of the contract, payment of the retirement benefit would not be compatible with any other type of indemnity. In the event of breach of the noncompetition clause established in his contract, Mr. Cebrián will be required to repay such amount as he may have received as retirement benefit to the Company.

Indemnification for unjustified dismissal:

The contracts of Mr. Manuel Mirat Santiago (CEO), Mr Manuel Polanco Moreno (Executive Deputy Chairman until January 1, 2018) 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).

It is noted that the service contract that Mr. Polanco had with the Company has been extinguished with effect date of January 1, 2018 and the Board of Directors has agreed to pay compensation in the amount of € 905,000 in accordance with the provisions of his contract. Mr. Polanco holds the position of non-executive Chairman of the Company since that date.

And the commercial contract with 1 of those senior managers, in turn, 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 2 of those senior managers will receive compensation equivalent to the maximum unemployment benefit that applies at the time the contractual relationship is terminated.

ii) Furthermore, at December 31, 2017, 6 executives of Grupo PRISA (who are not considered part of the Senior Management) had a golden parachute.

Post-contractual noncompetition undertaking:

The contract of the CEO contain 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 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.

The contracts of 6 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 months or 6 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, 5 executives not considered part of the senior management have a noncompetition agreement of twelve months with compensation equivalent to six or twelve months of their fixed salary.

Indicate whether such contracts must be reported and/or approved by the governing bodies of the Company or Group:

	Board of Directors	Shareholders' Meeting
Body authorizing these clauses	YES	NO

Are the participants at the Shareholders' Meeting informed of these clauses?	YES
---	-----

C.2. Committees of the Board of Directors

C.2.1 List all of the Board committees, their members and the proportion of proprietary and independent directors on them:

DELEGATED COMMITTEE

Name	Position	Classification
MR. JUAN LUIS CEBRIÁN ECHARRI	CHAIRMAN	EXECUTIVE DIRECTOR
MR. MANUEL MIRAT SANTIAGO	MEMBER	EXECUTIVE DIRECTOR
MR. MANUEL POLANCO MORENO	MEMBER	EXECUTIVE DIRECTOR
MR. ROBERTO LAZARO ALCANTARA ROJAS	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. FRANCISCO	MEMBER	INDEPENDENT EXTERNAL

JAVIER MONZÓN DE CÁCERES		DIRECTOR
MR. JOHN PATON	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

% EXECUTIVE DIRECTORS	42.86%
% EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS	28.57%
% INDEPENDENT EXTERNAL DIRECTOR	28.57%
% OTHER EXTERNAL	00.00%

Describe the functions attributed to this committee, its rules of procedures organization and functioning, and summarize its most important actions during the year:

The rules governing the organization and operations of the Delegated Commission that are described below are contained in article 17 of the Board of Directors Regulation:

The Delegated Commission is comprised of at least a third of the Board members and a maximum of eight (8) Board members. The Delegated Commission is chaired by the Chairman of the Board of Directors, provided that the Chairman has the status of executive Chairman in accordance with article 11.3 of this Regulation, or, if not, by the Chief Executive Officer. The appointment of the members of the Delegated Commission is made on proposal of the Chairman of the Board of Directors, with the favourable vote of two thirds of the Directors.

The composition of the Delegated Commission must be with a majority of non-executive Directors.

The members of the Delegated Commission leave office when they leave office as directors, or when so resolved by the Board of Directors.

The Secretary of the Board will act as Secretary of the Committee.

Without prejudice to the authority of the Chairman and the Chief Executive Officer, within the framework of the provisions of article 5 of this Regulation (Functions of the Board of Director), the Delegated Commission is delegated all authority and competence of the Board that are susceptible of delegation by law, the Articles and the Regulations. As provided in said article, resolutions related to the following matters whose amount is not more than ten million (10,000,000) euros, may be adopted by the Delegated Commission in cases of urgency, duly justified, and must be ratified at the first Board meeting held after adoption of the resolution: i) approval of investments or transactions of any kind that by reason of their high amount or special characteristics are strategic or pose a special tax risk for the Company or the investee or controlled companies in question, unless approval thereof corresponds to the General Meeting, inter alia including the assumption of financial risks or making of derivative financial commitments, including but not limited to loans, credits, guarantees or other security and ii) approval of the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens, and any other transactions or operations of a comparable nature the complexity of which might impair the transparency of the Company or its Group.

The Delegated Commission meet at least six (6) times each year and whenever it is in the interests of the Company in the judgment of the Chairman, which will call it sufficiently in advance, as well as when requested by two (2) or more of the members of the Delegated Commission.

A majority of the members, present in person or by proxy, will constitute a quorum for the transaction of business at meetings of the Delegated Commission. Members unable to attend may, on an exceptional basis, appoint another director who is a member of the committee to represent them.

Resolutions are passed by an absolute majority of the members of the Delegated Commission present in person or by proxy.

When called by the Chairman of the Committee other Directors that are not members of the Committee may also attend its meetings, with voice but no vote, as may managers whose reports are necessary for the conduct of the business.

The Delegated Commission prepare minutes of its meetings on the terms provided for the Board of Directors.

The Delegated Commission report at the first full meeting of the Board subsequent to its meetings on its activities and will take responsibility for the work performed. The Board will always be apprised of the matters considered and decisions adopted by the Delegated Commission. All members of the Board will receive the information provided at meetings of the Delegated Commission, and copies of the minutes or pro formas thereof before the following meeting of the Board held subsequent to each meeting of the Delegated Commission.

The Delegated Commission may engage external advisors, when it feels this is necessary for the discharge of its duties.

The function performed by the Delegated Committee during 2017 primarily consisted in supervising the activities and results of the Company and of the Board of Directors.

State whether the composition of the delegated or executive committee reflects the participation on the board of the various directors according to their category:

NO

If not, explain the composition of the delegated or executive committee
As of December 31, 2017, the Delegated Commission was comprised of 3 executive directors, 2 proprietary directors and 2 independent directors.
The Board of Directors was composed of 3 executive directors, 4 proprietary directors, 6 independent directors and by one external director.
While the structure of the Board of Directors was not proportionally equal to that of the Delegated Commission, it must be taken into account that all categories of directors (with the exception of “other external directors”) were represented on the Delegated Commission and that one of the executive directors (Mr Manuel Polanco Moreno) has also the status of proprietary director.

AUDIT COMMITTEE

Name	Position	Classification
DOMINIQUE D’HINNIN	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
WAALED AHMAD IBRAHIM ALSA’DI	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MS. SONIA DULA	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

%EXTERNAL DIRECTORS REPRESENTING	33.33%
----------------------------------	--------

SIGNIFICANT SHAREHOLDINGS	
%INDEPENDENT DIRECTORS	66.67%
% OTHER EXTERNAL	00.00%

Describe the functions attributed to this committee, its rules of procedures organization and functioning, and summarize its most important actions during the year:

The rules of organization and functioning of the Audit Committee are set out in Article 25 of the Bylaws and in Article 27 of the Board of Directors Regulation.

The Audit Committee is comprised of the number of Directors from time to time determined by the Board of Directors, with a minimum of three (3) and a maximum of five (5). All members of the Audit Committee are non-executive Directors, the majority of their members are independent and at least one of them must be appointed taking account of his knowledge and experience in accounting, auditing or both. As a whole, members of the Committee have the relevant technical knowledge in relation to the sector of activity of the Company.

The appointment and removal of Committee members is carried out by the Board of Directors on proposal of the Chairman.

The members of the Committee leave office when they leave office as Directors or when so resolved by the Board of Directors.

The Chairman of the Committee is elected by the Board of Directors from among the members of the Committee that are independent Directors. The Chairman of the Committee is replaced every four (4) years, and may be re-elected after one year elapses since he left office.

The Secretary of the Board of Directors act as Secretary of the Committee. In his absence, the Deputy Secretary, if any, act, or in his absence the member of the Committee that it designates.

The Audit Committee has the competencies contained in the regulations applicable from time to time. It will also be competence of the Audit Committee, to evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

The Audit Committee establish and supervise a mechanism allowing communication to the Audit Committee of irregularities of potential significance, particularly financial and accounting irregularities, discovered within the company. In the case of reports from employees of the Company or its Group, this mechanism will provide for confidentiality and, if deemed to be appropriate, anonymity of the reports.

The Audit Committee meet from time to time, as needed, but no less than four (4) times per year.

Any member of the management team or employee of the company is required to attend the meetings of the committee, whenever requested to do so, to collaborate with it and provide access to any information it may have. The Committee may also require that the statutory auditors attend its meetings.

The most important actions of the Audit 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.

Identify the director member of the audit committee who has been appointed taking into account his or her knowledge and experience in accounting or audit matters or in

both, and state the number of years the chairman of this committee has held said office.

Name of director with experience	DOMINIQUE D'HINNIN
Number of years chairman has served in that capacity	0

NOMINATION AND COMPENSATION COMMITTEE

Name	Position	Classification
MR FRANCISCO JAVIER MONZÓN DE CÁCERES	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR DOMINIQUE D'HINNIN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
FRANCISCO JAVIER GOMEZ- NAVARRO NAVARRETE	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
JOHN PATON	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

%External Directors representing significant shareholdings	20.00%
%Independent Directors	80.00%
%Other External Directors	00.00%

Describe the functions attributed to this committee, its rules of procedures organization and functioning, and summarize its most important actions during the year:

The rules of organization and functioning of the Nominations and Compensation are set out in Article 27 of the Bylaws and in Article 28 of the Board of Directors Regulation.

The Appointment and Remuneration Committee is comprised of a minimum of three (3) and a maximum of five (5) non-executive Directors. At least two of the members of the Committee must be independent Directors.

The appointment and removal of Committee members is carried out by the Board of Directors on proposal of the Chairman.

The Appointment and Remuneration Committee require the attendance of the Company's Chief Executive Officer or any officer or employee at its meetings.

The members of the Appointment and Remuneration Committee leave office when they leave office as directors or when so resolved by the Board of Directors.

The Chairman of the Committee is elected by the Board of Directors from among those members of the Committee that are independent Directors.

The Secretary of the Board of Directors act as Secretary of the Committee. In his absence, the Deputy Secretary, if any, will act, or in his absence the member of the Committee that it designates.

