



Annual Report

vocento

2017

INDEX

Individual Annual Report	3
Independent Auditor’s report on Individual Annual Accounts	3
Declaration of Accuracy of the Annual Financial Report	10
Declaration of Responsibility for the Annual Financial Report	11
Annual Accounts Vocento S.A.	12
Individual Management Report 2017 Vocento S.A.	60
Appendix	77
Sustainability Report	158
Consolidated Annual Report	261
Independent auditor’s report on Consolidated Annual Accounts	261
Declaration of Accuracy of the Annual Financial Report	269
Declaration of Responsibility for the Annual Financial Report	270
Vocento S.A. and Subsidiaries Annual Accounts	271
Consolidates Management Report 2017	365
Appendix	384
Sustainability Report	465

Vocento, S.A.

Independent auditor's report on annual accounts
as at December, 31 2017

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the shareholders of Vocento, S.A:

Report on the annual accounts

Opinion

We have audited the annual accounts of Vocento, S.A. (the Company), which comprise the balance sheet as at December 31, 2017, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2017, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2 of the notes to the annual accounts), and, in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Recoverability of deferred tax assets

Vocento S.A. taxes in a Consolidated Declaration Regime in one group of companies in Territorio Foral, being the dominant entity.

The Company has deferred tax assets amounting 33.369 thousand euros in its balance sheet. The Company has recognized these amounts to the extent that it considers it is probable that it will have future taxable profits that allow the indicated assets to be realized.

In fiscal year 2017, as indicated in note 13, the Company has included in the tax base for the year adjustments for reversal of impairments in Group companies with respect to which there was a deferred tax liability recognized by amount of 31,481 thousand euros, once verified with the “Hacienda Foral de Bizkaia” the criterion of reversal of these adjustments consulted by the Company, applying in turn unrecognized tax credits amounting to 28,492 thousand euros in quota. Subsequently, as a result of the process of evaluating the recoverability of deferred tax assets, during the year the Company has derecognized deferred tax assets amounting to 1,969 thousand euros for not considering its recoverability as probable.

In their assessment of the recoverability of deferred tax assets, the directors and management of the Company take into account various aspects, such as the correct application of the applicable tax regulations, the assessment of the assumptions on which they prepare business plans, and the accuracy of the calculations of the model used.

We focus on this area due to the magnitude of deferred tax assets, and the fact that the analysis of the ability of the Company and the tax group to generate sufficient gains to recover tax assets, based on the business plans and the assumptions that support them, implies a high degree of judgment and estimation.

In the course of our work, we obtained the analysis prepared by the Company's management on the recoverability of the deferred tax assets of the tax group, on which, among others, we perform the procedures described below.

We have analyzed the methodology used by management in the preparation of projections of future fiscal results, including the verification of the concordance of the figures included therein with the latest budgets and projections approved by the directors of the Company.

We have evaluated the reasonableness of the key assumptions used by the management to determine the future tax profits of the main companies of the tax group, comparing them with historical results, macroeconomic forecasts and those of the industry, taking into account the tax regulations applicable.

Regarding the model, we have verified its arithmetic accuracy and the reasonableness of the analysis carried out by the management of the sensitivity of estimated future fiscal gains before variations of the key assumptions.

We have evaluated, with the collaboration of our tax experts, the accounting and tax treatment relating to the registration in 2017 of the adjustments for reversal of impairment of the portfolio described in note 13 of the annual accounts, based on the applicable regulations.

We have obtained sufficient audit evidence throughout our procedures to conclude on the reasonableness of the estimates made by the Company with respect to the recoverability of the deferred tax assets recognized in the balance sheet as of December 31, 2017.

See notes 2, 4 and 13 of the annual accounts.

Impairment of the value of investments in the equity of group companies and associates

The Company has recorded in its balance sheet investments in group companies and associates amounting to 415,251 thousand euros. On an annual basis, the directors and the management of the Company carry out an assessment of the existence of signs of impairment of the investments in group and associated companies. These evaluations imply a high degree of judgment in the elaboration of valuation models and in the hypotheses that support them.

As a result of the process to assess the impairment of investments in group companies and associates, during the year the Company recorded a value impairment amounting to 124,153 thousand euros.

