

Sustainability
Report
2014



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in review

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**Year
in review**



1. TVI celebrates its 20th Anniversary.
2. Cadena Dial hosts its annual awards.
3. The Spanish writer José Ovejero wins the Alfaguara Novel Prize 2013.

January

- CANAL+ content triumphs at the Golden Globes with a grand total of 14 awards.
- Launch of *cadenaserviajes.com*, the first on-line travel magazine to bring together opinion, news and information, special offers on a range of travel destinations, reviews and user experiences, as well as reports from top travel journalists.

February

- Launch of *As America*, the showcase for Spanish sport for the rest of the

world and bringing sport to the more than 460 million Spanish speakers in Latin America.

- TVI celebrates its 20th Anniversary with a series of initiatives aimed at reinforcing its values and its commitment to shaping the future of Portuguese society.

March

- CANAL+'s *El día del Fútbol* wins a Silver Promax award in the category "Best Programme Branding Design".
- Launch of *El País America*, a regional edition with differentiated news

specifically aimed at coverage of Latin America.

- The Spanish writer José Ovejero wins the Alfaguara Novel Prize 2013 for his book *La invención del amor* (*The Invention of Love*).
- Cadena Dial hosts its annual awards gala at the Auditorium Santa Cruz de Tenerife "Adán Martín".

April

- The World Bank shows its support for Santillana's Sistema UNO initiative with 25 million euros in funding.
- CANAL+ exclusive premiere of the third season of *Game of Thrones*.
- Santillana Foundation gives out the VivaLectura awards for the most outstanding initiatives to foster reading, at the Buenos Aires Book Fair and in collaboration with the Argentinean Ministry of Education and the OEI (Organization of Ibero-American States).

May

- Alberto Salcedo, Juan Ramón Robles,

Emilio Morenatti and Jesús de la Serena, among the winners at the 30th annual Ortega y Gasset Awards for Journalism.

- Ninth annual Latin American Forum on Education in Argentina: "New challenges facing our schools: participation, citizenship and new literacies", organized by Santillana Foundation and sponsored by the OEI (Organization of Ibero-American States).
- 40 Principales Mexico hosts *Evento 40*, the most important music festival in the country featuring the biggest names in pop.
- Funglode (Fundación Global Desarrollo y Democracia), the Global Foundation for Democracy and Development

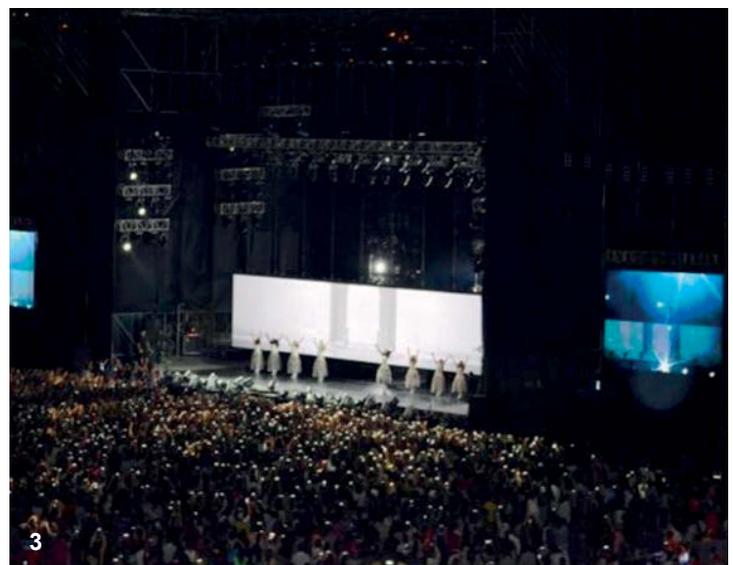
(GFDD) and Grupo Santillana host the Educational Innovation Forum.

June

- *El País* organizes the conference "Investing in Panama" with the participation of the President of the Republic of Panama, Ricardo Martinelli.
- CANAL+ presents *4K Day*, an event focused on Ultra High Definition (UHD), the very latest technology that vastly improves the quality of HD images.
- *El País* organizes the conference "Investing in Peru" in Lima, with the participation of Ollanta Humala, president of Peru.

1. 30th annual Ortega y Gasset Awards for Journalism.
2. Ninth annual Latin American Forum on Education in Argentina.
3. CANAL+ presents *4K Day*.
4. "Investing in Panama" forum organized by *El País*.
5. "Investing in Peru" forum organized by *El País*.





1. CANAL+ shows its commitment to technology in the 2013-14 season.
2. UNICEF's Spanish Committee and Santillana sign an agreement.
3. W Radio in Colombia celebrates its 10th Anniversary.

July

- TVI Intenacional begins broadcasting in the United States to the country's nearly 1.4 million people of Portuguese descent.
- 40 Principales, the leading music radio brand among Spanish-speaking youth, grows in Latin America and begins broadcasting in Paraguay.
- Radio Continental in Argentina gets more nominations than any other radio broadcaster at the prestigious Martín Fierro Awards.

August

- CANAL+ shows its commitment to technology as the 2013-14 football season kicks off.

September

- *El Viajero*, *El País's* travel supplement celebrates its 15th Anniversary with a special issue.
- *Guía del Ocio* (Leisure and Entertainment Guide) is added to *El País's* weekend offer.

- UNICEF's Spanish Committee and Santillana sign an agreement to promote joint projects and initiatives in favor of education.
- 40 Principales is the official broadcaster in Spain and a further nine Spanish-speaking countries for the iTunes Festival 2013, held in London.
- W Radio in Colombia celebrates its 10th Anniversary with a huge Beyoncé concert.



1. CANAL+ renews exclusive NBA broadcast rights.
2. Ondas Awards 2013.
3. 50th Anniversary of Alfaguara.
4. *Icon* is brought to Spain by *El País*.

October

- *El País Semanal* gets a revamp, with changes to structure, news desks and design to better adapt to the digital environment.
- Acciona, Basque Culinary Center and Endesa win the Cinco Días Awards for Business Innovation 2013.
- CANAL+ renews exclusive NBA broadcast rights and expands its range of coverage of the best basketball league in the world.
- The Ondas Awards celebrate their 60th Anniversary with special events and the launch of Radio Ondas, which will broadcast a range

of award-winning programs from over the years from SER's back catalog.

- Santillana's *Pupitre* app wins Best App 2013, in the Children's and Educational category at the TAB Innovation Awards.
- Santillana and PRISA Ediciones participate in the Sixth International Spanish Language Congress in Panama.

- *Icon*, the men's fashion and lifestyle magazine, is brought to Spain by *El País*.

- Santillana ratifies its partnership with UNESCO to improve education in Latin America.

- Alfaguara kicks off the celebrations for its 50th Anniversary at the Guadalajara International Book Fair, bringing together Mario Vargas Llosa, Sergio Ramírez, Xavier Velasco and Joël Dicker.

November

- *El País* extends its global reach with the launch of an edition in Portuguese, *El País Brazil*, and the opening of a newsroom in São Paulo.

- The prestigious Ondas Awards Gala, this year celebrating its 60th Anniversary, continues to identify and honor both Spanish and international talent in the audiovisual sector.

December

- The eighth annual 40 Principales Awards, with proceeds from the awards gala going to the project *El árbol es vida (Trees are Life)*.
- Launch of CANAL+ Series, the latest addition to the CANAL+ premium package. CANAL+ Series is a TV channel dedicated exclusively to TV series, and aims to become the channel of reference for fans of all the top TV shows.
- As Sports Awards 2013: winners include Marc Márquez, the Spanish women's water polo team, Simeone and Marta Ortega.
- The Extraordinary General Shareholders' Meeting of PRISA endorses the agreement on the restructuring of financial debt that the Company had reached with all creditor banks and investment funds.

- TVI24 closes 2013 with record audiences. The 24-hour news channel, which reinforced its news service, consolidated its schedules and strengthened its sports content, recorded its best year ever with an average audience share of 1.7%. The TVI24 network also expanded broadcasts to Angola, Mozambique and Cape Verde.

1. Cinco Días Awards for Business Innovation 2013.
2. Eighth annual 40 Principales Awards.
3. Launch of CANAL+ Series.
4. As Sports Awards 2013.



Ortega y Gasset
de Periodismo

30º Aniversario

EL PAÍS

El País y Finesse

Presenta

Julio Sán

Premios
Ortega y Gasset
de P





2

PRISA, a global group

Mission, vision and values

Main figures

The transformation of PRISA

Business areas

Good Corporate Governance

Self-regulation and ethical codes



2 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.



PRISA is present in the following countries:

Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Portugal, Puerto Rico, Spain, United Kingdom, United States, Uruguay and Venezuela.

Present in 22 countries, PRISA reaches more than 60 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 largest 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 31.3 million unique users* (84 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 distribution, offering products and services adapted to users' changing consumer habits through a wide range of devices.

*(Source: comScore, Dec 2013)

** (Source: Adobe Omniture + Netscape, Dec 2013)

PRISA reaches
more than 60 million users
through its global brands

Mission, vision 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 liberties, equality and civil rights for all. All too aware of this responsibility, three decades on, this commitment remains as strong and vital as ever and now embraces Ibero-America.

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.
- Pluralism and 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 for 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



PRISA headquarters in Tres Cantos.

companies as they strive to be both socially responsible and world leaders in the fields of education, news and entertainment in the Spanish and Portuguese-speaking markets. We are thus responsive to the needs and expectations of a free, responsible, respectful and sustainable society.

Meanwhile, the rapid changes taking place in the media and content sector have spurred PRISA's transformation

A commitment to society
is at the very core
of PRISA

into a "new company", focused not only on the production and distribution of quality content, but also on learning more about each of our stakeholder groups, as well as on the use of new technologies. This new paradigm places the user at the center of our business model and requires us to commit ourselves to a cultural transformation if we are to remain leaders in our sector.

To this end, we never lose sight of a range of crucial values:

- People: everything we do revolves around people.
- Creativity: creativity is our most basic tool in our ongoing drive to innovate.

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.**

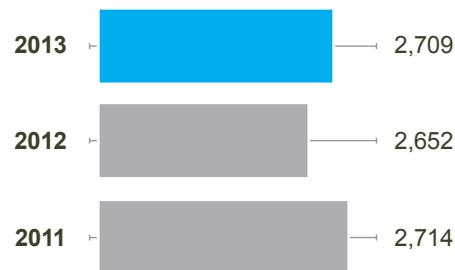
- **Dedication:** our dedication guarantees value, quality and excellence.
- **Integrity:** we see integrity as encompassing honesty, rigor, self-criticism, responsibility, independence and impartiality.
- **Pluralism:** we see pluralism as embracing freedom of expression, transparency and diversity.
- **Connectivity:** we are aware of the importance of being connected and being accessible in order to share and collaborate.
- **Security:** the new digital paradigm requires us to guarantee a secure

environment in order to maintain our users’ trust.

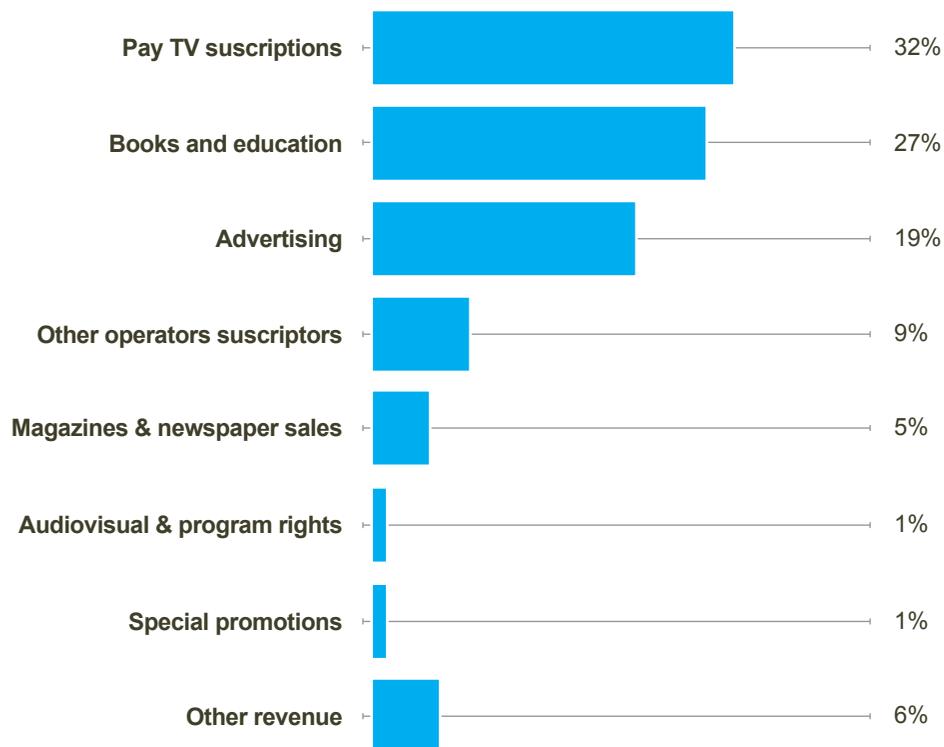
We aspire to be the global benchmark in culture and education in Spanish and Portuguese

Main figures

Operating revenues (in millions of euros)



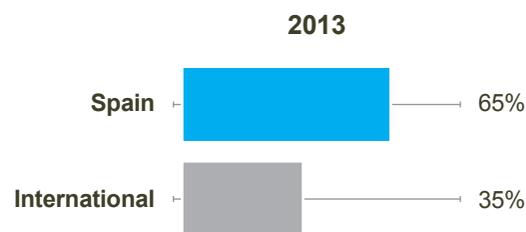
Contribution to revenue by business area



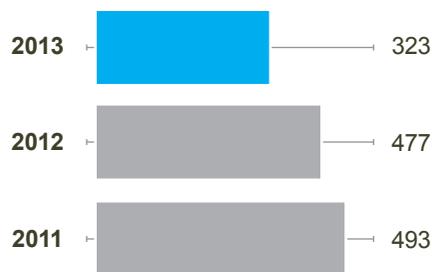
Proforma data with no special items

Revenue source by geographic region
(in millions of euros)

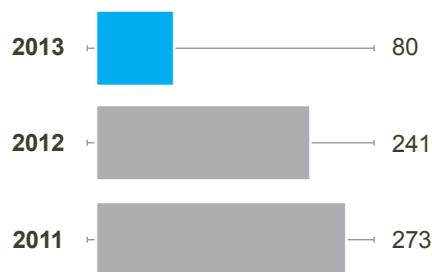
	2013	2012	2011
Spain	1,772 (65%)	1,740 (66%)	1,836 (68%)
International	937 (35%)	912 (34%)	878 (32%)



EBITDA (in millions of euros)



EBIT (in millions of euros)



Proforma data with no special items

Digital audiences

Once again, figures for digital operations confirm PRISA's position as one of the world's leading media groups, with the Group ranked first among Spanish-language media.

In 2013, PRISA reported an audience of 31.3 million unique users (source: comScore) and its sites were visited by almost 84 million Unique Browsers (source: Omniture Netscope), 17% more than in 2012. Noteworthy is the weight of *El País* sites, the world's leading newspaper title in Spanish.

For the first time ever, Latin American audiences outnumber those from Spain.

42% of PRISA's digital audience comes from LatAm, 40% comes from Spain, 4% from the U.S. and 14% from other markets (source: comScore December 2013).

38% of Unique Browsers accessed directly PRISA sites, which indicates the strength of Group brands. 38% accessed sites from search engines, 9% from social networks and 16% via other sites (source: Omniture December 2013).

As communications media, all PRISA brands make a special effort to be part of the social media conversation and to deliver content to those environments where they can connect directly with their audiences: social networks. To this end, the Group's professional teams are integrating this social function among all professionals, while at the same time performing specific Community Management duties. PRISA's Businesses had 37.6 million followers (on Facebook and Twitter) in December 2013, a figure 13.5 million higher than in December 2012.

Another particularly relevant figure is traffic from mobile devices. PRISA closed 2013 with 39.4% of its traffic

-in terms of pageviews- derived from mobile phones, 15% higher than in December 2012 (source: Omniture December 2013).

Much of this mobile traffic corresponds to the browsing of web pages, but a significant part of such traffic is via specific applications for smartphones and tablets across all operating systems. PRISA closed the year with 433 available apps, 312 of which belonged to Santillana. These apps have clocked up 7,649,165 downloads.

In 2013, PRISA reported an audience of 31.3 million unique users and its sites were visited by almost 84 million Unique Browsers

During 2013, one million new users have registered in our databases, on which we worked throughout the year to improve the relationship between our sites and our readers, listeners and viewers, and where we endeavored to avoid duplication. The collection, compilation and management of information from our users is conducted under the

strictest user-security policy. Beyond complying with current privacy regulations, PRISA considers that maximum security for those who place their trust in us is a value in itself.

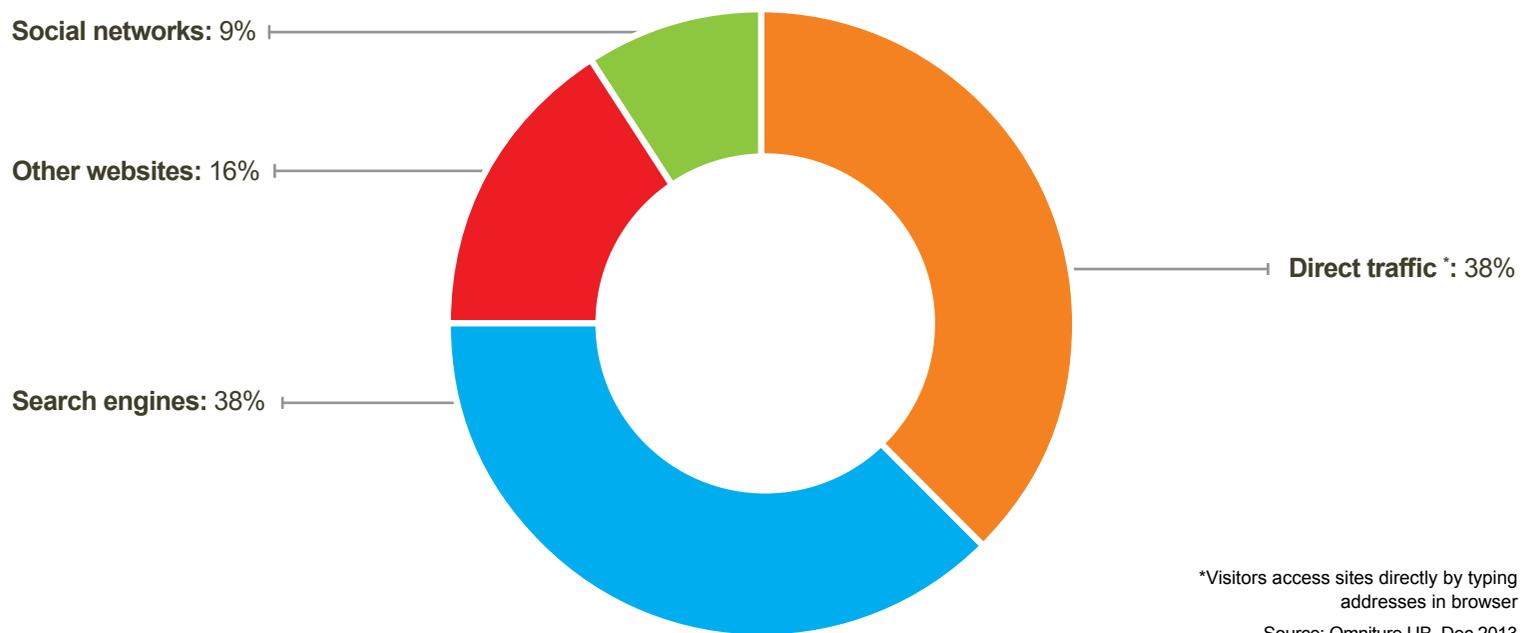
Once again this year, the registry of new users via social media made up a significant proportion of new registered users. In 2013, 23% of people who registered with our sites did so using social networks.



PRISA mobile traffic



Source of traffic to PRISA sites

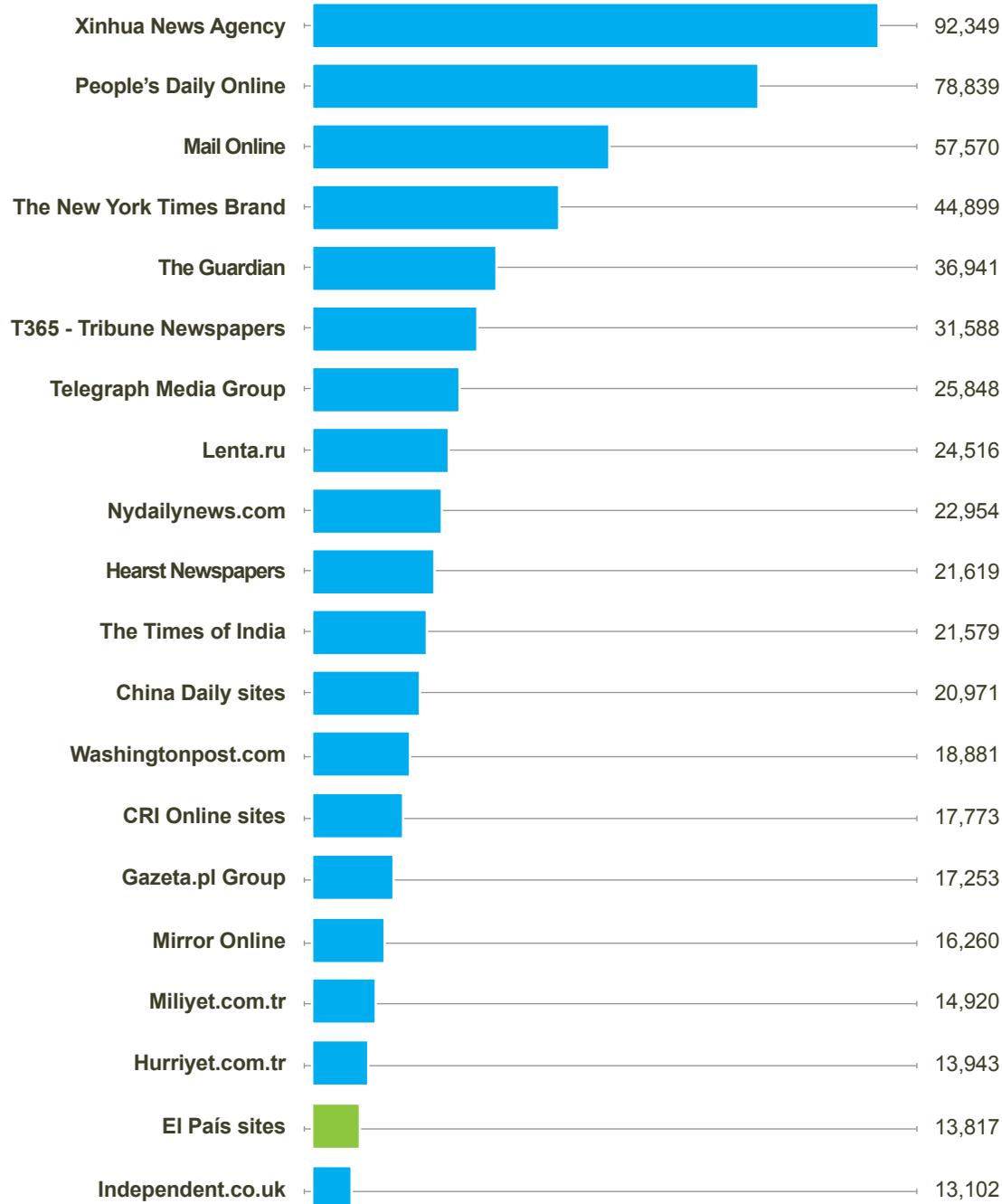


PRISA digital audiences by region
(in thousands of unique users)

	2013	2012
Spain	11,425 (40%)	11,163 (42%)
LatAm	11,859 (42%)	11,129 (42%)
USA	1,152 (4%)	843 (3%)
Other	4,119 (14%)	3,585 (13%)
TOTAL	28,555	26,720

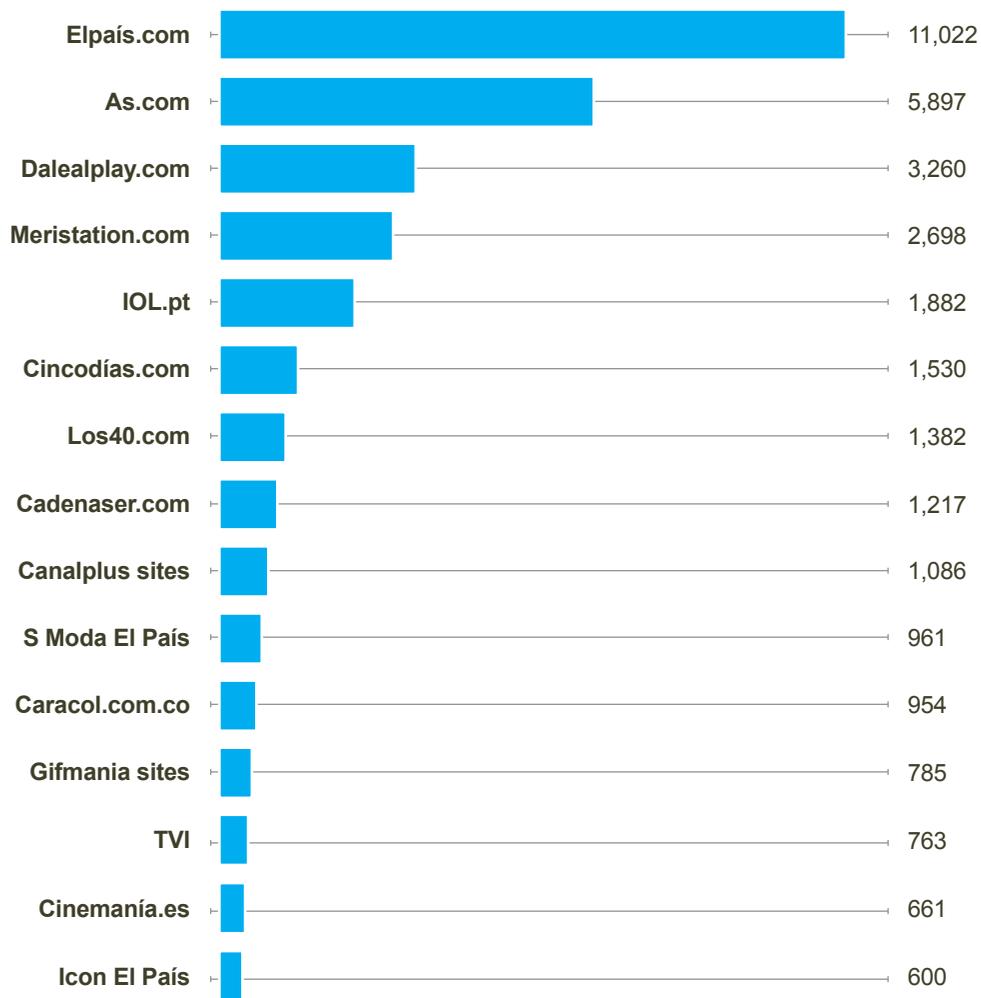
Source: comScore

Audiences for news sites
(in thousands of unique users)



Source: comScore

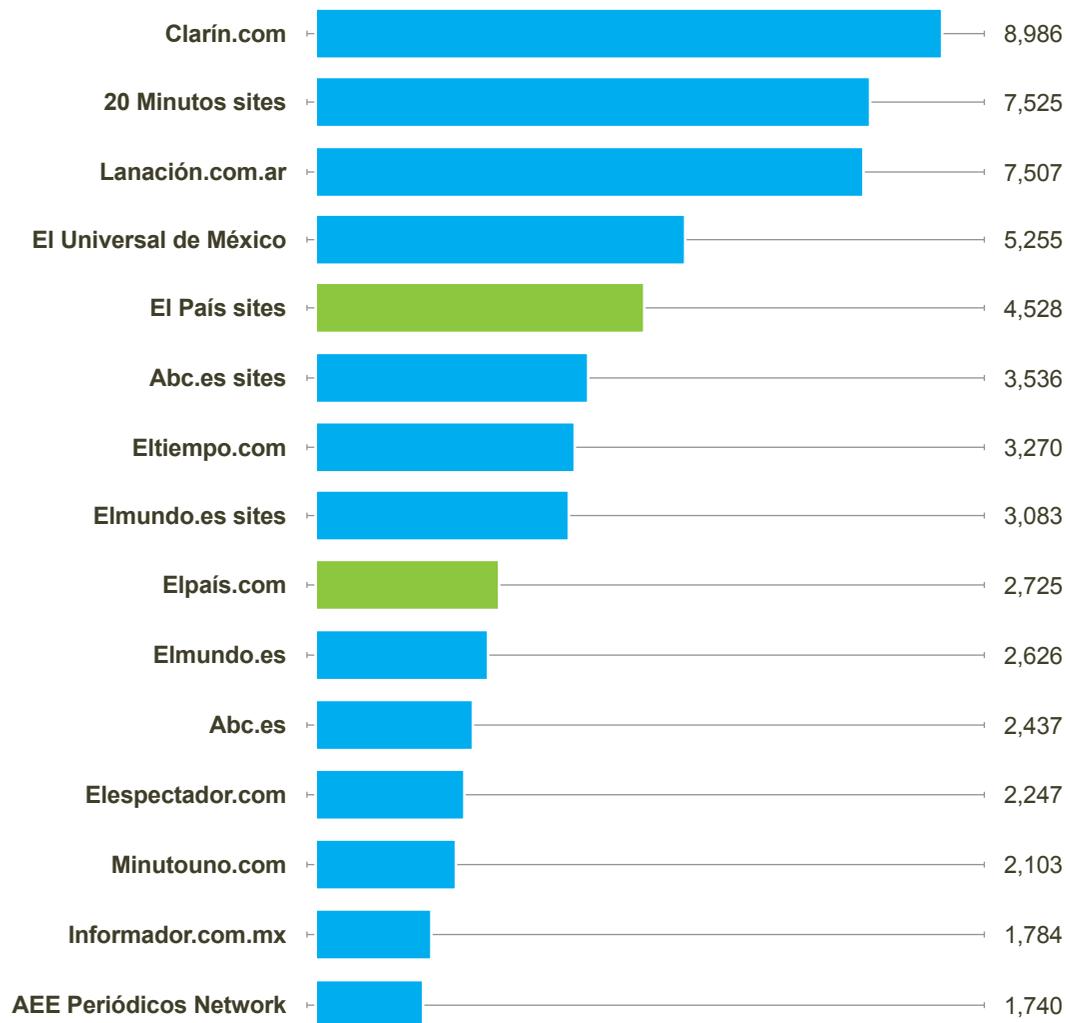
Worldwide audiences for PRISA sites
(in thousands of unique users)



At the close of December *El Huffington Post* reported 2,175,000 unique users.

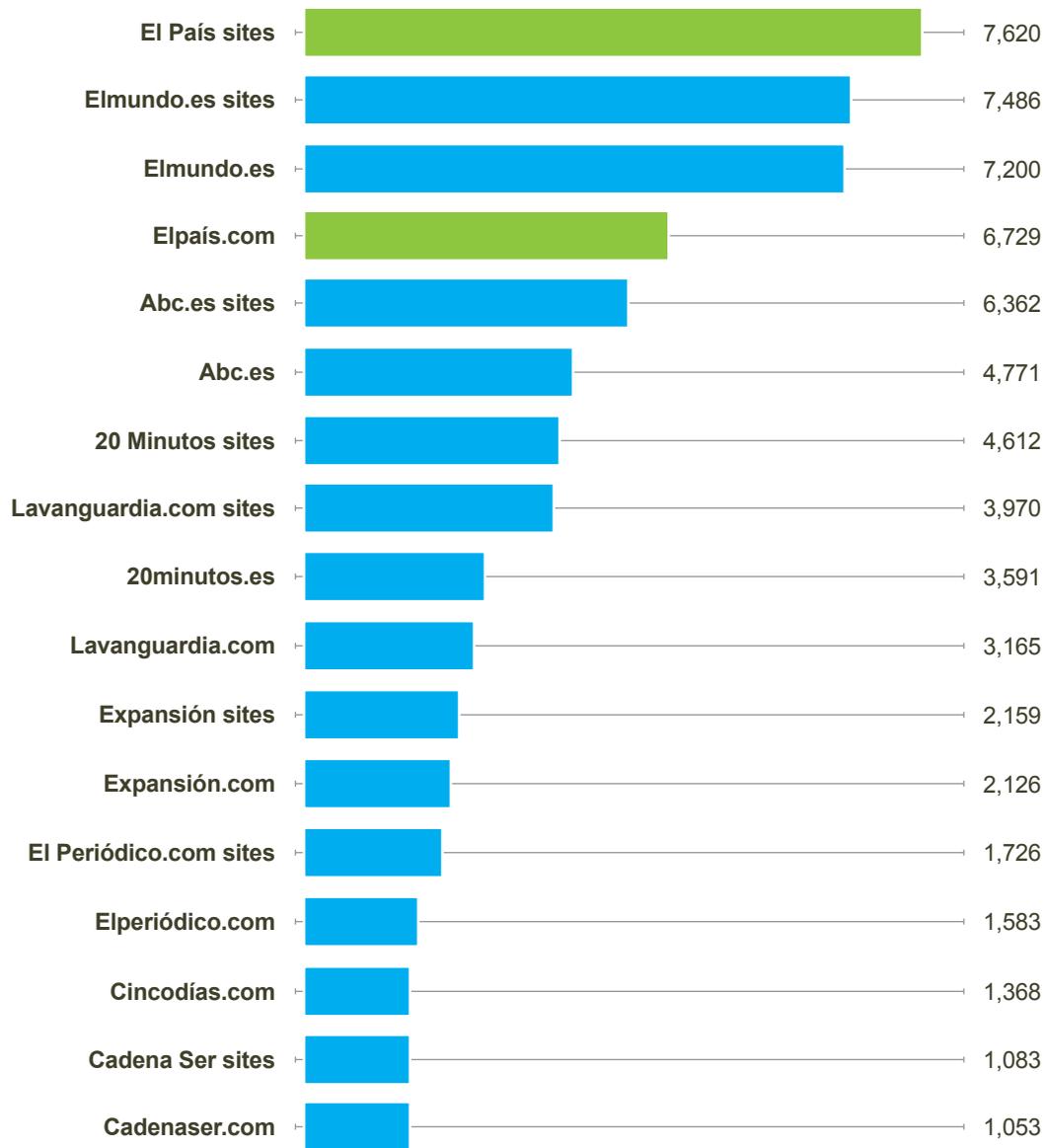
Source: comScore (December 2013)

LatAm audiences for news sites
(in thousands of unique users)



Source: comScore (December 2013)

Spanish audiences for news sites
(in thousands of unique users)



Source: comScore (December 2013)

The transformation of PRISA

Throughout the year, PRISA has continued to forge ahead with, as well as consolidate and develop, new products within the framework of what we refer to as the Organization's Transformation Plan. The Office for Transformation oversaw in 2013, with the direct mandate of the CEO of PRISA and in close daily collaboration with HR teams and Departments of Communication, the second full year of this endeavor that helps all PRISA professionals to face the challenging task of adapting to the changes that are sweeping across our industry and our broader environment.