The Appointment and Remuneration Committee have the following basic authority:

- a) Regarding composition of the Board of Directors and the Board Committees of PRISA and the administration bodies of other companies in the Group:
 - i. Evaluating the skills, knowledge and experience required on the Board of Directors. For these purposes, it will define the functions and skills required of candidates that are to fill each vacancy and will evaluate the time and dedication necessary for them to be able to effectively perform their duties.
 - ii. Establishing a goal for representation of women on the Board of Directors, and developing guidance on how to achieve that goal.
 - iii. With a report from the Corporate Governance Committee, making proposals to the Board of Directors of independent Directors to be appointed by co-option or for submission to decision by the General Meeting of shareholders, and proposals for re-election or removal of those Directors by the General Meeting of shareholders.
 - iv. Reporting on proposals for the appointment of other Directors to be designated by co-option or for submission thereof to decision of the General Meeting of shareholders, as well as proposals for re-election or removal by the General Meeting of shareholders, or when there is just cause by reason of the Director's having breached the duties inherent in the position and the bringing of disciplinary proceedings that may mean removal of the Director.
 - v. Reporting, if applicable, on the proposed appointment of the individual representative of a Director that is a legal person.
 - vi. Proposing the classification of Directors in the executive, proprietary, independent or other external Director categories, when appointment of the Directors is to be made or ratified by the General Meeting on proposal of the Board.
 - vii. Reporting, together with the Corporate Governance Committee, on proposals for appointment of the Chairman and Deputy Chairman of the Board, the Chief Executive Officer, the Secretary and Deputy Secretary of the Board, the members of the Delegated Commission and the other Committees of the Board of Directors.
 - viii. Reporting, together with the Corporate Governance Committee, on a proposal for removal of the Secretary and Deputy Secretary of the Board.
 - ix. Reviewing and organising the succession of the Chairman of the Board of Directors and, if applicable, the chief executive of the Company, formulating the proposals to the Board of Directors considered to be appropriate, in order for that succession to occur in an orderly and well-planned manner.
 - x. Reporting on proposals for the appointment of the representatives of the Company on the administration bodies of its subsidiary companies.
- b) Regarding the senior management of the Group:
 - i. Proposing the classification of senior management personnel.
 - ii. Reporting on proposals for appointment and removal of senior managers and the basic terms of their contracts.

- iii. Receiving information and, if necessary, issuing reports on disciplinary action taken against senior managers of the Company.
- c) Regarding the compensation policy:
- i. Proposing to the Board of Directors, for submission to the General Shareholders Meeting, the compensation policy for Directors and general managers or those performing senior management functions under the direct supervision of the Board, Delegated Commissions or Chief Executive Officer, as well as the individual compensation and other contractual conditions of executive Directors, ensuring compliance therewith.
 - ii. Approving the objectives associated with variable compensation of executive Directors and/or the managers.
 - iii. Reporting to the Board on calculation of the variable compensation of the senior managers of the Company, as well as calculation of other incentive plans destined thereto.
 - iv. Ensuring compliance with the compensation policy established by the Company.
- d) Other authority
- i. Annually approving a report on the functioning of the Committee and proposing publication thereof to the Board of Directors, upon the holding of the General Shareholders Meeting.
 - ii. Exercising all other powers assigned to the Committee in this Regulation.

The Committee meet whenever the Board of Directors of the Company or the Delegated Commission requests that it issue a report or approve proposals on matters within the scope of the Committee's responsibilities, and whenever the Committee Chairman deems appropriate for the proper discharge of the Committee's duties.

Any member of the management team or employee of the company is required to attend the meetings of the committee, whenever requested to do so, to collaborate with it and provide access to any information it may have.

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.

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Classification
MR FRANCISCO JAVIER MONZÓN DE CÁCERES	CHAIRMAN	INDEPENDENT EXTERNAL DIRECTOR
MR. JOSEPH OUGHOURLIAN	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS
MR. KHALID BIN THANI BIN ABDULLAH AL THANI	MEMBER	EXTERNAL DIRECTOR REPRESENTING SIGNIFICANT SHAREHOLDINGS

FRANCISCO JAVIER GOMEZ- NAVARRO NAVARRETE	MEMBER	INDEPENDENT EXTERNAL DIRECTOR
MR DOMINIQUE D'HINNIN	MEMBER	INDEPENDENT EXTERNAL DIRECTOR

%External Directors representing significant shareholdings	40.00%
%Independent Directors	60.00%
%Other External Directors	00.00%

Describe the functions attributed to this committee, its rules of procedures organization and functioning, and summarize its most important actions during the year:

The rules of organization and functioning of the Corporate Governance Committee are set out in Article 26 of the Bylaws and in Article 29 of the Board of Directors Regulation.

The Corporate Governance Committee is comprised of a minimum of three (3) and a maximum of five (5) non-executive Directors. At least two (2) of them are independent Directors.

The appointment and removal of Committee members is carried out by the Board of Directors on proposal of the Chairman.

The members of the Corporate Governance Committee leave office when they leave office as directors or when so resolved by the Board of Directors.

The Chairman of the Committee is elected by the Board of Directors from among those members of the Committee that are independent.

The Secretary of the Board of Directors act as Secretary of the Committee. In his absence, the Deputy Secretary, if any, act, or in his absence the member of the Committee that it designates.

The Corporate Governance Committee has the following basic authority:

- a) Regarding composition of the Board of Directors and the Board Committees:
 - i. Reporting on proposals for the appointment of independent Directors.
 - ii. Proposing the appointment of the Coordinating Director to the Board.
 - iii. Annually reviewing the classification of the Directors in order to prepare the Annual Corporate Governance Report.
 - iv. Reporting, together with the Appointment and Remuneration Committee, on proposals for appointment of the Chairman and Deputy Chairman of the Board, the Chief Executive Officer, the Secretary and Deputy Secretary of the Board of Directors, and the members of the Delegated Commission and the other Committees of the Board of Directors.
 - v. Reporting, together with the Appointment and Remuneration Committee, on proposals for removal of the Secretary and Deputy Secretary of the Board of Directors.
 - vi. Presenting a report to the Board of Directors for evaluation of the functioning of the Board and its Committees, also presenting an action plan correcting the detected deficiencies, if any, as well as performance of their functions by the Chairman of the Board, which evaluation will be addressed to the Coordinating Director, and by the chief executive of the Company.

- b) Regarding the corporate governance and corporate social responsibility strategy of the Company:
 - i. Promoting the Company's corporate governance strategy.
 - ii. Being apprised of, promoting, guiding and supervising the actions of the Company regarding corporate social responsibility and sustainability and corporate reputation and reporting thereon to the Board of Directors and the Delegated Commission, as applicable.
 - iii. Reporting and proposing to the Board of Directors the approval of the Annual Corporate Governance Report.
 - iv. Reporting and proposing to the Board of Directors the approval of the annual report on corporate social responsibility and, in general, issuing the reports and undertaking the actions that, regarding corporate social responsibility and sustainability, correspond thereto, and in addition, those required in accordance with the corporate governance of the Company or requested by the Board of Directors or its Chairman.
 - v. Monitor and evaluate the company's interaction with its stakeholder groups.
- c) Regarding the Company's internal rules:
 - i. Proposing approval of a Code of Conduct to the Board.
 - ii. Reporting on proposals for amendment of the Articles of Association, the Board Regulation, the Meeting Regulation, the Rules for the Functioning of the Electronic Shareholder Forum, the Internal Conduct Regulation, the Code of Conduct and any other governance rules of the Company.
 - iii. Examining compliance with the Board Regulation, the Internal Conduct Regulation and, in general, the company's governance rules, and making the proposals necessary for improvement.
- d) Other authority:
 - i. Reviewing the regulatory compliance policy and proposing all measures necessary to strengthen it.
 - ii. Annually approving a report on the functioning of the Committee and proposing publication thereof to the Board of Directors, upon the holding of the General Shareholders Meeting.
 - iii. Exercising all other powers assigned to the Committee in this Regulation.

The Committee meets whenever the Board of Directors of the Company or the Delegated Commission requests that it issue a report or approve proposals on matters within the scope of the Committee's responsibilities, and whenever the Committee Chairman deems appropriate for the proper discharge of the Committee's duties.

For the fulfilment of its duties, the Committee may request attendance at its meetings of any member of the management team or personnel of the Company, and any worker of the Company or any of its subsidiaries, and will have access to all corporate information.

The most important actions of the Corporate Governance 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.

C.2.2 Complete the following table with information on the number of female directors who have sat on Board committees during the previous four years:

	Number of female directors			
	Year 2017 Number %	Year 2016 Number %	Year 2015 Number %	Year 2014 Number %
Delegated Committee	0 (00.00)	1 (14.28)	0 (00.00)	0 (00.00)
Audit Committee	1 (33.33)	1 (25.00)	0 (00.00)	0 (00.00)
Nomination and Compensation Committee	0 (00.00)	0 (00.00)	1 (25.00)	1 (25.00)
Corporate Governance Committee	0 (00.00)	1 (25.00)	2 (50.00)	2 (50.00)

C.2.3 Section repealed

C.2.4 Section repealed

C.2.5. Indicate, if applicable, whether there are board committee regulations, and if so, where they are available for consultation and any amendments made to them during the financial year. Likewise indicate whether any non-mandatory annual reports are issued concerning the activities of each committee:

As already pointed out in section C.2.1 above, the functioning, powers and composition of the Delegated Committee, Audit Committee, Nomination and Compensation Committee and Corporate Governance Committee are regulated by the Bylaws and by the Board Regulations. As already mentioned in section C.1.18, at its meeting on 13 October 2017 the Board of Directors agreed to amend the Board of Directors Regulations in order, among other things, to adapt the wording of the Board of Directors Regulations to the Bylaws as amended on 30 June 2017, in relation to the quantitative and qualitative composition of the Audit Committee. Both the Board of Directors Regulations and the Bylaws are published on the Company's web site.

In 2017 the Audit, Nomination and Compensation and Corporate Governance published reports on their functions and activity during 2016. Those reports were made available to the shareholders when the ordinary general meeting of June 2017 was called and are posted on the Company's website (see Material Disclosure no 252561 of 28 May 2017).

Those committees will again issue reports on their functions and activities during 2017, which will likewise be made available to the shareholders.

C.2.6 Section repealed

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if appropriate, the procedure for approving related-party transactions or intra-group transactions.

Procedure for reporting the approval of related-party transactions
The Board of Directors Regulation provides that is a non delegable function of the Board of directors the

approval, after a report from the Audit Committee, of related party transactions, being required that the innocuousness of the authorized transaction from the point of view of the corporate assets be guaranteed or, if applicable, that it be undertaken on market terms in a transparent process.

