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

APPOINTMENTS, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

**ANNUAL REPORT
2019**

Madrid, February 2020.

ANNUAL REPORT OF THE APPOINTMENTS, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

2019

I. INTRODUCTION

The Appointments, Compensation and Corporate Governance Committee of PROMOTORA DE INFORMACIONES, S.A. (“PRISA” or the “Company”) (hereafter the “Committee” or the “CNRGC”) hereby issues this report to enable the Board of Directors to inform shareholders about the Committee’s work and activities during 2019.

The Committee is governed by article 529 quincecies of the Capital Companies Act (LSC), the company’s bylaws, and PRISA’s Board of Directors Regulation.

II. COMPOSITION

In 2019 the following changes were made in the Committee’s composition:

- The Committee reduced the number of its members from five (5) to four (4), as is also the case with the Audit, Risks and Compliance Committee.
- Independent directors Messrs. Javier Monzón de Cáceres and Mr. Dominique D’Hinnin, together with proprietary director Mr. Roberto Alcántara are no longer committee members.
- Independent director Ms. Sonia Dulá joined this Committee, also assuming its chairmanship (replacing Mr. Javier Monzón de Cáceres, likewise an independent director);
- Independent director Ms. Beatrice de Clermont also joined this Committee

The composition of the CNRGC as of 31 December 2019 and the issue date of that report were as follows:

Position	Director	Category	Date joining the Committee
Chairperson	Ms Sonia Dulá	External Independent Director	03.06.19
Member	Mr Joseph Oughourlian	External Proprietary director	25.04.18
Member	Mr Javier Gómez-Navarro Navarrete	External Independent Director	25.04.18
Member	Ms Beatrice de Clermont	External Independent Director	30.07.19

Thus, the number of members on the committee was reduced from five to four, the number of independent members increased, and there is now an equal number of male and female members.

The Committee’s composition complies with the requirements of current legislation and the Company’s Board of Directors Regulation, which states that the CNRGC shall consist of a minimum of three and a maximum of five non-executive directors, the majority of whom must be independent directors and with an independent director in the role of chairperson.

Moreover, CNRGC members were appointed taking into consideration that their knowledge, aptitudes and experience are adequate for the duties they have to perform. The profiles of committee members are available on the company’s corporate webpage using the following link:

<https://www.prisa.com/es/info/consejo-de-administracion-y-comisiones-del-consejo>.

It is particularly noteworthy that the committee members have knowledge and experience in the following areas identified in the National Securities Market Commission’s (CNMV) “Technical Guidelines 1/2019 on Appointments and Compensation Committees” (CNMV Technical Guidelines): corporate governance; strategic analysis and evaluation of human resources; selection of directors and managers, including evaluation of suitability requisites that may be required in applicable corporate legislation; senior management performance; and the creation of compensation policies and plans for directors and senior management.

In addition, and also in accordance with recommendations contained in the CNMV Technical Guidelines, the committee’s composition is diverse in the broadest sense: as for gender diversity, there is an equal number of male and female members; concerning geographical diversity and international experience, each committee member is of a different nationality and resides in a different country; and, finally, there is much diversity among committee members with regard to their professional experience, skills, personal capacity and knowledge of the sector.

The committee secretary is the secretary to the board of directors.

III. COMMITTEE MEETINGS IN 2019 AND OUTSIDE CONSULTATION

1. Committee Meetings:

The Board of Directors Regulation provides that the CNRGC shall meet each time the Board of Directors or the Delegated Committee requests a report or the approval of proposals that fall within the scope of its powers and provided that the committee chairperson deems it warranted in the performance of their duties.

The following committee meetings were held in 2019:

Meeting Date	No. of Committee Members	No. of Members in Attendance	Prisa Managers in Attendance	Outside Consultants in Attendance
29 January	5	5 *	YES	NO
26 February	5	5	NO	NO
12 March	5	5*	YES	NO
29 April	5	5	YES	NO
3 June	5	5	NO	NO
8 July	4	3	YES	NO

30 July	4	3	NO	NO
11 September	4	4	YES	NO
19 September	4	4	NO	YES
30 September	4	4	NO	YES
9 October	4	4	NO	YES
29 October	4	4	YES	NO
17 December	4	4	NO	NO

**At the January 29 and March 12 meetings, one of the committee members was not present, but was represented by proxy by another director.*

The Committee maintained a constant working relationship with the Chairman of the Board and the CEO. Likewise, several of the Company's managers attended committee meetings to explain initiatives related to their areas of responsibility. Such was the case of CEO Mr. Manuel Mirat, to address matters concerning appointments and compensation for the management team; and the Director of Human Relations and Talent Management Ms. Marta Bretos and Director of Organization and Management Development Ms. Lourdes Fernández de la Riva, to report on human resources projects.

