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In case of discrepancies between the Spanish  
original and the English translation, the Spanish  
version shall prevail.*

**DIRECTORS' REMUNERATION POLICY OF PROMOTORA DE INFORMACIONES, S.A. FOR  
FISCAL YEARS 2018, 2019 AND 2020**

**APPROVED BY THE SHAREHOLDERS' MEETING OF APRIL 25, 2018 AND AMENDED BY  
THE SHAREHOLDERS' MEETING OF JUNE 3, 2019.**

## CONTENTS

<b>1.</b>	<b>INTRODUCTION.....</b>	<b>3</b>
<b>2.</b>	<b>VALIDITY PERIOD.....</b>	<b>3</b>
<b>3.</b>	<b>PRINCIPLES AND FUNDAMENTALS .....</b>	<b>4</b>
<b>4.</b>	<b>MAXIMUM AMOUNT OF DIRECTORS' REMUNERATION .....</b>	<b>5</b>
<b>5.</b>	<b>DIRECTORS' REMUNERATION IN THEIR CAPACITY AS SUCH .....</b>	<b>6</b>
5.1	General criteria: .....	6
5.2	Fixed remuneration of the directors in their capacity as such .....	6
5.2.1	<i>Fixed annual remuneration of the non-Executive Chairman.....</i>	<i>6</i>
5.2.2	<i>Fixed annual remuneration for serving on the Board of Directors.....</i>	<i>6</i>
5.2.3	<i>Fixed annual remuneration for serving on the Board Committees:.....</i>	<i>6</i>
5.2.4	<i>Participation on the Boards of Directors of other Group companies.....</i>	<i>7</i>
5.2.5	<i>Other remuneration items.....</i>	<i>7</i>
5.3	Other provisions .....	7
5.3.1	<i>Expenses related to Board and Committee meetings.....</i>	<i>7</i>
5.3.2	<i>Civil liability insurance.....</i>	<i>7</i>
5.3.3	<i>Other items:.....</i>	<i>7</i>
<b>6.</b>	<b>DIRECTORS' COMPENSATION FOR PERFORMING EXECUTIVE DUTIES.....</b>	<b>8</b>
6.1	Remuneration items .....	8
6.2	Fixed remuneration .....	8
6.3	Variable remuneration .....	8
6.3.1	<i>Actions taken by the Company in relation to the remuneration plan, to reduce exposure to excessive risk and adjust it to the Company's long-term objectives, values and interests.....</i>	<i>9</i>



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6.3.2	<i>Annual variable remuneration</i> .....	9
6.3.3	<i>Medium- and long-term variable remuneration</i> .....	10
6.4	Indemnity in case of termination of the functions as executive director.....	11
6.5	Other terms and conditions of the contract with the executive director.....	12
6.6	Other remuneration in kind.....	12
6.6.1	Life and accident insurance .....	12
6.6.2	Private health insurance .....	13
6.6.3	Other remuneration in kind.....	13
7.	<b>OTHER REMUNERATION OF THE DIRECTORS FOR SERVICES PROVIDED OTHER THAN THOSE INHERENT IN THEIR POSITION</b> .....	<b>13</b>

## **DIRECTORS' REMUNERATION POLICY OF PROMOTORA DE INFORMACIONES, S.A. FOR FISCAL YEARS 2018, 2019 AND 2020**

### **1. INTRODUCTION**

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

This document establishes the directors' remuneration policy of Promotora de Informaciones, S.A. ("**PRISA**" or the "**Company**"), which was submitted for approval by the Shareholders' Meeting to be held on April 25, 2018, and the amendments to it which will be submitted to the Shareholders' Meeting to be held on June 3, 2019. Attached hereto is a justification report from the Appointments, Remuneration and Corporate Governance Committee and a justified proposal from the Company's Board of Directors, in accordance with article 529 *novodecies* of the Spanish Capital Companies Law. Both documents are available to the shareholders on the Company's website.

### **2. VALIDITY PERIOD**

The Company has applied and will apply this directors' Remuneration Policy in fiscal years 2018, 2019 and 2020. Any amendment to or replacement of this Policy during that validity period will require prior approval from the Shareholders' Meeting in accordance with article 529 *novodecies* of the Capital Companies Law.

This Remuneration Policy substituted and replaced the former "directors' remuneration policy 2017-2019" in force (approved by the Shareholders' Meeting on June 30, 2017 and subsequently amended through a resolution of the Extraordinary Shareholders' Meeting of November 15, 2017) and was applied as from January 1, 2018.

