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

APPENDIX I

Model and statistics of the Annual Report on Compensation of Directors of Circular 4/2013, of the Spanish National Securities Market Commission

MODEL ANNEX I ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED CORPORATIONS.

THE ISSUER'S IDENTIFYING DATA

END DATE OF FISCAL YEAR OF REFERENCE 12/31/2020

TAX IDENTIFICATION NO. A28297059

Corporate Name PROMOTORA DE INFORMACIONES, S.A.

Registered Office: GRAN VÍA 32 - 28013 Madrid

ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED CORPORATIONS.

A. THE COMPANY'S COMPENSATION POLICY FOR THE CURRENT YEAR (2021)

A.1 Explain the directors' compensation policy in force in the current fiscal year. To the extent that it is relevant, certain information may be included by reference to the compensation policy approved by the General Shareholders' Meeting, provided the inclusion thereof is clear, specific and exact.

A description should be given of the specific determinations, for the current fiscal year, of the compensation of the directors in their capacity as such for the performance of executive functions, made by the Board of Directors both in accordance with the provisions of the contracts signed with the executive directors and with the compensation policy approved by the General Shareholders' Meeting.

In any case, at least the following aspects shall be reported:

- *Description of the company's procedures and bodies involved in the determination and approval of the remuneration policy and its terms and conditions.*
- *Indicate and, as appropriate, explain whether comparable companies have been taken into account to establish the company's remuneration policy.*
- *Information on whether any external advisor has participated and, if so, the identity thereof.*

A.1.1. Directors' compensation policy in force in the current fiscal year

A.1.1.1. Modification of the Compensation Policy in 2020 and Compensation Policy currently in effect:

The PRISA directors compensation policy for 2018, 2019 and 2020 was approved by the General Shareholders' Meeting of 25 April 2018 and later modified by the resolution approved by the shareholders in the General Meeting of 3 June 2019.

The Extraordinary Shareholders' Meeting held on 18 December 2020 approved, at the proposal of the Board of Directors and upon prior report from the Appointments, Compensation and Corporate Governance Committee ("ACCGC"), with a 95.47% vote in favour, a revised text of the directors compensation policy for 2020 (complementing and updating what had already been approved for said year in April 2018 and June 2019) and 2021 ("Compensation Policy" or the "Policy").

In accordance with the provisions of article 529 novodecies of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July 2 (Real Decreto Legislativo

1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital) (the “Spanish Companies Act”), a reasoned proposal from the Board and the ACCGC report on the modification of the Compensation Policy were made available to the shareholders. The documents are available on the corporate website www.prisa.com.

Approval of the updated text of the Remuneration Policy was part of the continuous updating and review process of the Company’s corporate governance system, to align it with the best corporate governance practices. The new text seeks to continue the Company’s remuneration policy in force in the previous years and, therefore, it maintains to a large extent the previous wording. Particularly, the proposed updates to the text of the remunerations policy are mainly aimed to:

i. delete from the text of the policy certain compensation items that have already been credited in previous years and, therefore, are no longer applicable;

ii. adjust the text of the policy to certain amendments of the CEO’s services agreement which has been carried out during 2020;

iii. provide certainty to the market regarding the compensation policy that the Company will apply during fiscal year 2021 prior to the commencement of such fiscal year;

iv. envisage a new extraordinary incentive related with key strategic transactions that PRISA was carrying out, and

v. adapt its content to the new recommendations set forth in the Spanish Corporate Governance Code for Listed Companies approved by the CNMV in June 2020.

A.1.1.2. General principles of the Compensation Policy:

The general principle of the PRISA Compensation Policy is for the compensation to be what is needed to attract, retain and motivate distinguished directors with appropriate professional profiles who contribute to reaching the strategic objectives of the group headed by PRISA (the “Group” or “PRISA Group”). Specifically, PRISA Compensation Policy is based on the following principles:

a) Moderation and adaptation to the best market practices: The aim is for the compensation of directors to be moderate and consistent with market trends and references in relation to compensation in the Company’s sector of business or at companies that are comparable in terms of size, activity or their structure, so that they are in-keeping with the best market practices.

b) Proportionality: The compensation of non-executive directors must reflect the effective dedication, qualification and responsibility required by the post, but must not be so high as to compromise the director's independence of mind.

c) In addition, the compensation of the directors who perform executive functions is based on the following principles:

- To motivate their permanence and guide their management with exigency and special focus on the long term, and is reasonably linked to the performance of the stock market price in that time period.

- To reflect the Company's current situation, perspectives and aims of sustainable growth. The compensation system established is aimed at promoting profitability and sustainability at the Company on the long term.

- To include fixed and variable components, with an annual or multi-year scope, as appropriate, in cash and in kind, and in elements indexed to share value, determined according to the following criteria, in order for the weighting of the different compensation components to be in line with market practices:

    i) The fixed compensation must be kept at moderate levels and is not modified during the term of the Policy, unless specific circumstances arise which making revising the Policy advisable.

    ii) Variable compensation must represent an important part of total compensation.

    iii) Medium-term compensation must have a significant weight.

    iv) The share-based compensation must also be significant, but without being the only criterion to define the variable compensation.

    v) The total variable compensation must be partially deferred over time.

- To include in their contracts a clause that enables the Company to claim back any variable compensation paid, in the event it is subsequently verified, on an objective basis, that said compensation was determined based on incorrect or inaccurate data.

d) Restrictions on the transfer of the shares that the directors may receive as part of their compensation package: The Policy establishes that non-executive directors may receive shares in payment for their fixed compensation and, in that case, they have the obligation to maintain the ownership of those shares until their relationship as director is terminated. Moreover, the executive directors who receive Company shares in payment for their compensation shall have the obligation to maintain the ownership of those shares for at least three years since the allocation of those shares. These restrictions will not apply to any shares that the director must dispose of to defray the costs and taxes related to their acquisition or, with prior clearance from the ACCGC, to address any supervening extraordinary situations that so require. An exception to the above is made for situations where, at the time of transfer or exercise, the director has a net economic exposure to share price fluctuations for a market value equivalent to two times or more the director's annual fixed compensation through ownership of shares, options or other financial instruments.

Specifically, compensation for board members established in the Compensation Policy will remain reasonably proportionate to the relevance of the Company, its current economic and financial situation and to the market standards of comparable businesses. Additionally, the compensation system will be oriented to promote long-term profitability and sustainability of the Company, including the necessary precautions to avoid assuming excessive risks and to prevent compensating unfavourable result.

The Compensation Policy to be applied in fiscal year 2021 will therefore be that approved by the Extraordinary Shareholders' Meeting held on December 18, 2020, which includes the principles and bases of prudence, moderation and transparency described before.

Notwithstanding the above, it bears noting that in fiscal 2020 PRISA culminated three key deals in its strategic roadmap (refinancing its financial debt, sale of Santillana Spain and sale of its holding in Media Capital), which will allow PRISA to give top priority to concentrating on managing and creating value, with stronger and sustainable underpinnings, on its two core businesses: Education and Media. Thus, after those advances in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management's incentives policy and aligning it with the Group strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting the value in the Education business (Santillana). This will entail the modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the approval of the Company's shareholders in General Meeting.

A.1.1.3. <u>Chairmanship and composition of the Board of Directors</u>:

<u>Succession in the chairmanship of the Board of Directors</u>:

Mr. Javier Monzón de Cáceres, who was the non-executive chairman of the Board of Directors, was removed as director during the extraordinary shareholders meeting held on December 18, 2020, as the result of the approval of an off-agenda resolution presented by shareholder Amber Capital. Mr. Monzón was receiving annual fixed compensation as non-executive chairman of €400,000.

On February 23, 2021, Mr Joseph Oughourlian, proprietary director and former Vice Chairman, has been appointed as Non-Executive Chairman of the Board of Directors.

Considering the current circumstances of the Company, and that its businesses and revenue have been hit hard by the COVID-19 pandemic crisis, and in line with other contingency measures taken internally by the Company, at the request of Mr. Oughourlian and per the ACCGC's proposal, the Board of Directors has decided that the non-executive chairman's annual compensation be reduced from €400,000 to €200,000, effective 22 December 2020.

Although the current Compensation Policy stipulates a range of between 300,000 and 500,000 euros per year for the Chairman's annual fixed compensation, it has been deemed reasonable that said remuneration be set below that range, in view of the current circumstances and considering that the request came from the Chairman himself.

Composition of the Board of Directors:

At the date of approval of this annual report on compensation of directors for 2020 (the "Report" or "Annual Report on Compensation") PRISA´S Board of Directors has 12 members: 1 Executive Director, Mr Manuel Mirat Santiago ("CEO"), 5 proprietary directors and 6 independent directors.

A.1.1.4. Crisis caused by the Covid-19 pandemic:

As was already disclosed in the inside information communication that PRISA sent to the CNMV in 2020 and in the Report on Compensation of Directors sent to the CNMV on 4 May 2020 (register num. 1941), in the context of the COVID-19 crisis and in order to mitigate the negative impact of the current situation which has an special effect on the main sources of income generation of all kind of media, the Board of resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, which included a reduction from April to December 2020, both inclusive, of 20% in the directors remuneration and around 35% in the annual remuneration of the Chief Executive Officer and the Senior Management.

Also, the Chief Executive Officer and senior managers of PRISA voluntarily decided to waive the part of their annual variable compensation pegged to quantitative objectives for 2020.

Notwithstanding the above, with the pandemic still rampant and no return yet foreseen to sufficient revenue levels, new temporary interim measures need to be taken to contribute to dealing with this complicated scenario. Consequently, toward that end, the Board of Directors, at the proposal of the ACCGC, has resolved: i) to propose, to all employees with annual gross compensation of €85,000 or higher, a temporary salary reduction (of 10% of the fixed compensation) during 2021, including the Chief Executive Officer; ii) to apply a 20% reduction in the compensation of Board members during the same time period (although this would not affect of the remuneration of the non-executive Chairman, whose compensation has already been cut by 50%, from €400,000 to €200,000).

Such actions are aligned with the principles set forth in the Company's Remuneration Policy, by virtue of which the remuneration of the directors must be consistent with the best market practices and reflect the current situation, prospects and aims of sustainable growth of the Company, keeping a reasonable proportion with its economic and financial situation. Likewise, the Remuneration Policy provides that the fixed compensation of the directors must be kept at moderate levels and not being modified during the term of the Policy, unless specific circumstances arise.

Consequently, the specific reductions that have been practiced in the compensation of the non-executive directors of PRISA, the non-Executive Chairman and the Chief Executive Officer, for the financial years 2020 and 2021, as a consequence of this extraordinary situation, will be explained throughout this Report.

A.1.2. Specific determinations of the compensation of the directors both in their capacity as such and for the performance of executive functions

A.1.2.1. Setting the specific compensation of the directors:

In relation to the specific determinations for the fiscal year in course, the compensation of the directors both in their capacity as such and for the performance of executive functions, the ACCGC and the Board of Directors are going to apply in 2021 the Compensation Policy strictly on strictly on its terms which means that:

a) The non-executive directors will be paid a fixed annual allowance in cash for belonging to the Board of Directors and, as appropriate, an additional fixed amount of compensation for belonging to or presiding over the committees of the Board of Directors (the "Committees").

b) The compensation of the directors in their capacity as such (not as executives) will be compatible with any which they may receive for participating on the Boards of Directors of other Group companies, pursuant to their respective bylaws.

c) The directors of PRISA will not receive per diems for participating on the Boards of Directors and Committees or other fixed compensation as directors.

d) The expenses associated to travel, meals and accommodation to attend the meetings of the Board of Directors and Committees will be reimbursed by the Company, where they have been previously notified to the Company and accepted by it, and where they are duly justified.

e) In accordance with the Remuneration Policy, the compensation of non-executive Chairman of the Board, will consist of a specific fixed compensation for all concepts ranging between 300,000 and 500,000 euros per year and the specific fixed amount that at all times corresponds to the non-Executive Chairman of the Company is established by the Board of Directors, as proposed by the ACCGC, within this range, taking into consideration the levels of responsibility and dedication required to be Chairman of the Board of Directors and of the Delegated Committee, as well as the specific circumstances in the functions performed by the non-executive Chairman, taking into account the specific characteristics of the individual, his or her expertise, career and experience, as well as, in general, the professional suitability for the position. Nevertheless, as already noted in section A.1.1.3 above, taking into account the Company's current circumstances, and harm caused to its businesses and revenues by the COVID-19 pandemic crisis, and in line with other contingency measures taken internally by the Company, at the request of the current Chairman of the Board of Directors, Mr. Oughourlian, and the proposal of the ACCGC, the Board of Directors has decided that the non-executive Chairman's annual compensation be reduced from €400,000 to €200,000, effective as from 22 December 2020. It has therefore been deemed reasonable that said remuneration be set below the range of between 300,000 and 500,000 euros per year set out in the Compensation Policy, in view of the current circumstances and considering that the request came from the Chairman himself.

   The compensation will be paid in cash and will be prorated monthly. It will be incompatible with receiving the compensation established in points a) and b) above.

f) According to the Policy and the detail of his contract, the compensation of the sole executive director of the Company (Mr. Manuel Mirat Santiago) includes the following compensation components: (i) fixed compensation, (ii) short-term variable compensation, (iii) medium- or long-term variable compensation, (iv) Extraordinary incentives tied to the success of the key strategic transactions; (v) compensation in kind (insurances), and (vi) payments for severance, exclusivity, post-contractual non-competition undertakings or permanence agreements. The CEO will not receive the compensation established for the non- executive directors indicated in the previous letters of this heading.