2. Outside Consultation

Concerning the legal proceedings involving Board Chairman Mr. Javier Monzón de Cáceres (a matter explained in greater detail in this report in paragraph 5.i of section IV), the CNRGC received independent legal and commercial advice from the Pérez-Llorca law firm and, thus, several lawyers from that firm specialized in procedural matters (criminal and corporate governance) attended several committee meetings.

The Committee also received outside advice from several independent professionals for several matters concerning appointments and compensation for directors (Russel Reynolds, Spencer Stuart, Korn Ferry, Garrigues Human Capital Services and KPMG). According to information available to the company, there was never, nor is there now, any potential conflict of interest with those outside advisors.

IV. COMMITTEE ACTIVITIES DURING 2019

In addition to the duties assigned the CNRGC by law, it has the powers conferred upon it pursuant to article 28 of the Board of Directors Regulation.

The Committee promptly informed the Board of Directors of its deliberations and actions taken on the following matters:

1. In relation to the composition of the Board of Directors, the Board's committees, and the management bodies of other Group companies.

The CNRGC reviewed the organization and composition of the Board of Directors and its committees, in view of certain circumstances such as, among others, the insufficient number of women on the board and the presence of a considerable number of significant shareholders, several of whom are directly represented on the Board.

After the CNRGC's analyses, the following changes were made in the Board of Directors and its committees:

i. Chairman of the Board of Directors

In December, 2018 Mr. Manuel Polanco Moreno stepped down as non-executive chairman of PRISA and Mr Javier Monzón de Cáceres (then non-executive deputy chairman) was appointed as non-executive chairman of PRISA'S Board of Directors, effective from 1 January 2019.

ii. Deputy Chairman of the Board of Directors

In April, 2019 and at the proposal of the Chairman of the Board and of CNRGC, the Board of Directors appointed proprietary director Mr. Joseph Oughourlian as the non-executive Deputy Chairman of the Board of Directors.

iii. Other changes in the composition of the Board of Directors and the committees:

Appointments and re-election of directors:

Two vacancies arose on the Board of Directors during 2019, which were filled by the appointment of two new directors:

- At the Board of Directors' proposal, Ms. Beatrice de Clermont was appointed independent director at the shareholders meeting held on 3 June 2019. Ms. de Clermont replaced the prior proprietary director Mr. Waleed Alsadi, whose mandate expired at the aforementioned shareholders meeting pursuant to the provisions of article 222 of the Capital Companies Act.
- Also at the committee's proposal, Ms. María Teresa Ballester Fornés was named independent director by interim appointment at the Board of Directors' meeting held on 30 July 2019. Ms. Ballester filled the vacancy left by director Mr. Francisco Gil (who was an "other outside director" and who submitted his resignation on that date).

Mr. Francisco Gil resigned within the framework of the process of reforming the board's composition to bring it in line with the best practices of corporate governance and diversity policies, enabling him to be replaced by Ms. María Teresa Ballester.

Likewise, at the 3 June 2019 shareholders meeting Messrs. Dominique D'Hinnin and Roberto Alcántara Rojas were re-elected independent and proprietary directors, respectively. In that regard, the Board of Directors and the CNRGC prepared the corresponding reports justifying those proposals, in compliance with the provisions of articles 518 and 529 decies of the LSC, which were made available to shareholders when the shareholders meeting was called.

Deputy Secretary to the Board of Directors:

In February, 2019 the Committee approved the Secretary's proposal to appoint Ms. Mónica Varela Miura as Deputy Secretary to the Board of Directors, so that she may assist in tasks related to the functioning of the board and its committees.