Without prejudice to the foregoing, the remuneration paid to the directors or former directors under the "directors' remuneration policy 2017-2019" and the one in force in 2018 shall be valid, in particular the following remuneration in favor of the former Executive Vice Chairman (and former non-executive Board Chairman), Mr. Manuel Polanco Moreno:

- 905,000 euros, as the benefit for early termination by mutual agreement of his contract for services with the Company, as the audiovisual officer.
- 264,000 euros, as the annual variable remuneration for 2017.
- The remuneration paid in fiscal year 2018, in application of the specific provisions established in that Remuneration Policy, for the amounts specified in the Annual Remuneration Report relating to that year and made public by the Company.

### 3. PRINCIPLES AND FUNDAMENTALS

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

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

In particular, the Remuneration Policy is based on the following principles:

- Moderation and adaptation to the best market practices: PRISA's aim is for the remuneration of directors to be moderate and to comply with market trends and references in relation to remuneration in the Company's sector of business or at companies that are comparable in size, activity or structure, so that they are in-keeping with the best market practices.
- Proportionality: The remuneration of non-executive directors and, in particular, independent directors, must reflect the effective dedication, qualification and responsibility required by the post, but must not be so high as to compromise the director's independence of mind.
- The directors' remuneration for discharging executive duties shall be based on the following criteria:
  - (a) it must motivate them to remain at the company and guide their management with exigency and special focus on the long term, and it must be reasonably linked to the performance of the stock market price in that time period.
  - (b) it must reflect the Company's current situation, perspectives and aims of sustainable growth.
  - (c) it must include fixed and variable components, with an annual or multi-year scope, as appropriate, in cash and in kind, and in elements indexed to share value, determined according to the following criteria, in order for the weighting of the different remuneration components to be in line with market practices:
    - it must keep fixed remuneration at moderate levels and not be modified during the term of the Policy, unless specific circumstances arise which making revising the Policy advisable.
    - variable remuneration must represent an important part of total remuneration.
    - medium-term remuneration must have a significant weight.
    - share-based remuneration must also significant.
    - the variable remuneration must be partially received over time.

- (d) a clause must be included in the respective contracts which enables the Company to claim the reimbursement of any variable remuneration paid in the event that it is subsequently objectively proven that it was determined based on incorrect or inaccurate data.
- Restrictions for the transfer of the shares that the directors may receive as part of their remuneration: non-executive directors who receive shares in payment for their fixed remuneration have the obligation to maintain the ownership of those shares until they resign or are removed from the post of director. Moreover, the executive directors who receive shares in payment for their remuneration may not transfer the ownership of a number of shares equal to two times their fixed annual remuneration for at least three years since the allocation of those shares. These restrictions will not apply to any shares that the director must dispose of to defray the costs and taxes related to their acquisition.

In particular, the directors' remuneration envisaged in this Policy shall maintain a reasonable proportion with the Company's relevance, its current economic and financial situation and with the market standards at comparable companies. Also, the remuneration system seeks to promote the Company's long-term profitability and sustainability and includes the necessary safeguards to prevent excessive risk-taking and the rewarding of poor results.

#### **4. MAXIMUM AMOUNT OF DIRECTORS' REMUNERATION**

The maximum amount of the remuneration that the Company may pay to all directors each year will be the sum of:

- a) The maximum annual total of 2,000,000 euros, to which the remuneration payable to the directors in their capacity as such may amount (for the items stipulated in sections 5.2.1, 5.2.2 and 5.2.3 below).
- b) The amount envisaged in the non-competition agreement of the previous Chairman of the Board of Directors stated in section 5.3.3 below.
- c) The amounts for the items mentioned in sections 6.2, 6.3 and 6.6 below, which relate to the remuneration for executive functions of the Chief Executive Officer.
- d) In case of termination of the functions of Chief Executive Officer, the amount to which he is entitled, according to the conditions of his contract, on the terms stipulated in sections 6.4 and 6.5 below.

The maximum amount resulting from what is described in this section shall continue to apply for as long as this Remuneration Policy is in force, unless the Shareholders' Meeting resolves to change it in the future.

## **5. DIRECTORS' REMUNERATION IN THEIR CAPACITY AS SUCH**

### **5.1 General criteria:**

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

- (i) The maximum annual remuneration amount for all the directors in their capacity as such shall be determined by the Shareholders' Meeting.
- (ii) At the proposal of the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors shall distribute the aforementioned maximum remuneration amongst its members, taking into account the functions and responsibilities of each director, whether they belong to the Board Committees and the other objective circumstances that the Board of Directors deems relevant. In this regard, the remuneration for Chairman of the Board of Directors will be higher than for the other Board members based on the greater dedication required of the Chairman and his institutional and representation duties for the Company at the highest level, among other non-executive functions that he carries out.