A.1.2.2. <u>Maximum compensation of the directors</u>:

The Compensation Policy established that the maximum amount of compensation that the Company may pay yearly to the directors is that resulting from totalling:

a) The maximum annual amount of 2,000,000 euros, on top of which amounts to be paid to the directors for the functions detailed in sections a), and e) of section A.1.2.1 may be added (i.e., the fixed compensation for participating on the Board of Directors and the committees of the Board of the non-executive directors as well as the annual fixed compensation of the non-executive Chairman).

   The aforementioned amount has, in any case, the nature of maximum, and it falls to the Board of Directors to propose how that amount will be distributed amongst the different compensation components and amongst the directors, in the form, date and proportion freely determined by the Board in light of the functions and responsibilities attributed to each one, their membership and duties on the Board Committees and other objective circumstances as may be deemed relevant.

b) The amounts for the following concepts corresponding to the CEO for his execution functions: fixed compensation, variable compensations and compensation in kind.

c) In the event of termination of the CEO, the amount to which he is entitled, according to the conditions of his contract, under the terms of sections A.1.14 and A.1.15 ahead.

A.1.3. Description of the procedures and bodies at the Company involved in the determination and approval of the compensation policy and its terms and conditions

The bodies in charge of designing the Compensation Policy are the Board of Directors and the ACCGC, while the General Shareholders' Meeting is the one that has the authority, according to article 9 of PRISA's bylaws ("Bylaws"), to approve the Directors' Compensation Policy, pursuant to applicable legislation.

As established in the Corporate Bylaws and in the PRISA Board of Directors Regulations ("Board Regulations"), according to articles 249, 249 bis and 529 of consolidated LSC, the Board of Directors shall be in charge of:

a) Decisions regarding directors' compensation, within the framework of the Bylaws and, where appropriate, the compensation policy approved at the General Shareholders' Meeting.

b) Approving the terms and conditions of the contracts of the directors that have been attributed executive functions.

c) Setting the compensation of the directors for performing executive functions.

The Board Regulations attribute to the ACCGC not only the functions determined by the LSC but also the following powers in relation to the compensation of the directors:

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

b) Ensure that the policy is observed and that the compensation policy for directors and senior managers, including share-based compensation systems and their application, are periodically reviewed, and ensure that their individual compensation is proportionate to their responsibility and dedication and to that of the other directors and senior managers at the Company.

c) Inform the Board of Directors of proposals relating to the terms of the variable compensation of the executive directors and senior managers at the Company, and of the other incentive plans addressed to them and, as the case may be, verify the degree of achievement of the objectives established for them.

d) Verify the information on the compensation of directors and senior managers set out in the different corporate documents and, in particular, prepare the annual report on directors' compensation for approval by the Board of Directors.

The ACCGC shall be formed by a minimum of three and a maximum of five non-executive directors, the majority of whom shall be independent directors. The designation of the Committee members shall seek to ensure that they have the appropriate knowledge, skills and experience for the functions which they will perform and, particularly, in corporate governance issues, strategic analysis and evaluation of human resource, recruitment of directors and managers, performance of senior management functions and design of remuneration policies and plans for directors and senior managers. The appointment and removal of Committee members shall be done by the Board of Directors at the proposal of the ACCGC itself.

At the date of preparation of this Report, the composition of the ACCGC is as follows:

a) Ms. Beatrice de Clermont-Tonerre, independent external director, as Chairman.

b) Mr Dominique D´Hinnin, independent non-executive director, as a member.

c) Mr Javier Santiso Guimaras, independent non-executive director, as a member.

d) Mr Rosauro Varo Rodriguez, independent non-executive director, as a member.

In 2020, the ACCGC met 12 times.

In 2021, the ACCGC and the Board of Directors took the corresponding decisions relating to the settlement of the variable compensation and of the extraordinary incentives of the CEO and the Senior Management for 2020 (see section B.7 of this Report).

A.1.4. Comparable companies used to establish the company's compensation policy

The aim of the PRISA Compensation Policy is for directors' compensation to be reduced and to comply with market trends and references in relation to compensation in the Company's sector of business or at companies that are comparable in size, activity or structure, so that they are in-keeping with the best market practices. At the same time, the Company's compensation systems have to be capable of attracting, retaining and motivating talent.

As indicated in last years' Compensation Reports, PRISA participated in a compensation study prepared by the firm Korn Ferry, which analyzed the amounts and trends in compensation paid to directors and members of senior management at a set of companies that are comparable to PRISA in terms of stock market capitalization and annual income (the "Study"). Specifically, in that Study, the Company was included in a comparison group along with thirteen other companies, based on the following segmentation criterion: companies with an annual volume of revenues and/or stock market capitalization in excess of 1.3 billion euros, whether or not their business activities and transactions have international exposure.

According to the Study, the CEO's fixed compensation and short-term annual variable compensation target was below the median of the comparison group. Moreover, the items making up the CEO's compensation package were in line with those of the peer group.

The Study indicated that the fixed compensation received by PRISA's directors in respect of their positions as Board members (non-executive) was below the median for directors on the boards of the IBEX 35 companies.

A.1.5. Information on whether any external advisor has participated and, if so, identity thereof

Whenever the ACCGC understands it appropriate, it receives the external advice necessary to carry out its analysis and preparatory work.

In the revision of the text of the Compensation Policy that was approved by the Extraordinary Shareholders' Meeting held on 18 December 2020, the Company obtained external advice from the firm of Uría&Menéndez.

The ACCGC received advice from Spencer Stuart, Korn Ferry and Russell Reynolds in designing the remuneration system for the non-executive Chairman in 2019.

KMPG has advised the Company on the review and update of the targets established in the medium-term deferred compensation plan, which is referenced in sections A.1.6, A.1.7. and A.1.11 in this Report.

The Company was also advised by Willis Tower Watson for designing the extraordinary incentives tied to strategically important corporate transactions, as discussed in sections A.1.6, A.1.7. and A.1.11 in this Report.

In addition, Willis Tower Watson and Uría&Menéndez have advised in the revision of the contract terms and conditions of the Chief Executive Officer and of a group of executives.

Lastly, Gómez Acebo & Pombo has provided external advisory services to the Company in relation to the preparation of this Annual Report on Directors' Compensation that was approved in 2020.

- *Relative importance of variable vs. fixed remuneration items (compensation mix) and what criteria and objectives have been taken into account in their determination and to ensure an appropriate balance between fixed and variable components of compensation. In particular, specify the actions taken by the company in relation to the compensation system to reduce exposure to excessive risks and adapt it to the company's long-term objectives, values and interests, which should include a reference to any measures established to ensure that the compensation policy is based on the company's long-term results, the measures adopted in relation to the categories of personnel whose professional activities have a material impact on the entity's risk profile and measures established to prevent conflicts of interest.*

  Additionally, specify whether the Company has established any accrual or vesting period for certain variable compensation items in cash, shares or other financial instruments; a deferral period for the payment of amounts or the delivery of financial instruments already accrued and vested; or whether any clause has been agreed for the reduction of the deferred not consolidated compensation or which requires the director to reimburse the compensation received, if that compensation has been based on data which has subsequently been shown to be clearly inaccurate.

A.1.6. Relative importance of variable vs. fixed compensation items (compensation mix)

As established in the Compensation Policy, only the executive directors will participate in the variable compensation system. Thus, the Policy complies with Recommendation 57 of the CNMV, according to which variable compensation should be confined to executive directors.

The variable remuneration system for the Chief Executive Officer described below is as provided in the Remuneration Policy and in his contract with the Company.

The aim of the theoretical variable compensation received by the CEO is to foment his commitment to the Company and incentivize the best performance of his functions, and it represents an important portion of his total compensation, being linked to the achievement of objectives established by the Board of Directors in advance, which are mostly specific and quantifiable, so that it does not derive simply from general performance of the market, the Company's business sector or other similar circumstances. The criteria to award the variable compensation are both financial and non-financial as recommended by international good governance practices in relation to the compensation of the Directors.

The aim of the Company, in relation to the Group's executives, is to design competitive compensation packages that permit attracting, retaining and motivate top-tier professionals while establishing a link between their compensation and the results and objectives of the Company and the Group.

Every year the parameters of a variable compensation system are defined which complies with formal procedures for determining the amounts to be paid to the CEO. The objectives are set down in writing in advance, and their achievement is determined according to the CEO's results and approved by the Board of Directors, at the proposal of the ACCGC.

The variable components of compensation have sufficient flexibility to permit adjusting them to the point of being able to eliminate them altogether. There is no right to obtain a guaranteed variable compensation. The ACCGC's participation facilitates taking into account the risks associated to compensation in discussions and in their proposal to the Board of Directors, both when determining and when assessing the annual and multi-year incentives.

The determination of the variable compensation for the CEO takes into account mainly quantitative business-related objectives, which include the Group's operational and financial objectives, value creation objectives, and qualitative objectives relating to ESG metrics, skills and conduct which are required of a top-tier executive of such characteristics.

In accordance with the foregoing, the variable compensation system of the CEO currently includes the following variable components: (i) a short-term annual variable component, (ii) a medium-term deferred variable component for 2018-2020 (which is pending final determination and settlement, if applicable) and (iii) an extraordinary incentive tied to the success of certain key strategic deals for the Group's interests (those transactions were carried through in 2020 and the incentive is partially pending settlement).

To determine the relative importance of the variable vs. fixed compensation items ("Compensation Mix"), the following is taken into account:

i) Fixed compensation:

Fixed compensation of 500,000 euros (without prejudice to the 10% reduction that will be applied in connection with the COVID-19 crisis, as explained in section A.1.1.4 above in this Report).

ii) Short-term annual variable compensation:

A short-term annual variable compensation of 300,000 euros for a 100% level of achievement of the objectives, with the possibility of increasing that amount to a maximum of 130% when the degree of achievement of the objectives exceeds 100%, meaning that the maximum amount is 390,000 euros.

iii) Medium-term deferred variable compensation:

A medium-term deferred variable compensation payable in shares that will correspond to the CEO, for his participation in the medium-term deferred compensation plan for the period 2018 through 2020, which was approved by the Shareholders' Meeting held on April 25, 2018 ("Deferred Compensation 2018-2020").

In relation with this medium-term Deferred Compensation it must be taken into account (i) that this compensation relates to a three-year period which has already expired (2018-2020) with accrual for accounting purposes during its term of validity, and (ii) that the Deferred Compensation has been linked to the performance of the market price of the PRISA share and to the achievement of certain objectives (Ebitda and Cash Flow), consequently the accounting expense has been determined by:

- The estimated fair value of the "theoretical shares" granted, linked to the performance of the market price of the PRISA share, which is determined through generally accepted statistical models used in the accounting practice, entailing an approximate imputed value of 2.5 euros for the PRISA share on the plan's settlement date.

- The estimated fair value of the "theoretical shares" granted, linked to the achievement of certain quantitative objectives, which is determined by the market price of the PRISA share on the measurement date. Moreover, the degree of achievement of those quantitative objectives is considered during the term of validity of the medium-term Deferred Compensation.

The number of "theoretical shares" assigned to the CEO was 2,200,000 shares, (amount that may be increase to 25% depending on the achievement of the quantitative objectives and on the performance of the market value of the PRISA share, which has been taken into account to estimate the aforementioned fair value).

Once the annual accounts for fiscal 2020 have been prepared and approved, the Board will confirm the level of fulfilment of the Ebitda and Cash Flow objectives to which the Deferred Compensation was pegged, and the Board of Directors will confirm the number of shares which, if applicable, are to be awarded to the Chief Executive Officer at the settlement date (although, a preliminary analysis of the fulfilment of those objectives during the reference period indicates the number will be no higher than 471,900 shares).

It should be noted that, at the request of the beneficiaries of this compensation plan, the Board of Directors has resolved that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be made within 60 days after the 2020 accounts are prepared). This compensation plan shall therefore not be considered to end until it is settled in 2022.

iv) Extraordinary incentives tied to key strategic transactions (sale of the Grupo Santillana Educación Global, S.L.U. business in Spain and refinancing of the Prisa Group's debt) which have been carried out in 2020:

In 2020 the Board of Directors, at the proposal of the ACCGC, approved two extraordinary compensation incentives for the Prisa CEO and certain executives linked to the success of two key strategic transactions, namely the sale of the education business of Grupo Santillana Educación Global, S.L.U. in Spain and the refinancing of the Prisa Group's bank debt ("Incentives for key strategic transactions 2020"). The directors Compensation Policy, according to the revision approved at the Extraordinary Shareholders' Meeting held in December 2020, contemplates the possibility of the CEO benefiting from those extraordinary incentives.

The purpose of the incentives was to: i) align the interests of the participants with the shareholders' interests in the refinancing and in the sale of Santillana Spain; ii) reward the special effort required by deals of this type and which will entail major organisational changes that in one way or another will affect the beneficiaries of the incentive; and iii) recognise the beneficiaries' contribution of value in the negotiations of those deals and in the execution of the related corporate resolutions.

The payment will be made in cash, scaled to the achievement of objectives per predefined target amounts. For the CEO, the target for the refinancing was €330,000 and the target amount associated with the sale of Santillana Spain was €670,000, giving a total target amount for the two incentives of €1,000,000.

The Board, at the proposal of the ACCGC, and as indicated in section B.7.2 below, has resolved an achievement coefficient of 100% for the incentives, taking into account the qualitative assessment of the final terms of the agreements reached in the transactions and the CEO's optimum contribution.

