



ANNUAL REPORT 2012

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50 años

Santillana



50 años
Santillana





01

Year in review

01

Year in review



JANUARY

- Santillana celebrates half a century.
- *El País* enjoys Internet lead in Spain. The impact of the Wikileaks story boosts audience figures.
- Canal+ TV shows scoop 15 Golden Globes.

FEBRUARY

- The Champions League returns to Canal+ in 2012.
- As.com leads on Facebook. More than 150,000 fans make it Spain's most popular newspaper on the social networks.
- Canal+ reports more than 1.8 million customers.

MARCH

- *El País* is sold in the U.S. alongside Miami's *Nuevo Herald*.
- Juan Gabriel Vasquez wins the XIV Alfaguara Prize with *El ruido de las cosas al caer*.
- Santillana receives the quality label "Sello Escuela 2.0" for its commitment to developing and improving educational quality through the use of ICT.
- PRISA Radio applications reach over half a million downloads in Spain at Apple Store in under a year.

APRIL

- Fernando Abril-Martorell joins PRISA as deputy CEO and CFO.
- *El País* wins the International Press Freedom Award for its Wikileaks coverage.
- Juan Luis Cebrián is appointed president of *El País*. José Luis Sainz is named executive president of PRISA's Press Division and CEO of *El País*.
- Canal+ wins three awards at the PromaxBDA Europe Awards 2011.

MAY

- Octavio Enriquez, Carlos Martínez D'Abuisson, Cristóbal Manuel Sánchez Rodríguez and Moisés Naím win the Ortega y Gasset Prize for Journalism 2011.
- The newspaper *El País* turns 35.
- PRISA and Real Madrid sign an agreement for exclusive distribution of the football club's mobile content in the Americas.
- The Fundación Santillana, the General Foundation of the UIMP and the Instituto Tecnológico de Monterrey team up to create a Masters in Ibero-American Journalism.

- Cadena SER opens the forum for social debate "POR".
- PRISA launches Planeo, its new discount shopping website.
- Arianna Huffington joins the Board of Directors of *El País*.

JUNE

- *El País* and Endesa award the prizes for the tenth annual edition of *El País de los Estudiantes* competition.
- Santillana showcases education at Red Innova 2011.

JULY

- Canal+ wins 7 Laus Awards.
- *El País* and other major newspapers come together to create a newsstand for the 21st century: Kiosko y Más.
- Canal+ and Cisco sign a technology agreement to develop the next generation of the iPlus decoder.
- *El País*, the only national newspaper to maintain its distribution in 2011 with 382,908 copies daily, according to OJD.





- Canal+ and Samsung sign a strategic partnership geared towards the development of digital entertainment.
- Rosa Cullell, new CEO of Media Capital.

AUGUST

- PRISA creates a business division for Latin America and the U.S. Hispanic market.
- PRISA launches new apps for televisions with Internet access.

SEPTEMBER

- PRISA to host the International Council of the Paley Center for Media on the Future of the Media and Information in Madrid in April 2012.
- PRISA personalizes its offer of content and advertising in partnership with IBM.

- Canal+ TV shows win Emmy awards.
- *El País* revolutionizes the weekend with fashion magazine *S Moda*.
- 40 Principales' latest hit in the heart of Madrid: 40 Café.
- Santillana, Screen 21 and Plural Entertainment team up to create the animated children's series *Mica*.
- The Fundación Santillana launches the web site Essay & Science, a broad survey of the great essayists writing in Spanish.
- *El País*, *As* and *Los40* launch apps for D-Link's Boxee Box.
- Jazztel and Canal + launch the VOD JazzBox.



OCTOBER

- The launch of IneveryCREA, Santillana's creative community aimed at education professionals.
- Danone, Matarromera and Ecopapel win the Cinco Días Awards for Business Innovation 2011.
- The Colombian writer Carlos Granés Maya wins the International Isabel Polanco Essay Prize for his work *El puño invisible. Arte, revolución y un siglo de cambios culturales*.
- El País.com wins the award for best newspaper design. The eighth edition of the ÑH event awarded the gold medal to two special reports.
- Canal+ YOMVI is launched, the new way to enjoy Canal+ in a connected environment.
- Santillana opens an online store selling digital books.
- Santillana makes a foray into the world of video games with Nanoland, a virtual world for children.
- Kiosko y Más wins the Award for Innovation in Publishing.

NOVEMBER

- Carlos Slim takes 3.2 % stake in PRISA.
- SER audience figures up by 4 % making it the most popular radio network and the favorite in all time slots with 4,208,000 listeners.
- Vetusta Morla and Amaral among the big winners at the *Rolling Stone* magazine awards.
- The As Sports Awards honor the best athletes of 2011 and sports legend Ángel Nieto.
- Santillana launches its first children's apps for iPad and iPhone.
- Santillana to offer ebooks in Spanish to European readers at the Amazon Kindle store.
- *El País* launches *El País Selección* an eBook compilation of the best articles, interviews, reports and original pieces published in *El País*.

DECEMBER

- The Premios Ondas awards honor the best of sports radio.
- *El País* is the most downloaded free app at the Spanish iTunes store.
- The Huffington Post Media Group and *El País* partner to launch *The Huffington Post* in Spanish.
- PRISA and Microsoft establish a strategic partnership in the areas of digital media and information technology.
- PRISA signs deal to refinance all its debt. The reference shareholders inject 150 million into PRISA capital.



As AS Sports Award winner Cristiano Ronaldo.



Awards gala for the 58th Premios Ondas Awards



The Cinco Días Awards for Business Innovation 2011 at the Prado Museum, Madrid





02

PRISA, a global group

02

PRISA, a global group

PRISA is the world's leading Spanish and Portuguese-language media group in the fields of education, information and news, and entertainment, thanks to its multi-channel offer of high-quality products.



Present in 22 countries, PRISA reaches more than 50 million users through its global brands *El País*, 40 Principales, Santillana and Alfaguara. As market leader in general-interest press, commercial and pay TV, spoken-word and music radio, education and publishing, it is one of the Spanish-speaking world's most profitable media groups and possesses an extraordinary portfolio of assets. Its presence in Brazil and Portugal and among the growing Hispanic community in the US has given the group an Ibero-American dimension and has opened up a potential global market of 700 million people.

With more than 250 websites, visited monthly by 36 million unique users* (70 million unique browsers**) worldwide, PRISA is at the forefront of multi-channel and multi-device content distribution. The group has embarked on an ambitious strategy of content distribu-

tion, offering products and services adapted to users' consumer habits through mobile phone devices, smart TVs, iPads, e-books and PSP games consoles. PRISA has its own Research and Development division, which is backed by the world's leading software operators.

*Source: Comscore, Jan 2012

**Source: Adobe Omniture + Netscape, Dec 2011

Vision, mission and values

A commitment to society is at the very core of PRISA. From the very beginning, the founders and promoters of *El País* have been committed to Spanish society, to defending and expanding democratic liberty, equality and civil rights for all. Three decades after the first issue of *El País*, this commitment remains as strong and vital as ever.

This vision is shared by all those who work in our organization and is evident in the work and in the day-to-day operations of all those who work for PRISA:

- Independence and rigor in our role as informers, educators and communicators.
- Responsibility, intellectual honesty and transparency.
- Respect for all ideas, cultures and people.
- Defense of freedom, peace and the protection of the environment.
- Self-criticism aimed at achieving personal and business improvement.
- Creativity and innovation in the development of business.
- Attention to the demands and concerns of society at all times.
- Responsible, efficient and sustainable management, which generates added value for both the shareholder and society as a whole.

These values have always been embraced by the teams of professionals working at *El País* and have subsequently been taken on board by all the Group's companies as they strive to be both socially responsible and leaders in the fields of education, news and entertainment in the Spanish and Portuguese-speaking markets. We are thus responsive to the needs and

El País Editorial Code

"El País is an independent newspaper with a clear international vocation and a defender of plural democracy based on liberal and social principles. It is committed to the defense of the democratic and legal order established by the Constitution. Within this framework, it embraces all tendencies, with the exception of those seeking to achieve their ends through violence (...) the paper is dedicated to providing daily accurate, complete and high quality information of interest to the public, thus enabling the reader to comprehend reality and form their own opinion of the world."

"El País should be a liberal, independent, socially responsible, national and European newspaper, attentive to the changes taking place in Western society."

"Liberal, to my understanding, means two things: to be willing to understand and listen to those holding different views and to reject the idea that the end justifies the means. In our times, liberal also implies the belief in popular sovereignty, that is, in the equal rights of each and every individual citizen".

We must therefore defend plural democracy, exercised through universal suffrage, as the least bad mechanism invented for the exercise of this sovereignty. We must recognize the fundamental rights of all people, while denouncing all types of totalitarianism, as the inescapable consequence of these beliefs".

"El País must also be an independent newspaper, not party to or mouthpiece for political, financial or cultural organizations or groups, and, while it defends free enterprise and depends on revenues from its advertisers, the newspaper rejects all conditions from economic pressure groups".

"El País must also champion solidarity, as in today's world, at least in Western countries, every member of society is a participant in the general welfare. For this reason, it must defend the establishment and proper administration of a Social Security system and a fair and just sharing of wealth through the proper imposition of taxation without inhibiting individual growth. It must also defend the environment, as the patrimony of all humanity; it must defend civic virtues, and endeavor to combat all corruption, fraud or abuse, and private and state monopolies. The solidarity of all Citizens before the law is also its mission, for which reason we consider the independence of the judiciary to be fundamental".

**José Ortega Spottorno,
March 5, 1977.**

expectations of a free, responsible, respectful and sustainable society.

Meanwhile, the rapid changes taking place in the media sector have spurred PRISA's transformation into a "new company", focused not only on the production and distribution of content in Spanish and Portuguese, but also on learning more about each of its stakeholder groups, as well as on the use of new technologies.

This shift in business model has been accompanied by a new approach to corporate identity

(specifically, repositioning and a new image) that requires us to update and reassess our mission, vision and values to enable the group to better face the challenges ahead without losing sight of our core principles.

PRISA is the world's leading creator and provider of Spanish and Portuguese-language content in the fields of education, information and entertainment, thanks to its consumer-oriented multi-channel offer of high-quality products. **Our mission** is to improve people's quality of life and to contribute to the progress of society by offering goods and services that will enrich the lives of consumers of our news and information, and educational and entertainment products. **Our vision** is to set the standard worldwide enrich culture worldwide in matters of culture and education in Spanish and Portuguese.

In short, we remain as committed as ever to our values:

- **People:** everything we do revolves around people.
- **Creativity:** creativity is our most basic tool in our ongoing drive to innovate.
- **Dedication:** our dedication guarantees value, quality and excellence.
- **Integrity:** we understand integrity as our sense of honesty, rigor, self criticism, responsibility, independence and impartiality.
- **Pluralism:** we see pluralism as embracing freedom of expression, transparency and diversity.
- **Connecting:** we are aware of the importance of being connected and being accessible in order to share and collaborate.
- **Security:** the new digital context requires to guarantee a safe environment to maintain our consumer's trust.



Social responsibility at PRISA

At PRISA we believe that our business operations play a significant social role in the development of democratic society. That's why the company has always focused on developing the best possible teams of professionals and on championing quality and credibility across all our products within the same ethical framework under which *El País* was founded: that is to say, solidarity, transparency, independence and the protection of the environment.

As a large media and publishing group, we take our responsibilities seriously, not merely in how we manage our businesses but also through our products—through which we strive to raise awareness and inform the public of the issues facing society.

We believe that our relationships with our suppliers are key to our mission to act responsibly. Through all our suppliers we foster a distribution of wealth and the creation of real socio-economic and technological value. That's why our Suppliers Policy takes into account not just factors regarding pricing, quality and geographical reach, but also issues such as the supplier's social commitment, particularly in the areas of taxation, workers' rights, human rights and the environment.

PRISA's social commitments may be grouped into four main areas:

- Informing responsibly.
- Committed to education.
- Responsible entertainment.
- Responsible management across the value chain.

Informing responsibly

The chief social responsibility of any media group is to defend and practice honestly and vigorously the right to information and freedom of expression.

In this way we contribute to the growth and development of a democratic society everywhere we operate and where our media outlets are clear leaders.

With a view to guaranteeing the fulfillment of these duties, *El País* was a pioneer from the very outset in adopting a series of professional and ethical frameworks such as the editorial codes, style book and readers' editor, which have been subsequently embraced by all the businesses across the group.

These ethical standards have fostered the growth of a business culture that is rigorous, critical and of high quality and that has set the standard in Spain and in the Americas. In the audiovisual sector, PRISA's companies have signed up to a number of codes that guarantee the quality of their news services. These include a code for self-regulation of television content for children.

Our credibility and prestige are among our greatest assets but this is not the only reason why every day millions of people read, watch, tune in, or log on to our services in search of information and news. Since the very outset, PRISA has played the role of responsible opinion leader and watchdog, working in defense of pluralist democracy, creating awareness around the issues that affect us. Our media have spoken loudly and eloquently—either through special coverage or by providing free advertising spaces for NGOs – on a number of campaigns and in defense of human rights.

Committed to Education

PRISA's operations include a wide range of products and services that foster the development of individuals, teachers and companies, from children's education to executive training programs.

As the world's largest educational publishing group in Spanish and Portuguese, PRISA, through the publishing brand Santillana, plays its role of leadership responsibly. We believe that education is a vital tool for the social, political and economic development of the societies in which we operate. As well as our commitment to quality, innovation and service, we have contributed over the decades to improving educational practice and have

facilitated public debate on the future of the education systems in Spain and the Americas.

PRISA is also committed to promoting Spanish language and culture worldwide.

Responsible entertainment

Every day, more than 52 million people in Europe and Latin America choose our TV channels, read our books, and tune in to our radio stations for leisure and entertainment.

All too aware of the influence of our content on children, teenagers and adults, PRISA, has set itself certain criteria governing integrity, quality and adaptation of content.

All our media outlets are signed up to a code for self-regulation of televisual content for children. The group also supports an agreement on self-regulation of television advertising.

We have shown that raising awareness of social and environmental issues can go hand-in-hand with entertainment, through programs that educate and inform, while also providing entertainment at the same time.

Our music stations avoid subjects that might prove offensive to listeners, particularly during time slots when children might be listening.

PRISA's media outlets have also shown their commitment to society by organizing events such as the aid concert *Concierto de los Premios Principales Solidarios*, the proceeds from which go to a worthy charity cause. In 2011, the proceeds from ticket sales to the 40 Principales gala awards ceremony went to the NGO *Emergencia en el Cuerno de África* (Horn of Africa Emergency Fund).

Responsible management of the value chain

Providing guarantees to our stakeholders with respect to our duties and obligations as a business is an important part of our responsibility as an organization.

We believe that our relationship with our suppliers is a key factor in acting responsibly.

Using our Guide to Relations with Suppliers, we evaluate not only economic, geographic and product and service-related factors, but also the suppliers' integrity and their



degree of commitment to tax, labor, human rights and environmental obligations.

Our commitment to sustainable development has meant we've made significant headway in environmentally sound management across all our companies, worldwide. Paper and cardboard, in different formats, is the consumer good used by the group that has most potential environmental impact. We carefully manage the use of paper right across its life cycle: from production to recycling.

Our commitment

Our commitment to society

PRISA has been signed up to the **UN Global Compact** since 2008. 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 November 2010, 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 2011 and we expect to continue receiving a positive evaluation from the organization.

Investors, meanwhile, realise that PRISA is a company with responsible practices in terms of sustainability which is why the company has been included in the **FTSE4Good** since 2008, the international index aimed at measuring the performance of companies (30 in Spain) that meet globally recognised 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.

Main achievements

Project toyoutome

The most prominent initiative of 2011 has been the extension of the project **somosPRISA** as 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 job portal, among many other applications.

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.



Although during the first half of 2012 we will still be improving the performance and overall functionality of toyoutome, for the first time the Group has a global collaborative work environment that acts as a channel of communication and interaction, and as a work 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 2011, PRISA oversaw significant initiatives across three general fields of CSR: social, economic and environment.

Most of these initiatives are detailed in the following chapters of this report, but we should highlight here the world's largest awareness campaign, Earth Hour, in which PRISA has been involved as media partner since 2009.

Global campaign for awareness against climate change

PRISA threw its weight behind the global awareness campaign against climate change organized by the WWF (formerly Adena), Earth Hour, on March 26. The initiative involved all the group's companies in all countries where the group operates. It is the largest mass public event that PRISA supports. It is an initiative that is very close to PRISA's heart. As a crucial news and cultural player in the Spanish and Portuguese-speaking worlds, the group will continue to support the initiative in the future in keeping with our commitment to raising awareness in this area.

The initiative in 2011 mobilized more than 135 countries (10 more than in 2010) in more than 5,000 cities worldwide in order to show that collective action can effectively lobby governments to act against

climate change. All of PRISA's media outlets in all those countries where it operates were involved in the awareness campaign: television, radio, press and internet. The campaign took place throughout March by means of a countdown on PRISA Radio's stations, on programs on Canal+, in *El País* and *Cinco Días*, on all the group's web pages and through Santillana, thus helping to spread the word that we still have time to prevent climate change.

PRISA involved all its employees through in-company initiatives and designed web page on the corporate site with the slogan: **PRISA against climate change**.

The day following the event (March 27) *El País* thanked all its readers for supporting the campaign on behalf of PRISA.

The cost of running the campaign through editorial coverage and the donation of advertising space was valued at over 11 million euros across all the group's media outlets.

Responsible communication

Over the past year, progress has been made in the plan for the management of indicators and for responsible communication. This has shown us the way forward.

Noteworthy achievements include:

a. New management of Communications: In 2011, PRISA's Department of Communication embarked upon a series of changes to modernize the management of Group communications, strategically focused on employing the most advanced technologies to position PRISA as a consumer-oriented company and on facilitating the Group's expansion in international markets, particularly the US, Brazil and Mexico.

This shared project, led by the Directorate of Corporate Communication, made up of the new team of communications directors from all the Group's business units, aims to guarantee and promote PRISA as socially responsible business group and to integrate PRISA's commitments as a socially responsible

Group with its commercial operations and its relations with stakeholders as well as social and environmental issues.

- b. To set up internal and external channels of communication in the area of Social Responsibility:** The corporate web site, prisa.com, has a special section on social responsibility that is constantly being updated. The Communication and Corporate Image department also periodically informs the media of all initiatives, and employees receive updates via the intranet service toyoutome. Departments also attend meetings and forums on corporate social responsibility, such as those organized by the Fundación Carolina, Media Responsable and the UN.
- c. To inform everyone in the organization of PRISA's commitment to sustainability and to involve them completely:** The Annual Report has a role to play in raising awareness on corporate social responsibility and sustainability at an internal level, and all our stakeholders are becoming increasingly aware of these issues. The WWF campaign, Earth Hour, was a significant turning point in raising awareness and taking full advantage of the synergies existing between the different companies at a global level. The business units were enthusiastic about this initiative, which will form the basis for future projects of a similar nature.

In December 2011, PRISA set out the framework for formulating a single comprehensive CSR policy, which will be developed in three areas over the course of 2012:

- **Creation and distribution of content.** Coordinated across all our products, we will pay even greater attention to all those issues of concern to society.
- **Responsible management.** A firm commitment to ambitious developments in the fields of talent management, innovation, ICT, etc.
- **Social action.** With a host of far-reaching initiatives within the framework of the Millennium Development Goals, sponsorship, volunteering, etc.

Transparency

In 2011 PRISA adopted a code of conduct of global scope for the Web 2.0 environment and common to all employees of the business units and Group companies, which provides basic guidelines for the proper use of web tools and a protocol for crisis situations. These principles will help to communicate the values of the company, both personally and professionally, throughout the Web 2.0 environment.

PRISA has a specific strategy to ensure the privacy of its readers and users. Each of our services and products has been designed in accordance with current legislation and best practices for maximum protection. Measures taken include transparent privacy policies, data treatment in accordance with current legislation, the use of personal data of users for purposes strictly related to the services to which they subscribe, and data control tools used by PRISA at all times. The Chief Privacy Officer is responsible for overseeing this area in the business units.

The privacy of the data obtained from our customers is a top priority for the Group. The user has full control over them. They are not shared with third parties, unless express consent is given, and at all times users can modify their data and unsubscribe.

Corporate Governance and Structure

Board of Directors	Executive Committee of the Board of the Board of Directors
<p>Chairman Ignacio Polanco Moreno</p> <p>Chairman of the Executive Committee of the Board and CEO Juan Luis Cebrián Echarri</p> <p>Deputy CEO and CFO Fernando Abril-Martorell</p> <p>Members Juan Arena de la Mora Nicolas Berggruen Matías Cortés Domínguez Martin Franklin Diego Hidalgo Schnur Gregorio Marañón y Bertrán de Lis Alain Minc Agnès Noguera Borel Borja Pérez Arauna Manuel Polanco Moreno Emmanuel Roman Harry E. Sloan Ernesto Zedillo Ponce de León</p> <p>Secretary of the Board Íñigo Dago Elorza</p> <p>Vice Secretary of the Board Carlos Ulecia Palacios</p>	<p>Presidente Juan Luis Cebrián Echarri</p> <p>Members Fernando Abril-Martorell Matías Cortés Domínguez Martin Franklin Gregorio Marañón y Bertrán de Lis Alain Minc Manuel Polanco Moreno Emmanuel Roman</p> <p>Secretary Íñigo Dago Elorza</p>
<p>Audit Committee</p> <p>Presidente Juan Arena de la Mora</p> <p>Members Agnès Noguera Borel Alain Minc Emmanuel Roman</p> <p>Secretary Íñigo Dago Elorza</p>	<p>Executive Committee of the Board of Directors</p> <p>Presidente Ernesto Zedillo Ponce de León</p> <p>Members Matías Cortés Domínguez Gregorio Marañón y Bertrán de Lis Agnès Noguera Borel</p> <p>Secretary Íñigo Dago Elorza</p>
Corporate Governance, Appointments and Remuneration Committee	
<p>Chairman Gregorio Marañón y Bertrán de Lis</p>	<p>Members Diego Hidalgo Schnur Borja Pérez Arauna Harry E. Sloan</p> <p>Secretary Íñigo Dago Elorza</p>

Formal policies for good governance

The principal objectives of Corporate Governance for PRISA are efficient administration and the provision of timely information, allowing the Group to respond to the needs of investors and analysts as well as to comply with legal disclosure requirements for regulated securities markets. The Group has established professional management structures of proven effectiveness and experience. It has developed a corporate communications policy providing market agents with the tools and information necessary for analysis and investment decision-making.

In July 2001 the Company established an "Audit and Compliance Committee" and an "Appointments and Remuneration Committee." Subsequently, in January 2007, and with the aim of strengthening corporate governance, the Board amended the Regulations of the Board of Directors whereby the responsibility for internal rules and compliance, which until then belonged to the Audit Committee, was assumed by the Corporate Governance, Appointments and Remuneration Committee.

On June 24, 2011, the Annual General Shareholders' Meeting approved the Board's proposal to change the Corporate Regulations and Bylaws to strengthen Corporate Governance, by the splitting the Corporate Governance, Appointments and Remuneration Committee in two separate committees: a Corporate Governance Committee (hereinafter the Committee), dedicated exclusively to the functions of corporate governance, and an Appointments and Remuneration Committee, which maintains its functions concerning the appointment and remuneration of directors and executives. The meeting of the Board of Directors held following the AGM amended the Board Regulations so as to adapt to the statutory changes made.

Internal company regulations

The Company is governed according to its Articles of Association and the following regulations:

- *General Shareholders' Meeting Regulations*
These regulate the principal norms for the convocation

and conduct of General Shareholders' Meetings, establishing that the "General Shareholders' Meeting is the supreme sovereign body of the company and compliance with its decisions is obligatory for all shareholders".

- *Board of Directors Regulations*
The purpose of these regulations is to determine the principles on which the actions of the Board are based, the rules of its organization and the functions and norms of conduct of its members.
- *Internal Code of Conduct for Securities Market Issues*
This establishes the Codes of Conduct for issues related to securities markets. It includes regulations for the timely and accurate communication of company information to the markets, in order to avoid the improper use of inside information and resolve possible conflicts of interest.

These Codes of Conduct are applicable to members of the Board of Directors and top management and may also be applied to corporate department heads and other managers or employees of the Group who may have access to privileged information.

The Secretary General of the Group will oversee compliance with the Codes of Conduct included in this Regulation.

- *Code of Conduct*
The Code of Conduct is applicable to all PRISA Group employees PRISA and was approved in 2011 by the Board of Directors, following a proposal made by the Corporate Governance Committee.

Corporate Governance Recommendations

Through the Annual Corporate Governance Report (ACGR), the company reports on the degree of compliance with corporate governance recommendations. Since the 2007 report, the company has taken on board the recommendations outlined in the Unified Code on Good Corporate Governance issued by the Comisión Nacional del Mercado de Valores (CNMV) in May 2006.

Further, since our common and convertible shares are classified as American Depositary Shares (ADS), on the New York Stock Exchange, PRISA has acquired a number of new legal obligations with regards to filing information with the US markets. Specifically, PRISA is now considered a foreign private issuer under the the rules and regulations of the SEC and is obliged to comply with the requirements of U.S. federal securities laws applicable to public companies, such as the Securities Exchange Act of 1934 and the Sarbanes-Oxley Act of 2002, as well as those governing corporate governance at the NYSE.

Criteria for actions by the Board of Directors

As indicated in the Board of Directors Regulations, the actions of the Board must be subject to the following criteria: compliance with Social Responsibility (CSR) objectives, defense of the long-term viability of the company and the enhancement of its real value, safeguarding the identity and professional, ethical and editorial principles of the Group's media.

Culture of Corporate Social Responsibility in the governance bodies of the company

Corporate Social Responsibility Policy

The management of each business unit (publishing, press, radio, audio-visual and Internet), will adopt the necessary measures to ensure fluid communication with the plurality of social interests and concerns. The Group's media outlets will keep channels of communication permanently open to these interests.

Various members of the administrative and management organs of the company hold executive functions that involve them directly in the company's media organizations. This puts them in a position of constant communication with stakeholders.

In recent years, increasing amounts of information about the company's Corporate Social Responsibility policies have been made available. This will continue to be the case, as we provide the public with improved and more complete information about PRISA's CSR policies.

Since 2008, the Report on Corporate Social Responsibility has been submitted to the Board for its approval.

One of the changes made to the Regulations of the Board of Directors in 2011, enables the Corporate Governance Committee "to monitor, promote, guide and oversee the performance of the Company in the area of corporate social responsibility and sustainability, as well as corporate reputation, and report thereon to the Board of Directors and the Executive Committee, as appropriate".

Appointments and resignations

Specific procedures regulating executive appointments.

Company executives are appointed by the CEO who is granted this authority under Article 11 of the Board of Directors Regulations. The Appointments and Remuneration Committee informs the company executives of all appointments and resignations, retirements and removals of directors (art. 25 Board of Directors Regulations).

Formal procedures regulating appointments, reelection, evaluation and removal of board members.

The Board of Directors shall be made up of a minimum of three and a maximum of 17 members, determined at the annual shareholders' meeting. Their number shall be decided and they shall be appointed by the AGM.

The Board is currently made up of 16 members, including three executives, six directors representing controlling shareholders, six independents and one external member.

Company executives come from a wide variety of academic and professional backgrounds. Their CVs may be viewed on the company website (www.prisa.com).

The Board has a president (Ignacio Polanco Moreno), a CEO (Juan Luis Cebrián Echarri) a Deputy CEO (Fernando Abril-Martorell) and a secretary (Íñigo Dago Elorza). The president, CEO and the deputy CEO assume all powers that the Board can legally delegate to them.

Executive Committee and Board of Directors Committees

PRISA's Board has established a number of committees:

- An Executive Committee.
- An Audit Committee.
- A Corporate Governance Committee.
- An Appointments and Remuneration Committee.

In 2011, with the aim of strengthening Corporate Governance, the Corporate Governance, Appointments and Remuneration Committee was split into two separate committees: a Corporate Governance Committee (hereinafter the Committee), dedicated exclusively to the functions of corporate governance, and an Appointments and Remuneration Committee, which maintains its functions concerning the appointment and remuneration of directors and executives.

Details of the composition and responsibilities of the Executive Committee and of the other committees, as well as meetings held over the course of 2011, are available in the ACCGR.

The Audit Committee and the Corporate Governance Committee, and the Appointments and Remuneration Committee have all published reports describing their functions and activities over 2011.

Appointing and removing board members

Chapter VI of the Board Regulations details the procedures for the appointment and removal of Board members:

- *Appointing Members:* Members are appointed by the AGM or, provisionally, by the Board in accordance with the stipulations in the Companies Act, Ley de Sociedades de Capital y los Estatutos Sociales.

Motions for the appointment of directors are submitted by the Board of Directors to the shareholders' meeting and the appointment decisions adopted by said body by virtue of the powers of co-optation legally attributed thereto, will be in accordance with the provisions of this Regulation and shall be preceded by the appropriate proposal or report from the Appointments and Remuneration Committee or

the Corporate Governance Committee, as applicable, and shall not be binding.

In accordance with Article 15 bis of the Bylaws, 75 per 100 of the voting shares present or represented at the General Meeting shall be required to amend the administrative body of the Company and for the appointment of a Board Director, unless the nomination comes from the Board of Directors.

- *Appointment of External Directors:* The Board of Directors and the Appointments and Remuneration Committee shall, within the scope of their powers, ensure that all candidates are persons of recognized competence and experience.

It is the Corporate Governance Committee's task to assess the skills, knowledge and experience required to sit on the board, and define, therefore, the duties and qualifications required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to carry out their duties.

- *Re-election of members:* Motions for the re-election of members are submitted by the Board of Directors to the shareholders meeting and shall be subject to a favorable opinion issued by the Appointments and Remuneration Committee, who will assess the performance of the directors over their previous mandate.
- *Term:* Members shall maintain their posts for a term of five (5) years and may be re-elected. The appointment of directors by co-optation is subject to ratification by the first General Meeting following his or her appointment.

Directors shall offer their resignations to the Board of Directors when their term is completed, or when the General Meeting, subject to its statutory powers, decides to relieve them of their post.

- *Retirement and removal:* Directors shall offer their resignations to the Board of Directors when their term is completed, or when the General Meeting, subject to its statutory powers, decides to relieve them of their post.

Directors shall offer their resignations to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- a. When they are subject to any of the legally established prohibitions or grounds for disqualification.
- b. When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.
- c. When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors.
- d. When the reasons for which they were appointed have ceased to exist and, in particular, when an independent director or a director representing controlling shareholders loses his respective status as such.
- e. When in the course of a year they fail to attend more than three meetings of the Board of Directors without just cause.
- f. When their remaining on the Board is deemed inappropriate, under the terms of Article 31.5 of the Board Regulations, and may directly, indirectly or through third parties associated with the Board Member, imperil the loyal and diligent exercise of his or her functions with regards to company interests. Under the terms of the aforementioned Article 31.5, in all those situations where there exists a conflict of interests, or one may be reasonably be expected to exist, and this is deemed to constitute a structural and permanent conflict between the Board Member (or between an associate, or in the case of a director representing controlling shareholders, a shareholder who proposed his or her appointment, or any other party directly or indirectly related to him or her) and with the Company or Group companies, said Member will be deemed to have failed to fulfill the duties inherent in his or her post.

The Board of Directors shall not propose the removal of any independent director before completing the

term of office set forth in the bylaws for which he was appointed, unless the Board deems that there is just cause for doing so and after seeking the opinion of the Corporate Governance Committee. In that regard, just cause shall be deemed to exist when the director has failed to fulfill the duties inherent in his post.

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

- *Objectivity and secret voting:* Directors affected by proposals for re-election or removal will be absent during all discussion and voting on such matters.

All votes of the Board that relate to the appointment, re-election or removal of directors shall be secret if so requested by any member and without prejudice to the right of all directors to put their vote on the record.

