REASONED PROPOSAL OF THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES, S.A. FOR THE APPROVAL OF A REMUNERATION POLICY FOR THE DIRECTORS OF THE COMPANY, INCLUDED IN ITEM 7.2 OF THE AGENDA FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR 25 AND 26 APRIL 2018, ON FIRST AND SECOND CALL, RESPECTIVELY.

1. Introduction

In accordance with the provisions of Article 529 novodecies of the consolidated text of the Spanish Companies Law (Ley de Sociedades de Capital), approved by Royal Legislative Decree 1/2010 of 2 July (the "**Spanish Companies Law**"), the Board of Directors of Promotora de Informaciones, S.A. ("**Prisa**" or the "**Company**"), based on the report issued by the Appointments and Remuneration Committee —which is attached hereto and which terms are completely endorsed by the Board— , has drawn up and approved this reasoned proposal to approve a remuneration policy for the directors of Prisa, applicable in financial years 2017, 2018 and 2019.

This proposal will be submitted to General Shareholders Meeting's approval to be held, foreseeably on 25 April 2018.

2. Effective period

In accordance with the provisions of article 529 novodecies of the Spanish Companies Law, the directors' remuneration policy shall be applied in 2018, 2019 and 2020, unless the General Shareholders Meeting approves its amendment or replacement during such period.

Consequently, this remuneration policy substitutes and replaces the former "directors' remuneration policy 2017-2019" in force (approved by the Annual General Meeting on 30 June 2017 and subsequently amended through a resolution from the Extraordinary General Meeting on 15 November 2017) and shall be applicable with retroactive effects from 1 January 2018.

Without prejudice to the foregoing, the remuneration that was paid or is paid in 2018 to the directors or former directors under the "directors' remuneration policy 2017-2019" shall be valid, as specified in the policy.

3. Principles of the new remuneration policy

The fundamentals of the remuneration policy for PRISA's directors, in their capacity as such and for discharging their executive duties, where applicable, consider the general principle that the directors' remuneration must be essential to attract, retain and motivate directors with an outstanding and appropriate professional profile so that they can contribute to the strategic objectives of the Group.

Specifically, the remuneration policy is based on the following principles:(a) restraint and adaptation to the best market practices; (b) proportionality; (c) restrictions to the transfer of shares which the directors receive as part of their remuneration; and additionally (d) the directors' remuneration for discharging executive duties shall be based on the following criteria:

- it must motivate them to stay on and guide their conduct, with responsibility and special focus for the long term, with a reasonable link to the share performance in that time horizon;
- it must enable them to deal with the Company's current situation, outlook and sustainable growth targets;
- it must include fixed and variable annual and, where applicable, multi-year components, in cash, in kind and in items linked to the share price;
- a clause must be included in the respective contracts which enables the Company to claim the reimbursement of any variable remuneration paid in the event that it is subsequently objectively proven that it was determined based on incorrect or inaccurate data.

Specifically, the directors' remuneration shall maintain a reasonable proportion in line with the Company's relevance, its current economic and financial situation and the comparables' market standards. Likewise, the remuneration system will be aimed at fostering long-term profitability and sustainability and includes the necessary precautions to avoid taking excessive risk and having to offset unfavourable results.

4. Outline of the new director remuneration policy

The outline of the new director remuneration policy is similar to that which is currently in effect, though certain improvements are included:

- **<u>With respect to non-executive directors</u>**: The amounts of fixed remuneration corresponding to non-executive directors for their membership of the Board of Directors and of the various committees of the Board are modified, and fees for participating in the meetings of such bodies are eliminated.

- **<u>With respect to executive directors</u>**:

  (a) <u>More information regarding variable remuneration</u>: the procedure is detailed for establishing the annual variable remuneration of executive directors, as well as the parameters to which it will be linked, among others.

(b) Specific aims: the proposal provides for the establishment of specific aims for each financial year, the degree of compliance with which will be periodically reported on in the Annual Director Remuneration Report.

(c) Medium-term incentive plan: the proposal establishes the plan for variable remuneration in the medium term (2018-2020) in shares, which is submitted to the shareholders for approval at the same General Shareholders' Meeting.

(d) Malus and clawback clauses: executive directors have a clawback clause that permits the Company to demand reimbursement of the variable components of remuneration when they have been paid on the basis of information subsequently proven to be inaccurate. Similarly, the plan for variable remuneration in the medium term (2018-2020) will establish the corresponding malus and clawback clauses.

5. Conclusion

The Board of Directors of Prisa considers that the directors' remuneration provided for in the remunerations policy submitted to the General Meeting, is in line with the Company's relevance, its current economic and financial situation and the comparables' market standards. Likewise, the remuneration system will be aimed at fostering long-term profitability and sustainability and includes the necessary precautions to avoid taking excessive risk and having to offset unfavourable results.