Directors that are affected by a related party transaction, in addition to not voting, will leave the meeting room while these matters are debated and voted upon.

Transactions with Directors (article 38 of the Board of Directors Regulation):

Authorization of the Board of Directors will not be necessary for those director's transactions that simultaneously satisfy the following three conditions:

- a) They are governed by standard form agreements applied on an across-the-board basis to a large number of customers;
- b) They are entered into at market prices or rates, generally set by the person supplying the goods or services;
- c) The amount is no more than 1% of the Company's annual revenue.

Transactions with Significant Shareholders (article 39 of the Board of Directors Regulation):

The Board of Directors formally reserves the right to be apprised of any transaction of the Company or any of its subsidiaries with a significant shareholder or with persons related thereto, as provided in article 5 of this Regulation. The affected Directors, or those representing or related to the affected shareholders, must refrain from participating in deliberation and voting on the resolution in question.

Under no circumstances will any such transaction be authorized before a report has been issued by the Audit Committee evaluating the transaction in the light of market conditions.

However, authorization of the Board of Directors will not be deemed to be required in those transactions that simultaneously satisfy the following conditions:

- a) They are governed by standard form agreements applied on an across-the-board basis to a large number of customers;
- b) They are entered into at market prices or rates, generally set by the person supplying the goods or services;
- c) The amount is no more than 1% of the Company's annual revenue.

The Company discloses related-party transactions in accordance with the relevant legal provisions. Likewise, art. 40 of the Board Regulations provides that in its annual public information the Board of Directors shall include a summary of Company transactions with its directors and significant shareholders. This information shall reflect the overall volume of transactions and the nature of the most relevant ones.

D.2. Give details of transactions of a significant nature on account of the sums involved or material transactions on account of the subject-matter involved carried out between the company or entities of its group and the significant shareholders of the company:

Significant Shareholder's Name	Name of the Company or Entity in the Group	Nature of the Relationship	Type of Transaction	Amount (Euros 000)
--------------------------------	--	----------------------------	---------------------	--------------------

TELEFONICA, S.A.	GRUPO PRISA	Commercial	Rendering of services	1,223
CAIXABANK, S.A.	GRUPO PRISA	Commercial	Rendering of services	2,527
BANCO SANTANDER, S.A.	GRUPO PRISA	Commercial	Rendering of services	2,329
RUCANDIO, S.A.	GRUPO PRISA	Commercial	Rendering of services	4
HSBC HOLDINGS PLC	GRUPO PRISA	Commercial	Rendering of services	2
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Reception of services	9,393
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Operating lease agreements	2,169
BANCO SANTANDER, S.A.	GRUPO PRISA	Commercial	Reception of services	203
CAIXABANK, S.A.	GRUPO PRISA	Commercial	Reception of services	418
HSBC HOLDINGS PLC	GRUPO PRISA	Commercial	Reception of services	249
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Financing Agreements: Loans	10,003
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Financing Agreements: Loans	15,016
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIOFIFUCIÓN, S.L.	Contractual	Financing Agreements: Loans	5,998
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	16,880
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	57,687
CAIXABANK, S.A.	GRUPO MEDIA CAPITAL (*)	Contractual	Financing Agreements: Loans	72,367
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans	458,599
CAIXABANK, S.A.	SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.U.	Contractual	Financing Agreements: Loans	126
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans: others	212
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans: others	212
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing Agreements: Loans: others	1,798
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Warranties	285
BANCO SANTANDER, S.A.	PRISA RADIO, S.L.	Contractual	Warranties	334
BANCO SANTANDER, S.A.	SERVIÇOS DE INTERNET, S.A.	Contractual	Warranties	59
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Interest paid	999

CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	1,520
CAIXABANK, S.A.	GRUPO MEDIA CAPITAL (*)	Contractual	Interest paid	3,000
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest paid	11,705
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Interest accrued but not paid	272
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	1,256
CAIXABANK, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	148
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Corporate	Contributions of capital in cash or in kind	148

D.3 Give details of transactions of a significant nature on account of the sums involved or material transactions on account of the subject-matter involved carried out between the company or entities of its group and the company's directors or executives:

Manager's or Director's Name	Name of the Company or Entity in the Group	Relationship	Nature of the Relationship	Amount (Euros 000)
DOMINIQUE D'HINNIN	PROMOTORA DE INFORMACIONES, S.A.	PROVISION OF SERVICES	Contractual	100

D.4 Provide information on significant transactions carried out by the company with other entities of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and do not fall within the usual course of the company's business, as regards their subject-matter or terms and conditions.

In all cases, information must be provided on any intra-group transactions carried out between entities established in countries or territories regarded as tax havens:

Name of the Group Entity	Brief Description of the Transaction	Amount (Euros 000)
LE MONDE LIBRE	LOAN GRANTED BY PRISA NOTICIAS, S.L. TO LE MONDE LIBRE SOCIÉTÉ COMANDITÉ SIMPLE.	6.351
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	DIVIDENDS PAID BY SISTEMAS RADIOPOLIS, S.A. DE CV TO ITS SHAREHOLDER SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	1.999
SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L.	LOANS GRANTED BY SOCIEDAD ESPAÑOLA DE RADIODIFUSION, S.L. TO THE COMPANY IN WHICH IT HOLDS HOLDINGS, GREEN EMERALD BUSINESS INC.	2.078

PRISA RADIO, S.A.	INCOME RECEIVED BY PRISA RADIO, S.A FOR THE PROVISION OF TECHNICAL ASSISTANCE AND ADVISORY SERVICES TO SISTEMAS RADIOPOLIS, S.A. DE CV	1.242
EDICIONES EL PAÍS, S.L.	INCOME RECEIVED BY EDICIONES EL PAÍS, S.L. FOR THE SALE OF COPIES TO KIOSKOYMÁS, SOCIEDAD GESTORA DE LA PLATAFORMA TECNOLÓGICA, SL	391
PRISA NOTICIAS, S.L	THE FINANCIAL EXPENSE RECORDED BY PRISA NOTICIAS, S.L. DUE TO THE DETERIORATION OF THE LOAN MADE TO LE MONDE LIBRE SOCIETE COMANDITÉ SIMPLE	3.175
W3 COM INMOBILIARIA, S.A. DE CV	PRESTAMOS CONCEDIDOS POR W3 COM INMOBILIARIA, S.A. DE CV A LA SOCIEDAD PARTICIPADA W3 COMM CONCESIONARIA, S.A. DE CV.	693
NOTICIAS AS MÉXICO, S.A. DE CV	INGRESOS PERCIBIDOS POR NOTICIAS AS MÉXICO, S.A. DE CV POR LA VENTA DE PUBLICIDAD A SISTEMAS RADIOPOLIS, S.A. DE CV	595

D.5 State the amount involved in related-party transactions.

0

D.6. Describe the mechanisms in place to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, managers and significant shareholders.

1. Provisions of the Board of Directors Regulation:

“Article 37 (Duty of Loyalty): Directors must fulfil their duties with the loyalty of a faithful representative, acting in good faith in the Company’s best interests. In particular they must ...c) Refrain from participating in deliberation and voting on resolutions or decisions in which the Director or a related person has a conflict of interest, direct or indirect. Excluded from this prohibition are the resolutions or decisions that affect the Director in its status as such, such as the Director’s appointment or removal from positions on the Board of Directors or others of a comparable kind.

In particular, Directors that are affected by a related party transaction, in addition to not voting, will leave the meeting room while these matters are debated and voted upon.”

“Article 38 (Conflicts of Interest and Transactions with Directors): Directors must adopt the necessary measures to avoid situations in which their interests, on their own behalf or on behalf of another, can be in conflict with the Company’s interests and their duties to it.

This does not apply to circumstances in which the Company has consented on the terms contemplated in section 5 of this Article.

The Directors will report any situations involving any direct or indirect conflict that they, or any person related thereto, may have with the interests of the Company. In particular, they must report those situations that may result in the existence of conflicts of interest, as provided in chapter V (currently is the title 4) of the “Internal Conduct Regulation for Matters Related to the Securities Markets of Promotora de Informaciones, S.A. and its Group of Companies”.

In particular, Directors, must refrain from:

- a) Entering into transactions with the Company, except in the case of ordinary transactions, on standard terms for customers and of little relevance, on the legally contemplated terms.*
- b) Using the name of the Company or invoking status as a Director to unduly influence private transactions.*
- c) Using corporate assets, including the confidential information of the Company, for private purposes.*
- d) Appropriating the business opportunities of the Company.*
- e) Obtaining benefits or compensation from third parties, other than the Company and its Group related to the performance of the Director’s duties, except in the case of mere courtesies.*
- f) Engaging in activities on its own behalf or on behalf of others that involve effective competition, whether actual or potential, with the Company or that in any other way place it in permanent conflict with the interests of the Company. This does not apply to such positions as they may hold in companies having stable significant shareholdings in the Company.*

The restrictions set forth above are also applicable if the beneficiary of the situations or activities forbidden is a Director’s related person.

Notwithstanding the foregoing, in those cases in which the conflict of interest is or may reasonably be expected to be of such nature that it constitutes a structural and permanent conflict between the Director (or a person related thereto or, in the case of a proprietary Director, the shareholder or shareholders that proposed or made the appointment or the persons directly or indirectly related thereto) and the Company or the companies in its Group, the Director will be deemed to be or have become unsuitable for exercise of the position for purposes of the provisions of article 24 of this Regulation.

The General Meeting of the Company may release a Director or related person from the prohibition on obtaining a benefit or compensation from third parties, or those transactions the value of which is greater than ten percent (10%) of the company’s assets. The obligation not to compete with the Company may only be waived if no damage to the Company is to be expected, or it is expected that it would be compensated for the benefits expected to be obtained from the waiver. The waiver will be granted by way of express and separate resolution of the General Meeting.

In other cases that affect the prohibitions contained in this article, the authorization also may be granted by the Board of Directors, provided that the independence of the members granting it is assured, as regards the Director granted the waiver. In addition, it will be required that the innocuousness of the authorized transaction from the point of view of the corporate assets be guaranteed or, if applicable, that it be undertaken on market terms in a transparent process.

Without prejudice to the foregoing, authorization of the Board of Directors will not be necessary for those related party transactions that simultaneously satisfy the following three conditions:

- d) They are governed by standard form agreements applied on an across-the-board basis to a large number of customers;*
- e) They are entered into at market prices or rates, generally set by the person supplying the goods or services;*

f) *The amount is no more than 1% of the Company's annual revenue."*

"Article 39 (Transactions with Significant Shareholders): Without prejudice to the provisions of the preceding article, the Board of Directors formally reserves the right to be apprised of any transaction of the Company or any of its subsidiaries with a significant shareholder or with persons related thereto, as provided in article 5 of this Regulation. The affected Directors, or those representing or related to the affected shareholders, must refrain from participating in deliberation and voting on the resolution in question.