Evaluation of the performance and composition of the Board of Directors

Evaluation of the performance and composition of the Board of Directors, the president and the top executive is approved by the Board, after a report from the Corporate Governance Committee (articles 5.3 b.x) and 26 of the Board Regulations.

Information

The Company's Annual Corporate Governance Report (ACGR) provides detailed information on the shares held by the board members in the company, the posts they hold in the different PRISA companies, as well as posts and stakes held in other companies, analogous or complementary to the Group's mission. The ACGR also provides information on the Board members' overall remuneration and the source of this.

Transparency

Formal and transparent policy regarding the remuneration of company directors

Remuneration policy

The Board of Directors and the Appointments and Remuneration Committee approves the annual remuneration policy of the Board of Directors and the Management team.

Remuneration policy, integrated within the Management Report accompanying the annual accounts, had been subject to approval at the General Shareholders' Meeting till 2011.

With the entry into force of the Sustainable Economy Act, which introduces Article 61 into the Securities Exchange Act regulating the Remuneration Policy Report, the Company, pursuant to that rule, has developed a remuneration policy report for the year 2012 that will collect the details of individual directors' remuneration in the previous year. This will be submitted to a vote, in an advisory capacity and as a separate item on the agenda at the next annual general meeting of shareholders.

The Annual Corporate Governance Report will provide information regarding the remuneration of executives and the management team. Furthermore, the Company complies with Article 260 of the LSA (Law of Limited Liability Companies), establishing that the Report must include the "overall remuneration" of executives.

Transparency of Information **Providing relevant information to the markets**

The company will provide the securities markets, through the CNMV and SEC, with relevant information immediately and prior to its communication by any other means. This information will also be posted on the PRISA website.

Furthermore, quarterly, twice-yearly and annual financial reports will be made available to the markets, after review by the Audit Committee and approval by the Board of Directors.

Corporate website

The corporate website (www.prisa.com) posts all the information the Company puts at the disposal of its shareholders and the general public. The site constitutes a key tool in improving the communication of the Group with market agents and stakeholders.

The corporate website provides complete information about the activities and geographical presence of the Group as well as the social and cultural action projects being carried out. Press releases and news items related to the Group are also posted.

The corporate website also includes a special section for shareholders and investors. This section provides Company financial information and presentations to analysts, indicating the share performance and payment of dividends. Furthermore, the website contains the information submitted to the CNMV, Corporate statutory norms and regulations, information about the Board of Directors, the Executive Committee, the Audit Committee, and the Corporate Governance Committee, and the Appointments and Remuneration Committee. Information about Shareholders' Meetings, as well as the Corporate Governance Reports issued by the Company are also available online.

Investor Relations Department

The Investor Relations Office maintains ongoing and transparent communication with the investors, meeting their demands for information on Company activities and business strategy.

In addition, this department prepares quarterly public reports that are issued to the markets, organizes trips to visit investors in major financial centers (London, New York, Paris and Milan, among others) and attends conferences organized by investment banks. In the year 2011, the Department visited more than 150 institutional investors, attended 12 conferences, went on five Roadshows and welcomed different groups of investors to its offices.

The Investor Relations department has an ongoing relationship with the analysts covering the action of PRISA, in order to explain in detail any public information concerning the Group which may have a significant nature.

In compliance with the Board of Directors Regulations, mechanisms have been established to provide regular, although not privileged, information to institutional investors through presentations and reports submitted to the CNMV, and via the corporate website. The Department also conducts conference calls with investors and analysts in order to give a fuller explanation of the quarterly results, and organizes meetings with the sales forces of the various banks to explain specific events.

One goal of the department is to increase the number of experts, currently at 18, who are following the share price. The aim is to achieve more exhaustive coverage, in clear benefit to the investors who have placed their confidence in PRISA.

Shareholder Relations Department

This Department, reporting to the General Secretary, is responsible for contacts with individual shareholders, attending to their inquiries and providing information either in person at company offices, by telephone or via mail, e-mail or fax. This department also attends to the general public, providing information about the Group.

Participation

Legal and /or statutory restrictions on the exercise of the right to vote and legal restrictions on the acquisition or transfer of company shares.

There are no specific restrictions on the exercise of the right to vote for holders of Class A ordinary shares. Class B shares are non-voting shares, in accordance with articles 6 and 8 of the Articles of Association.

There are no specific restrictions on the acquisition or sale of company shares. Such actions are subject to the general legal code governing shares and securities.

Risk management

Risk management policy

Grupo PRISA has an organizational structure and established procedures for the management of risks inherent in its business activities. The analysis and

control of risk is organized within the Group's management procedures and, as such, involves all members of the organization within a properly supervised framework, complemented by preventive actions designed to ensure the achievement of corporate objectives.

PRISA carries out an ongoing assessment of the most significant risks that might affect the company's chief businesses. To this end, the Group has designed a **Risk Map** – a tool providing graphic representation of risks and used to identify and evaluate the risks to which the different business areas are exposed. The parameters assessed for each risk include both the likely impact and the probability of it occurring. The identification of these risks, and the operative processes through which they are managed is the responsibility of the Group's Internal Audit Department, which reports periodically to the Audit Committee on the results of their work.

Within the framework of risk management, the principal risk factors are classified into the following categories:

- a. Strategic risks.
- b. Operational risks.
- c. Risks related to financial management.
- d. Risks related to reliability of financial information.
- e. Technological, IT and infrastructural risks.

The control systems in place to assess, mitigate or reduce risks to the Group are:

Control of strategic risks

The day-to-day management of the company is the responsibility of the CEO, subject to the supervision of the Board of Directors and its Executive Committee, and he has all the powers to act in this area, delegated in him by law.

The Board, under the authority of the CEO, designs the Group's strategic Plan, in which are defined the objectives set for each of the different business areas and the proposed development and growth in accordance with the markets, both nationally and internationally.

The Group's general strategies and policies are subject to prior authorization by the Board of Directors. Furthermore, the Strategic Plan, as well as the management objectives and annual budget and investment policy, must also be approved by the Board.

Compliance with the Strategic Plan and the budget is reviewed periodically, analyzing the extent to which the goals are being achieved, while evaluating deviations and imposing corrective measures. This process involves managers from all business units, as well as the general and functioning committees that forward their reports to the Board.

Operational risks

For business development, the Group has a decentralized structural organization with coordinating bodies such as the Business Management Committee, which carries out tasks of analyzing and monitoring both business evolution and the environment and operational problems of the different business units.

Risks in business transactions (operational, commercial, legal, fiscal and so on) are monitored by their respective organizations, by means of supervisory mechanisms at the corporate level. For example, the Fiscal Management department monitors the tax law in each of the geographical areas where the Group operates and assesses the different potential risks posed by varying interpretations by the local authorities of the prevailing tax system. Likewise, the risks inherent in the radio and television markets, which are often subject to the concession of broadcast licenses by the authorities, are monitored by the appropriate director generals, reporting at a corporate level to the Secretary General. Commercial risks, related to advertising and offering the appropriate services and products to our customers, are continuously monitored by the Group's Sales Management Department, by a content committee, by a committee specialized in promotional policy and by a publicity monitoring committee. It is worth noting that the Group's revenues are less dependent than those of other companies in this sector on the ups and downs of the advertising cycle. This is due to the input from the publishing arm, Santillana, and, above all, on the revenues acquired by the pay-per-view audiovisual businesses. Subscription

revenues, derived from pay-per-view digital television, made up 32.35 % of the group's operating revenues in 2011. Meanwhile, the Group's other business units frequently coordinate to evaluate and participate in new business opportunities, through the Transversal Business Committee.

Risk control related to financial management

■ *Finance Risks*

The Group's financial obligations are detailed in Note 12 "Financial debt" in Prisa's annual consolidated report for 2011. This Group's debt as of December 31, 2011, was 3,400 million euros.

The Group's level of debt brings with it certain financial obligations such as servicing the interests and principal, as well as operational limitations as laid out in the financing contracts signed. In order to meet these obligations, in 2011 the Group signed an agreement with its banks that implies certain modifications in the terms and conditions of loans, such as a deal to extend maturity on the Group's syndicated loan to March 19, 2014, and the bridging loan to January 16, 2015. Both loans, subject to meeting certain targets, will subsequently be extended to December 19, 2014 and September 21, 2015, respectively. Both moves have reduced the financial leverage of the Group and given the Group more room for manoeuvre.

As for the management of short-term financial obligations, this includes the detailed monitoring of the repayment schedule of the Group's loans and financial ratios set forth in the financing agreements, as well as the maintenance of lines of credit and other financial instruments that enable the Group to meet all foreseen financial commitments, in the short, medium and long term. The Group has set up a centralized treasury management system and a Cash, Debt and Capex Committee and carries out weekly assessments and projections, in this regard, which enable us to optimize our available resources in order to service the debt.

■ *Exposure to Interest Rate Risks*

The Group is exposed to interest rate fluctuations, since all of its debt with financial entities

is at variable interest rates. Prisa therefore takes out interest rate cover, basically by means of contracts that limit exposure to the maximum rates of interest, whenever our lines of credit are able to cover such an operation

- *Exposure to exchange rate risks*

The Group is exposed to exchange rate fluctuations mostly through the financial investments it has made in Latin American companies and the returns on those investments. In 2011 the revenues and consolidated results from the International area and Latin America made up 32.22 % and 24.26 % respectively of the Group's overall figures.

Prisa is also exposed to exchange rate fluctuations since it maintains debts with financial entities and international TV production companies in different countries and is involved in the acquisition of audiovisual rights. As of December 31, 2011, the weight of currencies other than the euro in the Group's debt was not significant.

The objective is always to reduce this risk, and the Group, in line with its forecasts and budget, follows the practice of taking out exchange rate cover (chiefly by insurance, by buying a forward contract in order to hedge against exchange rate variability).

- *Exposure to Risks Related to the Cost of Paper*

The Group is exposed to the possibility of variations in its results due to fluctuations in the price of paper, the essential raw material in some of its production processes. The Group has set up a strategic coverage program through which, by means of long-term contracts, it can cover the price of a given percentage of the volume of paper to be consumed over a certain period of time. In 2011 paper consumption made up 8.7 % of the group's purchases.

Risk control related to reliability of financial information

In fiscal year 2011 the Group has implemented a system of internal monitoring of information

that meets the financial requirements established by the Sarbanes-Oxley Act, applicable to the Group since

Prisa shares began trading on the New York markets. The identification of the risks related to financial reporting, the controls and the system for overseeing said controls are described in the Appendix to the Annual Report on Corporate Governance, under "Description of the main features of the systems of internal controls and risk management in connection with the issuance of financial information".

Risk control related to technological, IT and infrastructural systems.

The overall security of Grupo PRISA is managed by three main areas: the General Secretariat of the Group oversees the protection of personal data; Human Resources oversees the prevention of occupational hazards and safety; and finally, the Department for Information Systems and Communications oversees Information Security and business continuity. The management of overall security, in line with the growing internationalization of the business, covers advice on physical and logical security and coordinated action to strengthen the protection of confidentiality, the integrity and availability of information and systems, as well as the safety and security of other Group assets-people, processes, facilities and their contents.

In line with our Corporate Security Policy, the Group has continued to develop the Corporate Security and Safety Management System, established in 2008. This system is applied to a number of different areas: general policy, security policy, security organizational structure, personal safety and security, workplace and environment safety, communications and operations management, management of external control centers, development and maintenance of systems, access control, incident management, and continuity and business compliance.

This system incorporates information analysis tools and methodologies, as well as norms and guidelines, and is aimed at a convergence of the different security-related issues from the business units.

The Group has an ongoing commitment to carrying out security related projects in the area of communications security, incident management, safety and security audits, IT contingency plans, risk assessment and early-warning systems. In terms of physical safety and security, security

management has now been centralized, boosting the role of the Control Center that coordinates the safety and security related activities of the group's different control centers. Studies are also being carried out to optimize the use of resources used in safety and security.

PRISA also has a Technology Monitoring Observatory that foresees risks and any business opportunities that may arise due to technological advances.

Main features of internal control and risk management regarding the process of issuance of financial reporting.

During the fiscal year 2011, PRISA has implemented a system of internal control over financial reporting based on the general framework established in the COSO Report. The methodology used in implementing the internal control model is to cover requirements established by section 404 of the Sarbanes-Oxley Act, whose implementation is mandatory for the Group since Prisa shares began trading in New York (New York Stock Exchange). According to the Sarbanes-Oxley Act, PRISA must certify for the first time in 2011, the correct functioning of its system for internal control over financial reporting, and external auditors for the Group are required to give their opinion on the effectiveness of the control system established by the Group.

The system of internal control over financial reporting consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

Bodies and functions responsible for the internal control over financial reporting (ICFR)

One of the functions assigned to the Board of PRISA, as set out in Article 5.3 of the Board Regulations, is the approval of control and risk management policy and the periodic monitoring of internal information and control systems. Furthermore, in accordance with the provisions of this article in the Regulations, Prisa's Board must approve this periodic financial information before making it public. In this regard, the Board of Directors is supported in its work by the Audit Committee. Among the basic

responsibilities of the Audit Committee, as defined in the Board Regulations, is the monitoring of the effectiveness of the Company's internal control systems and risk management systems and the drafting and filing of regulated financial information, specifically annual accounts and quarterly and half-yearly financial statements, which the Board is obliged to submit to the markets and their supervisory bodies.

Apart from the supervisory tasks of the system for internal control over financial reporting (hereinafter ICFR) carried out by both the Audit Committee and the Board of PRISA, the effective implementation of internal control model is also the responsibility of the CEO and Deputy CEO of PRISA and of the CEOs and CFOs of the Group's business units who are also involved in the preparation of financial information which forms the basis for the preparation of the Group's financial statements.

Departments and / or mechanisms responsible for the design and review of organizational structure

The Director of Organization and Human Resources, under the Deputy Chief Executive Officer, is responsible for the ongoing design, implementation, revision and updating of the Group's organizational structure. The Group's Business Units are supplied with an adequate distribution and definition of tasks and functions in financial areas, and have detailed job descriptions for key roles in the financial area as well as clearly defined lines of responsibility and authority for the process of financial reporting.

In addition, the Department of Organization and Human Resources coordinates and carries out an assessment of the internal procedures of the different Group companies, and the degree of documentation, updating and disclosure of these.

Code of conduct, agency approval, degree of disclosure and training, principles and values

PRISA's Code of Conduct, approved in the fiscal year 2011 by the Board of Directors, establishes the general guidelines that should govern the conduct of PRISA and all Group employees in the performance of their duties and their business and professional relationships, acting in accordance with the laws of each

country and with respect for commonly recognized ethical principles. The Code of Conduct has been communicated to all employees and is also available on the global intranet.

The basic values and principles that should guide the actions of Group employees are integrity, honesty, rigor and dedication in carrying out their activities, responsibility, commitment and transparency, pluralism and respect for ideas, cultures and people, creativity and innovation in business development, responsible, efficient and sustainable management, all of which generate value for shareholders and for the Group.

The standards of conduct in relation to financial reporting are aimed at guaranteeing transparency in the preparation and disclosure of financial information, at the level of both internal communication within the Group and externally, to shareholders, markets and regulators. Likewise, there are also performance standards aimed at ensuring that all operations are clearly and accurately reflected in the Group's records and books.

Requests, incidents and queries that arise regarding the interpretation and implementation of the Code of Conduct are dealt with by the Directorates of Human Resources of the Group, and ultimately, the Secretary-General, who reports regularly to the Corporate Governance Committee on the compliance by employees with the standards. The Corporate Governance Committee will publish an annual report on evaluation and the degree of compliance with the Code of Conduct, which shall be distributed among the relevant Prisa governing bodies.

Complaints and concerns channel

PRISA has a mailbox for receiving and dealing with complaints and concerns regarding accounting, internal controls or other auditing matters. This is a confidential and anonymous communication channel between Prisa employees and the Audit Committee. Additionally, there is a complaints box confidential available to third parties related to the Group.

The complaints are channeled through a special email address and are received by the Chairman of the Audit Committee, who determines the appropriate resources, methods and procedures for the investigation of each complaint.

Risk assessment regarding financial information

In the risk assessment of financial information, PRISA applies a top-down approach based on the Group's most significant risks. This approach starts with identifying significant accounts, where there is a reasonable chance of there being an error that, individually or aggregated with others, might have a material impact on the financial statements. To determine the importance an account in the consolidated financial statements, PRISA considers both quantitative and qualitative factors. The quantitative evaluation is based on the materiality of the account, and is supplemented by qualitative analysis that determines the associated risk depending on the nature of the transactions, the nature of the account, the complexity of the accounting and reporting, the likelihood of significant contingent liabilities as a result of the transactions associated with the account, and susceptibility to losses due to error or fraud.

In order to perform a full risk assessment, this analysis is performed in each Group Business Unit, as these ultimately generate financial information which serves as the basis for preparing PRISA's consolidated financial statements. The risk profile of each business unit is determined by its contribution to the consolidated financial statements, and the evaluation of specific risks, which means we take into account, among other factors, the nature of its activities, centralization or decentralization of operations, their specific risks, the existence of errors or

significant incidents reported in previous years, risks specific to the industry or the sector in which it operates and the existence of significant outlooks or estimates in the accounting principles to be applied.

For each of the business units considered significant, the relevant headings and sections are identified. Having identified the significant accounts and breakdowns at the consolidated level and in each business unit, we proceed to identify relevant processes associated therewith, as well as the major types of transactions within each process. The objective is to document how the major transactions of the significant processes are initiated, authorized, recorded, processed and reported.

For each account, there is an analysis of the significant accounting controls that will ensure the reliability of financial reporting, ie that the reported transactions have taken place and pertain to that account (existence and occurrence), that the transactions and assets have been reported in the correct amount (assessment / measurement), that the assets, liabilities and transactions of the Group are properly broken down, classified and described (presentation and disclosure) and that there are no assets, liabilities, or significant unreported transactions (integrity).

One of the significant processes is determining the Group's scope of consolidation, which is performed on a monthly basis by the Consolidation Department, under the Corporate Finance Department.

The system for identification and assessment of risks related to the internal control of financial information has been formally documented, with this structure in place for the first time in 2011, and is likely to be repeated at least annually. The system is monitored and overseen, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

Control activities

The Group makes available documentation describing the flow of activities and controls related to the processes identified as significant in each business unit and at a corporate level.

This documentation describes how transactions are initiated, approved, recorded, processed and reported, and from there identifies the key risks and associated controls. Documentation of control activities is carried out using risk matrices risk and process controls. Using these matrices, activities are classified as preventive or detective in nature, and depending on the coverage of associated risk, standard or key.

In each significant business unit there is a documented process dealing with closing accounting, as well as specific processes concerning relevant forecasts and estimates, according to the nature of the activities and risks associated with each business unit.

In relation to the review and approval process of financial reporting, a phased certification process was established

in 2011 that deals with the effectiveness of the model for internal control over financial reporting. Initially, the CEOs and CFOs of the business units and companies that are considered significant confirm the effectiveness of defined controls for all critical processes, and the reliability of financial information. Following these confirmations, and based on the report on the testing of controls performed internally, the CEO and the Deputy CEO certify the effectiveness of the Group's model for internal control over financial reporting in accordance with section 404 of the Sarbanes-Oxley Act. Also, in relation to this process, as mentioned above, there are procedures enabling the governing bodies to review and approve all financial information to be disclosed to the securities markets, including specific monitoring of significant risks by the Audit Committee.

Controls for system processes and applications that support critical business processes, are intended to maintain the integrity of the systems and data and ensure their operation over time. Information systems controls are fundamentally access controls, segregation of duties, development or modification of computer applications, and management controls for outsourced activities. During 2011, we have identified the chief applications that support the businesses' critical processes and we have analyzed and evaluated the controls and procedures associated with these. This analysis of the general system controls will be repeated regularly.

Reporting and communication

The organization has an accounting manual dealing with international financial standards that are applicable to the Group's businesses, defined by the Internal Audit Department, updated periodically and communicated to the various Business Units.

The Group has implemented control measures to ensure that all data supporting financial information is collected in a complete, accurate and timely fashion. A single, unified financial reporting format is applicable to all Group units, and is to be used for all financial statements and breakdowns. Additionally, the Group has control procedures in place to ensure that the information submitted to the markets includes a sufficient breakdown to facilitate proper understanding and interpretation by users of the financial information.

Supervision and performance of the system

The Group has an internal audit unit, to support the Audit Committee in overseeing the ICFR system.

The main objective of internal audit is to provide management and the Audit Committee with reasonable assurance that the internal control systems operating within Group companies have been properly designed and managed. Accordingly, during 2011, the internal audit coordinated and supervised the design and scope of the model for internal control over financial reporting and subsequently carried out an evaluation of the design and performance of all control activities defined in the model, in order to certify its effectiveness in complying with the Sarbanes-Oxley Act.

For each of the weaknesses identified, an estimation of the economic impact and expected probability of occurrence is made, and these are classified. Also, for all the weaknesses identified, a plan of action is defined that will neutralize or mitigate the risk.

Significant and material weaknesses that have been highlighted as a result of the assessment of the ICFR system are reported to both the Audit Committee and the External Auditor.

Additionally, the internal control system is reviewed by the Group auditor, who reports to the Audit Committee and gives an opinion on the effectiveness of ICFR in the Group's consolidated financial statements at December 31, 2011, in advance of submitting the financial information to the Securities and Exchange Commission. At the date of this report, the auditor has not yet reported any material weakness to the Audit Committee.

The Audit Committee's supervision duties with regard to the internal control system are detailed in the Board Regulations published on the Group's website. They include the following regarding the process of preparing and reporting financial information:

1. Review compliance with legal requirements and the correct application of generally accepted accounting principles, and report on any proposal suggested by management to modify accounting principles and criteria.

2. Determine and monitor the effectiveness of Company internal control systems and risk management systems and discuss with the auditors or audit firms any significant weaknesses in the internal control system that may have been detected during the audit.
3. Oversee the preparation and presentation of regulatory financial statements.
4. Review Company prospectus and information on the quarterly and half-yearly financial statements that the Board is obliged to submit to the markets and their supervisory bodies.

Stakeholders

Associations PRISA belongs to

In keeping with a commitment to an ongoing exchange of ideas in their relevant sectors, many of companies in Grupo PRISA are members of different professional associations and organizations.

In Europe, PRISA is a member of the European Publishers Council, an important association of leading media organizations and which represents our common points of view to the EU.

In the Americas, PRISA has been instrumental in the success of the Foro Iberoamérica, which every year brings together leading business people from the media world to discuss common problems throughout this geographical and cultural area.

In the Spanish education arena, Santillana is an active member of the National Book Editors Association, ANELE, as well as other educational organizations with common values such as quality and responsibility in teaching. In the field of radio, SER is a member of the Asociación Española de Radiodifusión Comercial (Association of the Spanish Commercial Radio Broadcasters). In the audiovisual sector, PRISA TV represents the Group in UTECA (TV and Audiovisual Content Union). The Group's newspapers are members of AEDE (Spanish Newspaper Editors Association). In Portugal, Grupo Media Capital is a member of the Portuguese Social Media Confederation, which brings together more than 600 companies from the press, radio and TV sectors. Further information is available on chapter 4.

PRISA and the Fundación Santillana run a number of renowned educational and cultural initiatives in Spain and in the Americas and have signed agreements with a number of cultural, educational and scientific organizations, including the Organization of Ibero-American States, the Spanish Royal Academy, the Cervantes Institute, Fundación Biblioteca Virtual Miguel de Cervantes, Fundación Teatro Real, Fundación Carolina, Fundación Cultural Hispano-Brasileña, Fundación Conocimiento y Desarrollo, Fundación Empresa y Crecimiento, Fundación Príncipe de Asturias and Fundación Bertelsmann. In the area of scientific research, development and innovation, the company collaborates with Fundación Pro CNIC and Fundación COTEC. PRISA maintains close ties to various universities in Spain and the Americas, including the Universidad Autónoma of Madrid, with whom we run the Journalism School and the Jesus de Polanco Chair for Ibero-American studies. PRISA also collaborates with the Carlos III University, the Menéndez Pelayo International University and is also associated to the Universidad Autónoma of Barcelona, the University of Alicante and the Carlos III University through the Instituto Universitario de Posgrado. The Fundación Santillana's offices in Latin America (Colombia, Brazil and Argentina) develop similar initiatives in the areas of education and culture.

PRISA's media have long championed development campaigns promoted by NGOs such as the Red Cross, Accion contra el Hambre, UNICEF and the WWF, through news reports, promotion and sponsorship agreements.

Grupo PRISA's media have institutional channels which are permanently open to suggestions, criticisms and complaints, and organize tours of offices and facilities. They are attentive to the concerns of different social groups and stakeholders and encourage the exchange and debate of ideas, which serves to enrich society as a whole. Stakeholders can submit their enquiries, suggestions and concerns to the Corporate Center through the Communication Department, and the Investor and Shareholder Relations Departments. Additionally, the corporate website (www.prisa.com) provides investors and shareholders with relevant information about the Company.

The Group's different media provide institutional channels that are permanently open for receiving suggestions, concerns and complaints from stakeholders.

PRISA is also a member of the Spanish issuers association, Emisores Españoles, whose main objectives include:

- a. To promote measures to strengthen legal certainty in all matters relating to the issuance of listed securities and to participate in the development a better legal framework at both a national and European level.
- b. To contribute to the development of high standards of corporate governance.
- c. To promote communication between companies and their shareholders.
- d. To maintain a relationship of dialogue and cooperation with the Administration and, In particular, the National Securities Market Commission (CNMV).

Internal audit

The Company has an Internal Audit Department whose function is to provide the management of Grupo PRISA and the Audit Committee with a reasonable degree of certainty that the internal operational control systems within the Group have been correctly designed, implemented and managed.

The functions of this Department include:

- a. The evaluation of internal control systems to improve efficiency in the management and control of risks inherent in the activities of the Group.
- b. The revision of operations in order to verify that the results achieved concur with the established objectives and that operations and programs are implemented and executed as planned.
- c. Providing an independent opinion on the interpretation and application of legal accounting codes.
- d. The evaluation of efficiency in the use of the resources of the Group.
- e. The revision of measures implemented to safeguard assets and their verification.
- f. The revision of the accuracy and integrity of the operational and financial information of the companies within the Group and the means employed to identify, evaluate, classify and communicate said information.
- g. The Audit Department designs an Annual Internal Auditing Action Plan for the identification and

evaluation of the risks inherent in the activities of the business areas of Grupo PRISA, establishing priorities for Internal Audits and ensuring concurrence with the goals of the organization.

The Annual Internal Auditing Action Plan will identify all the Internal Audit actions planned for the year. The Plan will describe the activities and projects to be performed, their nature and scope and the resources available to the Internal Audit Department.

The Audit Committee will:

- a. Designate, appoint, re-elect or relieve the head of the internal audit service,
- b. Supervise the internal audit services and the annual report on the activities of the internal audit service,
- c. Supervise the preparation and presentation of regulatory financial statements,
- d. Be cognizant of and supervise the effectiveness of the internal control systems of the Company as well as all risk management systems. It will liaise with the auditors on relevant weaknesses detected within the internal control system during the development of the audit.

Independence of the External Auditor

Designation of the External Auditor

The Audit Committee will propose the appointment of the external auditor.

The Audit Committee must also approve the hiring of the Company's external auditor to perform any audit work, consultancy or any other appropriate task within the Company and Group companies.

The External Auditor and the Audit Committee will communicate on questions that may compromise the independence of the external auditor or any other issues related to the Auditing of company accounts. The Audit Committee shall receive annually from the auditors written confirmation of their independence from the entity or entities linked to it directly or indirectly, and relevant information on any additional services provided to these entities by said auditors, companies, or by persons or entities linked to them in accordance

with the provisions of Law 19/1988 of July 12, Auditing of Accounts.

The Audit Committee shall deliver annually, prior to the publication of the audit report, a report which will express an opinion on the independence of auditors. This report shall cover the provision of additional any services referred to above.

The external auditor attends meetings of the Audit Committee to report on the most relevant aspects of the work performed by the External Auditor.

External Auditor fees

As established in the Board of Directors Regulations, the Board will not propose the designation or renovation of an Auditing firm in the case that the total fees charged to Company constitute more than five percent of said auditing firm's annual income, taken as an average of the last five years.

The Board of Directors will make public the total fees paid to the Auditor by the Company, distinguishing between fees for accounts auditing and other services.





03

Future commitments and challenges

03

Future commitments and challenges

A commitment to society and stakeholders, internal and external, is 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 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.

Testament to our commitment was the recognition PRISA received this year from the **United Nations Global Compact**. PRISA has been signed up to the compact since 2008 and in November 2010 presented its progress report, a document in which adherents demonstrate their commitment to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption, as outlined by Kofi Annan in 1999. PRISA's companies were congratulated for the quality of the information supplied, the initiatives undertaken by the Group and the high level of implementation of corporate social responsibility policies.

Meanwhile, since PRISA went public, the Group has adopted a permanent commitment to generate value for its shareholders, to grow as a company, to improve content, to maintain the optimum levels of quality and service in its products and to seek out and expand into new markets. PRISA has been recognized by investors as a company that upholds responsible business practices, which is why the company has been included since 2008 on the international index for corporate social responsibility, the **FTSE4Good**. FTSE4Good is a package of indices aimed at measuring the efforts of companies to meet globally recognized corporate responsibility standards. In June 2011, for the second year running, the Group received the index certification.

The strategy for 2012 is to continue working on the Global Transformation Plan, which will significantly improve the Group's position and enable it to better weather the current economic climate as well as increase efficiency and productivity.

To increase the competitiveness of the Group, the Human Resources management model has changed dramatically. A global services center is being set up that will unify all necessary policies, methodologies and tools to facilitate and streamline the work of labor management of all PRISA companies. This reform, based on technology and communication, will be accompanied by profound internal changes that will provide new job and training opportunities for all employees.

PRISA's most innovative initiative is the building of a digital platform that will be shared among all group companies and media. The platform seeks to optimize

the system for creating and publishing content via the implementation of new management systems. In 2011 we set out the action plan for the digital platform, defining what we saw as pioneering projects. Several components such as the social networking access system via As.com, immediately went into production. Other components include a multivariate testing system (MVT) also on As.com and a new online video system. Tools for analyzing user behavior have been greatly improved and as has the the dynamic registry center, which will efficiently achieve a greater overall number of registered users. Finally, we launched a new information and control system and control for digital sales, Columbus.

From the standpoint of income, PRISA's Digital Division is to concentrate on signing agreements with third parties, all key players in the digital business. The division will also work to increase the number of registered users to 9.6 million and the quality of information and data provided by them. Audience objectives for the Group in 2012 are located in the region of 70 million unique browsers.

The year 2012 will see the launch of numerous properties within the new PRISA digital platform. The Change Management team, in coordination with Human Resources and Corporate Communications, will launch PRISA's transformation plan, which seeks to integrate new forms of leadership and teamwork, thereby developing employee skills within the framework of PRISA's core values while laying a particular emphasis on innovation.

Another novelty is the outsourcing of the IT infrastructure of the new digital platform for publishing and distribution to a flexible, hybrid Cloud model that can adapt quickly and efficiently to the fluctuating demand characteristic of the media.

SANTILLANA

The production of educational and general-interest content, as well as innovation and new technologies, will be the primary strategic objectives of Santillana.