We focus on this area due to the amount of investments in group companies and associates, and the fact that the analysis of the impairment of its value, based on the business plans and the assumptions that support them, implies a high degree of judgment and estimation.

See notes 2, 4 and 7 of the annual accounts.

Our audit procedures have included, among others, an understanding of the process implemented by management to assess the impairment of investments in group companies and associates.

We have obtained the analysis carried out by the management and have verified, with the collaboration of our experts in valuations, the methodology used by the management in preparing the impairment test for investments in group companies and associates, including checking the agreement of the figures included in the models with the latest budgets and approved projections, as well as evaluating the reasonableness of the discount and growth rates used.

We have evaluated the reasonableness of the key assumptions used by management to determine the future cash flows of the main investments in group companies and associates, comparing them with historical results, macroeconomic forecasts and industry forecasts.

We have verified the arithmetic accuracy and the reasonableness of the analysis carried out by the management of the sensitivity of the models used to variations of the key hypotheses and the discount and growth rates used.

As a result of the procedures performed, we have obtained sufficient audit evidence about the reasonableness of the valuation of investments in group companies and associates made by the Company's management.

Other information comprises only the management report for the 2017 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, which establishes two different levels on the same:

- a) A specific level that is applicable to the status of non-financial information, as well as to certain information included in the Annual Corporate Governance Report (IAGC), as defined in art. 35.2. b) of Law 22/2015, on Audit of Accounts, which consists in verifying only that the aforementioned information has been provided in the management report, or if applicable, that the corresponding reference to the separate report has been included in it. The intended form, and if not, to inform about it.
- b) A general level applicable to the rest of the information included in the management report, which consists of evaluating and reporting on the concordance of the aforementioned information with the annual accounts, based on the Company's knowledge obtained in the performance of the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same, as well as evaluating and reporting whether the content and presentation of this part of the management report are in accordance with the regulations that are applicable. If, based on the work we have done, we conclude that there are material inaccuracies, we are obliged to report it.

On the basis of the work performed, as described in the previous paragraph, we have verified that the specific non-financial information mentioned in section a) above is presented in the separate report "Informe de sostenibilidad 2017" to which reference is included in the management report, that the information from the IAGC, mentioned in said section, it is included in the management report, and the rest of the information contained in the management report agrees with that of the annual accounts for 2017 and its content and presentation are in accordance with the regulations that are applicable

Responsibility of the directors and the audit committee for the annual accounts

The Company's directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of ABC, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company's audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated February 26, 2018.

Appointment period

The General Ordinary Shareholders' Meeting held on April 28, 2015 appointed us as auditors for a period of 3 years, as from the year ended December 31, 2015.

Services provided

Services provided to the Company for services other than the audit of the accounts are indicated in the note 17 of to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

February 27, 2018

DECLARATION OF ACCURACY OF THE ANNUAL FINANCIAL REPORT

The Directors of VOCENTO, S.A. formulated on 27 February 2018 the annual accounts of VOCENTO, S.A. and the corresponding management report, resulting in the following documents: (i) balance sheet, (ii) profit and loss account, (iii), statement of recognised revenues, expenses and changes to shareholder equity, (iv) statement of cash flows, each on one page, an annual report of 41 pages numbered from 5 to 41 and an appendix of 6 pages, a management report of 19 pages including the annual corporate governance report and the annual report of activities of the Audit and Compliance Committee, plus the Sustainability Report for 2017. These documents can be found on paper with the letterhead of the company, numbered and written on one side only, as well as the current appendix, signed by each and every one of the members of the Board of Directors who have formulated them, with all pages signed by the Secretary of the Board of Directors for identification purposes.