The payment will be made as follows:

i. An initial payment (of 50% of the sum of the two incentives) after the transactions are carried out (they were closed at 31 December 2020). This first payment has been made in January 2021.

ii. A second payment (for the other 50%), six months after the close of the transactions. The second payment is linked to the Prisa share performance versus a group of comparable companies and may be paid after the end of the reference period for measuring the share performance. The Board of Directors, when determining the payment coefficient, will take into account such significant internal or external changes as may advise deciding a payment coefficient of up to 100%, even where the PRISA share has not outperformed the comparison group, in certain predefined cases.

v) Adaptation and alignment of the organization and management team's incentives policy with the Group's strategic roadmap:

As already noted in section A.1.1.2 of this Report, after the advances and the execution of the strategic transactions in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management team's incentives policy and aligning it with the Group's strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting value in the Education business (Santillana). This will entail the modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the approval of the Company's shareholders in General Meeting.

A.1.7. Actions taken by the company in relation to the compensation system to reduce exposure to excessive risk and adjust it to the company's long-term objectives, values and interests, period of accrual and of payment deferral

The principles regulating the Company's Directors' Compensation Policy take into account the shareholders' interests and prudent risk management. For that purpose, the compensation system seeks to promote the Company's long-term profitability and sustainability and includes the necessary safeguards to prevent excessive risk-taking and the rewarding of poor results. The Company works so that the financial-economic return is such that it protects and optimizes the value of the Company, to appropriately remunerate shareholders for the risk they assume with the investment of their capital. Compensation linked to the Company's earnings takes into account any qualifications stated in the external auditor's report that reduce those earnings.

As stated in the Compensation Policy, the measures that the Company has established for determining an appropriate risk management and promoting sustainability of results are:

<u>Short-term annual variable compensation</u>

- There is no right to obtain a guaranteed short-term variable compensation.

- Every year the parameters of a variable compensation system are defined which complies with formal procedures for determining the amounts to be paid to the CEO. The objectives are set down in writing in advance, and their achievement is determined according to the Company' results and approved by the Board of Directors, at the proposal of the ACCGC.

- The system for establishing metrics for the quantitative objectives takes into consideration the variables that have been identified within the Company's risk map.

- This compensation accrues annually and the payment thereof is made after the end of the fiscal year, within the first half of the calendar year following the year of generation.

- Remuneration linked to Company earnings should bear in mind any qualifications stated in the auditor's report that reduce those earnings.

- For the short-term annual variable compensation, the CEO's contract contains a clawback clause that requires the CEO to reimburse the excess variable compensation received if, in the year following its payment, there is any fact or circumstance that results in the alteration or modification of the accounts, results or economic data that might have an impact on the quantitative portion taken into account for the grant thereof, regardless of whether or not the CEO has any kind of liability for such circumstance.

- There are maximum amounts established for all variable compensation payable.

- Note that the ACCGC has the adequate knowledge, skills and experience with regard to the compensation policies of the Company, as well as for incentives and risks that could arise therefrom, including the knowledge, skills and experience regarding mechanisms to adjust the compensation structure according to the company risks profile and financial performance.

- The internal auditing function is to carry out an independent analysis of the definition, application and compliance of the Company's compensation policy in its risk map, managed in accordance with the principles established in the Policy and guidelines of the Board of Directors.

<u>Medium-term deferred variable remuneration 2018-2020</u>

- The CEO's contract and the General Conditions approved by the Board of Directors of PRISA, which define the characteristics of the medium-term Deferred Compensation, contain a clawback clause that requires the CEO to reimburse the excess variable compensation received if, in the three years following payment thereof, have arisen the circumstances established by the Board at any given time. Also, as provided in the Compensation Policy, the CEO's contract could include a *malus* clawback clause that defers payment of part of the variable components for a sufficiently long period, with the possibility of total or partial loss of said components if an event that so warrants occurs before they are paid.

- In accordance with Recommendation 62 of the Code of Good Governance of the CNMV, there is a limit on the transfer of the shares. In the case of the CEO, he will be obliged to hold the shares until at least three years after they have been awarded to him. These restrictions will not apply to shares the director needs to dispose of, where applicable, to pay costs and taxes related to their acquisition or, subject to prior clearance from the ACCGC, to deal with supervening extraordinary situations that so require. An exception to the above is made for situations where, at the time of transfer or exercise, the director has a net economic exposure to share price fluctuations for a market value equivalent to two times or more the director's annual fixed compensation through ownership of shares, options or other financial instruments.

  The clawback clause and the clause on the maintenance of a portion of the shares after they are delivered will also apply to the categories of personnel whose professional activities have a material impact on the Company's risk profile. Under no circumstance an ex post adjustment to an explicit risk will increase in the initially awarded variable compensation.

Extraordinary incentives tied to key 2020 strategic transactions:

- The general conditions approved by the PRISA Board of Directors that define the extraordinary compensation incentives tied to the key strategic sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and to refinancing of the Prisa Group's bank debt, contain a clawback clause that requires the CEO to return all or part of the incentive received if, during the two years following each payment date (50% has already been paid, in January 2021, after the execution of the transactions in December 2020 and the other 50% to be paid, if such is the case, six months after the close of the transactions), there arise any of the circumstances envisioned for said purpose in the general conditions.

- The second payment is linked to the Prisa share performance versus a group of comparable companies and may be paid after the end of the reference period for measuring the share performance. The Board of Directors, when determining the payment coefficient, will take into account such significant internal or external changes as may advise deciding a payment coefficient of up to 100%, even where the PRISA share has not outperformed the comparison group, in certain predefined cases.

Adaptation and alignment of the organization and the management team's incentives policy with the Group's strategic roadmap:

As already noted in section A.1.1.1.2 of this Report, after the advances and the execution of the strategic transactions in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management team's incentives policy and aligning it with the Group's strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting value in the Education business (Santillana). This will entail the modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the approval of the Company's shareholders in General Meeting,.

- *Amount and nature of the fixed components which are expected to accrue in the fiscal year in favour of the directors in their capacity as such*

A.1.8. Amount and nature of the fixed components which will accrue to the non-executive directors in the fiscal year

Of the maximum annual amount established in section A.1.2.2, the breakdown of the fixed compensation per position and responsibilities of the members of the Board, as determined by the Board of Directors, is as detailed below, without prejudice to the fact that as it has already been stated in section A.1.1.4. of this Report and considering the extraordinary circumstances of the COVID-19 crisis, said compensation will be reduced by a further 20% during 2021 (except for the non-executive Chairman's compensation, which has already been cute 50%, as indicated in section A.1.1.3 above):

i. Chairman of the Board of Directors: The Board of Directors has set a fixed compensation of 200,000 euros per year.

ii. Compensation for belonging to the Board of Directors, excluding the Chairman and the CEO: 70,000 euros per year, which after the indicated extraordinary reduction will amount 56,000 euros in 2021.

iii. Additional compensation for belonging to the different Committees:

- Members of the Delegated Committee: 30,000 euros per year per member, which after the indicated extraordinary reduction will amount 24,000 euros in 2021.

- Compensation for participating in the Audit, Risks and Compliance Committee and in the ACCGC: 20,000 euros per annum per director, being two times this amount for their respective chairmen (i.e. 40,000 euros). These remunerations, once the extraordinary reduction indicated has been made will amount 16,000 euros and 32,000 euros, respectively, in 2021.

For the fiscal year in course, the Policy does not establish the payment of per diems for participating in the Board of Directors and Committees.

- *Amount and nature of the fixed components which will accrue to the executive directors in the fiscal year for the performance of senior management functions*

A.1.9. Amount and nature of the fixed components which will accrue to the executive directors in the fiscal year for the performance of senior management functions

For the performance of executive functions at the Company, the fixed annual compensation in cash of the CEO amounts to 500,000 euros. However, and as has already been stated in section A.1.1.4 of this Report, taking into account the extraordinary circumstances of the COVID-19 crisis, said compensation will be reduced a further 10%, down to €450,000 in 2021.

- *Amount and nature of any compensation component in kind that will accrue in the fiscal year, including but not being limited to insurance premiums paid to the director*

A.1.10. Amount and nature of any compensation component in kind that will accrue in the fiscal year, including but not being limited to insurance premiums paid to the director

<u>Compensation in kind for the CEO:</u>

The Compensation Policy envisages for the CEO certain compensation in kind, consisting of the following items:

i) A life and accident insurance policy:

PRISA has signed a policy with an insurance company that covers the contingencies of death by any cause, absolute invalidity and total permanent disability caused by an accident, with a capital equal to two and a half years of the beneficiary's fixed compensation (fixed salary received in the previous year), extra capital in the event of accidental death or absolute disability caused by accident, and extra capital in the event of death or total permanent disability caused by a traffic accident.

There is an age limit of 75 years of age for the main risk of death, and of 65 years of age for the supplemental benefits.

On the Board of Directors, the CEO is the sole exclusive beneficiary of this policy.

According to the terms of the policy, the insured capital for the CEO is the equivalent of two and a half years of the fixed compensation associated with that office in the immediately preceding year.

For 2021, the insured capital of the CEO's life insurance policy amounts to 1,250,000 euros (the equivalent of two and a half years of the beneficiary's fixed compensation).

The insurance premiums are reviewed annually in light of the claims reported on PRISA's Group policies, and they vary according to the age of the insureds. The amount of premiums is determined during the first quarter of the fiscal year, so the specific amount of premiums relating to the CEO for fiscal year 2021 is not known until the date of preparation of this Report, although the amount thereof is expected to be slightly higher than for fiscal 2020 (the amount of which is specified in section B.14 of this Report) insofar as the changes in the policy were modified during 2020 (previously the insured capital was calculated based on the fixed salary plus the annual variable compensation actually received in the previous year).

ii) A private health insurance policy:

PRISA's policy for all its executives includes private health insurance in the form of expense reimbursement.

The CEO and his immediate family are beneficiaries of that insurance, observing the age limits that appear in the relevant insurance policy. The private health insurance premiums are adjusted annually in light of the losses under PRISA's Group policies and the evolution of the Consumer Price Index in the health sector, according to the broker's proposal. In the last quarter of each year, the premium for the following year is established.

For 2021, the premium for the health insurance of the CEO is 4,486.20 euros.

Others (that are not considered in-kind compensation):

i) The directors shall be entitled to the reimbursement of any expenses related to trips, meals and accommodation incurred to attend the meetings of the Board of Directors and Committees, provided they are duly justified.

ii) The CEO will be entitled to the use of a vehicle according to the terms of PRISA Group's vehicle fleet policy.

iii) The Chairman will also have the necessary means to adequately perform his office and functions, according to the Company's practices and policies.

iv) Moreover, PRISA has contracted a civil liability insurance policy for all its directors, including the CEO, pursuant to the habitual market conditions for this type of insurance.

- *Amount and nature of variable components, making a distinction between those established on a short- and long-term basis. Financial and non-financial parameters, including in the latter social, environmental and climate change parameters, selected to determine the variable compensation in the fiscal year in course, explanation of to what extent those parameters are related to the compensation of both the director and of the entity and with its risk profile, and the methodology, necessary period and techniques established to be able to determine, at the end of the fiscal year, the degree of achievement of the parameters used in the design of the variable compensation, explaining the criteria and factors that apply in relation to time required and methods for testing effective fulfilment of the performance conditions or any other type of condition to which the accrual and vesting of each variable compensation component is tied. Indicate the range in monetary terms of the different variable components according to the degree of achievement of the objectives and* *parameters established, and whether there is any maximum monetary amount in absolute terms.*

A.1.11. Amount and nature of variable components, making a distinction between those established on the short and long term.

As stated previously, the variable compensation system of the CEO currently includes short and medium-term variable components.

Short-term annual variable compensation

The annual variable compensation of the CEO is that regulated in his contract with the Company, according to which, he will receive variable compensation, which does not vest, in cash, according to the degree of compliance of the objectives assigned to him for each of the annual periods covered by his contract, and which shall be set each year by the Board of Directors at the proposal of the ACCGC.

The Policy establishes that, in general terms, this short-term variable compensation will be determined according to a scale of achievement linked mainly to quantitative business-related objectives, which include the Group's operational and financial objectives, value creation and sustainability objectives, and, in a smaller proportion, qualitative objectives.

The short-term variable remuneration target for the CEO, for a level of achievement of 100% of the objectives established for 2021, amounts to 300,000 euros. This amount can be increased up to 130% (i.e. 390,000 euros) in the event that the degree of fulfilment of the objectives set is greater than 100%.

To calculate the CEO's 2021 annual variable compensation, and taking into account the present situation of the Company's businesses and our new strategic challenges, it was deemed warranted to adjust some of the aspects being applied to the management team and CEO's variable compensation system, to adapt them to the Company's current strategic reality.

To determine the CEO's short-term variable compensation for 2021, the weight assigned the objectives is as follows: (i) 70% quantitative objectives, and (ii) 30% qualitative objectives.

i. Quantitative objectives (70%)

These objectives aim to improve financial, operative and service results, placing special importance on EBITDA and free cash flow, and introducing a new objective based on the growth of digital revenue. This is a consequence of the contributions of all of our businesses and measures achievements made in each of those areas.

More specifically, the quantitative measurement of the level of achievement reached is based on the following three indicators that reflect the Group's most relevant objectives, with the corresponding weight given to each:

Metrics	Weight (based on70)
adjusted EBITDA	25%
free cash flow	25%
digital revenue	20%

Metrics are based on the 2021 budget.

The scale for measuring achievement of EBITDA and digital revenue is shown below.

Metrics	**Degree achieved**							
	% achieved	**payout**	**% achieved**	**payout**	**% achieved**	**payout**	**% achieved**	**payout**
adjusted EBITDA	<90%	0%	90%	50%	100%	100%	≥120%	130%
digital revenue	<90%	0%	90%	50%	100%	100%	≥120%	130%

Intermediate points of invervals will be calculated by linear interpolation.