With regards to education, the main challenges for Santillana in 2012 are the following:

- Publish the best textbooks and teacher's materials in all those countries where we operate.
- Continue to investigate all aspects relating to how teachers make use of our textbooks.
- Achieve greater efficiency, savings and uniformity in the publishing process and the creation and production of teaching materials.
- Create a seamless transition between print and digital media: Libroweb, Libromedia, Libroclik, etc.
- Keep up to date with current administrative arrangements, trends in teaching, new technology tools, etc.
- Produce and distribute printed personalized content on demand, that will ensure good business performance and lower costs of logistics and warehousing.
- Generate not merely our own digital content but also integrate content from other suppliers who are specialized in certain formats or devices, or user-generated content.
- Have a catalog with a powerful search tool that allows us to locate, recover, rethink, reuse, etc. content currently available within the Group.
- Produce digital content aimed both at what might be called the traditional market (textbooks, activities, libraries), as well as the new, emerging market (online tutor, online exercises, adaptive learning, assessment, etc.).
- All our digital products have to be designed for multi-device and multi-platform use.

- In 2012 we will continue to develop and research new content and digital educational services oriented to the home and family.

For **PRISA Ediciones**, the challenges are related to the increase and diversification of our digital catalog (both new and backlist) in ebook format. We are convinced that piracy (49 % in Spain) can only be curbed, by providing a comprehensive legal catalog.

Furthermore, we are committed to the creation of 100 % digital products linked to prestigious publishing imprints such as Alfaguara, Aguilar and Suma de Letras, and to exploring new opportunities based on the ePub 3.0 format, which allows us to introduce animation and a degree of interactivity.

Meanwhile, we are developing a market place with the following objectives:

- To explain and bring our catalog of digital content and services closer to our customers (family + students + teachers).
- Provide an excellent online shopping experience.
- Monetize Santillana's digital content and services, generating new revenues.
- Be pioneers in launches, promote Santillana's innovative image and maintain its market lead.
- Digital product integration and presence in other leading retailers (Apple Store, Amazon, Android market, Copia, Google editions, Kobo, Telefonica, B & N, etc.)

Finally, for use in the home, Santillana is designing an online platform to help and support schoolchildren with their studies. An educational service that will provide answers and practical examples to help students successfully complete their tasks and homework, and resolve any doubts that they might have.

The future of general-interest publishing is linked to the economic crisis and the changed market landscape created by the arrival of e-book. The stock of titles, author policy, marketing campaigns and the diversification of

distribution channels must all be re-considered in light of this situation.

The need for investment in a market that has so far been marginal (the e-book) and the contraction in the market for print books in recent years means that we need to optimize our resources. Pricing in the e-book market, which has so far been erratic at best, needs to be consistent to gain readers' trust.

We need to make better use of social networks to generate word of mouth, which is what makes a book a success.

Powerful new players such as Amazon and Apple, are crucial to the new market conditions, though we remain committed to the traditional bookstore, which is still the main sales channel for our books.

In keeping with our philosophy of publishing quality works (print and digital) across a wide range of genres that provide reader satisfaction, our challenges are:

- Continue to increase and diversify our digital catalog, both new titles and backlist, in ebook format, involving all Latin American subsidiaries. We are convinced that piracy (49 % in Spain) can only be curbed, by providing a comprehensive legal catalog.
- We are committed to the creation of 100 % digital products linked to prestigious publishing imprints such as Alfaguara, Aguilar and Suma de Letras.

- Explore new opportunities based on the ePub 3.0 format, which allows us to introduce animation and a degree of interactivity with a cost well below that of applications.
- Continue developing picture books in Fixed Layout format, an ideal solution for children's imprint Alfaguara Infantil and *El País-Aguilar*.
- Look into new ways of creating content and discovering new talent.

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 here. Integrating digital journalistic structures with traditional ones is a reality, fostered by the development of a new platform at *El País*, which has been rewarded by an audience lead in the Spanish market.

The creation of a transversal digital structure for PRISA Noticias aimed at promoting new digital initiatives and generating new revenue for companies has been one of the milestones of 2011. In 2012, PRISA Noticias has its sights set on becoming the leading group of companies in terms of CSR, new technologies, the application of a motivating and inclusive model of labor relations and audience share on the Internet in Spanish. We also plan on opening up new markets, in Spanish and Portuguese, outside our borders. The goal is for our media to set the standard for credibility as we champion the values of peaceful coexistence and participation in defending the common good.

PRISA Noticias will continue working to increase its presence in society through the the basic principles of good journalism: to inform, educate and entertain. Thus, beyond merely informing, the newspaper is present at many social initiatives (Earth Hour, workshops with children in hospitals, etc.), providing in-depth knowledge to the wider society (debates, conferences, etc.).



PRISA Radio

In 2012, PRISA Radio aims to qualitatively increase its support for NGOs and other local and national organizations that work on good causes or on environmental issues. As a leading media company, we have a responsibility to society and we will strive to become even more involved with projects that have a direct social impact, that raise social awareness on a range of issues, and that spur people to action, by supporting these initiatives on the airwaves.

Colombia

- Continued support for educational projects in the areas of Early Childhood, Family and Sexual and Reproductive Health. Greater support for the National Peace Prize 2012. Renew alliances and partnerships to give greater visibility to life stories, the recovery of victims of armed conflict and displaced populations.
- Implement project to promote the rural sector - Radio Program "*Un campo para el campo*".
- Develop project in partnership with State agencies and private sector to address environmental issues through programming and particularly on Planeta Caracol (Rio +20).
- These initiatives will be implemented via collaborative agreements and technical assistance that will enable us to co-finance projects and develop content to be broadcast in our news and entertainment programs.

Chile

- To maintain our lead, market share and profitability in national broadcasting, in a year that is set to be very competitive, with new players arriving on the scene.
- To continue the policies of growth and professional development for employees of the company.
- Implement our Digital plan, key to the future of the company and our brands.

Miami

- Development of our strategic plan, which envisages an increase of market share, a significant increase in revenue, and continued spending cuts.
- Greater offer of content, through the improvement of existing products and the development of new ones. It is expected that the resulting synergies of content produced at our stations or internationally, will enable us to grow our network of affiliate stations nationwide.
- Continue the development of our digital platforms, Caracol1260 y GLR Networks
- Develop a new pan-regional radio advertising category, within advertising agencies, in order to compete with pan-regional cable and magazine rates.

PRISA Música

Has several goals for 2012: The launch of the Imagine project with Telefonica; build a closer relationship with the music industry; Premios 40 America Awards; Prisa Radio España radio map; increase the number of countries with the 40 Principales brand through franchises; more flexible models to adapt commercial exploitation to new advertiser demand; make a map of digital music products in the Group and create a new information system for Grupo Prisa's music. Some of these challenges already have an action plan in place and others are at the strategic planning stage.

PRISA TV

PRISA TV has always been committed to bringing viewers the very best content with the all the latest technology. This commitment has this year led to a comprehensive digital transformation. We have incorporated our premium content into the online environment and now offer our customers a totally new user experience. And we are set to continue growing in this area, through our strategy of partnering with leaders in the field of digital entertainment.

In 2012 we will remain committed to new environments and new quality content using all the latest technology.

PRISA TV will continue to pursue all the latest developments in all environments. We will remain committed to new content and the use of cutting edge technology, that has always characterized our commitment to our customers, and that has positioned us as leader in audiovisual entertainment.

Media Capital

In terms of CSR, Media Capital is constantly seeking new answers to the needs of the market, without losing sight of our strategic business objectives and our relationship with society. Due to the economic and social crisis in Portugal, 2012, like 2011, will see us working to strengthen the basic Social Responsibility policies of the Group.





04

Educación, información y entretenimiento en transformación

Education, information and entertainment processing

In 2011 PRISA continued to advance with its transformation process. Since 2010 The Group has faced the challenge of upgrading its traditional business model to become a consumer-oriented company through the most advanced technology. This process is tied to the changes that are utterly transforming the media and content sector, and requires PRISA to transform itself into a new company, focused not only on the production and distribution of content in Spanish and Portuguese, but also on acquiring in-depth knowledge of each and every one of its stakeholders, as well as the use of new technologies.

The transformation of PRISA

Currently, the company is focused on the development of the transformation of its production model, focused primarily on developing products that respond to consumer behavior; the growth of our businesses, international expansion and the promotion of synergies. We are witnessing a paradigm shift in the media and content sector throughout the world, due mainly by the impact of new technologies. And the digital world is driving this change. This process directly affects PRISA, which has undertaken a complete transformation of the entire organization to adapt to new digital landscape.

In this regard, during 2011 significant progress has been made on the model introduced in 2008 and 2009, whereby the former Prisacom, which traditionally oversaw the digital activity of the Group, has gradually transferred the management of digital businesses to each of their respective brands, freeing it up to focus on its

role of support and Research Development and Innovation (RDI). Thus, each of the brands and business units develop content for all devices on the market, but with the technical and strategic support of the digital division, whose current mission is aimed at:

- Providing a uniform strategic and innovative vision for all the Group's digital activity.
- Developing the technology platform required to manage digital content.
- Generating and exploiting new digital products.



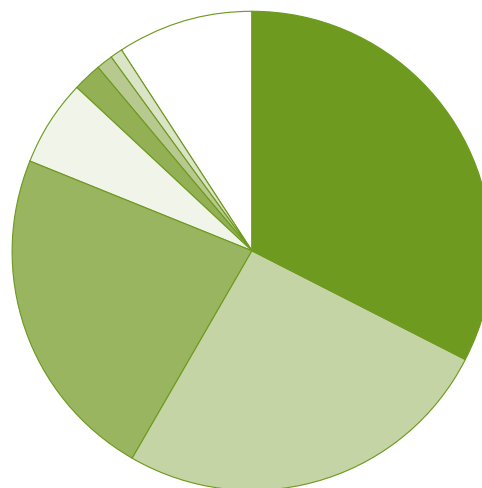
Main figures

Operating revenues (million Euros)



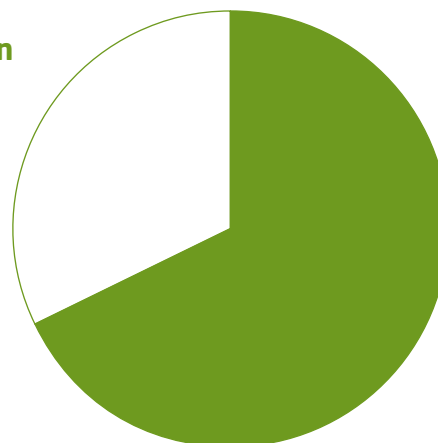
Contribution to revenue by business area

■ Pay TV subscriptions	33 %
■ Books and education	26 %
■ Advertising	23 %
□ Magazine and newspaper sales	6 %
■ Audiovisual and program rights	2 %
■ Special promotions	1 %
■ Other operators subscribers	1 %
□ Other revenue	8 %



Revenue source by geographic region (million Euros)

■ Spain	1,836 (68 %)
□ International	878 (32 %)



2011 proforma data with no special items

EBITDA
(million Euros)**EBIT**
(million Euros)

Digital audience

In 2011, PRISA's digital revenue grew by 6.7 % over the previous year, reaching 55 million euros. All PRISA sites closed the year with significant growth compared to 2010. **36 million global unique users** (ComScore December 2011) **and 70 million unique browsers** (Adobe Omniture + Netscape December 2011) visited our web pages across multiple devices, representing an increase of 26 % over the previous year, exceeding in some case 4 million / day.

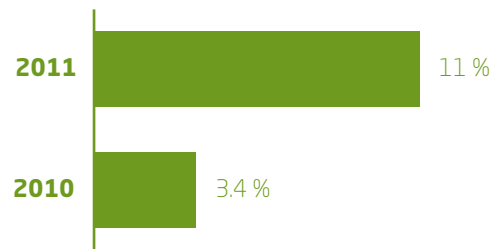
This buoyant performance is due mainly to strong growth by As.com, ElPaís.com and CincoDías. Growth was notably strong in Latam, representing 45 % of the total audience.

Page views from **mobile devices** multiplied by 4, reaching an annual average of 11.8 % of the group total, thus highlighting the interest of our readers and customers in accessing our content and services from anywhere and any platform. During 2011 radio apps for mobile radios surpassed one and a half million downloads, generating more than 7 million page views.

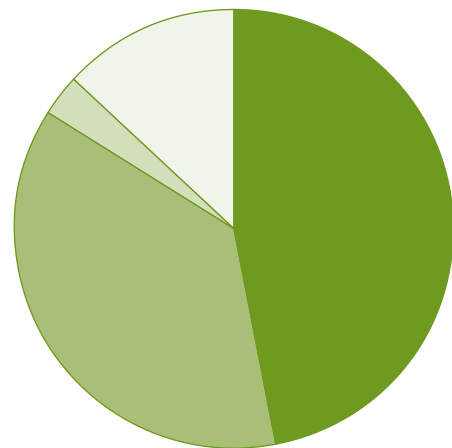
Direct traffic to our websites represents 41 % of the total, indicating the outstanding value and recognition that our brands enjoy among users. And the good work of our journalists and technical staff also means that our content is indexed by search engines - an important gateway, accounting for 31 % of the total.

In Spain, *El País* is the No. 1 online newspaper and the leading Spanish-language paper globally, according to ComScore.

PRISA mobile traffic (%)*



(*) Significant growth in 2011 (+ 7.6 p.p. over 2010)
SOURCE: Adobe Omniture. Page views. Acum. dec. 2010 and acum. dec. 2011



PRISA search 2011 referred visits

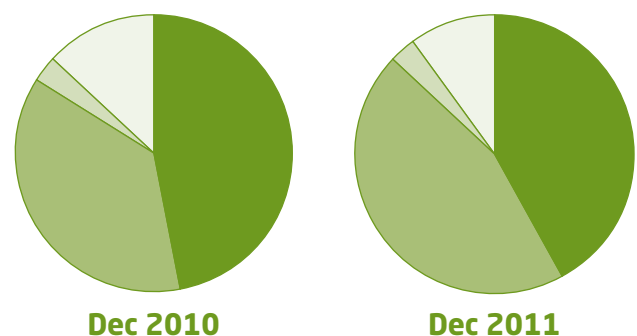
Typed / bookmarked *	38 %
Search engines	33 %
Social networks	3 %
Other websites	26 %

* Users typed our brands directly to access at PRISA's sites.
SOURCE: Adobe Omniture. Instances. December 2011

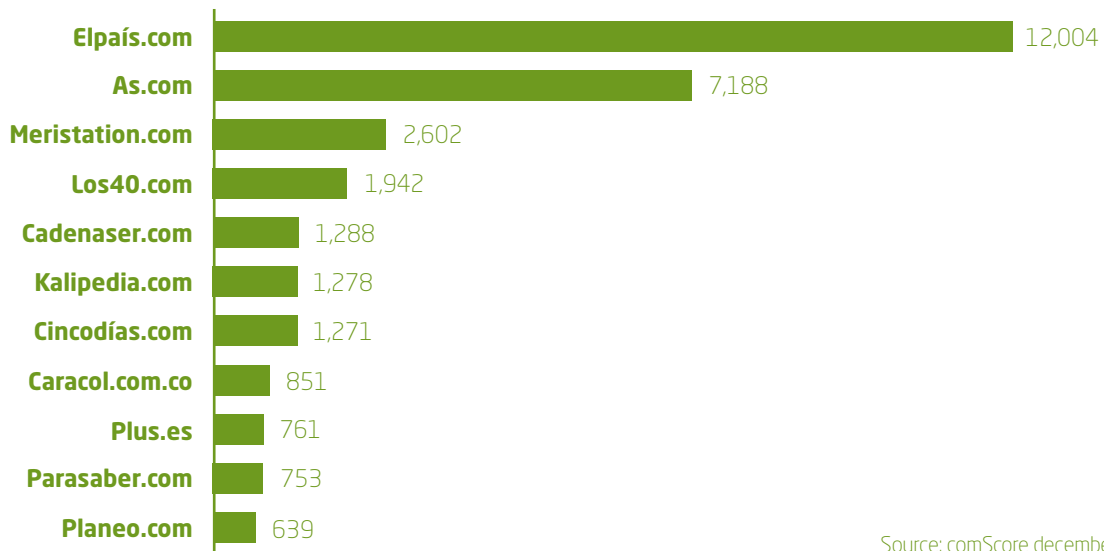
PRISA digital audience (unique users)

	2010	2011
Spain	47 %	42 %
LatAm	37 %	45 %
US	3 %	3 %
Others	13 %	10 %
	20,184	33,838

Source: comScore december 2011

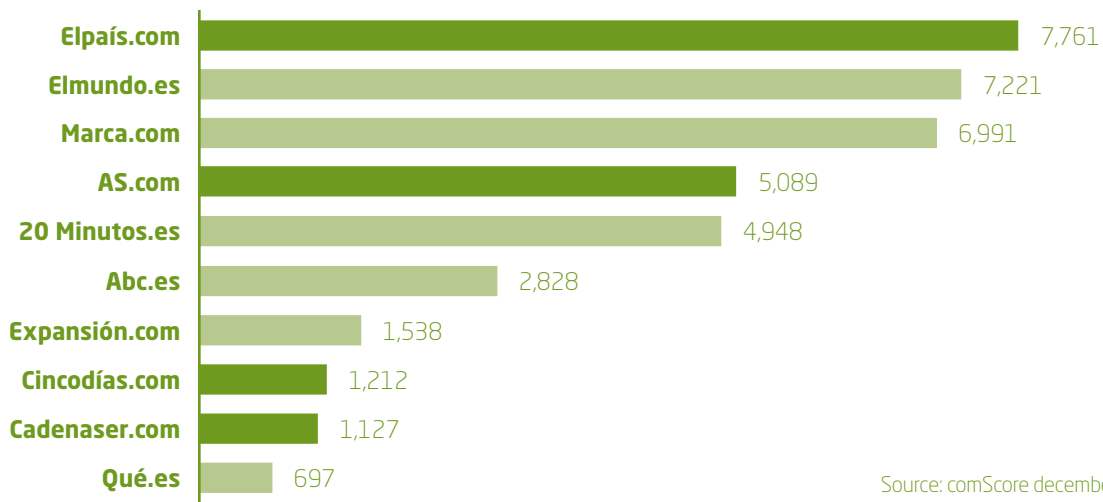


PRISA sites global audience (thousands of unique users)



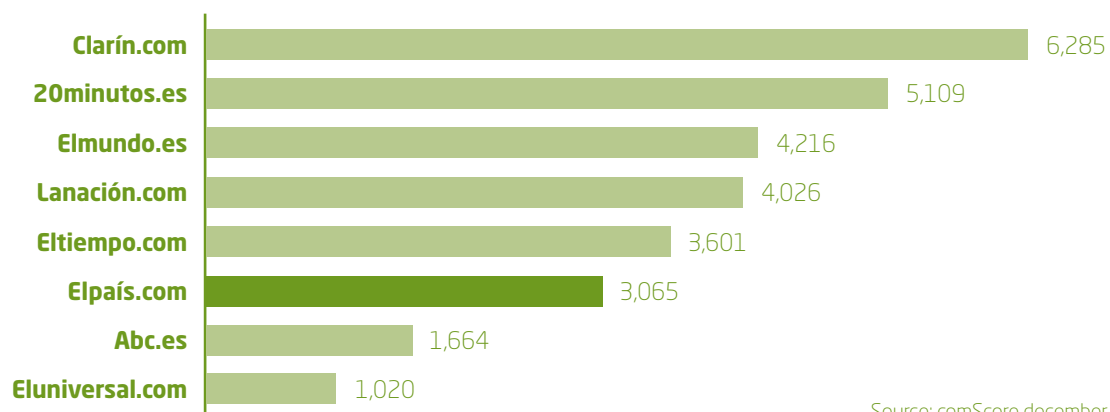
Source: comScore december 2011

Spanish audience information sites (thousands of unique users)



Source: comScore december 2011

LatAm audience information sites (thousands of unique users)



Source: comScore december 2011

Bussines Areas

SANTILLANA

Quality and innovation in the service of education and culture

Santillana started 2011 with the event to mark its 50th anniversary, presided over by the Prince of Asturias and attended by all the major cultural institutions in Spain. In the five decades that have passed since its establishment, Santillana has consolidated its position as the most important educational and publishing group in the Spanish and Portuguese-speaking markets, with a presence in almost all Spanish speaking countries, plus Brazil, Portugal, the USA and the the United Kingdom. Its operations on both sides of the Atlantic has enabled it to build bridges between Spain and Latin America, critical to the Group's growth internationally. This factor has been decisive in countering the effects of an economic crisis that has affected and continues to affect the European sector and, especially, Spain. Despite this negative context, the company's geographic diversification has allowed the it to grow and launch new projects. Among these is the Sistema UNO Internacional (UNO International System), the creation of digital content and services targeted at the education world and the family, and the growing digital catalog within general-interest publishing.

Santillana published over 7,741 new titles in 2011, adding to its catalog of 36,278 titles. Despite an adverse economic climate, the Group reported record high results, reinforcing the consolidation of the company as a leader in products for all levels of education. With operating revenues of 720.39 million euros (12.2 % more than in 2010), the company reported EBITDA of EUR 170.20 million (+2.3 %). This excellent result owes much to significant growth experienced in Latin America, where there was an 18 % increase in revenue and 7.5 % in EBITDA. By country, we should highlight the success of Brazil (+24.1 %), Mexico (+18.1 %), Argentina (+17.3 %) and Chile (+13.6 %).

By business unit, **Santillana Educacion** (core business of the company), achieved sales of 469 million euros (up 15.8 % over 2010) and EBIT of 93 million eu-

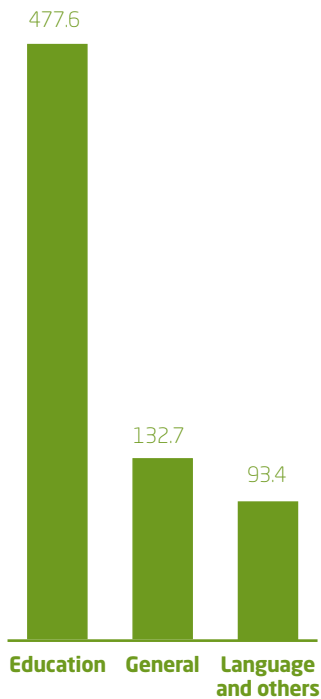


ros (+27.7 %). It has made significant progress in defining the digital teaching model, incorporating education in Spanish, Portuguese, and Catalan. There were new concepts for teaching and learning: Libroweb, Libromedia, and Libroclik. These efforts have positioned Santillana once again as the leading publisher at every stage of the education system in every country where it operates. And these efforts have been recognised by a number of awards, including the InnovaG Prize in the category "Best citizen-centered development, etc." and the School 2.0 Award, given by the Ministry of Education of Spain.

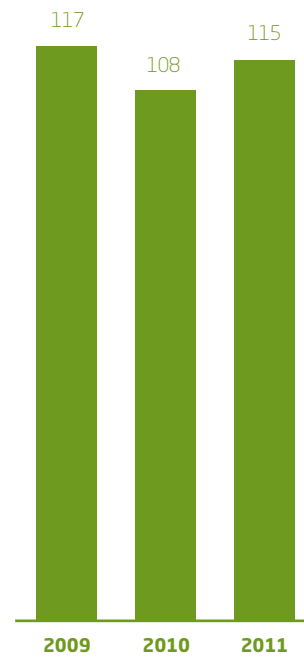
In response to the growing demand for multi-device, cross-platform access, Santillana has developed its first family and entertainment apps for children for iPad, iPhone and Android tablets, and has launched its first MMOG game, Nanoland. In the teaching sector, Santillana has created the IneveryCrea community, an online collaborative environment for education professionals, and work continues apace on the implementation of our own learning management system (LMS).

Santillana is deeply committed to education, which we understand in a comprehensive and innovative fashion, that includes educational content and services aimed at the entire school community, based on technological innovation and bilingual education. The **Sistema UNO** perhaps best expresses this new way of addressing the educational challenges of the 21st century. During the 2011-2012 academic year, over 65,000 students from Mexico and other Latin American countries have begun to study using this innovative project which incorporates iPads into the classroom. During this first year, the program has earned revenues of 10.4 million euros.

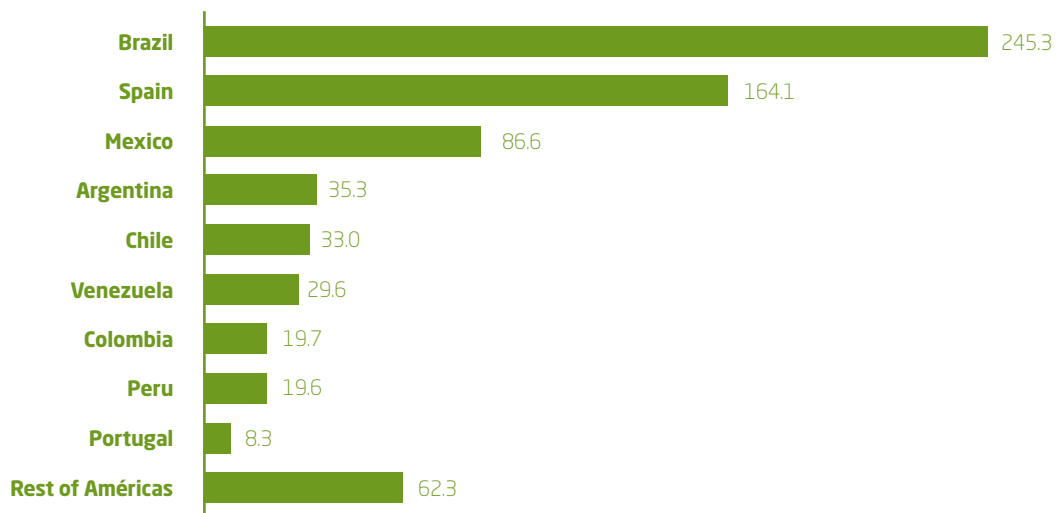
Revenue by business area (million Euros)



Book sales per year (million)



Book sales by geographic region (million Euros)



Moderna, our educational publisher in Brazil since 2001, reported excellent results with sales of 228 million euros, 26 % more than in 2010. EBITDA was 65 million euros (+37.1 %) and it strengthened its lead in the private market, with sales increasing about 17 % over the 2010 figure. In the state school sector, its share is now 20.7 %, selling 33.6 million copies.

In the language-learning sector, 2011 has been a good year, with revenue growth of 17.4 % and EBIT up by 66.7 % compared to 2010. This strong performance is due in large part to public procurement in Brazil with the addition of titles from **Richmond** and **Santillana Español** under the PNLD (Plan Nacional do Livro Didático). Both imprints have strengthened their position in the market for English and Spanish-language learning, respectively. Regarding French language learning in Spain, **Santillana Français** leads at all levels of education from primary (with a 39.1 % market share) to Secondary (39.9 %), to Bachillerato, where we have more than a 48 % share .

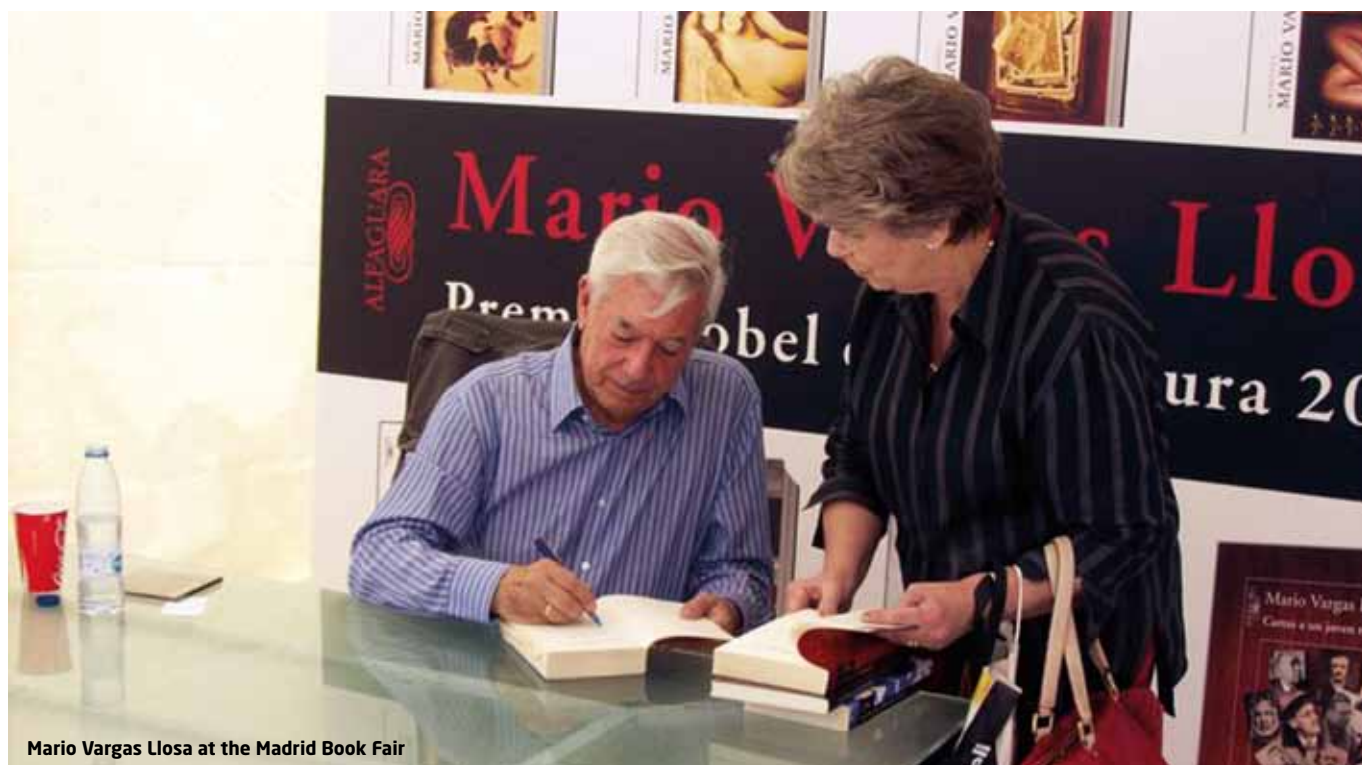
PRISA Ediciones, towards a new paradigm in publishing: Increase and diversification of the digital catalog.

PRISA Ediciones, which groups together the general-interest imprints, had revenues of 133 million euros, and EBIT of EUR 7 million.