As part of these developments, we have improved the curriculum at **Campus PRISA**, our on-line training platform,

with new courses such as Data Journalism and Ultra High Definition Television: 4K to 8K. Almost 2,000 professionals have already registered for this tool which, as well as providing skills and improving knowledge, also responds to the PRISA's most basic demand in the field of talent: training.

Meanwhile, the collaborative platform launched the year before, **Mi idea**, registered the participation of more than 200 new members this year, and we have been able to fruitfully tap into their ideas from all across the organization, ideas that have solved a whole range of challenges. One of the most striking cases was the solution to a challenge posed by PRISA Brand Solutions, which was won by a member of the professional tax team at

PRISA Noticias. Once again, these new tools clearly demonstrate the potential and the collective talent that a Group such as PRISA can harbor among its business units and territories.

In 2013 we also made the greatest of efforts to select our 130 Agents of Change who are actively working on integrating this entire Plan into the organization. This task is now nearing completion and is already bearing its first fruits. The Agents have set out, in the last quarter, the training priorities that are destined shape the curriculum of Campus PRISA courses for the coming year. For the first time, training will be based directly on those needs that are identified by the professionals themselves.



competitive, more dynamic, and more innovative future.

For 2014, we have a range of new projects in the pipeline, even as we continue to enhance and improve those already at our disposal. To mention but one, we aim to encourage PRISA professionals to design and share their own training courses. That is, to become PRISA Trainers. We will also be launching our Mentoring Project to invest in a culture of cross-corporate altruistic support on projects, and to facilitate the transfer of talent, knowledge and experience.

And we will finally be in a position to launch our “**Welcome Package**”, through which new professionals joining us, from any country, will be able to discover everything they need to know about the company, its values, its responsibilities and its goals.

All these efforts represent investment in responsible internal management that fosters individual professional development and that helps professionals to adapt to the digital environment, thereby providing them with security in turbulent times, as we move towards greater transparency.

The Agents also helped refine the *PRISA Leadership Guide*, which perhaps best summarizes PRISA’s new culture. We have worked on this guide throughout all of last year, conceiving it as a necessary tool for cultural change in any organization such as ours. This document, the first of its kind, embodies the organization’s commitment to talent management and to the revitalization and development of a more horizontal decision-making culture, one that allows each professional to feel responsible for better results, and which fosters a new leadership style to which our executives are committed.

If we were forced to choose our flagship product of 2013, this would undoubtedly be the **Factoría de Experiencia** (Experience Factory), in terms of both investment as well as innovation and the demands it placed on us. This is much more than a mere repository of knowledge, or a simple website to archive documents on projects undertaken by PRISA professionals. The Factory provides a knowledge-based social space where we can share learning and mistakes; where we can seek out help from other PRISA professionals; where we can find experts on different subjects, etc.

If we were forced to choose our flagship product of 2013, this would undoubtedly be the **Factoría de Experiencia**

The Factory now has around 600 registered professionals, who are just beginning to discover all the potential that this potent tool has to offer to a group such as ours in increasingly demanding and competitive times.

Before launch, we identified all those professionals who were involved in R&D across all our companies. All of them accepted the role of Experts, either in the fields of technology or market intelligence. They are our pioneers and are responsible for ensuring that others now learn how to use this new tool.

Much work remains to be done, but, at the end of 2013, we can safely say that the Plan is rapidly gaining traction, is increasingly familiar to members of our organization and that it represents the best efforts of PRISA to invest in a more

Business areas

Santillana

Once again, and for another year running, Santillana has maintained its leadership in the education and publishing sectors in Spanish and Portuguese. Its intense activity in the 22 countries where it operates is critical to the growth of the group, while the strength and robust nature of many of its markets has enabled it to face down the worst of the Spanish economic downturn, which has seen consumer spending fall and the publishing industry suffering significant losses over the past four years. Results in Latin America demonstrate the effectiveness of the company's efforts in the region, despite the negative impact of volatile currency markets in some countries. There was particularly buoyant performance in Brazil, where the company leads in both the public and private education sectors.

SANTILLANA's commitment to digital publishing continues apace, offering different models in line with market needs and rhythms of implantation. 2013 was a year of consolidation for Sistema UNO, a comprehensive learning model that offers content, equipment and educational services to schools, with an emphasis on technological innovation and bilingual education. At the same time, this year has been instrumental in the international expansion of Santillana Compartir to countries such as Colombia, Brazil and Argentina. This initiative, which was launched in September 2012 in Mexico, integrates print text with digital content and is intended as a system of support for schools in their transition to the use of new technologies.

In the Spanish market, despite the economic downturn, Santillana has outperformed the market, both in education and in general-interest publishing. The

situation is complicated by the adoption of the new Education Law, LOMCE (Organic Law for the Improvement of Educational Quality) which, not without controversy, will begin to be implemented in the 2014-15 course for Primary and Basic Professional Training (FP). The low degree of support for this Law among the autonomous regional governments and among educational institutions in general, makes its actual level of implementation uncertain, to say the least. Meanwhile, Santillana has launched an ambitious new educational project that will be released in the coming months and which responds to the new curricular changes.

With an operating income of 738 million euros (+0.6% over 2012), SANTILLANA's EBITDA reached 171 million euros. Business in Latin America accounts for 80.5% of consolidated group revenue and 86.7% of EBITDA,

Santillana stand in LIBER.



with these good results undermined by the effects of devaluations of the local currency in several territories. Of special note are the contributions of Brazil, Spain and Mexico, and there were also good results for revenues in smaller countries such as Bolivia (+21.5%), Southern Central America (+17.3%), Puerto Rico (10.6%) and Venezuela (9.2%).

Moderna, Santillana's educational publisher in Brazil since 2001, reported net sales of 188 million euros (+5.6%) and EBITDA of 59 million (+2.5%). This was due primarily to the good performance in sales in the private and public education sectors, with significant growth for learning systems, which increased 72.6% over the previous year.

Once again, and for another year running, Santillana has maintained its leadership in the education and publishing sectors in Spanish and Portuguese

Education

By business area, Santillana Educación (the core business of the company), achieved sales of 489 million euros. This includes the traditional textbook business, digital tools and the two initiatives that best express the commitment of the company to a comprehensive, integrated and innovative education system: Sistema UNO and Santillana Compartir. This year has seen the consolidation of the business model for Sistema UNO Internacional, which ended December with 250,420 students and more than 13,274 digitized classrooms. This model had



Pupitre won the TAB Innovation Award.

revenues of 63 million euros (+47.6%, over last year).

2013 was also a year of international expansion for Santillana Compartir, which was rolled out in Mexico in 2012-2013 and has now started operations in Brazil, Colombia and Argentina, reaching a total of 186,045 students. In 2014, this model will be implemented in ten countries.

The language learning line, which includes the labels Richmond, Santillana Français and Santillana Español, posted revenues of 90.3 million euros (12.5% of the company total). Richmond, dedicated to English language learning, has experienced accelerated growth in emerging markets such as China and Turkey. Meanwhile, in Spain, Santillana Français is leader at all levels of education, as is Santillana Español in Brazil. If we consider

together Richmond's traditional business, English learning within Santillana Compartir and the bilingual learning in Sistema UNO, Santillana is the leading provider of languages in Latin America, supplemented by a strong position in academies and universities.

In 2013 Santillana won several awards for its educational initiatives in multi-device format. Pupitre, an app aimed at children aged 6 to 10, won the TAB Innovation Award for best educational app, while Tareas y más won the SIMO award for Best Digital Educational Resource created by a publisher.

PRISA Ediciones

In 2013, PRISA Ediciones, which includes the labels Alfaguara, Alfaguara Infantil y Juvenil, Suma, Taurus, Aguilar, El País-Aguilar, Objetiva (Brazil) and Punto

de Lectura, published 123,974,000 titles and reported revenues of 135 million euros (+2.85% compared to 2012).

Performance in the general-interest publishing sector was similar in 2013 to that of 2012, with depressed consumer spending in Spain and stronger results in the economies of Latin America. The results for PRISA Ediciones in countries throughout the latter region highlight the greater strength and dynamism of Latin American markets, as evidenced by the last International Book Fair in Guadalajara (Mexico), where almost all publishers and booksellers reported higher sales as compared to the previous year, and with the fair registering record attendance figures. In 2013 revenues were significantly up for PRISA Ediciones in Argentina, Brazil and Colombia.

Although the Spanish market remained depressed, with a fall of 14% (33% accumulated over the past four years, according to Nielsen) PRISA Ediciones has outperformed the industry average, with a 6% decrease. This strength compared to other publishers has been thanks primarily to offering the market an attractive publishing plan, with renowned global authors and fresh new talent, such as Joël Dicker, the sensation of the year worldwide with his book *The Truth About the Harry Quebert Affair* (Alfaguara) chosen as book of the year by the newspaper *El País*. In a difficult time for the industry, discovering talent such as this is an enormous boost for the company.

With regards to the digital offer, the year was characterized by a considerable increase in the catalog of ebooks, which

now represent 5% of the revenues of PRISA Ediciones. The digital catalog consists of over 3,700 titles, from Spain and Latin America, and these are simultaneously published as print books.

In addition, PRISA Ediciones has pioneered the publication of interactive and multimedia books, enriched with full-color images, drop-down menus, 3D, video and audio, all specially created to be enjoyed on multifunction devices such as tablets and smartphones. The available catalog amounts to 168 titles, focusing on food and travel collections by El País-Aguilar, illustrated books from Alfaguara Infantil y Juvenil and titles from Aguilar. These include: *Objetivo: Cupcake perfecto* by the food blogger Alma Obregon, the interactive book "Metegol" based on the film by Juan José Campanella, and



1. Argentina Book Fair.

2. Alfaguara Novel Prize 2013.

3. Arturo Pérez Reverte signing copies at the Madrid Book Fair.



“Sé única” from the “Monster High” series, and a huge hit with younger readers.

Two new digital labels have also been launched: Alfaguara Digital and Foglio, the latter created by Brazilian publisher Objetiva Brasil. There are also digital books available in installments, such as *Oscar y las mujeres*, by Santiago Roncagliolo, and *Y por eso rompimos*, one of Alfaguara Infantil y Juvenil’s big hits worldwide.

Despite best efforts to make available a greater, more varied and moderately priced catalog, piracy remains the single most destabilizing factor for digital businesses. It is therefore vital that there is collaboration and support from across the entire sector and with public authorities to ensure action is taken against illegal links and websites that undermine the whole value chain for books and intellectual property.

Alfaguara, which in October 2014 will celebrate its fiftieth anniversary and which presented its special anniversary program at the last Guadalajara International Book Fair, published a range of titles by world-renowned authors, such as *El héroe discreto* by Mario Vargas Llosa and *El francotirador paciente* by Arturo Pérez-Reverte. The publisher was also successful with works of international fiction such as *Mañana te dejo* by Gilles Legardinier and *La hermana de Freud* by Goce Smilevski. Other authors such as Claudia Piñeiro, Xavier Velasco, Fernando Vallejo and Ana Maria Machado, have been well received in their respective markets. The Alfaguara Novel Prize this year went to Jose Ovejero for *La invención del amor* (The Invention of Love).

To mark the **three-hundredth anniversary of the RAE** (Royal Spanish Academy), Alfaguara jointly published with the Royal Academy *La Misericordia* by Benito Pérez Galdós and *La Busca* by Pío Baroja, as part of a collection of special editions of literary works by

outstanding Spanish writers of the nineteenth and twentieth centuries.

The label **Aguilar** garnered a major success with the publication of the non-fiction bestseller of the year in several countries, *La enzina prodigiosa*, by the Japanese author Hiromi Shinya.

Piracy remains the single most destabilizing factor for digital businesses

Suma de Letras published *El cumpleaños secreto*, the new novel by bestselling author Kate Morton, as well as local hits such as *Reír al viento* by Sandra Barneda, published in Spain.

El País-Aguilar has been able to offset the decline in sales of guidebooks with more robust sales in the food and baking sector. *El cupcake perfecto* by Alma Obregon stayed on bestseller lists throughout the year, a publishing triumph which has been supported by the the author’s hit TV show.

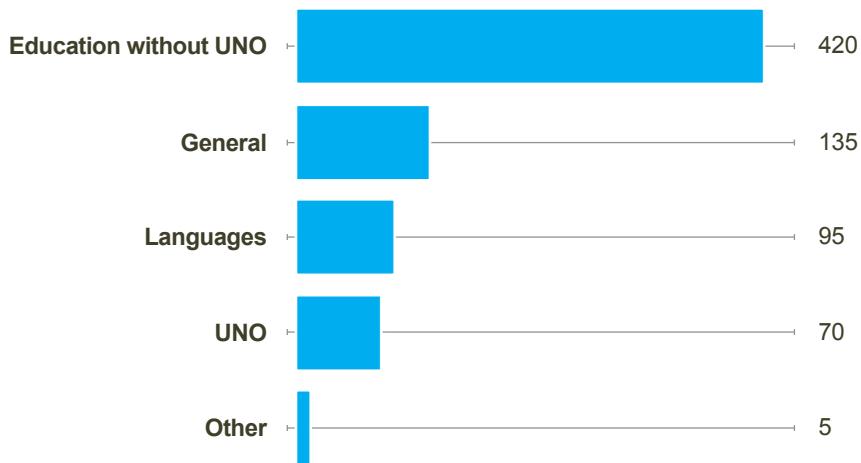
In 2013 **Alfaguara Infantil y Juvenil** scored rights to some of the most attractive titles in the sector: a range of holiday books for young children featuring the character *Peppa Pig*, and stories and activity books with favourite characters among children and young people, such as *Angry Birds*, *Monster High* and *Adventure Time*.

Brazil was the guest country at the last Frankfurt Book Fair, and Objetiva Brasil showcased the works of some of its top authors, including: Ana Maria Machado, Adriana Lisboa, João Ubaldo Ribeiro, Carlos Heitor Cony, Ronaldo Correia de Brito, Ruy Castro, Zuenir Ventura, Luiz Fernando Verissimo, João Cabral and Mario Quintana.

Management team

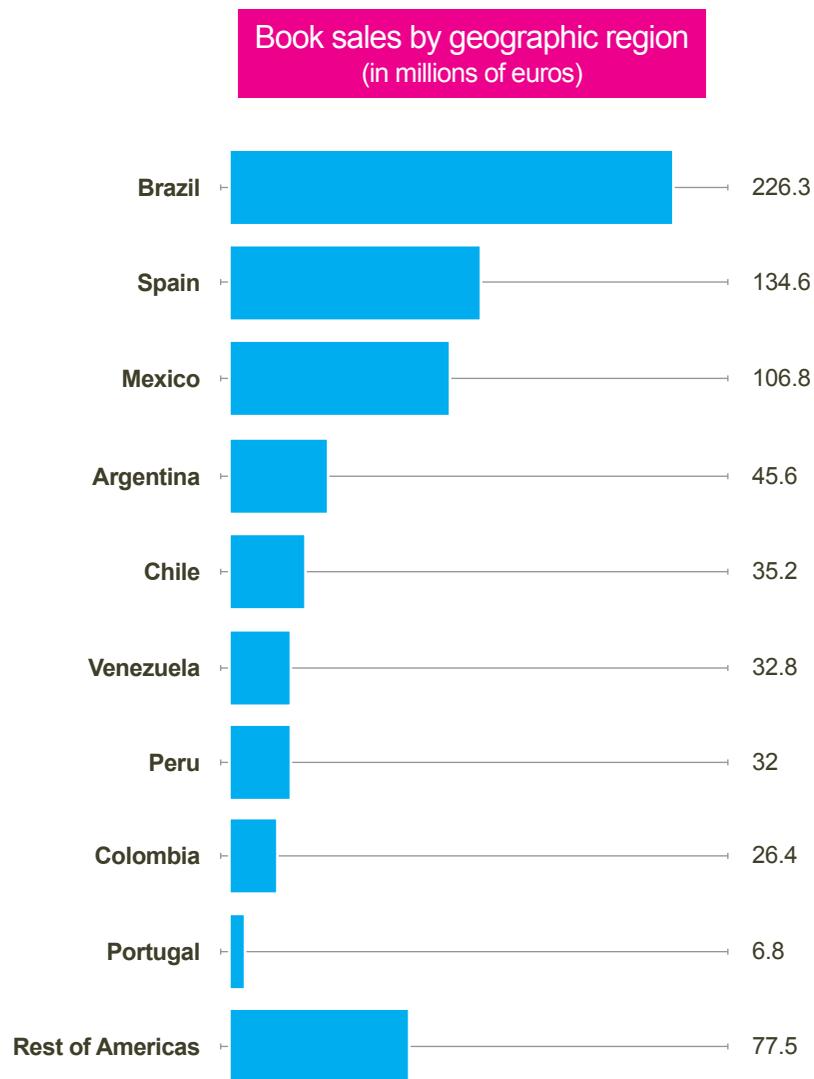
- **Chairman (non-executive):** Ignacio Santillana
- **CEO:** Miguel Ángel Cayuela
- **Chief Operating Officer:** Federico Blanco
- **Global Managing Director for Education:** Francisco Cuadrado
- **Chief Digital and New Developments Officer:** Miguel Barrero
- **Global managing director for International Sistema UNO:** Pablo Doberti
- **Global Managing Director for Language Learning:** Christopher West
- **Global Managing Director for PRISA Ediciones:** Armando Collazos
- **Director of Communication:** Rosa Junquera
- **Director of Institutional Relations:** Mariano Jabonero
- **Director of Human Resources:** Francisco Lorente

Santillana: sales business area
(in millions of euros)



Annual books sales
(millions)







1



3



2

1. *El País* Brasil crew.2. *El País* and World Bank conference.

3. Investing in Perú.

PRISA Noticias

El País

El País, the global Spanish-language newspaper, remains the most read newspaper in both its print and digital editions. With an average circulation of close to 300,000 copies, it is ahead of its closest competitor, *El Mundo*, by nearly 100,000 copies. According to the latest EGM figures, *El País* also remains the most read daily general-interest newspaper, with 1,812,000 daily readers.

According to comScore, in December 2013 *El País* sites exceeded 13 million unique users, 11% more than in the same month in 2012, and ahead of *El Mundo* sites, with the gap in terms of the

number of unique users at its highest level ever. In late 2013, 36% of the on-line audience accessed the sites from mobile devices while the *El País* iPhone app reported over a million downloads.

El País maintains its goal of becoming the worldwide daily newspaper of reference in Spanish, and has taken yet another step in its vocation to expand in the Americas with the launch of *El País America*, an edition with regionally differentiated news and specific coverage of events in Latin America, and *El País Brazil*, a Portuguese-language edition of the newspaper, which has a new newsroom in São Paulo.

Once again, *El País* hosted the Ortega y Gasset Awards for Journalism. The 30th edition of the awards, held in May

2013, kept alive the spirit and values that first inspired these accolades in 1984: to promote the defense of freedom, independence and rigor as the essential hallmarks of excellent journalism. Alberto Salcedo Ramos, Juan Ramón Robles, Emilio Morenatti and Jesus de la Serna, were the winners of the most prestigious awards for journalism in Spanish, this year celebrating their thirtieth anniversary.

The *El País de los Estudiantes* program this year celebrated its twelfth edition, thanks to the sponsorship of Endesa. In 2013, 30,818 secondary-level students and 5,595 high school teachers from 2,269 centers throughout Spain participated, a clear sign of the support and involvement that the educational community continues to lend to this program.

2013 was an eventful year for *El País* at an institutional level. In June, in Panama City, the newspaper organized a forum to discuss business and investment opportunities in the country, which was attended by President of the Republic of Panama, Ricardo Martinelli. With a similar goal, *El País* organized the forum «Investing in Peru» in Lima, with the participation of the Peruvian president, Ollanta Humala. In addition, *El País* and the World Bank organized a conference in Washington on the growth of the middle classes and the gap in services in Latin America.

El País launched two new editions: *El País America* and *El País Brazil*, a Portuguese edition in *São Paulo*.

El País improved its weekend offer in 2013, and signed a deal with the *Guía del Ocio* (Entertainment and Leisure Guide) for joint distribution with the newspaper of this magazine, the ultimate newsstand guide for leisure, entertainment, cinema, restaurants and shows. Meanwhile the *El País* travel supplement *El Viajero* (The Traveler) turned 15 and celebrated its birthday with the publication of a special issue. The Sunday magazine supplement, *El País Semanal*, got a thorough makeover and introduced changes to its structure, news desks, and look to better adapt to the times. Finally, on the first Thursday of each month, starting last November, readers have been able to enjoy a new magazine dedicated to fashion and lifestyle, *ICON*.

El País reinforced its commitment to e-commerce, with such operations reaching a total turnover of 2,822.6 million euros in Spain in the first quarter of 2013, a figure 15.1% than in the same period in 2012 (data: CMT). In the United States 8% of media income now comes from e-commerce, according to data provided by *World Press Trends WAN IFRA*. Thus, and in an effort to meet readers' demands by offering products and services through its website, *El País* teamed up with a travel

agency in Spain to launch *El País Viajes*, a website allowing users to purchase and book trips to any destination. Furthermore, in December, *El País* began selling newspaper covers on demand, a new service that allows readers to buy a framed front page of the newspaper, the culture supplement *Babelia* or *El País Semanal*. Finally, in 2013 and after 9 years of service, *El País club de vinos* (wine club) has become one of the biggest websites selling wine in Spain, with nearly 30,000 members.

Cinco Días

Cinco Días celebrated its thirty-fifth anniversary in 2013 with a new logo in its masthead, and also clocked up issue number 10,000 for its print edition. According to third quarter EGM figures, *Cinco Días* had 72,000 daily readers, 18,000 readers more than the accumulated figure for the previous third quarter.

The digital edition of the newspaper in 2013 underwent a major redesign. In December, according to comScore, the on-line edition exceeded 1.5 million unique users, almost 25% more than for the same month in 2012.

Cinco Días, Spain's veteran business and finance daily, has been organizing for a number of years the series of events titled

Cinco Días Forum, a space for debate and ideas that has established itself as one of the most important business and political forums in Spain. These events aim to provide a realistic view of the current economic situation and the measures being taken to mitigate the effects of the crisis and thus set the country on the road to recovery. To this end, in 2013, *Cinco Días* organized a series of encounters with leading figures from the worlds of business and politics, such as Luis de Guindos, Minister of Economy and Competitiveness, José Manuel García-Margallo, Minister of Foreign Affairs and Cooperation, José Antonio Grin, president of the Andalusian regional government, and Javier Fernández, President of the Principality of Asturias.

In 2013, *Cinco Días* held the sixth annual *Cinco Días* Awards for Business Innovation. The winners were Acciona, the Basque Culinary Center and Endesa.

As

Sports daily *As* ended the year with an average circulation of 158,164 (OJD) and 1,346,000 daily readers, according to third quarter EGM figures.

As sites increased its on-line audience in December and exceeded nine million unique users (comScore). Thanks to the



addition of the video portal *Dale al Play (Press Play)*, *As*, the largest on-line audiovisual media outlet in Spanish, increased its on-line audience by 48.2% compared to the same month in 2012. The digital edition of *As* got a makeover, with a more visual front page, new and enhanced navigation and improved content. In addition to *Dale al Play*, *As.com* also incorporated *As Viajes (Travel)* and *As Outlet*, two new portals with special offers on travel, shopping, and leisure for readers of the sports daily. *As* also launched the new apps *As TriviAS* and the *Guide to the League*, the newspaper's first paid application for smartphones.

With the goal of bringing Spanish sport to over 460 million Spanish speakers in Latin America, *As* launched *As America*. With this new edition, *As* strengthens its presence in Latin America and allows users in Ecuador, Colombia, Mexico, Venezuela, Dominican Republic, Argentina and Peru to view game highlights from the League and the Copa del Rey.

In 2013, *As* hosted the seventh edition of the *As Sports Awards* at the Hotel

Palace in Madrid. Marc Marquez, the women's water polo team, Simeone and Marta Ortega were honored at this celebration in honor of Spanish sport.

As América give Spanish sport to the more than 460 million Spanish speakers in Latin America

El Huffington Post

The Spanish version of U.S. news website, founded in 2005 by Arianna Huffington and Kenneth Lerer, celebrated its first birthday on June 7. Since its launch in 2012, the journalist Montserrat Domínguez has been at the helm, leading a team of 11 journalists. Over the past year *El Huffington Post*, published jointly (50%) by PRISA and AOL-The Huffington Post, has redesigned all apps for phones and tablets and has developed an integration tool that enables tweeting selected sentences from within a text. According to comScore data from December 2013, the news portal exceeded two million unique users.

MeriStation

On November 8, PRISA Noticias launched a new edition of its video games portal, MeriStation Mexico. Thanks to the collaboration of Televisa Radio, which is 50% PRISA owned, and Los 40 Mexico, Mexican video game fans now have access to all the latest gaming news in their language, with information on upcoming attractions and coverage of local events. Habacuc Guzman, a recognized industry professional in LatAm, presented the special edition on the occasion of the Electronic Games Show trade fair, which was attended by the founder of Meristation, Pep Sanchez.

In 2013 MeriStation also launched its on-line gift shop, *Lo quiero ya!* (I want it now!)

PRISA Revistas

In November 2013, PRISA's magazines division PRISA Revistas launched *ICON*, which has become the magazine of reference in the men's lifestyle magazines market. It reported a circulation of over 280,000 copies, according to data



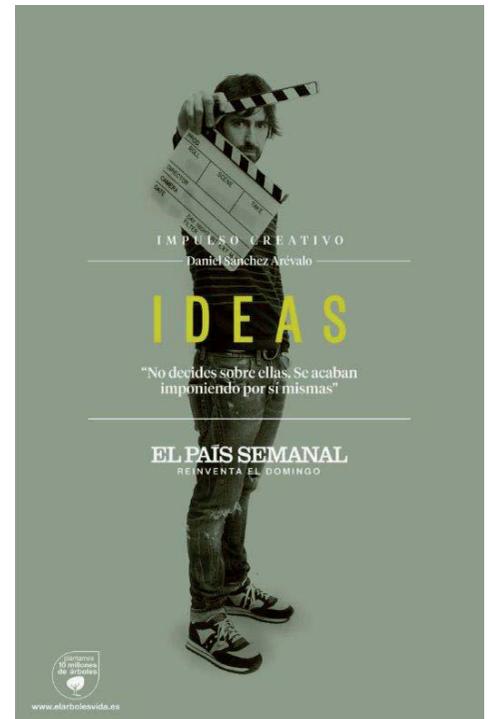
from OJD, and an audience of more than 500,000 unique users for the web version, according to comScore. *ICON* is distributed together with the *El País* on the first Thursday of each month, and is sold separately in kiosks from the next day.

The *Factoría de revistas* (Magazine Factory) won the bids for the creation of multilingual content for the website es-Madrid.com and for developing the Madrid guide, *Madrid, un estilo de vida*, in both their iPad and print versions. Both are projects for Madrid's town hall. The Factoría also renewed its agreement with Air Europa to create its inflight magazine, that also is also available as an application for iPad, and which makes it a pioneer among Spanish airline magazines. In 2013 the Factoría also added the digital and print edition of Aqualogy's (Agbar) *Aqua Magazine* to its portfolio. The Factoría produces more than 30 tailor-made projects in different digital platforms and print formats.

Rolling Stone celebrated the fifth edition of the Rolling Stone Awards, which were won by Rosendo, Loquillo, Leiva, Ariel Rot, Quique González, Mala Rodríguez, Iván Ferreiro and Pete Doherty. There was also a prize for the TV show *Un lugar llamado mundo*, for fashion model Poppy Delevingne and film director Enrique Urbizu. *Rolling Stone* continues to see its circulation grow, with the third quarter EGM data reporting over 300,000 readers.

Cinemanía launched its app in Apple Store and in Google Play, allowing movie buffs to follow the movie world via their smartphones. Furthermore, *Cinemanía.es* continues to grow, reaching 600,000 unique visitors according to comScore.

Car consolidated its position as the top-selling premium car magazine in Spain, with 17,086 copies (OJD Jul12 - Jun13).



El País Semanal new look.

Management team

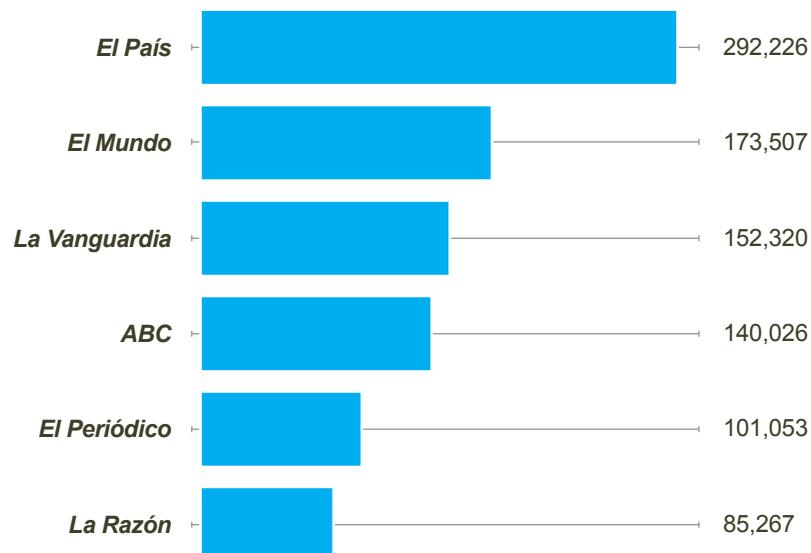
- **Executive Chairman:** José Luis Sainz.
- **Managing Director:** Julio Alonso Peña.
- **CFO and Resources Officer:** Matilde Casado Moreno.
- **Director of Digital Development:** Carlos Relloso Cereceda
- **Director of Commercial and Marketing:** Ángel García Colín.
- **Director of Human Resources and Managing Editor:** Josefa Gutiérrez Fernández.
- **Chief Financial Officer:** Jorge Martín Magdalena.
- **Director of Legal Department:** Xavier Pujol.
- **Commercial Managing Director:** Ferrán Juaní Solans.
- **Editor-in-Chief, *El País*:** Javier Moreno Barber.
- **Editor-in-Chief, *Cinco Días*:** Jorge Rivera.
- **Editor-in-Chief, *As*:** Alfredo Relaño.
- **Editor-in-Chief, PRISA Revistas:** Óscar Becerra.
- **Director of Communication:** Pedro Zuazua Gil.

Application downloads of PRISA newspapers (2012 - 2013)

		2013*	2012	2013 vs 2012
<i>El País</i>	iPhone	1,065,444	882,400	21%
	iPad	683,616	523,977	30%
	Android	721,672	294,555	145%
Diario As	iPhone	636,814	518,949	23%
	iPad	204,543	138,995	47%
	Android	1,245,020	593,651	110%
<i>Cinco Días</i>	iPhone	113,575	105,993	7%
	iPad	94,478	86,568	9%
	Android	n.a.	12,851	-

*Accumulated data from the beginning of applications

Circulation figures for leading Spanish general-interest printed newspapers



Source: OJD 2013

Circulation figures for leading Spanish specialist printed newspapers

PRISA

As



Competitors

Marca



Cinco Días



Expansión



Source: OJD 2013

PRISA RADIO

PRISA Radio is the world's largest Spanish-language radio group with 27.99 million listeners and more than 1,250 stations, either directly owned or associates, spread out over Spain, the US, Mexico, Colombia, Costa Rica, Panama, Argentina and Chile, and franchised in Guatemala, Ecuador and the Dominican Republic

PRISA Radio has consolidated its management model, which aims to revitalize radio formats and brands, usher in technological innovation, and promote the production and presence of content across all digital platforms. This model, which is being implemented for both products and management, enables us to optimize synergies and has allowed PRISA Radio to set the standard as a truly global radio brand across the Spanish-speaking world.

2013 has once again highlighted the robust economic health of Latin American countries and all those PRISA

It has launched a system for the modernization and innovation of radio

Radio companies operating throughout the continent. Meanwhile, the economic crisis that has hit Spain continues to affect the advertising market in this country. Nevertheless, the crisis has not prevented PRISA Radio in Spain from forging ahead with its process of innovation and improvement. It has launched a system for the modernization and innovation of radio, including the revitalization of content and formats, the reinvention of radio's narrative language and the reformulation of opinion spaces. The leading radio group's structural and strategic goal for 2014 is to continue apace with this transformation. In 1993, Cadena SER



Cadena SER presents his new season.

first became Spain's leading station and it has remained the top-ranking network for the past two decades. According to third quarter 2013 EGM figures, SER holds its lead with 4,564,000 listeners tuning in to the station's programming Monday through Friday.

PRISA Radio's music stations in Spain kicked off the season in September with significant changes to their schedules. The mic at Cadena Dial's breakfast program, *Atrévete*, was handed over to Jaime Cantizano. Over at 40 Principales, meanwhile, and after a triumphant start, *YU: No te pierdas nada*, which is broadcast on-line at los40.com and in analog, modified its schedule for strategic reasons.

Furthermore, in order to optimize its on-line portfolio of interactive digital products, *No te cortes* joined the program schedules. Presented by Uri Sabat and Daniel Blume, the show allows direct communication with the listener through the traditional analog system and through social media, websites and blogs, as well as the 40 Principales website itself.

In Latin America, the expansion of the 40 Principales brand continued apace,

with Paraguay joining, in July 2013, the other ten countries that broadcast this formula for musical success.

Once again, countries have invited their listeners to their biggest music events, with the Eventos 40 in Colombia and Mexico gathering the biggest crowds. On May 25, more than 60,000 fans turned out for one of the most important musical events of the year in Bogotá, where the Simon Bolivar park rocked to the sounds of Vicentico, Carlos Vives, Caly & El Dandee, Luigi 21 and Dr. Krápula.

40 Principales Mexico once again scored a triumph this year, with the country's most important music event: 100,000 music fans packed the Azteca stadium for performances by artists including Austin Mahone, DLD, Leon Larregui, Enjambre, María José, Leonel Garcia, Los Angeles Azules, El Tri, Sandoval, Playa Limbo, and Jenny & The Mexicats.

Also in 2013, PRISA Radio and Apple signed a deal to collaborate on events that both brands jointly develop: the iTunes Festival, 40 Principales Awards Spain, Locos por la musica, and 12 Days of Christmas. The agreement,

which included all stations in all countries where 40 Principales operates, is set to continue in 2014.