In 2021, the Cash Flow objective will have a differential scale, given the difficulty in achieving this objective in a context of intense transformation within the Company, together with the uncertainty prompted by the COVID-19 crisis. The minimum degree of achievement is set at 70% of the target objective and overachievement will be rewarded by increasing the maximum range.

Metrics	**Degree achieved**							
	% achieved	**payout**	**% achieved**	**payout**	**% achieved**	**payout**	**% achieved**	**payout**
free cash flow	<70%	0%	70%	50%	100%	100%	≥MAXIMUM	150%

In cash flow, linear interpolation will only applied on achievement up to 100%, and for any acheivement above 100% the payout will be 100%, unless the maxium is achieved granting rights to a maximum payout.

ii. Qualitative objectives (30%)

The qualitative part includes variables to measure individual performance with regard to specific skills, as well as the achievement of certain specific ESG objectives for each of the Group's business units:

- 20% is linked to individual perforance in accordance with new skills and particularly evaluating effort and leadership to move the organization forward in the Group's digital and cultural transformation.

Only in exceptional and duly justified cases will an overachievement of a maximum of 25% be granted. Special emphasis will be placed on evaluating efforts and leadership to propel the organization toward achieving our annual objectives and in motivating the team during 2021.

- 10% is linked to achieving the specific ESG objectives.

iii. Key Objectives:

A "key objective" will be applied, whose achievement will determine whether or not the short-term compensation will be awarded. This key objective requires: i) the education business -Santillana- must achieve its key objective (positive net results for 2021) and ii) the media business -Prisa Media- must achieve its key objective (implementation of an internally-defined restructuring plan).

The fundamental parameters of the short-term variable compensation system are reviewed annually by the CNRGC, which has concluded that they are appropriate for measuring the management team's contribution (including the CEO's) to the Company's results. Moreoer, the CNRGC may make adjustments, either higher or lower, to the key objective, due to extraordinary non-budgeted operations such as, for example, adjustments in the consolidation perimeter, asset sales, and other exceptional circumstances.

Pursuant to article 28 of the Board Regulations, the ACCGC will verify the degree of achievement of the objectives on which the short-term variable compensation depends, and will bring it to the Board of Directors for final approval.

The short-term variable compensation will be paid after the end of the fiscal year, meaning that the short-term variable compensation accrued in fiscal year 2021 will be paid, as the case may be, in fiscal year 2022.

<u>Extraordinary incentives tied to key strategic transactions (sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and refinancing of the Prisa Group's financial debt):</u>

As stated in preceding sections, during fiscal 2020 the Board of Directors, at the proposal of the ACCGC, approved two extraordinary compensation incentives for the Prisa CEO and certain executives, tied to the success of two key strategic transactions, namely, the sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and refinancing of the Prisa Group's bank debt ("Incentives for key strategic transactions 2020"). The directors Compensation Policy, as amended by the Extraordinary Shareholders' Meeting held in December 2020, envisages the possibility of the CEO being eligible for those extraordinary incentives.

The purpose of the incentives was to: i) align the interests of the participants with the shareholders' interests in the refinancing and in the sale of Santillana Spain; ii) reward the special effort required by deals of this type and which will entail major organisational changes that in one way or another will affect the beneficiaries of the incentive; and iii) recognise the beneficiaries' contribution of value in the negotiations of those deals and in the execution of the related corporate resolutions.

The payment will be made in cash, scaled to the achievement of predefined target amounts. For the CEO, the target for the refinancing was €330,000 and the target amount associated with the sale of Santillana Spain was €670,000, giving a total target amount for the two incentives of €1,000,000.

The Board, at the proposal of the ACCGC, and as indicated in section B.7.2 below, has resolved an achievement coefficient of 100% for the incentives, taking into account the qualitative assessment of the final terms of the agreements reached in the transactions and the CEO's optimum contribution.

The payment will be made as follows:

i. An initial payment (of 50% of the sum of the two incentives) after the transactions are carried out (they were closed at 31 December 2020). This first payment has been made in January 2021.

ii. A second payment (for the other 50%), six months after the close of the transactions. The second payment is linked to the Prisa share performance versus a group of comparable companies and may be paid after the end of the reference period for measuring the share performance. The Board of Directors, when determining the Payment Coefficient, will take into account such significant internal or external changes as may advise deciding a Payment Coefficient of up to 100%, even where the PRISA share has not outperformed the comparison group, in certain predefined cases.

Medium-term deferred variable remuneration

At the date this Report is approved, the CEO's compensation package includes, as medium and long-term variable remuneration, his participation in the medium-term Deferred Compensation Plan for the fiscal years 2018-2020, which has ended and is pending settlement.

As already noted in section A.1.1.2 above, after the advances and the execution of the strategic transactions in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management team's incentives policy and aligning it with the Group's strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting value in the Education business (Santillana). This will entail the modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the approval of the Company's shareholders in General Meeting.

Article 18 of the Bylaws and article 32 of the Board of Directors' Regulations establish that, upon a resolution by the General Shareholders' Meeting, the CEO may be the beneficiary of compensation systems consisting of the delivery of shares or rights on shares, and of any other compensation system based on the value of shares.

The aim of the Deferred Compensation 2018-2020 was to align the interests of its beneficiaries (i.e., the CEO, the senior managers and other executives of the Company) with those of the Company's shareholders within the framework of the Company's Strategy Plan for the period 2018-2020 ("Strategy Plan").

The Deferred Compensation entailed for the beneficiaries the assignment of a number of theoretical shares ("RSUs") that served as a reference for determining, as appropriate, the delivery of a number of ordinary shares in the Company after a reference period of three years, subject to certain requirements and to the achievement of the objectives stablished for: (i) Increase in share value, (ii) consolidated EBITDA, and (iii) consolidated Cash Flow.

The specific characteristics of the Deferred Compensation are as follows:

a) Transparent, demanding objectives measured on the medium term (i.e., over a three-year period).

b) Metrics and accrual conditions clearly linked to the achievement of demanding financial objectives and which enhance the value for the shareholders.

c) The degrees of achievement of the objectives of the Deferred Compensation plan have been proposed the ACCGC based on the Company's Strategy Plan for the period 2018-2020.

Those objectives have been periodically monitored to ensure that the conditions agreed upon were adapted, to the extent necessary, to preserving the principles underlying the original aim of the Deferred Compensation, while supporting the Company's interest in avoiding any possible loss of competitiveness in the market. An independent third party, KPMG, has analyzed the impact of the operations that have taken place during the reference period on the EBITDA and Cash Flow of the Strategic Plan that was used as reference for the Deferred Compensation.

To receive the shares, the CEO must maintain a contractual relationship with the PRISA Group throughout the term of the Deferred Compensation and until the date of delivery, except in certain cases of termination of his relationship for reasons not attributable to him, which are duly stated in the document containing the general terms and conditions of the Deferred Compensation ("General Conditions").

d) In order to calculate the ratio attained by the CEO for each level of achievement of objectives, a maximum incentive level assigned and an achievement scale are determined for each of the metrics.

Both the number of measurement parameters and the payment instruments used to determine the Deferred Compensation are in line with the most commonly used practices of listed companies, according to the CNMV Report.

The number of "theoretical shares" allotted to the CEO amounted to 2,200,000 shares.

Once the annual accounts for fiscal 2020 have been prepared and approved, the Board will confirm the level of fulfilment of the Ebitda and Cash Flow objectives to which the Deferred Compensation was pegged, and the Board of Directors will confirm the number of shares which, if applicable, are to be awarded to the Chief Executive Officer at the settlement date (although, a preliminary analysis of the fulfilment of those objectives during the reference period indicates the number will be no higher than 471,900 shares).

It should be noted that, at the request of the beneficiaries of this compensation plan, the Board of Directors has resolved that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be made within 60 days after the 2020 accounts are prepared). This compensation plan shall therefore not be considered to end until it is settled in 2022.

Adaptation and alignment of the organization and management team's incentives policy with the Group's strategic roadmap:

As already noted in section A.1.1.2 of this Report, after the advances and the execution of the strategic transactions in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management team's incentives policy and aligning it with the Group's strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting value in the Education business (Santillana). This will entail the modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the approval of the Company's shareholders in General Meeting.

- Main characteristics of the long-term savings systems

A.1.12. Main characteristics of the long-term savings systems

No savings system is established for the current directors for the current fiscal year.

- Any kind of payment or severance for early termination or removal or derived from the termination of the contractual relationship on the terms established between the Company and the director, whether at the will of the Company or the director, and any kind of agreements reached, such as exclusivity, post-contractual non-competition undertaking and retention, which entitle the director to any kind of payment.

A.1.13. Payments or indemnities for early termination or removal, or derived from the termination of the contractual relationship on the terms

established between the company and the director, in his capacity as such, whether due to the company's or the director's decision

The directors in their capacity as such (non-executives) are not entitled to indemnities for termination of their functions as director.

The CEO's contract establishes the indemnities explained in the following sections A.1.14 and A.1.15.

A.1.14. Agreements reached, such as exclusivity, post-contractual non-competition undertaking and retention of directors, which entitle them to any type of payment

The CEO's contract establishes, for certain cases, the payment of considerations for: (i) the fulfilment of a post-contractual non-competition undertaking, (ii) the termination of the relationship with the Company by decision of the latter, when it is not due to the CEO having committed any of the conducts which labour legislation in force establishes are just grounds for dismissal, (iii) the expiration of the contract, and (iv) the termination of the contract by decision of the CEO based on the serious and culpable breach by the Company.

More details are offered on these agreements in the section in relation to the conditions of the CEO's contract (i.e. subsection A.1.15 ahead).

- *Conditions that must be respected in the contracts of those who perform senior management functions as executive directors. Among others, information will be provided on the duration, limits on amounts of indemnities, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, indemnity and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the covenants or agreement on non-competition, exclusivity, permanence and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.*

A.1.15. Conditions that must be respected in the contracts of those who perform senior management functions as executive directors

The contract that regulates the performance of the functions and responsibilities of the Company's CEO includes the customary clauses included in this type of contract, according to habitual market practices in this area, and are aimed at attracting and retaining the most outstanding professionals and safeguarding the legitimate interests of the Company.

In accordance with articles 249 and 529 octodecies of the LSC, and article 32 of the Board of Directors' Regulations, the essential terms and conditions of the CEO´s contract are as follows:

a) <u>Duration:</u> The contract has an indefinite term (in this regard, note that the term of the CEO's contract has been modified by the Board of Directors resolution adopted in July 2020, as previously it had a term of four years reckoned from September 2017).

b) Exclusivity and non-competition: The CEO's contract includes a clause on the provision of services solely and exclusively for the Company and the PRISA Group, and he may not provide services or pursue professional activities, under any contractual relationship, for other persons or entities. In addition, the CEO's contract includes a specific non-competition prohibition.

c) Advance notice period: In the event of termination of the contract by a decision of the CEO, he must send a communication to the Company indicating that circumstance at least three months in advance. In case of total or partial breach of the advance notice period, the CEO will be obliged to pay the fixed compensation in cash with the inclusion of the proportion of the extraordinary payments corresponding to the proportional breach of the advance notice period.

The Company, in case of discontinuance of the business, must give an advance notice of at least three months. In case of total or partial breach of the advance notice period, the Company will be obliged to pay the fixed compensation in cash with the inclusion of the proportion of the extraordinary payments corresponding to the proportional breach of the advance notice.

d) Severance: The CEO's contract contemplates the following types of compensation:

(i) Should the Board of Directors choose not to renew the CEO's appointment, an indemnity equal to eighteen months of his fixed and variable annual compensation.

Also, in this case, the CEO will be entitled, as part of his settlement, to the proportional part of the variable compensation target (i.e. 300,000 euros) and of the multi-year incentive which may correspond to him;

(ii) In the event of unilateral termination at the Company's discretion for reasons other than those considered justified grounds for dismissal in the Spanish Employees' Statute (Estatuto de los Trabajadores), or due to breach by the Company: the employment severance payable to him according to the applicable legislation for the abeyance of his ordinary employment relationships (which amounts to 381,145.88 euros), plus an indemnity for the business relationship he has as Prisa CEO, set at eighteen months of the annual fixed and variable compensation in cash (taking into consideration the fixed compensation and target variable compensation fixed for the year of termination), at the date of his dismissal, in the event of unilateral termination at the Company's discretion or due to breach by the Company.

Additionally, the termination of the CEO's commercial relationship will entitle him to receive a supplementary indemnity equal to the amount of the unemployment benefits established at that time, with reference to the maximum contribution base and also the maximum period in which that benefit is granted. In any case, if the CEO obtains unemployment benefits from the relevant public agency, he will be obliged to reimburse the Company for any amount received for that supplementary indemnity, albeit limited to the amount of those benefits received, making that refund within a maximum term of one month following the date on which his entitlement to the unemployment benefits is recognized.

In the event of termination of the contract between the Company and the CEO for any cause not attributable to him, he shall receive the proportional part of the short-term variable remuneration according to the time he has spent working at the Company in the fiscal year. The variable compensation relating to the fiscal year in which the CEO discontinues working at the Company shall not be paid to him if such discontinuation is decided by the Company due to serious breach of his obligations, or if it is due to resignation by the CEO himself, unless in this last case the resignation takes place in the last two months of the fiscal year, in which case he will receive the proportional part of the variable compensation payable, provided the annual objectives established are reached.

e) Post-contractual non-competition undertaking: The CEO's contract includes a post-contractual non-competition clause whereby the CEO undertakes (i) not to provide services to Spanish or foreign companies whose activity is the same or similar to those of the PRISA Group companies, and (ii) not to hire any person who belongs, or has belonged in the 12 months preceding the date of termination of the contract, to the staff of PRISA Group, or to contribute to any PRISA Group employee leaving the Group.