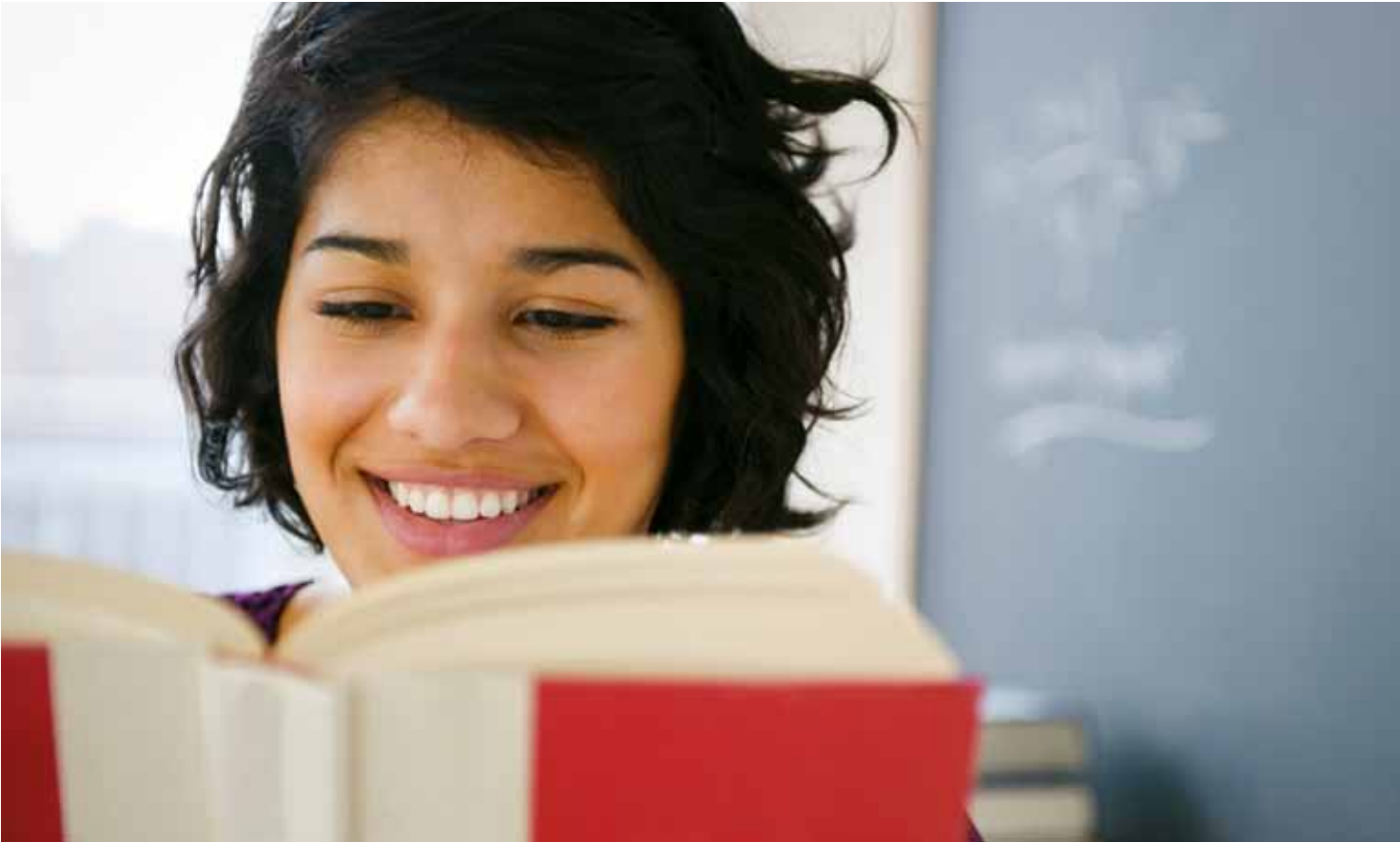
The year started off still under the influence of the big literary events of 2010, marked by the launch of *El asedio* by Arturo Pérez-Reverte, the Nobel Prize for Literature for Mario Vargas Llosa, and huge sales of titles by Stephenie Meyer and Elizabeth Gilbert, etc. Thus began 2011, that may be considered the year in which the Spanish publishing industry entered the twenty-first century. The big technology and e-commerce companies, Apple and Amazon, launched their stores in Spain, demand for devices grew exponentially while sales dropped for print books. Digital book piracy reached worrying levels, and social networks and web environments gained ground as effective mechanisms for the dissemination of literary works. There is thus a new paradigm in the publishing world, which coincides with a climate of economic crisis.

Diversification, both in terms of publishing and region, allowed PRISA Ediciones to meet the challenges of 2012 with solid arguments to compete in an environment where print and digital media can coexist. The main challenge has been to respond to the growing demand for quality digital content, and we closed the year with a total catalog of 1,206 titles, a similar figure to that of our competitors.

In Spain, we got things right with excellent works and authors, such as Javier Marías (*Los enamoramientos*).



Mario Vargas Llosa at the Madrid Book Fair



tos, "Best Book of the Year" according to the literary supplement *Babelia*) and Kate Morton (*The Forgotten Garden*, a surprise hit), and *El puente de los asesinos*, by Arturo Pérez-Reverte. Other big events included the Alfaguara Prize and the Isabel Polanco Essay Prize, which this year went to two bright young American authors (both based in Spain and under 40): Colombian Juan Gabriel Vásquez and Carlos Granés, respectively, for *El ruido de las cosas al caer* and *El puño invisible*, respectively.

There were many other causes for celebration: the great Chilean poet Nicanor Parra (*Parranda larga*, Alfaguara) won the Cervantes Prize; Isabel Burdiel received the National Prize for History for her book *Isabel II*, a biography (Taurus); the José Donoso Award went to Sergio Ramírez; the Clarín-Alfaguara Novel Award was won by *El imitador de Dios* by Luis Lozano; the FIL Literary Award in Romance Languages was awarded to Fernando Vallejo; Ricardo Lysias won the Critics Award for his book *O livro dos mandarins* (Alfaguara); Santiago Roncagliolo won the Independent Foreign Fiction Prize for *Abril rojo*. Meanwhile, Carlos Fuentes published an essay, *La gran novela latinoamericana*; the Chilean

writer Marcela Serrano returned with the novel *Diez mujeres*; and the best children's literature came from Luis Pescetti (Latin Grammy 2010) with his latest instalment of *Natacha*, and Brazil's Ana Maria Machado (Hans Christian Andersen Award in 2000) with *Macaco Metido*.

Also in the **Alfaguara** catalog were novels by Claudia Pineiro, Eduardo Sacheri, Marcelo Figueras, Liliana Heker, Hernán Rivera Letelier, Thomas Mattos, Alberto Fuguet, Piedad Bonnett, Esmeralda Santiago, Xavier Velasco, Jorge Volpi, Ignacio Solares, Wendy Guerra, Rodrigo Rey Rosa, Use Lahoz, José María Merino, Ray Loriga, among others. They were joined by big foreign-language authors such as John Banville and Joyce Carol Oates, and the successful *Rosa Candida*, written by Icelandic author Audur Ava Ólafsdóttir. *The Queen of the South* by Pérez-Reverte, released in the U.S., and the new novel by Valter Hugo Mãe in Portugal, were both bestsellers.

2011 was a decisive year for the imprint **SUMA**, who published Australian author Kate Morton. Her works *The Forgotten Garden* and *The House at Riverton*

have captivated thousands of readers. Meanwhile in Argentina, Florencia Bonelli has enjoyed extraordinary success.

Aguilar also had a great year. In Colombia, *La historia de los viajes* by historian Diana Uribe was well received, and in Mexico, new works by Gaby Vargas and Jorge Castaneda, and *Pequeño cerdo capitalista*, the debut of journalist Sofía Macías, enjoyed great success. In Spain, *Reacciona*, a reflection on the crisis with a foreword by Stéphane Hesse, had a huge impact, as did *Eta, las claves de la paz* by Jesús Eguiguren and Luis Aizpeolea. **Objetiva's** big hits included the nonfiction works of Luis Fernando Verissimo and Martha Medeiros.

Alfaguara Infantil y Juvenil published *Monster High*, *Carperucita Roja ¿A quién tienes miedo?* and the children's series *Mi Primer*, with titles by Eduardo Mendoza and Javier Marias. Among young Brazilian readers, *Elixir* by Hilary Duff, published by **colección iD**, and Ruth Rocha, published by **Salamander**, were the big hits

Taurus maintained its high standards in the world of essay with *La cultura Mainstream* by Frédéric Martel, *Superficiales* by Nicholas Carr and *La mirada del pensador*, by Santos Juliá.

In Spain, the complete collections of works by José Saramago and Mario Vargas Llosa, were launched on **newsstands** (alongside the daily paper *El País*) and

we consolidated partnerships with major newspapers in the Southern Cone. Among the **reference works** to be published was the revised edition of the *Diccionario del Español Actual*.

El País-Aguilar, with its wide range of guidebooks and cookbooks, maintained its lead this year. It brought out new collections for motoring and walking trips, *Descubrir en coche and 24 paseos por*, and updated the series *Idiomas para viajar* (Language for traveling). Martin Berasategui's cookbooks remained the bestsellers in the genre in Spain.

Management team

- President: Emiliano Martínez Rodríguez
- CEO: Miguel Ángel Cayuela
- Chief Operating Officer: Federico Blanco Giner
- Chief Digital and New Developments Officer: Miguel Barrero Maján
- Global Managing Director for Education: Francisco Cuadrado Pérez
- Global Managing Director for General-Interest Publishing: Fernando Esteves Fros
- Global Managing Director for Language Learning: Christopher West
- Director of Communication: Rosa Junquera Santiago
- Director of Institutional Relations: Mariano Jabonero Blanco
- Director of Human Resources: Francisco Lorente Power

PRISA Noticias

El País: the global newspaper in spanish

As we strive to produce quality content in different media amid an information revolution, 2011 was decisive for *El País*: the year started with the digital transformation of the news desk (technology platform, design and organization of the news desk) and closed with the paper enjoying a clear online lead.

In December 2011, according to data supplied by comScore, *El País* became, with 12 million readers, the world's leading Spanish-language news website: 7.7 million users visited us from Spain and 4.3 from the rest of the world, especially from Latin America and the U.S.. ComScore was selected as the benchmark meter by the Spanish online market, represented by media agencies, advertisers, digital media (online traditionals and Web-only), commercial networks and Internet portals. The measurement data from comScore offers hybrid data, taking the figures from each site and combining them with those held by panelists worldwide.

Regarding the transformation of the news desks, a new Politics section was launched in May, marking the beginning of a total transformation that affects technological support and design as well as the internal organization of the sections. Throughout the year—a process that concluded in February 2012—International sections, Society, Culture, Economy, Opinion, Technology, Television and Sports, in addition to the regional news desks, all underwent change. Each section now produces its own quality news and information and the focus has shifted from print media towards digital.

Meanwhile, *El País* has just reached one million followers on Twitter, the highest figure of all online newspapers in Spain. And throughout 2011, *El País* consolidated its relationship with the reader and adapted to changes in their reading habits. Thus, for example, we released an iPad application that, thanks to its numerous updates, has become the top seller in the App Store. The **El País iPad app** was given the highest score by iMonitor, and ranks among the ten best in the world.

In June, in partnership with Vocento, PRISA Noticias created the largest digital newsstand: all major media and magazines are available for e-reading across different devices via Kiosco y más. And in September, *El País* revolutionized weekend newsstands by launching **Smoda**, the Saturday fashion magazine, in partnership with the publishers of Vogue and experts in fashion and style: and the Saturday **Revista de Sábado**, a fresh approach to the world of fame and power.

In 2011, *El País* maintained its strategy of harnessing the power of social networks; this contributed decisively to the lead enjoyed by our website. We enhanced our own social network, **Eskup**, launched in 2010, which allows writers and readers to generate content and comment. Eskup also functions as a forum for discussion and debate.

In its **Global Edition**, which is printed and distributed in the Americas, in 2011 *El País* added a Miami edition, printed in collaboration with *El Nuevo Herald*, to its existing editions in Buenos Aires, Mexico, Santiago de Chile and the Dominican Republic.

In 2011, *El País* remained the leading non-giveaway general-interest newspaper. Despite the crisis, the paper achieved an average circulation of 365,117 copies daily, according to data from the OJD, pending certification. It enjoys a lead of 112,000 over *El Mundo*, which reported a figure of 252,729. As for the number of readers, the General Media Study (EGM) gave a figure of 1,915,000 readers in the third wave, compared with 1,234,000 for *El Mundo*. *El País*, in 2011, was the only Spanish non-giveaway daily newspaper to post a net profit.

El País in 2011 remained very active through the brand **El País Encuentros**. Events held included a talk by President Felipe Calderon in Mexico in March, in October, in the





Los Carpinteros at *El País*' stand in Arco

Dominican Republic, with President Leonel Fernández, and in December in Santiago de Chile, with President Sebastián Piñera.

In addition, the newspaper, in partnership with ENDESA, continued its support for the competition ***El País de los Estudiantes*** schools program and celebrated the tenth anniversary of the scheme with more than 43,000 students participating using nearly 10,000 computers in 2,646 schools.

El País was present at a number of events. The paper actively participated in events that it sponsored, held in Mexico (International Book Fair of Guadalajara), Madrid and Barcelona (debates on Wikileaks and the Arab Spring, and other cities. Our stand at ARCO in 2011 was a work by the Cuban artist collective Los Carpinteros that caused quite a stir at the art fair.

Diario As

As ended the year with an average circulation of 284,363 copies and its readership reached 1.47 million, according to third quarter EGM figures, representing an increase of 75,000 readers over the previous year. It's the top sports paper in the Madrid region, as well as twelve other Spanish provinces, including Barcelona, Toledo, Guadalajara, Cuenca, Ciudad Real, Segovia, Ávila, Seville, Málaga, Jaén, Huelva and Almería.

As.com finished the year with an average audience of 1,672,365 unique users daily, 24 % more compared to 2010. International audience growth was 49 %. New content included the section Statistics of Results, Poker and a new-look Carrusel. Megastore opened in 2011, the *As* sports shop that has quickly established itself as a benchmark for e-commerce for sports products: in its first year it already has over 100,000 unique users per month. The year ended with the re-launch of the

audiovisual venture *ASTv*, with all the best sport from leading commentators.

Mobile audience grew by 90 % in 2011 compared to 2010, reaching a record high in August 2011 with the 2 million unique users who accessed the *As* from a mobile phone, a 150 % increase over the same period in 2010. In 2011 *As* covered virtually the entire market for applications at major retailers (Apple, Android, Blackberry, Nokia and Windows Phone), surpassing 800,000 cumulative downloads. In August 2011 the first *As* app for TV was launched through an agreement with LG.

For the fifth consecutive year, *As* held its annual awards on November 28. attended by leading figures from the world of sports. The ceremony was held at the Hotel Palace in Madrid and was broadcast on *ASTV*. The winners were Real Madrid footballer Cristiano Ronaldo, the Spanish Davis Cup team, the Spanish Basketball Team and the Spanish under-17 women's soccer team - the latter in the category of best newcomers. There was also a moving tribute to veteran motorcyclist Ángel Nieto, who received recognition for his lifetime career.

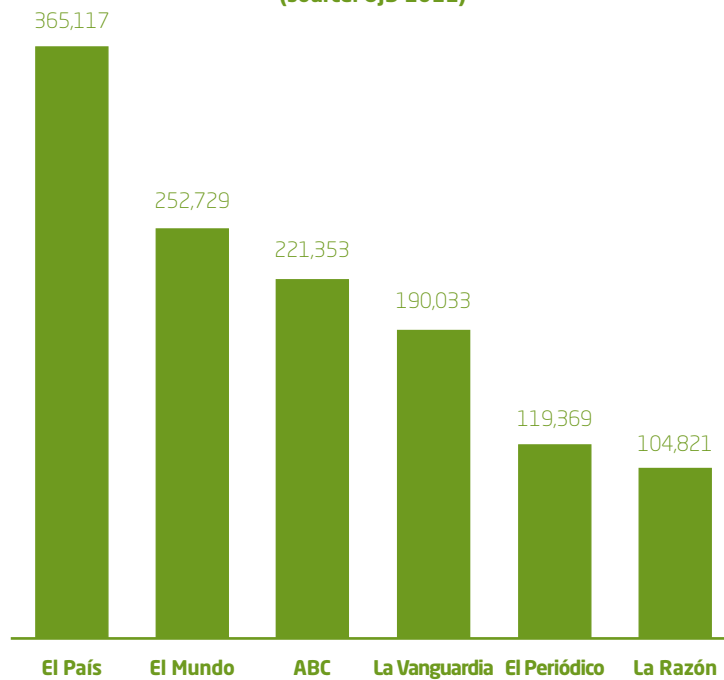
Cinco Días

Cinco Días, with over 30 years on the newsstands, is Spain's veteran business and finance daily. It's read by the most influential professionals from the worlds of business and finance and offers the widest range of sectoral and regional supplements on the market, with a thorough analysis from the perspective of the business press. According to third wave EGM figures, the paper ended 2011 with 65,000 daily readers.

The digital edition of the newspaper —*CincoDías.com*— has seen unique users and page views grow continually.

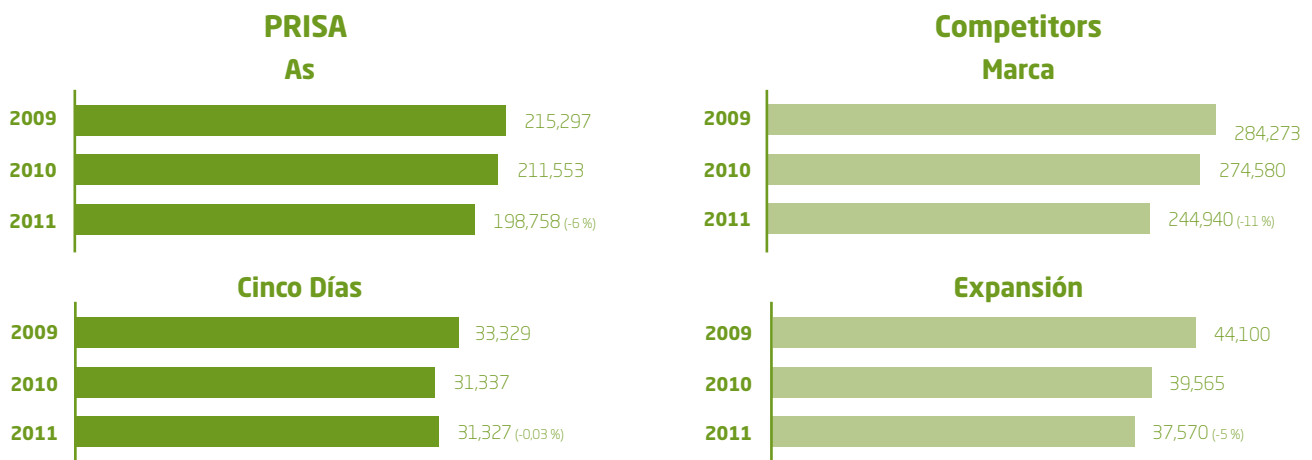
Circulation figures for leading general-interest newspapers

(source: OJD 2011)



Evolution of specialist newspapers

(source: OJD 2011)



Application downloads (2010 - 2011)

		2010	2011	2011 vs 2010
El País	IPHONE	185,865	269,877	145.2 %
	IPAD	63,018	200,612	318.3 %
	ANDROID	Unreleased	Unreleased	Unreleased
Diario As	IPHONE	102,385	184,953	180.6 %
	IPAD	29,007	48,847	168.4 %
	ANDROID	n. a.	28,725	0.0 %
Cinco Días	IPHONE	50,605	20,211	39.9 %
	IPAD	1,816	23,158	1275.2 %
	ANDROID	Unreleased	Unreleased	Unreleased

According to Omniture, growth in 2011 was 83 %. The new sections "Emprendedores" (Entrepreneurs) and "Finanzas Personales" (Personal Finance) illustrate the strength of our commitment to provide quality and practical content.

Cinco Días events are among the most prestigious in the business calendar. Valeriano Gómez, Guillermo Fernández Vara, Paulino Rivero and Cristobal Montoro, among others, participated in 2011 in the *Cinco Días* Forum, which brings together leading business figures.

The fourth annual **Cinco Días Awards** for Business Innovation were held on October 17 at the Prado Museum with the attendance of prominent businesspeople and a wide range of figures from the public, private and institutional sectors. This year boasted an exceptional speaker, Arianna Huffington, president and editor-in-chief of The Huffington Post, and the awards went to Danone, Grupo Matarromera and Ecopapel.

Furthermore *Cinco Días* has been present as a media partner at events of economic and commercial importance such as EmTech Spain, the National Awards for Marketing and Red Innova, positioning itself at the forefront of new technologies.

PRISA Revistas

PRISA Revistas began its digital expansion in 2011 with the development of products for the iPad. The most recent example was the publication of the **GuíaMadrid12**, a leisure and trends guide to Madrid that can be downloaded free from the Apple Store. In November, *Rolling Stone* celebrated its fourth annual awards. The awards ceremony was presented by Muchachada Nui (Joaquín



Reyes and Ernesto Sevilla) and was broadcast live via our website. On stage at Madrid's Pacha club were big names such as Luz Casal, Loquillo, José Coronado, Miguel Bosé, Ariel Rot, Estrella Morente, Amaral, Leonor Watling and Rubén Leiva, from Pérezza. **CAR magazine** celebrated its 50th issue in May with an event held in the gardens of the Ortega y Gasset Foundation which brought together leading figures from the automobile industry. In Portugal, the magazine **LuxWoman** celebrated its tenth anniversary last April and earlier in the year, **Revista de Vinhos** organized the 14th edition of its Awards, the largest wine awards in Portugal. Meanwhile, **La Factoria** undertook more than 30 publishing projects for third parties, including new magazines for for Mutua Madrileña and Amadeus, as well as digital magazines (Europa, Aena, Paisajes, Seguros Bilbao and Cruz Roja). During 2011, PRISA Revistas published ten newsstand titles, seven in Spain (CAR, Cinemania, Gentleman, Rolling Stone, Claves, Anuario de *El País* and Anuario de Vinos) and three in Portugal (Lux, Woman and Revista de Vinhos).

Management team

- Executive President of PRISA Noticias and CEO of *El País*: José Luis Sainz
- Managing Director for Press and CEO of PRISA Revistas: José Ángel García Olea
- Chief Digital Officer for PRISA Noticias : Rosalía Lloret
- Editor-in-Chief, *El País*: Javier Moreno
- Editor-in-Chief, *Cinco Días*: Jorge Rivera
- Editor-in-Chief, *As*: Alfredo Relaño
- Communication Director of PRISA Noticias: José Manuel Calvo.

PRISA Radio

Global communication in spanish

PRISA Radio is the world's largest Spanish-language radio group with nearly 26 million listeners and 1,238 stations, either directly owned or associates, spread out over Spain, the US, Mexico, Colombia, Costa Rica, Panama, Argentina and Chile, and franchised in Guatemala and Ecuador.

2011 was a year marked by the deep economic crisis that has hit Spain and the advertising market in this country. This has served to highlight the excellent economic health of Latin American countries and of PRISA Radio companies operating in this region. PRISA Radio has also consolidated its management model, designed to revitalize radio formats, technological innovation and the production and presence of content across all digital platforms. This model is developed both at a product level and in the areas of management, establishing synergies among its businesses for the commercial development of new formats and content with a triple commitment to the local, national and global.

Despite the economic crisis in Europe, PRISA Radio remains a benchmark for global radio in the Spanish speaking world. This model, with its global presence and the special attention paid to the local, enables us to optimize synergies and generate increased value.

Over the year, PRISA Radio has worked on creating a uniform global news discourse based on the different realities that shape the production facilities that the company has in Spain and America. Legislative elections in Spain, Colombia and Argentina proved the perfect moment to update PRISA Radio News Services around the world, and major world events, such as the Tsunami in Japan and the many insurrections of the so-called Arab spring, were given wide coverage throughout the network of PRISA Radio stations in Spain and the Americas.

In 2011 the digital transformation process that was started in 2010 gathered pace and laid the foundations for the future growth in digital activity of PRISA Radio.

Special emphasis has been placed on producing new content that is attractive to internet users, with the addition of new formulas such as radio formats integrating video and rich player. PRISA Radio has also strengthened strategies aimed at capturing greater traffic through search engine optimization and social networks, where our radio stations have more than 2.5 million followers. This has yielded considerable traffic. According to comScore, in 2011 we had 7,643,000 unique users per month.

For advertisers, we have developed innovative advertising formats, such as sponsored content sections and ad replacement, which allows us to insert audio ads with synchronized banners on the radio player. This, combined with innovation in SMS competition formats, has enabled us to exceed our revenue goals by 12.6 %.

2011 has also seen the start of the process geared towards the consolidation of technology, which involves the development of common platforms (for web, mobiles and blogs) reusable for all our brands in the world, with resulting efficiencies in costs and time to market.

In summary, 2011 was a major step forward in implementing the digital strategy of PRISA Radio, a process that continues in 2012 with the extension of successful experiences to all our markets and the development of new projects.



PRISA Radio closed 2011 with 26,445,000 listeners

In Spain, PRISA Radio closed 2011 with 12,204,000 listeners. **Cadena SER** enjoyed its seventeenth consecutive year as market leader with 4,208,000 listeners daily, Monday through Friday, according to the General Media Study (EGM). In addition, its programs were audience-share leaders in all time slots, and 24 hours a day, putting it way ahead of its competitors. **40 Principales**, with 3,850,000 listeners, has been the No. 1 entertainment brand in Spain for more than four decades and, thanks to its expansion, also tops the charts among young people in those Latin American countries where it operates.

Radio Caracol, with 1,997,000 listeners, remains the leading network in Colombia and one of the most prestigious in Latin America. It has thus become one of the pillars of PRISA Radio, both for its brilliant track record as well as its financial solvency. Caracol produces and distributes nine lines of programming in different formats of music and spoken-word radio, with 9,154,000 followers, plus a further two radio formats distributed exclusively online.

In Chile, PRISA Radio is the undisputed radio market leader with 1,960,500 listeners. Of the eleven forms distributed, seven are among the top-ten ranking for audiences. **Radio Corazon**, yet again is the most popular radio station in the country with an audience that almost doubles that of its nearest competitor.

In the Mexican market, PRISA Radio operates through **Radiópolis**, owned 50 % by Televisa, and to which

PRISA Radio brings its extensive experience in the radio business. Radiópolis, through its 117 stations, and affiliates, distributes five lines of spoken-word and music programming, reaching 1,249,771 fans daily.

In Argentina, PRISA Radio reached 1,225,510 listeners in October-November 2011. **Radio Continental**, which this year celebrated its 40th anniversary, continues to go from strength to strength on the Argentine radio scene. It received the Premio ETER award for best morning programming, and has seen its audience increase by 30 %. Similarly, the 40 Principales music format, with 20 % more listeners than a year ago, ranks as the second most popular radio station in its target audience. In addition, during 2010, the music radio portfolio in Argentina has grown with the addition of the radio format Imagina.

In the U.S., PRISA Radio operates two radio stations that broadcast in Spanish, one for the Los Angeles and southern California region, an area which encompasses more than 30 % of the U.S. Hispanic population, and another broadcasting in Miami, where we are No. 1 in the Hispanic spoken-word radio sector. In addition, PRISA Radio operates **GLR Networks**, a producer and distributor of programs and advertising space among 107 affiliated stations.

PRISA Radio is also present in two Central American countries: Costa Rica and Panama. In Costa Rica, where PRISA Radio operates three radio formats through a company co-owned 50 % by the group and *La Nación*, October saw the launch of **ADN**, a new spoken-word radio format that includes news, sports, music and magazine programs. In Panama, PRISA Radio produces and distributes three lines of programming, the spoken-word radio channel **Radio Panama** and two music stations 40 Principales and Bésame fm.

Music

2011 was a good year for music. PRISA strengthened this area with the creation of Prisa Radio Musica, a transversal organization that will enable us to develop other business models and explore exciting growth opportunities.

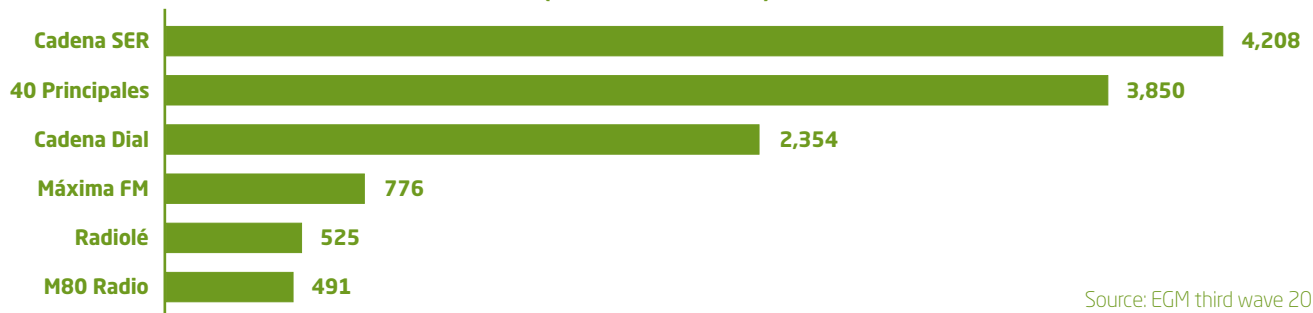
Music radio has maintained its lead in Spain and Latin America, both through the 40 Principales global brand, as well as local brands in each country. **Bésame** in Panama



PRISA Radio audience by country (thousand of listeners)

	Accumulated audience	Market position	Source
Spain	12,204	1	EGM 3ª ola 2011
LatAm	14,235		
Colombia	9,154	1	ECAR 2011
Chile	1,961	1	IPSOS 2011 Chile
Argentina	1,307	4	IBOPE 2011
Mexico	1,329	3	INRA Nov 2011 México DF
USA	267	3	Arbitron, 2011
Costa Rica	217	5	EGM 2011
Portugal	1,548	2	Marktest 2011
TOTAL PRISA Radio	27,987		

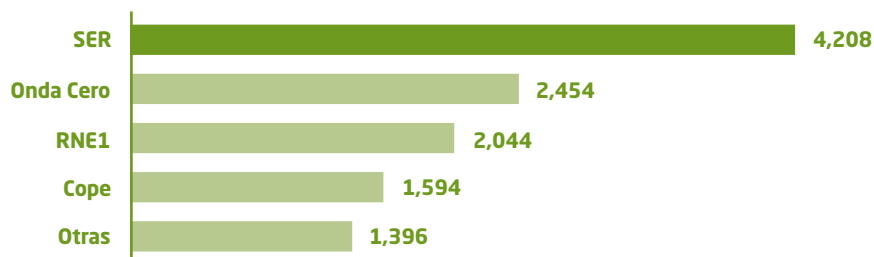
PRISA Radio audience in Spain (thousand of listeners)



Source: EGM third wave 2011

General-interest radio in Spain

Audience for general-interest radio in Spain (thousand of listeners)



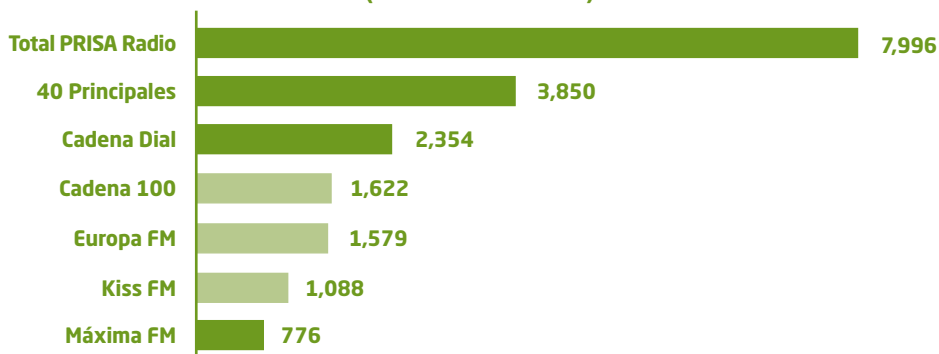
Audience share for general-interest radio in Spain

SER	36 %
Onda Cero	21 %
RNE1	17.5 %
Cope	13.6 %
Otras	11.9 %

Source: EGM third wave 2011

Music radio in Spain

Audience for music radio in Spain (thousand of listeners)



Audience share for music radio in Spain

40 Principales	1
Cadena Dial	2
Cadena 100	3
Europa FM	4
Kiss FM	5

Source: EGM third wave 2011

and **Imagina** in Argentina were fully incorporated, and continue promoting events such as concerts, the 40 Principales Awards and other marketing concepts for the brands that remain key to market penetration and business growth. In 2011 we also strengthened the presence of music in America, with the setting up of a division to oversee broadcast stations in the Americas. In order to develop our brands and our products in the Americas, this division is promoting the 40 Principales brand in other countries under the franchise model and is designing marketing operations to improve visibility and sales in the region.

Digital music media have continued to grow as these products / services offer the greatest growth opportunities at present. 2011 saw major negotiations with suppliers and partners to promote music in the digital arena, and these projects are expected to come to term in 2012.

Artistically 2011 was a year of success for the artists represented by our management company **RLM**. With Raphael, Melendi and Malu we witnessed a record year for albums, tours and events. Raphael performed at 94 concerts in 2011, Melendi 38, Malu 39 and Miguel Bose 9. Alejandro Sanz performed 11 concerts in a year in which he had no new album, and was a huge hit as a coach on the Mexican TV show, "The Voice".