Composition of the Committees:

At the CNRGC's proposal, the following changes were made in the composition of the board committees:

- Delegated Committee: The number of members increased to six (6) with the addition of a new member, independent director Mr. Javier de Jaime Guijarro.
- Audit, Risks and Compliance Committee: The number of members increased to four (4) with new members joined the committee: independent director Ms. María Teresa Ballester and Mr. Fernando Martinez Albacete (representing proprietary director Amber Capital UK, LLP), replacing former director Mr. Waaled Alsadi.
- CNRGC: The number of members was decreased to four (4). Mr. Javier Monzón resigned as member and chairman of this committee (deeming that appropriate, since he is now Chairman of the Board) and was replaced by Ms. Sonia Dulá.

Likewise, Messrs. Roberto Alcántara (proprietary director) and Dominique D'Hinnin (independent director) ceased as members of this committee, while independent director Ms. Beatrice de Clermont joined the committee.

Qualitative composition of the Board

The CNRGC proposed classifying directors in the different categories of external proprietary director and external independent director, when they are appointed or ratified.

The CNRGC also examined the classification of directors in categories when preparing the Annual Corporate Governance Report for 2018, which the CNRGC will do again shortly when it reviews the Annual Corporate Governance Report for 2019.

iv. Director selection policy and target representation for the under-represented gender on the Board

The Company has a Director Selection Policy that was approved by the Board of Directors on 18 December 2015. The principles and objectives of this policy can be summarized as follows: i) diversity in the composition of the Board, ii) appropriate balance of the overall Board, searching for people whose appointments foster a diversity of knowledge, experience, backgrounds and gender, and iii) by 2020 at least 30% of Board directors shall be women (in accordance with the recommendations of the CNMV's Code of Good Governance).

In accordance with its functions and on the same date that this report was approved, the CNRGC verified compliance with the Director Selection Policy during 2019, concluding that the principles, objectives and procedures established in the policy in relation to the proposals to appoint and re-elect directors during that year had been taken into account.

More specifically, given the insufficient presence of women on the Board and the objective of achieving the goal set for 2020 with regard to gender diversity, the two vacancies on the Board that arose in 2019 were filled with women (Ms. Beatrice de Clermont and Ms. María Teresa Ballester). Moreover, both are independent directors and have the specific profiles identified by this committee for incorporating new members who will contribute the skills and abilities required in this position, in view of the present composition of the Board of Directors.

To identify candidates, the CNRGC was assisted by the outside independent firm Russell Reynolds.

The committee deems that the resulting composition of the Board of Directors is reasonably diverse with regard to the directors' profiles, educational background, experience and professional qualifications, skills, age and geographic origin, there being an overall positive balance in that regard, without prejudice to adding future profiles that may be more appropriate for the future needs of the Board of Directors.

Likewise, the CNRGC considers that the level of gender diversity is still insufficient, although it has improved significantly with the two women who joined the board in 2019. The Company now has three female directors: Ms. Sonia Dulá, Ms. Beatrice de Clermont and Ms. María Teresa Ballester, who represent 23.08% of the total of thirteen board members. Thus, the addition of another female director on the Board is envisioned in order to comply with our 2020 gender diversity objective.

v. Management bodies of subsidiary companies

The CNRGC also reported on the composition and composition systems of the management bodies of the Group's main subsidiaries.

2. In relation to the Group's senior management:

The CNRGC reported on proposed appointments of senior management and the basic conditions of their contracts.

3. In relation to the compensation policy for directors and senior management:

i. Directors' Compensation Policy.

At the Board and the CNRGC's proposal, shareholders at the ordinary shareholders meeting held on 3 June 2019 approved amendments to the Directors' Compensation Policy for 2018, 2019 and 2020 (the "Policy"), which had initially been approved at the ordinary shareholders meeting of April, 2018. In that regard, the CNRGC prepared a specific report according to the provisions of article 529 novodecies of the LSC, which was provided to shareholders when the meeting was called.

Amendments made to the policy were principally based to the fact that effective 1 January 2019 Mr. Manuel Polanco was replaced by Mr. Javier Monzón as non-

executive chairman of PRISA's Board of Directors, and the policy that provided for the former chairman's compensation had to be amended.

The CNRGC decided (and the Policy was amended in that regard) that it was in the Company's best interest to establish a salary range for the non-executive chairman's fixed-compensation, which could be adapted at any time based on the relative weight that each of his responsibilities represent in his overall activities and the degree of commitment required, as well as the personal characteristics of the person holding that office, especially regarding professional background and experience, abilities and aptitudes. To determine that salary range, the CNRGC considered standard market practice, principally analyzing compensation provided in publicly-traded Spanish companies of a similar size and complexity engaged in similar activities, as well as the nature and scope of the position. The CNRGC received outside advice from two independent experts of recognized prestige in the matter, Spencer Stuart and Korn Ferry.