### **5.2 Fixed remuneration of the directors in their capacity as such**

#### *5.2.1 Fixed annual remuneration of the non-Executive Chairman*

The fixed annual remuneration of the non-Executive Chairman shall be a fixed amount for all items in the range of between 300,000 euros and 500,000 euros per annum.

The specific fixed amount payable to the non-Executive Chairman of the Company shall be established by the Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, within that range, according to the levels of responsibility and dedication required as Chairman of the Board and of the Delegated Committee, and to the specific circumstances involved in the activities to be carried out by the non-Executive Chairman, also taking into account the specific characteristics of the person holding the post at any given time, such as his professional background and experience, his capacities and skills for performing the office.

This remuneration shall be paid fully in cash and prorated monthly, and it shall be incompatible with the receipt of the remuneration established in sections 5.2.2, 5.2.3 and 5.2.4 below.

#### *5.2.2 Fixed annual remuneration for serving on the Board of Directors*

The fixed annual remuneration for this item shall be 70,000 euros per annum per Board member.

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

#### *5.2.3 Fixed annual remuneration for serving on the Board Committees:*

Besides the remuneration set forth in section 5.2.2, the non-executive directors may receive an additional fixed annual remuneration for belonging to the Board Committees. This remuneration shall be paid in cash, prorated monthly, and the maximum amounts will be the following:

- i. Remuneration for participating on a Delegated Committee: 30,000 euros per annum per director.
- ii. Remuneration for serving on the Audit and Compliance Committee and on the Appointments, Remuneration and Corporate Governance Committee: 20,000 euros per annum per director, being two times this amount for the respective committee chairmen (i.e. 40,000 euros).

#### *5.2.4 Participation on the Boards of Directors of other Group companies*

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

#### *5.2.5 Other remuneration items*

The Remuneration Policy for the directors in their capacity as such does not envisage the grant of credits, advance payments or guarantees. Likewise, it does not envisage the participation of non-executive directors in employee welfare systems or entitlement to any compensation in the event of termination of their duties as directors; also, it does not envisage the grant of remuneration other than that described in this Policy.

### **5.3 Other provisions**

#### *5.3.1 Expenses related to Board and Committee meetings*

The expenses associated to travel, meals and accommodation to attend the meetings of the Board of Directors and Committees will be reimbursed by the Company to the directors, provided that they have been notified to the Company previously and accepted by it, and that they are duly justified.

Nonetheless, the directors of PRISA do not receive attendance fees for participating in the meetings of the Board of Directors and Committees or other fixed remuneration as directors.

#### *5.3.2 Civil liability insurance*

The Company has also contracted a civil liability insurance policy for all its directors on the usual market conditions and proportionate to the Company's circumstances.

#### *5.3.3 Other items:*

The amounts accrued prior to the date of termination in their posts as directors of the Company shall be paid during the validity period of this Policy.

In particular, Mr. Manuel Polanco is entitled to receive, in accordance with the terms agreed for the termination of his previous provision of services contract, the amount established therein as compensation for the non-competition agreement (a clause which the parties agreed to cancel as of December 31, 2019), amounting to 230,000 euros, as he ceased being the Board Chairman before December 31, 2019 for reasons other than a serious breach of his obligations and he did not compete with the PRISA Group during the period of one year after that termination.



## **6. DIRECTORS' COMPENSATION FOR PERFORMING EXECUTIVE DUTIES**

The Chief Executive Officer, Mr. Manuel Mirat Santiago, is the only member of the Board of Directors who performs executive functions at PRISA.

### **6.1 Remuneration items**

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

Executive directors shall not receive any amounts for the items envisaged in the previous section 5. Nevertheless, executive directors are beneficiaries of the civil liability insurance arranged by the Company for its directors.

The executive directors' remuneration can include the following remuneration items:

- fixed remuneration
- short-term variable remuneration and medium- or long-term variable remuneration;
- employee welfare plan;
- remuneration in kind; and
- insurance, savings plans, indemnities and exclusivity, post-contractual non-compete or seniority covenants.

### **6.2 Fixed remuneration**

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

### **6.3 Variable remuneration**

Part of the executive directors' remuneration will be variable, with a view to reinforcing their commitment to the Company and incentivizing better performance of their functions. The variable remuneration of the executive directors shall represent a relevant part of their total remuneration and be linked to meeting objectives established by the Board of Directors, most of which shall be specific and quantifiable, so that the variable remuneration does not derive simply from the general performance of the markets, of the Company's activity sector or other similar circumstances. The aim of the Company, in this respect, just as with the rest of the Group's senior managers, is to design competitive remuneration packages that permit attracting and retaining outstanding professionals while establishing a link between remuneration, results and the achievement of objectives for the Company and the Group.

