



REPORT ISSUED BY THE BOARD OF DIRECTORS OF PROMOTORA DE INFORMACIONES S.A. ON THE PROPOSED RESOLUTION TO AMEND THE BYLAWS, INCLUDED IN ITEM THREE OF THE AGENDA OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING CALLED FOR DECEMBER 18 AND 19, 2020, ON FIRST AND SECOND CALL, RESPECTIVELY

1. Purpose of the report

The Board of Directors of Promotora de Informaciones, S.A. ("**PRISA**" or the "**Company**"), following a favorable report of the Nominations, Compensation and Corporate Governance Commission, issues this report to justify the proposal to amend the Bylaws submitted to the Extraordinary General Shareholders' Meeting which is expected to be held on December 18, 2020, on first call, or on December 19, 2020, on second call, under item Three of the agenda.

This report is issued by the Board of Directors of the Company pursuant to the provisions of article 286 of the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July 2 (*Real Decreto Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the "**Spanish Companies Act**"), that requires directors of limited liability companies (*sociedades anónimas*), in the event of any amendment to the bylaws, to draft the full text of the proposed amendment as well as to draft a report justifying it. In accordance with this provision and to allow the shareholders to understand the amendments submitted to the General Meeting, an explanation of the purpose and justification of the amendments is given below, together with the proposal submitted for approval by the General Shareholders' Meeting.

2. Purpose and justification of the proposal

The amendment of the Bylaws, which approval is submitted to the Extraordinary General Shareholders' Meeting, is part of the continuous updating and review process of the Company's corporate governance system and internal regulations, to align them with the best corporate governance practices.

This updating project, which also comprises reviewing the Board of Directors Regulations as well as certain internal policies of the Company, aims to adapt such regulations and, in particular, the Bylaws, to the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020, as well as to the novelties introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code (*Código de Comercio*), the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information—including in particular the report on non-financial information—and the non-delegable powers of the board of directors.

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In particular, and among other adjustments, this amendment would adapt the name of the following policies included in the Bylaws: (i) the corporate social responsibility policy, which will be named sustainability policy; (ii) the directors selection policy, which will be named board of directors diversity and members selection policy; and (iii) the policy of communication and contact with shareholders, institutional investors and proxy advisers, which will be named policy of information, communication and contact with shareholders, institutional investors and proxy advisers.

Likewise, both articles 15 and 24 include references to the non-financial information report provided for in the aforementioned Law 11/2018 are included.

The Board of Directors justifies this proposal as it is considered appropriate and in the best interest of the Company.

3. Proposed resolution submitted to approval by the General Shareholders' Meeting

“Amendment to articles 15 (Board of Directors and powers) and 24 (Drafting and verification of the financial statements) of the Bylaws

To approve the amendment to article 15 (Board of Directors and powers) and 24 (Drafting and verification of the financial statements) of the Bylaws, in the terms of the proposal included in the report issued by the Board of Directors for such purpose and made available to the shareholders as from the date of publication of the call notice for this General Meeting, in order to adjust their content to the latest legal and good governance developments, that is, to the new version of the Spanish Corporate Governance Code for Listed Companies published in June 2020, as well as to the novelties introduced by Law 11/2018, of December 28, amending the Spanish Commercial Code (Código de Comercio), the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, in relation to non-financial information and the non-delegable powers of the board of directors.

Consequently, articles 15 and 24 of the Bylaws shall henceforth read as follows:

“Article 15.- Board of Directors and powers

- 1. The Company shall be governed by a Board of Directors.*
- 2. The Board of Directors is competent to deal with any matters not attributed to the General Meeting or another corporate body in accordance with the law or with the Bylaws, and it cannot delegate the powers considered to be non-delegable in the law in any case.*
- 3. The management, administration and representation of the Company, both in and out of court, and in respect of all actions comprised in the corporate purpose, correspond to the Board of Directors, which shall act collectively, without prejudice to the delegations and proxies it may grant.*
- 4. The powers which cannot be delegated in accordance with the law or the Bylaws, the powers that the General Meeting has granted without express authorisation for delegation of power and the powers necessary for responsibly exercising the general supervision and control function cannot be delegated.*
- 5. The Board of Directors shall not delegate the following powers under any circumstances:*