6. Proposed resolution to be submitted to the shareholders at the General Shareholders' Meeting

"7.2 ***Review and approval, where appropriate, of the directors remuneration policy, applicable to the financial years ending on 31 December 2018, 2019 and 2020, and revocation of the directors' remuneration policy 2017-2019.***

Approve, in accordance with the provisions of Article 529 of the Spanish Companies Law, and in concordance with the motivated proposal issued by the Board of Directors, accompanied by the mandatory report issued by the Appointment and Remuneration Committee, the remuneration policy of the members of the Board of Directors of the Company.

This directors' remuneration policy shall be applied for the financial years ending on 31 December 2018, 2019 and 2020 —unless the General Shareholders Meeting approves its amendment or replacement during such period—, and substitutes and replaces the former "directors' remuneration policy 2017-2019" in force (approved by the Annual General Meeting on 30 June 2017 and subsequently amended through a resolution from the Extraordinary General Meeting on 15 November 2017).

The approved remuneration policy has been made available to the shareholders at the time of convening the General Meeting.

In Madrid, on 22 March 2018

REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PROMOTORA DE INFORMACIONES, S.A. WITH RELATION TO THE PROPOSED RESOLUTION RELATING TO THE APPROVAL OF A NEW REMUNERATION POLICY FOR THE DIRECTORS OF THE COMPANY

1. Purpose of the report

In accordance with the provisions of section 529 *novodecies* of the Restated Text of the Spanish Companies Law (*Texto Refundido de la Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July (the "**Spanish Companies Law**"), and pursuant to the provisions of article 28.3.c) of the Regulations of the Board of Directors of Promotora de Informaciones, S.A. (the "**Company**" or "**Prisa**"), at its meeting on 22 March 2018, the Appointments and Remuneration Committee of the Company prepared and approved this report to provide a rationale and explanation for the proposal to approve a new remuneration policy for the directors of the Company, applicable in financial years 2018, 2019 and 2020. This report is sent to the Board of Directors so that it may in turn submit the proposal for the approval of the shareholders at Prisa's General Shareholders' Meeting.

The full text of the aforementioned director remuneration policy of Prisa is included as an Annex to this report.

2. Rationale for the proposed modification

The approval of the new remuneration policy proposed to the shareholders at the Ordinary General Shareholders' Meeting falls within the scope of the project to update the Company's internal corporate governance system, in order to bring it into line with the best corporate governance practices, which is considered beneficial for the organisation and management of the Company.

In particular, the proposed modifications are fundamentally aimed at: (a) bringing the remuneration policy into line with the Company's new corporate governance structure, due to the significant changes that have recently occurred to the shareholding structure and to the composition of the Company's Board of Directors; (b) aligning the remuneration structure for the members of the Board of Directors with the general strategy of the Group; and (c) fostering an incentive system that ensures a focus on results and the sustainable creation of shareholder value over the medium and long term.

Moreover, the opportunity has been taken on the occasion of this proposal of a new remuneration policy to organise its structure (by amending the structure of the sections and the corresponding changes to the numbering of the articles) and to introduce certain technical adjustments.

Notwithstanding the foregoing, the main modifications that the proposed remuneration policy presents to the current text of the "directors remuneration policy 2017-2019" are described below:

(A) Introduction and period of validity of the remuneration policy (current section 1 of the effective remuneration policy)

The current section 1 will be divided into two sections with the following titles: section 1 ("Introduction") and section 2 ("Period of validity"). The most significant amendments to this section are set out below:

- If approved by the shareholders at the Meeting, the new remuneration policy will be applicable in financial years 2018, 2019 and 2020 – and will have retroactive effect as from 1 January 2018 – provided that it is not amended by resolution of the shareholders at the General Meeting in accordance with the provisions of section 529 *novodecies* of the Spanish Companies Act;

- The new remuneration policy provides that the remuneration paid or to be paid to directors or to former directors in 2018 under the current remuneration policy shall remain valid. In particular, it is expressly stated that the remuneration of EUR 905,000 as indemnification for early termination by mutual agreement of the contract to provide commercial services to the Company as head of the audiovisual area in favour of the former Executive Vice-Chairman (and current non-Executive Chairman of the Board), and the remuneration of EUR 264,000 as variable annual remuneration for financial year 2017 in favour of Mr Manuel Polanco Moreno, shall be valid.

(B) General principles of the policy (current section 2 of the effective remuneration policy)

The principles of the new remuneration policy are established in the new section 3, under the title "Principles and Foundations", and revolve around the general principle that director remuneration will be that which is necessary to attract, retain and motivate directors with outstanding and suitable professional profiles to contribute to the achievement of the group's strategic objectives:

- Moderation and alignment with the best market practices: Director remuneration will be moderate and in line with remuneration trends and benchmarks in companies that are comparable due to their size, activity or structure, such that it is aligned with the best market practices.

- Proportionality: The remuneration of external directors will be that which is necessary to correspond with the effective dedication, qualifications and responsibility that the position demands, but not so high as to compromise their independence of judgment.