Thus, the Policy now contains a salary range for compensating the Company's non-executive chairman. The amendment to the Policy also affects other aspects specifically concerning the former chairman Mr. Polanco and, in addition, other less-significant adjustments and improvements of a technical nature were introduced, as well as including a maximum total amount that directors may receive for all of their services, whether they be executive or non-executive directors.

ii. Directors' Compensation Report

The CNRGC proposed the Compensation Report for the Board of Directors for 2019, with information concerning the application of the 2020 compensation policy, which was submitted for approval on a consultative basis at the ordinary shareholders meeting of 3 June 2019 and received a 99.99% favorable vote. The Company received external advice from Garrigues Human Capital Services in the preparation of that report.

The CNRGC is already working on the corresponding report for 2020, which will explain the application of the compensation policy during 2019.

iii. Individual Compensation for Board Chairman Mr. Javier Monzón de Cáceres and former chairman Mr. Manuel Polanco Moreno:

Within the salary range set forth in the Compensation Policy, at the CNRGC's proposal, the Board determined the specific fixed-compensation for the Chairman of the Board Mr. Javier Monzón de Cáceres.

Likewise, at the proposal of this committee, the Board agreed to satisfy certain amounts provided for in the Compensation Policy for the former chairman Mr. Manuel Polanco Moreno, as well as the compensation he is to receive as non-executive chairman of the board of Prisa Noticias.

iv. Compensation for the CEO and Senior Management.

Annual variable compensation

The CNRGC approved the objectives for determining the variable compensation corresponding to 2019 for the CEO and the Group's main senior managers.

The CNRGC also analyzed the objectives achieved by the CEO and the Group's senior managers, and approved payment of the corresponding amounts for 2018.

Verification of information concerning compensation for directors and senior managers contained in different corporate documents

The CNRGC reviewed the information concerning compensation for directors and senior managers contained in the annual and semi-annual financial information prior to its disclosure to the markets.

Review of the compensation policy applied to directors and senior management.

In 2019 the CNRGC reviewed the application of the compensation policy for directors and senior management during 2018, verifying that all payments made during that year to those groups were in line with company compensation policy and with several resolutions adopted in that regard and, especially, with regard to directors, with Prisa's Directors Compensation Policy.

The same review will be conducted again for the 2019 fiscal year.

4. In relation to the corporate governance system

i. Internal regulations

With a favorable report from the CNRGC and in line with best practice, in 2019 shareholders approved an amendment to the Corporate Bylaws and the Shareholders Meeting Regulation, removing the requirement that shareholders must own at least 60 shares in order to attend shareholders meetings, so that now all shareholders may attend meetings regardless of the number of shares they hold.

Likewise, and also with the approval of this committee, the Group's Code of Conduct was amended to adapt it to the situation of the markets in which the Group operates, while maintaining the compliance standards required in the principal traded companies.

ii. Corporate Social Responsibility

In April 2019 the CNRGC examined and reported favorably on the Corporate Social Responsibility Report for 2018, which was approved by the Board of Directors, and for which it received advice from KPMG.

The same procedure will be followed with regard to the 2019 Corporate Social Responsibility Report.

iii. Annual Corporate Governance Report

The CNRGC proposed the Annual Corporate Governance Report for 2018 to the Board of Directors, and the CNRGC will likewise propose the Corporate Governance Report for 2019 to the Board.

iv. Corporate governance recommendations from the CNMV

During the year, the Committee monitored and promoted improvements in the Company to increase compliance with the CNMV's corporate governance recommendations.

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

In 2019 the CNRGC verified application of the general principles and codes of conduct established in the "Policy on communication with shareholders, institutional investors and proxy advisers" for the previous year. The CNRGC conducted this verification again with regard to 2019.

vi. Self-assessment of the Board

During the first quarter of 2019, a self-assessment was conducted of the composition and work of the Board of Directors and its committees during 2018, as well as the performance of both the Chairman of the Board that year and the CEO. Evaluations were made of all of the relevant aspects of the composition, work and responsibilities of the Board and its committees, as well as the directors' performance and overall contributions.