This non-competition undertaking will have a duration of six months after termination of the agreement for any reason.

The CEO will receive, as economic consideration for those obligations, a compensation equal to six monthly payments of the last gross fixed salary being received by him at the time of termination of the contract. In case of breach of that post-contractual non-competition undertaking, the CEO will be obliged to reimburse the compensation to the Company plus an indemnity equal to six monthly payments of his last gross fixed salary received.

f) Clawback clause: In general terms, the CEO's contract includes a clause whereby the Company can claim the reimbursement of the amounts received by him in excess as annual and multi-year variable compensation, if, in the year following its settlement and payment, any fact or circumstance is revealed that results in the alteration or modification of the accounts, results or economic data, so that the amounts that served to determine the quantitative elements of the remuneration received are reduced.

g) Professional secrecy and duty of confidentiality: The contract of PRISA's CEO includes the obligation to keep professional secrecy. The duty of confidentiality is regulated in article 34 of the Board Regulations, and it remains in force even when the director is no longer in the post.

- Nature and estimated amount of any other supplementary compensation that will be earned by the directors in the current fiscal year in consideration for services provided other than those inherent to their post

A.1.16. Nature and estimated amount of any other supplementary compensation that will be earned by the directors in the current fiscal year in consideration for services provided other than those inherent to their post

The Compensation Policy does not contemplate any compensation other than what is mentioned in the preceding sections for the directors.

- Other compensation items such as those derived, if any, from the provision by the company to the directors of advances, loans and guarantees and other items

A.1.17. Other compensation items such as those derived, if any, from the provision by the company to the directors of advances, loans and guarantees and other items

The Compensation Policy does not envisage the possibility of providing advances, loans and guarantees to the directors.

- Nature and estimated amount of any other supplementary compensation not included in the preceding sections, whether paid by the entity or by another group entity, that will be earned by the directors in the current fiscal year

A.1.18. Nature and estimated amount of any other supplementary compensation not included in the preceding sections, whether paid by the entity or by another group entity, that will be earned by the directors in the current fiscal year

Manuel Polanco is the non-executive Chairman of Prisa Noticias should compensate Mr. Polanco, and for his status as such, he may receive a maximum amount of 50,000 euros per annum. As has already been stated in section A.1.1.4. of this Report and considering the extraordinary circumstances of the COVID-19 crisis, said compensation will be reduced a further 20%, down to €40,000 in 2021.

A.2 Explain any relevant change in the compensation policy applicable in the current fiscal year, derived from:

- A new policy or an amendment of the policy already approved by the Shareholders' Meeting.

- Relevant changes in the specific determinations established by the Board for the current fiscal year in the compensation policy in force, with respect to the policy applied in the preceding year.

- Proposals which the Board has resolved to present to the shareholders' meeting to which this annual report will be submitted and which the Board proposes applying in the current fiscal year.

As already noted in preceding sections, after the advances and the execution of the strategic transactions in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management team's incentives policy and aligning it with the Group's strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting value in the Education business (Santillana). This will imply a modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the Company's shareholders for their approval in a General Meeting.

Indicate the direct link to the document which contains the current compensation policy, which should be available on the company's webpage.

https://www.prisa.com/en/info/remuneration-of-board-members

A.3 Explain, taking into account the data provided in section B.4, how the vote of the shareholders at the general shareholders' meeting to which the annual report on compensation of the previous year was submitted to advisory vote, has been taken into account

Last year's Annual Compensation Report received the favourable vote of 99.99% of the votes cast at the Ordinary General Shareholders' Meeting held on June 29, 2020, on the terms stated in section B.4., therefore, the Board understood that, considering the shareholders' vote, it was not appropriate to carry out any additional consideration to the remuneration policy and its application.

Nevertheless, the Extraordinary Shareholders' Meeting of 18 December 2020 approved a revision of the Compensation Policy, with the objectives stated in section A.1.1 above in this Report.

B. OVERALL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED IN THE LAST FISCAL YEAR

B.1 *Explain the process followed to apply the compensation policy and to determine the individual compensation reflected in section C herein. This information will include the role performed by the compensation committee, the decisions made by the board and, as appropriate, the identity and role of external advisors whose services have been used in the process of applying the compensation policy in the last fiscal year closed.*

The compensation items accrued in fiscal year 2020 comply with the principles, bases and composition of the compensation system in force according to the Compensation Policy described in section A.1 above.

As mentioned in section A.1, according to article 529 novodecies of the LSC, the current revised text of the directors compensation policy approved by the Extraordinary Shareholders' Meeting of 18 December 2020 applies to fiscal 2020 (complementing and updating what had already been approved for said year in April 2018 and June 2019) and will apply in 2021, unless the General Shareholders' Meeting of the Company decides to amend or replace it during this period.

The ACCGC proposed to the Board (which, in turn, proposed to the General Shareholders' Meeting) the terms for the modification of the Compensation Policy of the directors. In accordance with article 529 novodecies of the CCL in order to convene the general shareholders meeting, the general shareholders' made available to the shareholders a proposal from the Board, along with a supporting report from the ACCGC related to the Compensation Policy.

In particular, the process followed to apply the Compensation Policy in 2020 and to determine the individual compensation shown in section C of the Report is the following:

B.1.1. Compensation of the directors in their capacity as such (non-executive)

Their compensation is established in the current Compensation Policy and is detailed in section B.5.

B.1.2. Compensation of the executive directors

According to the CEO's contract and the Compensation Policy, the CEO earned the following compensation in 2020: (i) fixed compensation of 463.000 euros, (ii) 50% of the total amount of the "extraordinary incentives for strategic transactions in 2020", that is, 500,000 euros and, (iii) the amounts relating to premiums for life and accident insurance and for health insurance which are described in section B.14.

In relation to the fixed annual variable short-term compensation for 2020, see sections B.1.2.1 and B.7 of this Report.

In relation to "Deferred Compensation 2018-2020", see sections A.1.6.iii) and A.1.11 above and section B.1.2.3. below of this Report.

B.1.2.1. <u>In relation to the fixed annual variable short-term compensation</u>:

The CEO's short-term target variable compensation, for 100% achievement of the targets charted for 2020, was 300,000 euros. This amount could be increased to reach 130% (i.e. 390,000 euros) if the degree of fulfilment of the objectives was higher than 100%.

To determine the CEO's short-term variable compensation, the objectives were given the following weighting: (i) 80% quantitative objectives and (ii) 20% qualitative objectives.

As already noted in section A.1.1.4 of this Report, in the context of the COVID-19 crisis in order to mitigate the negative impact of the current situation which has an special effect on the main sources of income generation of all kind of media, the Board of resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, which included a reduction from April to December 2020, both inclusive, of 20% in the directors remuneration and around 35% in the annual remuneration of the Chief Executive Officer and the Senior Management. Likewise the CEO and members of senior management voluntarily waived, in relation to the financial year 2020, the annual variable remuneration to the part of the annual variable remuneration that refers to quantitative objectives (in the case of the CEO, 80% of the target amount of € 300,000)

Subsequently, in January 2021, the CEO has also waived part of the annual variable remuneration referred to qualitative objectives (based on individual performance whose weight will be 20% of the target of € 300,000) and it has been supported by the Board of Directors at the proposal of the ACCGC.

The CEO has thus voluntarily waived the whole of the annual variable compensation to which he may have been entitled in 2020.

B.1.2.2. <u>In relation to the extraordinary incentives for key strategic transactions in 2020</u>:

As stated above (in section A.1.iv), during fiscal 20202 the Board of Directors, at the proposal of the ACCGC, approved two extraordinary compensation incentives for the Prisa CEO and certain executives, tied to the success of two key strategic transactions, namely, the sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and refinancing of the Prisa Group's bank debt ("Incentives for key strategic transactions 2020"). The directors Compensation Policy, as amended by the Extraordinary Shareholders' Meeting held in December 2020, envisages the possibility of the CEO being eligible for those extraordinary incentives.

In January 2021, the Board, at the proposal of the ACCGC, and as indicated in section B.7.2 below, has resolved an achievement coefficient of 100% for the incentives, taking into account the qualitative assessment of the final terms of the agreements reached in the transactions and the CEO's optimum contribution thereto. Also, the first payment has already been made (of 50% of the sum of the two incentives) after the transactions were carried out (they were closed at 31 December 2020).

B.1.2.3. <u>In relation to medium-term deferred variable remuneration</u>:

The Deferred Compensation plan was approved by the General Shareholders' Meeting of April 25, 2018, which authorized the Board of Directors, with express power of delegation to any of its members, of the Committees or of any other authorized representative, to adopt as many agreements and sign as many public documents as necessary or advisable to manage the Deferred Compensation plan 2018-2020.

The ACCGC and the Board, in the context of their respective authorities, have adopted the different decisions to which reference is made throughout this Report in relation to the Medium-Term Deferred Compensation for fiscal years 2018-2020.

- In 2018, the Board of Directors, at the proposal of the ACCGC, approved the beneficiaries and proposed distribution of the plan, as well as the General Conditions that define the characteristics of the Deferred Compensation, granting powers to the ACCGC to pass certain resolutions in relation to the management of that compensation.

- In this regard, on July 24, 2018, pursuant to the Board Regulations, the ACCGC adopted the resolution on the Deferred Compensation establishing the EBITDA and cash flow objectives on which the incentive is conditional, according to the Strategy Plan approved by the Board of Directors on July 24, 2018. In addition, on the same date and according to what was approved by the General Shareholders' Meeting, the ACCGC set the initial reference value of the PRISA share, as defined in the General Conditions of the Deferred Compensation plan, at 1.7737 euros.

- During 2018, PRISA received external advisory services from Garrigues Human Capital Services ("Garrigues") for the design and implementation of the Deferred Compensation.

- Since implementing this deferred compensation plan, the ACCGC has been monitoring the obtainment of the metrics established in the rules of the plan and has also updated said metrics under the terms established by the plan. For this, Garrigues and KPMG have provided advisory services.

- Once the annual accounts for fiscal 2020 have been prepared and approved, the Board will confirm the level of fulfilment of the Ebitda and Cash Flow objectives to which the Deferred Compensation was pegged, and the Board of Directors will confirm the number of shares which, if applicable, are to be awarded to the Chief Executive Officer at the settlement date (although, a preliminary analysis of the fulfilment of those objectives during the reference period indicates the number will be no higher than 471,900 shares).

- At the request of the beneficiaries of this compensation plan, the Board of Directors has resolved that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be made within 60 days after the 2020 accounts are prepared). This compensation plan shall therefore not be considered to end until it is settled in 2022.

- That is why no amount is entered in the tables in section C.1.c) of this Report as deferred compensation in respect of "Gross profit on vested shares or financial instruments" during 2020.

B.1.3. Total compensation of the directors and differences with the Annual Accounts and the Financial Information

The amount of the total compensation of the directors, specified in section C of this Report, which followed the accrual criteria established in the CNMV's "Circular 1/2020, establishing the model of annual report on compensation of directors of listed corporations", differs from the total amount of directors' compensation specified in the Notes to the Financial Statements and in the Half-Yearly Financial Statement of PRISA of fiscal year 2019, because that amount relates to the accounting expense recorded in compliance with the applicable principles and rules.

B.2 *Explain the different actions taken by the company in relation to the compensation system and how they have contributed to reducing exposure to excessive risk and adapting it to the company's long-term objectives, values and interests, including a reference to the measures taken to ensure that the compensation accrued takes into account the company's long-term results and an appropriate balance between fixed and variable components of compensation, what measures have been taken in relation to the categories of personnel whose professional activities have a material impact on the entity's risk profile, and what measures have been adopted to avoid conflicts of interest, if any.*

The ACCGC ensures the observance of the Compensation Policy for directors and senior managers and informs the Board of Directors of the proposals relating to the terms of the variable compensation of the Company's CEO and Senior Management and verifies the degree of achievement of the objectives to which they are subject.

The Board of Directors, at the proposal of the ACCGC, determines the objectives on which the payment of the variable compensation to the CEO depends, their weight and metrics at the start of each fiscal year and the evaluation of their level of achievement at the end of the year.

In order to evaluate the achievement of the objectives, the ACCGC uses the information provided by the Company's Risk Control and Management Control Directors, by the Talent Management Directors and by Human Resources Directors.

Moreover, if the Company's external auditors, in their annual audit report, issue a qualified opinion that affects the objectives on which the CEO's variable compensation depends, the Board of PRISA must take them into account for determining the variable compensation of the CEO.

Lastly, the Company has a risk management system in place that applies to all of the Group companies, including the investees over which the Group has management capacity, which works integrally by business units, consolidating the management at a corporate level.

The Group continuously monitors the most significant risks, including tax risks, which might affect the business units. For that purpose, it uses a risk map, approved by the Board of Directors, as a tool for graphic representation of the risks inherent to the Group, which is used to identify and assess the risks affecting the performance of the activities of the different business units.

The identification of the risks and of the processes that manage each of the risks considered is carried out by the General Directors of the business units and of the corporate, aggregated and standardized by Risk Control and Management Control Directors and verified by the Group's Internal Audit Director. The risk map is reported to the Audit, Risks and Compliance Committee that validates it and continually monitors the main risks identified. At least once a year, the Board is informed of the Group's risk map.

The respective directors of the businesses identify both the persons responsible for managing each risk and the action plans and associated controls.

