





03

Future commitments and challenges

03

Future commitments and challenges

A commitment to society and stakeholders, internal and external, has always been at the very core of all PRISA's operations. From the very beginning, the Group has made every effort to perfect and reconceive all those aspects that might improve its products and how its companies perform. Since the foundation of El País and SANTILLANA, the first companies of the larger Group that was to later emerge, PRISA has shown clearly its commitment to quality, innovation, service and rigor across all its products. This compromise remains our priority and will continue to be so. It is our most valuable asset. The main challenge for the future is to continue working in this direction.

Our commitment to society

PRISA has been signed up to the **UN Global Compact** since 2008, and is member of the Global Compact Spanish Network since May 2013. This initiative demonstrates the group's commitment, in both its operations and general strategies, to the Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption. In 2010 and 2011, the Spanish Network for the UN Global Compact paid tribute to the high level of implementation at PRISA of the Ten Principles that the UN Compact outlines for the advancement and integration of Corporate Social Responsibility policies in the management of companies. Our commitment remained as strong as ever in 2012 and we expect to continue receiving a positive evaluation from the organization.

Investors, meanwhile, recognize that PRISA is a company with responsible practices in terms of sustainability which is why the Company has been included in the **FT-SE4Good** since 2008, the international index aimed at measuring the performance of companies (30 in Spain) that meet globally recognized corporate responsibility standards. Once again this year, PRISA made it onto the index in recognition of its Corporate Social Responsibility policies in the areas of human rights, labor, the environment and anti-corruption.

Project Toyoutome

The most prominent initiative of 2012 has been the consolidation of the project **Toyoutome** as the framework concept encompassing a number of internal communication initiatives to integrate all business units, thus fostering entrepreneurial culture and a sense of belonging. This is a new, far-reaching initiative that completely changes the way people work at PRISA. The new organizational design promoted by the Group requires a level of coordination and communication that is only possible thanks to the project **Toyoutome**, our way of understanding internal communication that is articulated through various communication components. These include a global communications platform, a digital trends blog and a daily tweet, an internal social network, a club providing advantages and benefits for employees, training on our own campus, an internal jobs portal, to name but a few.

The first phase, completed in 2011, was to launch the new intranet or global platform, which began operating

in December 2011. The PRISA Communications Department has succeeded in bringing the corporate intranet to encompass all business units and group companies, making it the "mother" platform that houses all existing internal spaces and channels, and thereby making it the main channel of PRISA's internal communications.

During the first half of 2012 we focused on improving the performance and overall functionality of Toyoutome, and now, for the first time, the Group has a global collaborative work environment that acts as a channel of communication and interaction, and as a tool that brings people closer together.

Corporate Center has created a team composed of intranet managers from each of the Group companies, together with cross-departmental HR, ICT and Change Management teams, with the aim of working together to permanently identify synergies and exploit opportunities for collaboration in the field of internal communication, all coordinated with the heads of communication at the different PRISA units.

Internal audit on corporate social responsibility

We continue to forge ahead with our action plans based on ongoing assessment and follow-up. Thus, in 2012, PRISA oversaw significant initiatives across three general fields of CSR: social, economic and environmental.

In 2012 we made significant progress in defining the Global Social Responsibility Policy with the firm objective of creating sustainable value for both PRISA and its stakeholders by championing sustainability in the Spanish and Portuguese-language media and education sectors, and by endeavouring to communicate our message to society. This strategy, aimed at bringing greater dynamism to the different business units and Group Companies, is based on the mission, vision and values of PRISA. The strategy sees these three crucial elements as what sets our Group apart, and is supported by Corporate Governance, Senior Management and the Communications Department.

PRISA's Sustainability policy operates transversally through three main channels: the creation and distribution

of content, responsible management and social and cultural initiatives. And all this under the umbrella of proactive communication through channels that foster both transparency and dialogue.

But such a policy would be all but useless without a specific timetable of action. A strategy must translate into action that will bear fruit in 2013. And already, over the course of the past year, we have presented the detailed plan for the period 2013/2015. Of the six proposed plans, three are already underway, notably the Observatory for Responsible Action, that will be the catalyst and driving force behind all our activities both within and outside the Company, and Debates PRISA, aimed at nurturing deep and permanent, ongoing reflection on journalism and education.

Most of these initiatives are detailed in the following chapters of the annual report, but at a global level, we should highlight the world's largest social mobilization campaign: *Earth Hour*, in which PRISA has been a key media partner since 2009.

SANTILLANA

The primary objective of the publishing group in each of its campaigns, year after year, is to maintain quality standards and leadership in the educational publishing sector. For 2013, SANTILLANA is preparing to meet the new challenges arising from the implementation of educational reforms. To this end, editorial teams will be reinforced and we will lay out a new educational project that is both innovative and adjusted to the current reality.