Bilbao, 27 February 2018

D. Santiago Bergareche Busquet (Chairman)	D. Gonzalo Soto Aguirre (Deputy Chairman)
D. Luis Enríquez Nistal (Chief Executive Officer)	D. Fernando Azaola Arteché (Director)
D. Miguel Antoñanzas Alvear (Director)	D. Carlos Delclaux Zulueta (Director)
D. Enrique Ybarra Ybarra (Director)	MEZOUNA, S.L. (represented by D. Ignacio Ybarra Aznar)
D. Álvaro de Ybarra Zubiría (Director)	D. Gonzalo Urquijo y Fernández de Aroz (Director)
VALJARAFE, S.L. (represented by D ^a Soledad Luca de Tena García-Conde)	D. Fernando de Yarza López-Madrado (Director)
D. Carlos Pazos Campos (Secretary, non-director)	

DECLARATION OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the Board of Directors of VOCENTO, S.A. state that, to the best of their knowledge, the annual individual accounts of VOCENTO, S.A., prepared in accordance with applicable accounting principles, offer a fair view of the shareholder equity, financial situation and results of VOCENTO, S.A. and that the Management Report includes a fair and accurate analysis of the performance, results and position of VOCENTO, S.A. as well as the description of the main risks and uncertainties that it faces.

Bilbao, 27 February 2018

D. Santiago Bergareche Busquet (Chairman)	D. Gonzalo Soto Aguirre (Deputy Chairman)
D. Luis Enríquez Nistal (Chief Executive Officer)	D. Fernando Azaola Arteche (Director)
D. Miguel Antoñanzas Alvear (Director)	D. Carlos Delclaux Zulueta (Director)
D. Enrique Ybarra Ybarra (Director)	MEZOUNA, S.L. (represented by D. Ignacio Ybarra Aznar)
D. Álvaro de Ybarra Zubiría (Director)	D. Gonzalo Urquijo y Fernández de Aroz (Director)
VALJARAFE, S.L. (represented by D ^a Soledad Luca de Tena García-Conde)	D. Fernando de Yarza López-Madrado (Director)

Vocento, S.A.

Annual Accounts and Directors' Report for
2017 together with the Audit Report

Vocento, S.A.

BALANCE SHEET AT THE END OF 2017 (Thousand euro)

<u>ASSETS</u>	Note	2017	2016	<u>EQUITY AND LIABILITIES</u>	Note	2017	2016
NON-CURRENT ASSETS		483,10	619,54	EQUITY	10	252,223	256,608
Intangible assets	5	181	85	Equity		253,188	258,241
Computer software		181	29	Capital		24,994	24,994
Prepayments for assets		-	56	Authorized capital		24,994	24,994
Property, plant and equipment	6	932	1,006	Reserves		393,330	399,851
Land and buildings		923	994	Legal		4,999	4,999
Plant and other PPE		9	12	Other reserves		388,331	394,852
Non-current investments in group companies		448,61	575,24	Treasury shares		(14,133)	(20,583)
Equity instruments	7	415,25	539,40	Prior-year losses		(146,021)	(83,135)
Non-current loans to Group companies and associates	8	33,367	35,845	Profit/(loss) for the year		(4,982)	(62,886)
Non-current financial investments		1	2	Valuation adjustments		(965)	(1,633)
Other financial assets		1	2	Hedging transactions		(965)	(1,633)
Deferred tax assets	13	33,369	43,199				
				NON-CURRENT LIABILITIES		220,532	361,693
				Non-current provisions	11	46,669	54,983
				Non-current borrowings		46,386	53,819
				Bank borrowings	12	283	1,164
				Derivatives	8	173,863	275,506
				Payables to Group companies and associates	13	-	31,204
CURRENT ASSETS		116,02	15,343	CURRENT LIABILITIES		126,366	16,583
Inventories		20	15	Short-term payables	11	20,997	13,914
Trade and other receivables		890	2,577	Bank borrowings		13,192	-
Trade receivables for sales and services rendered		4	222	Derivatives		6,692	12,778
Trade payables to Group companies and associates	8	435	581	Other financial liabilities	12	1,058	1,105
Current tax assets	13	-	1,325	Current payables to Group companies and associates		55	31
Other payables to public institutions	13	451	449	Trade and other payables	8	103,479	607
Current investments in group companies and associates	8	114,75	12,539	Suppliers		1,890	2,062
Loans to Group companies		103,04	-	Suppliers, Group companies and associates		8	6
		1	-				

Current prepayments and accrued income			Sundry payables			
	11,718	12,539		8	104	73
Cash and other equivalents			Personnel		741	854
Cash			Other payables to public institutions		58	47
	9					
TOTAL ASSETS	351	212	TOTAL EQUITY AND LIABILITIES	13	979	1,082
	351	212				
CURRENT ASSETS	599,121	634,884	CURRENT LIABILITIES		599,121	634,884