With regards to digital products, in 2013 the focus has been on four priority areas: Development of the music website which resulted in the launch of a revamped 40 Principales, los40.com in February 2014; an improvement and update plan for spoken-word radio sites in Latin America that was concluded late in the second quarter of 2013; the completion of the development of mobile products in app format for all PRISA Radio products for four operating systems: iOS, Android, BlackBerry and Windows Phone; and finally, the deployment of a CRM model in coordination with PRISA Noticias that will provide PRISA Radio with a better understanding of its users and lead to a greater loyalty to its products.

In addition, there have been a range of agreements and integrations required to bring digital audio to the market. Today, PRISA Radio is in a position to commer-

cially exploit all its simulcast broadcasts by replacing offline advertising.

New business

the year saw a range of new agreements signed with partners in new sectors and businesses leading to the expansion of the music brand. After a three-year successful run for the stage show, 40 El Musical, further new agreements were signed with producers in the sector. Today the network participates as media partner in the musical *Hoy no me puedo levantar*. Brand extension continues apace with existing businesses such as: Tarjeta 40, 40 Café, 40 Viajes and Cadena SER Viajes.

In the world of music, agreements have been signed and improved with artists, managers and record labels for the launch of new albums and tours.

Other areas of growth during 2013 have included artist merchandising, merchandising in entertainment and concert

venues and concession stands in the zoo and in the Olympic Stadium in Barcelona, along with promotions carried out with other media.

For 40TV, 2013 has been a year of reorganization of the channel with costs being adjusted to optimize resources, with the ultimate goal of maintaining the quality of content of the network's own programs such as the chart countdown show *Del 40 a 1* and *World Dance Music*, as well as maintaining quality programming through the selection of the best videos on the market.

My Major Company

Digital music platforms have continued to grow. In its first year of operations, My Major Company raised 330,000 euros through 50 projects that were funded in 2013, seven of which made it into the Top 20 crowdfunding projects, in terms of funds raised during the year in Spain and Latin America. The year 2013 ended with the launch of the record label

Dial Awards 2013.





artists from the current music scene, staging tours with top international performers such as Franco Battiato, Eros Ramazzotti, Marisa Monte, Carlos Vives, Carlos Baute and Carlos Rivera. In Spain, the company scheduled concerts by artists such as Alejandro Sanz, Pablo Alboran, Duncan Dhu, Melendi and Diego Martin. Of particular importance is the work of Planet Events, every year, on major productions and events of all kinds, such as the 40 Principales Awards, the Premios Ondas, the As Awards, the Dial Awards, the Primavera Pop Festival, and Dies Irae. 2013's big event was a lavish, musical extravaganza held at Madrid's Puerta de Alcalá on the occasion of the capital's bid for the Olympic Games, Madrid 2020. In addition, this year the company has successfully embarked on the organization of DCode, the Madrid indie festival par excellence.

Planet also brought English-speaking performers such as Alex Clare, Ben

PRISA Radio closes 2013 with 27,990,000 listeners

Howard and Elvis Costello to Madrid's summer music program, Veranos de la Villa, and organized events such as the prestigious concert presentation for The Beatles collection, in partnership with *El País*, thus strengthening its relations with other companies. And in 2013, Planet Events didn't neglect its youngest music fans, with the dazzling Violetta tour (Disney), a show that drew more than 160,000 fans in six different cities

PRISA Radio closes 2013 with 27,990,000 listeners

In Spain, PRISA Radio closed 2013 with 12,143,000 listeners. **Cadena SER**, with 4,564,000 listeners daily, Monday through Friday -according to EGM

My Major Company Musica and the signing of its first two artists: Naela and Mr Kilombo.

RLM

2013 has been a successful year for the roster of artists signed with RLM. For Alejandro Sanz 2013 was a year of triumphs and plaudits. His album "La música no se toca", with over 600,000 sales and a Grammy for Best Contemporary Pop Album, led to a concert tour in Spain and the Americas: a tour featuring 60 concerts and for which he won the 40 Principales Awards 2013. The year 2013 also saw definitive success for Malu. Hot on the heels of a successful Spanish tour with "Dual", came the new album "Si", which went double platinum and topped the album charts. The successful year culminated with a nomination for the Latin Grammys and accolades at the 40 Principales Awards.

Miguel Bosé was named 2013's "Person of the Year" by the Latin Grammy Academy. He thus closed a year which saw him tour Spain and the Americas with "Papitwo". In December, he launched the "Colección definitiva", a compilation of his all-time biggest hits and videos. Raphael, meanwhile, has scarcely left the stage. The tour "Mi gran noche", with 55 concerts between Spain, the USA and Latin America, led to the digital edition of his album of the same name, which also sold 10,000 physical copies during the tour.

RLM ended 2013 with more great news: the signing of a partnership agreement with Mediaset for the management and booking of artists from *Dreamland*, the TV series to be broadcast by Cuatro from March.

Planet Events

During 2013, concert promoter Planet Events has worked with the hottest

data- has been Spanish radio leader for an uninterrupted 20 years. 40 Principales, with 3,616,000 listeners, has been Spain's Number 1 entertainment brand for more than four decades and, thanks to its expansion drive, it is now also Number 1 among youth audiences in all Latin American countries where it operates.

Radio Caracol, with 2,123,000 listeners, remains the leading network in Colombia and one of the most prestigious networks 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

broadcasts nine lines of programming in different formats of music and spoken-word radio, with 10,772,000 listeners, plus a further two radio formats distributed exclusively on-line.

In Chile, PRISA Radio is undisputed market leader, with 2,137,000 listeners. Of the eleven formats broadcast, seven are among the top-ten ranking for audiences. **Radio Corazon**, yet again is the most popular radio station in the country

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 1,396,562 listeners daily.

In Argentina, PRISA Radio reached 1,122,153 listeners according to figures for September to November 2013.

1. Alejandro Sanz in *Hoy por hoy*.
2. Carlo Ancelotti in *El Larguero*.
3. Baltasar Garzón in *Hoy por hoy*.
4. Steven Spielberg and Daniel Day Lewis in *Hoy por hoy*.





The 10 years of W in Colombia were held with a massive Beyoncé concert.

Radio Continental continues to go from strength to strength on the Argentinean radio scene.

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. It has an audience of 203,200 listeners. In addition, PRISA Radio operates **GLR Networks**, a producer and distributor of programs and advertising space among more than 100 affiliated stations.

In Panama, PRISA Radio operates three broadcast networks, the spoken-word radio channel **Radio Panama** and two music stations, 40 Principales and Bésame, all of which enjoy great popularity. In Costa Rica, where PRISA Radio operates four radio formats through a company co-owned 50% by the group and *La Nación*, October 2011 saw the launch of **ADN**, a spoken-word

radio format that includes news, sports, music and magazine programs. It is followed by 180,085 listeners daily.

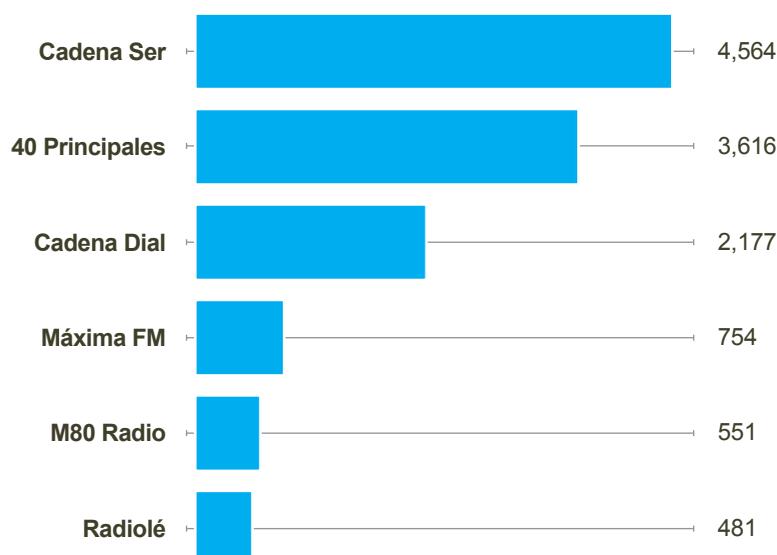
Management team

- **PRISA Radio Chairman:** Augusto Delkader
- **PRISA Radio and Ser CEO:** José Luis Sainz
- **Chief Financial and Resources Officer:** Pedro Antón
- **International Managing Director:** Andrés Cardó
- **Managing Director of Music Radio:** Sandra Rotondo
- **Chief Digital Officer:** Ignacio Azcoitia
- **Managing Director for Spain:** Alejandro Nieto
- **Managing Director for South America And Colombia:** Ricardo Alarcón
- **Managing Director for Argentina:** Nicolás Yocca
- **Managing Director for Chile:** Ricardo Berdicheski
- **Managing Director for Usa:** Daniel Anido
- **Managing Director for Mexico:** Juan Ignacio Reglero
- **Managing Director for Panama and Costa Rica:** Jimena Quintero
- **Managing Director of Communication:** Susana Sánchez Riu

PRISA Radio audience by country
(in thousands of listeners)

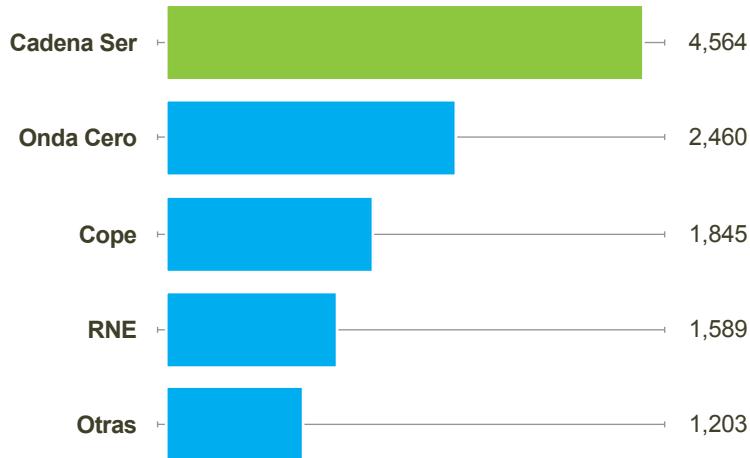
	Accumulated audience	Position	Source
Spain	12,143	1	EGM, 3 rd wave 2013
LatAm	15,756		
Colombia	10,772	1	ECAR july / october 2013
Chile	2,137	1	IPSOS august / november 2013. Gran Santiago
Mexico	1,397	3	INRA Nov 2013 Mexico DF
Argentina	1,122	4	IBOPE september / november 2013
EE.UU. Miami	102	9	Arbitron, november 2013
EE.UU. Los Angeles	70	4	Arbitron, november 2013
Costa Rica	156	4	EGM, 3 rd wave, july / september 2013
Portugal	1,903	1	Markttest 2013
TOTAL PRISA Radio	29,802		

PRISA Radio audience in Spain
(in thousands of listeners)



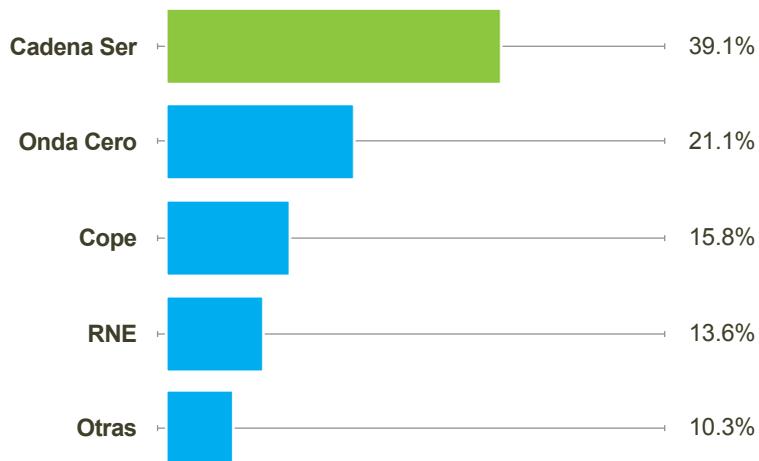
Source: EGM, 3rd wave 2013

General interest radio audience in Spain
(in thousands of listeners)



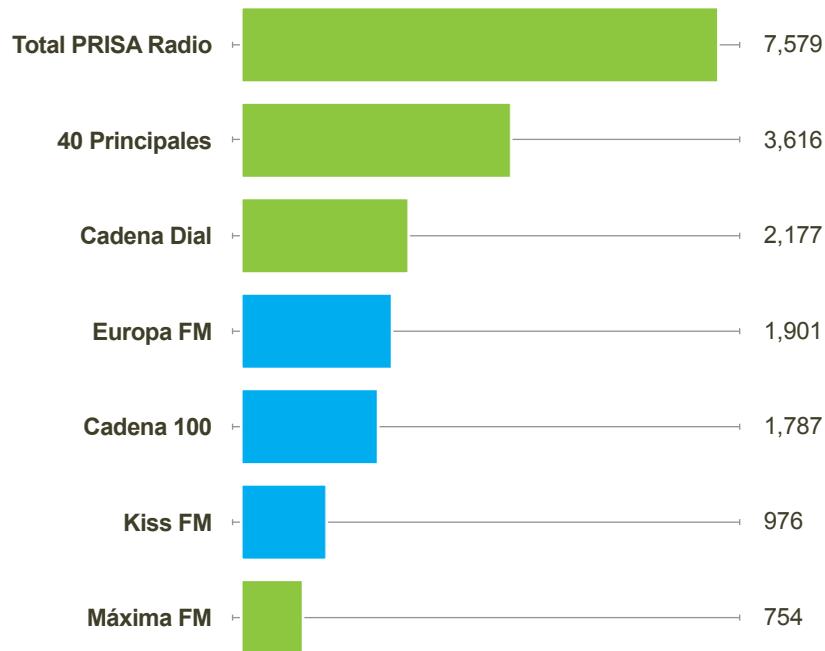
Source: EGM, 3rd wave 2013

Ranking of general interest radio audience in Spain



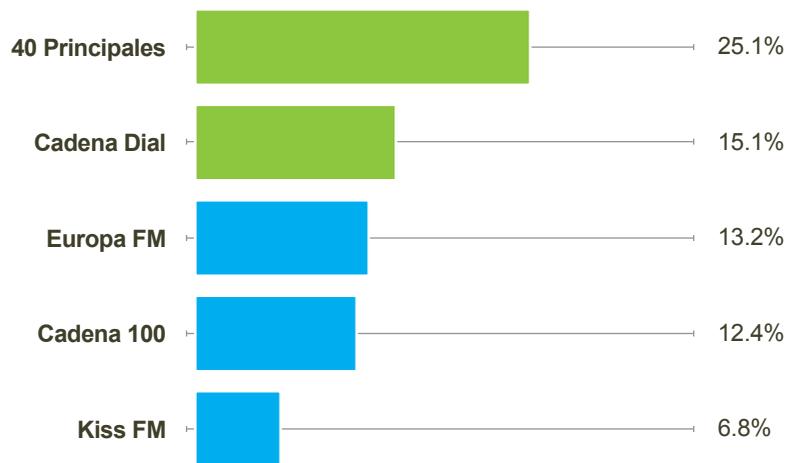
Source: EGM, 3rd wave 2013

Musical radio audience in Spain
(in thousands of listeners)



Source: EGM, 3rd wave 2013

Ranking of musical radio audience in Spain



Source: EGM, 3rd wave 2013

PRISA TV

PRISA's audiovisual area ended the year leading the Spanish and Portuguese markets with its offer of digital entertainment and commercial television. In Spain, PRISA TV operates under the brand CANAL+, and in Portugal the company is present in the commercial television network TVI, through CAPITAL MEDIA group.

CANAL+ continues to lead the Spanish audiovisual market with a multichannel offer delivered via satellite to more than 1.6 million subscriber households. This year CANAL+ has signed important agreements to expand its audiovisual content and its multichannel offer, and it has committed itself to the development and implementation of new technology applications that will enhance the user experience of its customers. The company has also rolled out YOMVI - CANAL+'s ambitious foray into the connected universe - to include new devices and has expanded its distribution through OTT services.

The company has also invested enormous efforts in optimizing CANAL+ interactive services over the course of this year. Highlights in this area include: the new version of the electronic program guide, which displays faster in 16:9 and HD formats; and the option of remote recording, which enables customers to program their iPlus decoder from anywhere.

In addition, after a 20-year history of innovation and commitment to providing its clients with all the latest technological advances, Canal + this year entered the world of **4K technology**.

During 2013 GRUPO CANAL+ reported revenues totaling 1,166 million euros, with EBITDA of 28 million euros. The number of CANAL+ DTH subscribers at year end was 1,620,632. On

other platforms, CANAL+1 had 91,059 customers and CANAL+ LIGA had 659,790. ARPU stood at 42.7.

In **Portugal**, **TVI** has, for yet another year running, consolidated its position as undisputed leader in the commercial television sector. Furthermore, and chiefly through TVI Internacional, the channel has expanded its distribution to reach Portuguese communities living in other countries, and has launched **+TVI, a new entertainment channel** created for the Pay-TV market in Portugal, and which is broadcast exclusively on the ZON platform. In 2013, TVI24 registered its best year ever with a share of 1.7% and the channel expanded its broadcasts to include Angola, Mozambique and Cape Verde.

With regards to Media Capital's radio stations, **Rádio Comercial** maintained its absolute audience-share lead and proved to be the most successful media brand on the social networks. The

network of sites run by **Media Capital Digital** reported robust performance and recorded a monthly average of more than 400 million page views (up 74%). The production company **Plural Entertainment** ended the year with more than 1,400 hours of productions.

Rapid advance of YOMVI

During 2013, YOMVI has dramatically increased its presence on new devices and its robust performance runs in tandem with the successful penetration of CONNECTED TV, from SAMSUNG TV and LG, and of mobile devices such as iPad or iPhone.

In addition, this year the company has begun measuring the consumption of video on demand (VOD) after a major agreement with the company Rentrak. VOD tracking has revealed that the weekly VOD consumption via YOMVI has gone from 500,000 at the beginning of the year to more than 1 million by the end of 2013. This increase in consumption occurred primarily from the third quarter onwards, coinciding with the start of football season and the debut of new series. Finally, the 30

YOMVI registered
30 million VOD downloads
during 2013



million VOD downloads registered during 2013 has allowed YOMVI to confirm that its offer is in clearly line with what users demand.

Futbolín, an award-winning production

RISA TV closed the year with the theatrical release in Spanish cinemas of the film *Futbolín*, the first project by Juan Jose Campanella after winning an Oscar for *The Secret in Their Eyes*. This Spanish-Argentinean co-production, in which CANAL+ participated through Plural Entertainment, went on to win the Goya, awarded by the Spanish Film Academy, for Best Animated Film. In addition, the Argentinean Film Academy also honored the film with the awards for Best Adapted Screenplay (Juan José Campanella, Eduardo Sacheri and Gaston Gorali), Best Sound (José Luis Díaz) and Best Original Score (Emilio Kauderer).

All the best sport, all the latest technology and a winning team

CANAL+ signed a series of important deals to bring its customers all the best sports content. This season, CANAL+, **the true home of football**, has maintained its fantastic offer and has made an even greater commitment to technology. Thus, tools like LIBEROVISIÓN (to analyze tactical moves), VIRTUAL PRESENTER (puts CANAL+ presenters right down there in the game), HIGH SPEED CAMERA (captures up to 2,000 images per second for capturing otherwise imperceptible details) and SOCIALFÚTBOL (measures fan mood and sentiment on social networks) have further demonstrated CANAL+'s firm commitment to football.

In addition to broadcasting the Liga BBVA, the Liga Adelante, the Copa, the Champions, the Premier, the Bundesliga and the Serie A, in 2013, CANAL+



scored the broadcast rights for the Euroleague Basketball. Furthermore, the network renewed its rights for the exclusive broadcast of the NBA on pay television, bringing fans all the best games via YOMVI. And, as always, CANAL+ has maintained its commitment to the very best in sport: the Super Bowl, Wimbledon, Masters Golf, Diamond League Athletics and Six Nations Rugby.

And the channel signed up top commentators and specialists who now join the best team in sports television in Spain: Carlos Martínez, Michael Robinson, Nacho Aranda, Julio Maldonado, Noemí de Miguel, Santi Cañizares,

Antoni Daimiel, David Carnicero, Iñaki Cano y Nicola Loncar, Miguel Angel Calleja, Hugo Costa, etc.

CANAL+, premium content to suit every viewer

Major film productions were once again, this year, the true stars of CANAL+'s schedules. The ten most-viewed premieres of 2013 were: *The Impossible*, *Skyfall*, *Safe House*, *Jack Reacher*, *Snow White and the Huntsman*, *The Life of Pi*, *The Hunger Games*, *American Pie: The Reunion*, *Men in Black 3*, and *The Descendants*.

Alongside great cinema, sports and series, CANAL+ also made room for other types of content such as great documentary series, concerts by national and international performers, the most-awarded short films and in-house programs produced by CANAL+. Highlights included interviews by Iñaki Gabilondo, the absurd humor of *Ilustres Ignorantes*, the top-rated *Informe Robinson* -which this year celebrates its sixth season and has already become a benchmark for sports journalism- the magazine show *Tentaciones* and CANAL+'s reports by Jon Sistiaga.

CANAL+ series, a meeting place for fans

This year, CANAL+ has expanded its offer with a range of new thematic and HD channels, most notably the launch of CANAL+ SERIES. This is a must for fans of TV series: with movies, marathons, specials, series in original version with subtitles in Spanish and the original language, debuts aired simultaneously with the U.S. broadcast, behind-the-scenes reports, new releases, shows from all genres and nationalities, in-house productions, and innovative formats.

Hit shows hitting the CANAL+ Series screen include: *The Blacklist*, *Orange is the new black*, *Breaking Bad*, *Nashville*, *House of life*, *Ray Donovan*, *The Michael J. Fox Show*, *Getting On*, *Ja'ime Private School*, *The Fjällbacka Murders*, *Masters of Sex*, *Boardwalk Empire*, *Rake*, *Banshee*, *Girls*, *Shameless*, *The Newsroom*, *Game of Thrones*, *Mad Men*, *Spartacus*, *The Computer*, *Hello Ladies*, *Boss*, *True Blood*, *Looking*, *Archer*, *House of Cards*, *Treatment*, *Political Animals*, *web Therapy*, *Fringe*, *Weeds*, *Episodes*, and *Little Britain*, etc.

1. Lo imposible.
2. Fútbolín.
3. Introducing of the new season Soccer in CANAL +.



España en serie (Spain in series) an original new canal + production

CANAL+ continues with its commitment to quality original productions, which began with the multi-award-winning *Crematorio*, with the presentation of **España en serie (Spain in series)**, a grand tour through the history of Spanish television series and the society in which they were created.

España en serie is a documentary series of 4 episodes. Production involved conducting in-depth interviews with around 100 professionals including actors, directors, creators and writers, who recall how they created the fictional characters who, for 50 years, have accompanied Spanish viewers every night.



Media Capital

Media Capital group is market leader. During 2013, Grupo Media Capital companies have worked on strengthening and creating synergies, bringing together the best of each to develop unique projects whose results were extremely positive, both internally and with consumers. Of particular note in this area, were the efforts of TVI and MCD, both of whom made considerable



headway to integrate their respective editorial and commercial departments, thereby developing synergies, and leveraging their respective digital and content know-how to create innovative and interactive apps. MCD incorporated the Group's radio sites into its own network of sites, an important step towards a more efficient development of shared content and services between Media Capital channels and products.

In the music sector, the Farol label has taken advantage of the radio brands and of TVI content to bring out a range of CD's bearing the radio station brands. As for video production, Media Capital embarked on a thorough reorganization, and began adapting its structure so as to achieve a greater flexibility that will both improve profitability and endow it with a more advantageous operational capacity to respond to future challenges.

Thus, Grupo Media Capital ends 2013 more united, stronger and better equipped to face an increasingly demanding market.

In 2013, Media Capital had revenues of 181.7 million euros and EBITDA of 40.7 million euros. Advertising revenues amounted to 102.7 million euros.

TVI maintains its leadership for the ninth consecutive year and expands distribution

TVI was undisputed leader in 2013, enjoying a considerable lead over its nearest competitor. Its contents embrace a wide variety of genres with a focus

on dramas and soap operas, news, entertainment and sport. With regards to dramas and soap operas, the network has continued its strategy of bringing such content to prime time, with the broadcast of highly successful shows such as *Destinos Cruzados*, *Mundo ao Contrário*, *Belmonte* and *I Love It*, the latter a teen drama broadcast in prime time.

In terms of **news** programming, "Jornal da Uma" and "Jornal das 8" led in their respective schedules, with shares of 27.6% (694,000 viewers) and 26.2% (1,165,000 viewers), respectively. Meanwhile, "Reporter TVI" (investigative reporting), broadcast weekly, scored an average audience of 1,390,000 viewers.

Flagship **entertainment** formats reported record audiences in prime time. The third season of "A Tua Cara Não é Estranha Me" had an average audience share of 37.9% (1,300,000 viewers) and reality shows "Big Brother VIP" and "Secret Story-Casa dos Segredos IV" registered market-leading shares of 37.5% and 35.4%, respectively. From Monday to Friday, "Você na TV" (mornings) maintained its leadership with a market share of 30.6% and "A Tarde é Sua" (in the afternoons) secured a share of 23.2%. During the weekend, the space "Somos Portugal" -a live program that travels the country from north to south- was leader in its timeslot with an average audience share of 27.8%.

The big TVI galas - "Gala Aniversário: 20 Anos" (broadcast on the day of its twentieth anniversary) and "Gala das Estrelas: Missão Sorriso" (broadcast at Christmas for charitable ends)

were also audience-share leaders with 38.8% (1,340,000 viewers) and 37.6% (1,400,000 viewers).

In **sports** programming, TVI broadcast the best free-to-air football from the Champions League and the Portuguese league, the "Taça da Liga". The Champions League matches exclusively broadcast by TVI in free-to-view (with respect to the 2012/2013 and 2013/2014 seasons) had an average audience share of 41.9% (more than 2 million viewers). Matches from the Liga Portuguesa, meanwhile, recorded a 39.7% share.

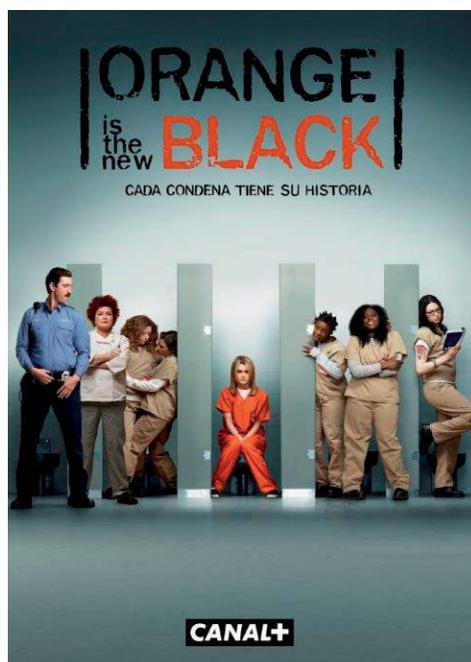
TVI 24

Media Capital's rolling news channel, TVI24, had its best year ever, with an average audience share of 1.7%, improving its position during the whole day and in prime time. TVI24 reinforced its news services and consolidated its opinion and debates programming. In addition, the channel expanded its sports content, in collaboration with TVI. In 2013, the TVI24 network also expanded broadcasts to include Angola, Mozambique and Cape Verde.

The TVI24 website and its apps recorded significant growth rates and have broken audience and downloads records. By the end of 2013, TVI24 apps had registered 182,000 downloads.

TVI Internacional expands its presence

TVI Internacional strengthened its presence in Europe, with its entry into the Spanish market and into new platforms in Luxembourg and France. In an effort to bring the best of drama, entertainment



and news to markets where Portuguese-speaking communities have a significant presence, in 2013 TVI Internacional began broadcasting in the US, Australia and New Zealand. The channel is now available in 11 countries (4 continents) and on 23 distribution platforms.

Ficção TVI and TVI +

TVI Ficção, the Pay-TV channel available on the MEO platform, combines the best of drama and soap opera productions from TVI with new interactive solutions from the MEO platform specifically developed to increase the interaction of the audience and increase user satisfaction through access to exclusive MEO services. Launched in October 2012, TVI Ficção, in 2013, had an audience share of 0.6% (among premium Pay-TV channels).

In January this year, Media Capital launched +TVI, a new entertainment channel created for the Pay-TV market in HD with exclusive distribution through the ZON platform. +TVI combines content in Portuguese with international productions in recognized formats.

In 2013, TVI Ficção and +TVI began broadcasts for the Portuguese-speaking countries Angola and Mozambique.



Plural Entertainment

Plural Entertainment maintains its position as one of the largest audiovisual production companies in Iberia, particularly in the area of dramas and soap operas in Portuguese and in entertainment in Spanish. Alongside its activity in Spain and Portugal, Plural also operates in Latin America and in the U.S.

In 2013, one of its made-for-TV movies won the award in the category for Best Fiction at the Prix Italia awards, while the animated 3D film "Futbolín", co-produced by Plural, Jempsa, Atresmedia Cine and Jorge Estrada Mora Producciones (Argentina), won a Goya for Best Animated Film.

Activity in Portugal

In 2013, Plural has strengthened its lead, consolidating its position as a leading producer in Portugal, with over 630 hours of content produced. The company's productions set the standard at both a national and international level. In addition to dramas and soap operas, Plural produced a wide range of entertainment content, especially for TVI Ficção and +TVI, as well as advertising content.

Meanwhile, EMAV (Plural's technical arm) and EPC (stage and set design) have had a strong year, specifically with imaging services for sports competitions -such as the Portuguese Liga, the Champions League and the Snowboard World Championships- in the case of EMAV: and, in the case of EPC, the building of important sets for entertainment programs, dramas and series. Both companies attracted new customers and expanded their business to new countries and markets.

Activity in Spain

In Spain, Plural has produced programs for a variety of genres, including entertainment, drama and soap operas, news, sports, reality shows and documentaries: a total of about 800 hours of production, among which are programs like "Big Brother", "Torres y Reyes", "Por la cara", and "Deportes Cuatro".

Plural's clients include the leading Spanish and Portuguese television networks, and its projects are renowned for the originality of their scripts, modern image processing, and careful execution. Plural's contents are audience-share leaders in a range of different targets and at different times.

Other business

media Capital's success in the audiovisual area has also been matched by success in the areas of radio, digital and music, and events.

Media Capital Rádios (MCR) was audience leader for the second year running in the Portuguese radio market via its station Radio Commercial, which reported a 15% audience share. m80 closed 2013 with an average audience share of 4% and SmoothFM, MCR's most recent initiative, was well received by listeners and expanded its network coverage. All radio networks organized and supported important

musical events throughout 2013, thus generating greater outreach to listeners. The group's stations' presence at major music festivals and concerts and the flagship m80 festival are prime examples. Radio Commercial is also a leader among media on Facebook, and its videos registered 9.5 million views on youtube.

In the **Digital** sector, this year Media Capital's sites together recorded a monthly average of more than 400 million page views (up 74%). In addition, throughout 2013, video content on Media Capital Digital (MCD) sites registered over 115 million views. During 2013, Media Capital Digital maintained its capacity to innovate and create new interactive applications for TVI and TVI24 content across multiple platforms and devices, which registered significant results in the number of downloads. In addition, MCD developed a range of publishing projects, such as blogs by leading TVI figures, and sites related to the content of TV productions, thereby providing unique interactive experiences and cross-sector content.

With regards to **Music and Entertainment**, the highlights were the launch the



TVI celebrates his 20th Anniversary.

new Tony Carreira CD, "Tony Carreira-25 Anos" which garnered four platinums, and the album from Liliane Marise, a TV character from TVI who was a hit with the public and earned a gold disc. Farol held onto their lead in Portuguese music and in compilations, most resulting from the leveraging of synergies with TVI and MCR. In the events sector, Media Capital Musica e Entretenimento triumphed once again with the MEO Spot event, with 57 events held at two different venues, which drew in more than 100,000 people.

Management team

- **Chairman:** Manuel Polanco
- **CEO:** Pedro García Guillén
- **Director of Communications, PRISATV:** Purificación González
- **CEO of CANAL+:** Manuel Mirat
- **Managing Director of Contents and Rights Acquisitions, CANAL+:** Álex Martínez Roig
- **Managing Director of YOMVI:** Guillermo Mercader
- **CEO of mediacapital:** Rosa Culler

Television (Spain)

	Suscribers	% Penetration
IPLUS	630,005	38.9%

Source: internal elaboration

CANAL+: number of subscribers

	Dec. 2013
Subscribers CANAL+ satellite	1,620,632
Subscribers CANAL+ OTT	28,399

Source: internal elaboration

CANAL+: average revenue per subscriber per month

	Euros
Annual ARPU satellite	42.7

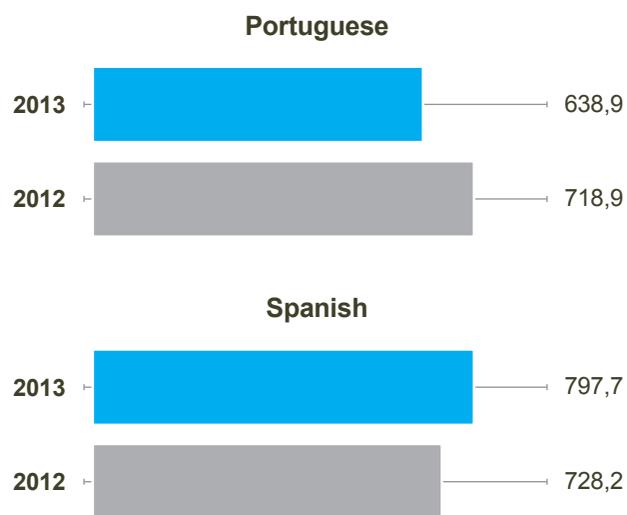
Source: internal elaboration

CANAL+: cancellation rate

	Dec. 2013	Dec. 2012
CHURN at year end, satellite	18	15.4

Source: internal elaboration

**Audiovisual Production Plural Entertainment
(Hours produced)**



NOTE: In 2011 there were 2,000 hours related to chip that are not covered in 2012

**Television in Portugal
(january-december)**

	24 hours	Prime Time
TVI	40.2%	41.2%
SIC	34.6%	39.4%
RTP 1	21.1%	15.9%
RTP 2	4%	3,4%

Good Corporate Governance

Shareholder structure of PRISA

The capital and shareholder structure of PRISA is currently equipped with a range of existing financial instruments. As of December 31, 2013, PRISA share capital is divided into:

- **Class A ordinary shares:** a total of 740,659,416 shares listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) and in New York (in the latter case through ADRs, American Depositary Receipts).
- **Non-voting Class B shares:** totaling 312,001,056 convertible and non-voting shares, and listed on the Spanish stock exchanges (Madrid, Barcelona,

Bilbao and Valencia) and in New York (in the latter case through ADRs, American Depositary Receipts).