- Restrictions on the transfer of shares received by directors as part of their remuneration: The directors of the Company who receive shares as payment of their remuneration will have the obligation to retain ownership thereof for a minimum period depending on whether they are external or executive directors.

- The remuneration of directors for the performance of executive duties must be such that it (a) motivates them to remain and encourages them to manage to a high standard and with a particular focus on the long term, (b) responds to the Company's current situation, prospects and sustainable growth objectives, (c) includes components that are: fixed and variable; on an annual and, if applicable, multi-year basis; in cash, in kind and in elements taking the stock exchange value as a reference; determined in accordance with certain criteria (such as variable remuneration representing a significant part of total remuneration), and (d) empowers the Company to claim the reimbursement of any variable remuneration paid in certain circumstances.

(C) Remuneration of directors for serving on the Board (current section 3 of the effective remuneration policy)

The main amendments introduced to section 3 of the effective remuneration policy are set out below:

1. Maximum amount of remuneration

The total annual maximum amount that the Company can pay to the directors as a whole for serving on the Board remains set at EUR 2,000,000 (excluding the remuneration received by the executive directors).

2. Elements of the remuneration

- The maximum annual amount of fixed remuneration for serving on the Board is reduced from EUR 75,000 to EUR 70,000, and will be paid in full in cash and on a pro-rata monthly basis.

  In this regard, the possibility established in the current policy of the directors receiving 40% of their remuneration in shares of the Company is eliminated.

- The non-Executive Chairman of the Board of Directors, Mr Manuel Polanco Moreno, will have the right to receive gross annual fixed remuneration of EUR 500,000 for serving as a director and as non-Executive Chairman of the Board, which sum will be paid in cash and on a pro-rata monthly basis.

- The annual fixed remuneration that non-executive directors receive for serving on the Committees of the Board of Directors will be paid in cash and on a pro-rata monthly basis. The maximum annual remuneration for serving on the Executive Committee will be EUR 30,000 per director (as opposed to the EUR 75,000 established in the currently effective policy), while the annual remuneration for serving on the Audit and Compliance Committee and on the Appointments, Remuneration and Corporate Governance Committee will be EUR 20,000 per director and twice that sum for their respective chairs; that is, EUR 40,000 (as opposed to the EUR 9,500 and EUR 19,000 respectively established in the current policy).

It must be taken into account in this respect that included within the scope of the amendment to the Articles of Association that the Board has proposed to the shareholders at the General Shareholders' Meeting is the restructuring of the three existing committees into two: the Audit and Compliance Committee, and the Appointments, Remuneration and Corporate Governance Committee.

It is also established that the directors will no longer receive fees for attending the meetings of the Board and of the Committees.

- Except for the executive directors, Prisa's directors may accrue other fees for serving on the Boards of Directors of other companies of the Group.

- Mr Manuel Polanco will have the right to receive, in accordance with the terms agreed for the termination of his previous services agreement, the amount established therein to remunerate his non-compete agreement in the sum of EUR 230,000 if he ceases to be chairman of the Board before 31 December 2019 and does not compete with the PRISA Group within one year period from the end of his term, on the conditions that are set forth in the restated text of the remuneration policy.

- The Company shall reimburse the directors for the costs associated with travelling and accommodation to attend meetings of the Board of Directors and Committees.

- The Company is obliged to contract public liability insurance for all its directors.

(D) Remuneration system applicable to executive directors (current section 4 of the effective remuneration policy)

1. Elements of the remuneration

Remuneration of executive directors may include the following remunerative elements: (a) fixed remuneration, (b) short-term variable remuneration and medium- or long-term variable remuneration, (c) social benefits, (d) remuneration in kind, and (e) insurance, savings plans, indemnification, and exclusivity, post-contractual non-compete, or loyalty agreements.

2. Fixed remuneration

Executive directors will receive annual fixed remuneration in cash amounting to a total of EUR 500,000 for their executive and senior management duties.

3. Variable remuneration

Annual variable remuneration

- The annual variable remuneration of the CEO, which is regulated in his contract with the Company, will be determined according to a scale of compliance and will be linked to the achievement of quantitative business objectives, as well as qualitative objectives where applicable.

- The Board will have discretion to establish the variable remuneration system for executive directors within the framework of this policy.

- The annual variable remuneration of the CEO, Mr Manuel Mirat Santiago, amounts to EUR 300,000, which will be fully paid in the event of fulfilment of 100% of the objectives established. There is the possibility of such amount being increased to a maximum of 130% in the event that the level of fulfilment of the objectives established exceeds 100%, meaning that the maximum amount the CEO could receive for this item of remuneration is EUR 390,000.

- The annual bonus is paid after the end of the financial year.

Medium-term variable termination

- If approved by the shareholders at the General Meeting, executive directors will be the beneficiaries of a medium-term incentive plan with a reference period of three years (2018, 2019 and 2020), notwithstanding the settlement period;

- The Incentive Plan provides for the possibility of the executive director being able to receive a certain number of ordinary shares of the Company after a three-year vesting period and subject to the fulfilment of certain requirements, on the terms established in the policy.