Under no circumstances will any such transaction be authorized before a report has been issued by the Audit Committee evaluating the transaction in the light of market conditions.

However, authorization of the Board of Directors will not be deemed to be required in those transactions that simultaneously satisfy the conditions set forth in article 38.5 above."

2. 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:

"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”.

3. 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 Are more than one of the group companies listed in Spain?

NO

Specify the subsidiary companies that are listed:

Indicate whether the areas of activity they engage in and any business dealings between them, and between the listed subsidiary and other group companies, have been publicly and precisely defined;

Define any business dealings between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies
--

Identify the mechanisms envisaged for the resolution of potential conflicts of interest between the listed subsidiary and other group companies:

Mechanisms for the resolution of any conflicts of interest
--

E. CONTROL AND RISK MANAGEMENT SYSTEMS

E.1 Explain the scope of the Risk Management System of the company, including those of a tax nature.

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 of the company with responsibility for drawing up and implementing the Risk Management System, including tax risks.

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 Indicate the main risks, including tax risks, that may affect achievement of the business goals.

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-

As of December 31, 2017, the Group's net bank debt level stood at EUR 1,421.6 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.
- The Group is exposed to interest rate fluctuations in loans financed at variable interest rates.
- It limits the ability to adapt to market changes.
- It places the Group at a disadvantage with regard to less indebted competitors.

In addition, the contracts governing Prisa's debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (covenants). The aforementioned agreements contain the provisions regarding cross default, which means that a breach of a specific provision may cause, if the breach exceeds certain amounts, the early maturity and termination of the agreement in question, but also that of the Override Agreement.

As described in the attached explanatory notes, as of December 31, 2017, the main financial commitment has been established for December 2018 for an amount of EUR 956.5 million. This amount is recorded as a current liability on the consolidated balance sheet as of December 31, 2017.

Likewise, as of January 22, 2018, the company had signed a framework agreement with all the financial creditors of the *Override Agreement* to refinance and modify the terms of Prisa's current financial debt, adapting the maturity schedule of the bank debt to the cash generation profile of the Group's businesses.

The effectiveness of this agreement is subject to, among other conditions, debt being cancelled at the time the refinancing comes into effect running to EUR 450 million from proceeds arising from the EUR 563.2 million cash capital increase which has been fully subscribed and paid by February 2018 and an agreement be reached with financial creditors on the new terms of the *Override Agreement* not expressly set out in the

Lock-up Agreement.

The refinancing agreement foresees two alternate scenarios based on whether by June 30, 2018 Prisa has obtained the proceeds from the sale of Media Capital, which will be used to cancel debt.

In addition, the Lock-up Agreement provides for a limited number of cases for termination that would permit the creditors to exit the binding commitment to support the proposed modifications to the financing regulated in the Override Agreement. These are, by the time of this report: (i) the existence of deadlines for the formalization of the Refinancing Agreement (30 June 2018) although it could be extended by the majority of the participants in the refinancing agreement, (ii) material failure by the Company to comply with its obligations under the Lock-up Agreement; (iii) a competent administrative or judicial body issuing an order or resolution that impedes execution of the agreed Refinancing; and (iv) if the Company goes into administration.

In the event that the milestones for the effectiveness of the Refinancing are not met or if for any other reason the Lock-up Agreement is terminated, the Refinancing will not take effect, and the Group would have to settle EUR 956.5 million in December 2018, which would have an impact on the liquidity and continuity of its businesses.

The Directors of the Company consider that none of the termination cases will occur.

The Refinancing agreement would reduce Group exposure to the risks above although the debt level would remain high.

Media Capital Sale Transaction-

The Prisa Board of Directors accepted a binding offer put forward by Altice NV on July 13, 2017 for the sale of Vertix SGPS, S.A. ('Vertix'), belonging to Grupo Media Capital, SGPS, S.A. ('Media Capital'), with the transaction dependent on the relevant authorization from the Portuguese competition authorities.

This agreement meant an accounting loss was registered at the parent company for EUR 89.3 million (a EUR 76.9 million loss in the consolidated financial statements). The final price will depend on the performance of Media Capital's business up to the date the sale is finalized.

Proceeds from Media Capital sale will be used to cancel debt, so in case the sale of Media Capital does not occur in the end, the Group's financial situation will be negatively impacted.

Equity situation of the Group's parent company-

As of December 31, 2017, 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 (including participating loans outstanding at year-end) stood at EUR 46,279 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year.

The Directors of the Company have planned a series of strategic measures and activities that aim to strengthen and optimize the company's financial and shareholder equity structure, including capital increase for an amount of EUR 563.2 million, which was fully subscribed and paid in February 2018. The subscription and registration of this capital increase in February 2018 has reestablished the equity situation of the Parent 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, 2017, advertising revenue represented 29.8% 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 terms of the commercial credit risk, the Group assesses the age of the debt and constantly monitors the management of receivables and processing of arrears.

The Group exhaustively monitors 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 60.3% 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.

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, 2017, the consolidated Group had active tax credits amounting to EUR 332.8 million; of these, EUR 291.6 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 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, 2017, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 110.8 million and goodwill of EUR 167.6 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.

In the 2017 financial year, 55% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 45% 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 press and radio businesses. As of December 31, 2017, advertising revenue represented 29.8% 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.

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 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, such as Real-time bidding, 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.

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 negative 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 Press and Radio businesses, and the Group is fighting for advertising against traditional players and new 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. Moreover, students often head to cheaper content sources, file and document exchanges over different platforms, websites, 'pirate' copies or second-hand material.

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 licences 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. In 2017, 18.9% of the operating income of the Education business (20.1% in December 2016) 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 consumer preferences and expectations.

In order to maintain and boost competitiveness and business, Prisa needs to adapt to technological progress meaning research and development are key elements. 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 centres. 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 sense, the Group has externalized with Indra Sistemas, S.A. ('Indra') its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases, 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 programmes. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

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 this regulation 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 for tax risks.

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 risks, have materialized during the year.

In 2017, in the context of the actions carried out for settling Group's financial obligations, Media Capital Group's investment has been impaired. This impairment resulted of the acceptance of the binding offer made by Altice NV to sell Media Capital Group. This agreement implied a depreciation on this Prisa's investment amounting, EUR 89 million, approximately.

Furthermore, as a result of this loss, as of August 31, 2017, Prisa's net equity amounted less than half of the share capital, so the Company was in a situation of dissolution cause. The capital reduction approved in November 2017 by the Board of Directors reestablished this dissolution cause situation. However, at the end of the year 2017 Prisa net equity is less than two-thirds of the amount of the share capital but stands above half of the share capital, so the company is in a situation of equity imbalance for the purposes of the obligation to reduce the share capital within the period of one year.

E.6 Explain the response and supervision plans for the entity's main risks, including tax risks.

A continuous investment follow-up is made by the Group and impairment tests are prepared at least annually or, as the case may be, whenever there are indications of impairment in such values.

Regarding to the equity situation of the parent company of the Group, during past years the Group has made significant efforts in order to safeguard Prisa's equity, such as capital increases or convertible bond issuances on a debt-to-equity swap. In this respect, as of November 15, 2017 the General Shareholders Meeting approved, subject to certain conditions, a capital increase amounting to EUR 450 million. On January 23, 2018 Prisa's Board of Directors resolved to increase the share capital on 563 million euros. On February, 2018 the capital increase for EUR 563 million has been subscribed entirely, so this capital increase restores equity imbalance that Prisa has as of December, 2017.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms making up the control and risk management systems in connection with the financial reporting process (ICoFR) of your entity.

F.1 Entity control environment

Indicate the following, detailing at least their main features:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICoFR; (ii) its implementation; and (iii) its supervision.

The company's approach regarding the internal control over financial reporting (hereinafter ICFR), which was initially deployed according 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.

The Board of Directors of Prisa , among other functions, as set out in Article 5.2 of Board Regulations, are responsible for the definition of the policy of control and risk management (included those related to the tax regulation) and for the monitoring of internal information and control systems. Also, in accordance with the provisions of the mentioned article of the Board Regulations, the financial information, that Prisa, as listed company, had the obligation to periodically make public, must be approved by the Board of Directors. In this regard, the Board of Directors is assisted, for the development of these functions, by the Audit Committee of Prisa. Among the basic responsibilities of the Audit Committee, as defined in the Board Regulations , are the monitoring of the effectiveness of Group's internal control and risk management systems, and the preparation and presentation of the regulated financial information, in particular the Financial Statements that the Board must provide quarterly and annually to the markets and their supervisory bodies.

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. With particular reference to the process for preparing financial information, which of the following elements are in place:

- **Departments and/or mechanisms responsible for: (i) design and review of the organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring there are adequate procedures for their correct dissemination within the entity.**

The Direction of Talent Management and Organization, under the CEO, 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 coordinates and monitors the internal procedures of the Group companies, and its degree of documentation, updating and communication.

• **Code of conduct: approval body, degree of communication and instruction, principles and values included (indicated whether specific mention is made of the recording of operations and the preparation of financial information), the body responsible for analyzing non-compliance 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 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 must report incidents relating to the Code of Ethics to the Corporate Governance Committee so that the latter can examine 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.

- **Whistle-blowing channel for communicating irregularities of a financial and accounting nature to the Audit Committee, as well as any failures to comply with the code of conduct and irregular activities in the organization, indicating whether it is confidential in 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 regular updating programs for the personnel involved in the preparation and review of financial information, as well as assessment of the ICoFR, dealing at least with accounting standards, audit, 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 2017, training sessions were held about the new accounting standards that enters into force in 2018, as well as about the Criminal Compliance management risk.

F.2 Assessment of financial reporting risks

Inform at least on the following:

F.2.1. What are the main features of the risks identification process? Include risks of error and fraud, indicating:

- **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.

• Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, 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.

• Whether there is a process for identification of scope of consolidation, taking into account among other aspects the possible existence of complex corporate structures, holding companies or special purpose vehicles.

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.

• Whether the process takes into account the impacts of other types of risk (operating, technology, financial, legal, reputational, environmental, etc.) insofar as these 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.