2011 was also a year of big events for our tours and concert promoter, **Planet Events**. Performers such as Maná, Shakira, Juanes, Ricky Martin, as well as the electronic dance event Sentation at the Palau Sant Jordi in Barcelona, were the hottest events of the year. Other projects included the production of the 40 Principales Awards; the Cadena DIAL Awards, which celebrated the 20th anniversary of the radio station; the Ondas Awards; the 40 Principales Primavera Pop festival; the Festival Cultura Urbana; and the As Awards, in addition to the shows at the Parisian cabaret outfit Crazy Horse.

New businesses

PRISA Radio's New Business Division continued working on venturing into new sectors such as:

- **Musical theater:** after the success of the first two seasons in Madrid and Barcelona, *40 El Musical*



40 Café's facilities in Madrid's Gran Vía

continued its successful run and in 2011 began a tour of provincial capitals and other Spanish cities, reaching more than 700,000 spectators.

- **The world of fashion:** one more season with new fashion collections under the agreement reached with Adolfo Dominguez for the marketing of "Music Collection by 40 Principales."
- **40 Café.** In September 2011, 40 Café opened its doors in Madrid, a multidisciplinary leisure space on the city's Gran Vía. There's a restaurant, drinking area, shop, and live radio studio which plays host to top artists and exclusive concerts.

In addition, the 40 Principales brand has also made forays into other areas of business, such as the 40 Principales Card, Spain's leading affinity card with more than 600,000 clients, and 40 Viajes (the online travel portal). The near future will see the launch of Arte40, a talent-spotting program for the art world.



Management team

- PRISA Radio president: Augusto Delkáder
- PRISA Radio CEO: Francisco Javier Pons
- PRISA Radio Managing Director: Javier Cortezón
- PRISA Radio Managing Director of Finance and Resources: Pedro Antón.
- PRISA Radio Director of Communication: Josep M^a Girona
- PRISA Radio Managing Director of music radio: Jordi Finazzi
- PRISA Radio Managing Director of spoken-word radio: Daniel Anido
- PRISA Radio Business Director: Antonio Buades
- PRISA Radio Chief Financial Officer: Francisco Vélez
- PRISA Radio Chief Digital Officer: Ignacio Azcoitia
- PRISA Radio Director of Marketing and Research: Juan Pablo Álvarez

Radio in Spain

- Managing Director of Cadena SER: Alejandro Nieto
- Managing Director of News: Antonio Hernández-Rodicio
- Managing Director of Content: Luis Rodríguez Pi

International radio

- Managing Director for South America: Ricardo Alarcón

PRISA TV

PRISA TV closed 2011 as market leader in both Spain and Portugal. In Spain, Canal+ continues to lead the audiovisual entertainment market with over 1,840,000 Premium customers, while in Portugal TVI, for the seventh consecutive year, holds its undisputed lead in commercial television. Plural Entertainment in 2011 produced more than 3,400 hours of programmes. Meanwhile, the U.S. network V-me was available in 76.1 % of U.S. hispanic households.

Amid a global crisis and general consumer slump, Canal+ 1's multi-distribution strategy has been well received by customers of the different payment platforms. In addition, the penetration of its advanced decoder iPlus, the terminal that allows users to enjoy high definition television and to record programmes simply, continues to grow. With more than 500,000 customers and a high rate of user satisfaction (96 % said they would recommend it), the iPlus has a penetration among customers of Canal+ of close to 30 %.

During 2011 PRISA TV's revenues totaled 1,241.19 million euros and EBITDA reached 234.69 million. The adjusted EBITDA margin before special items increased by 3.2 % to 18.3 %. Of the total of 1.84 million Canal+ subscribers, 82,247 belong to other platforms. ARPU remains above 41 euros on average and the cancellation rate continues to decline: down to 13.6 % compared to 15.8 % in 2010.

Canal+ YOMVI: Canal+ content in the online environment

PRISA TV remains committed to technology. Canal+'s premium TV offer was born two decades ago and in 2011 made its foray into the online world with a new brand: Canal+ YOMVI. Thus, Canal+'s offer of the most exclusive series, sports and documentaries is now available on all types of digital devices. Canal+ is no longer a conventional pay-TV. It has become "a digital entertainment brand, available on all media." This technological leap will provide customers of Canal+ with an exciting, new user experience, enabling them to view content where and whenever they want, with services on demand and in HD.

For this digital transformation, PRISA TV has partnered with world leaders in technology to develop



Third edition of Canal+ Series Festival

new projects. Thus, alongside the multinational Cisco, we are working on a new generation of iPlus; with Microsoft we are going to bring premium content to users of the Xbox 360; with Samsung to connected televisions; and with Jazztel we have launched the service Canal+ Yomvi in OTT.

Also, this year PRISA TV has unified its brands. Now, Canal+ remains as it always has been, a provider of exclusive and prestigious content, as well as a multi-channel audio-visual entertainment provider with more than 150 programming services, including television channels from all genres, 30 channels in High Definition and a wide range of interactive services.

Television in Spain

Canal+: number of subscribers

Dec 2011	
Suscribers Canal+ satellite	1,756,185
Suscribers Canal+ OTT	3,185
Suscribers Canal+ other platforms	79,062

	Suscribers	Penetration	Growth vs 2010
IPLUS	503,202	28.65 %	+ 64.78 %
MULTIPLUS	238,772	13.59 %	+ 44.58 %

Canal+: average revenue per subscriber per month

Euros	
Annual satellite ARPU	41,1

Canal+: cancellation rate

	Dec 2010	Dec 2011
Satellite CHURN at year end (%)	15.8	13.6

Source: own elaboration

Audiovisual production PLURAL Entertainment (Hours produced)

Portuguese

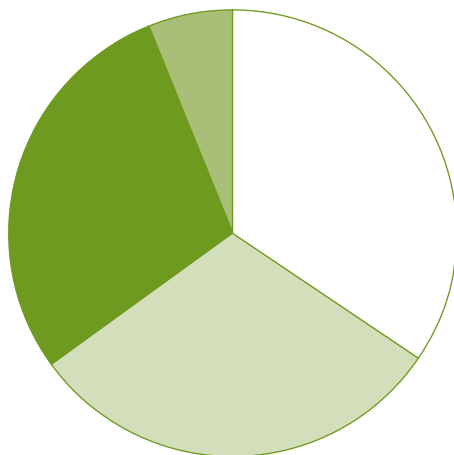


Spanish

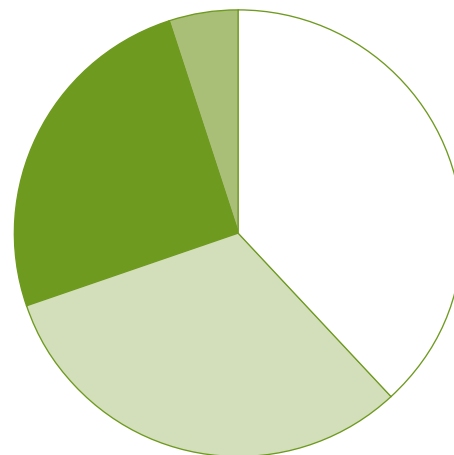


Television in Portugal (january to december)

	24 hours	Prime Time
TVI	34.5 %	38.1 %
SIC	30.5 %	31.7 %
RTP1	29.0 %	25.3 %
RTP2	6.1 %	4.9 %



24 hours



Prime Time

Canal+, the home of football

Canal+ has increased this year the number of football matches, has expanded its coverage of Real Madrid and FC Barcelona and has extended its coverage to all La Liga BBVA teams. It has also launched a new channel that broadcasts all the day's games. Canal+ Liga and the new Canal+ Liga 2 offers eight League games every weekend.

This year Canal+ has signed an agreement with the UEFA Champions League for the exclusive broadcast of matches over three seasons, starting next August 2012. Canal+ is thus the only place to go for all the best football: the Spanish league, the Premier League and Calcio and all the best of international football, NBA, exclusive Wimbledon, the Masters 1000 in HD, all the golf from around the world including the big four, the Ryder Cup, and Super Bowl, etc. among others.

Canal+ Premium content

In 2011, viewers of Canal+ enjoyed major film titles such as *The King's Speech*, *Avatar*, *Alice in Wonderland* and *The Hurt Locker*, big Spanish production such as *Torrente 4*, *Celda 211* and *the Balada triste de la trompeta*, and European films with wide appeal such as *The White Ribbon* and *A Prophet*.

Our commitment to offering the best series has led Canal+ to a deal with HBO to first and exclusive broadcasts of all HBO's productions. Productions such as Scorsese's award-winning *Boardwalk Empire*, and the magnificent *Game of Thrones*, along with new seasons of other well-known shows such as *True Blood* or *Hung*. In addition, new seasons of other big hits such as *Mad Men*, *The Tudors*, *Fringe*, *Damages* and *Weeds*.

Documentaries include the BBC series *Human Planet*, along with other productions such as *The Cove* (2010

Oscar for best documentary) or *How much does your building weigh, Mr. Foster?* (Public Award at the San Sebastián Film Festival). Special mention should go to *Mirada Canal+*, with specials such as *Informe Robinson*, dedicated to 20th anniversary of the Barcelona Olympics (in 2012), and investigative reports by Jon Sistiaga for Canal+.

The quality of Canal+'s original productions was recognized throughout the year. *Crematorio*, directed by Jorge Sanchez-Cabezudo, received the Premios Ondas Award for Best Series and the Pasión de Críticos Award as Best Series of the Year at the Vitoria Festival. Meanwhile, *Qué fue de Jorge Sanz* was the first drama series directed by filmmaker David Trueba. The story unfolds in 6 episodes during which the famous actor parodies himself and his own life.

The HD offer continues growth

HD offers more depth, detail and brightness, and allows viewers to enjoy all the action on a big screen without losing picture quality. Canal+ is taking full advantage of the benefits of HD technology and, thanks to the iPlus decoder, broadcasts in high definition in MPEG4 format with a real capacity of 12 megabits per second. All this plus 5.1 sound and 16:9 widescreen.

Canal+ has boosted its offer of HD with new documentary channels (Nat Geo HD and NatGeo Wild HD), entertainment channels (SyFy HD and TNT HD) children's channels (Disney Channel HD) and sports channels (Canal+ Liga HD), which make a total of 30 channels.

Media Capital

Media Capital group was the Portuguese TV market leader through its commercial television channel TVI for the seventh consecutive year. Far ahead of its competitors, TVI was audience-share leader across all time



all slots and ended the year with an audience share of 34.5 % during the day and 38.1 % in prime time.

In 2011, Media Capital reported revenue of EUR 224.4 million and EBITDA was 39 million euros. Advertising revenue totaled 137.1 million euros.

TVI, in the lead for the seventh consecutive year

TVI has offers a schedule of broad and varied programming in a wide variety of genres, with a special focus on dramas and soap operas, entertainment, sports and news.

The channel has continued its strategy of bringing soap operas to prime time, with the broadcast of highly successful series such as *Anj Meu*, *Remédio Santo* and *Espírito Indomável*, all produced by Media Capital and made by Plural Entertainment.

In sports, TVI has acquired the rights to broadcast, in Free-to-Air, the Champions League for the next three seasons (2012-2015). In addition, this year the channel continued to broadcast the Portuguese Football League, with an audience share of 47.3 %.

Meanwhile, TVI24, the news channel, continues to grow in audience and influence. And TVI Internacional continues to extend its broadcasts in Angola, Mozambique, Cape Verde and Andorra with the aim of bringing television to Portuguese citizens living outside their country in addition to showcasing Portuguese culture abroad.

Quality original productions

Finally, Plural Entertainment, Media Capital's production company, produced programs in all genres, from entertainment and soap operas, to documentaries and sports programs.

In total, Plural Entertainment made more than 3,400 hours of programs in 2011, of which over 2,600 were for Plural Entertainment España. These included the TV film *11-M* (based on the terrorist attacks in Madrid in 2004) awarded the Premios Ondas Award for Best TV-movie, the sports news for the channel Cuatro (TP de Oro Award in its category) and *Ángel o Demonio*, a soap opera (broadcast in Spain with great success, and whose rights have now been purchased the French TF1).

V-me

V-me is a television network aimed at the U.S. Hispanic market. Its programming is based on entertainment and offers a wide range of genres including film, series, music, education and children's content via Vme Kids.

The channel broadcasts in free-to-view, satellite and through American cable network operators DIRECTV, DISH Network, Verizon FiOS and AT & T U-verse, allowing it to reach 76.1 % of Hispanic households in the United States with televisions.

Management team

- President of PRISA TV: Manuel Polanco
- CEO of PRISA TV: Pedro García Guillén
- Secretary General, PRISA TV: Antonio García-Mon Marañes
- Chief Financial Officer, PRISA TV: Juan Herrero Abelló
- Chief Digital Officer, PRISA TV: Stephen Dove
- Director of Communications, PRISA TV: Purificación González
- CEO of Canal+: Manuel Mirat
- Managing Director of Contents and Rights Acquisitions, Canal+: Álex Martínez Roig
- CEO of MEDIA CAPITAL: Rosa Cullerell



A large indoor event, possibly a conference or festival, with a blue ceiling and falling confetti. The confetti is in shades of purple, pink, and green. The ceiling has a grid pattern with recessed lighting. In the background, there are banners and a stage area. The overall atmosphere is festive and celebratory.

05

Dialogue and communication with stakeholders

05

Dialogue and communication with stakeholders

We are always striving to maintain and improve our commitment to society through the responsible and ethical exercise of all our operations. We foster and promote voluntary initiatives that respond to the social concerns and needs of all those regions where we operate in the fields of education, news and information and entertainment.



About our readers, listeners, viewers and users

As a media group, PRISA takes very seriously its commitments and social responsibilities to its employees, investors, customers, suppliers, the social milieu, environment and society at large. Each company within the Group possesses its own mechanisms for communicating with its stakeholders, both internal and external and direct and indirect, whereby we can remain informed of their concerns and opinions and thus respond appropriately.

All of our employees have access to an internal channel for communication and collaboration (intranet **toyoutome**) providing all the necessary information that might be required. Users may participate and interact with their colleagues or with employees from other companies across the Group. At the PRISA corporate center we provide all necessary tools and resources to those managing the different intranet systems to enable them to work in a coordinated fashion and to share relevant experiences. There exists, therefore, from the departments of Communication in collaboration with Human Resources, IT, Security, Purchases and Prevention,

an internal participative network that we all keep alive every day. There is also a **channel for concerns and complaints**, administered by the Audit Committee, and open to all employees whatever their concern might be.

The corporate website (www.prisa.com), available in Spanish, English and Portuguese, provides all relevant information about the Group and its companies. Here, investors and stakeholders are informed of all company news and events. Analysts and members of the press will each also find a specific area in order to keep them up-to-date on developments.

Following the example of a number of European countries, PRISA has, along with other Spanish companies, recently created the association Emisores Españoles, an issuers association aimed at seeking out solutions common to all issuing companies, both nationally and internationally, and which seeks to develop principles of good corporate governance among public companies and which will foster the adoption of measure to

streamline communication between companies and stakeholders.

At the Corporate Center we deal with four different categories of the public.

- **Shareholders:** through the Shareholder Relations Department, responsible for resolving all questions and concerns.
- **Investors:** through the Investor Relations Department.
- **Media, institutions and members of the public:** through the Corporate Communication department and its press office. They provide all relevant and up-to-date information and news on the Group and its companies, as well as answering questions and dealing with requests for information.
- **Employees:** In 2011 the new intranet service toyoutome was launched. This is a common space, open to all, where people can share knowledge and news of what's happening in their companies, and where we can respond to doubts, questions and requests for information that we receive from a variety of sources.

Our companies' initiatives

SANTILLANA

Santillana's commitment to the digital world has led to a technological transformation of the company that places the customer at the center of all of our activities (reader, teacher, student, family, etc.) by adopting a multi-platform strategy.

Santillana Educación has taken a decisive step in the development of pioneering new products. Examples include Libroweb and Libromedia, reading, dictionaries, and other complementary activities for tablets, etc. Gradually, teachers will be able to incorporate learning through digital material into the classroom, transforming their classes into an ever more collaborative environment. This changes teaching approaches and tools and also generates a new relationship between teacher, students, families and publishers.

As an example:

- Through a simple application, the "thermometer", implemented in the various websites and social networks of Santillana, teachers can continually express their satisfaction and evaluate the service.



- Calendar of activities: we encourage teachers to share initiatives implemented in their schools through Santillana's social networks and / or *e-vocacion*.
- *E-vocacion* is the social network for users of Santillana. It allows teachers to access online seminars previously only available by attending in person. There are also personalized coaching sessions online for the teacher to express their concerns and to provide professional assistance and private consultations.

Internet is changing the way we reach the entire school community (not just teachers). New profiles were therefore created on the web to provide answers and content to other stakeholders (parents, students, journalists, retailers, bloggers, etc).

In the campaigns "Vacaciones Santillana" and "Campaña 1 2 3", we have developed multi-channel strategies (communication, content distribution and search for potential customers) conducting integrated campaigns online (SEO, advertising in places of interest, emailing to other PRISA lists with profiles of interest, etc.).

The launch of the online store that allows the purchase of licensed products (libroweb) and the availability of some products in Apple Store are significant steps in the digital transformation of the publishing business. Santillana is committed to strategies to improve the distribution of products, to building relations and developing greater interaction with different audiences, and acquiring increased knowledge of customers and their experiences in relation to Santillana. This is key to optimizing their loyalty.

In addition, through the social network LinkedIn, we propose talks and discussions on new technologies that can be applied to education and other new digital experiences.

PRISA Noticias

The different media belonging to PRISA Noticias are in close contact with their readers via internet. Using ES-KUP or other tools, readers may post comments on the news or on any topic that concerns them. *El País* possesses a number of communication tools such as the



readers' editor and a letters page. There are also spaces on opinion pages where readers may comment on the issues that affect them. The Letters to the Editor page is a direct way for keeping channels of communication open between readers and the paper, and fosters the development of reader identity and loyalty with the newspaper. Readers and subscribers may also contact the paper directly by phone (902 119 111).

The main social networks are integrated into each news item enabling users to share them with friends or followers. Meanwhile, our main Twitter account (it has 24 more associated sections) has the most followers of any Spanish daily newspaper. It is not automatized, that is to say the news are not released via Twitter-feed. Nor do we do so at Facebook. This allows us to interact in real time with readers. Most of our journalists have their own personal Twitter account and most of them use it regularly.

Our *live blogging* platform, Eskup, also a social network, also allows readers to post comments and keep them on file. This allows them to participate in open chat channels on certain issues.

In our live coverage we use and filter content from the networks. In addition, we created social stories via *Storyify* from material on the networks during the last general election.



Radio

Música

Otros Medios

Desarrollo de marca

NOTICIAS

16/03/2012

El equipo Pons 40 HP Tuenti presenta sus credenciales en 40 Café

Teachers and students participating in the *El País de los Estudiantes* project receive regular communication from *El País* over the course of the school year, informing them of the content of the program and coaching them through the whole process. They also regularly receive material, incentives, gifts, competitions, digital interviews and emails.

El País also conducts guided tours, chiefly from schools, to the newspaper. In 2010 we welcomed more than 8,000 people to the newspaper.

PRISA Radio

Social networking has had an enormously dynamic impact on the relationship between radio and listeners, the latter being the main customer / consumer of the company's activities. Listeners are participatory and increasingly interactive, requiring us to go on the offensive in digital media in terms of generating and distributing content. Radio has succeeded in creating a seamless integration with digital media. Audience participation is key, and new channels of communication have been opened up to make it more fluid and to enable everyone to join the global conversation.

In 2011 PRISA Radio has swapped the traditional press release for the Media Room 2.0. In addition to media professionals, bloggers and users are also important for the communication strategy of PRISA Radio. We aim to broaden the scope of our operations through an environment that integrates social

media tools that will allow us to distribute our information, and we will promote journalistic practice that is more open, participatory and at the same time, more individualized.

2011 also saw the implementation of the PRISA Radio communication platform, which is the main tool of Internal Communications for the business unit. This platform allows us to find out more about departmental projects, professional achievements, the daily work of the teams, success in achieving business targets, developments in the radio industry that affect our daily work, the human face of the organization, improve collective knowledge and also work through all types of doubts and issues.

PRISA TV

PRISA TV deploys a wide range of channels for communication with customers and consumers. During this year we strengthened communication with the launch of a new interactive and multi-device digital magazine, (www.plus.es / magazine). Users can find information on Canal+ channels and content, plus promotional videos, recommendations, interviews with actors, contests and open spaces for participation.

Our commitment to technology and new forms of communication is reflected in the social networks, where PRISA TV and our professionals have increased our visibility. There are corporate profiles and profiles of journalists, who are very active and maintain a constant

conversation with the audience. In this way, we have managed to personalize the Canal+ subscriber experience and add value to the brand. In addition, through our websites, www.prisatv.com and www.canalplus.es, on-screen interactive services and communication, we keep customers up to date on the company, content and new ideas. The Customer Service Centre, email and postal mail, are still maintained to complete the relationship with our customers.

With regards to internal communication, the new intranet is set to be an enormously useful tool to meet the demands of our professionals and to communicate the benefits of belonging to a global enterprise. Meanwhile, our relationship with the media and other institutions is channeled through the Dirección de Comunicación, in close liaison with the various divisions of the company and with other areas of the different Business Units.

Internet participation

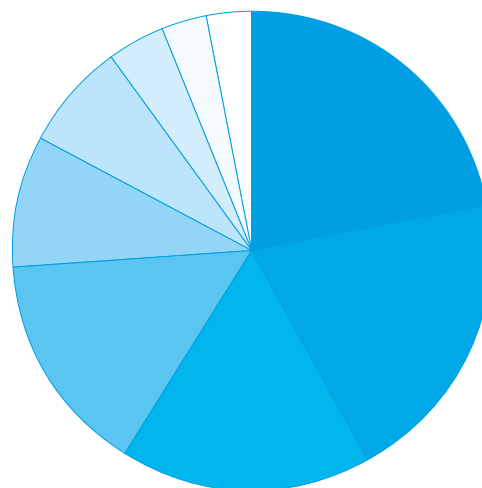
In 2010, PRISA embarked upon its transformation into a consumer-oriented technology company. Increasing our knowledge of our customers and interacting with them forms the basis of the company's new business model, which sets the standard for innovation, competitiveness and growth across the industry.

PRISA's commitment to the digital world has led to the transformation of its traditional business model through a firm commitment to innovation and technology, thereby producing a progressive unification of the company's different internal structures and processes. PRISA Digital and the corporate teams of business units function as a strategic reference point for common projects that are scalable to all countries, while local digital teams are closely aligned with their respective offline teams, in both the tactical and the strategic approach to products in each country.

PRISA is a pioneer, among the major media groups in Spain, in using social network tools and in the creation of content for all kinds of media formats (print, web, mobiles, tablets etc). This strategy reinforces dialogue with users (readers, listeners, viewers, customers etc) and fosters audience engagement and participation.

Social media traffic (%)

40 Principales	22 %
<i>El País</i>	20 %
As	17 %
Canal+	15 %
Cadena Ser	9 %
Santillana	7 %
Máxima FM	4 %
Cadena Dial	3 %
Others	3 %

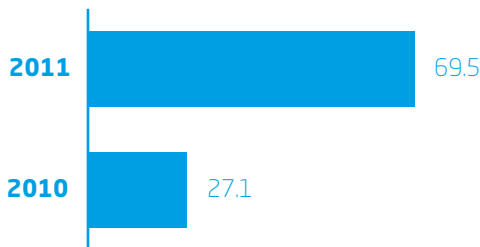


Over the past year we have continued to explore new channels of communication and dialogue, aimed at providing our followers with a richer experience and establishing a real link with them. Knowing our audience allows us to provide increasingly relevant products and explore new business models. In 2011, traffic coming from social networks was up 2.5 % and they now play a significant role in capturing audiences.

Registration is essential for PRISA strategy in the digital environment. In 2011 the registered user base grew to 4 million users, with this figure rising to 6.5 million when we take into account business units and strategic partners. Interaction with social media, coupled with our international expansion, will increase the PRISA database by 53 % in 2012.



Social media audiences (million visits)



+ 156 % of growth. Source: Comscore

Social networks and blogs open a new space for participation and interaction with our users and customers. PRISA has more than 10 million followers on the chief social networks - Facebook, Twitter and Tuenti. *El País* has surpassed one million followers on Twitter, the highest figure for any online newspaper in Spain, while 40 Principales, the brand with most followers globally (1.7 M), was chosen by Google, along with Caracol Radio Colombia, for the exclusive launch of Google+ Pages.

25 % of registered users have registered using their Facebook or Messenger profiles.

In 2011 PRISA adopted a code of conduct of global scope for the Web 2.0 environment and common

to all employees of the business units and Group companies, which provides basic guidelines for the proper use of web tools and a protocol for crisis situations. These principles will help to communicate the values of the company, both personally and professionally, throughout the Web 2.0 environment.

PRISA has a specific strategy to ensure the privacy of its readers and users. Each of our services and products has been designed in accordance with current legislation and best practices for maximum protection. Measures taken include transparent privacy policies, data treatment in accordance with current legislation, the use of personal data of users for purposes strictly related to the services to which they subscribe, and data control tools used by PRISA at all times. The Chief Privacy Officer is responsible for overseeing this area in the business units.

The privacy of the data obtained from our customers is a top priority for the Group. The user has full control over them. They are not shared with third parties, unless express consent is given, and at all times users can modify their data and unsubscribe.

Initiatives of our companies:

PRISA Noticias

Digital transformation is at the heart of *El País's* goals. In 2011 we initiated the process of system migration to a new digital platform, which will go live in 2012. This allows greater social integration, facilitates tag navigation, and improves the publication of videos and photos. Thanks to the new configuration of news, readers can post and archive comments, enter contests, contribute to the production of news, either through our own social network and blogging platform, Eskup live, or through integrated social media (Twitter, Facebook).

We also continued training newspaper journalists in the use of social networks so as to find, discuss, and distribute their work, thus promoting their professional and personal brand, while that of the paper itself. *El País* journalists opened 203 profiles on Twitter.

PRISA Radio

In 2011, PRISA Radio, began the development of digital structures via a common technology platform shared

across the PRISA, aimed at promoting our products in the short to medium term.

More and more efforts are being made to enable communication channels with listeners. SMS, chats, forums, surveys, etc. have been joined by an intensive real-time usage of social networks such as Facebook, Myspace or Twitter to strengthen even further the two-way communication between radio and its listeners. PRISA Radio and its brands have official pages and profiles on the most important platforms with crossposting from blogs. In addition, users can chat among themselves and with the program presenters via embedded applications in radio players. Meanwhile, in a coordinated fashion, journalists and broadcasters maintain their own personal profiles. Totalling up all the profiles of all brands and countries, PRISA Radio has more than 2.5 million followers.

Through these multiple levels, and based on global policies for use and presence in social media, PRISA Radio ensures consistent use of social tools with the twin objectives of maintaining a strong communication channel with listeners and generating traffic from





social networks to our sites. In 2011, traffic from social networks to CadenaSER.com increased dramatically, reaching within a matter of days more than 15 % of the total.

PRISA TV

Through social networking sites, PRISA TV seeks to get closer to its users, both to let them share content, participate in contests, product launches and so on, as well as to consolidate our brand image among users and attract new followers. There are increasingly greater opportunities for interactivity, from the most traditional (offline, marketing, radio, magazines, etc.) to digital. The goal for Canal+ in 2012 is to become a social brand that adds value to content through social media, in order to enhance the sense of an "experience" and raise the brand value.

In the last year the TV service has been focused on building its relationship with customers through social networks, providing them with a better service and enabling us to keep our finger on the pulse of the real world.

SANTILLANA

In 2011, PRISA Ediciones was committed to fostering dialogue with our readers and customers in order to better respond to their needs, to provide them with a richer experience, one that goes beyond the product, and thereby establish a permanent link with them. Each

of the publishing imprints has its own official website where they can manage communication and marketing related to their products. They also conduct email marketing campaigns, contests and draws. Most imprints also have profiles on social networks through which they promote dialogue and reader participation.

The internet is also changing consumer habits. Consumers are increasingly going online to search for product information to purchase goods. For this reason, there has been a major effort to position our catalog on search engines through strategies of SEO / SEM, and in online channels, reaching agreements with the big players in the electronic distribution business, such as Amazon, for the online sale of print books and digital content, as well as on-demand printing of backlist print content.

Customers and consumers have at their disposal various means of communication with the publisher, such as the global sites of the different imprints, which incorporate options for evaluating and reviewing the content and the opportunity to subscribe to newsletters; websites and blogs by authors such as Arturo Pérez-Reverte and Agustín Fernández Mallo, where readers can interact with the authors; the websites for major launches by publishers like the Twilight saga, which has over 100,000 registered users; or profiles on social networks like Facebook, Twitter or Myspace, where thousands of users chat about our books and authors and ask questions and make suggestions.

PRISA' followers on the social networks

Media	Facebook	Twitter	Tuenti
As	251,795	1,350,336	31,263
El País	196,284	1,777,460	2,292
Cinco Días	9,193	41,246	
Rolling Stone	16,293	41,186	812
Cinemanía	15,463	29,945	265
Digital+	137,621	1,285,973	
Los 40 Principales	1,704,496	844,886	60,955
Cadena Ser	304,048	568,409	781
Inmobiliaria	353	207	111
Cursos	145	16	1
Empleo	5,659	670	534
Motor	313	52	55
ParaSaber	228		213
El Viajero	10,944	11,978	156
Infometeo	2,419	798	104
Kalipedia	913		
Santillana	224,346	391,947	2,853
Los 40 - Mexico	205,245	91,070	
Los 40 - Colombia	9,338	194,395	
Los 40 - Argentina	298,027	93,138	
Los 40 - Ecuador	33,478	5,526	
Caracol Radio	11,154	338,035	
Bésame		96	
Continental (Argentina)	7,427	16,169	
ADN Chile	291,867	116,470	
W Radio		371,344	
PRISA (corporate)	2,980	8,404	
Total	3,740,029	7,579,756	100,395
	Likes	Followers	Fans

Date: February 2012

During this last year, we have made a considerable effort to integrate communication with social media in the communication and marketing strategies of all of the imprints, and we have held training workshops for teams in all the countries where Santillana operates. Globally, we established the PRISA Ediciones Committee on Social Media, composed of those in charge of Web 2.0, in Argentina, Brazil, Chile, Colombia, Spain, Mexico, Peru, USA and Venezuela. Every month, they review the major campaigns launched in various areas, establishing channels of exchange and synergies between the teams. This platform enables the exchange of successful experiences in other countries that may be exported to other markets.

New technologies are gaining momentum year by year in the education sector, although the economic crisis and been a major constraint in the Spanish market. Gradually, teachers will be able to incorporate learning through digital material into the classroom, transforming their classes into an ever more more collaborative environment. This changes teaching approaches and tools and also generates a new relationship between teacher, students, families and publishers.

Santillana Educación has taken a decisive step in the development of pioneering, new products. Examples include Libroweb and Libromedia, reading, dictionaries, and other complementary activities for tablets, etc. The Marketing and Communications team has opted for a simple strategy that allows users, especially teachers, to be introduced by Santillana to digital developments. The aim is to provide an engaging experience, that involves customers through dialogue and new ways communication.

Social networks (especially Facebook, Twitter, LinkedIn and YouTube) help to enhance communication beyond traditional media. In the past year Santillana Educación has worked on integrating traditional communication strategies with new multichannel, multicontent/multimedia communication strategies (video demonstrations, promotions, testimonials, codes, etc.).



The role of the Readers' Editor

The Readers' Editor is responsible for dealing with reader complaints, concerns and suggestions regarding the content of the newspaper or the professional practices of members of the newsroom. The Readers' Editor monitors and acts as guarantor of compliance with ethical rules, the rules of conduct and professional procedures as set out in the Style Book.

The Readers' Editor may act on behalf of a reader or under their own initiative on issues that they consider might affect the credibility of the newspaper or might be of interest to our readers.