4. Indemnification in the event of termination of duties as executive director

Contracts between the executive director and the Company are required to provide for the right to receive indemnification in certain cases involving early termination of executive duties.

5. Other terms and conditions of contracts with executive directors

The new restated text of the remuneration policy states the remaining essential terms and conditions of contracts between the executive director and the Company.

6. Other remuneration in kind

- A new section is included that sets forth other remuneration in kind for directors of the company and in particular;

- It specifies the procedure to determine the sums insured under the life insurance policies for the non-Executive Chairman and the CEO. In particular, it specifies that for 2018, the sums insured for the non-Executive Chairman and the CEO amount to EUR 500,000 and EUR 800,000, respectively;

- It also specifies the procedure for determining the premiums of this policy for each year;

- The CEO will also have the right to use of a chauffeured vehicle, on the terms stated in the Company's vehicle fleet policy;

- The Chairman shall have at his disposal the necessary material and human resources for the proper performance of his position and duties as non-Executive Chairman of Prisa's Board of Directors.

(E) Other remuneration of directors for services provided other than those inherent to their position (current section 5 of the effective remuneration policy)

The numbering of the section is changed to section 7 of the new restated text of the remuneration policy. Additionally, the wording of the section is updated to adapt it to the new organisation of the Company's governance structure.

3. Conclusion

The Appointments and Remuneration Committee considers that the proposed director remuneration policy is submitted the Board of Directors in compliance with its duties, as well as in general terms with the good governance recommendations that are generally recognised by the international markets in this area.

In Madrid, on 22 March 2018

ANNEX

DIRECTOR REMUNERATION POLICY OF PROMOTORA DE INFORMACIONES, S.A.

[*This document is a translation of an original text in Spanish. In case of discrepancy, the Spanish version will prevail*]

DIRECTORS' REMUNERATION POLICY
OF PROMOTORA DE INFORMACIONES, S.A.

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DIRECTORS' REMUNERATION POLICY OF PROMOTORA DE INFORMACIONES, S.A.

1. INTRODUCTION

In accordance with the provisions of article 529 novodecies of the consolidated text of the Spanish Companies Law, approved by Legislative Royal Decree 1/2010 of 2 July (the "**Spanish Companies Law**"), the General Meeting must approve the directors' remuneration policy at least every three years as a separate item on the agenda.

This document establishes the directors' remuneration policy of Promotora de Informaciones, S.A. ("**PRISA**" or the "**Company**"), which is submitted for approval by the General Meeting to be held on 25 April 2018.

This proposed remuneration policy includes a justification report from the Appointment and Remuneration Committee and a justified proposal from the Company's Board of Directors, in accordance with article 529 novodecies of the Spanish Companies Law. Both documents are available to the shareholders on the Company's website as from the date on which the General Meeting was convened.

2. VALID PERIOD

If approved by the General Meeting, this directors' remuneration policy shall be applied by the Company in 2018, 2019 and 2020. Any amendments to or replacements of the policy during its validity shall require prior approval from the General Meeting in accordance with the provisions of article 529 novodecies of the Spanish Companies Law.

Consequently, this remuneration policy substitutes and replaces the former "directors' remuneration policy 2017-2019" in force (approved by the Annual General Meeting on 30 June 2017 and subsequently amended through a resolution from the Extraordinary General Meeting on 15 November 2017) and shall be applicable with retroactive effects from 1 January 2018.

Without prejudice to the foregoing, the remuneration that was paid or is paid in 2018 to the directors or former directors under the "directors' remuneration policy 2017-2019" shall be valid, in particular the following remuneration in favour of the former Executive Vice Chairman (and current Non-Executive Board Chairman), Mr Manuel Polanco Moreno:

– EUR 905,000 as the benefit for the early termination by mutual agreement of his mercantile service lease with the Company, as the audiovisual officer.

– EUR 264,000 as the annual variable remuneration for 2017.

3. PRINCIPLES AND FUNDAMENTALS

3.1 General principles

The remuneration for the members of the Board of Directors is determined in accordance with that established in the Articles of Association, in the Board of Directors Regulations and in the resolutions adopted by the General Meeting.

The fundamentals of the remuneration policy for PRISA's directors, in their capacity as such and for discharging their executive duties, where applicable, consider the general principle that the directors' remuneration must be essential to attract, retain and motivate directors with an outstanding and appropriate professional profile so that they can contribute to the strategic objectives of the group of which PRISA is the parent company (the "**Group**").

Specifically, the remuneration policy is based on the following principles:

– Restraint and adaptation to the best market practices: PRISA makes sure that the directors' remuneration is restrained and conforms to the remuneration trends and references in its activity sector or among its comparables in terms of size, activity or structure, so that it is aligned with the best market practices.