Among the many concrete initiatives prompted by our new approach, we should highlight the following:

- Expand our range of products with specific materials for emerging teaching methods: constructivist teaching, cooperative learning, multiple intelligences model, etc. In addition, we will also be supporting the emerging digital education systems (mixed or exclusively digital).
- Explore the new realities of the classroom, such as the use of tablets and new content formats, and

determine our capacity to meet the challenges of these new types of devices and systems. We will complete market analysis (already started) and will respond to the varied and divergent realities to be found in our education centers: use of projectors associated with PC, Digital Interactive Whiteboards, students' laptops, and all kinds of tablets (iPad, Android, etc.) used by students. We will be adapting our current digital offer (Libromedia) for use on these devices.

- Reformulate our digital offer and catalog, with improvements to Libromedia and Libroclíc products and, and a new conceptualization of the product Libroweb.
- Development of improvements to Libromedia, including new digital elements: multiple activity generators, specific tools by area (Atlas, anatomy, word clouds, map viewer, graphics generators, etc.), including customization options, creating personal itineraries, including proprietary material, etc.
- New conceptualization of the Libroweb product, with an approach focused on multi-device use and marketability as an app in virtual stores.
- Systems for connecting the two products, and apps that foster teacher-student exchange, management skills, etc.

In addition to these challenges, we also aim to:

- Seek out and explore new systems that encourage synergies between group companies (El País, Cadena Ser, PRISA TV), in order to harness and optimize the use of specific materials and resources that will provide added value to our products and differentiate us from the competition. In this regard, we have already embarked on a number of initiatives with business units in these companies.
- Work closely with our global content department in order to achieve a greater efficiency and profitability of products generated in each of the 22 countries in which we operate. The reuse of materials, such as notebooks, digital elements, texts, etc. enables a reduction in publishing turnaround times and prototyping costs

PRISA Ediciones

The economic crisis in Spain has severely affected domestic sales and consumer spending and 2012 was a challenging year for PRISA Ediciones. Fortunately, our performance in the Americas has largely offset any decline in Spain. Geographic diversification, coupled with a catalog of authors of national and international renown, is of particular advantage at times like these. 2013 will certainly be another difficult year in Spain, and the judgment, expertise and knowhow of our editorial teams will therefore prove crucial.

We will maintain our philosophy of publishing quality works (in print and digital formats) within a range of genres and on a broad selection of subjects that offer our readers good reading experiences. We have an exciting editorial plan and great content to sell: indeed, this is the best support a publishers can provide to a hard-hit book industry.

One of the major problems and challenges of the content industries is piracy. The viability of the sector is clearly at risk if books are available on the Internet at zero cost. Current unemployment and, in general, the reduced purchasing power of Spaniards is not conducive to creating a culture of respect for copyright and intellectual property. The Federation of Spanish Book Publishers estimated the cost of piracy at 300 million euros in 2012. Spain is the European country where the ratio between legally downloaded books and the number of devices in circulation is lowest.

Faced with this grave threat to the entire sector, PRISA Ediciones is working to counteract its effects through three strategies:

- Ensure supply: we have digitized and made available all content, except those for which we have not yet negotiated rights.
- Finding a balance between a price that is reasonable for the author, publishers and booksellers while minimizing the potential for illegal downloading.
- Create mechanisms to raise awareness among the public so that they understand that piracy is a crime that undermines society.

Although the e-book market does not account for more than 3 % of the total, being visible online and active in social networks is essential. We are committed to creating 100 % digital books and will continue to produce books in more sophisticated formats that offer the user a better reading experience and greater interactivity.

Finally, we should note that the Internet does not merely serve to distribute our content but also enables us to identify authors and topics of interest to the public. Our editorial teams should therefore be always attentive to what's happening in the online world.

PRISA Noticias

News organizations, and especially the print media, are witnessing a complete transformation of our production model, where innovation and new technologies are not merely a thing of the future, but are already a reality.

During 2012, PRISA Noticias has continued its strategic focus on innovation and attention to new trends in journalism. In May we launched *El Huffington Post* (<http://www.huffingtonpost.es>) the Spanish-language version of the popular U.S. news and views portal created by Arianna Huffington, and led by Montserrat Domínguez.

2012 also saw the successful conclusion of the multimedia integration of the newsroom, guided by the *digital first* policy (ie news goes on the Internet first). There was increased focus on the International section covering Latin America and an independent newsroom was set up in Mexico, which works in tandem with Madrid. The sports daily *As* this year launched its digital version in English.