- **Which governing body of the entity 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

Provide information on whether at least the following exist, indicating their main features:

F.3.1. Procedures for reviewing and authorizing financial information and description of the ICoFR, to be published on the stock markets, indicating those responsible, as well as documentation describing flows of activities and controls (including those relating to risk of fraud) of different transaction types that may significantly affect the financial statements, including the procedure for the accounting close and the specific review of judgements, estimates, assessments 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 matrixes by process. In these matrixes 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 processes and 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 control policies and procedures for information systems (inter alia, for secure access, controls over modification and operation, continuity of operations and segregation of duties) that support the relevant processes of the entity in connection to the development and publishing 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 for supervising the management of activities outsourced to third parties, as well as those aspects of assessments, calculations or valuations that are entrusted to independent experts, which may have a material effect on the 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

Provide information on whether at least the following exist, indicating their main features:

F.4.1. A specific function tasked with defining and updating accounting policies (accounting policy area or department) and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organization, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity 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. Mechanisms for gathering and preparing the financial information using standard formats, applied and used by all the units in the entity or the group, which support the main financial statements and disclosures, as well as the information given on the ICoFR.

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 effectiveness

Provide information on at least the following, indicating their main features:

F.5.1. Supervisory activities on the ICoFR carried out by the Audit Committee, as well as whether the entity has an internal audit function that includes among its competencies supporting the committee in the task of supervising the internal control system, including the ICoFR. Furthermore, information must be provided on: the scope of the evaluation of the ICoFR carried out during the year and on the reporting procedure followed by the person in charge of conducting the evaluation; whether the entity has an action plan detailing possible corrective measures; and whether its impact on the financial information has been considered.

As part of the monitoring activities on the internal control system carried out by the Audit Committee, in accordance to current Regulation, the following are included in connection with the preparation and publishing of the financial information:

- i. Monitor the effectiveness of the Company's internal control, and risk management system, included those related to tax regulation, and discuss with the external auditor the significant weaknesses in internal control system identified during the course of the audit.
- ii. Monitor the process of preparation and presentation of the perceptive financial information.
- iii. Inform in advance to the Board of Directors regarding all the subjects defined in the law, the corporate statutes and the Board Regulations, and in particular about:
 - The financial information that the entity must periodically publish
 - The creation or acquisition of shares on special purpose vehicles or companies registered in countries or territories considered as tax haven.
 - Related parties operations.

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

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. Whether any discussion procedure is in place whereby the auditor (in accordance with the provisions of the Technical Auditing Rules), the internal audit function and other experts may notify senior management and the Audit Committee or directors any significant internal control weaknesses identified during the processes of reviewing the financial statements and in any other processes that may have been entrusted to them. Information must also be provided on whether it has an action plan that seeks to correct or mitigate the weaknesses identified.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of 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, a defined action plan or the mitigating controls, 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

Provide information on:

F.7.1. Whether the information on the ICoFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the provided report as an annex. If that is not the case, reasons should be reported.

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 specific report in accordance with ISAE 3000.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS.

Indicate the company's degree of compliance with the recommendations of the Unified Code of Corporate Governance.

If any recommendations are not followed or are only followed in part, a detailed explanation must be provided as to why that is the case so that shareholders, investors and the market in general has sufficient information to be able to assess the conduct of the company. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant

2. When a dominant and a subsidiary company are both listed, they two should provide detailed disclosure on:

a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Does not apply

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Partially compliant

At the Ordinary Shareholders' Meeting held in June 2017, the Chairman of the Board informed of the succession of the Chief Executive Officer, as the main new in matters of corporate governance, 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. The Chairman's speech at the shareholders' meeting is short and cannot deal with these details as it could be tedious.

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Explain:

At the annual general meeting of shareholders held in April 2015 it was resolved to authorize the Board to carry out one or more increases in the share capital by up to a maximum of half the share capital, and issue bonds, including straight bonds or bonds convertible into new shares and/or exchangeable for outstanding shares of the Company and other companies, warrants, commercial paper and preferred securities, including the authority to disapply pre-emption rights. These agreements are in force until April 2020.

As noted in the reports the Board of Directors drew up explaining said proposed resolutions, the funding volume that Prisa needs to carry out investments and/or go through with the current process of restructuring its liabilities requires being able to access as many funding sources as are available in the market, using at all times the ones that are best suited to the Company. Recourse to debt markets is on occasion subject to temporary limitations arising from economic policy measures that at given times may curb or halt growth in monetary and credit variables and from the evolution of financial markets. For this reason, it is also advisable for Prisa to have open, via its Board of Directors, the possibility of carrying out capital increases when market conditions make such operations advisable.

In addition, as allowed under the Corporations Law, the Board was also given powers to exclude the pre-emption right in share issues carried out under the aforesaid authorizations, where the Company's interests so warrant. The Board of Directors believes that this additional possibility, which notably widens the capacity and freedom of action that is afforded by the simple delegation of powers to increase the share capital, is justified by the flexibility and agility commonly needed when acting in today's financial markets to be able to take advantage of moments when market conditions are more favorable. In addition, exclusion of the pre-emption right usually allows a reduction of the costs associated with the operation (including, most especially, the fees charged by the financial institutions that take part in the issue) in comparison with an issue subject to pre-emption rights, and at the same time causes less distortion in the stock's trading during the issue period, which is usually shorter than in an issue with pre-emption rights. Exclusion of those rights may also be necessary when seeking to raise funds in international markets or using bookbuilding techniques.

This was borne out in 2014 when the Company used an authorization approved by the 2013 annual general

meeting to raise funds on very favorable conditions given the state of financial markets at that time and to consequently reduce its debt, improve its financial gearing ratio and better comply with its refinancing plan. It is difficult to ascertain whether that funding could have been obtained if the Company did not have that authorization.

Furthermore, the authorization granted by the 2015 general meeting was also used by the Board of Directors to approve a capital increase in November 2015.

Notwithstanding the foregoing, the exclusion of preferential subscription rights, in whole or in part, is only a faculty that the General Meeting grants the Board and the exercise of which depend on whether the Board of Directors so decides when deemed appropriate in the best interests of the Company, regarding the circumstances existing in each case and in compliance with the legal requirements.

With respect to the second part of this recommendation, the Company has published the reports explaining the exclusion of the pre-emption rights at the time there was called the Ordinary Shareholders Meeting to which the related proposed resolutions were to be submitted. Afterwards, in relation to the capital increases carried out in 2014 and in November 2015, the rest of the reports envisaged in the Corporations Law were made available to the shareholders and communicated at the first General Meeting held after the resolutions on the increases (the April 2015 and April 2016 meetings, respectively).

In any event, the Board of Directors has made prudent use of the aforementioned delegation, acting in the Company's interests at all times and applying significant issue premiums to the quoted price of the shares at the time of their subscription.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committee.

c) Audit committee report on third-party transactions.

d) Report on corporate social responsibility policy.

Compliant

7. The company should broadcast its general meetings live on the corporate website.

Compliant

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.**
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.**
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.**
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.**

Does not apply

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Does not apply

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

Compliant

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable;**
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.**
- c) Favours a diversity of knowledge, experience and gender.**

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.**
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.**

Compliant

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Explain:

During year 2017, the Company has initiated some modifications in relation to corporate governance and reconfiguration of the Board of Directors, which shall allow compliance with this recommendation in 2018.

The number of directors as of December 31, 2017 is 14, of which 6 are independent. Additionally, another director, Mr. Francisco Gil Díaz, has the status of “another external director” as he has been Executive Chairman of Telefónica México until June 2016. Telefónica México is a subsidiary of Telefónica, SA, a significant shareholder of PRISA.

After having resigned 2 independent directors between November 14 and 15, 2017, and as a consequence of the cessation of 5 independent directors at the Extraordinary Shareholders’ Meeting on November 15, 2017, the Board of Directors, five days later, appointed 4 independent directors and to Mr. Gil (“another external director”).

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Compliant

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Does not apply

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter’s number should be reduced accordingly.

Does not apply

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Compliant

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Compliant

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Partially compliant

Directors try to personally attend the meetings and, preferentially, in person. However, if the attendance is impossible, the Director grants a proxy to another director. In this sense, the representations of the directors not always give concrete instructions, so that the representative can vote in accordance with the conclusions drawn from the debate that take place in the Board.

Notwithstanding the foregoing, the Company will bear this recommendation in mind and ensure that henceforth directors who do not attend board meetings will delegate their representation with the appropriate instructions in the appropriate terms.

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Explain:

In 2017 the Company did not have a refresher programme for directors because the Corporate Governance Committee had not foreseen it. However, in the future the Company expects to have one.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Compliant

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Explain:

The Company did not carry out the evaluation of the chief executive in 2017.

34. When a lead independent director has been appointed, the bylaws or board of

directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Partially compliant

The Board of Directors Regulation expressly grant the lead independent director: i) all of the powers envisaged in the Corporations Law and ii) the powers envisaged in this recommendation except for the one to "maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns".

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Compliant

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.**
- b) The performance and membership of its committees.**
- c) The diversity of board membership and competences.**
- d) The performance of the chairman of the board of directors and the company's chief executive.**
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.**

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Partially compliant:

The Board of Directors only carries out the evaluation required under sections a) and b) of this recommendation.

Furthermore, the Company has a Corporate Governance Committee that is the body with powers to prepare a report for the evaluation of the Board and its Committees.

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Partially compliant:

The Secretary of the Board of Directors also acts as secretary to the Delegated Commission.

The composition of the Delegated Commission on December 31, 2017, however, did not resemble that of the Board of Directors in the sense that:

- i. The Delegated Commission was comprised of 2 executive directors, 2 proprietary directors and 2 independent directors.
- ii. The Board of Directors was composed of 3 executive directors, 4 proprietary directors, 6 independent directors and by other external director.

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Compliant

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant

45. Risk control and management policy should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures in place to mitigate the impact of identified risk events should they occur.

d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Compliant

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Compliant

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Does not apply

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Compliant

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.**
- b) Monitor compliance with the remuneration policy set by the company.**
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.**
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.**
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.**

Compliant

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior

officers.

Compliant

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.**
- b) They should be chaired by independent directors.**
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.**
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.**
- e) Meeting proceedings should be minuted and a copy made available to all board members.**

Partially compliant

The rules set out in paragraphs b), d) e) are fully included in the Board of Directors Regulation of the Company.

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organization, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.**
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.**
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.**

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.

f) Monitor and evaluate the company's interaction with its stakeholder groups.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.

d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Compliant

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Compliant

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.**
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.**
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.**

Compliant

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Explain

Currently the variable remuneration's components are not deferred over time and the Nominations and Compensation Committee plans to change this policy.