– Proportionality: External directors' remuneration should sufficiently compensate them for the actual dedication, qualification and responsibilities that the post entails, but should not be so high as to compromise their independence.

– Restrictions to the transfer of shares which the directors receive as part of their remuneration: External directors who receive shares in payment for their fixed remuneration must maintain ownership of such shares until their removal as directors. On the other hand, executive directors who receive shares as a remuneration payment cannot transfer the ownership of a number of shares equal to twice the amount of their fixed annual remuneration until at least three years have elapsed from the time of their allocation. Such conditions shall not apply to any shares that the directors must dispose of to defray costs and taxes related to their acquisition.

– The directors' remuneration for discharging executive duties shall be based on the following criteria:

(a) it must motivate them to stay on and guide their conduct, with responsibility and special focus for the long term, with a reasonable link to the share performance in that time horizon;

(b) it must enable them to deal with the Company's current situation, outlook and sustainable growth targets;

(c) it must include fixed and variable annual and, where applicable, multi-year components, in cash, in kind and in items linked to the share price, determined in accordance with the following criteria in order for the balancing of the different items of the remuneration to be aligned with the market practice:

- the fixed remuneration must be moderate and shall not be modified during the period of this Policy, unless there are specific circumstances which warrant a review.
- the variable remuneration must represent an important part of the total remuneration.
- the medium-term remuneration must have a significant weighting.
- the share-based remuneration must be also significant.
- the variable remuneration must be partially received over time.

(d) a clause must be included in the respective contracts which enables the Company to claim the reimbursement of any variable remuneration paid in the event that it is subsequently objectively proven that it was determined based on incorrect or inaccurate data.

Specifically, the directors' remuneration envisaged in this policy shall maintain a reasonable proportion in line with the Company's relevance, its current economic and financial situation and the comparables' market standards. Likewise, the remuneration system will be aimed at fostering long-term profitability and sustainability and includes the necessary precautions to avoid taking excessive risk and having to offset unfavourable results.

4. REMUNERATION FOR DIRECTORS IN THEIR CAPACITY AS SUCH

4.1 General criteria

The remuneration for directors in their capacity as such shall consist of a fixed annual amount, which is established as follows:

(i) The maximum annual remuneration amount for all the directors in their capacity as such shall be determined by the General Meeting.

(ii) At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors shall distribute among its members the aforementioned remuneration, taking into account the functions and responsibilities of each director, whether they belong to the Board Committees, and the other objective circumstances that the Board of Directors deems relevant. In that sense, a larger remuneration amount has been established for the Chairman of the Board of Directors than for the other Board members based on the required dedication to his institutional and representation duties for the Company at the highest level, among other non-executive functions that he carries out.

4.2 Maximum amount of directors' remuneration in their capacity as such

The maximum annual amount that the Company can pay to all the directors in their capacity as such (excluding the amount they receive as executive directors for the items stated in section 5 below) cannot exceed EUR 2,000,000. That cap shall remain in force until the General Meeting approves an amendment.

4.3 Remuneration items

4.3.1 Fixed annual remuneration for serving on the Board of Directors

The fixed annual remuneration which the non-executive directors receive for serving on the Board of Directors shall be paid to each external director in cash on a prorated monthly basis.

The maximum fixed annual remuneration for this item shall be EUR 70,000 per director.

4.3.2 Fixed annual remuneration for the non-executive Chairman

The non-executive Chairman of the Board of Directors, Mr Manuel Polanco Moreno, shall be entitled to receive a gross fixed annual remuneration of EUR 500,000 in his capacity as a director and as the non-executive Board Chairman. That remuneration shall be paid in cash on prorated monthly basis and will be incompatible with the remuneration items referred to in sections 4.3.1 above and 4.3.3 below.

Likewise, the non-executive Chairman shall be a beneficiary of the life and health insurance policy referred to in section 6 below.

4.3.3 Fixed annual remuneration for serving on the Board Committees:

The fixed annual remuneration which the non-executive directors receive for serving on the Board Committees shall be paid in cash on a prorated monthly basis and the maximum amounts are as follows:

i. Remuneration for serving on the Delegated Committee: EUR 30,000 per year per director.

ii. Remuneration for serving on the Audit and Compliance Committee and on the Appointment, Remuneration and Corporate Governance Committee: EUR 20,000 per year for each member, being twice that amount for their respective Chairpersons (i.e. EUR 40,000).

4.3.4 Serving on the Boards of Directors of other Group companies

PRISA's directors, except the executive ones, can accrue other fees for serving on the Boards of Directors of other Group companies, in accordance with their respective Articles of Association.

4.3.5 Other remuneration items

Mr Manuel Polanco is entitled to receive, in accordance with the terms agreed for the termination of his former service provision contract, the amount foreseen therein to compensation the non-competition agreement (a clause which was agreed to stop being in force on 31 December 2019), amounting to EUR 230,000 if he ceased being the Board Chairman before 31 December 2019 —as a result of his removal as the Board Chairman through a resolution by the General Meeting or by the Board for reasons other than a serious breach of his obligations which would lead to his removal— and did not compete with the PRISA Group during the period of one year after his removal . Such amount derives from Mr Manuel Polanco's former contract as executive director and, therefore, is not included in the directors's maximum remuneration cap referred to in section 4.2. above.