Notes 1 to 19 form an integral part of these Annual Accounts

Vocento, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(Thousand euro)

	NOTE	2017	2016
<u>CONTINUING OPERATIONS</u>			
Revenue	8 and 15.a	105,412	2,530
Provision of services	8	2,371	2,530
Income from dividends from investee companies	15.b	103,041	-
Personnel expenses		(2,597)	(2,280)
Wages, salaries and similar remuneration		(1,252)	(1,044)
Staff welfare costs	8 and 15.c	(3,755)	(3,919)
Other operating expenses		(3,727)	(3,868)
External services		(28)	(51)
Taxes	5 and 6	(126)	(108)
Asset depreciation/amortization		(124,153)	(52,520)
Impairment and results on disposals of assets		-	400
Impairment and losses	7	(124,153)	(52,920)
Impairment of and results from investee companies		(26,471)	(57,341)
OPERATING PROFIT/(LOSS)		1,715	1,893
Financial income		1,715	1,893
- From marketable securities and other financial instruments	8	1,715	1,893
Group and associated companies		(8,642)	(10,483)
Financial expense	8	(4,314)	(4,683)
On payables to Group companies and associates	11 and 12	(4,328)	(5,800)
On payables to third parties		(6,927)	(8,590)
Exchange differences			
FINANCIAL INCOME/(EXPENSE)		(33,398)	(65,931)
PROFIT/(LOSS) BEFORE INCOME TAX	13	28,416	3,045
Corporate income tax		(4,982)	(62,886)

Notes 1 to 19 form an integral part of these Annual Accounts

Vocento, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 December, 2017

(Thousand euro)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2017 (Thousand euro)

	2017	2016
Profit/(loss) recognized in the income statement	(4,982)	(62,886)
Income and expenses attributed directly to equity	595	263
Cash flow hedges (Notes 10 and 12)	826	365
Tax effect (Note 13)	(231)	(102)
Amounts transferred to the income statement	73	184
Cash flow hedges (Notes 10 and 12)	101	255
Tax effect (Note 13)	(28)	(71)
TOTAL RECOGNIZED INCOME AND EXPENSE	(4,314)	(62,439)

B) STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017 (Thousand euro)

	Share capital	Legal Reserve	Treasury shares	Reserve for treasury shares	Merger reserve (Note 17)	Other reserves	Prior year losses	Profit for the year	Measurement adjustments	Total
Ending balance 2015	24,994	4,999	(25,291)	25,278	65,524	308,737	(93,281)	10,146	(2,080)	319,026
Total recognized income and expense (Notes 10 and 12)	-	-	-	-	-	-	-	(62,886)	447	(62,439)
Application to profit/(loss) for the year 2015										
To prior year losses	-	-	-	-	-	-	10,146	(10,146)	-	-
Other operations with shareholders or owners	-	-	4,708	(4,687)	-	-	-	-	-	21
Ending balance 2016	24,994	4,999	(20,583)	20,591	65,524	308,737	(83,135)	(62,886)	(1,633)	256,608
Total recognized income and expense (Notes 10 and 12)	-	-	-	-	-	-	-	(4,982)	668	(4,314)
Application to profit/(loss) for the year 2016										
To prior year losses	-	-	-	-	-	-	(62,886)	62,886	-	-
Transactions involving treasury shares (Note 10)	-	-	6,450	(6,521)	-	-	-	-	-	(71)
Ending balance 2017	24,994	4,999	(14,133)	14,070	65,524	308,737	(146,021)	(4,982)	(965)	252,223

Notes 1 to 19 form an integral part of these Annual Accounts

Vocento, S.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017 (Thousand euro)