These shares may be converted into Class A ordinary shares at the option of the shareholders, with conversions available to investors every month until expiration in May 2014, the mandatory deadline for conversion of all Class B shares. Thus, these shares will be mandatorily converted into Class A shares during the month of June 2014. The conversion rate of Class B shares to Class A ordinary shares depends on the time of conversion and the price at which the Class A shares are listed. If the conversion takes place during one of the monthly windows for voluntary conversion, each Class B share will be

converted to a Class A share. If conversion occurs obligatorily during the last conversion window, each Class B will be equivalent to between 1 and 1.33 Class A ordinary shares, depending on the price at which they are listed.

Class B shares are entitled to a guaranteed minimum dividend, payable in shares (valued at one euro), in cash or in a combination thereof, at the option of the company, amounting to 0.175 euros per share.

Also, to December 31, 2013, the Company had the following financial instruments:

- **PRISA Warrants:** issued under the capital increase agreement adopted



at the Extraordinary Shareholders Meeting on November 27, 2010, PRISA Warrants have PRISA Class A shares as underlying titles. Their exercise price amounts to 2 euros and they may be exercised on a monthly basis during any of the monthly windows (up to the date of their expiration in June 5, 2014). PRISA Warrants quote on the platform of the Spanish Stock Warrants.

- **Convertible Bonds 2012:** issued under the resolution of the Ordinary Shareholders' Meeting of June 30, 2012, which endorsed a resolution to increase share capital by the amount necessary to meet conversion into Class A ordinary shares up to an initially envisaged maximum of 421,359,223 shares. The bondholders may request their conversion into Class A shares at any time before the final maturity date (July 2014). In this case, the Company shall issue Class A shares resulting from the conversion price within the month following the request of early conversion. The price of the PRISA shares for purposes of conversion will be 1.03 Euros and will be adjusted under certain circumstances provided in the resolution.

- **PRISA Warrants 2013:** in the context of the refinancing of PRISA's bank debt, the Extraordinary Meeting of PRISA Shareholders, held on December 10, 2013, adopted a resolution to issue warrants that incorporate the right to subscribe to Class A ordinary shares newly issued by the Company.

The number of PRISA Warrants 2013 issued is 215,605,157, which confer on holders the right to subscribe to the same number of Company Class A ordinary shares, as well as a number of additional Class A ordinary shares to a maximum combined total of 372,661,305, subject to the increase in capital derived from the payment

of the minimum dividend recognised to the Class B shares by means of the delivery of Class A shares, as well as the eventual adjustment of the conversion ratio in the necessary conversion of the Class B convertible non-voting shares, and the exercise or conversion of the necessarily convertible bonds that convert to Class A shares of the Company issued in June 2012

The PRISA 2013 Warrants have been subscribed by 16 institutional investors and are not admitted to trading on any secondary market

As of December 31, 2013, according to information made available by the Spanish National Securities Commission (CNMV), the significant shareholders of PRISA, is show in the right table.

Rucandio, SA is holds its investments through the following entities:

- Promotora de Publicaciones, SL, holder of 77,248,921 voting rights, representing 10,429% of the share capital with voting rights.
- Timón, SA, holder of 7,928,140 voting rights, representing 1.070% of the share capital with voting rights
- Asgard Inversiones, SLU, holder of 27,662,101 voting rights, representing 3.734% of the share capital with voting rights
- OTNAS Inversiones, SL, holder of 93,000,000 voting rights, representing 12.556% of the share capital with voting rights
- Rucandio Inversiones SICAV, SA, holder of 339,094 voting rights, representing 0.045% of the share capital with voting rights.

Furthermore the indirect holding declared by Rucandio includes 28,088,522 voting rights of PRISA subject to the

“PRISA Shareholder agreement” signed on December 22, 2011 (in which Rucandio indirectly holds the majority of votes), and whose terms were communicated to the CNMV.

Share performance during exercise and shareholder remuneration during the year

The most representative price (by number of shares and liquidity) is that of Class A common stock, listed on the Spanish stock exchange.

PRISA's Class A Common Stock started the year with a price of 0.24 euros (2 January 2013) and closed the year with a price 0.40 per share (31 December 2013), which represents a price increase of 66.7%. This performance compares to a growth for the Spanish market (IBEX 35) of 17.4% over the same period.

The performance of PRISA's share price has been very varied over the different quarters of the year, showing falls of 6.2% and 2.3% in the first and second quarter, and growth of 62% and 23% in the third and fourth quarters, respectively.

The evolution of the market price of the Class A ordinary shares of Grupo PRISA compared with the evolution of Ibex 35, over the course of 2013, both indexed to 100, is shown in the right graph.

The company **has made no remuneration to shareholders of class A stock.**

Class B shareholders have received, paid in shares, a minimum guaranteed dividend of 0.175 euros per share, as agreed on the date of issuance of the Class B shares. This dividend was paid in PRISA Class A shares, at 1 euro per share, as approved at the General Meeting held in July 2012 (which gave the company the option of paying the

mentioned dividend in cash, in shares valued at 1 euro per share or a combination of both).

The payment of **the annual dividend on Class B shares** took place in September 2013, although given the possibility of converting B shares to A shares during conversion windows taking place every month, and given the obligation of the company to remunerate all outstanding dividend payments at the time of the conversion of the shares, PRISA has made payments of dividends to its shareholders in each of the Class B conversion windows, whenever requests for voluntary conversion have been made.

In 2013, **the minimum guaranteed dividend for the year 2012** for the Class B shares was paid out in shares amounting to a total of 54,990,280 Class A ordinary shares. Likewise, the minimum dividend due on Class B shares whose voluntary conversion was requested during the year 2013, has resulted in the issuance of a total of 6,330,624 Class A ordinary shares.

Formal policies for Good Governance

The principal objectives of Corporate Governance for Grupo 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 expertise. It has developed a corporate communications policy providing market agents with the tools and information necessary for analysis and investment decision-making.

The company has a Corporate Governance Committee, whose functions include the overseeing and improving the

Company's corporate governance strategy. The Committee proposes a range of measures aimed at improving the corporate governance of the Company, and these are now being implemented by the Board of Directors and all other committees.

During 2013 the Corporate Governance Committee has focussed its efforts on examining the new regulatory framework on corporate governance and on the analysis and practical implementation of new obligations involving information and transparency that affect the Company.

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 to resolve possible conflicts of interest.

This Codes of Conduct is applicable to members of the Board of Directors and senior 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

This establishes general guidelines that govern the conduct of PRISA and all Group employees in compliance with their duties and their business and professional relationships, and in accordance with the laws of each country while also respecting generally recognized ethical principles.

The values and principles that should guide the actions of employees of the Group are integrity, honesty, rigor and dedication to the pursuit of business, responsibility, commitment and transparency, pluralism and respect for all ideas, cultures and persons, creativity and innovation in business development, and responsible, efficient and sustainable development, thereby generating shareholder value and value for the Group.

The General Secretariat of the Group regularly reports to the Corporate Governance Committee on its ongoing monitoring and on compliance with the rules by employees. The Corporate Governance Committee conducts an annual report on this evaluation and the degree of compliance with the *Code of Conduct*, which is then communicated to the competent governing bodies of PRISA.

**Significant
shareholders of PRISA**

	Number of voting rights		Voting rights percent
	Direct	Indirect	
Rucandio, S.A. (*)	-	234,266,778	31.629
BH Stores IV, B.V.	28,422,994	-	3.837
Inmobiliaria Carso, S.A. de CV	8,665,000	6,030,000	1.984

Information released in CNMV, december 2013

**Evolution of the market price of the
Class A ordinary shares**



Source : Bloomberg (January 2, 2013, January 31, 2013.)

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 and been guided by the recommendations outlined in the *Unified Code on Good Corporate Governance* issued by the Comisión Nacional del Mercado de Valores (CNMV) in May 2006.

Of the 53 recommendations currently in force, the Company fully complies with 42. Of the 10 remaining recommendations, one do not apply to the Company, six have been partly addressed and three have not been met, predominantly due to structural factors and matters of internal regulation.

Furthermore, since our common and convertible shares are classified as American Depositary Shares (ADS) on the New York Stock Exchange, PRISA meets the standards of corporate governance and information set out by U.S. legislation (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 corporate purpose, 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.

Corporate Social Responsibility Policy

The management of each business unit (publishing, press, radio, audio-visual

and digital), will adopt the necessary measures to ensure fluid communication with the plurality of social interests and concerns. To this end, 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, after being analyzed by the Corporate Governance Committee.

Said Committee is increasingly becoming involved, with ever greater thoroughness, in corporate responsibility policy. The Regulations of the Board of Directors expressly confer the power *"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 Delegate Committee, as appropriate"*.

Board of Directors and Management Team

Company directors are appointed by the Executive Chairman or CEO who are granted this authority under Articles 10 and 11 of the Board of Directors Regulations. The Appointments and Re-

muneration Committee reports on all appointments and resignations, retirements and removals of directors (Article 25 Board of Directors Regulations).

Composition of the Board

The structure of the Board of Directors, the Delegate Committee and other Committees has been reorganized, due to the resignations of the members Matías Cortes, Martin Franklin, Harry Sloan y Nicolas Berggruen, y de la incorporación de los consejeros, and the addition of new members, Claudio Boada Pallerés, John Paton and Roberto Lázaro Alcántara Rojas.

Also in 2013, Iñigo Dago Elorza and Carlos Palacios Ulecia resigned as non-executive secretary and as non-executive deputy secretary, respectively, and were replaced in those positions by Antonio García-Mon Marañés and Teresa Díez-Picazo Giménez.

The current composition of the Board is reflected in the right table.

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 15 members, including three executive members, three directors representing controlling shareholders, and nine independents. In accordance with U.S. law (which only contemplates the position of executive and independent Board members), the Board consists of three executive members and 12 non-executive, independent directors.

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

Composition of the Board of Directors

		Condition	Delegate Committee	Audit Committee	Appointments and Remuneration Committee	Corporate Governance Committee
Executive Chairman	Juan Luis Cebrián Echarri	Executive Director	x			
Vice-president	Manuel Polanco Moreno	Executive Director	x			
CEO	Fernando Abril-Martorell	Executive Director	x			
Members	Roberto Lázaro Alcántara Rojas	Director Representing Controlling Shareholders	x			
	Juan Arena de la Mora	Non-executive Independent Director		x		
	Claudio Boda Palleres	Non-executive Independent Director		x		
	Arianna Huffington	Non-executive Independent Director				x
	José Luis Leal Maldonado	Non-executive Independent Director				x
	Gregorio Marañón y Bertrán de Lis	Non-executive Independent Director	x		x	
	Alain Minc	Non-executive Independent Director	x	x	x	
	Agnès Noguera Borel	Director Representing Controlling Shareholders			x	x
	John Paton	Non-executive Independent Director	x			
	Borja Pérez Arauna	Director Representing Controlling Shareholders			x	
	Emmanuel Roman	Non-executive Independent Director			x	
Ernesto Zedillo	Non-executive Independent Director				x	
Non-executive secretary	Antonio García-Mon Marañés					
Non-executive deputy secretary	Teresa Díez-Picazo Giménez					



Executive Delegate Committee and Board of Directors Committees

PRISA's Board has established a number of committees: i) an Executive Delegate Committee, ii) an Audit Committee, iii) a Corporate Governance Committee, and iv) an Appointments and Remuneration Committee.

Details of the composition and responsibilities of the Executive Delegate Committee and of the other committees, as well as meetings held over the course of 2013, are available in the ACGR.

The Audit Committee, the Corporate Governance Committee, and the Appointments and Remuneration Committee have all published reports describing their functions and activities over 2013.

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 Articles of Association, 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 Outside 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 directors

Motions for the reelection of board 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:

- When they are subject to any of the legally established prohibitions or grounds for disqualification.
- When based on a criminal offense they are indicted in ordinary felony proceedings or have been convicted in a misdemeanor proceeding.
- When they have received a serious reprimand from the Board of Directors for failure to fulfill their obligations as Directors.
- 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 or her respective status as such.

- When in the course of a year they fail to attend more than two meetings of the Board of Directors, the Delegate Committee or any other Committee on which they sit, without just cause.

- When their remaining on the Board is deemed inappropriate, under the terms of Article 33.5 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 33.5, 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, as set forth in the bylaws, for which he or she 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.

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 about the overall remuneration of Board members (without prejudice to the more detailed and individualized information as reflected in the Remuneration Policy Report, as described below), on the guarantee or protection clauses of which they are beneficiaries and on transactions which they may be party to.

Conflicts of interest

Situations that may involve a conflict of interest, for both Company directors and significant shareholders, are provided for in the Board Regulations and in the PRISA's Internal Regulations for Conduct Relating to Securities Markets and its Group of Companies.

Directors must notify the Company of any situation that may involve a conflict of interest.

Professional or commercial transactions, be they direct or indirect, conducted between directors (or persons linked or related to them, when such transactions amount to more than 60,000 euros) and the Company or any of its subsidiaries, must be authorized

by the Board of Directors, subsequent to a report from the Corporate Governance Committee. Those transactions conducted by persons related or linked to directors which do not exceed 60,000 euros will require the authorization of the Corporate Governance Committee.

Furthermore, Directors shall not participate in deliberations on matters in which they have a direct or indirect interest. Directors who are affected by such transactions will not exercise their right to vote, and will remain absent from the meeting room during deliberations and voting on all such matters.

Authorization of the Board of Directors shall not be considered necessary for transactions that meet simultaneously the three following conditions:

- a. They are conducted under contracts whose terms are standardized and apply en masse to many customers.
- b. They are conducted at prices or rates that are generally set by the person supplying the goods or service concerned.
- c. The amount does not exceed 1% of the annual income of the person or entity receiving the service.

Notwithstanding the foregoing, in cases where conflict of interest is, or may reasonably be expected to exist, of such a nature as to constitute a structural and permanent conflict between the Director (or a person related or linked to him/her or, in the case of a proprietary Director, the shareholder or shareholders that proposed or made his appointment or all those persons directly or indirectly related) and the Company or the companies integrated in the group, it is understood that the Director lacks, or no longer holds, the competence required to hold office.

In addition, the Director may not provide professional services to competitors of the Company or of its subsidiaries

and affiliates. This excludes positions in companies that have a stable and significant stake in the shareholder structure of the Company.

Furthermore, the Board of Directors must be made formally aware of any transaction between the Company and a significant shareholder. In no case will the transaction be authorized unless a report by the Corporate Governance Committee has been issued, evaluating the transaction in terms of market conditions. However, such authorization from the Board of Directors shall not be deemed necessary for those transactions that simultaneously satisfy the above three conditions (relating to directors).

Likewise, and in order to safeguard the principle of transparency, the Board will publish via a range of channels (financial information, annual corporate governance report) a summary of all transactions conducted by the Company with Directors and major shareholders

Evaluation of the performance and composition of the Board of Directors

Evaluation of the performance and composition of the Board of Directors, the chair of the board 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.

These periodic evaluations have had a positive impact on the organization and functioning of the internal organs of the Company.

Transparency

Remuneration Policy

The Board of Directors and the Appointments and Remuneration Committee

approve the annual remuneration policy of the Board of Directors and the Management team.

In 2013, the Company prepared a remuneration policy report with details of individual directors' remuneration over the previous year. This report was submitted to a vote, on a consultative basis and as a separate item on the agenda at the Annual General Meeting of Shareholders held on June 22, 2013, in compliance with the Sustainable Economy Act (Ley de Economía Sostenible), which introduced Article 61 ter in the Securities Exchange Act regulating the Remuneration Policy Report) and was approved with 98.197% of the votes in favor.

The Remuneration Policy Report for the year 2014 will be submitted for approval to the Annual General Meeting to be held this financial year. This report, which has been prepared in accordance with the new model, both unique and standardized), approved by the CNMV Circular 4/2013, involves an exercise in transparency in the reporting of the remuneration of directors with a greater degree of justification and detail.

Likewise, the Annual Corporate Governance Report will provide information regarding the remuneration of executives and the management team. Furthermore, the Company also complies with Article 260 of the LSA (Law of Limited Liability Companies), establishing that the Report must include the "total 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 thus constitutes a key tool in improving the communications 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 initiatives and 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 and the SEC, Corporate statutory norms and regulations, information about the Board of Directors, the Executive Delegate Committee, the Audit Committee, 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 on-line.

Department of Investor Relations

(See paragraph dialogue and communication with our stakeholders).

Shareholder Services Department

Reporting to the General Secretary, this Department manages all contact with individual shareholders, attending to their queries and requests for information, either in person at our office, or by phone, fax, post or email.

This department also deals with requests for information from the general public on a range of issues relating to the Company.

Shareholder participation

Shareholder voting restrictions

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.

Attendance at the AGM :

The Shareholders' General Meetings that the Company holds may be attended by those who hold at least 60 shares, on the condition that such persons are entered in the corresponding accounting records at least five days prior to the day on which the Meeting is held, and this record is maintained until the Meeting is held. In order to exercise his right of attendance, the shareholder shall be authorised beforehand by means of the corresponding attendance card issued by any of the entities participating in Iberclear, or in any other form accepted by applicable law.

Holders of fewer shares may group together in order to reach the 60-share threshold, appointing a representative.

Each share entitled to vote, either present or represented by proxy at the General Meeting, shall have one vote.

Representation of shareholders:

Shareholders may choose to vote by proxy by allowing someone else to cast votes, complying with the requirements and formalities provided for in the Bylaws, the AGM Regulations and the Law.



Any such representation will be specific to the meeting concerned.

Proxies may be exercised by the shareholder by post or by electronic means of communication.

Voting by mail or electronic means of remote communication

Votes on proposals regarding items on the agenda of any General Meeting may be exercised by the shareholder by post or by electronic means of remote communication, provided that the identity of the person exercising the right to vote is duly guaranteed, and in compliance with the requirements and formalities provided for in the Bylaws, the AGM Regulations and the Law.

Shareholders who cast their votes remotely will be taken into account as being in attendance for the purpose of constitution of the meeting.

Right to information prior to the Meeting

Shareholders may request from the directors, in writing and up to seven days before the day immediately preceding the meeting, information or clarification, or may seek answers or clarification, on questions regarding any matter included in the agenda or on any publicly available information that has been filed by the Company with the National Securities Market Commission (CNMV) since the holding of the last General Meeting, as well as clarification on the auditor's report.

The requested information will be provided to the applicant by the Board of Directors or by whomsoever they delegate to this end, by any member entitled to do so or by the Secretary.

The information will be provided in writing up to the day of the Annual General Meeting, through the Shareholders Relations Department.

However, the information requested may be withheld in certain circumstances, as set out in AGM Regulations.

Right to information during the Meeting

During their turns to speak, shareholders may orally request any information or clarification that they deem appropriate concerning the items on the agenda and also regarding the publicly available information that the Company has submitted to the Spanish National Securities Market Commission (CNMV) since the date of the most recent general meeting and regarding the auditor's report.

Directors shall be obliged to provide the requested information, unless it is not available during the meeting, in which case directors shall be obliged to provide that information in writing within seven days following the end of the Meeting, without prejudice to the provisions of the following paragraph.

Information need not be provided in certain cases, as stipulated in the AGM Regulations.

Information or clarification requested from directors shall be provided by the Chairman, the Chief Executive Officer, the Secretary, or if the Chairman so requests, from a director, the chairman of the Audit Committee or any employee or expert in the matter.

Electronic Shareholder Forum

On the occasion of the convening of the General Meeting, an Electronic Shareholder Forum will be established on the Company website, which will be accessible with due guarantees to both individual shareholders and any voluntary associations established by them, designed to facilitate their communication prior to general meetings. The forum may include motions to be tabled in addition to those on the announced meeting agenda, requests for support for such motions, initiatives to gain sufficient per-

centage to exercise the minority voting right established by law, as well as offers or requests for voluntary representation.

The FORUM is established to enable communication between the shareholders of PRISA (both individual and any voluntary associations constituted by them under applicable law) during the convening period and for the purposes indicated in the previous paragraph, but it is not envisaged as a mechanism for electronic conversation between shareholders nor as a forum of virtual debate. The FORUM also provides a channel of communication between the Company and its shareholders.

Risk Control

Control systems and risk management

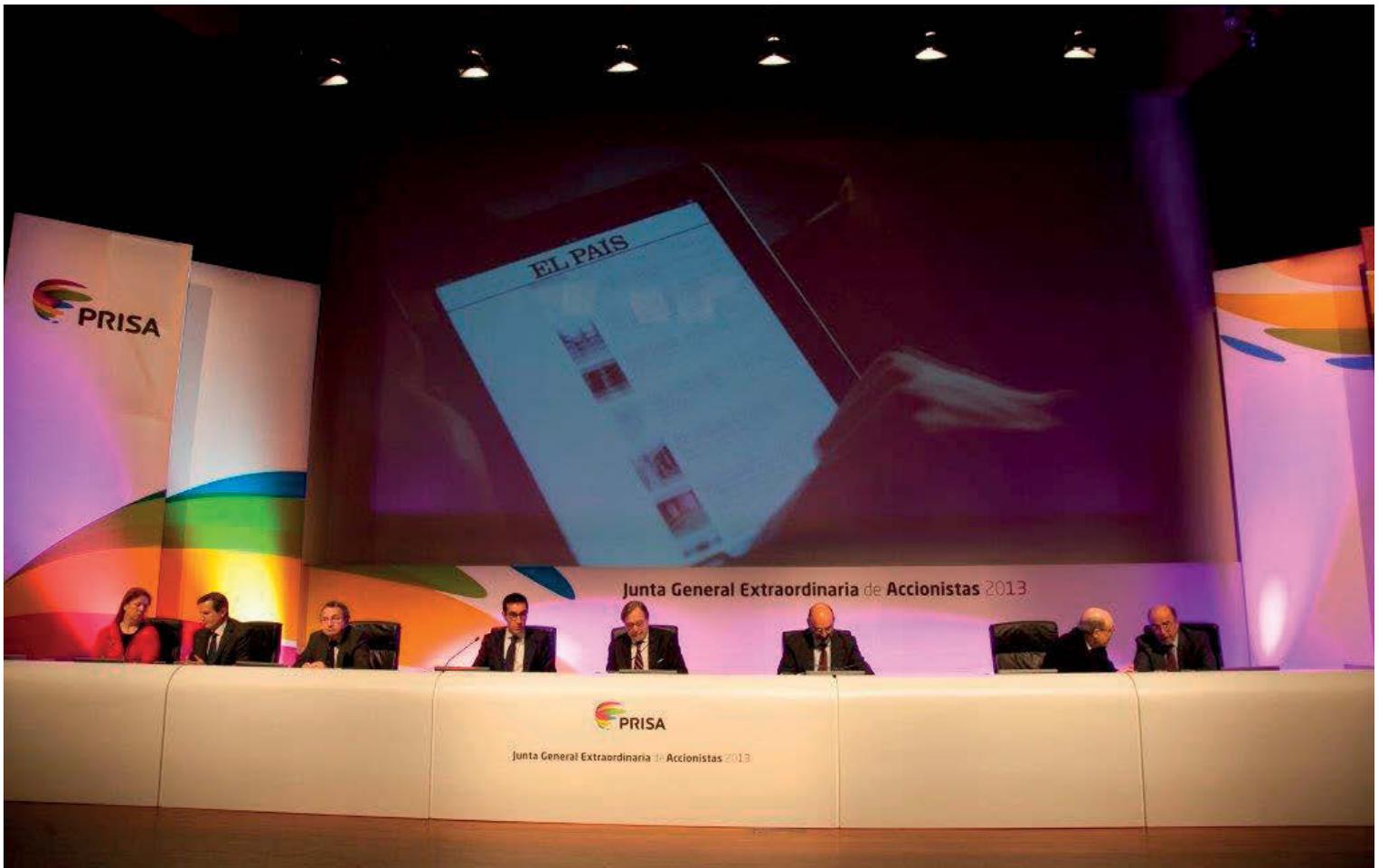
Scope of the company's Risk Management System

The Risk Management System works integrally by business unit, and is further consolidated at the corporate level.

The Group 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.

Company bodies responsible for the development and implementation of the Risk Management System

The identification of these risks, and the operative processes through which they are managed is the responsibility of the senior management of each of the business units as well as overall Group senior management and is further complemented and overseen by the Group's



Internal Audit Department, which reports periodically to the Audit Committee on the results of their work. The respective managements of the businesses identify both those responsible for managing each risk as well as all relevant action plans and associated controls.

Principal risks that may affect the achievement of business objectives

The main risks facing the Group may be grouped into the following categories:

- Strategic and operational risks affecting the Group's businesses.
- Financial risks.

Strategic and operational risks affecting the Group's businesses.

Macroeconomic risks

The economic situation of Spain and Portugal has shown a significant slowdown

and volatility in recent years. Specifically, the main indicators of consumer spending in both countries have undergone significant deterioration that have affected, and may well continue to affect, levels of spending by the Group's customers on their products and services, including advertisers, Pay TV subscribers and other consumers of PRISA content.

Furthermore, PRISA activities and investments in Latin America are exposed to the evolution of the various macroeconomic parameters of each country including a potential decline in consumer spending as a result of a slowdown in the growth rate of these countries over the medium term.

Deterioration of advertising market

A significant proportion of PRISA revenues is derived from the advertising market, particularly in the press, radio, audiovisual and digital businesses.

Spending by advertisers tends to be cyclical and is a reflection of the general economic situation and outlook. A worsening of the macroeconomic situation in Spain and Portugal could have a negative impact on forecast budgets of the Group's advertisers. Given the high fixed costs associated with businesses with a high component of advertising income (mainly Radio and Press), any fall in advertising revenues directly impacts operating profits and thus the ability to generate cash flow for the Group, forcing different business units to carry out frequent reviews and adjustments to their cost base.

Piracy

Revenues from the exploitation of content and rights owned by the Group are affected by illicit access to these via the internet or copying, which primarily affects the Pay-TV and book publishing businesses.

Competition risk

The audiovisual, education, radio and newspaper businesses which PRISA operates are all in highly competitive sectors. Similarly, with regard to the Pay-TV business, any operations by competitors may affect the ability of the Group's businesses in this segment to attract new subscribers and increase penetration rate, and may also lead to an increased cost associated with the acquisition of new subscribers or the acquisition of television rights, which could in turn lead to a significant negative impact on the financial position and results in this area.

Falling circulation

Revenues from the sale of print press and subscriptions continue to be affected adversely by the growth of alternative means of distribution, including free websites for news and other content.

Sectoral regulations

PRISA operates in regulated sectors and is therefore exposed to regulatory and administrative risks that could adversely affect its businesses.

Specifically, audiovisual and radio businesses are subject to the obligation to have concessions and licenses for the development of their businesses, while the education business is subject to the applicable education legislation in each country at national or regional levels.

Country risk

PRISA's operations and investments in Latin America may be affected by a range of risks typically associated with investing in emerging economies, such as currency devaluation, restrictions on capital movements, inflation, expropriation or nationalization, tax changes, changes in policies and regulations, and instabilities.

Risk of litigation

PRISA is a party to significant litigation, which is detailed in the consolidated financial statements for the year 2013. Additionally, PRISA is exposed to liability deriving from the content of its publications and programs.

Digital activity and network security systems

Digital activities depend on Internet service providers, online service providers and systems infrastructure. Significant system failures or security breaches could have an adverse effect on the operating and financial results of the Group.

Technological risks

To maintain and increase the competitiveness of its businesses, PRISA must adapt to technological advances, for which research and development are crucial. Technological changes could lead to the entry of new competitors and their possible increase in market share at the expense of the Group.

Financial risks

Financing risks

The Group's financial obligations are detailed in Note 12 "Financial debt" in PRISA's annual consolidated report for 2013.

As described in the note, in the month of December, 2013, the Group signed an agreement to refinance its debt which represents an extension of maturities, greater flexibility in the process of reducing said debt and an improved liquidity profile.

The refinancing agreement includes a number of commitments to debt reduction, and for whose compliance the Group has a range of strategic alternatives including the sale of

non-strategic assets, repurchase of debt in the market at a discount, the leverage of operating assets, debt transfers between tranches, and other corporate transactions. The contract contains automatic mechanisms that prevent early termination under certain circumstances should such commitments not be met.

The contracts governing borrowing conditions stipulate that PRISA must meet certain commitments and financial leverage ratios (covenants). These contracts also include cross-default provisions. Additionally, the current refinancing incorporates formal legal decision-making mechanisms by qualified majorities in negotiation processes that previously were subject to unanimous consent on the part of financial institutions.

The refinancing agreement also contemplates accelerated maturity, usual in these type of contracts, including the acquisition of control of PRISA, understood as the acquisition by a person or group of persons acting together, to acquire more than 30 % of the capital with voting rights.

As of December 31, 2013, the Group's bank debt amounted to 3.401 million euros. The level of indebtedness of the Group:

- Increases its vulnerability to economic cycles and changing market trends.
- Requires the use of part of the cash flows from operations to meet payment obligations, payment of interest and repayment of principal of the debt, reducing the ability to allocate these flows to meet working capital requirements, investment and to finance future operations.
- Exposes the Group to fluctuations in interest rates of the loans financed with floating interest rates.

- Limits the ability to adapt to changes in markets and places the group at a disadvantage relative to less indebted competitors.

Credit risk and liquidity

The adverse macroeconomic situation, with significant declines in advertising and circulation and Pay TV subscribers, has been having a negative impact on the Group's ability to generate cash flow in recent years, primarily in Spain. The advertising-dependent businesses have a high percentage of fixed costs, and falling advertising revenues thus significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Group. Likewise, in the Pay TV business -- in a context of increased costs associated with the new football exploitation model, growing competition in the acquisition of content and aggressive marketing by certain operators offering content for free in combination with other services -- the resulting fall in subscriber revenues necessarily increases the time required to recoup those costs. This would directly affect the liquidity of the business, which might therefore require additional funding.

As part of the agreement to refinance debt signed last December, the Group obtained additional credit facilities amounting to EUR 353 million to meet its liquidity requirements in the medium term.

Minority interests in cash-generating units

The Group has significant minority interests in its cash generating units, including education and Pay TV. Santillana is required to pay to its minority interest (25 % of its share capital) a predetermined fixed preferred dividend. The Group has access to Pay TV cash, in which there are 44% minority interests, through dividends.

Exposure to interest rate risk

Approximately 35% of its bank debt is at variable interest rates, and therefore the Group is exposed to fluctuations in interest rates. Consequently, in order to reduce its exposure, the Group arranges interest rate hedges.

Exposure to exchange rate risk

The Group is exposed to fluctuations in exchange rates basically due to financial investments in shares in Latin American companies, as well as revenues and results from these investments.

In this context, in order to mitigate this risk, and where credit facilities are available, the Group arranges hedges to cover the risk of changes in exchange rates (mainly foreign currency hedges and forwards) on the basis of projections and budgets, in order to reduce volatility in cash flows transferred to the Parent.

Tax risks

The Group's tax risks are derived from potentially different interpretations of the rules that the relevant tax authorities might exercise, as well as the generation of taxable income to allow the recoverability of the tax credits. Additionally, a range of tax reforms in Spain has limited the deductibility of interest and depreciation expenses, leading to additional tax credits.

Risk tolerance level

PRISA has defined the tolerable error of risk with regards to financial information. According to this tolerance level, significant processes and accounts are duly identified by the control system for financial reporting.

For other risks, impact the and the probability these occurring is assessed in order to determine their relative position

in the Group's and the business units' risk maps. This review is conducted by senior management of the Group.

Risks that have arisen during the year

A number of financial risks arose in 2013, including the deterioration of investment in Pay TV and credits generated by deductions in export activities, as well as the impact on revenues due to the falling advertising market in Spain.

In 2013 the adverse economic and consumer-spending environment in Spain, exacerbated in the Pay TV market by increasing competition in the acquisition and offering of content from certain operators and the increase in VAT from 8% to 21%, has had a negative impact on the performance indicators for this business. A longer period of time will therefore be required to absorb the increased costs associated with the exploitation of football.

With regard to deductions for export activity, in 2013 there were adverse judgments relating to some deductions. The Group, as detailed in Note 19 of the notes for the year 2013, has decided to provision deductions for this item ahead of a probable resolution against outstanding resources.

Moreover, 2013 saw a continued slump in the advertising market in Spain, which has had a negative impact primarily on advertising revenue for the Group's radio and print media businesses.

Monitoring and response plans for major risks affecting the organization

The Group continually monitors investments and conducts impairment tests for these at least annually or, where appropriate, when impairment indicators are noted. In this regard, the Group has assessed, in June and in December, its

investment in Pay TV and accordingly duly recorded the impairment detected by the tests, as described in the report for the year 2013.

With regards to impairment related to export tax credits, the Group's tax department and external tax advisers regularly assess the risk arising from tax inspections and reports, in order to determine the reasonableness of the amounts credited.

With regards to the deterioration in the advertising market in Spain, the sales and marketing departments of the business units and the Advertising Committee conduct an ongoing analysis of future trends, and the management teams evaluate measures to diversify revenues to better adapt costs to their expected returns.

Internal control systems and risk management regarding the process of issuance of financial reporting (ICFR)

Mechanisms involved in the control systems and risk management regarding the process of issuance of financial reporting (ICFR).

Control environment of the organization

Bodies and/or functions responsible for (i) the existence and maintenance of an adequate and effective ICFR, (ii) implementation, and (iii) monitoring.

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, since this is a listed company, 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 financial statements, which the Board is obliged to submit to the markets and their supervisory bodies.

The effective implementation of the internal control model is the responsibility of the Chief Executive Officer and Chief Financial Officer, as well as the CEOs and managing directors 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.

The supervision of the system for internal control over financial reporting (hereinafter ICFR) is carried out by both the Audit Committee and the Board of PRISA, with the support of the Internal Audit.

Departments and / or mechanisms responsible for : (i) the design and review of the organizational structure, (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions, and (iii) for ensuring there are adequate procedures for correct disclosure of the above.

The Director of Organization and Human Resources, under the 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, approval, disclosure, principles and values (indicating any specific reference to record keeping and financial reporting), the body responsible for investigating breaches and proposing corrective measures and sanctions.

Grupo 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 at all times 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, statements and books.

Requests, incidents and queries that arise regarding the interpretation and implementation of the *Code of Conduct* are dealt with by the Group's Departments of Human Resources, and ultimately the General Secretary, who report 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 that enables communication to the audit committee of any financial and accounting irregularities, as well as any breaches of the *Code of Conduct* and malpractice within the organization.