The remuneration policy for the directors in their capacity as such does not envisage granting credits, advance payments or guarantees. Likewise, it does not envisage the non-executive directors participating in employee welfare systems or being entitled to compensation in the event that they terminate their duties as directors; also, it does not envisage granting remuneration other than that described in this policy, without prejudice to that envisaged in section 6.

4.4 Other provisions

4.4.1 Expenses related to Board and Committee meetings

The travel and accommodation expenses for attending the meetings of both the Board of Directors and the Committees shall be reimbursed by the Company to the directors, provided that they have been previously notified to the Company and accepted by it and are duly justified.

In addition, PRISA's directors do not receive allowances for serving on the Board or on the Committees or any other fixed remuneration as directors.

4.4.2 Civil liability insurance

The Company has arranged civil liability insurance for all its directors under the usual market conditions and proportionate to the Company’s specific circumstances.

5. REMUNERATION FOR DIRECTORS FOR PERFORMING EXECUTIVE DUTIES

Mr Manuel Mirat Santiago is the only member of the Board of Directors who carries out executive duties at PRISA.

5.1 Remuneration items

The remuneration items comprising the executive directors' remuneration as well as the basic terms and conditions of their functions must be stated in a contract signed between the Company and the director and it must be approved previously by the Board of Directors, where the director must abstain from voting on and discussing the matter and there must be a majority of two-thirds of its members.

Executive directors shall not receive any amounts for the items envisaged in section 4 below. Nevertheless, executive directors are beneficiaries of the civil liability insurance arranged by the Company for its directors.

The executive directors' remuneration can include the following items:

– fixed remuneration;

– short-term variable remuneration and medium- or long-term variable remuneration;

– employee welfare;

– remuneration in kind; and

– insurance, savings plans, indemnities and exclusivity, post-contractual non-compete or seniority covenants.

5.2 Fixed remuneration

Executive director shall receive for their executive and senior management duties a fixed annual remuneration in cash amounting to EUR 500,000.

5.3 Variable remuneration

Part of the executive directors' remuneration will be variable, with a view to strengthening their commitment to the Company and incentivise better performance. The variable remuneration of the executive directors shall represent a relevant part of their total remuneration and be linked to meeting targets established by the Board of Directors, which will be mostly specific and quantifiable, so that this is not due simply to the general performance of the markets, of the Company's activity sector or other similar circumstances. The Company's purpose in this respect, like with the Group's other senior managers, is to provide competitive remuneration packages which attract and retain outstanding professionals while establishing a link between the remuneration and results and the achievement of the targets for the Company and the Group.

The executive directors' variable remuneration currently includes a short-term annual variable amount and may also include a medium or large term variable remuneration.

The executive directors' variable remuneration targets are approved by the Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee. At the proposal of that Committee, the Board of Directors is also responsible for assessing the degree of compliance with the established targets.

5.3.1 Actions adopted by the Company with respect to the variable remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, value or interests

The variable remuneration system established by the Company includes the following provisions for these purposes:

- Every year, a variable remuneration system is defined based on the formal procedures to determine the amounts to be paid to the executive director. The objectives are established previously in writing and their achievement determined on the basis of the results approved by the Board.
- The right to receive guaranteed annual variable remuneration does not exist.
- The remuneration linked to company earnings should take into account any qualifications stated in the audit report that reduce their amount.
- The contract with the Chief Executive Officer, Mr Manuel Mirat Santiago, includes a clawback clause, which enables the Company to claim the reimbursement of the variable components of the remuneration which have been paid based on data subsequently found to be inaccurate. This measure has effects for the remuneration received after the entry into force of his contract with the Company, i.e. from 4 September 2017. Likewise, the Incentive Plan will envisage the corresponding malus and clawback clauses (as defined below).
- The system established for the quantitative targets takes into account the variables which have been identified within the Company's risk map.
- All the variable remuneration has established a payment cap.

5.3.2 Annual variable remuneration

The annual variable remuneration of the Chief Executive Officer, Mr Manuel Mirat, is regulated in his contract with the Company, according to which he will receive variable non-vested remuneration in cash, in accordance with the targets allocated to each annual period within the term of his contract and which will be established every year by the Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee. The annual variable remuneration of the Chief Executive Officer, which will be determined in accordance with a scale of compliance, will be mainly linked to meeting quantitative business objectives, including the Group's operational and financial objectives, the value creation and sustainability objectives and, where applicable, the qualitative objectives. The Board shall have the discretion to establish the variable remuneration system for the executive directors within the framework of this policy.