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

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

#### *6.3.1 Actions taken by the Company in relation to the remuneration plan, to reduce exposure to excessive risk and adjust it to the Company's long-term objectives, values and interests*

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

- Every year a variable compensation system is defined which complies with formal procedures for determining the amounts to be paid to the executive directors. The objectives are set down in writing in advance, and their achievement is determined according to the Company' results and approved by the Board of Directors.
- There is no entitlement to receive a guaranteed annual variable remuneration.
- Remuneration linked to the Company's earnings shall take into account any qualifications stated in the external auditor's report that reduce those earnings.
- The contract of the Chief Executive Officer, Mr. Manuel Mirat Santiago, contains a clawback clause that permits the Company to claim a reimbursement of the variable components of remuneration when they have been paid based on data whose inaccuracy is verified subsequently. This measure has effects for the remuneration received after the entry into force of his contract with the Company, i.e. from September 4, 2017. Likewise, the Incentive Plan shall envisage the corresponding malus and clawback clauses (as defined below).
- The system for establishing metrics for the quantitative objectives takes into consideration the variables that have been identified within the Company's risk map.
- There are maximum amounts established for all variable remuneration items payable.

#### *6.3.2 Annual variable remuneration*

The annual variable remuneration of the Chief Executive Officer, Mr. Manuel Mirat, is that regulated in his contract with the Company, according to which, he will receive variable remuneration which does not vest, in cash, according to the objectives assigned to him for each of the annual periods covered by his contract, and which shall be set each year by the Board of Directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee. The annual variable remuneration of the Chief Executive Officer, which will be determined according to a scale of achievement, will be linked mainly to the achievement of the quantitative business-related objectives, which include the Group's operational and financial objectives, value creation and sustainability objectives, as well as qualitative objectives, as the case may be. The Board shall have the discretion to establish the variable remuneration system for the executive directors within the framework of this Policy.

The variable remuneration of the Chief Executive Officer, Mr. Manuel Mirat Santiago, for a 100% degree of achievement of the established objectives, amounts to 300,000 euros, with the possibility of increasing said amount to a maximum of 130%, if the degree of achievement of the

objectives is over 100%, meaning that the maximum amount that the Chief Executive Officer can receive for this remuneration item is 390,000 euros.

The annual variable remuneration is paid after the end of the year, meaning that the amount accrued during the year by the Chief Executive Officer is settled in the following year.

In each Annual Report On Directors' Remuneration, the Company will provide details not only of how this Policy is implemented but of the specific objectives established for each year and their degree of achievement.

### *6.3.3 Medium- and long-term variable remuneration*

#### – Medium-term Incentive Plan 2018-2020

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

The aim of the Incentive Plan is to link a portion of the remuneration of the management team (including the executive director) to the shareholders' interests, in a context of a multi-year and long-term value creation at the Company and its Group.

The Incentive Plan envisages the possibility for the executive director to receive a certain number of ordinary shares in the Company after a three-year measurement period, provided that certain requirements are met. The details of how the Incentive Plan will be applied and executed are regulated in the aforementioned resolution of the Shareholders' Meeting and in the general terms and conditions of the Incentive Plan approved by the Company's Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee (the "**General Conditions**").

The Shares will be delivered, as appropriate, within sixty calendar days from the date on which the Board of Directors prepares the financial statements for 2020 ("**Delivery Date**").

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

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

Another portion of the shares to be delivered will depend on the degree of achievement of the Group's consolidated EBITDA and Cash Flow for the period 2018-2020, on the basis of a graded scale, also established in those General Conditions.

At the proposal of the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors will determine what portion of shares will be delivered depending on the value increase, and what portion of the shares will be delivered depending on the achievement of the EBITDA and Cash Flow objectives (and the respective weighting of these two objectives)

and the corresponding grading of the value increase and objectives compliance, together with their respective percentages of the shares to be delivered.

At the proposal of the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors can establish different objectives in the interests of the Company and of its shareholders, in the event that there are important events or corporate transactions which, in the Board's opinion, significantly affect the Incentive Plan and which must be stated in the corresponding Annual Report on directors' Remuneration, as well as the establishment of the Incentive Plan objectives, scales and weightings.