Only a few other papers are endowed with an ethical code or internal ombudsman such as the Readers' Editor. The mere existence of this figure is a guarantee for readers and a clear statement of our intention to provide accurate, independent, quality news and information. Moreover, the fact that the Readers' Editor has a space in which to publish readers' complaints and their resolution, without any interference, is a guarantee of transparency that is highly valued by readers. This mechanism ensures that errors do not go uncorrected and eliminates possible professional malpractice.

Participation

Although new Internet tools have fostered a culture of participation, which can be very rewarding, the challenge is now not so much facilitating access for readers to voice their opinion, but to find mechanisms that enable quality participation.

One of the chief complaints concerns the rudeness, bad manners and lack of interest evident in some of the comments in the space provided at the end of the news for reader participation. The problem is especially evident in certain content, such as those related to religion, politics or gender issues. In these cases, the available tools allow provocateurs, the so-called trolls, to take control of the conversation, thus driving away those who are interested in maintaining a polite, constructive and intellectual dialogue, which would be consistent with the profile of our readers.

With this dynamic is a risk that the quality debate on the issues that we deal with in the news or in the many interesting blogs will move away from the pages of the newspaper, leaving only the inflammatory trolls behind. Management has taken steps to improve the conversation, but the problem persists.

The subjects of complaints are varied and include both the form and the substance of the news. In terms of form, there are many complaints about careless use of language, mistakes and errors in the presentation of the texts. There was a spike in such complaints during the summer months, prompting the management to take steps to ensure better sub editing of content.

Readers of *El País* are also very sensitive to hype and general sensationalism. We often receive complaints from readers who feel that a headline or a photograph went too far, or bordered on the sensationalist. They also complain about issues of sensitivity, for example, unpleasant or excessively violent images from wars, accidents or natural disasters. There are two issues that generate a continuous trickle of complaints: bullfighting and classified ads for prostitution. Readers who write about these issues, sometimes prompted by animal rights organizations or feminist organizations, are against *El País* giving over its pages to these issues.

On substantive issues, there are complaints about political or ideological bias in the approach to the news. Or about a lack of objectivity or excessive opinion in news text. There are sometimes letters of complaint from two opposing positions on the same text, such as on Israel and Palestine conflict or the Real Madrid-Barcelona rivalry.

Self-regulation and ethical codes

PRISA has continued in 2011 with its commitment to a solid and professional communications and media sector by taking an important step in self-regulation. This year we adopted a code of conduct, **mandatory** for all workers, in which pluralism and respect for all ideas, cultures and people, are described as the company's core values, with the primary objective being a respect for human dignity.

This document, distributed to all employees of the company and available on the intranet and websites of all Group companies, includes an overview of the principles, objectives and values of PRISA, and the standards of behavior that employees must comply with. These are considered necessary and crucial to the overall success of the Group and to strengthen and enhance the Group's presence and participation in society. The code, which includes guiding principles on human rights and civil liberties, equal opportunity and nondiscrimination, environmental protection and our own ethical principles, sets out a series of measures to ensure compliance and demonstrates the commitment of PRISA to good corporate governance, transparency and social responsibility.

In keeping with a commitment to a strong and professional media sector, Grupo PRISA's companies are members of different national and international professional associations and organizations, and they participate actively in different bodies within the sector in order to exchange information and ideas.

In Europe, PRISA is a member of the European Publishers Council, an important association of leading media organizations and which represents our common points of view to the EU. We are also affiliated to ASIMELEC (Asociación Multisectorial de Empresas de Tecnologías de la Información, Comunicaciones y Electrónica), and IAB (Internet Advertising Bureau).

In the Americas, PRISA has been instrumental in the success of the Foro Iberoamérica, which every year brings together leading business people from the media world to discuss common problems throughout this geographical and cultural area.

PRISA also collaborates with the press association, Sociedad Intramericana de Prensa (SIP), OPA: OnLinePublishersAssociation, AIMC: Asociación de Investigación de Medios de Comunicación and Medios On (Asociación de Medios de Comunicación en la red).

In the Spanish education arena, Santillana is an active member of the National Book Editors Association, ANELE, as well as other educational organizations with common values such as quality and responsibility in teaching.

In the field of radio, SER is a member of the Asociación Española de Radiodifusión Comercial (Association of the Spanish Commercial Radio Broadcasters).

In the audiovisual sector, PRISA TV represents the Group in UTECA (TV and Audiovisual Content Union). The Group's newspapers are members of AEDE (Spanish Newspaper Editors Association). All the Group's media in Spain are signed up to the Association for Self-regulation in Commercial Media (autocontrol).

In Portugal, Grupo Media Capital is a member of the Portuguese Social Media Confederation, which brings together more than 600 companies from the press, radio and TV sectors.

PRISA and the Fundación Santillana run a number of renowned educational and cultural initiatives in Spain and in the Americas and have signed agreements with a number of cultural, educational and scientific organizations, including the Organization of Ibero-American States, the Spanish Royal Academy, the Cervantes Institute, Fundación Biblioteca Virtual Miguel de Cervantes, Fundación Teatro Real, Fundación Carolina, Fundación Cultural Hispano-Brasileña, Fundación Conocimiento y Desarrollo, Fundación Empresa y Crecimiento, Fundación Príncipe de Asturias and Fundación Bertelsmann. In the area of scientific research, development and innovation, the company collaborates with Fundación Pro CNIC and Fundación COTEC. PRISA maintains close ties to various universities in Spain and the Americas, including the Universidad Autónoma of Madrid, with whom we run the Journalism School and



the Jesús de Polanco Chair for Ibero-American studies. PRISA also collaborates with the Menéndez Pelayo International University. The Fundación Santillana's offices in Latin America (Colombia, Brazil and Argentina) develop similar initiatives in the areas of education and culture.

Finally, PRISA maintains close ties to various universities in Spain and the Americas, including the Universidad Autónoma of Madrid, with whom we run the Journalism School and the Jesús de Polanco Chair for Ibero-American studies. PRISA also collaborates with the Universidad Carlos III and the Universidad Internacional Menéndez Pelayo and is also associated to the Universidad Autónoma of Barcelona, the Universidad de Alicante and the Universidad Carlos III through the Instituto Universitario de Posgrado. The Fundación Santillana's offices in Latin America (Colombia, Brazil and Argentina) develop similar initiatives in the areas of education and culture.





06

Commitment to society

06

Commitment to society

We endeavor to maintain and improve our commitment to society through the responsible and ethical exercise of all our operations. We develop and support voluntary initiatives that address the social concerns and needs of the regions, countries and sectors where we operate in the fields of education, news and information and entertainment.

Our commitment makes us sensitive to the needs that arise constantly in the globalized and multicultural society in which we operate.

We are aware of the impact and scope that our actions might have at a social level. We therefore strive to ensure that all our operations contribute to fostering principles of solidarity, respect, responsibility and sustainability among all our end users.



Fundación Santillana

The Fundación Santillana was established in 1979 to promote educational and cultural projects, to foster the active exchange of knowledge between Spain and Latin American countries, to organize forums for the exchange of ideas and to sponsor initiatives related to the world of publishing, information and education.

The strong presence of Grupo PRISA's media and publishing companies in Spain, Portugal, Brazil and the United States, reinforces the presence of the Fundación Santillana over a wide linguistic, geographical and social area. Channeling initiatives that respond to criteria of excellence and quality, promoting debate on crucial issues, identifying the most qualified cultural agents and disseminating their contributions are just some of the goals adopted by the Foundation since its inception.

The Fundación Santillana is committed to active engagement with the civic values that enable the free and fruitful production of cultural goods that are

accessible to all citizens. The free flow of ideas, and the related processes of research and development, promotes social and economic development, favors the development of responsible citizenship and fosters tolerance and peaceful coexistence.

Activity of the Fundación Santillana in Spain

In Madrid:

- **Masters in Governance and Human Rights.**

The Jesús de Polanco Memorial Chair for Ibero-American Studies, sponsored by the Fundación Santillana, and the Universidad Autónoma de Madrid (UAM), celebrated the launch of the first Masters in Governance and Human Rights on March 7 at the UAM's Faculty of Law. The first lecture was given by de Luis Moreno Ocampo, Chief Prosecutor of the International Criminal Court (ICC). It is a one-year (60 credits) university degree, which combines classroom training, an internship in institutions (with renowned experts



in law, political science and philosophy) and a final research paper.

- **Signing of an agreement between the TEC de Monterrey, the FUIMP and the Fundación Santillana for the creation of Masters in Convergent Media Journalism**, whose main objective is the design and implementation of a Masters in Convergent Media Journalism, which will be run entirely over the Internet.
- **Signing of Agreement between the Fundación Santillana and the Secretaria General Iberoamericana (SEGIB)** for the joint organization and participation in forums and conferences in the Spanish and Latin America worlds and developing projects and educational and cultural initiatives as well as cooperation and social action.
- **Essay & Science.** Fundación Santillana and Fundación Biblioteca Virtual Miguel de Cervantes presented the Essay & Science website (www.essayand-science.com) hosting the translation into English of works by the most important authors of the Spanish essay and an extensive bibliography, biographies

and articles published regularly in different media. The project will help to foster a knowledge of current Spanish intellectual debate in the English-speaking world.

- **Cultural Industries Forum.** Fundación Santillana and the Fundación Alternativas, through its Observatory of Culture and Communication, with support from the Spanish Agency for International Development and Cooperation (AECI), hosted the Third Forum on Cultural Industries, held at the Reina Sofía Art Museum, on 15 and 16 November 2011. The event brought together experts in the performing arts, books, film, television, music and museums. The discussions addressed the complexity of the changing patterns of production and cultural consumption in Spain.
- **Monographical Education Week.** Education in the digital society was the topic of the 26th edition of Monographical Education Week. These conferences, held since 1986, are sponsored by the Secretaría General Iberoamericana (SEGIB) and Fundación Telefónica.

In Santillana del Mar:

■ **Lessons and Masters.** The fifth international seminar on Spanish-language literature was held on June 20, 21, 22 and was led by writers Carlos García Gual, Santos Juliá and Vicente Verdú and was attended by leading national and international academics, writers, journalists, translators, students and publishers. Organized by Universidad Internacional Menéndez Pelayo and Fundación Santillana, the forum forms part of the summer courses offered by the UIMP.

Barcelona:

Since 2009, the Fundación Santillana and Catalunya's Casa Amèrica have organized cultural activities revolving around the relationship between Latin America and Spain. During 2011 the following activities were held:

- **Intimate Bolaño.** A tribute to Roberto Bolaño, where three specialists on the author approached the intimate world of the Chilean writer. Fernando Moreno Turner (University of Poitiers / Director of CRLA-Archives, Chiara Bolognese (Universitat Autònoma de Barcelona) and Macarena Areco Morales (Universidad Católica de Chile) analyzed the "literary kitchen" of the author. The discussion was moderated by Diego Falconi Trávez (Universitat Autònoma de Barcelona).
- **The work of Hector Abad Faciolince.** The Colombian writer and journalist spoke about his craft and the success of his book *El olvido que seremos*, which was awarded in 2010 by Casa de America Latina de Portugal Prize for best Latin American work.

The ceremony, held on February 22, 2011, was attended by the writer and literary critic, Jordi Carrion.

- **«Narrating a continent series. Present, past, and future of Hispano American literature cycle».** On the occasion of the commemoration of the centenary of Casa Amèrica Catalunya, a series of three events was held: the opening session by the Mexican Jorge Volpi (March 29), the talk *The last 100 years of the novel in Latin America* given by the Argentine Ricardo Piglia, and the talk *The present, the presents: the novel in Spanish today*, given by the Colombian writer Juan Gabriel Vásquez.
- **Incomprehensible Readings. Urban slang in Latin America.** The Mexican writer Vicente Quirarte, former director of the National Library of Mexico and academic in the field of language, presented the talk *In praise of the alternate language* on the growing and diverse linguistic phenomenon in Latin America: urban slang. This issue was exemplified by the dramatic reading of *¡No se abran del parche!* by actors Ana Díaz de León, Juan Carlos Castillo and Fernando Franco.
- **Humor on stage and in society.** As part of the Third Week of Latin American Humor, writer and journalist Mercedes Abad talked with Jesusa Rodríguez about humor and the clown conference. Rodríguez is one of the most important creative scenographers in Mexico, a prominent social activist whose work is characterized by irony, parody, politics and a critical reflection on the role of women in history.

narrativa & periodismo

El arte de contar lo que sucede

FUNDACIÓN GENERAL UIMP

Fundación Santillana

TECNOLÓGICO DE MONTERREY

In Mallorca:

- **The Formentor Literary Conversations Series. The future of the novel, between chronic and fiction.** The fourth edition of the literary forum, organized by the Balearic Regional Government and the Fundación Santillana, and in collaboration with the hotel Barceló Formentor, was held on September 16, 17 and 18. This year brought together a distinguished group of editors, writers, journalists, literary agents and critics to discuss the future of the novel and the border between novel and chronicle, between imagination and memory.

Santander:

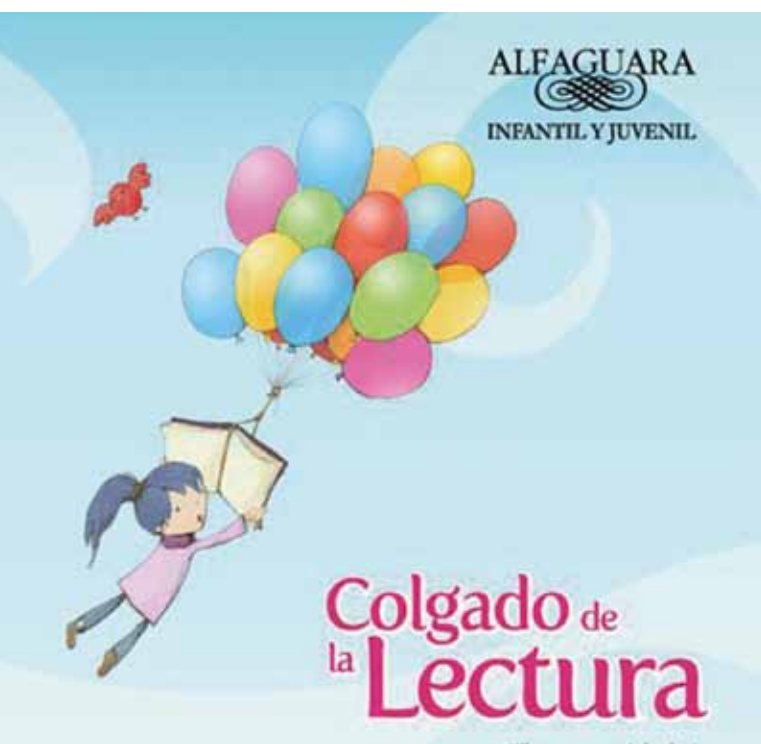
- **Seminar on Narrative and Journalism. The Art of Telling What Happened.** Held from June 26 to 28 within the framework of the summer courses organized by the UIMP. Attending were the journalists Lluís Bassets, José María Calleja, Sergio Vila-Sanjuán, Roberto Herrscher, Leonardo Faccio and Silvana Paternostro. This is an educational initiative by the Fundación UIMP in collaboration with the Instituto Tecnológico de Monterrey, which aims to articulate a new and sharper reflection on the future, the resources and the requirements of literary journalism. The contributions from the guests are crucial in fostering an exchange between literary journalism and readers. The site www.seminariodenarrativayperiodismo.com has videos of the seminar, the papers presented, as well as a collection of books, articles and videos related to the subject.

Argentina

- **Vivalectura Award.** As part of the 37th International Book Fair of Buenos Aires, the Vivalectura prizes were awarded. There were 416 entries from all provinces, public and private schools, as well as universities, teacher training institutes, libraries and individuals. This award, sponsored by the Fundación Santillana in Argentina, is an initiative of the Ministry of Education of Argentina and the OEI.
- **Latin American Forum on Education.** From May 30 to June 1, 2011, the Fundación Santillana in Buenos Aires, under the auspices of the Organization of Iberoamerican States (OEI), hosted the seventh edition of the Latin American Forum on Education under the title ICT and education: experience and applications in the classroom.
- **Seminar on Literacy and Basic Education for Young People and Adults.** On September 6, 2011, this seminar on Literacy in the 21st Century was held in Buenos Aires to inaugurate the Pablo Latapí Chair. The aim was to reflect on the contributions, the thought and the work of Pablo Latapí and promote an analysis and discussion of current conditions and challenges in Latin America in the literacy and education of young people and adults. It was attended by a number of officials from the Ministries of Education of Paraguay and Argentina as well as academics and researchers in the field.

Brazil

- **Enem Seminar.** On March 31, 2011 the first Enem seminar (National Exam Ensino Medio) was held in Recife, Brazil, under the title Skills, abilities and attitudes, organized by the Fundación Santillana. The event was aimed at school teachers who would subsequently travel to different cities in 13 states of Brazil. The seminar, held in conjunction with state and municipal authorities, focused on teachers in the public sector and on how to better prepare students for the Enem exam. Renowned experts discussed the characteristics of the exam and the concepts underlying the cognitive knowledge areas measured by the test (natural sciences, humanities, mathematics, reading and text production).





Santillana
Apoya la
 campaña
 contra
 el **trabajo**
 infantil...

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- Vivaleitura Award.** The sixth edition of this award, designed to recognize projects that promote and encourage reading throughout Brazil, honored three projects in 2011: two from Espírito Santo – Mobile library in Pomeranas de Santa María de Jetibá and Around the world in a thousand and one stories – and one from Sao Paulo – A library for the neighbours of the street Arsenal da Esperança. The ceremony was held on November 18, 2011 at the National Library Foundation in Rio de Janeiro, and was sponsored exclusively by the the Fundación Santillana. Each of the three winners received R \$ 30,000.
- Distance learning course for educators. Six-year-olds years and elementary school.** This distance learning course was held between March and December 2011. It has been sponsored by the Fundación Santillana for the past three years in collaboration with the Ministry of Education and Unidme (National Union of Municipal Directors of Education), and was attended by over 2,000 educators. This online



course, with free registration, consists of 80 hours spread over 20 modules, according to the guidelines of the Ministry of Education. It aims to guide teachers in the adoption of appropriate methods and effective practices in achieving literacy for children 6 years of age in elementary school. It has video-interactive classrooms and space for discussion (forum), as well as activities for the construction of pedagogical practice. Throughout the course, teachers had the support of tutors to answer questions and discuss the issues. The platform also allowed the exchange of information with other teachers to share experiences.

Colombia

- Conference on Governance and Human Rights.** On November 25, 2011 this conference organized by the Fundación Santillana for Ibero America was held in collaboration with the Vice President of the Republic of Colombia and the Colombian Academy of Language. It received academic support from the universities Externado de Colombia, de Los Andes (Escuela de Gobierno “Alberto Lleras Camargo”) and Tecnológica de Bolívar, and was sponsored by the United Nations Program for Development (UNDP). The panelists spoke about the importance of and the direct relationship between respect and the struggle for human rights and its impact on governance.



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Quiero ver qué hay para mi curso

Quiero ver la oferta global



■ Santillana Educational Experiences Award.

On December 10, 2011, the Fundación Santillana for Ibero America, with the participation of the Carolina Foundation of Colombia and the Ministry of Education of the Republic of Colombia, presented the award in its seventeenth edition, under the theme of Pedagogy and technology : strategic elements to improve the quality of education. Winners received between 2 and 6 million pesos, as well as the donation of a library, with an estimated value of 40 million pesos.

Mexico

- **Isabel de Polanco Essay Prize .** The jury, chaired by Fernando Savater and composed of Héctor Abad Faciolince, José Balza, Rafael Rojas, Margarita Valencia y Gonzalo Celorio, the latter acting as permanent secretary, presented the award to Carlos Granés Maya for his work *El puño invisible. Arte, revolución y un siglo de cambios culturales.* (The invisible fist. Arts, revolution and a century of cultural change). The awards ceremony was held in Guadalajara on November 27, 2011, coinciding with the Guadala-

jara Book Fair. The award was established by the Guadalajara Book Fair (Mexico), in collaboration with the Fundación Santillana, in honor of the late CEO of Grupo Santillana, Isabel Polanco.

Paraguay

- **International Seminar-workshop on ICT and Education in Paraguay.** On September 6, 2011 this seminar-workshop was held on the topic Applications and developments for the classroom in an integrated educational model. This seminar was aimed at sharing experiences and reflections on ICT, and the reality of Latin American people. It also sought to reflect on the possibility of promoting the effective inclusion of ICT in educational and social environments.

Puerto Rico

- **Report on the Program for International Student Assessment.** The latest report on the Program for International Student Assessment (PISA) developed by the Organization for Economic Cooperation and Development (OECD) and published by Editorial Santillana, was presented on November 9, 2011 by Mariano Jabonero, Director of Educational Programs for the Fundación Santillana. This international test assessing the performance of students, which is set to be applied this term, is the most important and rigorous worldwide. It indicates the degree to which students who finish compulsory education have acquired the knowledge and skills needed for further study or for insertion and participation in a modern society. It focuses on reading, math and science. In the last report digital reading skills were assessed for the first time.

Honduras

- **Workshop on ICT and Education.** On July 23, 2011 the Fundación Santillana, in partnership with the Ministry of Education, opened the seminar/workshop ICT and Education: Developments and Applications for Teachers and the Classroom. This activity is

part of the efforts of Santillana in Honduras to transform the learning process through modern teaching methods and is guided by the framework and principles established by CEPAL, which states that “the important thing in education is not only investing more but to invest better.”



“Educative experiences in Colombia” ceremony award

Education as the engine of social development

PRISA is active in the defense and promotion of social and cultural values in the regions where it operates, especially in the fields of education and teaching.

An example of these efforts is its cooperation with prestigious universities in Spain and Latin America in the promotion of education and training. Among the participating universities are: the Universidad Autónoma of Madrid, the Carlos III University, the Menéndez Pelayo International University and the Instituto Universitario de Posgrado, associated to the Universidad

Autónoma of Barcelona, the University of Alicante and the Carlos III University.

SANTILLANA

All the operations of Grupo Santillana are informed by these values, and the company's goal is to contribute to education and culture as a means to developing and building freer and fairer societies. This goal is inseparable from the company's strategy in all its operations and



School visit to Diario As

day-to-day activities, and we work under strict criteria of professional quality and respect for our users, that allow us to maintain and increase our presence and lead in all those societies where we operate.

Apart from publishing textbooks, which is Santillana's main activity, we also produce a wide variety of materials aimed at teachers, students, families, etc. Many of these are of great help to the Ministries of Education and government education bodies in order to "interpret" and define the curriculum. In this regard, during 2011 these projects included:

- **Effective Learning Project.** Material aimed at the prevention of learning difficulties in young children.
- **Linguistics Project.** Materials on the functional and communicative dimension of language.
- **Education in Values Program** on the ethics and civics curriculum.
- **Emotional Education Program.**
- **Additional guides** to textbooks published worldwide.
- **Dossiers for work** on educational skills.
- **Curricular adaptations** in the core areas of secondary education for young people with certain learning difficulties.
- **Classroom XXI Collection:** reference works with regard to educational innovation.
- The supplement ***El País de los estudiantes*** in collaboration with the newspaper *El País*, with 125,000 copies distributed in Spanish and Catalan.

In 1997, Santillana pioneered the creation of a website to support teachers. Currently, at www.santillana.es visitors can find all the new publications and resources associated with publishing projects of great benefit to students and teachers.

We also provide an exclusive forum for users of Santillana products, that supplies digital materials. An initiative designed to provide better service to teachers,



providing, at any time and place, a wide range of resources: guides, lesson plans, news, training seminars, etc.

Bolivia

In 2011, Santillana Bolivia developed digital materials for teachers to facilitate their work in the classroom and integration into the world of ICT. To this end, we produced and delivered 29 CDs with resources for teachers, including additional content, assessments, plans, tutorials for the use of ICT, etc. This added value enabled us to maintain the market share of the Primary School series *Vamos Adelante*, now in its fourth year.

In addition, educational materials from the Primary School series *Nuevo Multitexto* were donated to UNICEF to support state schools in rural areas. 14,500 textbooks accompanied by the corresponding workbooks were delivered.

Chile

In 2011, Santillana Chile broadened the scope of its operations with the signing of important agreements and alliances:

- **Agreement with the Centro Felix Klein (CFK),** University of Santiago de Chile, for the design, development and implementation of educational and training materials aimed at improving the quality of

"En la piel de tus hijas, Madre tierra, el sol ha pintado todos los colores.
En sus ojos se ahonda la sabiduría de siglos. Sus manos saben del trabajo y la caricia. En sus brazos se acuna el futuro y en sus corazones se abriga la esperanza".

"Mujeres fuertes", Alma Flor A da, Fundación Santillana

¡Feliz día de la Mujer!

GrupoSantillana

education of Chilean students, especially in the area mathematics.

- **Partnership with the University of Chile**, in order to incorporate videos produced by prestigious scientists from the University into Santillana text-books. In the same context, editors from the Science division participated in the filming of pilot programs that seek to promote science and the work of scientists among Chilean students.
- **Pedro de Valdivia Pre-University Partnership Agreement**, to generate initiatives to support students and teachers of secondary education in preparation for the University Entrance Test (PSU).
- **Partnership with Grupo Educar**, in order to promote teachers' organizations. Grupo Educar is a leading publisher in Chile and publishes a magazine

dedicated to teachers. The partnership has allowed the magazine to reach more teachers.

Content and activities related to CSR include:

- **Endesa-Santillana Alliance**, to foster life skills with an emphasis on reading skills and problem solving.
- **SENAME Program** for training and social reintegration of adolescents.
- Agreement with the Government of Chile for the initiative **Build your healthy footprint with your family**, to improve the quality of life of families.
- Incorporation of Santillana Chile in the **Global Compact Network-United Nations**.
- **Signing of regional cooperation agreement** with UNESCO.

Ecuador

In Ecuador, Santillana supported the school San José de la Commune, which helps in the education of children at risk, with the donation of textbooks and educational support.

We also supported the military education division (Comando de Educación y Doctrina del Fuerza Terrestre del Estado) by publishing the Regulations for army instruction.

El Salvador

Santillana El Salvador participated in a CSR project with the Ministry of Education to inform teachers of the state's new education policy. The project included the donation of libraries, teacher training and the creation of reading materials for adult literacy.

Guatemala

In Guatemala, we donated books to the Ministry of Education to form classroom libraries in impoverished areas of the country.

Panama-Costa Rica

In collaboration with the Road Safety Council, the Ministry of Education and other leading companies involved in the project, Santillana participated in the project ALIARSE, focused on road-safety education in primary schools.

Paraguay

Santillana Paraguay, in collaboration with the OEI and MEC, hosted the **VII International Congress on Education for teachers**. The initiative involved over a thousand teachers.

In addition, we donated 17,000 copies of books to the Ministry of Education and Culture to distribute to schools with limited resources.

Peru

Santillana Peru conducted the following initiatives during 2011:

- Free training for teachers nationwide, with 2,155 events and 41,375 attendees

- Reading Competition **La Lectura me atrapa**, involving 5,000 students.

- **Initiatives to promote reading and workshops** to analyse the current national and international situation of students: 322 events and 53,102 attendees.

- **Parent Conferences:** 372 events and 33,060 attendees.

Puerto Rico

Among the projects developed by Santillana Puerto Rico were the adoption of 250 students on Culebra Island, the teacher of the year award, the school environmental competition Verde te quiero verde and the donation of books to libraries in hospitals.

Uruguay

Santillana Uruguay participated in the project **Salir Adelante**, to support bright high school students from disadvantaged homes.

We also donated books collected in the campaign Santillana por Santillana for the NGO El Abrojo. This campaign has been running since 2003 and the beneficiaries have included different NGOs.

Venezuela

In 2011, Santillana Venezuela took the first steps towards the production of books associated with digital resources for both students and teachers. We succeeded in promoting the use of textbooks by academic area in the most important private schools in the country, traditional users of comprehensive books, and made noteworthy progress in the quality and quantity of contents of the textbooks.

Journalism that makes school

The UAM / *El País* School of Journalism

The School of Journalism is the result of a cooperation agreement between PRISA and the Universidad Autónoma de Madrid and was founded in January 1987, as part of a strategic joint venture to provide journalism training to graduates from any field.

The school, as part of its commitment to society, has contributed to the training of almost 1,000 quality journalists, who can in turn contribute to strengthening civil society and democracy.

As part of this commitment, PRISA's companies provide seven full scholarships every year to those students who have done exceptionally well in the entrance exam and who can demonstrate a real financial need. And, thanks to an agreement with the Fundación Carolina, three further scholarships are given annually. Out of an intake of 40 students annually, ten, therefore, have a scholarship.

2011 was a great year for the school. As well as the usual course activity, there were two trips to Brussels to get to know the EU institutions first hand. Some students blogged for the Huffington Post and all were able to learn from top journalists and leading figures from the worlds of politics and the arts. There were three summer sessions: on **business journalism**, in collaboration with the Fundación BBVA and the Universidad del País Vasco; **Photojournalism**; and for the first time, **Digital Journalism**, sponsored by Indra. Also, to celebrate the 25th anniversary of Cadena SER, students participated in the program *Hoy por Hoy*.

In 2011, 37 students, received a working scholarship for one year in one of PRISA's companies. In *El País* alone, 936 students have been placed since the creation of the School. In fact, by late 2011, 111 alumni were employees, 109 of them as journalists, representing 29.5 % of the newsroom.

El País de los Estudiantes

In 2011 *El País* commemorated the tenth anniversary of *El País de los Estudiantes*, a free online school newspaper program, organized in collaboration with Endesa. The program, which has won international awards, is aimed at promoting reading and teamwork among students aged 14 to 18 all over Spain.

The program facilitates the use of newspapers in schools, thus promoting reading habits, and provides guidance to teachers on the educational use of newspapers. Teachers and students make their own paper using a desktop publishing system via the Internet provided by the newspaper *El País* and compete for the top prizes with other schools. In the 2010-2011 school year, more than 43,000 students working in more than 10,000 teams from 2,646 schools participated in the creation of a school newspaper.





Awarded students of "El País de los Estudiantes"

Another initiative, ***El País de la Universidad***, fostered newspaper reading among more than 50,000 university students in 2011, with more than 2 million copies of the paper distributed. The paper also awarded over 30 scholarships. In addition, we contacted several universities to contribute to schools of journalism. Over the course of the program due to take place during 2012, several writers will give first-hand accounts of their experience to future journalists.

For instance, students at the Universidad Complutense de Madrid, met with writer and journalist Gay Talese.

El País is also active in running special promotions, especially on subjects related to culture and education. In 2011 the paper provided a number of workshops for children to show them how the world of newspapers works. In addition, *El País* hosted the program *Prácticas de Observación en el entorno profesional*, for students in third and fourth grades of ESO, which provided these students their first contact with companies.

Promotion and dissemination of culture and the arts

From the very outset, PRISA has worked actively to promote the arts, culture and journalism by honoring excellence with some of the world's most prestigious prizes and awards. In the field of journalism, PRISA holds the Premios Ondas Awards and the Ortega y Gasset Awards for Journalism that pay tribute to the best professionals and productions in radio, television, online, in music and advertising. In the publishing world, PRISA honors literary creativity in Spanish with the Alfaguara Book Prize and the Isabel Polanco International Essay Prize. In the field of innovation, the Cinco Días Awards for Business Innovation, includes a category recognizing Corporate Social Responsibility.

The Premios Ondas Awards

The 58th edition of the Premios Ondas Awards, awarded by PRISA through Radio Barcelona, honored a wide and varied group of professionals from the worlds of radio

and television, who in 2011 were considered to have striven to provide new formats, to have shown a firm commitment to the dissemination of information and to technological innovation. In the radio category, winners included the program *El Gallo Máximo*, led by Dani Moreno on Maxima FM, and the state broadcaster's weekend sports coverage. RNE 1's Juan Ramón Lucas and Jordi Basté, from RAC1, shared the lifetime career award.