A newspaper must remain in an ongoing process of transformation, taking into account technological and social changes. The economic crisis is impacting heavily on the approach to news, and PRISA publications -especially *El País* and *Cinco Días* due to the nature of their contents- are now devoting much of their space to reflect the difficulties faced by the most disadvantaged in society.

In this respect, one of our goals for 2013 is to reflect the plight of unemployed youth, which is leading to the emigration of highly skilled young people without job opportunities.

In addition, we will continue to pay close attention to all movements, forums and experiences related to the use of new technologies and their impact on social life. The case of the Internet, new consumer tools and the development of content derived from the Internet and everything that affects the socialization of individuals is of clear interest and will be a priority. What's more, this approach is also consistent with the process of digital transformation undergone by the newsroom during 2012.

PRISA Noticias will continue working to increase its presence in society based on the hallmarks of good journalism: to inform, educate and entertain. Thus, beyond its mere informative function, the newspaper is present in many social initiatives (*Earth Hour*, workshops with children in hospitals, etc.) and supplies society with knowledge (debates, conferences, etc.). PRISA Noticias has organized various high-profile public forums on economic issues, such as business conferences on Brazil, Peru and in Colombia, which were attended by these countries' respective presidents and senior figures from the worlds of business and politics. There was also the open public debate "Europe: hope or disappointment?".

PRISA Radio

The main challenge for PRISA Radio in 2013 is to continue offering listeners an accurate and timely account of what's happening everywhere, and that -in one way or another- affects the quality of everyday life and the life of Spanish society.

- We will also strive to increase, whenever possible, the sensitivity and social awareness of our programs and our social solidarity with citizens who are increasingly concerned by the situation in our country.
- Modernize our narrative language to attract a younger audience. To this end, we will add to our schedules

products and presenters more in touch with our target audience.

- Further develop mass consumer products, adapting to the trends and tastes of our society.

The main challenge facing our stations in Latin America, as set out under the Strategic Plan 2013-2017, is the implementation of a project revolving around our common language, Spanish, and the commencement of the process of reviewing and updating spoken-word radio formats and schedules

In 2012 Radio undertook a major overhaul of the programming schedules in order to be more in tune with the social, economic and political discourse now current in Spain. The chief objective was adapt to the current environment and better address citizen concerns.

In this regard, we have broadcast special programs to address issues that seriously affect the daily lives of large sectors of society (cuts in health, education, research, evictions, demonstrations, etc.) and have moved our teams and presenters out of the studios and to the hot spots where the news is happening.

This has been a year in which we have tried to also strengthen our commitment to Spain. Cadena SER is deeply rooted in Spain, it has a great tradition nationwide, and our reputation demands the continued presence of our key network programs.

Finally, in the attempt to consolidate the process of changes to our sports programming that we embarked upon in 2010, we have made considerable effort, in resources and in dedication, to the two great sporting events of 2012 to provide global coverage of the London Olympic and European Championship football.

In Latin America, 2012 was marked by a number of major events, including the U.S. presidential election, where the Latino vote was at its highest ever level. PRISA Radio offered the most extensive radio coverage in the Hispanic world of the U.S. elections, climaxing on November 6 election day with a global program broadcast by all PRISA Radio stations in Spain and the Americas as well as by more than 30 partner stations in the U.S., involving broadcasters, journalists from major

international media groups, and analysts and guests of different nationalities.

PRISA TV

Historically, PRISA TV's operations have been marked by a commitment to bring its viewers the best content with the most advanced technology. Our commitment this year has resulted in a far-reaching digital transformation.

- We have expanded the distribution of our premium content, which has increased audiences, and has led to the opening up of new revenue streams.
- We have brought YOMVI -Canal+'s answer to the connected world- to new devices and thus increased the satisfaction of users and improved the user experience.
- We have reached an agreement for the TV broadcast rights for the Liga BBVA football league, This gives Liga Canal+ the Pay TV rights for for three seasons and has allowed PRISA TV to offer customers the best football package ever.
- We have added new content to the Canal+ platform, from a wide range of different genres and in High Definition; and we have included services such as subtitling in English, special original version slots, multi-screen, and interactive applications.

In 2013, PRISA TV will continue to pursue new developments in all environments, as well as develop new content using cutting-edge technology. These commitments have already positioned us as a leader in the audiovisual entertainment sector.

Media Capital

In terms of social responsibility strategy, Media Capital Group continually seeks out new responses to the market and its needs, bearing in mind both strategic business objectives and the Company's relationship to society at large. Due to the current socio-economic situation in the the country, 2013 will be, like 2012, a year that will see the Company reinforce its commitment to the most basic components of social responsibility policy.