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Compliant

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Partially compliant

In accordance with the provisions set forth in the Director Remuneration Policy approved at the Extraordinary Shareholders' Meeting held on November 15, 2017, the multi-year variable remuneration of the directors will be paid in shares of the Company. However, currently the Company does not have any long-term incentive program for executive directors.

Notwithstanding the above, the aforementioned Shareholders' Meeting also approved an extraordinary incentive plan for the Executive Chairman Mr Juan Luis Cebrián, linked to the recapitalization and financial stabilization of the Company and which will be settled in shares of the Company.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Compliant

H. OTHER INFORMATION OF INTEREST

1. If there is any material aspect of corporate governance within the company or the group entities that is not covered by the other sections of this report but which needs to be included in order to give a more complete and reasoned picture of the governance structure and practices within the company or its group, provide brief details of it.

2. Any other information, clarification or matter connected with the previous sections of this report may be included under this section to the extent that it is relevant and not a repetition.

Specifically, indicate whether the company is subject to legislation that differs from the Spanish legislation when it comes to corporate governance and, if so, include the information that has to be supplied and that is different from the information required in this report.

3. The company may also indicate whether it has voluntarily adopted other codes of conduct or good practice, be they international, sector-related or of some other kind. If it has, the code in question and the date on which it was adopted should be identified.

- With regard to **Section A.1** of this report it should be underscored that:

i) On January 1, 2017, the share capital of Prisa amounted to EUR 235,007,874 and was represented by 78,335,958 ordinary shares with a nominal value of EUR 3.00 each. During 2017, the following operations have been carried out and have modified the share capital of Prisa:

a) In execution of the resolutions passed at the Extraordinary Shareholders' Meeting held on November 15, 2017, the following share capital reductions have been carried out:

- Share capital reduction in the amount of EUR 154,321,837.26, that is, from EUR 235,007,874 to EUR 80,686,036.74, through the reduction of the par value of each of the 78,335,958 ordinary voting shares comprising Company's share capital, from to EUR 3.00 to EUR 1.03 per share, with the purpose to restore the balance between Company's share capital and equity, which has decreased as a consequence of the accumulation of losses from prior periods.

- Share capital reduction in the amount of EUR 7,050,236.22, that is, from EUR 80,686,036.74 to EUR 73,635,800.52, through the reduction of the par value of each of the 78,335,958 ordinary voting shares comprising Company's share capital in the amount of EUR 0.09, that is, from EUR 1.03 per share to EUR 0.94 per share, with the purpose to increase Company's legal reserves.

b) On November 17, 2017, it is formalized a public deed executing the share capital increase necessary to attend the early conversion of the bonds issued by resolution of the Ordinary General Shareholders' Meeting held on April 1, 2016, requested by all the bondholders, in accordance with the terms and conditions of conversion, and through which the issuance of 10,491,405 new shares of PRISA, as well as the amortization of all the aforementioned bonds, has been carried out as their total conversion has been requested.

As a result, as of December 31, 2017, share capital of Prisa amounts to EUR 83,497,721.22 and is represented by 88,827,363 ordinary shares, all belonging to the same class and series, with a nominal value of EUR 0.94 each, and numbered correlatively from 1 to 88,827,363.

ii) The date of the last change to the Company's capital, namely, 17 November 2017, is the date of execution of the deeds of the previous actions.

- With regard to **Section A.2** of this report it should be underscored that:

i) The significant holdings indicated in section A.2 of this Report are in accordance with the information published on the CNMV's website at 31 December 2017 and, in some cases, the information provided by the Shareholders and the directors to the Company.

However since some shareholders have not updated in the CNMV the number of voting rights that they hold after the grouping and exchange of shares or reverse split carried out in May 2015, the Company has calculated the estimate number of the voting rights that correspond to such shareholders (Nicolas Berggruen, Fundación Bancaria Caixa D'Estalvis I Pensions de Barcelona/ Caixabank, S.A, GHO Networks, S.A. de CV/ Consorcio Transportista Occher, S.A. de C.V.), dividing by 30 the number of old shares they declared to the CNMV (applying an exchange ratio of one one new share for 30 old shares).

ii) The indirect holding declared by Rucandio, S.A. to the CNMV (13,729,811 voting rights) is held through the entities identified in section A.2 (Promotora de Publicaciones, S.L., Timón, S.A., Asgard Inversiones, S.A., Rucandio Inversiones SICAV and Otnas Inversiones, S.L), with a total of 6,872,607 voting rights and, in addition, through 6,857,204 voting rights of the Company bound by the Prisa Shareholders' Agreement signed on April 24, 2014 (in which Rucandio indirectly holds a majority of the voting rights), as described in section A.6 of this Report. The aforesaid 6,857,204 voting rights bound by the Prisa Shareholders' Agreement include 6,140,576 voting rights held by GHO Networks, S.A. de CV/ Consorcio Transportista Occher, S.A. de C.V.

iii) As of December 31, 2017, Grupo Herradura de Occidente, S.A. de CV (Grupo Herradura) appeared on the CNMV's website as declarant and indirect holder of the shares of Consorcio Transportista Occher S.A. de CV (Occher). In August 2016 Grupo Herradura has been split into two separate entities, one of which, GHO Networks, S.A. de CV is now the shareholder of Occher, replacing Grupo Herradura.

Part of the voting rights held by GHO Networks, S.A. de CV/ Occher (184,217,295 old voting rights, equivalent to 6,140,576 voting rights after the reverse split) are linked to Prisa Shareholders Agreement and the rest (156,500 voting rights) are not included in the aforesaid syndicate of shareholders.

iv) Besides the voting rights shown in the table in section A.2, certain companies belonging to the groups whose respective controlling companies are Santander, S.A. and Caixabank, S.A. subscribed, respectively, for 1,001,260 and 1,001,263 shares in the capital increase through conversion of contingent convertible bonds of Prisa issued in 2016, which carry the same number of voting rights as the ordinary shares of the Company (for further details, see note i) b) to section A.1 above).

v) The voting rights held by International Media Group, SARL have been reported to the CNMV by D. 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 Khalid Bin Thani Bin Abdullah Al-Thani.

vi) As reported to the CNMV, the owner of the indirect holding declared by Nicolas Berggruen is the company BH Stores IV, B.V.

BH Stores IV, B.V. is a subsidiary of Berggruen Holdings LTD, a 100% subsidiary of Nicolas Berggruen Charitable Trust. The ultimate beneficiary of the shares of BH Stores IV, B.V. is Nicolas Berggruen Charitable Trust. Mr. Nicolás Berggruen is a member of the Board of Directors of Berggruen Holdings.

vii) Banco Santander, S.A. has reported to the Spanish Securities & Exchange Commission (CNMV) that its indirect holding is exercised through the following companies in the Santander Group: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., and Suleyado 2003, S.L.

viii) The most significant changes in the shareholding structure during the financial year are those reported by the owners of the shares to the CNMV at December 31, 2017.

In February 2017, Abante Asesores notified the CNMV that its holding had passed the threshold of 3% of capital in November 2016.

- With regard to **Section A.3** of this report it should be underscored that:

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 follows the structure reported in the tables of Sections A.2 and A.3 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) The 133 voting rights reported by Mr John Paton, are represented by way of 133 ADR's representing ordinary shares of PRISA.

iii) Given that the indirect holdings reported by directors Mr Juan Luis Cebrián Echarri and 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 7/2015.

- With regard to **Section A.5** of this report, see section D.2 of this report regarding related party transactions.

-With regard to **Section A.6** of this report it should be underscored that:

i) The information regarding shareholders agreements was declared to the CNMV in material disclosures no 155,690 and 155,942, dated December 23 and December 30, 2011, respectively, in material disclosure no 157,599 dated February 7, 2012, in material disclosures no 193,575 dated October 7, 2013, and in material disclosures no 201041, no 204178 and no 211007, dated February 27, April 28, and September 22, 2014.

ii) Agreement of shareholders of (PRISA):

On 24 April 2014 a shareholders agreement was signed by Timón, S.A., Promotora de Publicaciones, S.L., Asgard Inversiones, S.L.U, Otnas Inversiones, S.L. (all direct or indirect subsidiaries of Rucandio, S.A.) and the shareholder CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV together with other shareholders, individuals and legal entities, of PRISA, for the purpose of: i) syndicating the vote of certain shares held by these shareholders and determining certain commitments of permanence as shareholders of the Company and ii) regulating the conduct of syndicated shareholders, so that it is concerted and unified, thus ensuring a common, stable voting policy in the Company

iii) Shareholder Agreement in Promotora de Publicaciones, S.L.:

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.

iv) Shareholder Agreement in Rucandio, S.A.:

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. M^a 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.

v) The concerted actions known to the Company are the shareholders agreements described above.

-With regard to **Section A.9.bis** of this report it should be underscored that floating capital has been estimated following the instructions of CNMV Circular 7/2015, that is, not taking into account the part of the share capital in the hands of significant shareholders (section A.2 of the report), or the voting rights of members of the Board of Directors (section A.3 of the report), or treasury stock (section A.8 of the report), and avoiding overlap between the voting rights of significant shareholders and of directors.

-With regard to Section B.4 of this report it is noted that the percentage of electronic voting in the shareholders 'meeting of June 30, 2017 was 0.003% and of other distance voting was 0.001%. Likewise in the shareholders 'meeting of November 15, 2017 the percentage of electronic voting was 0.003%. These data are not recorded in the table, because the CNMV's templates only allows inserting figures with two decimals.