In the TV category, winners included the Antena 3 game show *Atrapa un millón*, the Canal+ series *Creamatorio*, Telecinco's miniseries on the the Madrid bombings of March 2004, *11-M*, and Jordi Evole for *Salvados* (La Sexta). The International Television award went to Cuatro's *House*. Ana Rosa Quintana (Telecinco) won best presenter award, and Emilio Gutiérrez Caba (Gran Reserva, TVE 1) and Blanca Suárez (El Barco, de Antena 3) won for best acting. In music, Tony Bennett received the lifetime achievement award.



Sport weekend programation Ondas' Award of spanish radio



Javier Moreno, director of *El País*, Amparo Moraleda and Mario Vargas Llosa with the winners

Ortega y Gasset Awards for Journalism

Created in 1984 by the newspaper *El País*, these awards are named after the Spanish philosopher and journalist José Ortega y Gasset. The prize honours work published in Spanish worldwide, recognizing, in particular, work that champions human rights, independence, rigor, curiosity and passion: in short all the hallmarks of excellent journalism. In 2011, in the Print Journalism category, the award went to Octavio Enriquez, for his articles on Tomas Borge, former Interior Minister of Nicaragua. In the category for Digital Journalism, the prize went to Carlos Martínez D'Abuissou, for his blog *El criminalista del país de las últimas cosas*. The Ortega y Gasset Award for the best work of Photojournalism was given to Cristóbal Manuel Sánchez Rodríguez, for his picture *Young Man walking naked in Port au Prince*, published in the newspaper *El País*. Finally, the jury gave the Ortega y Gasset Award for Outstanding Professional Career to the journalist Moises Naim.

The jury of this twenty-eighth edition of one of the most prestigious journalism prizes in the Spanish language was chaired by the director of the Royal Spanish Academy, José Manuel Blecua. The other jury members were the filmmaker Daniel Sánchez-Arévalo, José Álvarez Junco, Professor of History at the Universidad Complutense de Madrid, Amparo Moraleda, director of international area of Iberdrola, and the four Chief Editors of *El País* since its

founding: Juan Luis Cebrián, Joaquín Estefanía, Jesús Ceberio and Javier Moreno. José Manuel Calvo, deputy editor of *El País*, served as secretary.

Alfaguara Literary Prize

The Colombian author Juan Gabriel Vásquez won the Alfaguara Literary Prize 2011, endowed with \$175,000 in prize money and a commemorative sculpture by Martín Chirino, for his novel *El ruido de las cosas al caer*, which was presented to the competition under the title *Todos los pilotos muertos* and the pseudonym Raúl K. Fen. The jury, chaired by Bernardo Atxaga and which included Gustavo Guerrero, Lola Larumbe, Candela Peña, Imma Turbau and Juan González, declared the winner by unanimous decision.

El ruido de las cosas al caer opens with the exotic escape and subsequent hunting of a hippopotamus, lasst trace of Pablo Escobar's zoo which he had used to flaunt his power. This unlikely event sets in motion the memory Antonio Yammara, the hero and narrator of book, a bleak survey of a time of terror and violence in Bogota, depicted as a literary territory full of meanings.

The Alfaguara Literary Prize has established itself as a benchmark for quality literary awards given to an unpublished work written in Spanish. Its prestige throughout the Spanish-speaking world means that winning



works enjoy international distribution, supported by the simultaneous publishing of the winners in Spain, Latin America and the U.S. A total of 608 Spanish-language works competed in this, the 14th edition.

Isabel Polanco Essay Prize

The jury of the Isabel Polanco Essay Prize, established by the International Book Fair of Guadalajara (FIL) and the Fundación Santillana, awarded the prize in its third annual edition to *El puño invisible. Arte, revolución y un siglo de cambios culturales* (The invisible fist. Art, revolution, and a century of cultural change) by Colombian anthropologist Carlos Granés Maya. The book traces, with cinematic skill, the avant-garde art of the twentieth century and argues that while political revolutions of the last century may have failed, the cultural revolutions succeeded and continue to shape our present.

The president of the Fundación Santillana and PRISA, Ignacio Polanco, presented the award—endowed with \$100,000 (75,000 euros) and a sculpture by Martín Chirino—to Granés during the International Book Fair of Guadalajara. Polanco stressed the commitment of the publishing group that he heads to Spanish-language culture and its vocation to be a leader in Latin America, where it is present in over 20 countries. The publishing imprint Taurus used the occasion to present the published work.

Cinco Dias Awards for Business Innovation

The Cinco Dias Awards for Business Innovation were established four years ago, marking the 30th anniversary of the business and finance newspaper, to recognize the most innovative initiatives in the business world

In its fourth edition the winners were: **Danone**, in the category of **Most Innovative Business Initiative in the field of Corporate Social Responsibility**, for the Danone Nations Cup, an international mixed Sub-12 football league that uses sport as a universal language; **Matarromera** for the **Most Innovative Business Initiative in the field of New Technologies** for developing the first quality alcohol-free wine range in Spain; and in the category for **Most Innovative Business Initiative in association with a university**: **Ecopapel**, for their joint research project with the University of Cordoba to industrially produce cellulose pulp using agricultural waste material.

The awards ceremony, held at the Prado Museum in Madrid, was presided over by the Minister for Science and Innovation, Cristina Garmendia, and included a keynote speech by journalist Arianna Huffington, founder and director of *The Huffington Post*.

This edition also saw the participation of the Autonomous University of Madrid and EL PAÍS to mark the 25th anniversary of the UAM / El Pais School of Journalism.

Fostering awareness of the issues facing society

In 2011, the Group continued its tradition of fostering and promoting social solidarity, human rights and the environment in order to raise awareness among readers, viewers, listeners and users. PRISA's media have long championed campaigns in favor of human rights and development as promoted by NGOs such as WWF, Intermón Oxfam, Ayuda en Acción, the Red Cross, UNICEF, Medicos sin Fronteras, Save the Children and the UNHCR. Support is offered through habitual reporting and specific sponsorship or promotion deals.

Each of our companies collaborates at an individual level and on occasions we act in a coordinated fashion across a number of companies or as a Group as a whole.

PRISA

PRISA collaborates with the World Wild Foundation (WWF), the first international conservation organization, to promote the year's biggest mass participation event, **Earth Hour**, which has been held since 2008. Hundreds of millions of people worldwide, companies, governments and educational institutions join together against climate change by supporting the WWF's biggest awareness campaign.

For the third consecutive year, PRISA, as *official media partner*, launched a major operation to support the WWF awareness campaign "Earth Hour", which mobilized all companies in all the countries where we operate on both sides of the Atlantic. **Going Beyond the Hour** was the slogan for this year's initiative, which called on millions of citizens to go further and adopt energy saving measures. It was a year of big and small commitments aimed at creating a more sustainable model.

With the ultimate aim of committing governments to act against climate change, PRISA supported the worldwide

symbolic "lights out" initiative, which took place across 5,000 cities in 135 countries in 2011.

PRISA, through its transversal division PRISA Deportes, also acted as media partner for the third edition of the **Global Sports Forum GFSB 2011**, which was held from March 10 to 11 in Barcelona. This edition focused on the application of new technologies in the world of sport and the role of athletes and clubs in social action, and featured over 40 speakers from five continents. Speakers included the President of FC Barcelona, Sandro Rosell, the president of Eurosport, Laurent Eric Le Lay, the CEO of Universal Sports, David Sternberg and the president of the Organizing Committee for Rio 2016, Carlos Nuzman.

Another important initiative was our participation as a global sponsor for the third edition of the **Red Innova**, a forum for debate on the latest trends in the ICT sector, which took place on June 15 and 16 at the Circo Price in Madrid, and which was addressed by renowned speakers such as Álex Ceballos, Amazon's Worldwide Corporate Development, Maria Garaña, president of Microsoft Spain, Bernardo Hernandez, global head of Emerging Products at Google, and Kamal Bherwani,



PRISA's Chief Digital Officer, who argued for closer links between innovation and traditional media and highlighted the great content produced by all group companies as a guarantee of success. PRISA also made an interesting contribution to the debate in the field of education with a talk by Richard Gerver, considered worldwide to be the guru of new education.

The Club de Madrid, with the PRISA's support, held a high-level conference in New York in early November, to discuss the impact of communications technology in democracies worldwide. This conference also provided a platform to analyze how networks and the large volumes of data are revolutionizing governance and democracy in the 21st century.

MIT, in collaboration with PRISA as global sponsor, chose Málaga, in Spain, to celebrate the most important conference on emerging technologies. **EmTech Spain**, the MIT's Technology Review's prestigious annual conference was held on October 26 and 27, and brought

together experts, national and international, to discuss the future of innovative technologies and how they will change the world.

In addition, PRISA is a trustee of the **ProCNIC Foundation**, the most important 'corporate sponsorship' initiative in Spain in recent years in terms of the amount, the social relevance and financial support provided to the National Center for Cardiovascular Research and by the group of large companies involved. Through its Board of Trustees, of which PRISA is a founding member, companies not only provide funds, but also participate in the decision making.

Kamal Bherwani, PRISA's Chief Digital Officer, during his speech at Red Innova



PRISA Radio

As a media company, PRISA Radio is committed to making our CSR policy one of the fundamental pillars of our operations focused on education, information and entertainment. This informs the planning of all activities, whether our own initiatives or those carried out through the support of third party initiatives. The company strives to be perceived as one that is committed to Corporate Social Responsibility and to ensure that this is reflected in our programming and our brands, and through content that will foster social transformation among audiences.

España

In 2011, PRISA Radio launched the series of forums **Encuentros POR** (www.encuentrospor.com), a social initiative, directed and presented by Iñaki Gabilondo. The objective is to create a space that encourages society to think and react, focused on crucial social issues such as youth, challenges, sustainability and future.

The **40 Principales Awards**, one of the most important awards in the Music world, donated, as it has done every year, the net profit from ticket sales for the awards ceremony to the Emergency Fund for the Horn of Africa organized by Acción contra el Hambre. It also gave a further € 50,000 to this NGO, raised from the Inter-Company Tournament.

We also signed a collaboration agreement with the Fundación Cris Contra el Cáncer, there was a collection of food and toys for disadvantaged families (Radio Menorca, Radio Sevilla, SER Zaragoza, SER Gijón and Oviedo). There were numerous blood donation campaigns in several Spanish cities. A children's radio workshop in collaboration with the cultural center La Casa Encendida, and we supported worldwide, through all PRISA Radio's stations, the energy awareness initiative

Earth Hour.

Latin America

Among PRISA Radio's initiatives in Latin America over the past year, were:

- In **Chile**, ADN Radio Chile signed a strategic alliance with América Solidaria, one of the most powerful organizations in the fight against poverty within the



40 Principales Awards

country. Our stations were proud to act as media partners for a range of cultural projects (PULSAR, Amplifica, MIDEM and the Viña del Mar Song Festival) as well as environmental initiatives (Earth Hour, the ProChile sustainability seminar).

- In **Colombia**, Caracol Radio was awarded the ExxonMobil Award for best coverage of an event in the field of CSR. We also signed a cooperation agreement between Caracol Social and the Colombian Institute for Family Welfare, and with the UNHCR for the campaign *Ponte en tus zapatos*. The music stations Oxígeno, Radioactiva, Tropicana and 40 Principales, as well as Bavaria and Caracol Social, came together to raise awareness about responsible alcohol drinking.
- In the **U.S.**, there were campaigns to support the victims of the harsh winter in Colombia, educational campaigns about the effects of the Trade Promotion Agreement with Panama and Colombia, and campaigns to bring gifts to children at the cancer unit of Jackson Hospital.
- In **Mexico**, environmental awareness campaigns through the gift of "green books" and a reforestation project in

arid zones, educational campaigns to promote the values of family and community life for children who are victims of violence, and health and prevention campaigns against obesity and HIV. The third edition of Arte 40 Mexico, as in previous years, was aimed at motivating art students and encouraging artistic creativity. Young artists were provided with a space to showcase their talent and thus contribute to the dissemination of contemporary art in the country.

SANTILLANA

Santillana's commitment to society requires us to ensure quality that responds to the needs of the educational community. True to this purpose, we continue to work on new projects while at the same time fostering the shared values of democratic societies, particularly pluralism, solidarity, tolerance, respect, defense of peace and environmental protection.

In all those countries where we publish books, Santillana collaborates on social initiatives related to the world of education, by providing numerous congregations and religious institutions, foundations, cultural associations, government agencies, employers' associations, teachers' groups, unions, parent associations and universities with the support required to meet the needs of teacher training. We also offer grants



and financial aid to attend events, donate books to underprivileged children, provide sponsorship for conferences and competitions, and are active in the co-publishing of materials.

Santillana donates a wide range of materials to foundations and NGOs, including the Fundación Entreculturas, Fundación Nido, Fundación Síndrome de West, the NGO Dignidad, and the Fundación Bobath, etc. In addition, last year we equipped a school for girls suffering from HIV in Mozambique with recycled computers.

Santillana also participates in events to foster reading in all those countries where we publish books, and our authors visit schools and university events.

PRISA Noticias

PRISA Noticias's companies contribute content and products that respond to the concerns of society. *El País*, as a general-interest newspaper, pays special attention to issues related to the environment, education, equality, child protection, human rights, etc. both nationally and globally. In 2011 our pages, both print and online, covered the debates that were organized on the *15-M Indignados* movement and the Arab spring. We also gave space to personal responses to the economic crisis in a series of interviews published on the last page of the newspaper. And we drew attention to the problems of sustainability when the world population hit 7,000 million.

At Elpaís.com we promoted blogs that stimulated debate on inequality and poverty. We took into account readers' contributions in social media in order to foster and encourage reader participation and opinion with regards to political, economic, social, and cultural issues.

The weekly supplement *El País Semanal* regularly devotes its pages to the publication of reports with social content, focusing on the defense of Human Rights, written by journalists who travel to the remotest corners of the world to bring readers first-hand news. We organized a photo exhibition at the Instituto Cervantes with images and reports published in the supplement under the title *Witnesses to Oblivion*, which was extremely well received.



Children at Christmas urban camp "El arte de contar", at La Casa Encendida, Madrid

The newspaper *El País* collaborates actively with around 14 NGOs and regularly provides newspaper space for social and humanitarian causes. Depending on the relationship with the NGO, these spaces may be free or gets sharply discounted rates.

Furthermore, *Cinco Días*, as a media outlet, strives to create awareness among readers of all the values of CSR. We endeavor to cover all social concerns, the dialogue between social groups, and above all we seek to foster respect for human rights through our weekly column *Good Governance*. There is also coverage of social initiatives carried out by leading companies, and agreements with Banesto, Caja Madrid, Banco Santander, La Caixa, Fundación Repsol, etc. Noteworthy is the launch of the new project CINCO DÍAS - CINCO CAUSAS (FIVE DAYS - FIVE CAUSES) created by the NGO Acción contra el Hambre, in collaboration with the newspaper, which led to a series of articles on social issues and emergency in the Horn of Africa, support to the volunteer corporate program of Banco Santander, Haiti, etc.

Cinco Días also makes donations to the Fundación Dehón (Education Foundation) and provides advertising space to different NGOs such as the Red Cross, Manos Unidas, etc.

PRISA Revistas contributes to social development and integration in partnership with the Red Cross through the donation of used mobile phones, collected by employees, to promote educational projects.

The program of the *El País de los estudiantes* is also socially aware and reaches out to special schools, prisons and other institutions.

PRISA TV

As a leading audio-visual entertainment company, PRISA TV is aware of the constant changes affecting society. We are responsive to society's needs and we endeavor to be a socially responsible company. Our operations have always been marked by a commitment to bring our viewers the very best content with all the latest technology. It's a commitment that this year has resulted in a total digital transformation, incorporating premium content to the online environment, with Canal+ Yomvi, thereby offering customers a completely new user experience.

In the management area, PRISA TV maintains its commitment to Spanish cinema and, with the slogan *Estamos con*

nuestro cine (We're with our cinema), we have worked on the production, promotion and distribution of Spanish films. In addition, our new commitment to original productions, which was undertaken in 2010 and has been recognized with major awards, continues apace with new projects such as *Falcon*. We also continue to promote the creation of documentaries and short films, providing financial assistance to projects by means of pre-purchase of broadcast rights through the Canal+ Short Films Project. This is a public competition open to all producers, who are expected to meet essentially the same requirements as stipulated by the Ministry of Culture for such grants. The projects are firstly evaluated on the merits of their scripts and then other considerations such as production capacity to bring a project to completion. Since the initiative's inception in 1997, Canal+ has received more than 2,500 projects, of which it has so far supported 121, leading to a string of successful shorts. These include shorts by promising young directors, who've had the chance to make their first film, such as *Cazadores* by Achero Mañas (winner of the Premio Goya), *Abuelitos* by Francisco Plaza, *En malas compañías* by Antonio Hens, *Ruleta* by Roberto Santiago (selected for Cannes), *Allanamiento de morada* by Mateo Gil, *Física II* by Daniel Sánchez Arévalo; *Éramos pocos*, by Borja Cobeaga, and *Invulnerable*, by Álvaro Pastor y Antonio Naharro, etc.

With regards to content, special mention should be made of the commitment to responsibility and accountability. Thus, programs that form part of the identity of Canal+, such as the *Informe Robinson* and the recent series of reports by Jon Sistiaga, have sought out and told different, alternative stories. Other timely programs include *Inside Job*, on the financial crisis, *the work of José y Pilar*, revealing unknown aspects of the writer José Saramago, and documentaries of ecological interest such as one about the uncontrolled reproduction of toads in Australia caused by human error.

For the third consecutive year, Canal+ held the TV Series Festival in Madrid. Open to the general public, the event showcases the very best of TV shows, and offers workshops, lectures and special events, attended by leading professionals from the audiovisual industry. This year's Festival also hosted special weekend events for children. There was also a special Spring edition held during the Mostra de Valencia in April with the aim of creating a space for TV series at this prestigious international film event.



Visitors were able to enjoy a dozen series premieres, on the big screen and even in the original-language version.

PRISA TV's commitment to education is implemented through a number of agreements maintained with universities and research centers, developed to support the training of students in the creation, development and broadcast of an audiovisual production. Social responsibility is channeled through Project 025, which manages employee donations to development aid NGOs or foundations. One such example is the *Solidarity Day*, held annually at company headquarters in Tres Cantos, Madrid, which sees workers voluntarily give a day of their salary to fund charity projects.

Media Capital

Media Capital and its media companies implemented a number of initiatives in 2011 in support of various



Iñaki Gabilondo presents at Reina Sofía Museum the social project Encuentros POR

social causes, in accordance with the company's firm commitment to social responsibility. TVI, in collaboration with the supermarket Continente, supported, once again, the social responsibility project in the area of health, *Missão Sorriso*, focused on improving equipment in pediatric hospitals nationwide. The station also promoted an awareness campaign on the misuse and overuse of antibiotics, a growing worldwide crisis that in the European Union claims more than 25,000 lives a year through antimicrobial resistance.

TVI and Rádio Comercial supported the initiative *Realizar um Sonho, SIM!*, in favor of the Terra dos Sonhos Association, which lit up Lisbon's main square, the Praça do Comercio, with 50 thousand candles in the shape of a giant star.

TV dramas and soap operas also addressed social issues: the teen drama *Morangos com Açúcar* and the soap

opera *Doce Tentação* supported institutions such as Do Something, Make a Wish Foundation, Missão Adoção and Fundação São Francisco de Assis. In the field of entertainment, TVI's *Perdidos na Tribo* organized a national collection in favor of the Portuguese Red Cross. Other projects developed in collaboration with the Portuguese Red Cross included the First Red Cross Run, *Corre por um Portugal mais Feliz*, in aid of needy families.

Throughout 2011, radio stations maintained existing initiatives and launched a number of campaigns to increase their visibility and impact, which were well received by listeners. These included *Música por uma Ca(u)sa* was an initiative to support the Association of Parents and Friends of Children with Cancer, The Pinktober concert, whose proceeds go to the Portuguese Association Against Cancer, and the quit-smoking initiative *Os ex-fumadores são imparáveis*.

As in previous years, there were several campaigns to collect donations throughout the Group's stations for various institutions such as Ajuda de Mãe, Associação Salvador, Associação para a Promoção da Segurança Infantil and the Associação Terra dos Sonhos.

Campaign choose health life





A stack of books and two open books are shown floating in a clear blue sky. The stack of books is in the upper left, and the two open books are positioned below it, one to the left and one to the right. The background is a bright blue sky with some light clouds. At the bottom of the image, a green field with small yellow flowers is visible.

07

Responsible resource management and commitment to the environment

07

Responsible resource management and commitment to the environment

Providing guarantees to our stakeholders with respect to our duties and obligations as a business is an important part of our responsibility as an organization.

We would never reach our business objectives without the efforts and dedication of our professionals who together make up a diverse and multidisciplinary team who share common goals. Working at PRISA means joining a team of professionals in an environment that favors innovation, creativity and teamwork. Through integrated and effective management of people, we foster both

the personal and professional development of our employees.

We believe that our relationship with our suppliers is a key factor in acting responsibly. We are therefore actively committed to a policy of resource management that minimizes the impact of our operations on the environment.

A great team of professionals

PRISA had 13,159 employees at the end of 2011. Staff numbers are down by 5.2 % as compared to 2010 (13,885) due to the operational efficiency plan implemented this year in response to the economic downturn, the systematic fall in advertising revenues, the emergence of new technologies, new consumer habits and regulatory changes. This situation has obliged PRISA to implement a number of measures to cut costs and improve efficiency and productivity, including dramatic organizational and staffing adjustments, which will be completed during 2012. However, thanks to our geographic diversification and the diversification of our revenue sources, coupled with our broad portfolio of businesses, the impact of the crisis has been absorbed and has allowed us to adapt to the circumstances in a gradual fashion.

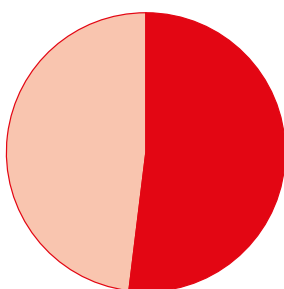
In a commitment reiterated to all stakeholders, the Group has expressed its intention to make these adjustments with the least possible impact on employment. All reorganizations to date have been made after careful study and with reference to future projections, seeking at all times to ensure efficiency.

PRISA employees

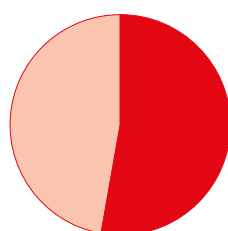


PRISA employees by sex

	2011	2010
Women	6,286 (48 %)	6,550 (47 %)
Men	6,873 (52 %)	7,335 (53 %)



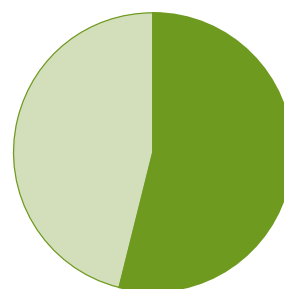
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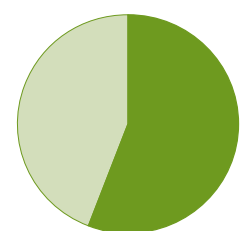
2010

PRISA employees by geography

	2011	2010
Spain	7,042 (54 %)	7,750 (56 %)
International	6,117 (46 %)	6,135 (44 %)



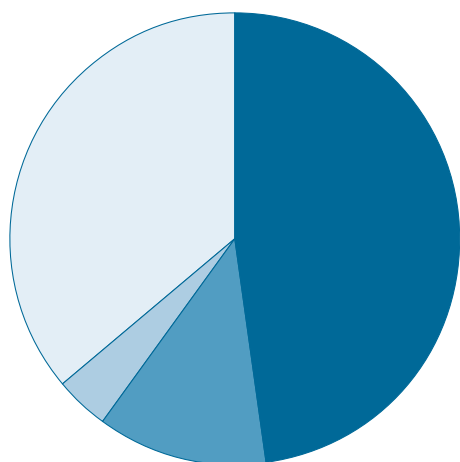
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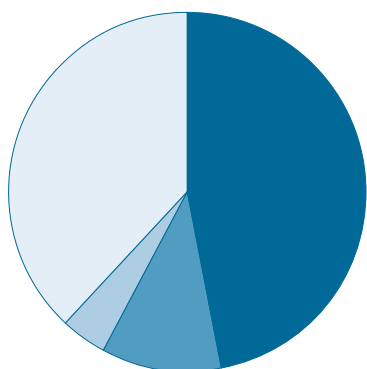
2010

PRISA employees by employment category

	2011	2010
■ Qualified technical personnel	48 %	47 %
■ Middle management	12 %	11 %
■ Management personnel	4 %	4 %
■ Other personnel	36 %	38 %



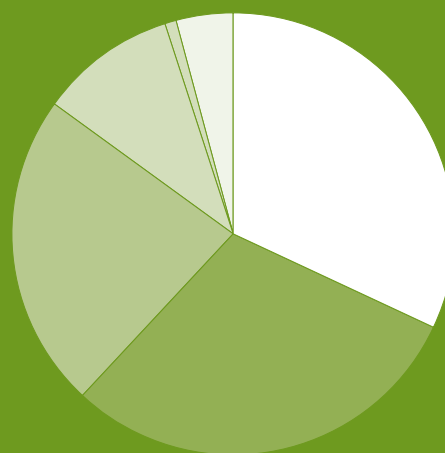
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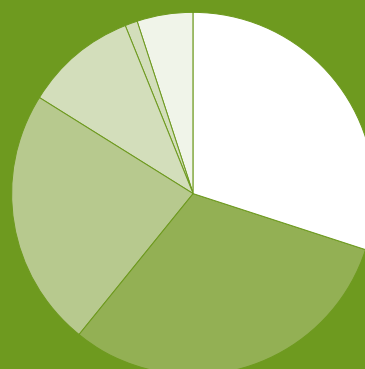
2010

PRISA employees by business area

	2011	2010
■ Education - Publishing	32 %	30 %
■ Audiovisual	30 %	31 %
■ Radio	23 %	23 %
■ Press	10 %	10 %
■ Digital	1 %	1 %
■ Other	4 %	5 %



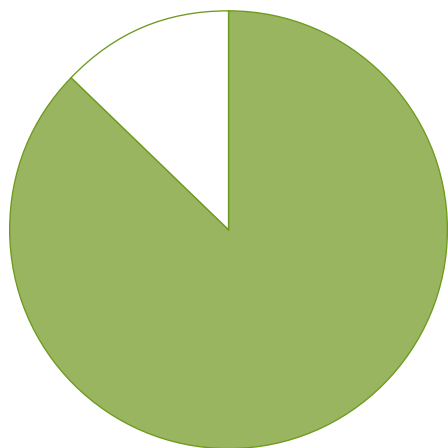
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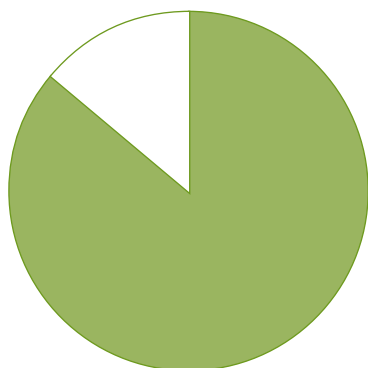
2010

PRISA employees by contract type

	2011	2010
■ Permanent fixed contracts	87 %	86 %
□ Temporary contracts	13 %	14 %



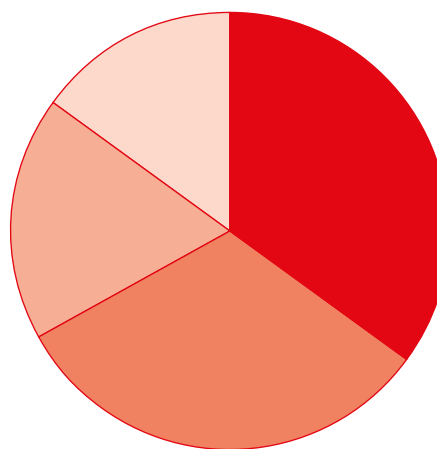
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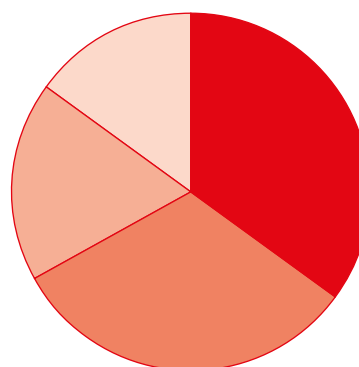
2010

PRISA personnel by area

	2011	2010
■ Sales and Marketing	35 %	35 %
■ Content	32 %	32 %
■ Production and Logistics	18 %	18 %
■ Administration and Management	15 %	15 %



2011



2010

Commitment to our human capital

Our Human Resources policy is a reflection of our conviction that our human capital is our best tool to meet our commitments to society. We believe that:

- There is only one way to inform, educate and understand people and that is through people.
- There is only one way to be world leaders in communication, and that is by developing leaders among our team members.
- There is only one way to be responsible in society, and that is by having independent and socially committed professionals.

All the Group's companies believe in strict respect for the basic labor rights as recognized by the International Labor Organization, especially in issues related to equality and non-discrimination on the basis of sex, ideology or beliefs. Similarly, each company strictly adheres to the labor laws of the country in which it operates. In 2011, PRISA adopted a **Code of Conduct**, mandatory for all employees, in which pluralism and respect for all ideas, cultures and people, are set out as the

company's core values, with the chief objective being respect for human dignity.

Values of the PRISA Code of Conduct:

- Integrity, honesty, rigor and dedication in carrying out their work.
- Responsibility, commitment and transparency.
- Pluralism and respect for all ideas, cultures and people.
- Creativity and innovation in business development.
- Responsible, efficient and sustainable management, generating value for shareholders and society.

Apart from certain company directors, all our staff are subject to labor agreements in each of their companies. These agreements substantially improve working conditions and thus provide our professionals with a stimulating and competitive working environment, free of financial concerns, with job security, independence and sophisticated technology. Staff enjoy total freedom to participate in trade unions and the Group fosters social dialogue.



PRISA's commitment to human capital has the following main goals:

- To promote and foster the defense and effective practice of the principle of equality between the sexes, ensuring the same rights to access to work and professional development at all levels.
- To increase women's chances of gaining posts of greater responsibility within the company, thus reducing inequalities.
- To prevent discrimination on grounds of sex by means of a special protocol for taking action where necessary.
- To establish measures that favor the balance between the personal lives and professional responsibilities of our employees.

Equality

PRISA's staff structure shows an almost equal breakdown by sex. 48 % of senior management posts are held by women, up from 47 % in 2010. The figure for middle management is 37 %, the same as last year. PRISA has a policy aimed at the promotion of women to these posts.

Social benefits

Each of the Group's businesses has its own policy on social benefits but all endeavor to remain competitive in the markets in which they operate. These benefits complement, and improve on existing social benefit schemes. In some cases, PRISA's Human Resources have adopted flexible salary structures, adapted to the needs of employees.

Flexibility

PRISA's companies have come to understand the real benefits of offering balanced work days that provide an optimum balance between the needs of staff and the goals of the companies. Many of our companies offer employees flexible work days, home working, and the possibility of working intensive shifts in summer. In 2012, a new package of initiatives will be rolled out across the company.

Health and safety workplace

In 2011, PRISA remained committed to its objective of promoting a preventive culture throughout its businesses. Noteworthy in this regard, is the Group's commitment to comprehensive compliance with current regulations and the integration of risk prevention in the management of companies.

The Prevention Service has focused its efforts on training activities aimed at promoting health, to increase the level of protection and physical welfare of PRISA employees.

Professional development of our workforce

At PRISA, our professionals are our greatest asset. That's why we are wholeheartedly committed to a policy of continuous training aimed at maintaining the highest standards of professionalism, quality and competitiveness.