Moreover, the Company has a financial reporting internal control at risk management system (IFCR). One of the functions of the Board of Directors of PRISA, as established in the Board Regulations, is the supervision of the internal reporting and control systems. For the performance of these functions, the Board is supported by the Audit, Risk and Compliance Committee of PRISA, whose responsibilities include supervising the process of preparation and the integrity of the financial information of the Company and of its Group. The Committee in turn supervises the Internal Audit unit to ensure that the latter controls the proper functioning of the reporting and internal control systems. The aim of the internal audit is to provide the Group's Management and the Audit Committee reasonable assurance that the internal control environment and systems operating in the Group companies have been correctly conceived and managed. For that purpose, internal audit supervises the design and scope of the Group's financial reporting internal control model and subsequently assesses the functioning of the control procedures defined in the model.

The effective implementation of the internal control model is the responsibility of the CEO and of the Risks Control Director of PRISA, and of the CEOs and General Directors of the Group's business units that are involved in the preparation of the financial information that serves as a basis for preparing the Group's financial statements.

The Audit, Risks and Compliance Committee periodically evaluates the risk control and management function to ensure that it is carried out with the required independence, verifying that the appropriate processes have been implemented so that the management, the Committee itself and the Board can know whether the risk control and management system has functioned according to the policies and criteria approved by the Board.

The system for internal control over financial reporting is audited by the Group's external auditor which issues an opinion on the effectiveness of the internal control in a reasonable assurance report in accordance with ISAE 3000.

The Directors' Compensation Policy, both when it was approved in 2018 as well as after being amended in 2019 and updated in 2020, is aimed at: i) aligning with the best market practices; ii) adapting the Compensation Policy to the new structure of corporate governance at the Company; iii) aligning the compensation structure of the directors with the general strategy of the Group; and (iv) promoting an incentive system that guarantees the orientation to results and value creation for the shareholder on a sustainable basis in the medium and long term.

The different actions adopted by the Company to (i) reduce exposure to excessive risk, (ii) adjust the compensation to the Company's long-term interests, and (iii) reach a balance between the fixed and variable components of directors' compensation, are described in section A.2 of this Report. Moreover, as also detailed in that section, only the executive directors participate in variable compensation systems, thereby preventing variable compensation from being able to compromise the independence of mind of non-executive directors.

As indicated in section A.1.7, the variable compensation includes the following provisions for reducing risks:

- Every year the parameters of a short-term variable compensation system are defined which complies with formal procedures for determining the amounts to be paid to the CEO. The objectives are set down in writing in advance, and their achievement is determined according to the Company' results and approved by the Board of Directors, at the proposal of the ACCGC. The short-term annual variable compensation system for fiscal year 2020 is detailed in section B.7.

- There is no right to obtain a guaranteed short-term variable compensation.

- There are maximum amounts established for all variable compensation payable.

- The system for establishing metrics for the quantitative objectives takes into consideration the variables that have been identified within the Company's risk map.

- The CEO's contract contains a clawback clause that permits the Company to claim a reimbursement of the variable components of compensation when they have been paid based on data whose inaccuracy is verified subsequently. This clause has effects for all the variable compensation received since the entry into force of the CEO's contract with the Company, that is, since September 4, 2017, and applies in the year following the payment of the relevant variable compensation.

- Additionally, the medium-term Deferred Compensation approved for the period 2018-2020 by the General Shareholders' Meeting and described in detail in section A.1 of this Report, contains, considering the duration of this variable compensation, a specific clawback clause, which obliges the CEO to reimburse the variable compensation received if, within the three years following the receipt thereof, the circumstances determined by the Board which oblige the CEO to return the shares delivered or their equivalent in cash have arisen. This clawback clause also applies to the rest of the beneficiaries of the plan (i.e. senior managers and other executives of the Group), in which case the period of application is two years, rather than three.

- The general conditions approved by the PRISA Board of Directors that define the extraordinary compensation incentives tied to the key strategic sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and to refinancing of the Prisa Group's bank debt, contain a clawback clause that requires the CEO to return all or part of the incentive received if, during the two years following each payment date (50% has already been paid, in January 2021, after the execution of the transactions in December 2020 and the other 50% to be paid, if such is the case, six months after the close of the transactions), there arise any of the circumstances envisioned for said purpose in the general conditions.

B.3 *Explain how the compensation accrued in the fiscal year complies with the provisions of the compensation policy in force.*

Also inform on the relationship between the compensation obtained by the directors and the results or other measurements of performance at the entity, on the short and long term, explaining how the variation in the company's results may have affected the variation in the compensation of directors, including the compensation accrued the payment of which has been deferred, and how it contributes to the company's results on the short and long term.

B.3.1. Explain how the compensation accrued in the fiscal year complies with the provisions of the compensation policy in force

Pursuant to the Compensation Policy, the compensation earned in 2020 by the directors was as follows:

Non-executive directors:

In 2019, the non-executive directors received the amounts determined in the Compensation Policy and which are detailed in section B.5, for belonging to the Board of Directors and to the different Committees, and, as applicable, for chairing the Board and its Committees, with the reductions applied as part of the contingency plan described in section A.1.1.4 above that the Board of Directors implemented as a result of the COVID-19 crisis (and which entail a reduction of 20%, from April to December 2020, both months inclusive, of the compensation receivable). Manuel Polanco thus received the remuneration payable to him for his directorship in Prisa Noticias (€50,000), likewise with the 20% reduction (bringing that compensation down to €42,000).

The former director and non-executive Chairman Mr. Javier Monzón de Cáceres received compensation of €329,000 (after applying the 20% reduction, from April to December 2020, to his annual fixed compensation of 400,000 euros).

After Mr. Monzón's removal, and as noted in section A.1.1.3 above, taking into account the Company's current circumstances and the loss of business and revenue due to the COVID-19 pandemic, and in line with other contingency measures adopted inside the Company, at the request of the director Mr. Joseph Oughourlian (vice chairman of the board at the time of his request and currently non-executive Chairman of the Board of Directors) and at the proposal of the ACCGC, the Board of Directors has decided that the non-executive Chairman's annual compensation be reduced from €400,000 to €200,000, effective as from 22 December 2020.

Although the current Compensation Policy stipulates a range of between 300,000 and 500,000 euros per year for the Chairman's annual fixed compensation, it has been deemed reasonable that said remuneration be set below that range, in view of the current circumstances and considering that the request came from the Chairman himself.

The current Chairman of the Board of Directors, Mr. Joseph Oughourlian, received a total of €104,000 in fiscal 2020, with the following breakdown: i) €99,556 as fixed compensation for his seat on the Board, on the Delegated Committee and on the ACCGC, for the period from 1 January to 22 December 2020 and ii) €4,444 as pro rata portion of the fixed compensation of €200,000 payable to the Board Chairman for exercise of those functions on the Board from 22 to 31 December 2020.

The total amount earned by all of the directors as a whole, in their capacity as such (non-executive) in 2020, including the compensation of the former non-executive Chairman and of the former directors Mr Javier Monzón de Cáceres, Mrs Sonia Dulá and Mr Javier Gómez-Navarro until the time of their cessation, amounts to 1,273,000 euros, complying with the total annual maximum limit established in the Compensation Policy for non-executive directors. (i.e. 2,000,000 euros).

<u>Executive director:</u>

The CEO earned in 2020: i) the fixed component of 463.000 euros (after the 10% reduction of his annual fixed remuneration of 500,000 euros, for the period from April to December 2020, as part of the aforesaid contingency plan implemented to deal with the COVID-19 crisis), ii) 50% of the extraordinary incentives for key strategic transactions in 2020 (that is, €500,000), and iii) the amounts corresponding to the life and accident insurance and health insurance premiums which are described in section B.14.

With respect to the short-term annual variable compensation, as already noted in subsection B.1.2.1 above and in section B.7 below, the CEO stated his intention to waive the annual variable remuneration he earned in 2020.

Furthermore, as already stated in section A.1.6.iii) above, it should once again be noted that in relation to the "Deferred Compensation", it must be taken into account that once the 2020 annual accounts have been prepared [and approved], the ACCGC will analyse the degree of fulfilment of the Ebitda and Cash Flow objectives to which the "Deferred Compensation" was tied and the Board of Directors will determine the number of shares to be awarded, if applicable, to the CEO at the settlement date. The number of theoretical shares allotted to the CEO amounted to 2,200,000 shares and a preliminary analysis of the fulfilment of those objectives during the reference period indicates the number will be no higher than 471,900 shares. It should also be noted that, at the request of the beneficiaries of this compensation plan, the Board of Directors [has resolved] that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be made within 60 days after the 2020 accounts are prepared). This compensation plan shall therefore not be considered to end and vest until it is settled in 2022.

B.3.2. Relationship between the compensation obtained by directors and the results or other measurements of performance, short and long term, at the company, explaining, as the case may be, how variations in the company's results may have influenced the variation in directors' compensation.

As described in section A.1.1.4 of this Report, in the midst of the COVID-19 crisis and to mitigate the negative impact of that situation, which was particularly intense in the main revenue generating sources for all types of communications media, the Board of Directors decided to implement a contingency plan to adapt the cost structures of the businesses to the circumstances expected for the coming months. The plan included a reduction, from April to December 2020, both months inclusive, of director compensation by 20% and of the annual fixed compensation of the CEO and senior managers by close to 35%. Also, the Chief Executive Officer and senior managers of PRISA voluntarily decided to waive for 2020 the part of their annual variable compensation pegged to quantitative objectives.

To adapt the compensation of the CEO to the short- and long-term results of PRISA, the Policy establishes two compensation components: (i) a short-term annual variable compensation for which the objectives are determined annually and are linked, in a significant percentage (i.e. 80%) to financial objectives of the Company, and (ii) a medium-term Deferred Compensation, the objectives of which are linked to the PRISA Strategy Plan of that period, and to the value creation in a medium-term.

The short- and medium-term variable compensation systems entail measures that take into account possible variations in the Company's results, which include:

- Defined scales of achievement for each objective based on the Company's results. Consequently, any variation in the Company's results on the short or long term will affect the degree of achievement of the objectives and directly the amount of variable compensation that may be obtained by the CEO.

- Only where the Board of Directors has prepared the financial statements with which to determine the degree of achievement of the objectives will the short- or long-term variable compensation linked to the Company's financial objectives accrue.

- Moreover, the medium-term Deferred Compensation contemplates the obligation to maintain the ownership of a certain number of shares that may be received under this plan.

- All of the CEO's variable compensation is subject to a clawback clause that permits the Company to claim the reimbursement of the variable components of compensation when that compensation has been paid based on data that is subsequently proven to be inaccurate.

In addition, as already noted in the preceding sections of this Report, after the advances and the execution of the strategic transactions in 2020, the ACCGC and Board of Directors are working on adapting the organization and the management team's incentives policy and aligning it with the Group's strategic roadmap, which entails separate operation of the Education and Media businesses and harvesting value in the Education business (Santillana). This will entail the modification of the Board´s composition and of the current Compensation Policy that would have to be submitted to the approval of the Company's shareholders in General Meeting.

B.4 *Report on the outcome of the advisory vote of the general shareholders' meeting on the annual report on directors' compensation for the previous year, indicating the number of votes cast against it, if any.*

	Number	**% of total**
Votes cast	578,780,399	100%

	Number	**% of total**
Votes against	7,291	0.30%
Votes in favour	578,769,908	99.99%
Abstentions	3,200	0.00%

Note: The 3,200 abstentions recorded in the tables above include both blank votes (2,700) and abstentions (500).

B.5 *Explain how the fixed components accrued during the fiscal year by the directors in their capacity as such have been determined and how they have varied with respect to the preceding year.*

Compensation of the non-executive Chairman.

The Compensation Policy was modified by resolution of the Board of Directors held in June 2019 and established a fixed annual compensation of the non-executive chairman for all items of between 300,000 and 500,000 euros per year. Thus, it was agreed that the Board of Directors, at the ACCGC's proposal, within said range and considering the levels of responsibility and dedication required by the Chairman, would set the compensation.

Mr. Javier Monzón de Cáceres was the non-executive Chairman of the Board of Directors until his removal pursuant to the resolution approved at the Extraordinary Shareholders' Meeting held on 18 December 2020. The Board set Mr. Monzón's annual fixed remuneration as non-executive Chairman at 400,000 euros.

For the period from 1 January to 18 December 2020, Mr. Monzón's compensation amounted to €329,333 (after applying a reduction of 20% to the annual fixed remuneration of €400,000, from April to December 2020, as part of the contingency plan's response to the COVID-19 crisis).

After Mr. Monzón's removal, and as noted in section A.1.1.3 above, taking into account the Company's current circumstances and the large loss of business and revenue due to the COVID-19 pandemic crisis, and in line with other contingency measures adopted inside the Company, at the request of the director Mr. Joseph Oughourlian (vice chairman of the board at the time of his request and currently non-executive Chairman of the Board of Directors) and at the proposal of the ACCGC, the Board of Directors has decided that the non-executive Chairman's annual compensation be reduced from €400,000 to €200,000, effective as from 22 December 2020.

Although the current Compensation Policy stipulates a range of between 300,000 and 500,000 euros per year for the Chairman's annual fixed compensation, it has been deemed reasonable that said remuneration be set below that range, in view of the current circumstances and considering that the request came from the Chairman himself.

The current Chairman of the Board of Directors, Mr. Joseph Oughourlian, has received €4,444 for discharging the office of Chairman of the Board of Directors between the 22nd and 31st of December 2020 after Mr. Monzón's removal.

<u>Compensation for the rest of the directors</u>:

The rest of the directors' compensation, in their capacity as such, has not changed in 2020 in comparison to the previous fiscal year and is as follows, without prejudice to the 20% reduction applied from April to December 2020 as part of the contingency plan's response to the COVID-19 crisis:

- The maximum amount of fixed annual compensation for participating in the Board of Directors is 70,000 euros. This amount is paid entirely in cash and prorated monthly. After the aforesaid extraordinary reduction, the figure was €59,505 in 2020.