-With regard to **sections C.1.2. and C.1.3** of this report it should be underscored that:

i) As was announced by the Company on 19 December, at its meeting on that same date the Board of Directors accepted the resignation as director of Mr. Juan Luis Cebrián Echarri from 1 January 2018 and agreed to appoint Mr. Manuel Polanco Moreno, then Vice-Chairman, as Non-executive chairman of the Board of Directors of PRISA with effect from 1 January 2018.

ii) The first appointment of Mr. Juan Luis Cebrián Echarri as Chairman of the Board of Directors was on 20 July 2012 and the first appointment of Mr. Manuel Polanco Moreno as Vice Chairman of the Board was on 20 July 2012. At its meeting on 30 June 2017 the Board of Directors co-opted Mr. Manuel Mirat Santiago onto the Board as a director of the Company and also appointed him Chief Executive Officer with effect from 4 September 2017.

iii) The co-optation onto the Board of Mr. Waaleed Ahmad Ibrahim Alsa'di 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. Similarly, the co-optation onto the Board of Mr. Manuel Mirat Santiago, carried out by the Board of Directors of 30 June 2017, was ratified by the shareholders at the Extraordinary General Meeting held on 15 November 2017.

iv) The director Ms Sonia Dulá was co-opted onto the Board on 20 November 2015 but accepted her position later with effect from the date of her appointment.

v) Mr. Manuel Polanco resigned, with effect from 1 January 2018, from other posts with executive functions that he held in Prisa Group companies. Consequently, 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 has been reclassified as a proprietary director of PRISA with effect from 1 January 2018. Until that date, Mr. Polanco was a proprietary director appointed at the request of Timón, S.A. and also an executive director.

vi) As a result of all the above, as of 1 January 2018 Mr. Manuel Mirat is the Company's only executive director.

-With regard to **Section C.1.10** of this report it should be underscored that:

At 31 December 2017, Mr. Juan Luis Cebrián Echarri and Mr. Manuel Mirat Santiago, as Executive Chairman and Chief Executive Officer of the Company, respectively, had delegated to them all the powers of the Board, except for any that cannot legally be delegated.

However, in accordance with the provisions of the Board of Directors Regulation, the two executives had different functions in order to ensure an adequate balance of power and to lessen any risk of a concentration of powers in a single person. Thus the Chairman was responsible for organizing the Board, reporting to the Board on the fulfilment of the objectives set by it, promoting good governance within the Company, the monitoring and definition of the corporate strategy, the organization and general governance of the Company and the top-level inspection of the Company. For his part, the Chief Executive Officer was the main collaborator of the Executive Chairman and was the person responsible for the ordinary management of the business, tasked with executing the strategy on a day-to-day basis and heading up the Business Units. The Executive Chairman dealt with the Chief Executive Officer and, where he considered it appropriate, with senior management, in order to report on how the business is doing. For his part the Chief Executive Officer presided over a committee made up of the main executives from the Corporate Centre and the Chief Executive Officers of the Business Units, who meet once a fortnight in order to ensure the ordinary and effective management of the Group.

As mentioned, as of 1 January 2018 Mr. Juan Luis Cebrián is no longer executive chairman of the Company, while Mr. Manuel Polanco Moreno is non-executive chairman of the Board of Directors and Mr. Manuel Mirat Santiago is managing director and chief executive officer of the Company, as well as the only director who has powers of the Board of Directors delegated to him.

-With regard to **Section C.1.11** of this report it should be underscored that:

i) With effect from 1 January 2018, Mr. Manuel Polanco resigned from the posts with executive functions that he held in PRISA Group companies.

ii) In accordance with the contract signed between Mr. Juan Luis Cebrián and Diario El País, S.L. in relation to his position as President, the functions entrusted to him are not executive.

iii) Mr Manuel Mirat represents:

- Diario El Pais, S.L.U as Sole Director of: Agrupación de Servicios de Internet y Prensa, S.L.U., Ediciones El Pais, S.L., Pressprint, S.L., Sociedad Unipersonal;

- Prisa Noticias, S.L.U. as Sole Director of: Prisa Eventos, S.L.U., Espacio digital Editorial, S.L., Grupo de Medios Impresos y Digitales, S.L., Sociedad Unipersonal;
- Grupo de Medios Impresos y Digitales, S.L.U. as Sole Director of: Estructura, Grupo de Estudios Económicos, S.A., Promotora General de Revistas, S.A.,
- Diario As, S.L. as Chairman of Diario As Colombia, S.A.S
- Promotora General de Revistas, S.A. as Sole Director of Meristation Magazine, S.L.
- Prisa Audiovisual, S.L.U. as Sole Director of Prisa Producciones de Vídeo, S.L.U.
- Promotora de Informaciones, S.A. as Sole Director of Prisa Tecnología, S.L., Audiovisual Sport, S.L. and as Director of Grupo Santillana Educación Global S.L.;
- Prisa Participadas, S.L.U. as Sole Director of Prisaprint, S.L. Unipersonal;
- Prisaprint, S.L.U. as Sole Director of Bidasoa Press, S.L. Sociedad Unipersonal, Distribuciones Aliadas, S.A., Sociedad Unipersonal, Norprensa, S.A. Sociedad Unipersonal.

- With regard to **section C.12.** of this report it should be underscored that:

i) Company Director Mr Waaleed Ahmad Ibrahim Alsa'di is managing partner of PKF-Qatar

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

- With regard to **section C.1.15** and **C. 1.16.** of this report it should be underscored that:

i) The amounts corresponding to the total remuneration of directors and senior management recorded in sections C.1.15 and C.1.16 are those paid during the year calculated on an accrual basis as stipulated in Spanish Securities & Exchange Commission (CNMV) Circulars 4/2013, 5/2013 and 7/2015, which approve the models for annual reports on directors' remuneration and the annual corporate governance report for listed limited companies, and differ from the total remuneration paid to directors and senior management recorded in the Notes to the Financial Statements and Half-yearly Financial Information for 2017, which reflect accounting provision.

The remuneration paid to directors included in Section C.1.15 of this Report thus coincides with that specified in Section D of the annual report on directors' remuneration, to which we refer for further details.

ii) The overall remuneration of the Board of Directors includes the remuneration to directors who left their post during 2017: Ms Blanca Hernández, Mr. José Luis Sainz Díaz, Mr. Glen Moreno, Mr. Ernesto Zedillo Ponce de León, Mr. Alfonso Ruiz de Assin Chico de Guzman, Mr. Alain Minc, Ms. Elena Pisonero, Mr. José Luis Leal Maldonado and Mr. Gregorio Marañón Bertrán de Lis.

iii) The overall remuneration of the Board of Directors also includes that of the current Chief Executive Officer, Mr. Manuel Mirat Santiago, from the date of his appointment as a director of PRISA on 30 June 2017. Mr. Mirat has been Chief Executive Officer of PRISA since 4 September 2017. Therefore, the following clarifications are given in relation to the remuneration of Mr. Mirat:

- His remuneration from 1 July 2017 to 3 September 2017 is for his role as Chief Executive Officer of Prisa Noticias.
- His remuneration from 4 September 2017 is for his role as Chief Executive Officer of Prisa.
- His remuneration prior to 1 July 2017, which is for his role as Chief Executive Officer of Prisa Noticias, is included in senior management remuneration.

iv) Section A.5 of the report on remuneration (*Explain the principal features of the long-term savings schemes, including retirement and any other survival benefit, financed in whole or in part by the company, whether funded internally or externally, with an estimate of the amount thereof or the equivalent annual cost, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the conditions for vesting of the economic rights in favour of directors and compatibility thereof with any kind of indemnification for early termination of the contractual relationship between the company and the director. Also indicate the contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes*) states as follows:

“The contract signed with the former Chairman, Mr. Juan Luis Cebrián Echarri, which entered into effect on 1 January 2014, provided that for each of the years 2014, 2015, 2016, 2017 and 2018, he was entitled to an annual contribution of 1,200,000 euros, as retirement benefit, for a total amount of 6,000,000 euros, to be delivered to Mr. Cebrián upon conclusion of his contract, which would be deliverable in all cases, even in the event of early termination of the contract. As indicated in previous sections of this report, Mr. Cebrián's contract was terminated effective 1 January 2018 and the Company paid this retirement benefit in full to Mr. Cebrián in January 2018. As provided in Mr. Cebrián's contract with the Company, in the event of early termination of the contract, payment of the retirement benefit would not be compatible with any other type of indemnity.

In the event of breach of the noncompetition clause established in his contract, Mr. Cebrián will be required to repay such amount as he may have received as retirement benefit to the Company.

iv) The table in section C.1.16 includes the members of senior management at 31 December 2017, senior management being understood to be the members of the Business Management Committee that were not executive directors and had an employment relationship with Prisa and other companies in the Group and, furthermore, the internal audit manager of Promotora de Informaciones, S.A. In January 2018, the Board of Directors changed the composition of the Group's Management Committee and so the members of senior management also changed.

The remuneration of Mr. Juanes and Mr. Pujol included here is the remuneration they received from the time of their appointment as, respectively, Chief Financial Officer and General Secretary of Prisa in July 2017.

The total senior management remuneration also includes the following:

- The remuneration of Mr. Fernando Martínez Albacete, Mr. Antonio García-Mon and Ms Noelia Fernández Arroyo, who left their respective positions as Chief Financial Officer, General Secretary and General Manager for Business Development and Digital Transformation in 2017.
- The remuneration of Mr. Manuel Mirat Santiago for his role as Chief Executive Officer of Prisa Noticias for the period from 1 January to 30 June 2017, when he was appointed executive director of PRISA. The remuneration of Mr. Mirat after that date is included in the remuneration of the members of Prisa's Board of Directors.

- For the purposes of section **C.1.17** of this Report, it is noted that Mr Francisco Javier Monzón de Cáceres is independent Director of Santander España, which is not properly a legal entity. Mr. Monzón's post as director of Santander España is as a member of an Advisory Board, providing advisory services on matters relating to technology and innovation.

-With regard to **Section C.1.45** of this report it should be underscored that:

i) The body that has authorized ironclad or golden handshake clauses was the Corporate Governance, Nomination and Compensation Committee or the Nomination and Compensation Committee, depending on the date.

ii) Only the ironclad or golden handshake clauses of the executive directors are reported to the shareholders meeting.

- With regard to **Section C.2.1** of this report it should be underscored that:

i) The three members of the Audit Committee, Mr Dominique D'Hinnin, Mr Waaleed Ahmad Ibrahim Alsa`Di and Ms Sonia Dulá, have been appointed taking account of their knowledge and experience of accounting and audit work, but the IT platform only allows one director to be selected.

ii) The Chairman of the Audit Committee, Mr Dominique D'Hinnin, has held office since November 2017.

- With regard to **Section D.2** of this report it should be underscored that:

- 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. Transactions with Grupo Media Capital include those with Grupo Media Capital, SGPS, S.A. and companies in its group.
- iv. The operations shown in the table reflect the accounting information contained in the consolidated income statement for Grupo PRISA.
- v. The “contributions of capital in cash or in kind” of Santander, HSBC and Caixa, correspond to the early conversion of the bonds necessarily convertible into Prisa shares that were issued in 2016. The holders of such bonds, among which were HSBC, Caixabank and several companies of Grupo Santander, significant shareholders of the Company, exercised the option of early conversion to which they were entitled in accordance with the bases and conditions of conversion. This conversion resulted in the execution, on November 17, 2017, of a capital increase for an effective amount of 9,861,920.70 euros, through the issuance of 10,491,405 new ordinary shares of the Company, and the consequent early amortization of all the bonds.