PRISA has a complaints channel 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 confidential complaints channel available to third parties related to the Group.

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

Training courses for staff involved in the preparation and review of financial information, as well as in the evaluation of ICFR, covering at the very least

accounting standards, auditing, internal control and risk management.

Over the course of the year, Group employees who are significantly involved in the implementation of the system of internal control over financial reporting (more than 200), have participated in a general course on internal control, which covers a specific description of the model for internal control over financial reporting of the Group. Furthermore, finance personnel from the business units and Group companies receive bulletins updating them on accounting standards, and in 2013, they completed a specific course on developments in international accounting standards that are due to take effect in 2014.

Risk assessment regarding financial information

Main features of the process for identifying risks, including risk of error or fraud:

- When the process exists and is documented.

The Group has a system for the identification and assessment of risk with regards to internal control over financial reporting, which is formally documented and updated at least annually.

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 and PRISA takes into account 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.

For each of the business units considered significant, the relevant headings and sections are identified. Having identified the significant accounts and break-downs at the consolidated level and in each business unit, the relevant associated processes are identified, 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.

- When the process covers all objectives of financial reporting, (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), when it is updated and how often.

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 (valuation), 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 (completeness). Annually, and in addition to this review, there is also a review of controls that may mitigate any such risks.

- The existence of a procedure to identify the scope of consolidation, taking into account, among other things, the possible existence of complex corporate structures, or special purpose entities.

One important procedure is determining the Group's scope of consolidation, which is performed on a monthly basis by the Consolidation Department, under the Corporate Finance Department, in collaboration with the Legal Department.

- When the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent they might affect the financial statements.

Risk assessment takes into account the risk profile of each business unit, determined by its contribution to the consolidated financial statements, and the evaluation of specific risks including those deriving from the nature of its activities, centralization or decentralization of operations, and risks specific to the industry or the sector in which it operates, whenever these have a potential impact on the financial statements.

- Which governing body of the entity oversees the process.

The system is monitored and overseen, as mentioned above, by the Audit Committee and, ultimately, by the Board of Directors.

Control activities

Procedures for reviewing and authorizing financial information and description of ICFR, to be published in the securities markets, and documentation describing the flow of activities and controls (including those relating to fraud risk) of different types of transactions that may materially affect the financial

statements, including procedures to close the accounts and for the specific review of the relevant estimates, evaluations and projections.

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. The key risks and associated controls are then identified. Documentation of control activities is carried out using risk matrices 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 procedure for 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, there is a tiered and phased certification process that deals with the effectiveness of the model for internal control over financial reporting. Initially, the CEOs and managing directors of the business units and companies that are considered significant confirm, in writing, 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 CFO 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.

Policies and procedures of internal control over information systems (including, access security, change control, operation thereof, business continuity and segregation of duties) that support the relevant processes of the organization in relation to the development and publication of financial information.

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, and development or modification of computer applications. The Group annually

analyzes and evaluates the controls and procedures associated with all those applications that support critical business processes.

Policies and internal control procedures for overseeing the management of outsourced activities, as well as the appraisal, calculation or valuation of activities commissioned from independent experts, which may materially affect the financial statements.

With regards to outsourced activities, the principal service that is outsourced is information technology to Indra. For the monitoring of this service, the Group has defined a governance model that consists of various meetings and committees, of defined periodicity and content. Specifically, there are weekly operational meetings covering service and demand, for monitoring and tracking incidents and requests, attended by the Directors of Systems of the business units and those managers responsible for service from Indra. Fortnightly, there is a meeting of the Operational Service Committee, in which the heads of Group's transversal systems participate, and where applications, infrastructure and

the planning of new projects are reviewed. Each month the Global Service Committee reviews the month's service, and tracks performance from the previous month. Also every month, service level agreements are followed up.

Information and communication

Specific function responsible for defining, maintaining updated accounting policies (area or department of accounting policies) and resolving questions or disputes regarding its interpretation, maintaining fluid communication with those responsible for operations throughout the organization, as well as the accounting policy manual, which is updated and communicated to the units.

The organization has an accounting manual based on 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, annually. There are also specific accounting policies developed internally by some businesses of the Group that define the simplified accounting procedures required to properly reflect activity. In addition, periodically, the Internal Audit issues accounting bulletins that detail changes in international accounting standards in all those aspects that could have an effect on Group companies.

Mechanisms for the collection and preparation of financial information in standard format, to be applied to and used by all units of the group, and which support key financial statements and notes, as well as information concerning ICFR.

PRISA has a single, unified accounts plan, applicable to all Group companies that manage financial information in the Group SAP. There is also a single, unified reporting format for the

financial information of the Group business units, supporting the financial statements and the notes and disclosures included in the annual accounts.

Monitoring performance of the system

ICFR monitoring activities performed by the audit committee and internal audit with responsibility to support the committee in its oversight of the internal control system, including ICFR. Scope of the evaluation of ICFR and the process by which those responsible for implementing the evaluation report their results; if the entity has an action plan detailing any corrective measures, and whether it has considered its impact on financial information.

The Audit Committee's supervision duties with regard to the internal control system are detailed in the Board Regulations. 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.

The Group has an internal audit unit to support the Audit Committee in overseeing the Group's system of internal control over financial reporting. The Internal Audit reports to the Audit Committee, which in turn reports to the Chief Executive Officer.

The purpose of internal audit is to provide the Group management 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.

To this end, the internal audit oversees the design and scope of the model of internal control over financial reporting of the Group, and then performs an evaluation of the design and operation of control activities as defined in the model. There is an annual evaluation of the performance of the Group's general controls, the information systems controls and key control activities in the control system for financial information. For each of the weaknesses identified, the economic impact and likelihood of occurrence is estimated, and they are classified accordingly. Furthermore, for all the weaknesses identified, an action plan is defined to correct or mitigate the risk, and a person is delegated for the subsequent management of the risk and its implementation schedule.

Procedures through which the auditor (in accordance with the provisions of the NTA), the internal audit and other experts, may communicate to senior management and the audit committee or board of the organization any significant weaknesses in internal control identified during the review process of the annual accounts or during reviews that have been entrusted to them. Action plan to correct or mitigate any such weaknesses observed.

Significant material weaknesses that are revealed as a result of the evaluation by

the internal audit of the internal control system for financial reporting are reported to senior management, the Audit Committee and to the external auditor. The Internal audit prepares an annual report on the evaluation of the internal control system of the Group's financial information which details, for each weakness identified, a specific action plan or a series of mitigating controls, as well as designating all those responsible for its implementation.

Additionally, the system of internal control over financial reporting is ultimately reviewed by the external auditor, who reports to the Audit Committee on any significant and material weaknesses and gives an opinion on the effectiveness of internal control ahead of the reporting of financial information to the Securities and Exchange Commission.

Review by the external auditor of the ICFR information supplied to markets.

The system of internal control over financial reporting is reviewed by the auditor of Group accounts, giving an opinion on the effectiveness of internal control in accordance with the Sarbanes-Oxley Act. This report together with the financial information required by U.S. regulations shall be filed with the Securities and Exchange Commission in accordance with the established deadlines.

Internal audit

The Company has an Internal Audit Department whose function is to provide Grupo PRISA's management 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 the appropriateness of the internal control systems, in order to improve efficiency in the management and control of risks inherent in the activities of the Group.
- b. The revision of the accuracy and integrity of the operational and financial information of the companies within the Group and of the means employed to identify, evaluate, classify and communicate said information.
- c. Providing an independent opinion on the interpretation and application of legal accounting codes.
- d. The revision of measures implemented to safeguard assets and their verification.

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.

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.

Relations with the External Auditor

The Audit Committee will liaise with the external auditor so as to be informed on questions relating to the development of the audit and any other communications required by law and technical auditing standards.

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 any additional 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.

The Audit Committee will i) propose the designation, appointment, re-election or removal of the head of the internal audit service, ii) supervise the internal audit services and the annual report on the activities of the internal audit service, iii) supervise the preparation and presentation of regulatory financial statements, iv) and be cognizant of and supervise the effectiveness of the internal control systems of the Company as well as all risk management systems. It also will liaise with the auditors of accounts and

companies on relevant weaknesses detected within the internal control system during the development of the audit.

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.

irregularities or breaches in the areas of accounting, internal control, auditing and any other Group auditing controls. This channel was opened in 2011 in accordance with the Sarbanes-Oxley Act, and is a confidential and anonymous channel of communication between PRISA employees and the Audit Committee. Additionally, there is a confidential complaints channel for third parties linked to the Group.

Complaints Channel

PRISA has placed at the disposal of the Group a Complaints Channel for receiving, documenting and dealing with any

English | Português |

Web de PRISA |

[QUIÉNES SOMOS](#) | [ÁREAS DE ACTIVIDAD](#) | [RESPONSABILIDAD SOCIAL](#) | [RECURSOS HUMANOS](#) | [ACCIONISTAS E INVERSORES](#) | [SALA DE PRENSA](#)

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BUZÓN DE DENUNCIAS

Nombre: *	<input type="text"/>
Datos contacto: *	<input type="text"/>
Vinculación con el Grupo: *	<input type="text"/>
UUNN: *	- Seleccionar -
Sociedad: *	<input type="text"/>
País: *	<input type="text"/>
Centro de Trabajo:	<input type="text"/>
Descripción detallada de la irregularidad: *	<input type="text"/>
Persona o personas responsables de la irregularidad:	<input type="text"/>
Momento en el que ocurrió e indicar si en la actualidad sigue ocurriendo:	<input type="text"/>
Cuantificar si es posible el impacto en los estados financieros:	<input type="text"/>

GALERÍA

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Self-regulation and ethical codes

PRISA has continued in 2013 with its commitment to a solid and professional communications and media sector by taking an important step in self-regulation. In 2011 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 in order 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.

The advent of Internet and social networks has radically changed society and our way of understanding the world. They have changed the way people communicate and keep informed, and transformed leisure and consumer habits. People no longer merely want to read; they want to write; people want to be heard, to interact and engage in dialogue. And they do all of this in the Web 2.0 environment.

The social web has also changed the way companies communicate with their different publics, at a time when corporate

reputation is a priority. Freedom of expression on the Internet and the strategic priority of enhancing the positive reputation of our company means that PRISA must pay attention to how its employees use social networking tools.

As in other areas, we must start with our own business culture. We are content creators and managers, we are opinion leaders who promote certain values based on the defense and spread of democratic freedoms. This is what we do. We should therefore never limit the use of blogs and social networks by employees, but rather, promote their use. Yet we must not lose sight of common sense.

In 2011 we adopted
a *Code of Conduct*,
mandatory for all workers

In order to have a clear understanding of how to conduct ourselves in this new environment and to know what to do in potential crisis situations, in April 2012 PRISA's Board of Directors approved a *Code of Conduct* for the Web 2.0 environment providing a total of ten guidelines for the correct use of Web 2.0 social tools, based on common sense. These principles will help us express our values when we make use of the Internet individually or when we do so on behalf of the Company.

As of November 2012, this code, which was initially set of recommendations, applied to everyone who maintains a working relationship or partnership with the company, at all levels of the organization. It is especially relevant for those directly involved in the creation and distribution of our content.

This code covers conduct in any on-line environment, at a personal or corporate and product level, both in personal blogs and on social networks such as Facebook, Twitter, LinkedIn, Tuenti, YouTube, podcasts, Flickr, Slideshare, etc., and so on.

Meanwhile, 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 the International Press Institute (IPI), WAN-IFRA (World Association of Newspaper and News Publishers), OPA Europe (Online Publishers Association Europe), DISTRI-PRESS, ASIMELEC (Asociación Multi-sectorial de Empresas de Tecnologías de la Información, Comunicaciones y Electrónica), and IAB (Internet Advertising Bureau), among others.

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 Interamericana de Prensa (SIP), OPA: OnLine Publishers Association, 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



companies and their shareholders and iv) to maintain a relationship of dialogue and cooperation with the Administration and, In particular, the Spanish National Securities Market Commission (CNMV).

In order to enhance transparency at PRISA, in 2013 we conducted several proactive internal communications campaigns to remind everyone of the existence of a complaints channel, on the corporate intranet, available to all company staff. By means of this channel, employees can report any irregularities or breach in Group accounting, internal control, auditing and control systems.

The complaints received via this channel are completely anonymous and are personally managed by our independent director, Juan Arena, Chairman of the Audit Committee of PRISA, and Virginia Fernandez, Director of the Internal Audit. The steps taken following any report from an employee are as follows:

- The email that describes the complaint is received personally by Juan Arena and Virginia Fernandez. This correspondence is anonymous.
- A thorough and confidential investigation into the matter reported is carried out.
- A report with the results of the investigation is presented to the Group's Audit Committee. This committee sets out a plan of action, in accordance with the Group's management, to resolve the issue.

The Group's commitment to ensure the anonymity of complaints is absolute, as we are aware that this is crucial to the channel's success.

Book Publishers 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), AMPE (Asociación de Medios Publicitarios de España), AEDEMO (Asociación Española de Estudios de Mercado), and AEA (Asociación Española de Anunciantes).

In the audiovisual sector, PRISA TV represents the Group in UTECA (TV and Audiovisual Content Union). The Group's newspapers and magazines are members of AEDE (Spanish Newspaper Editors Association), ARI (Asociación de Revistas de Información) and the Asociación de Editores de Revistas Culturales de España (ARCE). All the Group's media in Spain are signed up to the Association for Self-regulation in Commercial Media (Autocontrol) and, in the area of intellectual property rights, to CEDRO (Centro Español de Derechos Reprográficos).

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.

By means of Complaints Channel, employees can report any irregularities or breach in Group accounting, internal control, auditing

PRISA is also a member of the Spanish issuers association, Emisores Españoles, a body with 38 members representing over 50% of the Spanish stock market and 60% of the Ibex 35, and whose main objectives include: i) 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, ii) to contribute to the development of high standards of corporate governance, iii) to promote communication between





3 | Commitments and future challenges

3

Commitments and future challenges

A commitment to quality news and information, education and entertainment is in PRISA's DNA. A commitment to our stakeholders, internal and external, has always been at the very core of all PRISA's operations. From the very beginning, PRISA has championed innovation and rigor as the best ways to guarantee improvement of service to our customers across all its products. This commitment remains our priority and is our most valuable asset. The main challenge for the future is to continue working to maintain our exacting standards.

Globalization and the free market economy have fostered the development of an extreme consumer culture that often relegates to the sidelines the true value of institutions, knowledge and reflection. Companies involved in culture and education such as PRISA now face the greatest challenge of their history to bear the daily burden of responsibility in the exercise of quality journalism and education, both crucial to the construction of the critical and informed public opinion that is required by future citizens. PRISA, therefore, has to take on the added challenge posed by the environment in which it operates by embracing the necessary transformation of its business model -a model that places the user at the center- while holding on to the basic values and principles of its identity as a factor that sets us apart.

A recognized commitment to facing ongoing challenges

PRISA's commitment to sustainability has been recognized by investors since 2008, when the international index for corporate social responsibility and sustainability, the **FTSE4Good**, was established. FTSE4Good is a package of indices aimed at measuring the efforts of 30 Spanish companies to meet globally recognized standards, and PRISA has been included on the index since the very beginning in recognition of its good practices. In June 2014, PRISA once again received the index certification for maintaining the required standards on corporate social responsibility, human rights, labor, environment and anti-corruption

PRISA has also been signed up to the **United Nations Global Compact** since 2008. The company thus signaled its commitment to aligning its operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and

anti-corruption, as promoted by the UN. In 2010, 2011 and 2012, the Spanish Network for the UN Global Compact congratulated PRISA for its Progress Report, lauding the quality of the information reported, the organization of the document, and the initiatives carried out by the company and its business units to integrate CSR into the Group's management.

In May 2013, the Group has gone from being mere signatories of the Compact to being full members of the Spanish Network for the UN Global Compact, thereby strengthening its commitment to the Ten Principles. This means that the Group now works more directly with the organization of the Global Compact and has set itself the challenge of identifying and promoting best practice in the media and education sectors to promote sustainability. Also in 2013, we have maintained our commitment to improving the reporting of nonfinancial information and, as a result, we obtained the GC Advanced level for our latest annual report.

Project for the revision and improvement of the CSR report

Meanwhile, we have initiated the crucial process of thoroughly improving our Social Responsibility report in four ambitious phases that will allow us to adapt to the new G4 version of the GRI (Global Reporting Initiative) on time. During 2013 we have carried out a thorough analysis of our reporting and benchmarking. Fruit of this labor may already be seen in this Sustainability Report, as the first phase of improving the structure of the report has already been carried out. Thus, the information reported that was relevant to GRI G3.1, which had not been addressed properly, has now been dealt with correctly. This is an important step towards the demanding level that we have set for 2015 and 2016, and

PRISA has the added challenge of transforming its business model while maintaining its values and principles as a differentiator



FTSE4Good



WE SUPPORT

whose progress we will examine in this section of the report each year.

Toyoutome Project

The most prominent initiative since 2011 has been the project Toyoutome, the framework concept encompassing a number of internal communication initiatives to integrate all business units, thus fostering entrepreneurial culture and a sense of belonging. This is a new, far-reaching initiative that completely changes the way people work at PRISA. A concept that involves the design of a new, connected organization and one that is able to foster the professional development of all employees and teams.

Since May 2013 we are members of the Spanish Global Compact Network for we strengthen our commitment to the Ten Principles

The first phase, completed in 2011 consisted of the launch of the new global communication platform, incorporating a corporate intranet for all business units and Group companies and accommodating all existing internal collaborative spaces on a single channel where the company has been developing all the tools required for the Transformation Plan (training, professional development, leadership and knowledge). Over the course of 2012, we improved the performance and overall functionality of Toyoutome, and in 2013 all the tools have begun to mature in terms of the levels of traffic and usage habits, thus consolidating the transformation project as a reality that is allowing us to improve day by day as a company. For 2014 we plan to continue consolidating all these developments.

New Sustainability Policy and Action Plan 2013-2015

PRISA continues to make progress in sustainability. In 2013 we redefined the Global Sustainability Policy with the firm objective of creating value for PRISA and its stakeholder groups, by championing sustainability in the Spanish and Portuguese-language media and education sectors, and by striving to get this message across to society at large. The strategy is based on the mission, vision and values of PRISA, with these seen as differential factors. The strategy enjoys the full support of Corporate Governance, Senior Management and the Communications Department, who are acting as catalysts for transformation among the business units and Group companies.

With a totally transversal and integrated approach, there are three axes that drive PRISA Sustainability: the creation and distribution of content; responsible management; and social and cultural action. All these come under the umbrella of proactive communication through different channels that foster transparency and dialogue. But any such policy would be useless without a specific timetable for action. We have therefore defined the action plan for 2013/2015 that will be developed with the utmost care and attention. Of the six proposed plans, the first three are already being developed, notably the Observatory on Responsible Action, which is already the catalyst and driving force behind all our activities both inside and outside the Company. Secondly, PRISA Debates, which aims to promote thorough and ongoing reflection on the future of journalism and quality education.

SANTILLANA

The primary objective of the publishing group in each of its campaigns, year after year, is to maintain quality standards and leadership, and to foster innovation

in the educational publishing sector in Spain and Latin America.

Santillana, through its digital operations, is investigating new forms and methodologies for education with the goal of providing the educational materials and management tools required by today's schools.

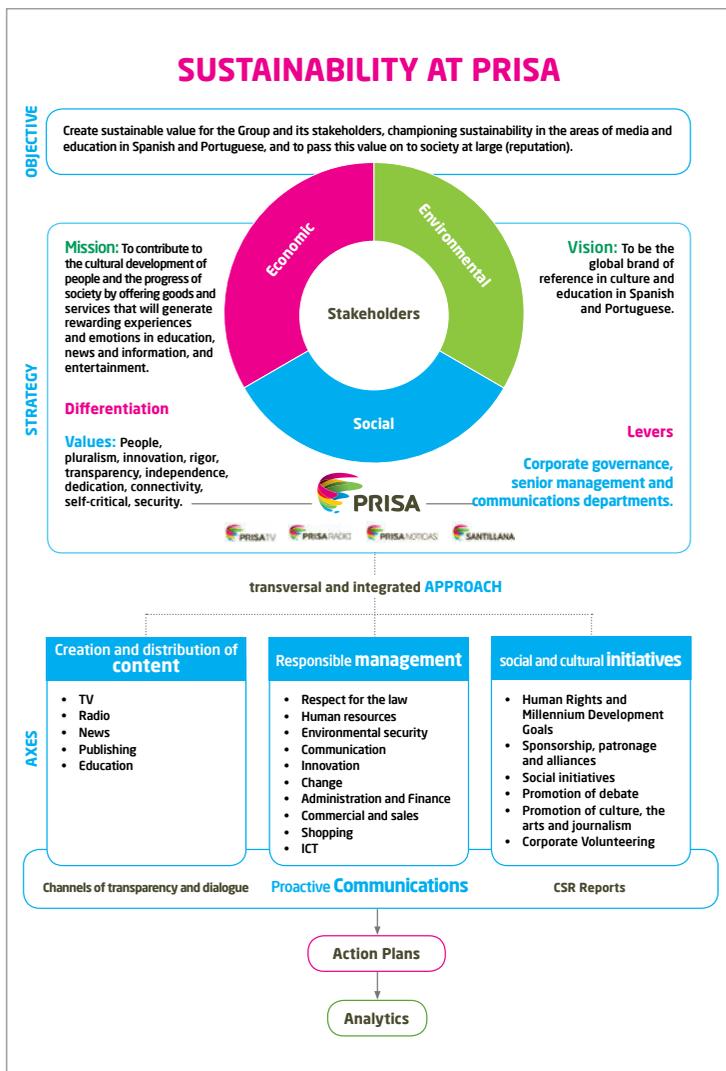
In Spain, the main goal for 2014 is to face the new challenges arising from the implementation of the new Education Law, which is to be implemented over the course of 2014-2015 for Primary and Basic Vocational Training (FP). The company has launched a new, highly innovative educational project, *Saber Hacer*, that includes specific materials for emerging teaching methodologies and a whole new range of digital products that are adapted to the new realities of the classroom.

In Latin America, the challenge is to consolidate the Sistema UNO learning system, and to bolster the Santillana Compartir initiative in all those countries where it already operates, as well as to extend its implementation to markets in Chile, Ecuador, Peru, the Dominican Republic and the Central American area.

Santillana will continue to work to make available the largest possible repository of content and to provide this with a powerful search tool that will allow users to discover, recover, rethink and reuse the content currently made available by the company. The company will continue investigating the development of methodologies, platforms, formats and services that can be successfully implemented in schools and among families.

PRISA Ediciones

Although 2014 is not going to be an easy year for Spain, there are indications pointing to a slight improvement



SUSTAINABILITY AT PRISA

Action Plans 2013 / 2015

A strategy must be translated into concrete action if it is to be an effective strategy. The definition and implementation of action plans is the most dynamic phase in our CSR program.

Action plans will be developed in individual documents, which will indicate the planning, organization, management areas and control.

These plans are as follows:

PROJECT	AREA	STAKEHOLDERS	DEFINITION
Mi Idea Responsible	Creation and distribution of content	External	Open competition for social and cultural innovation.
Zero waste	Responsible management	Internal / external	Awareness Project to practice the 3 Rs : - Reduce. - Reuse. - Recycle.
Office/observatory for Responsible Action	Responsible management	Internal	CSR Coordination Unit aimed at promoting our sustainability.
TyD channel	Proactive communication	Internal / external	Internal and external communications project to foster transparency and dialogue regarding our CSR.
PRISA Debates	Social and Cultural action	External	Lead the debate on education and media.
PRISA Volunteers	Social and Cultural action	Internal	Corporate volunteer program.



in the economy that may boost consumer spending. Fortunately, geographic diversification, together with a catalog of prestigious worldwide and national authors, arms the company with a crucial weapon to offset the weakness of our domestic market.

For the publisher, robust consumer demand in Latin American markets remains key, and the company needs to continue delivering an outstanding and affordable catalog, in both print and digital formats. The editorial team needs to be supported as they seek out, discover and deliver new talent and works that can then be offered to readers. And the company must continue to work with the entire industry to combat the ravages of piracy.

PRISA Noticias

During 2013, PRISA Noticias has continued its strategic focus on innovation and attention to new trends in journalism. It is now committed to working on digital expansion, technological innovation and the generation of high-quality content for the growing mobile-devices market.

In 2013, with the launch of its on-line edition in Brazil, *El País* undertook what is probably its most ambitious professional and entrepreneurial venture since the newspaper was founded 37 years ago. The newspaper thus fulfilled its global vocation with the launch of a digital edition in Portuguese.

El País aims to become the leading provider of quality news in Spanish and Portuguese, in both Ibero-America and in the world. It aims to build a two-way bridge for Ibero-American culture and, at the same time, share the philosophy of change, modernization and progress that the newspaper brings to all those societies that it addresses.

Sports paper *As* will continue to nurture its ever-growing community of readers and has taken yet another step forward with the restructuring of its main content, the successful launch of ¡Noticias! (an app that delivers instant updates directly to computer desktops), exclusive mobile content and information services, all of which offer unrivaled services to users. The paper has recently laun-



ched As Club Deportivo, a social platform to support Spanish amateur sport and endorsed by the Sports Council and the Spanish Olympic Committee.

PRISA Radio

The rapid, unstoppable digital transformation of PRISA continues apace, and nowhere is this more evident than at the heart of the company: in its newsrooms. This transformation favors the creation of more attractive and higher quality digital products, and gives PRISA Radio the edge in all those markets in which it operates -- and where the company can best exploit its digital and mobile assets in

El País aims to become the leading supplier of quality news in Spanish and Portuguese, in South America and in the world

the areas of greatest potential: audio and visual. The future of radio is on mobile devices, which allow users to create personalized stations. This ability to adapt means radio always comes across as fresh and new.

The company has launched a system for the modernization and innovation

of radio, including the revitalization of content and formats, the reinvention of radio's narrative language and the reformulation of opinion spaces. The leading radio group's structural and strategic goal for 2014 is to continue apace with this transformation.

The company is also busy working on a new website which aims to connect all the latest innovations with traditional radio, by introducing a bidirectionality between the analog world and the on-line world, that is not currently being exploited. This is an ambitious project, scheduled for launch in October 2014, and that will transform the company into a powerful social networking node via its contents.

Radio has to be out there on the street, getting more people to register. It has to adopt a more rational way of dealing with information, and offer greater interaction. It has to adapt to new digital consumer habits. Radio has to become the soundtrack for the world of social networking. A range of mobile apps are to be launched that will allow users to record, edit and send audio, video and images to the radio network, which can be used on air and on-line, creating a truly mobile social community.

Similarly, other parallel lines of action have been opened up with forums, conferences and technical seminars, all of which provide new revenue streams and strengthen the brand.

PRISA TV

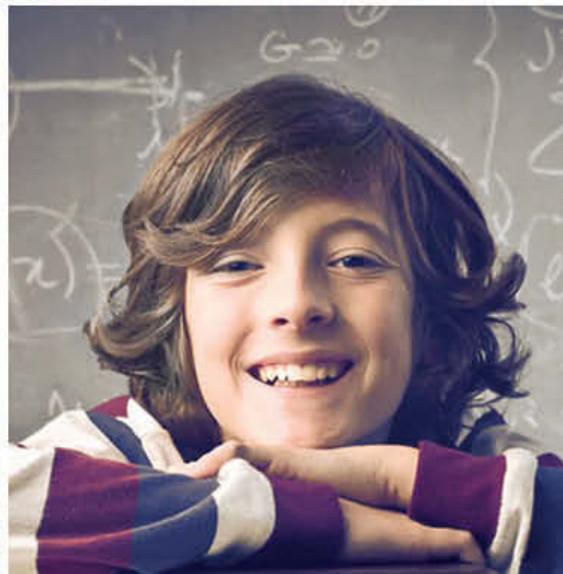
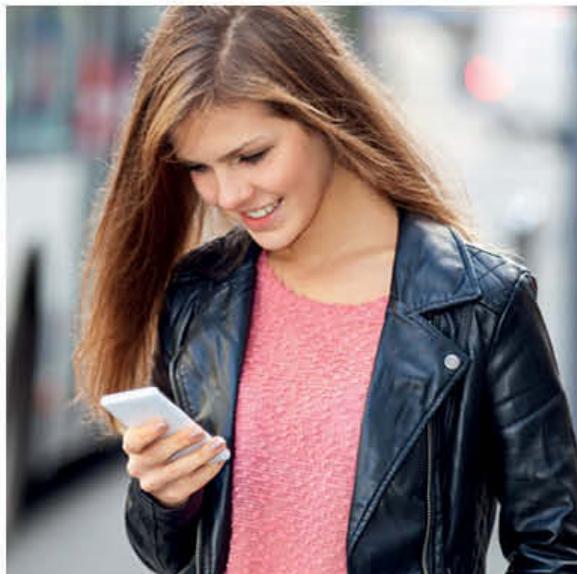
PRISA TV will continue to pursue new developments in all environments, as well as develop new content using cutting-edge technology. These commitments have already positioned the company as a leader in the audiovisual entertainment sector

The objectives for 2014 are focused on continuing to work and exploring new lines of business development, that add value to content, allow the application of advanced technology, enable the optimization of interactive services and place the user at the center of all operations.

This year CANAL+ has signed important agreements to expand its audiovisual content and its multichannel offer, and it has committed itself to the development and implementation of new technology applications that will enhance the user experience of subscribers. The company has also rolled out YOMVI to include new devices and has expanded its distribution. In Portugal, TVI celebrated its 20th anniversary. It remains undisputed

leader in the commercial television sector and has expanded distribution to include Spain and the United States with the aim of bringing its content to Portuguese-speaking communities worldwide.

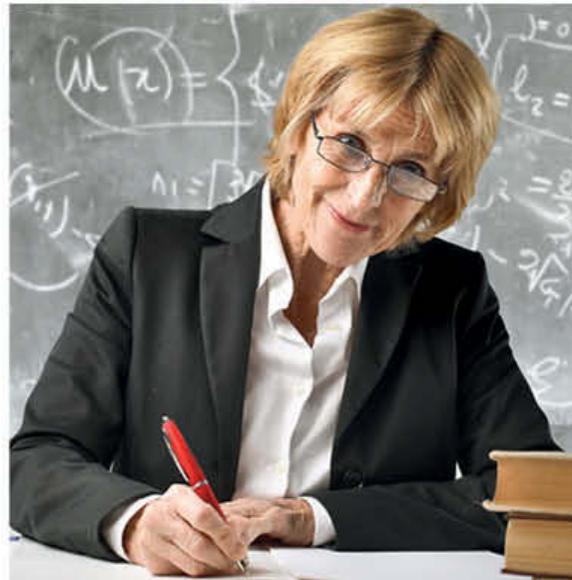
The digital transformation sweeping across PRISA TV has driven the development of second screen applications, the development of adaptive web apps for greater participation and the use of gamification and transmedia content.





4 | Sustainability at PRISA

Dialogue and communication with stakeholders
Our sustainability strategy



4 Sustainability at PRISA

At PRISA we believe that our very business operations play a significant social role in the development of a democratic and sustainable 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 media and education group, we take our responsibilities seriously, not merely in how we manage our businesses but also through our products and content-through which we strive to raise awareness and educate and inform the public of the issues facing society.

We believe that our relationships with our employees, shareholders, users, customers and suppliers are key to our mission to act responsibly. That's why our sustainability policy is developed daily through dialogue with all these groups. Firstly, by means of what is at

the very heart of our operations: content. Secondly, through responsible management. And finally, by broadening the scope of our operations to include a wide range of social and cultural initiatives that foster debate on the future of the sectors in which we are active and that give a voice to minorities in defense of human rights and the environment.

Through our content and activities aim to raise awareness and spread knowledge and report on issues of interest and concern to society



Dialogue and communication with stakeholders

As a media group, PRISA strives to set the standard when it comes to its commitments and social responsibilities to its shareholders, investors, employees, clients and customers, suppliers, the social milieu, institutions and society at large. To this end, each company within the Group possesses its own mechanisms for communicating with its stakeholders and interest groups, whereby the companies remain informed of their concerns and needs and are thus equipped to respond appropriately.

PRISA assumes its role as leader in social responsibility towards its shareholders, investors, employees, customers and suppliers

Shareholders and investors

The main channels of communication with shareholders and investors are:

Corporate website

The corporate website 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 all information submitted to the CNMV and the SEC, information on Corporate statutory norms and regulations, information about the Board of Directors, the Executive Delegate Committee, the Audit Committee, 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 on-line.

Investor Relations Mailbox:

A mailbox enabling direct communication with the Investor Relations Department (ir@prisa.com) to which shareholders and investors can write.

Investor Relations Department

The Investor Relations Department maintains ongoing and transparent communication with investors (current and potential) and financial analysts covering the company, through phone

calls and written communication that provide answers to queries about the Company and its businesses.

Conference Call on results

At least once a quarter, and following the filing of the financial results of the Company with the CNMV, the CEO and Chief Financial Officer (CFO), as well as the Investor Relations Department, lead a conference call in which they explain in detail the financial results and are available to respond to any questions investors might have.

Meetings with shareholders and investors

PRISA attends various types of meetings with shareholders and institutional

investors, organized by national and international business banks:

- Roadshows in a number of financial centers worldwide.
- Conferences.
- Occasional breakfast and group meetings.

Shareholders meeting

The Annual General Meeting takes place once a year and allows the Executive Chairman of the Company and its CEO to explain the annual financial results and to review the business situation and market challenges facing the Group. The participation of shareholders at the general meeting is described in paragraph 8.

Additionally, and in specific cases, PRISA organizes Extraordinary General Meetings to deal with specific matters that require the approval of the shareholders of the Company.

Although there are numerous calls that take place every week between investors, shareholders and financial analysts and the Investor Relations Department, which are not detailed below, all major meetings and conference calls that took place in 2013 both in Spain and abroad are as follows.

- Conference call on results: 4
- Individual conference calls: 65
- Individual Face-to-Face Meeting: 94
- Group Face-to-Face Meeting: 12
- Roundtable: 1
- Presentations 1

Employees

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 and best practice. 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.

PRISA maintains very open and fluid communication with its employees thanks to the consolidation of Toyoutome as global intranet. This platform forms the basis for all internal communication initiatives that are implemented by the communications units of all business units.

Toyoutome has become the main information channel for employees to channel all the news flows and initiatives that are generated by the various units of the Company. In 2013, all the most important Group news, events and milestones have had an immediate impact at an internal level, and employees have been duly informed of all relevant issues affecting their businesses.

Another very important channel of communication with employees is the PRISA newsletter, a global project that summarizes the most relevant monthly news from all business units. It also includes interesting information on the latest news on tools made available on the intranet: PRISA Jobs, Campus and PRISA Club.

