



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

CORPORATE GOVERNANCE COMMITTEE

**ANNUAL REPORT
2013**

Madrid, February 2014.

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I.- INTRODUCTION

The Corporate Governance Committee (hereinafter the Committee) is governed by article 21 ter of PRISA Bylaws and by articles 26 and related of the Regulation of the Board of Directors and issues this annual report concerning its performance during the 2013 financial year in accordance with the provisions of Article 26. 3.e)ii. of the Board of Directors Regulation.

The current Corporate Governance Committee came into existence in June 2011 as a result of the splitting of the Corporate Governance, Nomination and Compensation Committee (CGNCC) into two separate Committees: a Corporate Governance Committee and a Nomination and Compensation Committee.

II.- COMPOSITION

The composition of the Committee is as follows:

Chairman: Mr. Ernesto Zedillo Ponce de León.- External Independent Director.

Members:

Mr. Jose Luis Leal.- External Independent Director.

Ms. Arianna Huffington.- External Independent Director.

Ms. Agnès Noguera Borel.- External Director (representing significant shareholdings)

During the year 2013 there were no changes in the composition of the Committee.

Article 21 ter of the Bylaws set forth that the Corporate Governance Committee shall be composed exclusively of external directors and likewise provides that its Chairman shall be an independent director, which are, in fact, the cases.

The Committee's secretary is the secretary to the Board of Directors, in accordance with the mentioned rules.

III. ACTIVITIES OF THE COMMITTEE IN 2013

In accordance with the provisions of Article 26 of the Board of Directors Regulation, the Corporate Governance Committee has the following competencies:

a) Regarding the composition of the Board of Directors and Board Committees:

- i. Propose the appointment of independent directors.

- ii. Propose the qualification of directors into the categories of executive, external proprietary, external independent and other directors, when the appointment or renewal of the directors is going to be executed by the General Shareholders Meeting or when that classification is revised annually in the Corporate Governance Report.
 - iii. Inform on the removal of executive and independent directors, when the Board of Directors propose the decision to the Shareholders Meeting or when occurs *justa causa* due to a breach of the director of the duties inherent to his/her position and when is carrying out a disciplinary procedure that could mean the removal of the director.
 - iv. Report, together with the Nomination and Compensation Committee, on proposals for the appointment of the Chairman and Vice Chairman, Chief Executive Officer, and members of the Delegated Committee and other committees of the Board of Directors.
 - v. Evaluate the skills, knowledge and experience on the Board, and therefore, define functions and capabilities required of candidates to fill each vacancy and evaluate dedication necessary to properly perform their duties.
 - vi. Report to the Board on issues of gender diversity in relation to the composition of the Board.
 - vii. Submit to the Board of Directors, a report evaluating the performance and composition of the Board and the performance of their duties by the Chairman and the Chief Executive of the Company.
- b) In connection with the strategy of corporate governance and corporate social responsibility of the Company:
- i. Promoting corporate governance strategy of the Company.
 - ii. Know, promote, guide and monitor the performance of the Company regarding corporate social responsibility and sustainability and corporate reputation and to report thereon to the Board and Delegated Committee as appropriate.
 - iii. Inform and propose to the Board the approval of the Corporate Governance Report.
 - iv. Inform and propose to the Board the approval of the annual corporate social responsibility report and, in general, issue reports and develop actions in the field of corporate social responsibility and sustainability, in addition, in accordance with corporate governance of the Company and when being asked by the Board of Directors or its Chairman.
- c) In connection with the internal rules of the Company:
- i. Propose to the Board the approval of a Code of Ethics

- ii. Propose to the Board the approval of a Code of Conduct of the employees.
 - iii. Report on proposals for amending the Bylaws, Rules of the Board, Rules of the Shareholders Meetings, Rules of Operation of the Shareholders Electronic Forum, the Internal Rules of Conduct, the Code of Ethics and Code of Conduct of the employees and any other rules of governance of the Company.
 - iv. Review the implementation of the Board Rules, the Internal Rules of Conduct, the Code of Conduct of the employees and, in general, the rules of governance of the Company and to make proposals for their improvement.
- d) In connection to transactions with related parties to the Company and companies of the Group:
- i. Report of transactions of the company with a significant shareholder, prior to its approval by the Board.
 - ii. Report professional or commercial transactions of directors, prior to its approval by the Board.
 - iii. Authorize transactions by persons related to directors under the terms provided for in Article 33 of the Board of Directors Regulation.
- e) Other competences:
- i. Review compliance policies and propose all necessary measures for its strengthening.
 - ii. Approve annually a report on the performance of the Committee and propose to the Board of Directors its publication, when the Annual General Meeting is called.
 - iii. Exercise all other powers granted to the Committee in the Board of Directors Regulation.