- With regard to **Section D.3** of this report it should be underscored the following:

i) Compensation to Prisa directors and senior management is detailed in Sections C.1.15 and C.1.16 of this report.

The director Mr. Dominique D'Hinnin provided advisory services to the Chairman and the CEO, in relation to the Company's Refinancing Plan, for €50,000 per half-year (a total of €100,000 in 2017).

iii) The director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Vice-Chairman of the Dar Al-Sharq media group, which in 2017 entered into a strategic alliance with Diario As (a PRISA group company), for the launch of *AS Arabia*.

iv) In 2017, €90,000 was paid to Mr. Gregorio Marañón y Bertrán de Lis, who was a director of Prisa until 15 November 2017, for legal advisory services.

- With regard to **Section D.5** of this report it should be underscored that, 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 1,306 thousand euros, ii) services provided by Grupo Prisa companies to other investee companies, for an aggregate amount of 637 thousand euros, iii) loans granted by companies of Grupo Prisa to other associated companies, for an amount of 1,279 thousand euros, iv) financial income recorded by companies of Grupo Prisa, linked to the loans granted to the investees, for an aggregate amount of 646 thousand euros. euros, v) dividends received by companies of Grupo Prisa from investee companies, for an aggregate amount of 25 thousand euros and vi) exchange differences associated with loans granted to associated companies denominated in foreign currency.

- With regard to **Sections D.7 and G.2** 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.

- 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.

- As PRISA's ADS are not listed on the NYSE (see Section A.12 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.

This Annual Report on Corporate Governance was approved by the Board of Directors of the Company at its meeting on 22 March 2018.

Indicate whether any directors voted against or abstained in the vote taken to approve 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 2017.

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 2017, 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

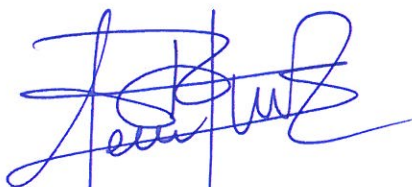
Our work was performed in accordance with the independence standards required by the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional 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 2017, 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 2017 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 7/2015, of 22 December, as amended by the Spanish Securities Market Commission Circular 5/2013, of 12 June.

DELOITTE, S.L.



Jesús Mota Robledo
22 March 2018

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 risks, have materialized during the year.

In 2017, in the context of the actions carried out for settling Group's financial obligations, Media Capital Group's investment has been impaired. This impairment resulted of the acceptance of the binding offer made by Altice NV to sell Media Capital Group. This agreement implied a depreciation on this Prisa's investment amounting, EUR 89 million, approximately.

Furthermore, as a result of this loss, as of August 31, 2017, Prisa's net equity amounted less than half of the share capital, so the Company was in a situation of dissolution cause. The capital reduction approved in November 2017 by the Board of Directors reestablished this dissolution cause situation. However, at the end of the year 2017 Prisa net equity is less than two-thirds of the amount of the share capital but stands above half of the share capital, so the company is in a situation of equity imbalance for the purposes of the obligation to reduce the share capital within the period of one year.

E.6 Explain the response and supervision plans for the entity's main risks, including tax risks.

A continuous investment follow-up is made by the Group and impairment tests are prepared at least annually or, as the case may be, whenever there are indications of impairment in such values.

Regarding to the equity situation of the parent company of the Group, during past years the Group has made significant efforts in order to safeguard Prisa's equity, such as capital increases or convertible bond issuances on a debt-to-equity swap. In this respect, as of November 15, 2017 the General Shareholders Meeting approved, subject to certain conditions, a capital increase amounting to EUR 450 million. On January 23, 2018 Prisa's Board of Directors resolved to increase the share capital on 563 million euros. On February, 2018 the capital increase for EUR 563 million has been subscribed entirely, so this capital increase restores equity imbalance that Prisa has as of December, 2017.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms making up the control and risk management systems in connection with the financial reporting process (ICoFR) of your entity.

F.1 Entity control environment

Indicate the following, detailing at least their main features:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICoFR; (ii) its implementation; and (iii) its supervision.

The company's approach regarding the internal control over financial reporting (hereinafter ICFR), which was initially deployed according 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.

The Board of Directors of Prisa , among other functions, as set out in Article 5.2 of Board Regulations, are responsible for the definition of the policy of control and risk management (included those related to the tax regulation) and for the monitoring of internal information and control systems. Also, in accordance with the provisions of the mentioned article of the Board Regulations, the financial information, that Prisa, as listed company, had the obligation to periodically make public, must be approved by the Board of Directors. In this regard, the Board of Directors is assisted, for the development of these functions, by the Audit Committee of Prisa. Among the basic responsibilities of the Audit Committee, as defined in the Board Regulations , are the monitoring of the effectiveness of Group's internal control and risk management systems, and the preparation and presentation of the regulated financial information, in particular the Financial Statements that the Board must provide quarterly and annually to the markets and their supervisory bodies.

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. With particular reference to the process for preparing financial information, which of the following elements are in place:

- **Departments and/or mechanisms responsible for: (i) design and review of the organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring there are adequate procedures for their correct dissemination within the entity.**

The Direction of Talent Management and Organization, under the CEO, 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 coordinates and monitors the internal procedures of the Group companies, and its degree of documentation, updating and communication.

• **Code of conduct: approval body, degree of communication and instruction, principles and values included (indicated whether specific mention is made of the recording of operations and the preparation of financial information), the body responsible for analyzing non-compliance 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 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 must report incidents relating to the Code of Ethics to the Corporate Governance Committee so that the latter can examine 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.

- **Whistle-blowing channel for communicating irregularities of a financial and accounting nature to the Audit Committee, as well as any failures to comply with the code of conduct and irregular activities in the organization, indicating whether it is confidential in 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 regular updating programs for the personnel involved in the preparation and review of financial information, as well as assessment of the ICoFR, dealing at least with accounting standards, audit, 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 2017, training sessions were held about the new accounting standards that enters into force in 2018, as well as about the Criminal Compliance management risk.

F.2 Assessment of financial reporting risks

Inform at least on the following:

F.2.1. What are the main features of the risks identification process? Include risks of error and fraud, indicating:

- **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.

• Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, 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.

• Whether there is a process for identification of scope of consolidation, taking into account among other aspects the possible existence of complex corporate structures, holding companies or special purpose vehicles.

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.

• Whether the process takes into account the impacts of other types of risk (operating, technology, financial, legal, reputational, environmental, etc.) insofar as these 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.

- **Which governing body of the entity 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

Provide information on whether at least the following exist, indicating their main features:

F.3.1. Procedures for reviewing and authorizing financial information and description of the ICoFR, to be published on the stock markets, indicating those responsible, as well as documentation describing flows of activities and controls (including those relating to risk of fraud) of different transaction types that may significantly affect the financial statements, including the procedure for the accounting close and the specific review of judgements, estimates, assessments 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 matrixes by process. In these matrixes 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 processes and 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 control policies and procedures for information systems (inter alia, for secure access, controls over modification and operation, continuity of operations and segregation of duties) that support the relevant processes of the entity in connection to the development and publishing 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 for supervising the management of activities outsourced to third parties, as well as those aspects of assessments, calculations or valuations that are entrusted to independent experts, which may have a material effect on the 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

Provide information on whether at least the following exist, indicating their main features:

F.4.1. A specific function tasked with defining and updating accounting policies (accounting policy area or department) and resolving any queries or disputes arising as a result of their interpretation, maintaining a fluent dialog with the people responsible for operations in the organization, as well as an up-to-date accounting policies manual that is communicated to the units through which the entity 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. Mechanisms for gathering and preparing the financial information using standard formats, applied and used by all the units in the entity or the group, which support the main financial statements and disclosures, as well as the information given on the ICoFR.

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 effectiveness

Provide information on at least the following, indicating their main features:

F.5.1. Supervisory activities on the ICoFR carried out by the Audit Committee, as well as whether the entity has an internal audit function that includes among its competencies supporting the committee in the task of supervising the internal control system, including the ICoFR. Furthermore, information must be provided on: the scope of the evaluation of the ICoFR carried out during the year and on the reporting procedure followed by the person in charge of conducting the evaluation; whether the entity has an action plan detailing possible corrective measures; and whether its impact on the financial information has been considered.

As part of the monitoring activities on the internal control system carried out by the Audit Committee, in accordance to current Regulation, the following are included in connection with the preparation and publishing of the financial information:

- i. Monitor the effectiveness of the Company's internal control, and risk management system, included those related to tax regulation, and discuss with the external auditor the significant weaknesses in internal control system identified during the course of the audit.
- ii. Monitor the process of preparation and presentation of the perceptive financial information.
- iii. Inform in advance to the Board of Directors regarding all the subjects defined in the law, the corporate statutes and the Board Regulations, and in particular about:
 - o The financial information that the entity must periodically publish
 - o The creation or acquisition of shares on special purpose vehicles or companies registered in countries or territories considered as tax haven.
 - o Related parties operations.

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

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. Whether any discussion procedure is in place whereby the auditor (in accordance with the provisions of the Technical Auditing Rules), the internal audit function and other experts may notify senior management and the Audit Committee or directors any significant internal control weaknesses identified during the processes of reviewing the financial statements and in any other processes that may have been entrusted to them. Information must also be provided on whether it has an action plan that seeks to correct or mitigate the weaknesses identified.

The significant deficiencies and material weaknesses that would have been revealed as a result of the internal audit's assessment of the of 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, a defined action plan or the mitigating controls, 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

Provide information on:

F.7.1. Whether the information on the ICoFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the provided report as an annex. If that is not the case, reasons should be reported.

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 specific report in accordance with ISAE 3000.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS.

Indicate the company's degree of compliance with the recommendations of the Unified Code of Corporate Governance.

If any recommendations are not followed or are only followed in part, a detailed explanation must be provided as to why that is the case so that shareholders, investors and the market in general has sufficient information to be able to assess the conduct of the company. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant

2. When a dominant and a subsidiary company are both listed, they two should provide detailed disclosure on:

a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Does not apply

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Partially compliant

At the Ordinary Shareholders' Meeting held in June 2017, the Chairman of the Board informed of the succession of the Chief Executive Officer, as the main new in matters of corporate governance, 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