The multi-business nature of PRISA, coupled with our global presence, allows us to offer career opportunities across all our different business divisions and throughout the 22 countries where we operate. This year we have designed a project that will be rolled out in 2012 to promote internal mobility and internal selection of candidates to fill vacancies or newly created posts. Existing employees will be the first to find out about job offers via the corporate intranet.

PRISA companies are committed to meeting the professional needs of its employees with alternative measures such as special leaves of absence, reduced working hours and unpaid leave for study. In many cases, the business units continue to cover employees' social security to ensure that they do not lose years of contributions.

The business units of PRISA make every effort to provide many hours of specialized training for their workers. During 2011 the Group also offered more internal training. PRISA has invested 1.37 million euros in training programs, 12 % more than last year, a figure that in the budgets of 2012 is set to be **902 million euros**.

We have also carried out a survey on adaptation to change whose main focus has been the detection of the learning capacity of companies to determine to what degree these are organizations that foster learning, the extent to which creativity, knowledge acquisition and sharing as well as leadership, flexibility and / or adaptability to change form part of employees' day to day work. As secondary objectives we have measured levels of employee motivation in the face of organizational transformation, and we have evaluated the suitability of introducing procedures to identify, attract and

retain talent. This will allow us to be more efficient and improve competitiveness and productivity.

In order to satisfy the needs of both the company and our employees, we provide the appropriate channels to ensure that company development will work to the benefit of our teams, the company and the wider society that reads us, listens to us, and watches us.

- We run excellent programs that identify talent from within the Group, a necessary measure to maintain the quality and unique nature of our products demanded by our clients and users. There are Talent programs which identify and encourage certain professional profiles with potential that should be developed.
- We design development and career guidance programs for our professionals, based on performance appraisal, that are being extended throughout the companies in the Group.
- We are in favor of functional, geographical and business-sector mobility within the Group, thus fostering PRISA's global vision and outlook.

Total average investment in training per employee



Working environment and internal communication at PRISA

Internal communication at PRISA

PRISA maintains open and fluid channels of communication with employees, based on transparency, via intranets, newsletters and regular communications. Additionally, and subject to established legal procedures, regular meetings are held with various workers' representatives to measure the degree of satisfaction of our employees. This evaluation of the work environment allows us to improve internal communication and to develop new communication channels aimed at improving the welfare of our employees.

In 2011, PRISA revolutionized internal communications with the launch of a **global intranet** called "**toyoutome**" common to all employees in the 22 countries where the company has operations. This works as an umbrella platform that encourages networking, participation, proactivity and collaboration, thus enhancing synergies that were previously inactive. The new global intranet represents a radical change in corporate culture that positively influences the way how we internally relate to each other and work together.

This conceptual shift requires new technological tools. The global intranet is at the very core of the digital transformation of PRISA. A space for open communication and collaboration, that is flexible, multi-directional, personalized, engaging and omnipresent.

This new space makes Communication 2.0 the basis of internal communication strategy. It provides a space where employees can express themselves, share ideas and be inspired, where they feel listened to. The contents have a more human and emotional feel, less institutional and more engaging, promoting synergies between business units and with a greater and more equitable representation of all Group companies.

"The Wall" is one of the most innovative communication 2.0 tools within the project. This is an internal social network that allows employee communication with the



company in a fast, direct and human way, just like in real life. They can share their profiles and that of their colleagues, documents, ideas, impressions, create working groups or forums for discussion, identify experts, etc. these are some of the new features of the global intranet. The value and potential of this application is testament to the courage of PRISA's leadership, which has given its full support to this space where employees can express themselves without any filtering or censorship.

PRISA Club is another important application in this new environment. This is a portal with special offers and benefits for our employees on some of our products, on products and services offered by third parties, and a bulletin board where people can share whatever they see fit.

We also provide a global agenda to enhance communication between all our group companies and countries. With this service, users from all companies can post their business events and, through an integrated search engine, find out what's on in their city, province or country, what the event is about, the persons involved, etc.

All image and brand elements are present in the Brand Room, which hosts all the graphics and artwork of each and every one of our companies (logos, templates, videos, presentations, photos, application manuals, etc.) to guide and facilitate our employees' day to day work and thereby promote a better and greater use of our corporate identity.

The new internal communication 2.0 environment more than meets the initial demands of our employees. Now, it is not only the company that provides information, but also all our employees who, thanks to multidirectional communication, share knowledge, questions, suggestions and hobbies. They can also create special working groups, which means that geographical barriers, previously a hindrance at PRISA, have been overcome. A new era of conversation and participation has thus begun.

In 2012 we will launch three new trends:

- **PRISA JOB:** PRISA's job site, to promote nobility and improve employees career plan.
- **CAMPUS PRISA:** to promote education and training.
- **MI IDEA** (My idea): employees will be able to take part and suggest ideas and new projects.

This new intranet is accessible from any device, anywhere, thanks to remote access via Internet. In this way, employees can learn about company news, events and trends at any time, anywhere.

Internal communication in our companies

SANTILLANA

Santillana communicates directly with employees by means of intranet and internal communiques that explain changes or developments in the company's business approach. There are guidelines for all countries for the conduct and content of meetings for executives and middle managers in order to keep them updated on developments in business and ensure that they are the first to inform their teams. In Spain, there is also a systematic calendar of meetings with the workers' committees.

PRISA Noticias

El País's Professional Committee meets regularly with the managing editor to deal with all issues of concern to the editorial desk and thus resolve conflicts that may arise.

The most important internal communication tools are the intranet, management communiques, regular meet-

ings with the workers' committees and notice boards. There is also an open door policy whereby workers can talk to the HR Department on any labor-related issue that may concern them.

PRISA Radio

The main internal communication tool is the PRISA Radio platform, launched in 2011. This platform enables users to find out about projects and professional achievements, the daily work of teams, success in meeting business objectives, developments in the radio industry and the human face of the organization, thereby improving the collective knowledge of the organization.

In addition, there is fluid dialogue with employees based on direct communication with Human Resources. Verbal communication channels, through meetings and conversations, have always worked well in radio, allowing not only an immediate response, but also fostering an understanding firsthand of the interests and aspirations of employees.

PRISA TV

At PRISA TV, the main channel of communication is the intranet, accessible daily to all company employees. PRISA TV also provides a suggestion box where, as in internal meetings, employees may communicate their needs and requests to the company.

Media Capital

Media Capital employs the intranet and e-mail as permanent internal communication channels with employees. It also publishes a corporate magazine with staff collaboration, a weekly newsletter that informs all employees of current group news and, when necessary, the company sends out internal communiques on relevant issues.

PRISA Digital

PRISA Digital has a collaborative portal that enables two-way communication with all employees. This space goes beyond the intranet as it is the employees themselves who provide content for the portal. Additionally, the Human Resources department has a mailbox to collect all questions / suggestions from employees.

Influencing the value chain

The goal of PRISA's purchases policy is to build up a solid base of suppliers and collaborators which will enable all our companies to acquire goods and services under the criteria of efficiency, cost, coverage and technical and productive capacity. PRISA will also evaluate the supplier's integrity and its fulfillment of its fiscal, labour, human rights, environmental and, above all, the legal obligations in force in that country.

The Corporative Purchases Department is the first contact PRISA will have with potential suppliers and this body oversees the relations of suppliers with the Group's companies. Since 2009 it has focused on three areas of action related to Group CSR policy:

- 1. Selection and management of suppliers.** These are seen as crucial stakeholders in the company's day-to-day operations.
- 2. Paper management.** Paper is the most important raw material used by most of the business units and its sustainable use must be part of any environmental policy.
- 3. To determine new areas** where we can improve identification, measurement and management of the company's environmental impact.

To aid the the department to fulfill its obligations, a series of guidelines has been drawn up which govern the relationship between PRISA and its suppliers:

- The principles of objectivity, transparency, non-exclusivity and equal opportunities.

- All suppliers involved in any adjudication process will receive complete and detailed information about the goods and/or services to be supplied.
- The information supplied will be identical for all suppliers, ensuring that no single supplier enjoys any initial advantage, thus fostering legitimate competition.
- Potential suppliers will not be invited to participate in the adjudication process.
- All those who apply to become suppliers have a right to request an evaluation of their particular adjudication process.
- All applications will receive a reply accompanied by comments on their acceptance or rejection. A negative reply is in no way an obstacle to submitting future applications, once the reasons behind the rejection have been addressed.
- The results of the adjudication process, including a summary of the criteria employed, will be communicated to the supplier in writing.
- Initiatives for constant improvement are in place, which boost quality to the benefit of both parties. The supplier is welcome to make any suggestions as is felt necessary to improve relations between the Group and suppliers.

Selection and management of suppliers

The acquisition process is based on the principles of objectivity, transparency, non-exclusivity and equal opportunities. The specifications of procurement processes and negotiating rounds for potential PRISA

Certification process for PRISA suppliers



NOTE: All suppliers who wish to be approved by PRISA, will be accessed online at Supplier Area

Supplier evaluation

	2010	2011
Management system is certified or is being implemented plus voluntary codes	56 %	48 %
Formal procedures to respond to customer concerns	84.71 %	78.85 %
Legislative Framework	96.91 %	95.86 %
Adequate environmental safeguards	80 %	75.81 %
Guidelines on corporate governance	85.61 %	85.71 %
Incorporation of Social Responsibility indicators in management code	79.12 %	81.43 %

Authorized suppliers

	Total	Spain	Foreign
2011 (new)	115	113	2
2010 (new)	245	228	17
Previous years	2,574	2,506	68
TOTAL	2,934	2,847	87

* NOTE: In the suppliers associated with Spain, there is a substantial part on multinational companies based in the country.

suppliers are detailed in the application forms, where there is also information on conditions and obligations that the Group requires of all its suppliers.

There are four criteria in the process of adjudicating and authorizing potential suppliers:

- **Quality of the product/service** offered.
- **How the service matches our requirements**
- **Cost** and ability to deliver on issues related to CSR.
- **Confirmation and certification** that the Group's CSR criteria have been met

All potential suppliers interested in becoming certified as PRISA suppliers should apply via the Electronic Purchases Platform, which manages Group-supplier relations, all aspects of the process, including potential supplier registration, application, the certification and authorization of all our suppliers worldwide as well as ongoing follow-up and periodic assessment according to those criteria previously outlined.

All suppliers must be certified and authorised prior to forming part of our list of suppliers

For the past five years, the Department of Corporate Purchases has been managing and updating a data base of the Group's chief suppliers, evaluating them on key CSR criteria, including paper management, recycling and reuse of fungibles and CO2 emissions. Applicants must be in full compliance with Conventions 138 and 182 of the International Labor Organization (ILO) governing child labor. Non-compliance with these conventions will nullify any contracts between the parties.

There are currently 2,934 authorized suppliers, 115 more than in 2010. 2,506 are Spanish and 68 are from abroad.

PRISA favors suppliers who meet CSR criteria and who have SA 8000, ISO 9001 certification etc. Indeed, 74 % of our suppliers have a quality certification.

In 2011, as in previous years, PRISA carried out a study of a sample of our wide number of suppliers. In 2011, the number surveyed was 175, as compared to 146 in 2010, and they were evaluated by service and percentage in volume of purchases.

Environmental impact management

PRISA is committed to reducing the costs and the impact that our operations may have on the environment. The Group's **Environmental Security Policy** includes a series of basic principles in the area of legal compliance that contribute to the continuous improvement of our operations:

- PRISA will comply with all applicable legal requirements, and will, whenever possible, make every effort to anticipate them.
- The group will actively strive to reduce and prevent pollution and waste, and to conserve energy in all its operations.
- The group will require its suppliers to conduct their operations in an environmentally responsible manner.
- The group will ensure the safety of industrial operations, to avoid negative impact on the environment.

This policy is divided into three levels of action:

- Emission control.
- Consumption control.
- Waste Control.

The aim is to provide safe products and services that respect the environment throughout their life cycle,

and to conduct operations in an environmentally responsible manner.

Emission control

In 2010 the Corporate Purchasing Department began collecting data on suppliers who provide services to establish the equivalent weight of CO₂ generated by travel and accommodation derived from Group activities. The result (a decrease of the impact caused by Group trips made in 2011) confirms the trend towards reductions seen over the previous year.

Consumption control

Responsible use of paper

Grupo PRISA has always carefully managed all stages of the **lifecycle of paper**. The group works with paper manufacturers who guarantee their adherence to environmental standards and recycling, either directly or indirectly, and all business units using paper committed themselves over the course of 2011 to reducing their use, whether by modifying formats or opting for lower weights of paper, while still guaranteeing the quality of the finished product.

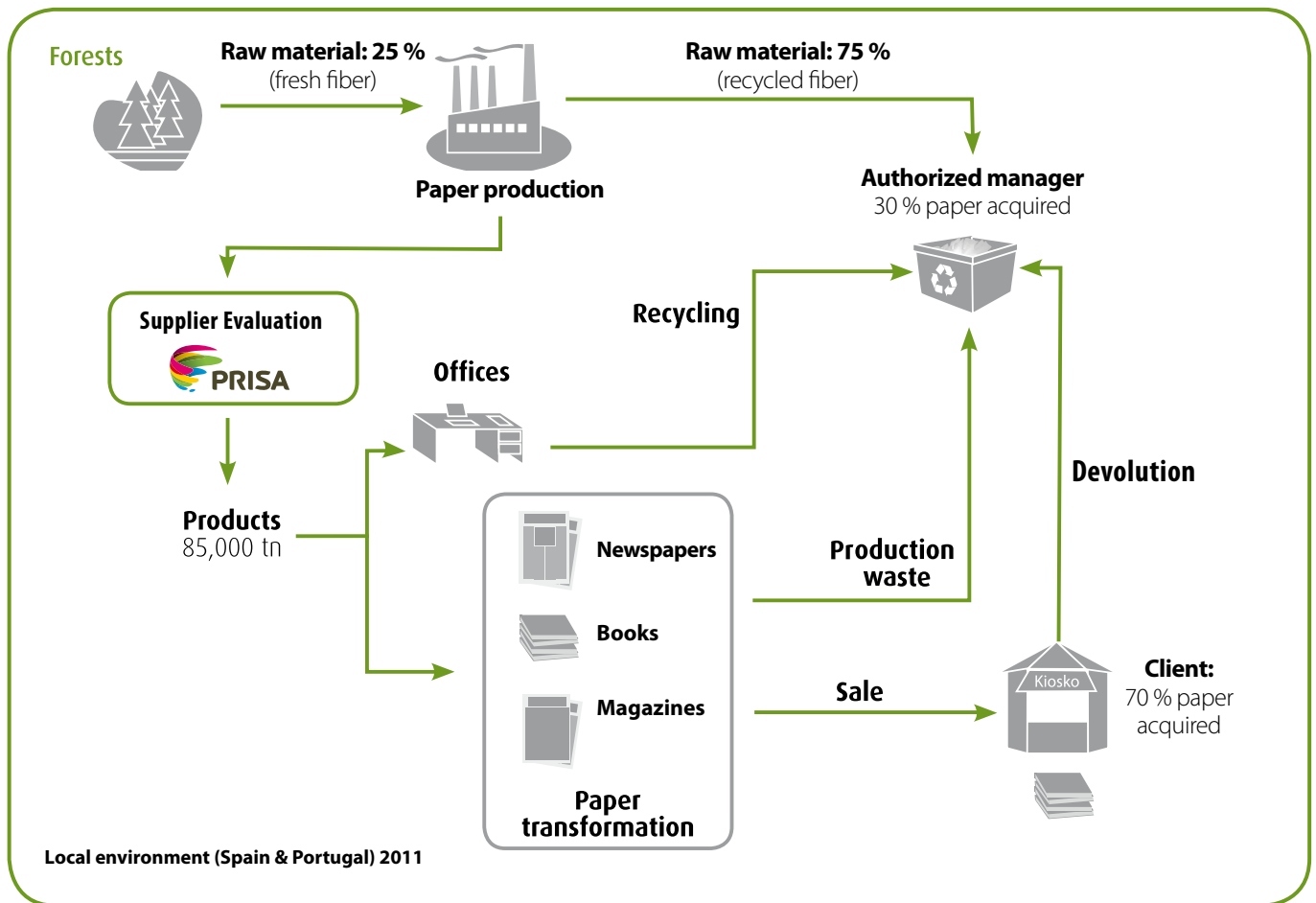
PRISA's suppliers must comply with certain environmental requirements in the manufacture of paper. The

CO₂ emissions (PRISA: Spain and Portugal)

From of transport	Unit of measure	Conversion factor kg CO ₂ / unit of measure	2011			Equivalent CO ₂ in kg	Conversion factor kg CO ₂ / unit of measure	2010			Equivalent CO ₂ in kg
			Spain	Portugal	Total			Spain	Portugal	Total	
Hotel	RN	28	14,987	S/D	14,987	419,636	28	18,109	S/D	18,109	507,052
Aéreo	Millas	0.18	15,707,842	2,564,868	18,272,710	3,289,088	0.18	16,886,051	2,099,680	18,985,731	3,417,432
Tren	Km	0.06	3,182,968	S/D	3,182,968	190,978	0.1	2,949,729	S/D	2,949,729	294,973
Rent a car	Km	0.123	767,179	S/D	767,179	94,363	0.141	915,779	S/D	915,779	129,125
Total			19,672,976	2,564,868	22,237,844	3,994,065		20,769,668	2,099,680	22,869,348	4,348,582

Notes: The sources for conversion factors are: <http://www.nef.org.uk/greencompany/co2calculator.htm> (air), http://www.responsabilidad.net/002_calcemision.html (train) and sources prepared by AVIS for rent a car, due to the variability of consumption in used cars.

Paper life cycle in the PRISA Group



paper industry’s high level of environmental awareness provides a further guarantee that suppliers are generally not merely complying to environmental legislation but that they are wholeheartedly committed to issues in this area.

Almost all PRISA suppliers possess the capacity to produce PEFC and FSC accredited paper, thus guaranteeing that controls are being carried out at the various stages of the production process—from forest to printer— although this does involve higher costs.

PRISA Noticias - Pressprint

Pressprint is the printers for the Group’s print media in Spain. Its operations require the use of paper, ink and aluminum plates. Pressprint uses technological innovation to constantly optimize and responsibly manage their use. In 2011, Pressprint continued its policy of improving procedures, both in terms of managing raw materials as well as waste management.

- Parameters have been adjusted for the consumption of ink, water and additives in the printing process to optimize the amount of ink used per million printed pages, reducing consumption by up to 7%.
- We have optimized the number of machines used in production, reducing the number of plates used, and the waste of paper and cleaning materials. Thus, *El País* prints its National Edition on one machine, rather than two, in most of its copies.
- We have implemented the use of Low Chem plates, which require a less aggressive chemical concentrate and simplifies cleaning. The figure is 50% of plates at Barcelona and Madrid will change over in 2012.
- In 2010 a project was launched for the digital printing for low-volume newspapers, thus avoiding the high costs and residues generated by off-set print runs. This process also enabled efficient

distribution at different geographical points, without the high energy consumption and CO2 emissions caused by traditional transport. This year, production has begun on two newspapers Al Ahram and The Guardian, with runs of 50 and 300 copies per day.

- Software has been tested for ink consumption optimization, and will be used during 2012.

Consumption Ink

	2011	2010	Saving
Madrid	290,557	313,373	7.85 %
Barcelona	96,641	118,735	22.86 %

Solvent

	2011	2010	Saving
Madrid	21,000	45,371	116.05 %
Barcelona	16,150	27,509	70.33 %

Number of plates

	2011	2010	Saving
Madrid	44,055	45,371	2.99 %
Barcelona	26,384	27,509	4.26 %

Energy consumption

During 2011, all Group companies have run campaigns to raise awareness and to foster a more rational use of energy at their facilities and rationalize energy consumption (air conditioning, lighting, etc.). They have maintained the measures established by the Ministry of Industry for public buildings for the temperature of facilities within recommended comfort parameters, and the machines are turned off when not in use for longer than 30 minutes. We have also continued to reduce color printing in all our businesses and have promoted printing on both sides of the page.

Currently, there are several projects underway to establish a diagnosis in the field of energy efficiency, in order to implement in 2012 one of the systems / devices that are on the target market for this purpose

Corporate center: Direct consumption by primary source

Primary source	2011	2010	Saving
ELECTRICITY kw/h	4,136,179	4,441,248	7.38 %
GAS l	24,000	23,500	-2 %
WATER m³	9,268	10,504	13.34 %

Santillana constantly strives to promote recycling and reduce energy consumption by means of awareness drives among employees. During 2011 energy consumption has fallen more than 50 %.

SANTILLANA: Direct consumption by primary source

Primary source	2011	2010	Saving
ELECTRICITY kw/h⁽¹⁾	1,723,480	2,471,481	43.40 %
DIESEL kw/h	N/A	N/A	N/A
GAS m³	17,300	26,600	53.76 %
WATER m³	7,403	8,770	18.47 %
PAPER Tm⁽²⁾	N/A	N/A	N/A

⁽¹⁾Estimated data

⁽²⁾Volumes of non-recycled paper consumed in the production of books. All paper used is chlorine free and comes from factories with Environmental Management Systems (ISO or ESMAS). Almost all the paper used has PEFC certification and around 30 % also have FSC certification.

PRISA TV has continued to apply environmental measures to control energy consumption and optimize on costs of paper and corporate digital stationery. Also during 2011, new multi-functional equipment has been installed to send and scan documents without printing them, with corresponding savings in paper and ink.

PRISA TV: Direct consumption by primary source

Primary source	2011	2010	Saving
ELECTRICITY kw/h⁽¹⁾	15,197,346	15,969,041	5.08 %
DIESEL kw/h	1,700	2,000	17.65 %
GAS m³	5,738,196	6,740,463	17.47 %
WATER m³	42,121	43,749	3.87 %
PAPER Tm⁽²⁾	260	360	38.46 %

To avoid excessive waste generation—office furniture, technical and audiovisual equipment—donations have been made to the Public Administration, Red Cross and other NGO's.

Media Capital: Direct consumption by primary source

Primary source	2011	2010	Saving
ELECTRICITY kw/h ⁽¹⁾	5,823,233	6054802	3.98 %
DIESEL kw/h	2,500	2,400	-4 %
GAS m³	195,767	345,356	76.41 %
WATER m³	9,590	18,579	93.73 %
PAPER Tm ⁽²⁾	26,22	34,846	32.90 %

PRISA Radio has continued to promote measures to reduce the consumption of energy, water and raw materials. There are also measures to ensure the proper management of waste, fumes and noise, the replacement of air conditioning systems with inverter technology systems, elimination of pipes and acoustic insulation fibers that are potentially polluting, the recycling all computer equipment and consumables, and an equipment acquisition policy that complies with eco standards : low consumption, low pollution batteries.

PRISA Radio: Direct consumption by primary source

Primary source	2011	2010	Saving
ELECTRICITY kw/h ⁽¹⁾	1,284	1,369	6.62 %
DIESEL kw/h	59	30	-49.15 %
GAS m³	N/A	N/A	N/A
WATER m³	42,653	56,965	33.55 %
PAPER Tm ⁽²⁾	21	23	9.52 %

Company offices have also implemented the massive use of videoconferencing to reduce travel and therefore energy consumption, which has produced savings of 35 %.

PRISA Noticias, in addition to optimizing production processes, has carried out work to reduce energy loss

at Pressprint facilities and to ensure better insulation. The company has conducted a study to adjust the temperatures of air conditioning, and has continued with its policy of fostering environmental awareness among staff to save energy by using only necessary lighting.

As for optimizing on the consumption of paper, *Cinco Días* and *EL PAÍS* control consumption among employees, encourage the scanning of documents, the sharing of files on the intranet and using projectors for presentations at meetings, instead of printing dossiers for attendees.

PRISA Noticias: Direct consumption by primary source

Primary source	2011	2010	Saving
ELECTRICITY kw/h ⁽¹⁾	14,635,938	12,349,992	-15.62 %
DIESEL kw/h	N/A	N/A	N/A
GAS m³	5,202,737	5,671,939	9.02 %
WATER m³	14,908	13,076	-12.29 %
PAPER Tm ⁽²⁾	63,661	72,225	13.45 %

Magazines by **PRISA Revistas** bear a label (beside the barcode) to encourage responsible recycling with the slogan "Please recycle this magazine."



Among **PRISA Digital's** environment-friendly measures are those aimed at ensuring that all lights, computers and heating/air conditioning systems remain turned off as much as possible; and other initiatives in the area of recycling and use of paper.

PRISA Digital has also installed energy efficient computers and is currently evaluating the process of changing over to Cloud hosting and other online solutions such as home working as we embrace green computing.

Recycling activity	2011	2010	Difference 2011-10
Disposal of IT consumer goods	394 units	484 units	-22.8 %
Disposal and recycling of paper	96Tn	105 Tn	-9.03 %
Disposal and recycling of batteries	290Kg	390 Kg	-34.5 %
Disposal and recycling of flourescent lamps	176 units	840 units	-477.3 %

Waste control

Corporate center

all office printers removed to a Madrid recycling plant, where they are recycled according to current norms and made available to suppliers for re-use. The company responsible for the operation is a Special Employment Center, meaning that PRISA thus fulfills a double objective: helping the environment and aiding workers with disabilities.

In 2011, at our Gran Vía 32 head office alone, we recycled 394 IT consumer goods (LASERCART), 96 tons of newspaper (CARPA), 290 kg of batteries (Madrid area's regional authority environment department) and 176 fluorescent lamps (AMBILAMP).

PRISA Noticias

Pressprint has authorized managers who are responsible for removing contaminated residues from ink, such as solvents. Aluminum is gathered in containers which are then collected by an authorized agent. In 2011, 70,439 kg of aluminum thus produced were melted down for the development of new products.

Pressprint recycles -either at our own plants in Madrid and Barcelona, or through outsourcing- residual paper as well as returned newspapers and magazine supplements. Waste and residue generated during the printing process are classified by potential use and are removed by recycling companies. Returned newspapers and magazine supplements are recycled by companies located nearby the distributors' collection depots. We ensure that recycling companies possess the appropriate certification in waste management and disposal.

Other recycled waste includes plastic containers, oils, toners, and scrap iron, copper and other materials generated in

the decommissioning of obsolete machinery. Obsolete computers and other IT devices that may pose a risk to the environment are regularly removed by certified and authorized waste-management companies.

Recycling companies used by Pressprint:

- Paper, cardboard and aluminum plates: SAICA.
- Used toner: BIOTONER.
- Lamps and lighting: S.I.G – Ambilamp.
- Used oil: FONDOMOVIL.
- Contaminated cleaning materials: MEWA.

Appendix I

Application and scope of this Report

Appendix I

Application and scope of this Report

This Annual Report provides a faithful and transparent overview of the degree of development of the actions and commitments of PRISA in economic, social and environmental areas over the course of 2011, and is similar to those of the past five years.

The data presented here provide a broad summary of all the activities and operations of the Group in all the countries where it is present. Further, the data provided are either an aggregate of all the information at a Group level or broken down by company, depending on the nature of said information with the goal of making it more amenable to the reader.



PRISA declares this report, corresponding to 2011, to be Class B.

The Report contains information on the following companies and markets:

Just as in 2011, in producing this Report, we have followed the recommendations of the *Guide for the Creation of Sustainability Reports* from the **Global Reporting Initiative-TM**, a key international organization in Sustainability Reporting. The **GRI-G3 Technical Protocols** and the **Principles of the Global Compact** have been taken into consideration in the evaluation of data for our calculations, leading us to reformulate and combine some indicators found in the Guide, to improve clarity and adapt them to our activity (see APPENDIX II).

In writing this report we have taken into account:

- Meetings under the supervision of the Communications Department to discuss the most relevant topics.
- Internal audit on corporate social responsibility.
- Benchmarking from other companies in the sector, both national and international.

The information and results provided here refer to 2011, although in some specific cases, information from previous years has also been provided, as this illustrates the Group's evolution over time. It is to be hoped that this Report will satisfy all its readers and

Application and scope



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	●	●	●	●	●	●	●	●	●	●	●

NOTES:

For an efficient data collection of performance indicators, we propose to limit the scope of the report to the larger companies within the Group.

Santillana also collects information from the following countries: Puerto Rico, Dominican Republic, Guatemala, Venezuela, Paraguay, Uruguay, Bolivia and Ecuador.

as always, we welcome comments and suggestions via our web page www.prisa.com.

Guiding principles behind the Report

This Report provides reliable and balanced information on PRISA's endeavors to meet the challenges raised by social responsibility.

In keeping with the guidelines as set out by the Global Reporting Initiative-TM, the contents of this report reflect the following principles:

Materiality. The information should cover topics and indicators that reflect the organization's significant economic, environmental, and social impacts, or those that would substantively influence the assessments and decisions of stakeholders.

To meet this objective, the relevant data for the Group have been identified and categorized according to the established thresholds and the risks these pose for each of our companies.

Stakeholder Inclusiveness. Stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the Group's activities. The company should endeavor to satisfy the demands and concerns of these groups through the improvement and maintenance of the quality of its products and services.

Timeliness. This current report provides continuity to those presented in previous years. Worth mentioning is that there has been an ongoing interchange of information among the different companies of the Group over the course of the year.

Clarity. The report should present information in a way that is understandable, accessible, and usable by the organization's range of stakeholders. Information should be presented in a manner that is comprehensible to stakeholders who have a reasonable understanding of the organization and its activities. Graphics and consolidated data tables can help make the information in the report, such as management and control mechanisms, as well as plans of action and commitments, accessible and understandable.

Reliability and transparency. Information used in the preparation of a report has been reliably and comprehensively gathered, recorded, compiled, analyzed, and disclosed in order to reflect the real situation of PRISA.

Significant changes over the period covered by this report affecting the size, structure and holdings of the company.

- Fernando Abril-Martorell joined the senior management of the company to as deputy CEO and CFO.
- PRISA sells 10 % of Media Capital to Pais do Amaral.
- PRISA signs deal refinancing all its debt.
- The reference shareholders injected over 150 million euros into PRISA's capital.



2009



2010



2011

Appendix II

Correlation of indicators with GRI-G3 Guidelines and with United Nations Global Compact

Appendix II

Correlation of indicators with GRI-G3 Guidelines and with United Nations Global Compact

In accordance with the methodological criteria as laid out in the GRI-G3 Guidelines for the preparation of Sustainability Reports, we detail in the table below where the Guide's Performance Indicators correspond with the chapters of the PRISA's Corporate Responsibility Report. We are self-declaring a "B" Application Level.



Red Pacto Mundial
España

Correlation of indicators with GRI-G3 Guidelines

GRI (G3)	AREA	PAGE
1. STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decision-maker of the organization on the relevance of sustainability to the organization and its strategy.	16 - 17
1.2	Description of key impacts, risks and opportunities.	24; 40-45; 48-49; 132
2. ORGANIZATIONAL PROFILE		
2.1	Name of the organization.	14-15 APPENDIX III
2.2	Primary brands, products, and/or services.	48-71
2.3	Operational structure of the organization.	23-37; 117-121
2.4	Location of organization's headquarters.	APPENDIX III
2.5	Number of countries where the organization operates.	15; 135
2.6	Nature of ownership and legal form.	23-25
2.7	Markets served.	15; 135
2.8	Scale of the reporting organization.	48-49
2.9	Significant changes during the reporting period in the size, ownership and structure of the organization.	7-11; 136
2.10	Awards and honors received during the reporting period.	7-11; 20-21; 41-42; 48-71; 104-106
3. REPORT PARAMETERS		
3.1	Reporting period.	135
3.2	Date of most recent previous report.	135-137
3.3	Reporting cycle of most recent previous report.	129-131
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Correlation of indicators with United Nations Global Compact

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Appendix III

Contacts and relations with stakeholders

Appendix III

Contacts and relations with stakeholders

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