This newsletter, in addition to offering news updates, also showcases the most interesting projects of the different units. It also has a space reserved for socially responsible initiatives in response to the strategic importance of this area for the Company.

Meanwhile, every week all departments involved (Transformation, Technology, Communication, HR) receive a report on audience and usage figures for Toyoutome (blog, tweet and intranet), with data on visits, traffic and tools used by employees.

Toyoutome has also served as a platform for the Complaints Channel, yet another example of the Company's ongoing commitment to transparency in work processes. By means of this complaints channel, employees can

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report on any irregularities or breaches in accounting, internal control, auditing or other controls of the Group.

Although the main channel of communication with employees is through the Toyoutome intranet and via monthly newsletters, internal communications are also sent via email.

Clients

There are three channels of communication with external clients (advertisers and agencies):

- Corporate and research communications:
 - Through the website PRISA BRAND SOLUTION.
 - A monthly newsletter to all clients detailing all of the relevant company news.
 - Occasional updates on useful market information, about content, new programs, specials, etc.
 - Planned communications: these are regular meetings with key

advertisers and media agencies to exchange information.

- The day-to-day activity of the sales network and teams through their visits and communications with advertisers and their representatives.

Suppliers

The main channel of communication with suppliers is through the PRISA corporate website: <http://www.prisa.com/es/pagina/area-de-proveedores/>

All potential suppliers interested in becoming certified as PRISA suppliers must apply via the Suppliers Area on the corporate website. This section 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.

In addition, the purchasing department also maintains communication with suppliers through other means such

as e-mail, telephone, meetings, conferences, courses, visits to factories and facilities, etc.

Civil society, institutions and the general public have a permanent channel of communication with PRISA at their disposal through the corporate web page www.prisa.com, which is permanently managed and administered by the Group's Corporate Communications and Marketing department. This department gathers all requests for information that come to PRISA and then attends to them directly or passes them on to the relevant Group company, depending on the subject matter. The same corporate department also represents the Group in many institutions and forums related to the development of the business.

Our companies' initiatives

Santillana

Santillana's commitment to digital operations has prompted a technological transformation within the company, a

transformation that puts the customer at the center of all activity (whether reader, teacher or student) via a multi-channel and multi-platform strategy. Social networks (especially Facebook, Twitter, LinkedIn and YouTube) allow the company to improve communication with the school community far beyond what is permitted by traditional media. Over the past year, the company has worked to integrate traditional communication strategies and new strategies for multichannel and multi-media communication (demonstration videos, promotional videos, testimonials, QR codes, etc.).

Education

The company endeavors to maximize the possibilities offered by communication channels to better interact with customers.

Santillana manages an on-line community with more than 70,000 teachers through E-vocación, which provides a wide range of educational materials and other high value-added services such as on-line learning, interactivity, discounts in the entertainment sector, etc.

In addition, the company continues to move forward with the open platform IneveryCrea as a community of education professionals, not only as a standalone service (in the case of Spain) but also as a service specialized in the Sistema UNO and Compar-tir systems.

PRISA Ediciones

With the traditional value chain, the reader was typically the very last link, coming after the author, agent, publisher, distributor and point of sale. In the era of Internet and new technologies, readers now actively exert influence throughout the entire process: defining content, price and promotion. In addition, a satisfactory reader experience

and subsequent reader recommendations serve to reinforce the amplifier effect.

The company's most successful operations are those that have used reverse marketing. That is to say, the company has anticipated the market by producing content that a certain group of readers demanded.

A case in point is the series of cookbooks by famous food bloggers, such as Sandra Mangas, author of the blog *La Receta de la Felicidad* (Recipe for Happiness), from whom the company commissioned a book after tracking her blog and social media profiles over the course of several months. Three weeks before publication, Sandra's book was already the best-selling title on Amazon. It now has more than 75,000 Facebook fans, more than 7,500 followers on Twitter and 40,000 on Google +, and she is already preparing her second book.

The blog **Webos Fritos** won the blog award, Premio Bitácoras 2010, for Best Food Blog, as well as the Gastroblogs Award 2011. After examining the blog's content, the company decided to commission two books. These currently boast over 27,000 followers on Facebook and nearly 20,000 on Twitter.

The authors and publisher have worked hand in hand at all times, sending out the same messages and employing the same graphic design at all times, without sacrificing the spirit of the original. The company has got the message out via all available channels at once -the publishing label's website, blog and author's website, social media profiles, etc.- allowing the authors to be first with the news: announcement of a new book, updates to digital book reprints, contests and prize draws, etc.. This gets the reader in on the act and means that the results of the promotion are exponential.

The Internet has proven to be the best possible insight into the market. Publishers can see the results of real sales if the title has been self-published and thus calculate the print run by taking into account the number of followers an author has for their blog or on social networks.

The best way to remain a major player in this new, emerging value chain in the publishing sector is to provide real value to readers. The company offers a unique reading experience, not just a mere product. In this sense, PRISA Ediciones has pioneered the creation of illustrated content in advanced formats that are particularly suitable for digitization such as illustrated cooking, travel or children's titles.

PRISA Noticias

PRISA Noticias' media maintain a close relationship with their readers. The presence of its titles in social networks has been key to maintaining a dialogue with all those users who choose the group's media, and readers can now participate actively in the news and share their own views. Data on Twitter followers reflects this direct contact and dialogue between readers and the company's media outlets: *El País* (3.12 million), *As* (850,000), *Cinco Días* (109,000), *El Huffington Post* (163,000), *Rolling Stone* (90,500) and *Cinemanía* (81,000). Those are the numbers for followers of just some of the company's media. All of these users receive directly all published information and all of them have the chance to interact.

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

as mediator between readers and the newsroom. The existence of this figure demonstrates the firm commitment of the company and its journalists to diligently carry out their stated duties and is a clear, necessary and vital statement of transparency, as journalism comes under increasing suspicion.

The most common subjects readers' letters are: the moderation of the newspaper's forums, factual and grammatical mistakes and errors, and the news treatment of images. Another frequent subject is the publication of photographs that some readers find offensive.

With regards to how and when the issues are addressed, there is no fixed timeframe, although in general these issues are either dealt with every two weeks in the print edition or on the blog, depending on the urgency or the nature of the issue raised. The nature of the digital edition, with its own content, means that the Readers' Editor does not always necessarily respond to incidents with a published article, but instead passes the reader's alert on to the newsroom to be appropriately addressed.

El País, besides providing users with the figure of the Readers' Editor ombudsman and the Letters to the Editor section, took a significant step in 2013 to regulate and ensure basic standards for comments posted by readers. The main change has involved singling out a group of active users, whose comments consistently maintain standards of politeness, correction and high-mindedness. That is to say, the noise generated by insults and futile debates and useless content has been reduced and encouragement has been given to all those showing respect for views that may be contrary to their own and to those who are willing to generate debate with ideas and arguments that are formulated and expressed appropriately.

All PRISA Noticias' media outlets promote participation through collaborative initiatives such as *Se busca talento*

(Talent search), in which readers are invited to send in samples of their own creative endeavors in any discipline they choose. A selection of the best contributions are subsequently published in the Culture section. In 2013 -the second year of this initiative- more than 2,000 such submissions were received, from which 45 talents were singled out.

The company also periodically organizes digital interviews with leading public figures, allowing readers to submit their own questions.

In 2013 we took an important step to regulate and ensure basic standards for comments posted by readers

All titles organize a wide range of public events, to which readers are invited. The company thus links its brands to culture and invites the reader to participate in a dialogue with the media. Moreover, journalists are encouraged to participate in different initiatives out there in the real world.

Teachers and students participating in the program *El País de los Estudiantes* receive regular communications from the newspaper informing them of the program content and instructing and encouraging them throughout the process. Also included are materials for schools, incentives, gifts, contests, digital interviews and regular emails.

El País maintains a permanent open-door policy and organizes guided tours of its facilities, primarily visited by schools and colleges. During 2013, the newspaper received 7,500 such visitors.

PRISA Radio

PRISA Radio's digital products maintain an ongoing commitment to maximize

radio's social impact after all, the medium of radio has always been the the social medium par excellence. Here, audience participation is essential, and the company has opened up new channels of communication to make communication more fluid and to enable the company to join the global conversation and thereby reach out to users who might not otherwise consider themselves regular radio listeners. Interactivity. It is the only way to communicate with people at a personal and emotional level. It is two-way street that sees traffic flow in both directions.

Social networks are deeply embedded in everyday reporting and in the communication teams. Spoken-word programs, be they conventionally broadcast on the airwaves or via the web or mobile networks, come into their own on-line. Both news teams and programs alike use the internet as a source of information, as a means to generate excitement over content, and to allow content to go viral. All this is complemented by interactive on-line tools and official links to both the programs and the presenters, through their social media accounts on Twitter and Facebook, Google + and Tuenti.

The Communications and Marketing departments use social media to launch and amplify institutional brand messages and to measure user response to these messages. Other parallel channels include the PRISA Radio communication platform as the main tool of Internal Communication. This platform provides news and information on departmental projects, professional achievements and presents the human face of the organization, thereby improving collective knowledge. The Media Room 2.0, aimed at media professionals, aims to amplify news of our initiatives, distribute information, and practice a more open and participatory journalism, in an environment that integrates social web tools.

PRISA TV

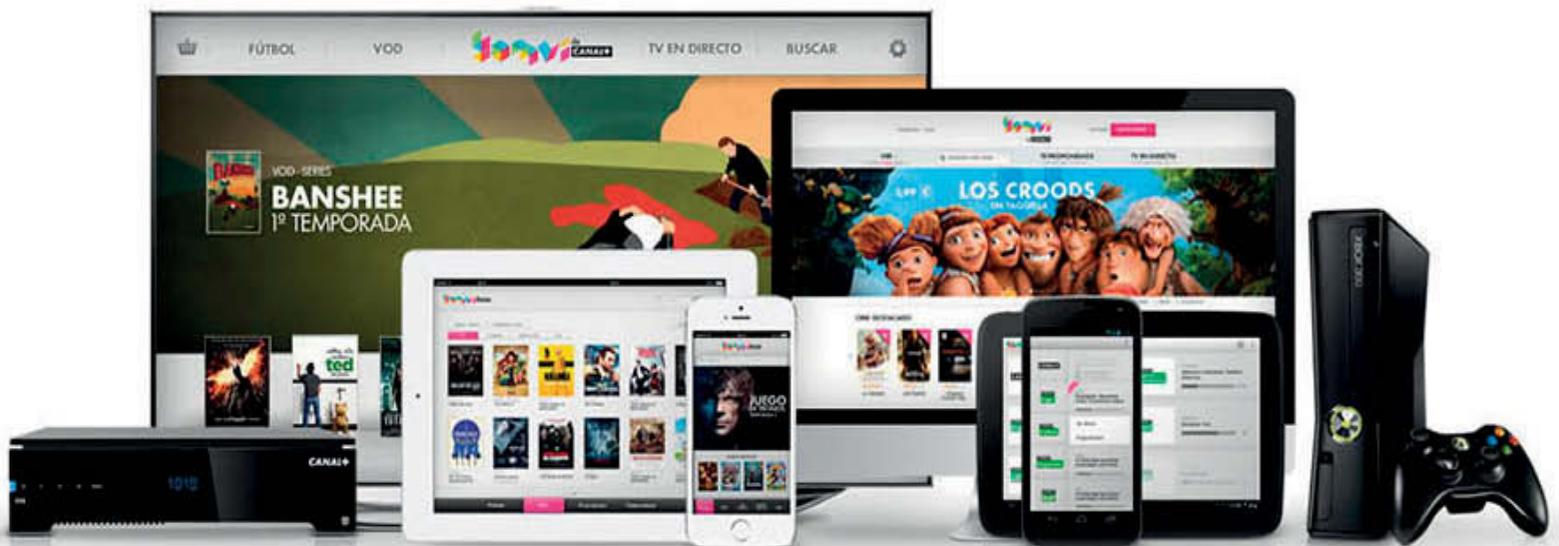
The channels of communication that PRISA TV maintains with customers and consumers are wide and varied. Through the company's digital, interactive and multi-device magazine (www.plus.es/revista), users can find all the information they need on CANAL+ channels and content, plus promotional videos, recommendations, opportunities for participation, etc.. In addition, through the company websites, www.prisatv.com and www.canalplus.es, as well as via on-screen interactive services, the company keeps a window open for information about all Company activities, content and coming attractions.

CANAL+ also has a strong presence in social networks. It maintains corporate profiles and profiles of journalists, who have a very active on-line presence and who maintain an ongoing conversation with the audience. This way, the company is better able to personally customize the CANAL+ viewing experience and provide greater value to the brand.

Meanwhile, through specific PRISA TV social media accounts, the company is able to offer contests, surveys, answer

questions and receive comments, these being just a few examples of dynamic, daily content that targets specific audiences under the umbrella of CANAL+ and YOMVI. Furthermore, the creation of new apps and new formats for interaction allows subscribers to feel part of CANAL+ content, and represents a major advance in both the way in which the user can interact with the brand, as well as the best way to foster an association that links technology to the brand in the new digital environment.

The relationship with the media and other institutions is channeled through the Communications Department, working closely with the various divisions of the company and with other areas of the different business units. Social networks depend directly on the Communications Department. This means the integration is total, with social media considered a further means by which to exercise corporate communication and content strategy. During 2013, new accounts and individuals have joined social media.



PRISA's followers on the social network

Media	Facebook	Twitter	Tuenti	Total
40 Principales	4,363,332	2,935,176	73,886	7,372,394
Media Capital	5,666,298	93,209	-	5,759,507
<i>El País</i>	698,010	4,562,721	2,419	5,263,150
<i>As</i>	540,450	3,726,342	31,318	4,298,110
Cadena Ser	684,381	1,890,635	112	2,575,128
CANAL+	365,392	2,872,249	25,256	3,262,897
Santillana	639,925	906,333	-	1,546,258
Máxima FM	489,986	96,424	82,646	669,056
Cadena Dial	521,241	50,242	1,532	573,015
<i>Cinco Días</i>	30,708	189,543	-	220,251
M80	151,854	25,895	323	178,072
Cinemanía	105,617	77,239	392	183,248
Rolling Stone	60,172	89,323	935	150,430
Meristation	72,016	76,054	2,958	151,028
Smoda	114,296	-	-	114,296
Radiolé	73,216	30,592	25	103,833
<i>El Viajero</i>	24,224	53,937	-	78,161
Planeo	83,491	8,274	-	91,765
Clasificados	9,900	24,414	-	34,314
PRISA	6,080	12,946	-	19,026
Planet Events	9,133	3,358	-	12,491
Resto	1,561,727	3,334,266	-	4,895,993
Total	16,271,449	21,059,172	221,802	37,552,423

Our sustainability strategy

Creation and distribution of content

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 PRISA media outlets are clear leaders. With a view to guaranteeing the fulfillment of these duties and the exercise of these rights, *El País* was a pioneer from the very outset in Spain 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.

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 deeply committed to promoting Spanish language and culture worldwide.

Every day, more than 60 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 that our content might have on children, teenagers and adults, PRISA has set itself certain criteria governing integrity, quality and adaptation of content. 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.

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

Responsible management

Responsible management of our professionals

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

PRISA would never reach its business objectives without the efforts and dedication of our professionals, who together make up a diverse and multi-disciplinary team, all sharing 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 all our employees.

A great team of professionals

The Corporate Human Resources Department coordinates all policies aimed at encouraging our professionals to develop a greater engagement with our brands and products, because only through such professional engagement can we hope to meet the Group's lifelong commitment to society. In this regard, the Human Resources Department reiterates its obligation to remain an employer of reference, offering its employees the appropriate conditions to carry out their work with security and independence. The depth of the crisis is having a particularly negative impact on this sector and unfortunately the group has been forced to continue taking measures to reduce costs, including workforce and organizational adjustments. In a renewed commitment to all stakeholders, the Group has declared its intentions to carry out these

adjustments with the minimum possible impact on employment.

The very nature of the services provided by PRISA to society in the fields of news and information, communication, and education and entertainment, means that the Company is closely bound to the social milieu in which it operates. This link will only develop its full potential if we have professionals who share these same principles, as fortunately is undoubtedly the case.

Within the group, we run a range of collaborative initiatives with educational institutions to raise awareness and involve students in business organization (internships for Universities and Business Enterprises), and we donate technical material to Schools and Faculties.

It has encouraged
employee participation
in conservation of the
environment, cultural
development, and
contributions to social
campaigns

In some of the businesses, Social Responsibility is channeled through the Association "025 Project" which manages donations from employees and from the company and distributes the funds thus raised to NGOs and Development Aid Foundations. One noteworthy event is the organization's annual *Solidarity Day*.

In 2013 employees were encouraged to get involved in a range of social responsibility initiatives in which the company participates, including: environmental conservation initiatives, donations to social campaigns, and participation in events that foster the cultural development of society.

The number of people on staff who have participated in corporate volunteer programs during 2013 was 62 in Spain and 52 in Latin America.

From an internal perspective, in 2013 the Group promoted the further development of plans and measures aimed at creating a better work/life balance, that were first implemented in 2012.

Measures taken in response to the economic situation

All adopted measures have been taken using the appropriate channels of negotiation and with a view to reaching agreements with the Legal Representation of Workers. The Group maintains a commitment with its employees to act with the utmost transparency.

The company has launched an extensive and comprehensive communication plan that has reached into every workplace and which explains the strategy to be followed to address the profound changes taking place in the market, and the eventual impact of each measure that is taken.

It is well known that the economic situation in Spain, where a significant portion of the Group's operations are based, has been deeply affected by significant shifts related to a systematic drop in advertising spending, the emergence of new technologies, and new consumer habits. These changes have forced adjustments across all companies in the sector. At PRISA, however, thanks largely to its extraordinary geographical and business diversity, the impact has been to some extent absorbed and the Group has been more able than most to gradually apply the required adjustments.

Unfortunately, the circumstances described here have forced the Group to resort to employment adjustments and staff cuts, which the company has at all times kept to the minimum necessary. These adjustments have been carried

out responsibly and with a firm commitment to reaching agreements with the Legal Representation of Workers. We also applied compensation plans that were a significant improvement over those legally established for these situations. Noteworthy measures included reaching agreements on Outplacement services to ease the transition of employees to new jobs and on financial assistance to help them attend occupational training courses.

In 2013, and in order to maintain employment and to avoid further staff cuts, a range of alternative measures have been implemented in many companies after negotiations with workers, such as wage cuts, rationalization of fringe benefits and voluntary leave.

PRISA workforce



Annual rate of rotation in 2013: 5%

Note: The rotation rate is measured by comparing reincorporations and leaves, divided in terms of active workforce

Workforce by sex

	2013	2012
Female	5,493 (48%)	5,644 (46%)
Male	5,950 (52%)	6,547 (54%)

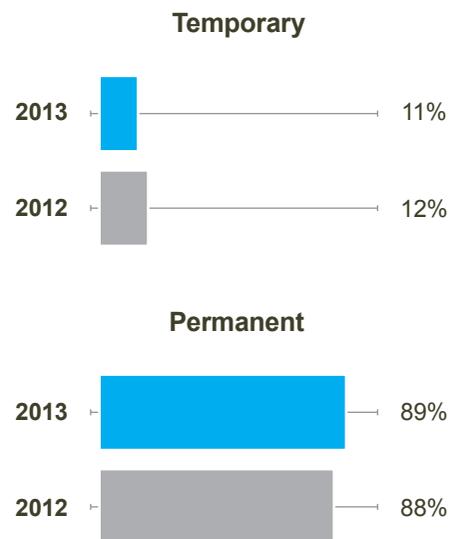
Workforce by geographic region

	2013	2012
Spain	5,607 (49%)	6,313 (52%)
International	5,836 (51%)	5,878 (48%)

Total average investment in training per employee



PRISA personnel by contract type



PRISA personnel by bussines area

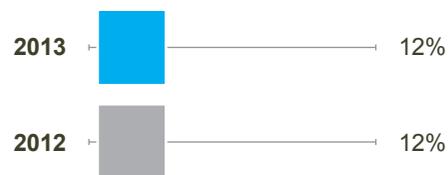
	2013	2012
Education & Publishing	33%	36%
Audiovisual	27%	26%
Radio	23%	24%
Press	11%	9%
Digital	1%	1%
Other	5%	4%

**PRISA personnel
by area of activity**

Qualified technical personnel



Middle management



Management personnel



Other

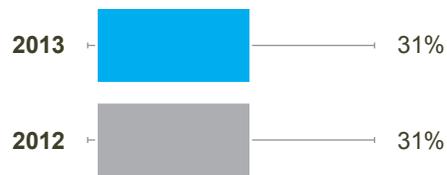


**PRISA employees
by employment category**

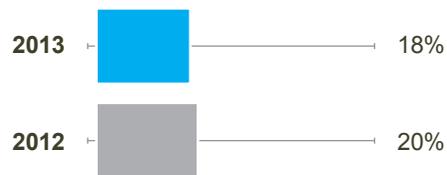
Sales and marketing



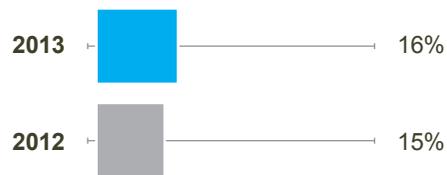
Content



Production and logistics



**Administration
& management**



Procedures for communication with employees

Grupo PRISA is committed to maintaining open and fluid communication with employees through the designated channels that each business establishes for this purpose. These include intranets, newsletters and regular communications. In addition, in accordance with established legal procedure, regular meetings are held with workers' representatives. The Touyoutome communication platform, launched in 2011, is constantly updated with news on the Group's activities as well as on the state of the industry, and is a two-way communication mechanism whose use is increasing gradually.

The corporate Intranet Touyoutome also boasts features that allow for the channeling of employees' ideas that might improve the products and processes of the Group.

Additionally, the distinct business units use their own intranets for any communications with their employees on information specific to their businesses. There are also company newsletters, with corporate or commercial content, that are regularly sent out to anyone interested / involved.

In 2013, surveys were conducted on the work climate in certain companies, including Media Capital, PRISA Brand Solution and Santillana USA.

The evaluation tools employed to assess work climate included internal departmental meetings, meetings with representatives of the employees, the monitoring of employee participation in initiatives and projects, an open communication policy from Human Resources, and media and communication tools. These mechanisms were complemented with a range of further tools, particularly, the program for the identification of Agents of Change, which began in 2012 and continued apace in 2013, both



in Spain and in the international arena. This plan is coordinated by the PRISA Office of Corporate Transformation to foster participation in all those initiatives that will spur the organization towards greater innovation and technological progress, while at the same time giving the Group a more horizontal structure that is better equipped to recognize individual talent. The participation of these agents has been decisive for the ongoing cultural change towards a more digital and collaborative world. The selection process for Agents of Change has been conducted using a particularly demanding methodology in a multilateral and heterarchical fashion to ensure that the resulting agents are employees from the middle and technical ranks of the organization, thereby creating a flow of opinion and the bottom-up structure required to achieve the objectives contained in the PRISA transformation plan, which is currently being implemented from management level.

Professional development of employees

During 2013, a range of tools aimed at fostering the organizational and cultural transformation of PRISA have been enhanced:

PRISA JOBS is a tool included in intranet, that posts internal vacancies and facilitates job rotation and mobility among employees of the Group. This improves the working environment, facilitates the process of introducing a culture of cross-corporate and division entrepreneurship and functional flexibility, and enables employees to develop their skills, their interests and talents. It thus offers employees a more dynamic career path.

- Total number of job offers managed in 2013: 86.
- Total number of applicants and / or internal candidates in 2013: 198.

By the end of the year, we were able to facilitate 26 changes of post to internally cover jobs (30% of total job postings). This represents a significant increase over the figures for 2012. The challenge now is to increase the rate of internal rotation during 2014 and thereby cover a greater number of vacancies at intermediate and higher levels of the organization.

Campus PRISA is an on-line training portal for all Group employees and is focused on developing employees' skill sets, and to complement the process of

sectoral professional retraining that is demanded by the dramatic metamorphosis of the traditional media economy into a digital one.

With nearly 2,000 students enrolled in courses specializing in the digital world, Campus PRISA has become yet another tool that fosters transformation and the improvement of the working environment. All course modules are being designed and taught by employees of the organization, which is once again promoting a culture of knowledge and creativity among the workforce.

In parallel, we have developed a series of classroom sessions, workshops and seminars devoted to innovation and knowledge. Each of the sessions was dedicated to a specific sector, which has served to keep the organization informed of emerging trends in all markets where the Group operates. This fosters the development of both intellectual capital and social capital across all professional groups, as well as PRISA's relationships with other sectoral and international companies.

- Total number of users: 1,920 (vs. 1,151 in 2012).
- Courses developed: Powerpoint, Sharepoint, Outlook, educational innovation seminar, the rules of knowledge management, workshop on Ultra High Definition, data journalism course, seminar on Branded Content.

Since its launch in June 2012, Campus PRISA has grown progressively and continuously, with notable peaks in registration coinciding with the launch of each new module and course.

The goal for 2014 is to increase the offer of courses to meet the most urgent needs that might be detected anywhere in the organization.

The Corporate Intranet Toyoutome is the channel through which these ini-

tiatives are channeled. It has message boards, a suggestion box and a complaints channel.

There is also a monthly newsletter, featuring the corporate highlights of each month.

Mi Idea! This is an open innovation platform aimed at getting all employees more involved by making suggestions, sharing ideas for improvement projects and even intellectual property patents. This tool is designed to identify both individual talent as well as any groundbreaking new ideas that may emerge from any part of the organization. Moreover, the innovation departments and the Agents of Change of each business unit set challenges to encourage participation and thereby gather the seeds of ideas for projects that will improve all Group businesses.

- Total number of users: 456 (compared to 256 in 2012).
- Total number of spontaneous ideas proposed: 271 (compared to 204 in 2012).

Additionally, the fourth quarter of 2013 witnessed the launch of yet another initiative to boost the development of the collective intelligence of the Group through the identification of Technology and Competitive Intelligence Experts, who are responsible for providing crucial knowledge to employees throughout the organization. These experts have an on-line platform called the **Experience Factory** to which all employees have access. This platform, considered the universal knowledge management tool of the Group, hosts all the experience and knowledge gained from the business, organizational and the most significant technology projects once they have been completed. The tool not only serves as a document repository, but it also accelerates and measures the production of knowledge within PRISA. The goal for 2014 is to accumulate ever more valuable content on the platform, until it is ready to obtain AENOR 166006

certification on innovation and knowledge management.

- Number of registered users: 570.
- Total number of items of published knowledge: 45.

As a system for accelerating cultural change and for cultivating the spread of prosocial behavior among employees of the Group, as well as to raise the productivity of the existing ecosystem of tools, as described above, all employee contributions -- whether they be to the Experience Factory, Mi Idea! or Campus PRISA -- are being integrated into the **public profile of each employee on the Global Intranet Toyoutome**. These are being made accessible through the Global Intranet's search facility, placing all talent at the service of knowledge distribution in a transparent way and on-line.

Training and the continuing professional development of employees is a key element in the Group's policy to maintain the highest standards of professionalism, quality and career advancement. However, measures to contain costs have also affected training, significantly reducing the budgets allocated to this end. Nevertheless, this has in fact led to improved efficiency for training initiatives, ensuring that new knowledge thus acquired has an immediate application in the Group processes and products. At the same time, internal and cross-corporate training in group companies has been strengthened, in order to maintain and improve competitiveness.

In 2013 the downward trend for spending on training has been reversed, with 0.8 million euros invested in training programs, a figure that in the 2014 budget rises to 1.2 million euros.

The number of hours of training in the group exceeds 75,000 (almost 70,000 in Spain and Portugal and 7,000 in Latin America), which represents an average of more than 12 hours of training per

employee in Spain and almost 2 in Latin America.

The ratio of training hours over annual average workforce is 7 hours / employee.

In Spain and Portugal 90% of training hours have been allocated to Qualified Technical Personnel, 9% to Senior Management and 1% to Middle Management.

In Latin America, 36% of training hours have been allocated to Technical Personnel, 29% Senior Management and 35% to Middle Management.

With regards to the training in the areas of Human Rights, Information Security and Standards of Conduct / Ethics: one employee received training in Human Rights, and twenty in information security, and, in countries such as Brazil, all staff have received training in standards of conduct / ethics.

The current job **performance appraisal** system is part of the annual variable compensation program, applicable across the company. It is a system of individual performance evaluation, whereby a performance appraisal of employees is carried out over a given period within the organization, based on a series of criteria depending on the functions of the job and the sector.

Drawing on the best practices in operation in those business units that have greater experience and more sophisticated evaluation processes, in 2014 the Group plans to design and implement a new system that will allow it to better identify talent in the organization and foster the development of employees.

The objectives pursued in its design and implementation are:

- Creating a common model that reflects levels of performance and results that are generally approved, endorsed and accepted throughout the organization,

thereby aligning the overall objectives of the Company with the expectations of the employees.

- Encourage the involvement of employees in the appraisal process, and fostering their participation through self-evaluation and by creating appraisal commissions.
- Encourage formal internal communication between the various hierarchical levels, clarifying the profiles, responsibilities and requirements of personnel (job-person match)
- The percentage of employees who are evaluated annually is not the same for all Group companies. Depending on the specific business unit, a full 100% of the employees may be evaluated or else only those who have annual variable compensation as part of their remuneration plan.

Commitment to our human capital

Our Human Resources policy is a reflection of our conviction that our human capital is our best guarantee for meeting 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 as well respect for the labor laws of the country in which each company operates.

All our staff are subject to collective labor agreements in each of their companies, except for senior management,

whose conditions are governed by an individual and personal relationship with the Group. Above and beyond these collective labor agreements, the Group's companies substantially improve conditions and thus provide our professionals with an attractive and competitive working environment. Staff enjoy total freedom to participate in trade unions and the Group fosters social dialogue for any internal debate that might improve the development of its businesses.

Elaborating on this issue, it should be noted that labor relations within the Group are governed by the application of collective agreements at a sectoral level, at the level of groups of companies and at a Group level, and all these coexist harmoniously in establishing the best working conditions for all employees.

At PRISA there is no risk factor that might jeopardize collective bargaining. Such bargaining is not only a constitutional right nor is it merely a procedure in labor law, but is also considered by the Group to be an effective vehicle for employee participation. The Group has collective agreements at a sectoral level, at the level of groups of companies and at a Group level that are all implemented within the framework of existing legislation and that of the collective agreements reached. Also, periodically, and in compliance with regulations in this regard, representatives of the employees are provided with timely information on the progress of the businesses. Meanwhile, the timeframes established in the current legislation or collective agreements are rigorously adhered to.

Non-discrimination and equal opportunities

Grupo PRISA endorses, supports and promotes all policies that contribute to equal opportunities and non-discrimination based on race, gender, political or religious beliefs. In their daily management, Group companies strictly comply with these principles, with such

policies detailed in all collective agreements.

It is worth reiterating that PRISA has 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. PRISA is committed to respecting and protecting human rights and civil liberties, with the chief objective being respect for human dignity.

A statement of principles is available on the Group's Intranet and the Intranets of the individual Business Units that inform and guide company operations in the areas of equality, diversity and the integration of disadvantaged groups.

The Group ensures that many of its service needs are met through special employment centers, whose staff is composed of persons with disability.

The number of people with disabilities in the group workforce is 47 (36 in Spain / Portugal and 11 in Latin America).

The development and promotion of this policy is intended to comply with the requirements of LISMI (Law for the Social Integration of Persons with Disability).

In the collective agreements of some companies there is a chapter, which has been developed by an internal protocol for action, on equal opportunities and nondiscrimination, sexual harassment and gender-based violence.

The principles that inspire both the Group and its workers are:

- Compliance with the principle of equal treatment at work.
- Rejection of any discrimination on grounds of sex, marital status, age, race or ethnicity, religion or belief, disability, sexual orientation, political beliefs, trade union membership, etc.



Special attention to the implementation of equal opportunities between men and women in access to employment, promotion, training, job security and pay equity.

Group's intranet contained our declaration principles underlying its activity, that promotes equality, diversity and inclusion of disadvantaged groups

- Commitment to creating positive work environments, to preventing bullying and harassment. and to pursuing and resolve any cases that might occur.

The Group's population pyramid shows an almost equal distribution between men and women. Within the Group, the percentage of women was 48% and

for men was 52% in 2013, compared to 46% for women and 54% for men in 2012.

Additionally, 29% of senior management posts were occupied by women in 2013, compared to 27% in 2012 and 40% of middle management posts were held by women compared to 37% in 2012.

Gender equality is also present in agreements with the Legal Representation of Workers. And Group policy encourages the promotion of women to managerial positions.

The base salary is determined in the various collective agreements applicable to the Group and there is no difference between men and women's remuneration.

All Group companies possess established procedures for reporting allegations of discrimination, harassment, abuse or intimidation, the use of which triggers the necessary actions to correct this type of conduct.

In 2013, not a single instance has been detected that required a diagnosis of the risks of discrimination.

Social benefits

It is Group policy to provide companies with adequate resources so as to offer employment benefits that will be sufficiently attractive to the very best professionals. It is worth noting that PRISA operates in 22 countries and has more than three hundred companies. Each market in which it operates has special characteristics to which Human Resource Management Policy must be sensitive and thereby be in a position to offer an appropriate response to both the needs and the expectations of the professionals joining these companies. Within this framework, in 2012 we designed a flexible benefits and remuneration program, implemented in Spain, which in 2013 has been broadened and improved. Portugal has followed suit and employees there now have daycare and school vouchers. The objective of this plan is to allow our employees to select their benefits in accordance with their real needs and to thereby potentially increase their net remuneration.

In 2014, it is planned to extend the scheme to all business units and Group companies in Spain.

Flexibility measures

PRISA's companies have come to understand the very real benefits of offering balanced work days that provide an optimum balance for our staff's professional and personal lives. Many of our companies offer employees flexible work days, home working, and the possibility of working intensive shifts in summer, at Christmas and Easter.

Additionally, in Spain, during 2013, these measures favoring a balance between work and personal life have been maintained, with the plan consisting of four elements:

- Special voluntary leave with guaranteed readmission, financial benefits and social security contributions.
- Longer annual holiday with financial benefits and social security contributions.
- Longer weekend (4-day working weeks) while maintaining social security contributions.
- Leave for training with help to cover costs as well as social security contributions.

During 2013, these measures favoring a balance between work and personal life have been maintained

Workplace health and safety

Throughout 2013, 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 general management systems of companies. The Preventive Policy is available to all employees on the Intranet of the Business Units.

All actions carried out are aimed at improving safety and health at work. Among these are:

- Preventive Plans.
- Psychosocial Assessments (Catsa, Itaca and *El País*).
- Evaluations of facilities.
- Continuous training in Occupational Health and Safety.
- Implementation of Emergency Plans.
- Coordination of business activities.
- Investigation of accidents.