	NOTE S	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before tax		(33,398)	(65,931)
Adjustments to results		28,833	61,961
Asset depreciation/amortisation	5 and 6	126	108
Value adjustments for impairment	7	-	-
Financial and dividend income		(1,715)	(1,893)
Financial expense	8 and 15.a	(103,041)	-
Change in the fair value of investee companies	8 and 11	8,642	10,483
Change in the fair value of financial instruments	7	124,153	52,920
Changes in current assets		668	343
Inventories		185	(2,521)
Trade and other receivables		(5)	4
Other current assets		362	(1,620)
Trade and other payables		-	18
Other non-current liabilities		(172)	(913)
Other cash flows from operating activities		-	(10)
Interest payments		(5,429)	(6,740)
Collection of interest and dividends	8 and 11	(8,642)	(10,483)
Corporate income tax payments received/(made)	8	1,715	1,893
Cash flows from operating activities	13	1,498	1,850
CASH FLOWS FROM OPERATING ACTIVITIES		(9,809)	(13,231)
Profit/(loss) for the year before tax			
Adjustments to results			
Asset depreciation/amortisation		(148)	(116)
Value adjustments for impairment	6	(4)	(2)
Financial and dividend income	5	(144)	(33)
Financial expense		10,264	11,927
Change in the fair value of investee companies	8	10,263	11,927
Change in the fair value of financial instruments		1	-
		10,116	11,811
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments on equity instruments	10	(71)	21
Write-off of equity instruments		(3,352)	(1,223)
-Acquisition of equity instruments		3,281	1,244
Disposal of equity instruments		(97)	1,421
Receipts and payments on financial liability instruments	11	15,200	-
Debt issue with credit institutions	11	-	20,000
Proceeds from issue of loans to Group companies and associates	8	1,398	35,729
Issue of other loans	11	(2,008)	-
Reimbursement and repayment of bank borrowings	11	(14,423)	(54,212)
Reimbursement and repayment of borrowings from group companies and associates	8	(264)	(96)
		(168)	1,442
EFFECT OF EXCHANGE RATE FLUCTUATIONS			
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		139	22
Cash and cash equivalents at start of the year		212	190
Cash and cash equivalents at end of the year		351	212

Notes 1 to 19 form an integral part of these Annual Accounts

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

1. Activities

Vocento, S.A. (hereinafter Vocento) was incorporated for an indefinite period as a public limited liability company on 28 June 1945 and its bylaws state that its corporate purpose is the addition, distribution and sale of unitary publications, whether or not newspapers, containing general, cultural, sports, artistic or any other type of information, the printing of those documents, the operation of printing shops and, in general, any other activity relating to the publishing and graphic arts industries, the establishment, use and operation of radio, television and any other broadcast facilities to broadcast, produce and promote audiovisual media, as well as the production, edition, and distribution of discs, cassettes, magnetic tapes, films, programs and any other devices or communication media of any type, the holding, acquisition, sale and application of any administration or possession action through any means of shares, securities, or interests in companies engaging in any of the aforementioned activities and, in general, any other activity that is directly or indirectly relating to the above activities that is not prohibited by current legislation.

All the activities which make up the aforementioned company object may be carried on in Spain or abroad, and may be carried on indirectly (totally or partially) through the ownership of shares or other equity investments in companies with an identical or a similar corporate purpose (Note 7).

Shareholders at a General Meeting held on 17 March 2001 adopted a resolution to change the name of Bilbao Editorial, S.A., to Grupo Correo de Comunicación, S.A.

As a result of the merger with Prensa Española, S.A., on 26 November 2001 shareholders at an Extraordinary Meeting adopted a resolution to change the Company's name to Grupo Correo Prensa Española, S.A. On 17 December 2002 a resolution was adopted to transfer all of the assets and liabilities of Prensa Española de Locales, S.L.U. to its single shareholder Grupo Correo Prensa Española, S.A and then wind up the first company. Finally, shareholders at a General Meeting held on 29 May 2003 adopted a resolution to change the company's name to Vocento, S.A. (hereinafter the Company).

The Company's business consists of the control of shareholdings as it is the parent company of a Group of Companies (hereinafter the Group) (Note 7 and Appendix) and in accordance with current legislation it is required to prepare separate consolidated annual accounts. The consolidated financial statements of Vocento Group for 2017 have been prepared by the Directors at a Board of Directors meeting held on 27 February, 2018. The 2016 consolidated annual accounts for were approved by the shareholders at the Annual General Meeting of Vocento held on 20 April 2017 and were filed with the Bilbao Mercantile Registry.

The Company's registered address is Calle Pintor Losado 7, in Bilbao

Given the activities in which the Company engages, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to its equity, financial situation and results. For this reason no specific breakdowns are provided in these Notes to the annual accounts regarding environmental information.