The variable remuneration of the Chief Executive Officer, Mr Manuel Mirat Santiago, for a 100% degree of compliance with the established objectives, amounts to EUR 300,000, with the possibility to increase said amount, in a maximum of 130%, if the degree of compliance with the objectives are over 100%, so that the maximum amount that the Chief Executive Officer can receive for this remuneration item amounts to EUR 390,000.

The annual variable remuneration is paid after the end of the year, whereby the amount accrued during the year by the Chief Executive Officer is settled, where applicable, the following year.

In each *annual directors' remuneration report*, the Company will provide details of how this policy is implemented and the specific objectives established for each year and their degree of compliance.

5.3.3 Medium- or long-term variable remuneration

– <u>Medium-term incentive plan 2018-2020</u>

If approved by the General Meeting, which is expected to be held on 25 April 2018, the executive director will be the beneficiary of a medium-term incentive plan, referred to a three-year period (2018, 2019 and 2020), without prejudice to the settlement period (the "**Incentive Plan**").

The Incentive Plan is also aimed at linking a part of the remuneration of the management team (including the executive director) with the shareholders' interest within a multi-year and long-term value creation framework for the Company and its Group.

The Incentive Plan envisages the possibility of the executive director receiving a certain number of ordinary company shares after three years and provided that certain requirements are met. The details of how the Incentive Plan will be applied and executed are regulated in the aforementioned resolution from the General Meeting and the general terms and conditions of the Incentive Plan approved by the Company's

Board of Directors, at the proposal of the Appointment, Remuneration and Corporate Governance Committee (the "**General Conditions**").

Where applicable, the shares will be delivered within sixty calendar days of the date on which the Company's Board approves the financial statements for 2020 ("**Delivery Date**").

The Company will allocate a certain number of restricted stock units ("**RSUs**"), which will be used as the reference for determining the final number of shares to be delivered to the executive director.

A portion of the shares to be delivered upon completion of the Incentive Plan will depend on the increase of the Company's share value, to be determined by the difference between the share market value at the beginning and at the end of the Incentive Plan, according to the terms of the General Meeting's resolution and from a minimum value increase level, in the terms to be established by the Company's Board of Directors.

Another portion of the shares to be delivered will depend on the degree of compliance of the Group's consolidated EBITDA and Cash Flow generation objectives for the period 2018-2020, on the basis of a graded scheme also to be established on the referred General Conditions.

At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors will determine what portion of shares would be delivered depending on the value increase and what portion will be delivered depending on the compliance of the EBITDA and Cash Flow objectives (and the respective weighting of these two objectives) and the corresponding graded schemes regarding the value increase and objectives compliance, together with their respective percentages of the shares to be delivered.

At the proposal of the Appointment, Remuneration and Corporate Governance Committee, the Board of Directors can establish different objectives in the interests of the Company and of its shareholders in the event that there are significant events or corporate transactions which, in the Board's opinion, significantly affect the Incentive

Plan and which must be stated in the corresponding *Annual Directors' Remuneration Report*, as well as the establishment of the Incentive Plan objectives, scales and weightings.

The Board of Directors will also be entitled to set a maximum share value increase which would result in the early settlement of the Incentive Plan and the delivery of the corresponding shares to the Chief Executive Officer depending on the market share value of PRISA's shares on that moment and on the compliance of the EBITDA and Cash Flow objectives on that date.

In order to receive the shares the executive director must maintain a contractual relationship with the PRISA Group during the reference period and until the Delivery Date, except for certain cases of termination due to causes non attributable to him (good leaver), which will be duly determined on the General Conditions of the Incentive Plan to be approved by the Board of Directors.

The Incentive Plan will envisage the corresponding malus clauses, which will be applicable during the term of the Incentive Plan and between its termination and the actual delivery of the shares, and the clawback clauses, which may mean that the shares can be reduced or refunded under certain circumstances, in accordance with that established by the Board of Directors at any given time.

The maximum number of shares that the executive director can receive under the Incentive Plan amounts to 2,800,000 shares.

In any case, the Company reserves the right to decide, if it deems this appropriate, to replace the delivery of shares with the payment of an amount in cash.

5.4 The right to receive an indemnity in certain cases of early termination of the executive duties is stated in the executive director's contract with the Company.

The right to receive an indemnity in certain cases of early termination of the executive duties is stated in the executive director's contract with the Company.

In that sense, the contract of the Chief Executive Officer, Mr Manuel Mirat Santiago, envisages that, once the four years stated in the contract or any of its extensions have elapsed, if the Board of Directors of PRISA decides not to renew this position, he will be entitled to an indemnity equivalent to 18 months of his fixed and variable annual remuneration. Likewise, in this case the Chief Executive Officer will be entitled, as part of his settlement, to the proportional part of the variable remuneration target (i.e. EUR 300,000) and, where applicable, of the multi-year incentive.

In the case of unilateral termination simply by the Company's decision or because it has committed a breach, Mr Manuel Mirat Santiago will receive the corresponding employment indemnity in accordance with the regulations applicable to the ordinary employment relations on hold plus 18 months of the fixed and variable annual compensation in cash, at the date of his termination.