- Management of Personnel Protection Items.
- Medical examinations.
- Preventive Campaigns.
- Health Promotion.

PRISA's Joint Prevention Service has its own space within the Intranets of the various constituent companies. This Portal hosts information on prevention campaigns, news of interest, legislative developments... so that all workers remain fully and permanently informed about their health and safety.

Occasionally, more specific campaigns are conducted. In 2013, these included:

- **Blood donation campaigns.** These take place twice a year in collaboration with the Red Cross.
- **Smoking cessation campaign.** Motivational and informative workshops have been developed covering the risks of smoking, and help is offered in the monitoring of the different treatments.
- **Back and Posture Workshops.** Theoretical-practical course which teaches good posture and habits, both for work and in one's personal life.
- **First Aid Courses.** These practical courses are given in small groups. Basic knowledge that everyone should know for dealing with emergencies.
- **Anxiety and stress.** Classroom course to acquire skills for improving the emotional well being of workers skills.
- **Road Safety.** Recommendations for safe driving.
- **Working in offices.** Ergonomic advice on appropriate computer use through guides, brochures and videos.

The number of work-related accidents that occurred in Group companies in Spain was 83 (38 men and 45 women).

The summary of absenteeism rates due to accidents, by business and gender is in the right table.

The number of cases of sick leave reported in Group companies in Spain was 1,062 (262 men and 800 women).

Generally, in all business units of the Group, 100% of the workforce returns to work after maternity / paternity leave.

Regarding deaths by accident, there has been only the death, of a male, at PRISA Radio.

In 2013 there were a total of 3,214 reincorporations and 3,422 leaves of absence. The number of reincorporations as a percentage of the total average Group workforce is 28%.

The summary of the rates of absenteeism due to common contingencies by business and gender is in the right table.

Future challenges

In 2014, while recognizing the need for cost containment policies, the Departments of Human Resources of all business units are committed to begin working on the implementation of projects that will allow us to build the future and bring about a qualitative improvement in our employees' lives.

The principles guiding the development of this new model of Personnel Management are:

- Achieve a qualitative improvement in the management of HR.
- Facilitate the development of the skills and abilities of professionals.
- Promote a culture of high performance and professional standards.
- Reward commitment to the organization and contribution to its objectives.

- Identify and promote talent within the organization.

- Homogenize processes to achieve synergies in terms of resources.

All those personnel management initiatives envisaged by the Human Resources Committee of the Group for the year 2014 aim to meet the following objectives:

- That these measures improve identification with the organization, as well as employee commitment and productivity.
- That the implementation of these measures take place in the short / medium term.
- That these measures have the greatest possible impact across the organization.
- That these measures facilitate the standardization of key processes for personnel management.

Drawing on these principles and objectives, the Group's Human Resources Departments envisage the development of a cross-corporation action plan encompassing all human resources teams from each Business Unit, to be supplemented with the latter's own individual initiatives, all of which will be adapted to the specific needs of each unit.

This plan includes projects that will cement the functions of the HR departments, including the definition of a new performance appraisal system, the development of a project for the classification and description of jobs, and the implementation of a remuneration model for managers. There will also be initiatives to improve work and family-life balance and to promote training with new initiatives, at both internal and external levels.

Distribution of employees by gender

	31/12/2013		31/12/2012	
	Women	Men	Women	Men
Senior management	130	316	127	335
Middle management	558	845	544	937
Other employees	4,748	4,846	4,973	5,275
Total	5,436	6,007	5,644	6,547

Absenteeism rates due to accidents,
by business and gender

	Absentee rate	Men percent	Women percent
Audiovisual	0,09%	38%	63%
Digital	0,11%	0%	100%
Education	0,41%	50%	50%
News	0,16%	50%	50%
Radio	0,20%	57%	43%
Total	0,16%	47%	53%

Absenteeism due to common contingencies by
business and gender

	Absentee rate	Men percent	Women percent
Audiovisual	0,03%	50%	50%
Digital	0,12%	50%	50%
News	0,04%	59%	41%
PBS	0,05%	33%	33%
Radio	0,06%	46%	46%
Rest	0,20%	67%	67%
Santillana	0,03%	40%	40%
Total	0,04%	48%	52%

Responsible management of our users and digitization

Digital technology has definitively placed people at the center of everything, and companies in the business of creating and distributing content must now rise to this new challenge.

The responsible management of our users must first start with preparing our professional teams to face the challenge of digital transformation, a transformation that requires us to be ready to respond appropriately to changing user and consumer habits. To this end, over the past two years, PRISA has been promoting an ambitious transformation plan to provide us with the organization and corporate culture necessary to understand the opportunities offered by technology and the digital world for our business group. This plan includes training and professional development programs that will enable our internal users to adapt to this new reality.

Never before in its history, has media had this opportunity to listen and speak directly to its readers. Digital technology has exponentially multiplied the audiences of traditional media. In the case of PRISA, the Spanish and Portuguese languages have allowed us to cross borders by removing all barriers to communication. This helps us to fully understand our users' habits, and to thereby enhance content according to their expectations. Now readers and clients not only want to read. Importantly, they also want to write, they want to participate in the construction of collective opinion, express themselves and become part of the content. Here, the interactivity of our platforms and social networks are playing a key role, and we are developing all these tools with the utmost care to ensure the independence, rigor and quality that has always characterized us.

There is a broad range of controls and procedures to address and properly

manage processes across the entire value chain of our content, allowing us to maintain the perfect balance as we promote digital technology as a source of wealth and added value -- without ever losing sight of the traditional strengths of our brands.

Responsible management of communications

PRISA's Corporate Communication and Marketing has adopted a proactive approach focused on the continuous improvement of the Group's reputation. The key strategies are based on Integral Communication, research and ongoing analysis, positioning, segmentation and communications 3.0 in order to properly manage Corporate Identity, Internal Communications, External Relations, and Social Responsibility.

All too aware of the importance of coordination for a group of companies operating in 22 countries and with a broad portfolio of products and services, it is essential that we are equipped with an appropriate communications network. At PRISA, there are two permanent forums for internal communications and dialogue. First, a weekly Communications Committee, which brings together the communications directors from the various business units and the heads of Human Resources, Analysts and Investors, and Transformation, to correctly oversee internal and external communications activities at all levels. Secondly, the Social Responsibility Observatory meets each month to check up on the progress of action plans, as well as in order to be kept up to date on latest trends with a view to their constant monitoring .

Of special note is the internal communications policy, which has undergone a complete overhaul in recent years at PRISA. Our common intranet channel, Toyoutome, is a treasure trove of information on the company and a meeting point that is used daily by our professionals, who now

have access to new tools. It allows them to contact their colleagues or simply share an item of news on the Wall. Monthly data show averages of around 130,000 page-views, representing an increase of 81% compared to data from 2012 (70,918). Similar positive trends can be seen for data on Unique Browsers on the intranet with growth of 83% (15,650 unique browsers) for the monthly average in 2013, compared to 8,550 in 2012.

There is a broad range of controls and procedures to maintain the perfect balance as we promote digital technology without ever losing sight of the traditional strengths of our brands

This permanent communication platform for direct communication is supplemented by three further services. The daily tweet, where we share a topic related to the transformation of the company, the Toyoutome blog on Digital Trends, and the monthly PRISA Newsletter, started in 2013 and just the latest addition to our communications arsenal as we strive to share and involve everyone in the changes. The use rate of this new information service, exceeding 30%, reflects the desire of PRISA professionals to be kept informed of the Group's progress.

Responsible management of our suppliers

The goal of PRISA's purchases and procurement 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 strict criteria of efficiency, cost, coverage and technical and productive capacity. PRISA also evaluates 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 Corporate 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:

- Selection and management of suppliers, these are seen as crucial stakeholders in the company's day-to-day operations.
- 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.
- 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:

- PRISA's relations with suppliers are governed by 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

The Corporate Purchases Department oversees the relations of suppliers with the Group's companies, focused to Group CSR policy

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 suppliers are detailed in the application forms, where there is also information on conditions and obli-

gations 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. The process is subject to SOX and related internal controls required of companies listed in the U.S. market. This channel 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

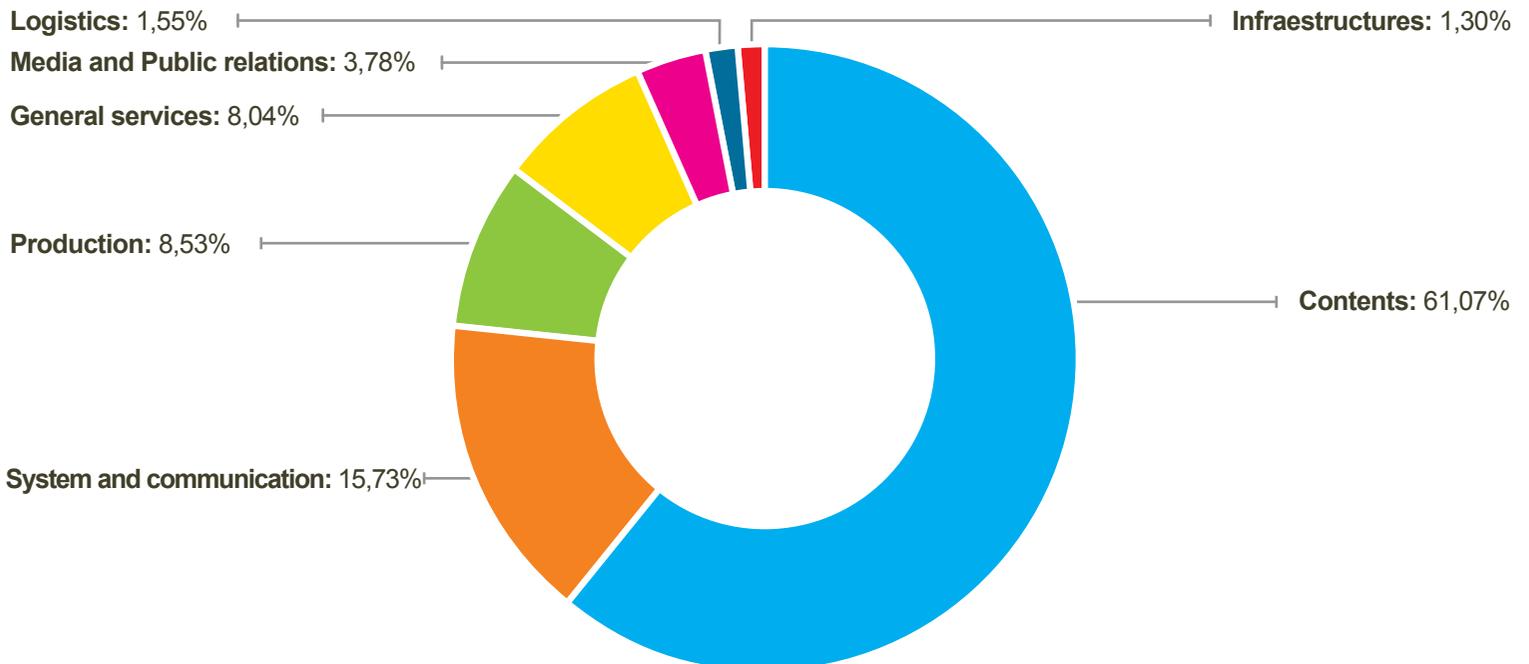
For the past six years, the Department of Corporate Purchases has been managing and updating a data base of the Group's chief suppliers, evaluating them on key CSR criteria, including paper management, recycling and reuse of fungibles and CO2 emissions. Applicants must be in full compliance with Conventions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

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.

Supplier Evaluation

	2013	2012
Management system is certified or is being implemented plus voluntary codes	48.02%	46.84%
Formal procedures to respond to customer concerns	78.89%	78.69%
Legislative Framework	95.28%	95.63%
Adequate environmental safeguards	76.30%	76.14%
Guidelines on corporate governance	85.56%	84.70%
Incorporation of Social Responsibility indicators in management code	80.42%	80.46%

Suppliers by type



Suppliers billing > 600 K€
Source: ABC of suppliers 2012

Authorized suppliers

	Total	Spain	Foreign
Previous years	3,059	2,960	89
2012 (new)	99	89	10
2013 (new)	160	139	21
TOTAL	3,159	3,039	120

Carbon Footprint (PRISA: Spain and Portugal)

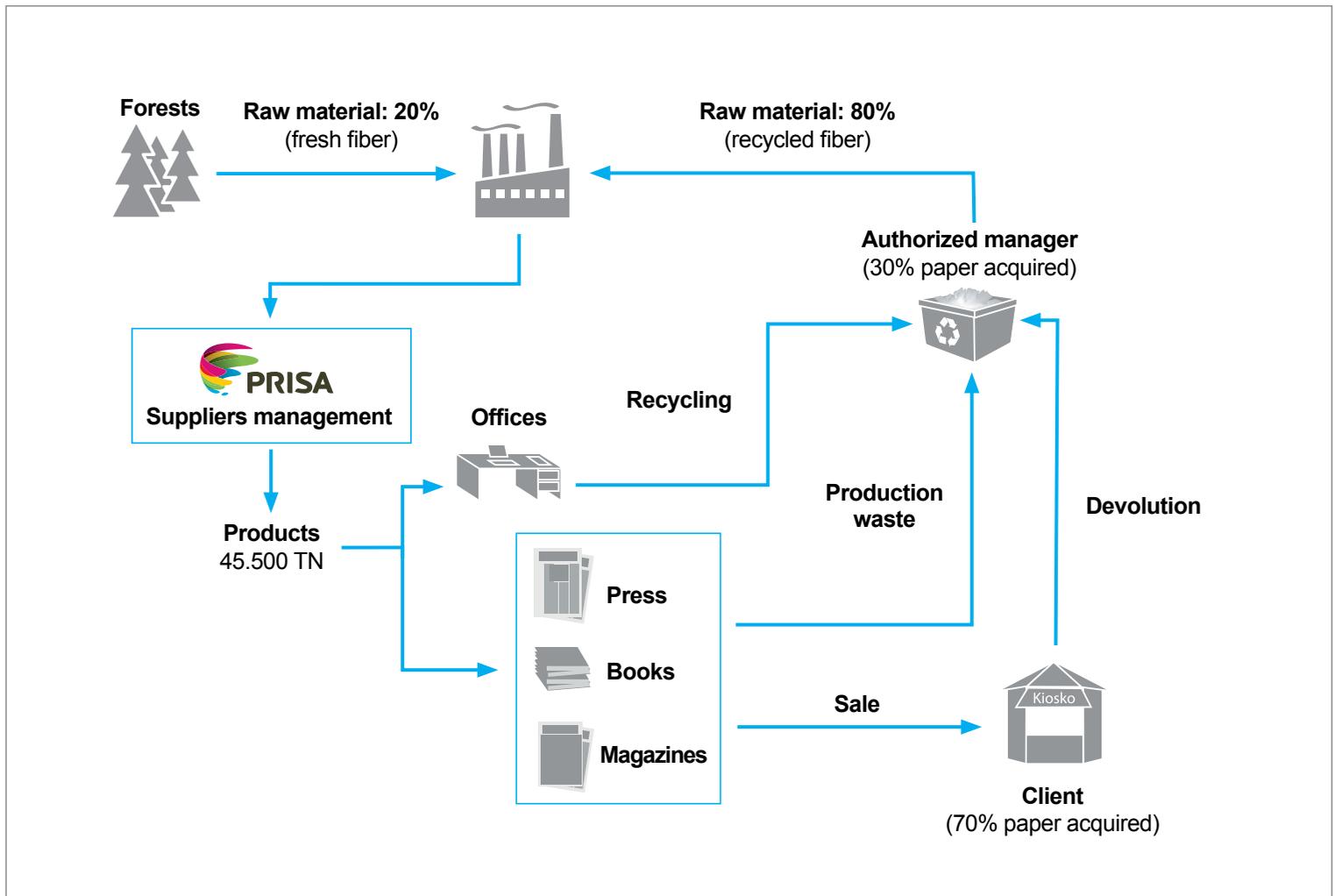
Form of transport	Unit of measure	Conversión factor Kg CO ₂ /ud of measure	2013			Equivalent CO ₂ in Kg	Conversión factor Kg CO ₂ /ud of measure	2012			Equivalent CO ₂ in Kg
			Spain	Portugal	Total			Spain	Portugal	Total	
Hotel	RN	17	13,073	1,875	14,948	254,166	28	12,439	S/D	12,439	348,292
Air	Miles	0,31	11,189,170	1,382,685	17,571,855	3,897,275	0.18	12,068,311	1,119,419	13,187,730	2,373,791
Train	Km	0.08	3,441,190	7,633	3,448,823	275,906	0.06	3,049,569	S/D	3,049,569	182,974
Rent a car	Km	0.123	379,114	14,500	393,614	48,415	0.123	692,857	S/D	692,857	85,221
Total			19,672,976	1,406,693	16,285,692	4,475,711		15,823,176	1,119,419	16,942,595	2,990,279

NOTE: The sources for conversion factors are:: <http://www.nef.org.uk/greencompany/co2calculator.htm> (air), http://www.responsabilidad.net/002_calcemision.html (train).

Consumption

	2013	2012	%
Ink (kg)	270,047	321,564	-16.02%
Solvent (kg)	21,340	20,000	+6.7%
Plates (kg)	68,805	58,789	+17.03%
Plastics (kg of polycarbonate)	69,369	-	-

Paper cycle in PRISA



Local environment (Spain & Portugal) 2013

In 2013, as in previous years, PRISA carried out a study of a sample of our wide number of suppliers. In 2013, the number surveyed was 183, as compared to 180 in 2012, and they were evaluated by service and percentage in volume of purchases.

Responsible management of environmental resources

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 com-

pliance 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 in order

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, hotels and car rentals in 2013) confirms the trend towards reductions seen over the previous year. The increase for air transport is due to the revised CO₂-emission factor for this mode.

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 2013 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 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. Over the year, Pressprint continued its policy of improving procedures, both in terms

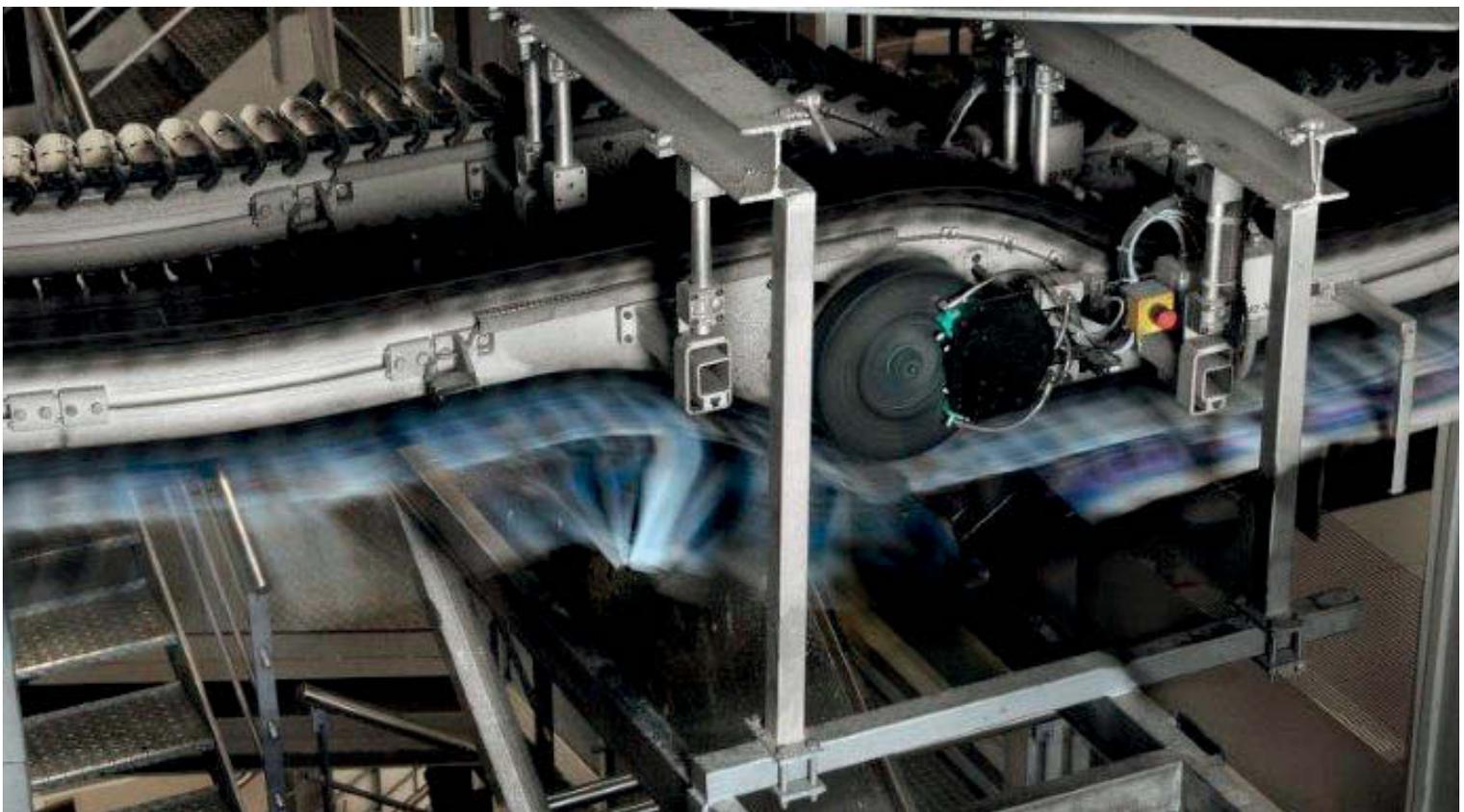
of managing raw materials as well as waste management.

In 2013 we continued implementing the use of "Chem Low" plates, which require a less aggressive chemical concentrate and simplifies cleaning.

Parameters continue to be adjusted for the consumption of ink, water and fountain solution additives in the printing process to optimize the amount of ink used per million printed pages, and the number of machines in operation has likewise been optimized.

Both ink and solvents are sourced by PRISA from suppliers who are reviewed every year to ensure they are in possession of quality certificates for ink and solvents.

In 2014, the company will continue to improve processes to reduce environmental impact by optimizing resources, raw materials, and by reducing waste.





Energy consumption

During 2013, all Group companies have run campaigns to raise awareness and to foster a more rational use of energy at their facilities and to rationalize energy consumption.

To this end it we are in contact with a number of energy efficiency consultants to analyze the efficiency of the range of systems that currently exist in the market.

PRISA TV has continued to apply environmental measures to control energy consumption and optimize on costs of paper and corporate digital stationery, and thereby seeks to change how we generate, manage and distribute documents. We continue to install multi-functional equipment to send and scan documents without printing them, with corresponding savings in paper and ink.

The company continues to separate all waste generated and this is handed over

to authorized local recyclers and waste managers, and we are continuing with the process of replacing incandescent lighting with LEDs.

Santillana constantly strives to promote recycling and reduce energy consumption by means of awareness drives among employees.

The recycling of all types of materials is conducted through authorized companies.

PRISA Radio has carried out a policy of continuous monitoring of energy use and equipment in order to increase the performance of all devices. Thus, conventional components have been replaced by other energy-saving ones meeting the strictest ecological standards. In 2013 we proceeded to replace 730 halogen bulbs with LED technology, achieving savings of 80%.

PRISA Noticias uses paper as its principal raw material, meaning that initiatives to optimize use are constant.

Technological innovation allows us to optimize the use of resources and facilitates the responsible management of any waste generated. This is achieved through process improvement, automation, adjustments to print output, efficient distribution, proper waste sorting and collaboration with industry-leading recycling companies.

In order to optimize the amount of ink used per million printed pages, we have adjusted consumption parameters for ink, water and fountain solution additives. We also continued implementing the use of “Chem Low” plates, which require a less aggressive chemical concentrate and simplifies cleaning and reduces waste. The company periodically tests ground and soil samples as well as groundwater to ensure the absence of contamination.

Magazines by PRISA Revistas bear a label (beside the barcode) to encourage responsible recycling with



the slogan “Please recycle this magazine”.

Waste Control

Corporate center

All office printers are 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.

PRISA Noticias

Pressprint cuenta con gestores autorizados que se encargan de retirar los residuos contaminados de 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 2013, 68,805 kg of aluminum thus produced were melted down for the development of new products.

Pressprint recycles -- either at our own plants 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.

During 2013, all Group companies have run campaigns to raise awareness and to foster a more rational use of energy at their facilities and to rationalize energy consumption.

Recycling companies used by Pressprint:

- Paper, cardboard and aluminum plates: Carpa.
- Used toner: Biotoner.
- Lamps and lighting: S.I.G-Ambilamp
- Used oil: Fondomovil.
- Contaminated cleaning materials: Mewa.

Process optimization is an ongoing goal. Indicators are established to provide information on changing trends in the use of inks and aluminium plates. These indicators are ink consumption per million printed pages, plate consumption per printed page and waste generation by production volume. These indicators are reviewed monthly to achieve continuous process improvements.

**PRISA TV: direct consumption
by primary source**

Primary source	2013	2012	%
Electricity kw/h	18,219,947	16,569,623	+9.95%
Gas kw/h	6,938,252	6,212,155	+11.68%

**Media Capital: direct consumption
by primary source**

Primary source	2013	2012	%
Electricity kw/h	5,287,603	5,751,256	-8.06%
Diesel kw/h	1,682	1,233	-36.4%
Gas kw/h	162,774	102,725	+58.45%
Water kw/h	9,023	-	-

**Santillana: direct consumption
by primary source**

Primary source	2013	2012	%
Electricity kw/h	679,974	666,158	+2.07%
Gas kw/h	N/A	8,598	-

**PRISA Radio: direct consumption
by primary source**

Primary source	2013	2012	%
Electricity kw/h	11,500,648	11,727,461	-1.93%
Gas kw/h	N/A	N/A	N/A
Water kw/h	44,243	40,221	+9.9%

**PRISA Noticias: direct consumption
by primary source**

Primary source	2013	2012	%
Electricity kw/h	13,327,433	12,587,522	+5.87%
Gas kw/h	4,139,862	4,049,905	+2.22%
Water kw/h	15,224	10,918	+39.43%

Waste control

Recycling activity	2012	2013	Resultados 2013-12
Disposal and recycling of paper	57 Tm	76 Tm	-33.3 %
Disposal and recycling of batteries	475 Kg	250 Kg	+90 %
Disposal and recycling of fluorescent lamps	188 unidades	564 kg	-

	Fossil CO ₂ Kg / paper Tm
Weighted average carbon intensity of paper used in the manufacture of paper PRISA (data provided by the usual suppliers weighted consumption)	464.4

	CO ₂ Kg
Equivalence of CO ₂ emitted from Tm total paper	23,168,659

Social and cultural initiatives

Fostering awareness of the issues facing society

During 2013 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 UNICEF, WWF, Intermón Oxfam, Fundación de Ayuda contra la Drogadicción, Ayuda en Acción, Red Cross, Unicef, Manos Unidas, Medicos sin Fronteras, Save the Children and the UNHCR. Support is offered through habitual reporting and specific sponsorship or promotion deals.

Moreover, each of the Group companies individually collaborates on initiatives with third parties for the abovementioned purposes. Such initiatives are shared on PRISA's Social Responsibility Observatory, a body in which all business units are represented and whose responsibility is to develop and manage a comprehensive global and cross-corporate social responsibility strategy and to channel, support and coordinate the strategy of each of the companies and business units.

PRISA

PRISA, in keeping with its commitment to social responsibility with regards to the environment, works closely with the World Wildlife Foundation (WWF), the world's largest independent international organization dedicated to conservation, to promote the year's biggest mass participation event, which has been held every year since 2008. This sees hundreds of millions of people worldwide, companies, governments and educational institutions join together against climate change by supporting the

WWF's biggest awareness campaign, **Earth Hour**.

For the fifth consecutive year, PRISA, as official media partner, launched a major operation to support this awareness campaign, which mobilized all companies in all the countries where we operate on both sides of the Atlantic.

In 2013, PRISA also became media partner for the state-run project *El Árbol es Vida* (Trees are Life), an initiative which aims to plant 10 million trees all over Spain, and thereby foster a culture

with a greater appreciation of trees and the use of timber products. This initiative runs until June 2015.

PRISA lends its support to this project, which has been declared an event of exceptional public interest by the central government and which highlights the importance of forests in combating climate change and in the reduction of greenhouse gases, and shows that it is possible to build a sustainable future.

Internally, and once again in keeping with PRISA's and its business

1. "Caza y Pesca" distributed among employees seedlings to plant in El Boalo.
2. Trees are life.
3. Earth Hour 2013.



units' concern for the environment, CANAL+'s hunting and fishing channel, *Caza y pesca*, launched an initiative to plant oaks to offset CO2 emissions. Seedlings were distributed to Group employees before being planted on a Saturday morning in the El Boalo area of Madrid, where the town hall provided land for the purpose.

In December 2013, PRISA and all its companies, joined the **UNICEF** campaign to raise public awareness on the urgent need to help children in the Philippines in the wake of Typhoon Yolanda, that last November swept through the country, destroying entire villages and affecting more than ten million people, five million of whom were children. In addition, PRISA encouraged the use of the UNICEF crowdfunding platform among employees, customers and audiences to raise funds for this cause.

Promoting volunteering is another area in which the Group is active. For instance, PRISA companies joined the **SOMOS** campaign, led by NGOs such as Action Against Hunger, Red Cross, UNICEF, Ayuda en Acción and Save the Children. Group media covered the campaign via both content and advertising.

In addition, our employees actively collaborate with a range of NGOs. In mid-2012 there was a charity bottle-top collection at the headquarters in Tres Cantos, where most employees of Santillana, PRISA TV and Corporate Center are based. The goal was to collect as many bottle-tops as possible to help a good cause. The enormous success of the initiative and the involvement of staff prompted the Group to make this initiative a permanent one that will help different foundations and NGOs.

In November, PRISA, through *El País*, *Cinco Días*, CANAL+, As and Cadena SER, helped publicize and cover the **fourth edition of the Brilliant Minds Congress**, an event that brings together knowledge and creativity. Participants in-

clude Michael Robinson, sports commentator and director of CANAL+'s program *Informe Robinson* and Cadena SER's radio show *Acento ROBINSON*, and Borja Prieto, director of MyMajorCompany in Spain, the crowdfunding platform launched by PRISA Radio in 2012.

Also in November, PRISA, as part of its partnership with the Fundación **SERES**, sat on the jury for the 2013 SERES AWARDS for Corporate Innovation and Social Commitment.

In the field of innovation, research and development, PRISA works continuously with the **Fundación Pro CNIC** and in 2013 the Group's media supported the Foundation's latest campaign in Spain "*Al corazón de este país le queda mucha vida*" (The country still has plenty of heart), whose main objective is to raise awareness about the vital work in research and prevention of cardiovascular disease being carried out by CNIC, the National Center for Cardiovascular Research, led by Valentin Fuster, and that has put Spain at the forefront of such research.

In the field of education and culture, PRISA and Santillana Foundation have signed a range of agreements with cultural, educational and scientific institutions both in Spain and in Latin America, including the Organization of Ibero-American States, the Inter-American Development Bank, the Royal Spanish Academy, the Instituto Cervantes, the Miguel de Cervantes Virtual Library Foundation, the Royal Theatre Foundation, the National Museum Centro de Arte Reina Sofía, MACBA, Casa de America, the Fundación Carolina, the Brazilian Hispanic Cultural Foundation, Fundación Conocimiento y Desarrollo (Knowledge and Development Foundation), Fundación Empresa y Crecimiento (Business and Growth Foundation), the European Institute of Design (IED) and the Prince of Asturias Foundation. In the field of innovation, research and development the Group works continuously with the FAD (Foundation Against Drug

Addiction) and the Fundación COTEC for Technological Innovation.

In terms of university education, PRISA cooperates with a range of Spanish and Latin American universities, including the Universidad Autónoma de Madrid, with whom the Group runs the UAM-El País School of Journalism and the Jesús de Polanco Chair in Ibero-American Studies; the Universidad Internacional Menéndez Pelayo, the Technological Institute of Monterrey (TEC) and the Mario Vargas Llosa Chair. The headquarters of Santillana Foundation in the Americas (Colombia, Brazil and Argentina) develop similar initiatives in education and culture, in collaboration with a wide range of institutions and the ministries of education and culture of the respective countries.

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, and human rights, etc., both nationally and globally.

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. The company regularly provides newspaper space for social and humanitarian causes. Depending on the relationship with the NGO, these spaces and inserts may be free or take the form of advertising at sharply discounted rates.

The *El País* - UAM School of Journalism

The *El País* - UAM School of Journalism is a non-profit foundation established in January 1987 as a result of a cooperation agreement between PRISA and the

Universidad Autónoma de Madrid to provide journalism training to graduates from any field.

Since its foundation, the school, as part of its commitment to society, has contributed to the training of almost 1,000 professional journalists, who can in turn contribute to strengthening civil society and democracy. The role of the journalist in society is a theme that informs all the modules and activity in the Masters program, which places great emphasis on practical work experience, thereby allowing our trainee journalists to learn on the job.

In 2013, there were two significant changes: the Masters in Journalism became a two-year program instead of one, in order to expand the curriculum and to include a paid internship at a PRISA media company; and the calendar was changed, with the program now starting in September to adapt to the Bologna process. The program remains essentially the same, with the same stress on integrating print and digital media. New workshops were added on data processing and management and more time is being spent on video and social networks.

Also in 2013, a new Data Journalism Workshop was introduced, while in February

2014 a number of workshops were added on specialized journalism: Photojournalism and interview techniques, run by leading professionals and aimed at anyone interested in journalism. It is also planned to run a new workshop on Entrepreneurship and Startups.

The school has contributed to the training of almost 1,000 professional journalists, who can in turn contribute to strengthening civil society and democracy

In 2013 there was a student trip to the European Parliament in Brussels, and a number of students from the program, now in its 27th year, were called on to cover the 5th World Congress against the Death Penalty, held in Madrid.