2. Basis of presentation of the annual accounts

a) *Financial reporting legislation applicable to the Company-*

These annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with prevailing commercial legislation and the provisions of the Chart of Accounts approved by Royal Decree 1514/2007, and the amendments made by Royal Decree 1159/2010 and Royal Decree 602/2016, so as to present fairly the Company's equity, financial situation and results and accurately cash flow in the cash flow statement.

b) *True and fair view-*

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in compliance with applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the Company's net

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

worth, its financial situation, the results of its operations and cash flows for the year. These annual accounts, which have been prepared by the Directors of the Company, will be submitted for approval at the General Meeting and it is expected that they will be approved without any modification being made. The annual accounts for 2016 were approved by the Company's shareholders at a General meeting held on 20 April 2017.

The 2017 annual accounts refer to the individual company. As the parent of the Group, Vocento, S.A. prepares consolidated annual accounts in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). In accordance with the content of those consolidated annual accounts prepared in accordance with IFRS-EU, the amount of consolidated equity, the profit attributed to the parent company and the total assets in the consolidated balance sheet at 31 December 2017 are €252,022 thousand (2016: €255,068 thousand), €-4,796 thousand (2016: €-60,011 thousand) and € 466,480 thousand (2016: €498,861 thousand).

c) *Non-mandatory accounting principles applied*

No non-mandatory accounting principles have been applied. In addition, the Directors have prepared these annual accounts bearing in mind all applicable accounting principles and standards that are mandatory and have a significant effect on these annual accounts. All accounting principles having a significant effect on the accounts have been applied.

d) *Critical aspects of the measurement and estimation of operating and financial uncertainty-*

When preparing the annual accounts, estimates made by Company Directors have been used in order to measure some assets, liabilities, income, expenses and commitments recorded in the accounts. These estimates relate basically to the following:

- The evaluation of possible impairment losses affecting certain assets such as interests in group companies and associates (Notes 4.d and 7).
- The recoverability of tax-loss carry forwards and deductions generated in prior years (Notes 4.h and 13).

On an annual basis the Company determines whether or not any assets presenting indications of impairment are actually impaired and their recoverable value is estimated (Notes 4.c, 4.e, 5, 6 and 7).

Despite the fact that these estimates have been made based on the best information available at the end of 2017, it is possible that events may take place in the future which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

e) *Comparability-*

The information set out in these notes to the annual accounts for 2016 is presented together with the information regarding 2017, for the purposes of comparison.

f) *Changes in accounting policies-*

In 2017 there were no significant changes in accounting policies with respect to those applied in 2016.

g) *Error correction-*

When preparing the accompanying financial statements the Group did not detect any significant error that could have given rise to the restatement of the amounts included in the 2016 annual accounts.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

3. Distribution of profit

The proposal for distributing profits for the year that has been prepared by the Company's Directors and will be submitted for the approval of shareholders at a General Meeting, is as follows (thousand euro):

	2017
Available for distribution:	
Profit/(loss) for the year	(4,982)
Distribution:	
To prior year losses	(4,982)

4. Accounting policies and measurement standards

The main recognition and measurement policies followed during the preparation of the annual accounts, in accordance with those stipulated in the Spanish General Accounting Plan, were as follows:

a) Intangible assets-

As a general rule, intangible assets are initially recognized at acquisition or production cost. Subsequently they are measured at cost, less accumulated amortization and any applicable impairment loss. These assets are amortized over their estimated useful lives.

Computer software:

The Company uses this account to record the costs incurred on the acquisition and development of software. Software maintenance costs are recorded in the income statement for the year in which they arise. Software is amortized on a straight-line basis over four years.

b) Property, plant and equipment-

Property, plant and equipment is initially recognized at acquisition or production cost and subsequently reduced by accumulated depreciation and any impairment losses, in accordance with the policy mentioned under Note 4c.

The cost of major repairs is capitalized and amortized over the estimated useful life of the asset, while recurring maintenance costs are charged to the income statement in the year in which they are incurred.

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalized costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets, provided that the amount is significant. At 31 December 2017 no amount is recorded in this respect.