- The maximum annual compensation for the participation in the Delegated Committee is 30,000 euros per director. This amount is paid entirely in cash and prorated monthly. After the aforesaid extraordinary reduction, the figure was €25,500 in 2020.

- The maximum annual compensation for the participation on the Audit, Risk and Compliance Committee and the ACCGC is 20,000 euros per director, which amount is double for the respective chairmen (i.e. 40,000 euros). This amount is paid entirely and prorated monthly. After the aforesaid extraordinary reduction, this amount was €17,000 and €34,000, respectively, in 2020

In particular, the amount of the individual compensation accrued in 2020 by the directors in their capacity as such (non-executive) has been the following cash compensation:

- Mr. Joseph Oughourlian: €104,311 (some €99,556 of which are fixed compensation for his seats on the Board, on the Delegated Committee and on the ACCGC, for the period from 1 January to 22 December 2020 and €4,444 as pro rata portion of the fixed compensation payable to the Board Chairman for exercise of those functions on the Board from 22 to 31 December 2020.

- Mr Roberto Alcántara Rojas: 59,500 euros.

- Amber Capital UK LLP (represented by Mr Fernando Martínez Albacete): 76,500 euros.

- Mrs Maria Teresa Ballester Fornés: 76,500 euros.

- Mrs Beatrice de Clermont-Tonerre: 77,388 euros.

- Mr Javier de Jaime Guijarro: 92,644 euros.

- Mr Dominique D´Hinnin: 93,855 euros.

- Mr Manuel Polanco Moreno: 85,000 euros.

  In addition, in 2020 Mr. Polanco has received a remuneration for belonging to the board of directors of PRISA Noticias, in the amount of 42,000 euros in cash.

- Mr Khalid Bin Thani Abdullah Al Thani: 59,500 euros.

- Mr Javier Santiso Guimaras: 2,400 euros.

- Mr Rosauro Varo Rodriguez: 1,800 euros

- Mr Francisco Javier Monzón de Cáceres (who was director and non-executive Chairman until December 18, 2020): 329,333 euros.

- Mr Francisco Javier Gómez-Navarro Navarrete (who was director until June 29, 2020): 40,500 euros.

- Mrs Sonia Dulá (who was director until December 18, 2020): 131,733 euros.

According to the above, the total amount earned by all the directors in their capacity as such (non-executive) in 2020 amounts to 1,273 thousand euros, which compared to the total amount earned by all directors in their capacity as such (non-executive) in 2019 (1,508 thousand euros), represents a reduction of 235 thousand euros. This decrease was primarily due to the 20% reduction made to the compensation of non-executive directors, between April and December 2020, as part of the contingency plan's response to the COVID-19 crisis.

Explain how the salaries accrued in the closed fiscal year, by each of the executive directors for the performance of management functions have been determined and how they have changed with respect to the preceding year.

In fiscal years 2019 and 2020, the sole executive director of the Company was the CEO, Mr. Manuel Mirat, who earned the earned the following fixed compensation in 2020:

- The amount of the fixed annual compensation of 2020 is maintained, as from the signature of the CEO's contract in September 2017, at 500,000 euros. Nevertheless, after applying a 10% reduction for the period from April to December 2020, as part of the contingency plan's response to the COVID-19 crisis, this compensation was lowered to 463,000 euros in 2020.

- The amount of the annual premium corresponding to the life and accident insurance policy, amounted to 1,433 euros in 2020. In 2019, this was 1,046 euros (851 for life insurance and 194 for accident insurance

  The amount of the premium corresponding to the health insurance policy was 4,914 euros in 2020 and 4,801 in 2019.

- The CEO has used, in the pursuit of his functions as director, a company car, according to the PRISA Group's vehicle fleet policy.

B.6 *Explain the nature and principal characteristics of the variable components of the compensation accrued in the previous fiscal year.*

In particular:

- *Identify each of the compensation plans that have determined the different variable compensation items earned by each of the directors during the last fiscal year closed, including information on their scope, date of approval, date of implementation, accrual periods and validity, criteria used to evaluate performance and how that has affected the setting of the variable amount accrued, the measurement criteria used, and the period necessary to be in a position to adequately measure all the conditions and criteria stipulated, giving a* *detailed explanation of the criteria and factors that apply in relation to time required and methods for testing effective fulfilment of the performance conditions or any other type of condition to which the accrual and vesting of each variable compensation component is tied.*

In the case of stock option plans or other financial instruments, the general characteristics of each plan will include information on the conditions both to acquire their unconditional ownership (vesting) and to be able to exercise those options or financial instruments, including the exercise price and period.

- *Each of the directors and their category (executive directors, nominee non-executive directors, independent non-executive directors or other non-executive directors), who are beneficiaries of compensation systems or plans that include variable compensation.*

- *As applicable, information on the accrual periods or payment deferral periods established and applied and/or the periods of maintenance/non-disposal of shares or other financial instruments, if any.*

As established in the Compensation Policy, the CEO has been the only participant of variable compensation systems in fiscal year 2019.

The variable compensation system of the CEO includes short and medium term variable components:

B.6.1. Short-term annual variable compensation

Both the CEO's contract and the Compensation Policy contemplate his participation in the short-term annual variable compensation.

The accrual period of the short-term variable compensation of fiscal year 2020 was from January 1 to December 31 of that year.

The short-term variable compensation target of the CEO, for an achievement level of 100% of the objectives established for 2020, was 300,000 euros. This amount could be increased up to 130% (i.e. 390,000 euros) if the degree of achievement of the established objectives is over 100%.

As has already been noted in section A.1.1.4 of this Report, in the context of the COVID-19 crisis and in order to mitigate the negative impact of the current situation which has an special effect on the main sources of income generation of all kind of media, the Board of resolved to put in place a contingency plan to adequate the cost structures of the businesses to the foreseeable circumstances of the following months, which included a reduction from April to December 2020, both inclusive, of 20% in the directors remuneration and around 35% in the annual remuneration of the Chief Executive Officer and the Senior Management. Also, the CEO and members of the senior management of PRISA voluntarily decided to waive, in relation to 2020, the portion of their annual variable compensation tied to quantitative objectives (in the case of the CEO, 80% of the target amount of €300,000).

Afterwards, in January 2021, the CEO also waived part of the annual variable compensation for 2020 tied to qualitative objectives (based on variables that measure individual performance, which have a 20% weighting in the target amount of €300,000), which was approved by the Board of Directors of Prisa, at the proposal of the ACCGC. The objectives that assessed individual performance and related to both his specific performance and to the means by which the objectives were achieved were the following for 2020: i) Leadership, ii) Cooperation, iii) Creativity and innovation, and iv) Adaptation to change.

The CEO has thus voluntarily waived the whole of the annual variable compensation to which he may have been entitled in 2020. The ACCGC and Board have therefore not had to test the degree of achievement of the qualitative objectives to which the short-term variable remuneration was subject.

B.6.2. Extraordinary incentives tied to key strategic transactions (sale of Grupo Santillana Educación Global, S.L.U.'s business in Spain and refinancing of the Prisa Group's financial debt):

As for the two extraordinary compensation incentives for the CEO of Prisa and certain executives, which are discussed in section A.1.6. iv) above, they were tied to the success of the two key strategic transactions, namely, the sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and the refinancing of the Prisa Group's bank debt ("Incentives for key strategic transactions 2020").

The payment will be made in cash, scaled to the achievement of predefined target amounts. For the CEO, the target for the refinancing was €330,000 and the target amount associated with the sale of Santillana Spain was €670,000, giving a total target amount for the two incentives of €1,000,000.

The amount receivable by each participant was to oscillate between 80% and 120% of the target amount assigned.

The conditions for receiving the incentives were as follows: i) formal execution and final implementation of the sale of Santillana Spain and of the refinancing agreements with the Company's main creditors, on terms approved by the Board of Directors, in both cases, with the individual contribution of the beneficiary and ii) continuance of the beneficiary's employment or business relationship with the Company.

Those conditions have been met: on 31 December 2020 the new refinancing agreements were signed with the main creditors who represented at that date 100% of the debt, as was the sale of Santillana Spain and ii) the CEO continues to maintain his business relationship with the Company.

The Board, at the proposal of the ACCGC, would have to determine the amount achieved by each participant based on an overall assessment and on the participant's individual contribution. In the case of the refinancing incentive, to make this proposal the ACCGC has to base itself on the report of the external advisors for the transaction in order to evaluate the transaction as a whole, and on a report describing the individual contribution of each participant. Consequently, the Board may modify the pool target 20% upwards (120% of the target) or 20% downwards (80% of the target). The evaluation of the individual allotment is to be done after the transactions are carried out.

In January 2021, the Board, at the proposal of the ACCGC, decided on an achievement coefficient of 100% for the two incentives, taking into account the qualitative assessment of the final terms of the agreements reached in the transactions (in the case of the refinancing agreement, it took into account the assessment reported by Lazard, the external advisor for the transaction, and in relation to the sale of Santillana Spain the Board took into account the report by Morgan Stanley, the external advisor for that transaction, along with the CEO's optimum contribution in both.

The payment will be made as follows:

i. An initial payment (of 50% of the sum of the two incentives) after the transactions are carried out (they were closed at 31 December 2020). This first payment has been made in January 2021.

ii. A second payment (for the other 50%), six months after the close of the transactions. This second payment is linked to the Prisa share performance versus a group of comparable companies that has been defined and may be paid after the end of the reference period for measuring the share performance. The Board of Directors, when determining the Payment Coefficient, will take into account such significant internal or external changes as may advise deciding a Payment Coefficient of up to 100%, even where the PRISA share has not outperformed the Comparison Group, in certain predefined cases.

B.6.3. Medium-term variable components of the compensation systems:

As already stated in sections A.1.6.iii) and A.1.11 above, the medium-term Deferred Compensation for fiscal 2018 to 2020 sought to align the interests of its beneficiaries with those of the Company's shareholders pursuant to the Strategic Plan the Company had charted for 2018-2020 ("Strategic Plan"). The Deferred Compensation thus provided that the beneficiaries would be assigned a certain number of "theoretical shares" (restricted stock units or RSUs) that would serve as reference for determining, if applicable, the number of ordinary shares of the Company to be delivered after a 3-year reference period, subject to fulfilment of certain requirements and of objectives charted for: (i) the appreciation of the share, (ii) consolidated EBITDA and (iii) consolidated Cash Flow.

In 2020 and 2021 the ACCGC analyzed the impact of the operations that took place during the reference period (specifically, in 2019 and 2020) on the EBITDA and Cash Flow of the Strategic Plan that was used as benchmark for the Deferred Compensation, and the ACCGC (with independent outside advice from KPMG) approved a modification of the reference parameters for EBITDA and ash Flow.

Once the annual accounts for fiscal 2020 have been prepared and approved, the Board will confirm the level of fulfilment of the Ebitda and Cash Flow objectives to which the Deferred Compensation was pegged, and the Board of Directors will confirm the number of shares which, if applicable, are to be awarded to the Chief Executive Officer at the settlement date (although, a preliminary analysis of the fulfilment of those objectives during the reference period indicates the number will be no higher than 471,900 shares).

It should be noted that, at the request of the beneficiaries of this compensation plan, the Board of Directors has resolved that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be made within 60 days after the 2020 accounts are prepared).

Therefore, this Plan will not be deemed to have ended until it is settled in 2022. That is why no amount is entered in the tables in section C.1.c) of this Report as deferred compensation in respect of "Gross profit on vested shares or financial instruments" during 2020.

To receive the shares the CEO must maintain a contractual relationship with the PRISA Group for the duration of the Deferred Compensation and until the delivery date, except in certain events of termination of that relationship for reasons not attributable to the CEO and which are duly documented in the general conditions for the Deferred Compensation. Nevertheless, given that settlement of the Plan has been moved back to January 2022, it has been agreed that in certain exit events prior to settlement, the plan must be paid as long as and when it has been fulfilled.

B.7 *Indicate whether certain variable components have been reduced or a reimbursement claimed where, in the first case, the payment has vested and been deferred or, in the second case, it has vested and been paid, based on data that has subsequently been shown to be clearly inaccurate. Describe the amounts reduced or reimbursed by application of the reduction or reimbursement (clawback) clauses, why them have been executed and the fiscal years to which they relate.*

There are no variable components of compensation which have been reduced or a reimbursement claimed as none have accrued or been paid based on data that has subsequently been shown to be clearly inaccurate.

B.8 *Explain the main characteristics of the long-term savings systems the annual amount or equivalent cost appears in the tables of Section C, including retirement and any other survival benefit, which are financed, in part or in full, by the company, whether provided internally or externally, indicating the type of plan, whether it is for defined contributions or benefits, the contingencies covered by it, the conditions on which economic rights vest in favour of the directors and their compatibility with any other kind of indemnity for early termination or for termination of the contractual relationship between the company and the director.*

There were no long-term savings systems in favour of the directors in 2020.

B.9 *Explain any indemnities or other types of payments derived from early termination, whether due to removal by the company or resignation by the director, or from termination of the contract on the terms established in it, accrued and/or received by the directors in the last fiscal year closed.*

No payments accrued or were made in respect of these items during 2020.

B.10 *Indicate whether there have been significant changes in the contracts of those who perform senior management functions as executive directors and, if so, explain them. Also, explain the main conditions of the new contracts signed with executive directors during the fiscal year, unless they have already been explained in section A.1.*

In July 2019 the Board of Directors, at the proposal of the ACCGC, resolved to amend certain aspects of the service agreement between PRISA and the CEO Mr. Manuel Mirat to provide more legal security and clarity to that contract and to the covenants it contained, specifically:

i. to quantify the indemnity that would be payable for the previous employment relations, now suspended;

ii. in relation to the regulation of the termination of the agreement, to include in the body of the agreement an additional clause on the calculation of the indemnity module in the event of termination so as to recognise the amount of the fixed compensation and the amount of the target variable compensation, and

iii. stipulate an indefinite term for the agreement, without prejudice to that term being tied to his continuance as CEO on the terms provided in the bylaws.

