



**PROMOTORA DE INFORMACIONES, S.A.
(PRISA)**

**APPOINTMENT AND REMUNERATION COMMITTEE
REPORT ON THE 2017-2019 DIRECTORS
REMUNERATION POLICY PROPOSAL**



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1.- Introduction:

This report was drawn up by the Appointment and Remuneration Committee of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, “**PRISA**” or the “**Company**”), pursuant to Article 529 *novodecies* of the Spanish Capital Companies Act (“**LSC**” for its initials in Spanish), establishing that the Directors Remuneration Policy must be approved by the General Shareholders’ Meeting at least every three years. It also determines that the Directors Remuneration Policy must be founded on and supported by a specific report issued by the Appointment and Remuneration Committee.

Pursuant to the Transitional Provision of Act 31/2014, of 3 December, in accordance with Article 529 *novodecies* of the Capital Companies Act, advisory approval of the Annual Board Remuneration Report by shareholders at the Ordinary General Shareholders’ Meeting on 20 April 2015 meant that the Remuneration Policy therein was approved as valid for three years, i.e. until 2017, inclusive (hereinafter, the “**2015-2017 Board Remuneration Policy**”).

Nonetheless, and as stated in the 2016 Annual Board Remuneration Report, published by the Company on 27 February 2017, the Board of Directors intends to fulfil the Appointment and Remuneration Committee’s request and propose a new Board Remuneration Policy be approved at the forthcoming Ordinary General Shareholders’ Meeting in 2017. Said policy would be in force for 2017, 2018 and 2019 (hereinafter, the “**2017-2019 Board Remuneration Policy**”). If approved, this Policy would replace and render null and void the 2015-2017 Board Remuneration Policy.

Consequently, this report explains the criteria used by the Appointment and Remuneration Committee to prepare the proposal for the 2017-2019 Board Remuneration Policy, which will be submitted as a separate agenda point for approval by shareholders at the next Ordinary General Shareholders’ Meeting in June 2017. This document will be made available to shareholders on the Company’s website as from the date on which the General Meeting is called.

2. Appointment and Remuneration Committee: composition and duties regarding board remuneration

At the date of this report, the following directors sit on the Appointment and Remuneration Committee:

<u>Chairman:</u>	Alain Minc.- Independent external director
<u>Board members:</u>	Joseph Oughourlian.- External director representing significant shareholdings
	Alfonso Ruiz de Assin.- Independent external director
	Gregorio Marañón y Bertrán de Lis.- Other external director

Pursuant to Article 28 of the Board of Directors' Regulation, the Appointment and Remuneration Committee has the following board remuneration-related duties:

- i. Proposing to the Board of Directors, for submission to the General Shareholders' Meeting, the compensation policy for Directors and general managers or those performing senior management functions under the direct supervision of the Board, Executive Commissions or Chief Executive Officer, as well as the individual compensation and other contractual conditions of executive Directors, ensuring compliance therewith.
- ii. Approving the objectives associated with variable compensation of executive directors and/or the managers.
- iii. Reporting to the Board on calculation of the variable compensation of the senior managers of the Company, as well as calculation of other incentive plans destined thereto.
- iv. Ensuring compliance with the compensation policy established by the Company.

In fulfilment of its duties the Appointment and Remuneration Committee has reviewed the Board Remuneration Policy currently in force and has decided to propose a new Remuneration Policy for the years 2017, 2018 and 2019, pursuant to which it is the Board of Directors that – given the Company's prevailing circumstances – defines the specific board remuneration scheme within the framework of the Articles of Association and the limits set in the Board Remuneration Policy.

3.- Proposal for the 2017-2019 Board Remuneration Policy, which will be submitted for approval by the General Shareholders' Meeting

The proposal for the 2017-2019 Board Remuneration Policy complies with the general regime of the board remuneration scheme stipulated in PRISA's Articles of Association (Article 22) and Board of Directors' Regulation (Articles 33, 34 and 25).

In general, the Appointment and Remuneration Committee deems it appropriate – given the Company’s prevailing circumstances – for the Board of Directors, as per this Committee’s proposal, to be responsible for defining more specifically the board remuneration scheme within the framework of the Articles of Association and the Board Remuneration Policy.

3.1. Remuneration policy applicable to directors for serving on the Board (non-executive directors)

The Board of Directors will define the components of remuneration to be received by the non-executive directors, which could be an annual fixed compensation for serving on the Board of Directors, the Delegated Commission and Board Committees (Audit Committee, Appointment and Remuneration Committee, Corporate Governance Committee and Strategic Digital Change Committee) and/ or attendance fees for participating in meetings of such bodies.

The amounts for said components of remuneration will be established by the Board of Directors considering that:

- i) They must not exceed those currently received by non-executive directors as defined in the Board Remuneration Policy.
- ii) They must not exceed the maximum annual compensation for all directors for serving on the Board, which was set at €2,000,000 at the General Shareholders' Meeting of 27 November 2010;
- iii) They must be commensurate with the Company’s situation at each point in time.

Amounts could be different for the chairmen of the various bodies and their members, with compensation linked to the level of responsibility assumed.

The Board must also look to comply with the principles of Article 35 of the Board of Directors’ Regulations, in the sense that they ensure external directors are compensated pursuant to their actual time commitments and the amount of independent directors’ compensation is calculated so that it offers incentives for time commitment, without undermining their independence.

3.2. Remuneration policy applicable to executive directors

The Appointment and Remuneration Committee proposes the following vis-à-vis executive director compensation:

- i. Annual bonus objectives for the three executive directors should be quantitative. Thus, the qualitative component of the Deputy Chairman’s performance appraisal is removed, bringing it into line with that of the Chairman and the Chief Executive Officer.

- ii. It expressly allows for the Deputy Chairman's entitlement to participate in multi-annual compensation plans, in accordance with legal requirements.

May 2017