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- (i) The establishment of the Company's general strategies and policies and, in particular:
 - (a) the approval of the strategic or business plan, the management targets and annual budgets, the investment and financing policy, the sustainability policy regarding environmental and social issues, and the dividend and shareholder remuneration policy;*
 - (b) the establishment of the financial and non-financial risk control and management policy, including taxes, and supervision of the internal reporting and control systems;*
 - (c) the establishment of the corporate governance policy for the Company and the group where it is the parent;*
 - (d) the definition of the structure for the group of companies where the Company is the parent;*
 - (e) the establishment of the Company's tax strategy.*
 - (f) the own share policy;*
 - (g) the definition of a board of directors diversity and members selection policy that is specific and verifiable, ensures that the appointment or re-election proposals are based on a prior analysis of the competences required by the Board and favours diversity of knowledge, experience, age and gender; and*
 - (h) the definition of the information, communication and contacts with shareholders, institutional investors and proxy advisors policy.**
- (ii) The supervision of the actual functioning of the Committees that it has created and the actions carried out by the delegated bodies and managers that it has designated.*
- (iii) The drafting of the Company's financial statements, directors' report (including the non-financial information report) and proposed distribution of earnings, as well as the resolution to pay the interim dividend, plus the consolidated financial statements and directors' report for submission to the General Meeting.*
- (iv) The approval of the financial information that all listed companies must periodically disclose as well as other important information that the Company makes public.*
- (v) The appointment and removal of the Company's Chief Executive Officers, the delegation of powers, and the prior approval of the contracts to be arranged between the Company and the directors with executive functions, which will include all the remunerated items for discharging such functions, with the majority established in the law for such purposes.*
- (vi) The appointment and removal of the managers reporting directly to the Board or to any of its members, as well as the establishment of the basic terms of their contracts, including their remuneration.*
- (vii) The resolutions regarding director remuneration, within the bylaw framework and the remuneration policy approved by the General Meeting.*
- (viii) The announcement of the General Meeting and the drafting of the agenda and the proposed resolutions.*

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- (ix) The approval of any types of investments or transactions considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting.*
 - (x) The approval of the creation or acquisition of stakes in special purpose entities or whose registered office is in tax havens and any other similar transactions whose complex nature could tarnish the transparency of the Company and its group.*
 - (xi) The approval, after a report by the Audit, Risks and Compliance Committee, of related-party transactions as defined in the applicable legislation at any given time.*
 - (xii) The authorisation or exemption of the obligations regarding the duty of loyalty in accordance with the legislation in force.*
 - (xiii) Its organisation and functioning and, in particular, the approval of an amendment to the Board of Directors Regulations.*
 - (xiv) The drafting of any types of reports which are required by the Board of Directors in accordance with the law and when the transaction to which the report refers cannot be delegated.*
 - (xv) The monitoring of the existence and maintenance of an appropriate and effective internal control over financial reporting (ICFR).*
 - (xvi) The annual assessment of the functioning of the Board of Directors and its Committees and the approval, based on their respective results, of the corresponding actions aimed at correcting the deficiencies detected, under the terms envisaged in the Board of Directors Regulations.*
 - (xvii) The powers that the General Meeting have delegated to the Board of Directors, unless the latter has been expressly authorised by the former to sub-delegate them.*
 - (xviii) Any other matters that the Board of Directors Regulations reserves fully to its knowledge.*
- 6. Notwithstanding the foregoing, when there are duly justified emergency circumstances and the law allows this, the Delegated Committee or another competent committee can adopt the resolutions corresponding to the matters stated in the preceding sections and they must be ratified by the first Board meeting held after that resolution is adopted.*
- 7. The Board of Directors shall be competent to resolve to issue and list bonds, and grant guarantees for the bond issuance."*

"Article 24.- Drafting and verification of the financial statements

- 1. Within three months of the end of the financial year, the Board of Directors shall draft and sign, in accordance with the regulations in force, the financial statements, the directors' report (including the non-financial information report) and the proposed distribution of earnings and, where applicable, the consolidated financial statements and directors' report.*
- 2. The financial statements and the directors' report shall be reviewed by an auditor under the terms envisaged in the law."*

In Madrid, on November 16, 2020