B.11 *Explain any supplementary compensation earned by directors as consideration for services provided other than those inherent in their post*

Explain any supplementary compensation earned by directors as consideration for services provided other than those inherent in their post

B.12 *Indicate any compensation derived from the grant of advances, loans and guarantees, stating the interest rate, their essential features and any amounts subsequently repaid, together with the obligations assumed on their behalf under guarantees*

There are no grants of advances, loans or guarantees by the Company to its directors.

B.13 *Detail the compensation in kind earned by the directors during the fiscal year, briefly explaining the nature of the different salary components.*

In relation to the CEO, there follows a detail of the amount and nature of the compensation in kind accrued in fiscal year 2020:

i) A life and accident insurance policy:

The amount of the annual premium for 2020 relating to the life and accident insurance policy, on the terms described in section A.1.10 was 1,183 euros in relation to the life insurance and 250 euros for the accident insurance for the CEO.

The insured capital of the life insurance policy of the CEO for 2020 amounted to 851,900 euros.

ii) Private health insurance:

The amount of the health insurance premium for the CEO was 4,914 euros.

Moreover, it notes that the CEO has used, in the performance of his functions, a company car according to the PRISA Group's vehicle fleet policy, although this is not considered in-kind compensation.

B.14 *Indicate the compensation earned by the director by virtue of the payments made by the listed company to a third-party entity at which the director provides his or her services, where the purpose of such payments is to remunerate the director's services at the company*

PRISA has not made payments to a third-party entity at which the directors might provide services, where the aim of which is to compensate their services at the company.

B.15 *Explain any compensation item other than those listed above, regardless of its nature or the group entity making payment, especially when it may be considered a related-party transaction or when its issuance would distort a true and fair view of the total compensation received by the director.*

There no compensation items other than those listed above.

C. DETAIL OF THE INDIVIDUAL COMPENSATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Accrual period fiscal year 2020
MR MANUEL MIRAT SANTIAGO	Chief Executive Officer	From 01/01/2020 through 31/12/2020
MR JOSEPH OUGHOURLIAN	Non-Executive Chairman (Proprietary Director)	From 01/01/2020 through 31/12/2020
MR ROBERTO LÁZARO ALCÁNTARA ROJAS	Proprietary Director	From 01/01/2020 through 31/12/2020
AMBER CAPITAL UK LLP	Proprietary Director	From 01/01/2020 through 31/12/2020
MRS MARIA TERESA BALLESTER FORNES	Independent Director	From 01/01/2020 through 31/12/2020
MRS BEATRICE DE CLERMONT-TONERRE	Independent Director	From 01/01/2020 through 31/12/2020
MR JAVIER DE JAIME GUIJARRO	Independent Director	From 01/01/2020 through 31/12/2020
MR DOMINIQUE D'HINNIN	Independent Director	From 01/01/2020 through 31/12/2020
MR MANUEL POLANCO MORENO	Proprietary Director	From 01/01/2020 through 31/12/2020
MR KHALID BIN THANI BIN ABDULLAH AL-THANI	Proprietary Director	From 01/01/2020 through 31/12/2020
MR JAVIER SANTISO GUIMARAS	Independent Director	From 22/12/2020 through 31/12/2020
MR ROSAURO VARO RODRIGUEZ	Independent Director	From 22/12/2020 through 31/12/2020
MR FRANCISCO JAVIER MONZÓN DE CÁCERES	Independent Director	From 01/01/2020 through 18/12/2020
MRS SONIA DULÁ	Independent Director	From 01/01/2020 through 18/12/2020
MR FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Independent Director	From 01/01/2020 through 29/06/2020

C.1 Complete the following tables on the individual compensation earned by each director during the year (including compensation for executive functions)

C.1.a) Compensation earned at the Company to which this report relates:

i) Compensation earned in cash (€k)

Name	Fixed compensation	Per diems	Compensation for belonging to a board committee	Salary	Short-term variable compensation	Long-term variable remuneration	Severance	Other items	Total fiscal year 2020	Total fiscal year 2019
MANUEL MIRAT SANTIAGO	0	0	0	463	0	0	0	506	969	506
JOSEPH OUGHOURLIAN	62	0	42	0	0	0	0	0	104	120
ROBERTO ALCÁNTARA ROJAS	60	0	0	0	0	0	0	0	60	78
AMBER CAPITAL UK LLP (REPRESENTED BY MR. FERNANDO MARTÍNEZ ALBACETE)	60	0	17	0	0	0	0	0	77	82
MARIA TERESA BALLESTER FORNES	60	0	17	0	0	0	0	0	77	37
BEATRICE DE CLERMONT TONERRE	60	0	17	0	0	0	0	0	77	49
JAVIER DE JAIME GUIJARRO	60	0	33	0	0	0	0	0	93	88
DOMINIQUE D'HINNIN	60	0	34	0	0	0	0	0	94	122
MANUEL POLANCO MORENO	60	0	25	0	0	0	0	0	85	100

KHALID BIN THANI ABDULLAH AL THANI	60	0	0	0	0	0	0	0	60	70
JAVIER SANTISO	1	0	1	0	0	0	0	0	2	0
ROSAURO VARO	1	0	0	0	0	0	0	0	1	0
FRANCISCO JAVIER MONZÓN DE CÁCERES	329	0	0	0	0	0	0	0	329	400
SONIA DULÁ	57	0	74	0	0	0	0	0	131	143
FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	31	0	10	0	0	0	0	0	41	90
TOTAL	961	0	270	463	0	0	0	506	2,200	1,885

Observations

ii) Table of movements of share-based compensation systems and gross profit on vested shares or financial instruments

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during the fiscal year 2020		Financial instruments vested during the fiscal year				Instruments accrued and not exercised	Financial instruments at the end of the fiscal year 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent shares/vested shares	Price of vested shares	Gross profit on the vested shares or financial instruments (€k)	No. instruments	No. instruments	No. equivalent shares
MANUEL MIRAT SANTIAGO	Medium-term Incentive Plan 2018-2020	2,200,000	2,200,000	0	0	0	0	0	0	1,728,100	471,900	471,900

Observations
At the Ordinary Shareholders' Meeting held on April 25, 2018, a medium-term Deferred Compensation plan was approved for the period 2018 to 2020, consisting of the delivery of shares in the Company linked to the performance of the market price of the share and the achievement of some objectives. That plan was addressed to the CEO of PRISA and to certain executives, who may receive a specific number of ordinary shares in the Company after a reference period of 3 years, provided certain pre-established requirements are met. In 2018, the Company assigned a number of "theoretical shares" (Restricted Stock Units or RSUs) to each beneficiary and set some objectives (different from share market price) that must be met to be able to benefit from the incentive, which will serve as a reference for determining the final number of shares to be delivered, if any. Once the annual accounts for fiscal 2020 have been prepared and approved, the Board will confirm the level of fulfilment of the Ebitda and Cash Flow objectives to which the Deferred Compensation was pegged, and the Board of Directors will confirm the number of shares which, if applicable, are to be awarded to the Chief Executive Officer at the settlement date (although, a preliminary analysis of the fulfilment of those objectives during the reference period indicates the number will be no higher than 471,900 shares). At the request of the beneficiaries of this compensation plan, the Board of Directors has resolved that settlement and delivery of this Deferred Compensation be delayed until January 2022 (according to the general conditions regulating this compensation plan, that delivery should be

made within 60 days after the 2020 accounts are prepared). Therefore, this Plan will not be deemed to have ended until it is settled in 2022, without prejudice to such amounts as may have been booked as expenses in the income statement.

iii) Long-term savings systems

	Compensation for vesting of rights under savings systems
Director 1	

	Contribution of the year by the company (€k)				Amount of cumulative funds (€k)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights					
	Year t	Year t-1	Year t	Year t-1	Year t		Year t-1	
Name					Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Director 1								

Observations

iv) Detail of other items

Name	Item	Amount of compensation
MANUEL MIRAT SANTIAGO	Life, accident and health insurance	6

Observations

C.1. b) Compensation earned by Company directors for membership of Boards at other group companies:

i) Compensation accrued in cash (€k)

Name	Fixed compensation	Per diems	Compensation for belonging to Board committees	Salary	Short-term variable compensation	Long-term variable compensation	Severance	Other items	Total fiscal year 2020	Total fiscal year 2019
MANUEL POLANCO MORENO	42	0	0	0	0	0	0	0	42	50
TOTAL	42	0	0	0	0	0	0	0	42	50

Observations

ii) Table of movements of share-based compensation systems and gross profit on vested shares or financial instruments

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year t		Financial instruments granted during the fiscal year t		Financial instruments vested during the fiscal year				Instruments accrued and not exercised	Financial instruments at the end of the fiscal year t	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (€k)	No. instruments	No. instruments	No. equivalent shares
Director 1	Plan 1											
	Plan 2											

Observations

iii) Long-term savings systems

	Compensation for vesting of rights under savings systems
Director 1	

Observations

	Contribution of the year by the company (€k)				Amount of cumulative funds (€k)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights					
	Year t	Year t-1	Year t	Year t-1	Year t		Year t-1	
Name					Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Director 1								

iv) Detail of other items

Name	Item	Amount of compensation
Director 1		

C.1. c) Summary of compensation (€k):

Summary should include the amounts relating to all the compensation items included in this report that have been earned by the director, in thousands of euros.

	Compensation earned at the Company					Compensation earned at group companies:				
Name	Total compensation in cash	Gross profit on vested shares or financial instruments	Compensation from savings systems	Compensation for other items	Company total fiscal year 2020	Total compensation in cash	Gross profit on vested shares or financial instruments	Compensation from savings systems	Compensation for other items	Total fiscal year 2019 group
MANUEL MIRAT SANTIAGO	969	0	0	0	969	0	0	0	0	0
JOSEPH OUGHOURLIAN	104	0	0	0	104	0	0	0	0	0
ROBERTO ALCÁNTARA ROJAS	60	0	0	0	60	0	0	0	0	0
AMBER CAPITAL UK LLP (REPRESENTED BY MR. FERNANDO MARTÍNEZ ALBACETE)	77	0	0	0	77	0	0	0	0	0
MARIA TERESA BALLESTER FORNES	77	0	0	0	77	0	0	0	0	0
BEATRICE DE CLERMONT TONERRE	77	0	0	0	77	0	0	0	0	0
JAVIER DE JAIME GUIJARRO	93	0	0	0	93	0	0	0	0	0

DOMINIQUE D'HINNIN	94	0	0	0	94	0	0	0	0	0
MANUEL POLANCO MORENO	85	0	0	0	85	42	0	0	0	42
KHALID BIN THANI ABDULLAH AL THANI	60	0	0	0	60	0	0	0	0	0
JAVIER SANTISO	2	0	0	0	2	0	0	0	0	0
ROSAURO VARO	1	0	0	0	1	0	0	0	0	0
FRANCISCO JAVIER MONZÓN DE CÁCERES	329	0	0	0	329	0	0	0	0	0
SONIA DULÁ	131	0	0	0	131	0	0	0	0	0
Total:	2,194	0	0	6	2,200	0	0	0	0	42

Observations
i) The amount of the total compensation of the directors, specified in the previous and subsequent tables of this Report, which followed the accrual criteria established in the CNMV's "Circular 1/2020, establishing the model of annual report on compensation of directors of listed corporations", differs in 354 thousand euros from the total amount of directors' compensation specified in the Notes to the Financial Statements and in the Half-Year Financial Information of PRISA of fiscal year 2020 (2,596 thousand euros), because that amount relates to the accounting provision of the expense. The difference in the amount is broken down as follows: • Variable compensation of the CEO: a negative sum of -223 thousand euros was booked at year-end 2020. As has been stated in this report on compensation, the CEO has voluntarily waived the whole of the annual variable compensation to which he would have been entitled in 2020. • with respect to the medium-term Deferred Compensation plan for the period 2018/2020: This Plan will not be considered to have ended and vest until it is settled, in 2022, notwithstanding any amount that may have been recorded as expense on the statement of income (77 thousand euros) • In relation to the two extraordinary compensation incentives for the Prisa CEO and certain executives, which are tied to the success of the two key strategic transactions, namely, the sale of Grupo Santillana Educación Global, S.L.U.'s education business in Spain and the refinancing of the

Prisa Group's bank debt. In 2020, an expense of 1,000 thousand euros was booked in respect of this incentive in relation to the Prisa CEO. In this report, however, only 50% of that amount will be recorded as accrued in 2020 (€500,000).

ii) Within the global compensation of the Board of Directors includes that pertaining to Mr. Javier Gómez-Navarro up to the time of his cessation as a director on June 29, 2020 (once expired the term for which he was appointed), and that of Mr. Javier Monzón de Cáceres and Ms. Sonia Dulá, up to the time of their cessation and resignation as directors, respectively, on December 18, 2020.

D. OTHER INFORMATION OF INTEREST

If there are any material aspects relating to directors' compensation that have not been addressed elsewhere in this report and which are necessary in order to provide a more comprehensive and reasoned view of the compensation structure and practices of the company, provide a brief explanation.

This annual compensation report was approved by the Board of Directors at its meeting held on March 23, 2021.

Indicate whether there are any directors who voted against or abstained from voting to approve this Report.

YES ☐NO ☒

Name or corporate name of Board members that did not vote in favour of approving this report	Reason (against, abstained, absence)	Explain the reasons