During 2013 the Committee has met on 4 occasions.

The following are the issues discussed during 2013 in subject areas pertaining to this Committee:

a) Composition of the Board of Directors and Board Committees:

Qualitative composition of the Board of Directors:

The Committee proposed classification of directors into the categories of executive, external proprietary, external independent and others, under two different circumstances: i) when the appointment of independent directors Mr Jose Luis Leal and Ms. Arianna Huffington was proposed to the General Meeting of Shareholders of June 2013, as well as when the interim appointment of Mr Claudio

Boada Palleres, as independent director, was proposed to the Board of Directors held on December 18, 2013, and ii) when that classification is reviewed annually in the Annual Corporate Governance Report.

Specifically, in the Annual Corporate Governance Report corresponding to the 2012 financial year the nature of each director was explained, taking into account the definitions of the CNMV's Good Governance Code. Such classification shall be repeated in the Annual Corporate Governance Report for the 2013 financial year.

Composition of the Board of Directors, the Delegated Commission and the Committees, and appointment of positions.

In order to fill one of the vacancies on the Board left by the resignation on December 18, 2013, of Mr. Martin Franklin and Mr. Harry Sloan, the Committee proposed the interim appointment of Mr Claudio Boada Palleres, as independent director.

Moreover, the Committee has reported, together with the Nomination and Compensation Committee, the appointment of Mr. Alain Minc as member of the Nomination and Compensation Committee in substitution of Mr. Martin Franklin.

Evaluation of the functioning and composition of the Board and the performance by the Chairman of the Board and chief executive of the Company of his duties:

The Committee has coordinated the process for self-evaluation of the Board, informing it of the outcome.

b) Corporate governance and corporate social responsibility strategy of the Company:

Implementation of the Company's corporate governance strategy.

The Committee has focussed its efforts during the year to review the new regulatory framework for corporate governance and, in particular, the Circular 4/2013 and 5/2013 of the CNMV, that approve the new models of Annual Report Remuneration of Directors and Annual Corporate Governance Report.

The Committee has analysed the main news that involve new information and transparency obligations to the Company as well as its practical implementation.

Also, the Committee has noticed the legislative initiatives, in particular, the draft of the law amending the Capital Companies Act to improve corporate governance and, in view of the new rules expected to be approved, the Committee have approved a series of actions and work to be performed during 2014 in order to review and update the rules of corporate governance of the Company

Corporate social responsibility, sustainability and corporate reputation

The Committee has analysed and favourably reported on Corporate Social Responsibility Report for the year 2012, which was approved by the Board of Directors.

Likewise, the Committee will propose to the Board the approval of the Corporate Social Responsibility Report for the year 2013

Annual Corporate Governance Report.

The Committee proposed the Corporate Governance Report for the 2012 financial year to the Board of Directors.

Also, this Committee will propose the Corporate Governance Report for the 2013 financial year to the Board of Directors.

c) Internal rules of the Company:

Amendment of the Company's governance rules.

The Committee has reported favourably on the proposed amendments of the Bylaws and the Regulations to the General Shareholders Meetings, that the Board of Directors submitted to the approval of the ordinary shareholders' meeting held on June 22, 2013.

The purpose of these amendments was to regulate the presidency of the General Shareholders Meetings and to change the supermajority regimen to adopt certain resolutions at the shareholders meeting.

Examination of compliance with the Board Regulation, Internal Conduct Regulation, employee Code of Conduct and, in general, the Company's governance rules.

The Committee analysed, particularly, the compliance with the company's governance procedures during the 2013 financial year.

Compliance with the Internal Code of Conduct Relating to the Securities Markets.

In compliance with the Internal Code of Conduct, the following actions were taken during the financial year 2013:

- The General Secretary has continually updated the list of persons subject to this Internal Code of Conduct.

In that regard, all persons included in that list have been informed of the Internal Code of Conduct.

- The General Secretary has received notice from all persons subject to the Internal Code of Conduct who have participated in transactions involving the purchase or sale of Prisa shares.

- The General Secretary of Grupo Prisa has maintained a Central Register of Insider Information in which, with regard to legal or financial operations that may significantly influence the quotation of company securities, contains an up-to-date list of persons with access to such information.

Compliance with the Code of Conduct.

The Committee has examined compliance with this Code and has also agreed various actions to promote their understanding and compliance.

d) Regarding transactions with parties related to the Company and other Group undertakings:

The Committee reported favourably on and also authorized certain transactions with directors and persons related to them, in accordance with the provisions of the Board of Directors Regulation.

e) Other Matters

The Committee continued to analyse various issues affecting the Company and its directors, as a result of the listing of the securities of the Company in the United States.

This report was approved in Madrid at the meeting of the Corporate Governance Committee held on February 2014.