El País de los Estudiantes

El País de los Estudiantes is a free online school newspaper project, organized by *El País*. The scheme, which has won

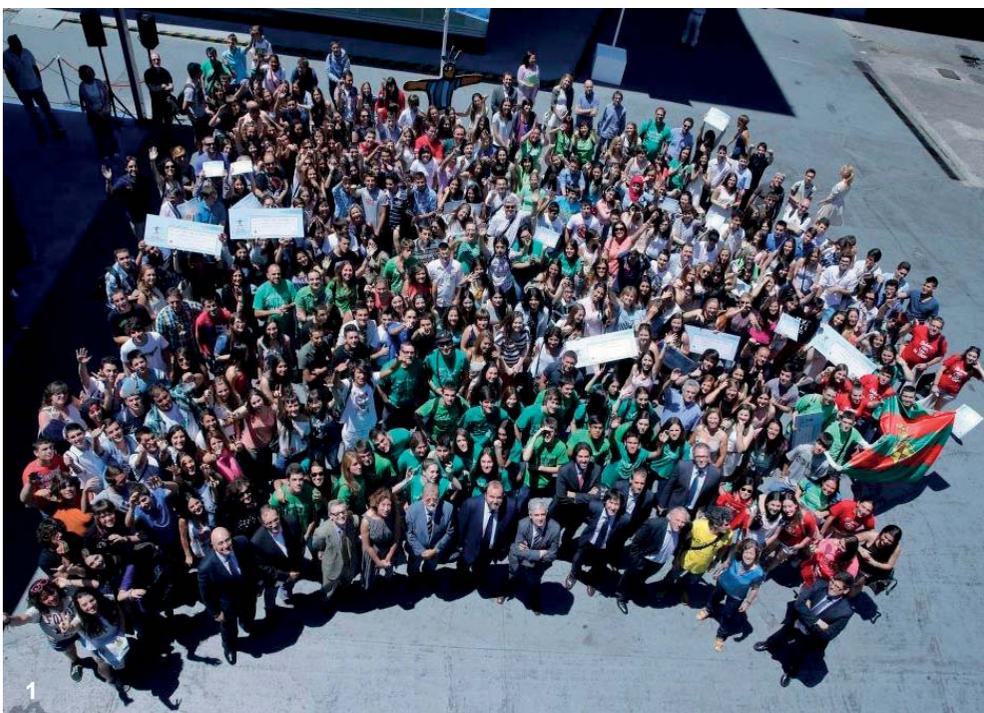
international awards, aims to promote reading and teamwork among students aged 14 to 18 from all over Spain.

Now in its twelfth year, the program has to date seen the participation of over 400,000 participants. In 2013, 30,818 secondary-level students and 5,595 high-school teachers from 2,269 centers throughout Spain participated.

The program is envisaged as a teaching tool that fosters multidisciplinary learning, teamwork and the personal development of each student. It also encourages the use of new technologies as a tool for work and research.

A jury composed of *El País* journalists is in charge of evaluating and selecting the three best print or digital newspapers and the best work in eight categories (interview, report, photography, comic / cartoon strip, advertising, English section, multimedia and blog content) at a national level.

1. 12th *El País de los Estudiantes* edition.
2. Journalism workshops for children in hospitals.



Additionally, *El País* runs journalism workshops for children in Madrid hospitals.

Cinco Días, as a media outlet, strives to be influential and to create awareness among readers of all the values of CSR. The paper endeavors to cover all social concerns, the dialogue between social groups, and above all to foster respect for human rights

PRISA TV

PRISA TV remains committed to acting responsibly in all its areas of activity. The company's Social Responsibility policy takes into consideration its position as producer and broadcaster of audiovisual content, with the clear objective that this remains perfectly aligned with its core business goal. In this regard, it is a pioneer in the application and development of new technologies in the audiovisual entertainment sector. It remains committed to effective management, it promotes policies to reduce energy use and waste, it invests in ongoing employee training to facilitate their career development, it fosters communication channels with viewers and clients, and it develops and promotes content that will help to improve social awareness.

In 2013, CANAL+ signed important agreements to expand its audiovisual content and its multichannel offer in HD. It has committed itself to the development and implementation of new technology applications that will enhance the user experience of all its customers. It has maintained its commitment to provide added value to its content via new services, and it has made YOMVI available on new devices and has expanded distribution.

In terms of content creation, CANAL+ remains committed to responsible news and information, and to the promotion of culture and sport. In this regard, special mention should be made of programs

that form an integral part of the network's identity, such as "Informe Robinson" and reports by Jon Sistiaga, who has continued to seek out and tell stories focused on social critique, solidarity, and generosity... Examples include the reports devoted to women's gymnastics, the story of the challenges facing an athlete with multiple sclerosis, the report on the plight of handball in Spain, and Sistiaga's reports on Chernobyl, the persecution of homosexuals in Uganda, and racism and violence in the US.

CANAL+ has continued during 2013 to collaborate on the production, promotion and dissemination of Spanish cinema with films such as *Futbolín*, *La gran familia española*, *Las brujas de Zugarramurdi* and *Canibal*, under the slogan *Estamos con nuestro cine* (We're with our cinema). In terms of original production -which began in 2010 and has been recognized with numerous awards- the channel has continued with its project *España en Serie* (Spain in Series), which has involved exhaustive work and enormous efforts, including in-depth interviews with some 100 professionals including actors, directors, designers and writers. The end result is a documentary series of four episodes that explores the history of Spanish television series and the society in which they were created. In addition, CANAL+ is also promoting the creation of documentaries and short films, attending the most important film festivals and supporting creators with the CANAL+ Awards.

CANAL+ has also signed agreements with universities and education centers to support the training of students in the processes of creation, development and broadcast of audiovisual productions.

CANAL+'s social solidarity initiatives have increased dramatically over the last year. A number of projects have been rolled out aimed at: helping the

most disadvantaged groups; promoting and fostering the participation of employees in various initiatives; and promoting sport, especially through initiatives with football clubs with whom we have agreements. The network also produced and aired social campaigns on different television channels and through other communication outlets.

During 2013 advertising space worth over 16 million euros were given to various charity campaigns run by Save the Children, Fundación Aladina, Unicef and Action Against Hunger.

PRISA Radio

PRISA Radio, like the other Group companies, sees CSR policy as at the very core of its business operations. Such operations are focused on news, information and entertainment, and the company is all too aware that aware of their impact on the process of social transformation. PRISA Radio is committed to being perceived by society and its stakeholders as a responsible and sustainable company. That's why the interaction between reputation and social acceptance is considered key in the company's planning of activities, whether these be company initiatives or when it comes to offering support to others.

Among PRISA Radio's initiatives in the past year, special mention should be made of the **Dial Awards** Gala, with the proceeds from the sale of tickets going to the "Association Padre Laraña" and the NGO "La Milagrosa". The proceeds from 40 Principales' Spring Pop Concert, **Primavera Pop 2013**, went to the Red Cross campaign to support vulnerable young people affected by the current socio-economic crisis. The proceeds from the awards gala **Lo Mejor de Aquí y de Allí** (The Best of Here and There) were donated to the charity Casa Caridad Valencia, a private charitable institution that works to meet the basic

needs of the homeless. Cadena DIAL, with its program *Àtrévete*, organized a radiothon with the slogan *Ni un niño sin futuro* (No child without a future), whose proceeds went to the charity *Aldeas Infantiles SOS* (SOS Children's Villages) in Spain.

The **El árbol es vida** (Trees are Life) project was chosen as benefactor of the proceeds of the 40 Principales Awards 2013.

In Mexico, **W Radio** ran a special broadcast to raise funds for victims of the hurricanes Ingrid and Manuel, in collaboration with the Mexican Red Cross. 40 Principales, meanwhile, held the 5th edition of **Arte 40**, a project fostering artistic creation.

The most significant campaign in Panama was for the **Patronato De Nutrición Con Grandes Pasos** (Nutrition With Great Strides) to help reduce the rate of extreme poverty in rural areas.

In Colombia, **Radio Caracol's** chief initiatives were aimed at promoting and defending the rights of children and adolescents, providing guidance and support to vulnerable people (displaced persons, victims of conflict, the disabled, etc.), building a culture of reconciliation and peace in the country, and championing the strengthening of the family. Examples of these campaigns include *Soldados W* (Soldiers W), a campaign in favor of the pediatric hospital La Misericordia and Jingle Bell Rock.

In Argentina, **Radio Continental** has collaborated with a range of NGOs, including *Fundación manos en Acción* and *Luchemos por la vida*.

In general, all PRISA Radio stations in Spain and Latin America have conducted social solidarity and cultural initiatives. In addition, all stations also provide free airtime to NGOs and other social foundations to help them spread their message and gather support for their campaigns.

Santillana

Santillana is a company that, ever since its establishment in 1960, has been tirelessly promoting education, a crucial area for the development of a critical spirit among citizens, and for the development of people and the construction of a freer and fairer society.

The publishing house endeavors to foster respect for cultural diversity and thought, never losing sight of pluralism nor the basic principles of a democratic society.

All materials developed by the company are adapted to technological and social development. With over 50 years of experience, the publisher has always been at the forefront of the latest trends and business opportunities to better meet changing educational needs.

With a view to sharing this spirit of innovation and improvement in the development of textbooks, Santillana offers





Launch of *57 historias del deporte por una causa solidaria*.

teachers a wide range of materials to facilitate their teaching: textbooks, teaching guides, material to improve assessment, revision and greater depth, classroom schedules, handouts, digital resources, etc.. Through the company's digital area, the publisher investigates new ways and methodologies in education with the goal of providing the educational materials and management tools required by today's schools.

Among the various initiatives carried out by Santillana in 2013 was a pilot project to bring together different generations of a family in order to foster new forms of communication through the Pupitre app. This initiative was run jointly with Sanitas Residencial Arturo Soria (Madrid) through small workshops involving senior citizens and their families.

In collaboration with UNICEF, Santillana launched the campaign *Yo cuento* (I count), a platform that allows children and young people to express their opinions on issues related to building a better and more caring world. The first initiative was a short story and art competition on the economic crisis in Spain, the world of work and family and social life.

The summer-season campaign *Vacaciones Santillana* involved building a

"castle of solidarity" for the children's NGO *Aldeas Infantiles* and a donation of € 20,000 for its educational program to combat student underperformance.

In all the countries where its books are published, Santillana collaborates on social initiatives related to education with religious congregations and institutions, foundations, cultural associations, government agencies, schools, teachers' groups, unions, parent associations and universities by supporting teacher training, providing scholarships to attend events, through the donation of books to underprivileged children, by sponsoring conferences and competitions and the co-publishing of materials.

PRISA Ediciones' *Alfaguara Infantil y Juvenil* periodically, and especially over the Christmas period, actively collaborates with NGOs and foundations whose aim is to promote reading among underprivileged children. These collaborations involve book donations.

In December 2013, the publishing house *Aguilar* published the book *57 historias del deporte por una causa solidaria* (57 sports stories for a good cause), a book of over 300 pages featuring stories and anecdotes from 57 PRISA sports journalists. The proceeds go to

UNICEF's *Enrédate* program, designed to promote awareness of children's rights in Spanish schools.

Santillana Foundation

Every year since its creation in 1979, Santillana Foundation, with its wide and varied program of activities, has set the standard for initiatives in the fields of education, culture, journalism and governance by creating spaces for reflection and dialogue, thus consolidating its institutional presence. In some instances, the Foundation seeks answers to the latest and most urgent dilemmas facing the culture and education sectors, with activities such as "The Cultural Industries Forum", the "Seminar on Cultural Journalism" and "Education Week". In other cases, the Foundation organizes and promotes encounters and dialogue among leading literary and artistic figures, such as the forums "Lessons and Masters" and "the Formentor Literary Conversations".

Meriting special mention is the *Masters in Governance and Human Rights*, organized by Santillana Foundation, the *Jesus Polanco Chair in Ibero-American Studies* and the *Autonomous University of Madrid*, which in its third year has seen an ever increasing number of students, primarily from Latin America. The course is taught by renowned senior faculty members and offers an academic program that responds to the most urgent contemporary legal issues.

In Latin America, the Foundation's activities are focused on fostering debate on educational issues, and we support initiatives that promote reading and literacy. These initiatives include the *VivaLectura* awards in Argentina and the *Latin American Forum on Education*, which in 2013 was declared to be of public interest by the parliament of Argentina. In Brazil there were a number of important social initiatives, such as the programs "*Mestres da Obra* (Masters of Works)" and "*Pathways to citizenship*,



Acto de Graduación del Máster de Gobernanza y Derechos Humanos.

language in the city”, as well various social and cultural activities, offered in collaboration with a range of Brazilian institutions. Meanwhile, the Santillana Foundation for Ibero-America in Colombia organized, in collaboration with the Inter-American Development Bank, the conference “The Orange Economy: developing the creative industries”, with the aim of stimulating debate in Latin America and the Caribbean on the importance of creativity as an integral part of economic and social development.

In 2014, Santillana Foundation is set to launch two new projects: firstly, the Center for Creative Industries, in collaboration with the European Institute of Design, which will be the first business platform to promote the growth of innovative companies specializing in the cultural and creative industries and the Internet; and secondly, the Latin American Festival of Children’s Literature, in collaboration with the Vargas Llosa Chair and the Miguel de Cervantes Virtual Library Foundation. This will bring together sector leaders, writers and other industry players to discuss and enjoy literature that fosters critical thinking and reflection among younger readers.

In 2014, Santillana Foundation is set to launch two new projects: the Center for Creative Industries and the Latin American Festival of Children’s Literature

Spain

in Madrid:

- **Conference with the Robert F. Kennedy Center for Justice and Human Rights:** In April, Kerry Kennedy, president of the Robert F. Kennedy Center for Justice and Human Rights presented the Speak Truth to Power (STTP) educational program, developed by her organization.
- **Graduation ceremony for the Master in Governance and Human Rights:** On April 23, 2013, diplomas were awarded to graduates of the third year of the Masters in Governan-

ce and Human Rights, with a keynote speech by the president of the Inter-American Court of Human Rights (IA-CHR), Diego García-Sayán.

- Presentation to the Library of Governance and Human Rights: The Jesus Polanco Chair in Ibero-American Studies, the Autonomous University of Madrid and Santillana Foundation formally presented on May 23, 2013, at the Casa de America in Madrid, the book *Gobernanza democrática* (Democratic Governance) (ed. Marcial Pons), at the inauguration of the Library of Governance and Human Rights -- outcome of the academic and research work of the Masters in Governance and Human Rights.

- The Cultural Industries Forum: In collaboration with the Fundación Alternativas, and with support from the Ministry of Education, Culture and Sports, the Fundación Jesús Serra and the Sociedad General de Autores y Editores, Santillana Foundation organized, in November, the fifth annual Cultural Industries Forum at the Reina Sofia National Museum of Contemporary Art, Madrid. This year, the forum had as its title *Apocalípticos o integrados digitales* (Apocalyptic or digitally integrated) and fostered debate among professionals and experts on the impact of new technologies on the structures of the cultural industry.

In Mallorca:

- Formentor Literary Conversations. What should we do with masterpieces?: In September, the fifth annual Formentor Literary Conversations event was held in Mallorca, coordinated by the Government of the Balearic Islands and Santillana Foundation, with the support of the Hotel Barceló Formentor and the collaboration of the Ministry of Education, Culture and Sports. Entitled *What should we do with masterpieces? Homer, Cervantes and Shakespeare, Montaigne, Proust*

and Broch, Woolf, Camus, Mann and others, the event asked guest writers to reflect on their own literary imagination as shaped by their reading. They then shared with the audience the hidden treasures in each one of their favorite masterpieces. This year's event saw the participation of Manuel Rivas, Bernardo Atxaga, Ignacio Vidal-Folch and Javier Goma, as well as other writers, editors and journalists.

in Buenos Aires. The award seeks to foster, promote and honor the most outstanding initiatives aimed at promoting reading. This sixth edition saw a record number of participants and projects. The jury, chaired by writer Liliana Bodoc, included Margarita Eggers Lan, director of Argentina's National Reading Plan. This annual award is organized by the Ministry of Education of Argentina, the Organiza-

tion of Ibero-American States for Education, Science and Culture (OEI) and Santillana Foundation in Argentina.

Latin American Forum on Education

The Latin American Forum on Education, organized by Santillana Foundation in Argentina and sponsored by the OEI, was held in Buenos Aires during the month of May. This year's

In Santander:

- **Lessons and Masters:** For the seventh edition of the event, Santillana Foundation and the International University Menéndez Pelayo (UIMP) brought together three prominent writers of children's literature, a literature that fosters critical thinking and reflection among young readers, helps them construct their identities and that of the surrounding environment.: The seminar, held in June in Santander, debated and analyzed different aspects of the work of guest writers Joan Manuel Gisbert, Maria Isabel Molina and Jordi Sierra i Fabra.

- **Cultural Journalism Seminar:** The IV Cultural Journalism Seminar was held in mid-July, in Santander. The event brought together leading professional journalists, such as Lluís Bassets, Jesús Ruiz Mantilla, Antón Castro and Paul Ingendaay, among others, to dwebate the "Chronicle of culture: new media, new screens, new readers." Santillana Foundation and the International University Menéndez Pelayo (UIMP), in collaboration with TEC de Monterrey, organize this seminar every year and it can be followed at the www.periodismocultural.com portal.

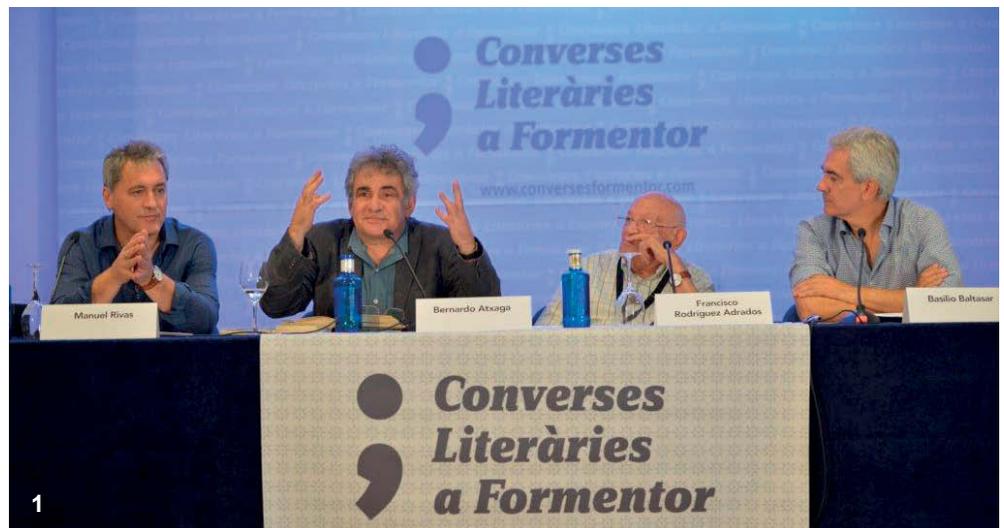
Argentina

Vivalectura Award

May saw the announcement of this year's winner of the VivaLectura Award

1. Formentor Literary Conversations.

2. V Cultural Industries Forum.



theme was “New challenges facing our schools: Participation, citizenship and new literacies”. It was attended by Jari Multisilta, director of the CICERO Learning Network, University of Helsinki, Finland, who presented one of his most recent and important research projects, the Movie Platform: Mobile Video Experience, which was developed in the Advanced Multimedia Center at the Tampere University of Technology.

Brazil

Distance-learning course for educators
Promoted by Santillana Foundation in Brazil, in collaboration with the Ministry of Education of Brazil and Undime (National Union of Municipal Directors of Education), this free on-line course takes place between January and June. The on-line program consists of 80 hours spread over 20 modules and aims to guide teachers in the adoption of appropriate methods and effective practices in achieving literacy for children aged six in elementary school.

Mestres da Obra (Masters of Works)
Santillana Foundation in Brazil, the publishers Editorial Moderna and the NGO “Mestres da Obra” invited construction workers to participate in workshops where they were able to learn techniques for the creation of artworks from discarded building materials. At the end of the program, all the artworks were brought together in an exhibition held in November. This initiative involves about 500 construction workers in the states of São Paulo, Rio de Janeiro, Bahia, Pernambuco, Ceará, Maranhão and Goiás.

Training seminars for teachers and public education managers

From January to June, Santillana Foundation in Brazil organized seminars on “Plans for Municipal Education: Challenges and Opportunities” in partnership with the National Union of Municipal Directors of Education (Undime) and the publishers Moderna. The free

event, aimed at managers of public education policy, is envisaged as a space for meeting and discussing the new National Education Plan, with the participation of experts and public administrators.

Pathways for citizenship. Portuguese Language in the City

The second edition of this project, developed and supported by Editorial Moderna and Santillana Foundation, and in association with the Associação Cidade-Escola Aprendiz and the Centro de Acolhida para Refugiados da Cáritas in São Paulo, was aimed at fostering the social inclusion of immigrants and refugees arriving in Brazil and seeking opportunities, through free lessons in the Portuguese language and in citizenship which were conducted throughout the school year 2013. The graduation ceremony took place on November 26 in the auditorium of the Pinacoteca in São Paulo.

Valued Voices Conference. Youth and Adult Education, the education we want: the experience of the best in the sector

This conference, organized by Editorial Moderna publishers and supported by Santillana Foundation, brought together over 400 of the best directors and administrators from the Brazilian state and municipal education system to discuss pedagogical approaches to assessment in the field of adult education. Speakers included experts such as André Lázaro, former Secretary of Continuing Education, Literacy and Diversity, at the Ministry of Education of Brazil, Moacir Gadotti, director of the Paulo Freire Institute, and Solange Petrosino, manager of Educational Services at Moderna.

School Management Award 2013

The School Management Award was presented in Brasilia in October. Over nine thousand schools participated in this year’s award, which aims to improve management practices, initiatives and

projects that enhance the quality of public basic education. An initiative of the National Council of Secretaries of Education of Brazil, it is advised by Cenpec (Centre for Studies and Research) and has the support of other entities such as Unesco, the National Union of Municipal Directors of Education (Undime), the Ministry of Education of Brazil, Fundación Itaú Social, Fundación Roberto Marinho, Instituto Unibanco and the Fundación Victor Civita.

Signing of Agreement to participate in the Observatory for the National Education Plan (PNE)

In December, Santillana Foundation in Brazil signed an agreement to participate in the Observatory for the National Education Plan (PNE), an initiative embracing 20 civic organizations to monitor the goals of the National Education Plan of Brazil. The PNE Observatory is an on-line platform that monitors the indicators for each of the 20 goals of the National Education Plan. The project has the support of national and international organizations such as UNICEF, UNESCO and the Inter-American Development Bank (IDB).

Colombia

participation in the opening of the 21st Bogota Transformation Congress

Committed to educational change in Latin America, UNO International continues to transform the region, this time via the Congress Inicio Colombia.

Plenary sessions and workshops were held between January 13 and 15, 2013, in the city of Bogota. The event was aimed at more than 1,500 teachers from different regions of Colombia.

Presentation of the Savia Caribbean Collection

The Colombian Academy of Language, the company Argos and Santillana Foundation for Ibero-America presented in Bogota in April the first book of the Savia Caribbean Collection. This

60th Anniversary of Ondas Awards

collection will go in public libraries, archive centers, universities, colleges and botanical gardens in Colombia, as a contribution to the dissemination of Colombia's botanical heritage. The event was addressed by Alvaro Cogliolo Pacheco, scientific director of the Medellín Botanic Garden and curator of the collection..

Santillana Award for Educational Experiences

At the nineteenth edition of this award, which was held in November in Bogotá, prizes were given out to the most outstanding initiatives with the theme "Are we educating for life? Emotional Intelligence, a review of the practice". As in previous years, public and private entities from pre-school, primary and secondary level education from all over Colombia participated. This award has consolidated its influence thanks to its impact on initiatives in the area of social responsibility. It is organized by Santillana Foundation for Ibero-America and the Ministry of Education of Colombia

Forum "The orange economy: developing the creative industries"

Santillana Foundation for Ibero-America and the Inter-American Development

Bank (IDB) organized the forum "The orange economy: developing the creative industries" with the aim of stimulating debate in Latin America and the Caribbean on creativity as a key factor in economic and social development. The event was held in late November in Bogotá and was an initiative arising from the publication of the book *The Orange Economy: an unlimited opportunity*, that the IDB made publicly available on its website.

Puerto rico

Fourth annual Santillana education congress. The education we want: the experience of the best in the sector

In October in San Juan, Puerto Rico, Santillana Foundation organized the fourth annual Santillana education congress, with the title "The education we want: the experience of the best in the sector". The aim was to present the latest innovations in the international education sector. The congress was addressed by Nicholas Burbules, director of the Ubiquitous Learning Institute and editor of *Educational Theory*, and Francesc Pedró, the Chief of Section - Sector Policy Advice and Information and Communication Technology (ICT) in Education, UNESCO.

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, on-line, in music and advertising. In the publishing world, PRISA honors literary creativity in Spanish with the Alfaguara Book Prize. In the area of innovation, PRISA is behind the Cinco Días Awards for Business Innovation, with a specific category for Corporate Social Responsibility.

Ondas Awards

The Ondas Awards gala has been celebrating the magic of media every November for 60 years. 2013 also marked the 90th anniversary of the birth of radio in Spain. To celebrate this double anniversary, the Ondas Awards, awarded by PRISA via Radio Barcelona, paid tribute to the craft of journalism and the most famous voices in the country. Julia Otero, María Escario, Pedro Piqueras and Jordi Évole were among the winners of special awards, while Iñaki Gabilondo won the prize that was voted for by the public, for the first time this year, as best communicator. There was also a prize for game show *Un, dos tres...* for best television program.

Over the past 60 years more than 1,500 Ondas Awards have paid tribute to the most outstanding professionals and most exceptional projects in the radio and audiovisual sectors, fostering and encouraging excellence and innovation. This year, the prize honored the profession of critical journalism, the coverage by Radio Galicia of the Santiago train crash and the program «Salvados» on the Valencia metro accident.

And to commemorate and celebrate this special 60th Anniversary, Cadena SER launched Radio Ondas, a special radio station that allowed listeners to enjoy prize-winning SER programs just as they were originally broadcast.

The awards gala kicked off following the traditional red-carpet parade of winners at the Teatro del Liceo in Barcelona, and was this year presented by Angels Barceló and Manu Carreño, who were assisted by Raquel Sanchez Silva and Juanra Bonet. There was humor from José Corbacho and musical performances by Gloria Estefan, Miguel Poveda, Manel and Rozalén.

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.

The winner of the 13th edition of the Ortega y Gasset Awards for Journalism in the print journalism category was Alberto Salcedo Ramos (Colombia, 1963) for his report *La travesía de Wikdi (Wikdi's Journey)*, published in the magazine Soho. The prize for digital journalism went to Juan Ramon Robles (Madrid, 1987) for the video he recorded during protests on September 25, 2012, with police baton charging protesters inside Atocha Station in Madrid.

In the category of photojournalism, the winner was Emilio Morenatti (Zaragoza, 1969) from Associated Press, for a picture taken in Barcelona on March 29, 2012, during the general strike. The prize for a lifetime dedicated to journalism was awarded to Jesus de la Serna (Santander, 1926), whom the jury lauded as "one of the most outstanding figures in the history of Spanish journalism."

The jury was made up of journalists Pepa Bueno and Yoani Sanchez, photographer Raul Cancio, actress Irene Escolar, member of the Royal Spanish Academy Dario Villanueva, the president of *El País* Juan Luis Cebrian, the former editors-in-chief Joaquin Estefania and Jesus Cebrio, and the deputy editor-in-chief of *El País*, Vicente Jimenez. Pedro Zuazua, communications director of PRISA Noticias, acted as jury secretary.

Alfaguara Novel Prize

The Spanish author José Ovejero (Madrid, 1958) won the 16th Alfaguara Novel Prize for his book *La invención del amor (The Invention of Love)*, a story in which love is seen as a form of reinvention. Using the conceit of invented love stories and personal quests, Ovejero reflects on the social situation in the country

This year, the jury was chaired by Manuel Rivas and was made up of Annie Morvan, José María Pozuelo Yvancos, Jordi Puntí, Xavier Velasco, Antonio Ramirez and Pilar Reyes (with voice but no vote).

The Alfaguara 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 prize-winning works enjoy international distribution, supported by the simultaneous publishing of the winners in Spain, Latin America and the U.S. Prize-winning novels from its 15 editions have been translated into 22 languages. This year saw a record number of contenders for the prize, with a total of 802 manuscripts submitted from 19 countries. The award is endowed with \$175,000 (130,000 euros) and a commemorative sculpture by Martin Chirino.

Cinco Días Awards for Business Innovation

The Cinco Dias Awards for Business Innovation were established six years

ago to mark the 30th Anniversary of the daily business and finance newspaper to recognize the most innovative initiatives in the business world and to enhance the visibility of company efforts to improve processes, products and services.

In 2013, Acciona was the winner of the award for Most Innovative Business Initiative in the field of New Technologies for its energy self-sufficient water treatment plant which enables the reuse of sludge and other industrial waste.

The award for Most Innovative Business Initiative in Association with a University went to the Basque Culinary Center, with the jury highlighting its endeavors that foster "the transformation of a traditional sector, gastronomy".

Endesa won the award for Most Innovative Business Initiative in the field of Corporate Social Responsibility for its project centered on the reconversion of one of the largest mining-electrical complexes in Spain, As Pontes, following the cessation of mining activity there.

The presentation of the awards took place on October 24 in the auditorium of CaixaForum Madrid. This year's jury was composed of José Carlos Díez Gangas, who acted as jury president, Jorge Rivera Garcia, Carlos de la Iglesia Fuertes, who served on behalf of María Garaña Corcés, Montserrat Domínguez Montoli and Pedro Zuazua Gil, who served as voting secretary.



3

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1. Ortega y Gasset Awards.
2. Cinco Días Awards for Business Innovation.
3. Alfaguara Novel Prize.

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5 | Appendix

Application and scope of this report

Correlation of indicators with
GRI-G3.1 guidelines and
UN Global Compact

Contacts with stakeholders

5

Appendix

Application and scope of this Report

This Sustainability 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 2013, and is similar to those of the past six 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.

The Sustainability Report contains information on the Group's business units, PRISA News, Radio PRISA PRISA TV and SANTILLANA in the markets in which it operates.

- Argentina.
- Bolivia.
- Brazil.
- Chile.
- Colombia.
- Costa Rica.
- Dominican Republic.
- Ecuador.
- El Salvador.
- Guatemala.
- Honduras.
- Mexico.
- Panama.
- Paraguay.
- Peru.
- Portugal.
- Puerto Rico.
- Spain.
- United Kingdom.
- Uruguay.
- USA.
- Venezuela.

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™**, a key international organization in Sustainability Reporting. The **GRI-G3.1 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 pages 136-141).



PRISA declares this report, corresponding to 2013, to be Class B.



In writing this report we have taken into account:

- Meetings under the supervision of the Communications Department to discuss the most relevant topics.
- The results of the 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 2013, 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 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™, 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.

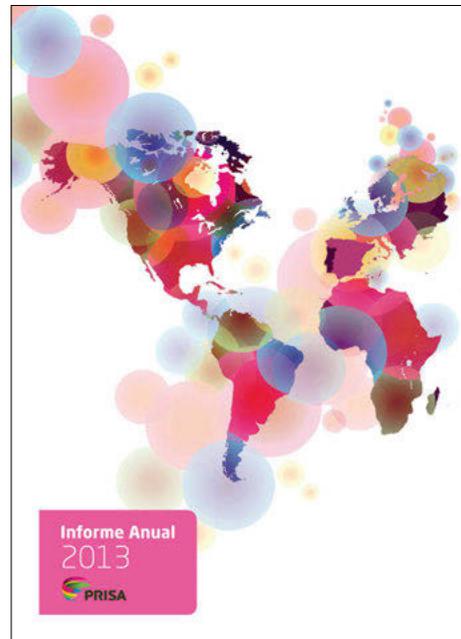
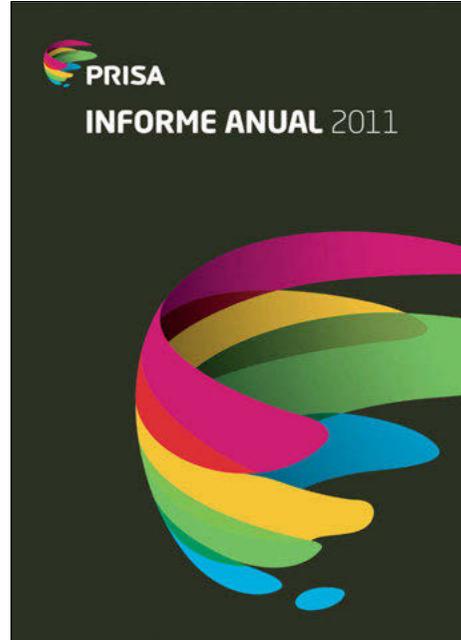
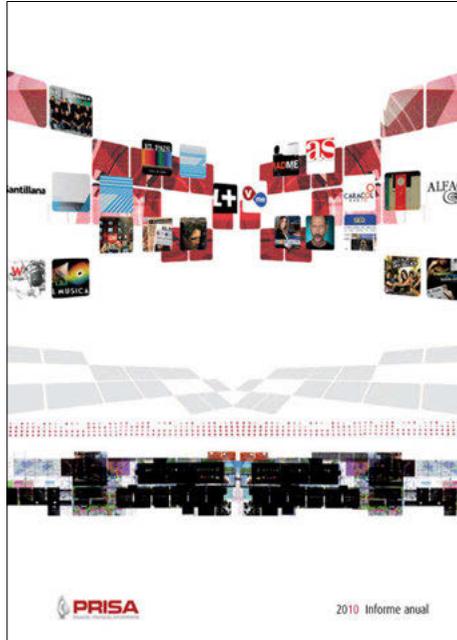
Clarity. The report should present information in a way that is understandable, accessible, and usable by the organization's range of stakeholders. Information should be presented in a manner that is comprehensible to stakeholders who have a reasonable understanding of the organization and its activities. 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 to size, structure and ownership of the organization during the period covered by the Sustainability Report

- *El País* advances its global vocation with the launch of a Portuguese-language edition, *El País Brasil*, and the opening of a newsroom in Sao Paulo.
- PRISA's Extraordinary Shareholders' Meeting in December 2013 approved the restructuring of the company's financial debt, agreed with all banks and investment funds.

- PRISA's Board of Directors incorporates the following new directors: Claudio Boada Pallerés, John Paton and Roberto Lázaro Alcántara Rojas. Meanwhile, Matías Cortés Domínguez, Martin Franklin, Harry Sloan and Nicolas Berggruen left their posts.
- In February 2014 the controlling shareholder group in Prisa saw its stake in Prisa capital fall below 30%.
- Santillana sold its general trade book imprints to Penguin Random House to focus on education (March 2014).



Correlation of indicators with GRI-G3.1 guidelines and UN Global Compact

In accordance with the methodological criteria as laid out in the GRI-G3.1 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.



Correlation of indicators with GRI-G3.1 Guidelines

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EN17	Other relevant indirect greenhouse gas emissions by weight	113-119
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EN20	NO, SO, and other significant air emissions by type and weight	NP
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PRODUCTS AND SERVICES

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SOCIAL DIMENSION

LABOR PRACTICES & DECENT WORK

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LA4	Percentage of employees covered by collective bargaining agreements	97-109
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PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	74-76; 81-85; 121; 131
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