5.5 Other terms and conditions of the contract with the executive director

The essential terms and conditions of the mercantile contract with the executive director are, in addition to the aforementioned remuneration terms, as follows:

(i) Term: Four years from 4 September 2017.

(ii) Advance notice given by the director: Three months. Obligation to pay the fixed remuneration in cash, including the proportional distribution of the salary bonuses corresponding to the period of notice that he fails to comply with.

(iii) Indemnity for terminating the contract at the Company's request: Advance notice of three months. In the event of partial or full breach of the advance notice, the Company must pay the fixed remuneration in cash, including the proportional distribution of the salary bonuses corresponding to the period of notice that it fails to comply with. The corresponding employment indemnity in accordance with the regulations applicable to the ordinary employment relations on hold plus 18 months of the fixed and variable annual compensation of the Chief Executive Officer.

(iv) Exclusivity and non-compete covenants: Exclusivity and the specific prohibition to not compete, except the companies excluded in the contract itself.

(v) Post-contractual non-compete covenant: Six months. Spanish or foreign companies with an identical or similar activity to the Group companies. Commitment not to hire any person who is or during the twelve months prior to the date of termination of the contract was a member of the Group staff; and not to contribute to any Group worker leaving it.

Compensation: six months of the last fixed gross salary, payable in equal instalments over the term of the non-compete covenant. Breach: obligation to refund the amount of compensation and, in addition, an indemnity for an amount equal to six months of the fixed remuneration received.

6. OTHER REMUNERATION IN KIND

6.1 Life and accident insurance

PRISA has signed a policy with an insurance company that covers the contingencies of death for any reason, absolute disability and total permanent disability by reason of accident with a coverage amount equivalent to one year of the total remuneration of the beneficiary (the remuneration received in the previous year), additional coverage in the case of accidental death or absolute disability by reason of accident and further additional coverage in the event of death by traffic accident. Within the Company's Board of Directors, the only beneficiaries of this policy are the non-executive Chairman and the Chief Executive Officer. The death benefit has an age limit of 75 years, and the supplementary risk coverage also has an age limit of 65 years.

The insured capitals of the non-executive Chairman and the Chief Executive Officer’s life insurance for the year 2018 amount to EUR 500,000 and EUR 800,000, respectively. Non-executive Chairman’s insured capital is linked to his fixed remuneration. In the Chief Executive officer’s case, pursuant to the terms and conditions of the policy, the insured capital is equivalent to one year of the remuneration associated to his post. In particular, for the year 2018 the fixed remuneration and the annual target variable remuneration (i.e. EUR 300,000) have been taken for reference, given that at the time the policy was renewed the one year period since his appointment as Chief Executive Officer had not elapsed. As from 2019, the insured capital will be determined taking for reference the fixed remuneration plus the variable remuneration received in the previous year.

This policy's premiums are revised on an annual basis depending on the accident indices of the Group's collective policies and vary according to the age of the insured person. For this purpose, in the first quarter of each year the premiums attributable to each of the beneficiaries are revised. For the year 2018, the premiums corresponding to the non-executive Chairman amount to EUR 1,416.45 for he life insurance and EUR 118.50 for the accident insurance, while with respect to the Chief Executive Officer, the premiums amount to EUR 855.75 for the life insurance and EUR 189.60 for accident insurance.

6.2 Private health insurance

In addition, the Group, within its policy applicable to all executives, has private health insurance in the form of reimbursement of expenses. Within the Company's Board of Directors, the beneficiaries of this insurance are the non-executive Chairman and the Chief Executive Officer, as well as the family members thereof, respecting the age limits appearing in the corresponding policy.

The private health insurance's premiums are revised on an annual basis depending on the accident rate of the Group's policies and the evolution of the health Consumer Index Price following the proposal of the insurance broker. For this purpose, the last quarter of the year the premium to be applied during the following year is determined. For the year 2018, the premium corresponding to the non-executive Chairman's health insurance amounts to EUR 3,619.42, while the premium corresponding to the Chief Executive Officer amounts to EUR 4,718.40.

6.3 Other remunerations in kind

The Chief Executive Officer is also entitled to use a vehicle with driver, under the terms set out in the PRISA Group's vehicle fleet policy.

Finally, the Chairman will have the necessary material and human resources to appropriately discharge his duties as the non-executive Chairman of PRISA's Board of Directors, all of this in accordance with PRISA's practices and policies, including the right to use a vehicle with driver, under the terms set out in the PRISA Group's vehicle fleet policy, as well as the secretary service.

7. OTHER DIRECTORS' REMUNERATION FOR SERVICES PROVIDED OUTSIDE THEIR DUTIES AS A BOARD MEMBER

The Company can remunerate certain directors for providing other services, at the proposal of the Appointment, Remuneration and Corporate Governance Committee and through a resolution by the Board of Directors.

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