This Committee issued the report provided for in the Board of Directors Regulation concerning the self-assessment process, which was submitted to the Board of Directors. The self-assessment was performed without the assistance of an outside advisor.

On the date this Report was approved, work was still underway to assess the composition and work of the Board and its committees during the 2019 fiscal year, which on this occasion will be conducted with assistance from the outside consultant KPMG. The CNRGC will likewise submit the corresponding report to the Board of Directors.

5. Other responsibilities:

i. Status of the proceedings involving Chairman of the Board Mr. Javier Monzón.

Within the framework of the proceedings brought before Central Criminal Investigations Court No. 6 of the National Court, on 2 September 2019 the judge issued a preliminary investigation order in which the non-executive chairman of Prisa's Board of Directors Mr. Javier Monzón was summoned to testify as a subject of the investigation. The matter under investigation concerns the company Indra, S.A, during a period in which Mr. Monzón was its executive chairman.

Mr. Monzón promptly notified the Company of this circumstance, the procedure provided for in article 23 of the Board of Directors Regulation was implemented and pursuant to which the CNRGC held several meetings to address this matter.

The CNRGC received the necessary technical and legal counsel from the Pérez-Llorca law firm during the internal process of analyzing the situation affecting the Chairman and, especially, in preparing the report that the CNRGC submitted to the Board of Directors.

In that report, the CNRGC assessed the matter and provided the Board with a series of recommendations, based on the Company's best interests. The CNRGC and the Board agreed that at that time there was no reason to adopt any measure that would affect Mr. Javier Monzón as Chairman of the Board of Directors, and that he should continue to fully carry out his duties.

The CNRGC monitored this matter until 13 January 2020 when, with regard to Mr. Monzón, the judge dismissed the matter without prejudice.

All of this will be duly included in the 2019 Annual Corporate Governance Report, as provided for in the Board of Directors Regulation and in the CNMV's Code of Good Governance recommendations.

ii. Group Editorial Governance.

As part of the process of reviewing the Group's editorial governance framework, at the CNRGC's proposal, the Board of Directors updated certain relevant aspects of Grupo PRISA's Editorial Board's Working and Organizational Principles, with a view enabling it to function internally within those guidelines.

iii. Annual Meeting Schedule.

As a practice of good governance, in December, 2019 the CNRGC approved its 2020 Meeting Schedule.

iv. Talent Management and Human Resources Projects

In 2019 the CNRGC supervised several talent management and human resources projects undertaken in the Human Resources Department.

v. Review of guidelines and recommendations in matters concerning this Committee:

The CNRGC analyzed the content and impact of the CNMV's Guidelines, as well as other rules that affect matters falling under its purview.

vi. Annual Report on the Committee's Work.

In 2019 the CNRGC issued a report on the work that it undertook in 2018, which was made available to shareholders when the ordinary shareholders meeting was called.

Concerning the 2019 fiscal year, the CNRGC is issuing the present report, having taken into account the CNMV's Technical Guidelines in its preparation. This report will be made available to company shareholders.

V- PRACTICAL GUIDELINES

As noted above, in all of its work the CNRGC has taken into account the principles and certain good practices provided for in the CNMV's Technical Guidelines, adopting those that it deems currently appropriate, without prejudice to considering other recommendations in the future, which would require the corresponding amendments to our internal regulations.

In addition, the recommendation concerning appointments and compensation committees in the CNMV's Code of Good Governance for Traded Companies were also taken into account.

VI.- CONCLUSIONS

- i. The CNRGC's composition is diverse in the broadest sense of the term (with regard to the geographical origin, age, gender, professional profile and experience of its members, who as a group have a reasonable level of knowledge and experience required to address matters falling within their purview. With regard to gender diversity, the CNRGC has an equal number of male and female members.
- ii. The members of the CNRGC have fulfilled their duties with responsibility, independence, freedom of opinion and dedication. During its meetings, the Committee promoted constructive dialogue among its members, freedom of expression, and critical thought, which contributed to enriching their analyses and the results of their work.
- iii. Likewise, and as noted above, to responsibly perform its duties with regard to especially relevant matters, the CNRGC sought the advice of independent outside professionals of recognized prestige.

This report was prepared by the CNRGC on 25 February 2020.