The Board may set a maximum level of increase in the value of the Shares that will give rise to the early settlement of the Incentive Plan and the delivery of the relevant shares to the Chief Executive Officer depending on the market value of the PRISA share reached at that time and on the achievement of the EBITDA and Cash Flow targets at that date.

In order to receive the shares, the executive director must maintain a contractual relationship with the PRISA Group during the term of the Incentive Plan and until the Delivery Date, except for certain cases of termination due to causes not attributable to him ("good leaver"), which are duly specified in the General Conditions of the Incentive Plan.

The Incentive Plan envisages the corresponding malus clauses, which will be applicable during the term of the Incentive Plan and between its termination and the actual delivery of the shares, and the clawback clauses, according to which the shares could be reduced or returned under certain circumstances, in accordance with what is established by the Board of Directors at any given time.

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

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

#### **6.4 Indemnity in case of termination of the functions as executive director**

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

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

In the case of unilateral termination simply by the Company's decision, or termination due to breach by the Company, Mr. Manuel Mirat Santiago will receive the indemnity stipulated by labor legislation applicable to ordinary employment relationships held in abeyance, plus 18 months of the annual fixed and variable remuneration in cash at the date of his termination.

## 6.5 Other terms and conditions of the contract with the executive director

The essential terms and conditions of the executive director's contract for services, in addition to the aforementioned remuneration items, are as follows:

- (i) Duration: four years as from September 4, 2017.
- (ii) Advance notice given by the director: three months. Obligation to reimburse the fixed remuneration in cash, including the proportional distribution of the special salary payments corresponding to the breached advance notice period.
- (iii) Indemnity for termination of the contract by the Company: three months' advance notice. In case of total or partial breach of the advance notice period, the Company will be obliged to pay the fixed compensation in cash with the inclusion of the proportion of the special salary payments corresponding to the proportional breach of the advance notice. The corresponding employment indemnity in accordance with the legislation applicable to ordinary employment relationships held in abeyance, plus 18 months of the annual fixed and variable compensation in cash of the Chief Executive Officer.
- (iv) Exclusivity and non-compete covenants: exclusivity and the specific prohibition not to compete, except the companies excluded in the contract itself.
- (v) Post-contractual non-compete undertaking: six months. Spanish or foreign companies whose activity is identical or similar to those of the Group companies. Commitment not to hire any person who is or was during the twelve months prior to the date of termination of the contract a member of the Group staff; and not to contribute to any Group worker leaving it.

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

## 6.6 Other remuneration in kind

### 6.6.1 Life and accident insurance

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

The insured capital of the Chief Executive Officer's life insurance for the year 2018 amounted to 800,000 euros, and 738,920 euros for 2019. According to the conditions of the policy, the insured capital for the Chief Executive Officer is that corresponding to one year of remuneration for his post. In particular, for 2018, the annual fixed and variable remuneration target (that is, 300,000 euros) has been taken as a reference, in view of the fact that, as of the policy renewal

date, one year had not yet elapsed since his appointment as Chief Executive Officer and as of 2019, the insured capital is determined taking as a reference the fixed remuneration plus the actual variable remuneration received in the immediately preceding year.

The insurance premiums are adjusted annually in light of the claims reported on PRISA's Group policies and the insureds' ages. For this purpose, in the first quarter of each year, the premiums attributable to the Chief Executive Officer are revised.

The amounts of the premiums will be detailed in the relevant Annual Report on Directors' Remuneration.

#### **6.6.2. Private health insurance**

In addition, the Group's policy applicable to all executives includes private health insurance in the form of reimbursement of expenses. On the Company's Board of Directors, the only beneficiary of this insurance is the Chief Executive Officer, as well as his family members, respecting the age limits appearing in the corresponding policy.

The private health insurance premiums are adjusted annually in light of the claims under PRISA's Group policies and the evolution of the Consumer Price Index in the health sector, according to the broker's proposal. In the last quarter of each year, the premium for the following year is established.

The amounts of the premiums will be detailed in the relevant Annual Report on Directors' Remuneration.

#### **6.6.3. Other remuneration in kind**

The Chief Executive Officer will also be entitled to the use of a chauffeured vehicle according to the terms of PRISA Group's vehicle fleet policy.

### **7. OTHER REMUNERATION OF THE DIRECTORS FOR SERVICES PROVIDED OTHER THAN THOSE INHERENT IN THEIR POSITION**

The Company can remunerate certain directors for providing other services, at the proposal of the Appointments, Remuneration and Corporate Governance Committee and through a resolution by the Board of Directors. These remunerations, in the case of independent directors, may not reach an amount whose relevance might compromise the performance of their position with due independence.

\* \* \*