The Company depreciates its property, plant and equipment on a straight-line basis at annual rates determined by the years of estimated useful life of the assets, as follows:

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

	Estimated average useful life (years)
Buildings	30
Plant and machinery	6.6
Fixtures, fittings, tools and equipment	10
Other fixed assets	5

At 31 December 2017 the Company does not record any land, buildings and other structures held for leasing or to obtain a capital gain as a result of future increases in market prices.

c) Impairment of non-financial assets-

Assets are subjected to impairment tests provided that some event or a change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value-in-use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that present an impairment loss are reviewed at each balance sheet date to determine whether or not the loss has reversed.

Recoverable values are calculated for each cash generating unit, although in the case of property, plant and equipment impairment is determined on an individual case-by-case basis, where possible.

The Directors prepare an annual business plan for the cash generating unit by market and by activity, generally covering a five-year period. The main components of that plan are:

- Projected results
- Projected investments and working capital

Other variables that influence the recoverable value calculation are:

- Discount rate to be applied, which is understood to be the average weighted cost of capital and the main variables that influence its calculation are the cost of liabilities and the specific of risks affecting the assets.
- The cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections.

Projections are prepared based on past experience and in accordance with the best estimates available, which are consistent with the information originating from outside the Company.

When an impairment loss subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, but in a manner such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized as income.

d) Financial assets-

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for assets maturing in more than 12 months of the balance sheet date, which are classified as non-current assets. Loans and

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

receivables are included in “Loans to group companies” and “Trade and other receivables” in the balance sheet.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

At the year-end, at least, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Measurement adjustments, and reversals, where applicable, will be recognized in the income statement.

Investments held-to-maturity

Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturity, that are traded on an active market and that Company management has the positive intention and ability to hold to maturity. If the Company disposes of a significant amount of the held-to-maturity assets, the entire category would be reclassified as available-for-sale. These financial assets include non-current assets, except for those that mature within 12 months as from the balance sheet date, which are classified as current assets.

The measurement methods applied to these investments are the same as for loans and receivables.

Financial assets held for trading and other financial assets at fair value through changes in profit or loss

Financial assets at fair value through profit or loss are considered to be all those assets held for trading that are acquired with the intention of being sold in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial assets designated by the Company at initial recognition to be included under this category as it provides more relevant information. Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments.

Investments in the equity of group companies, jointly-controlled companies and associates

They are stated at cost less, where appropriate, accumulated value adjustments for impairment. However, when there is an investment prior to being classified as a group company, jointly-controlled company or associate the carrying value before being so classified is considered to be a part of the investment cost. The measurement adjustments previously recognized directly in equity are maintained there until eliminated.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless better evidence is available of the recoverable amount, when estimating the impairment of these investments, the investee's equity is taken into account, adjusted for any latent capital gains existing at the measurement date. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

These forecasts cover at least the coming five years and include an adequate residual value for each business. Based on their past experience and know-how in various business, the Directors consider that due to the evolution of key variables in certain businesses the use of 5-year projections may distort the analysis. Accordingly, in certain cases their estimates take into consideration projections they

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

consider to be reliable and more adequate for the analysis to be performed since the final year of the projections coincide with what they consider to be a normalized typical year in those businesses (Note 7). These flows are discounted to calculate their present value at a pre-tax rate, which reflects the weighted average cost of capital employed adjusted by the business risk relating to each line of business, which ranges between 8.33% and 11.33% (6.25% and 8.50% after taxes, in 2016 these rates were 7.29% and 9%), taking into consideration growth rates of between 1.5% and 2.5% for the periods after those covered by the projections (1.5% and 2.5% last year), mainly as a result of the current market situation. In the event that the recoverable amount is less than the asset's carrying amount, an impairment loss is recognized for the difference with a charge to the income statement.

Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the invested, adjusted by the amount of the unrealized capital gains existing at the date of measurement (including any goodwill).

e) *Financial derivatives-*

Financial derivatives are initially and subsequently measured at fair value. Resulting gains and losses are recognized depending on whether the derivative is designated as a hedging instrument or not and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized temporarily in equity. They are taken to the income statement in the years in which the projected hedge transaction affects profit and loss, unless the hedge relates to a planned transaction that ends in the recognition of a non-financial asset or liability, in which case the amounts recorded under equity are included in the cost of the asset when acquired or the liability when it is assumed.

The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

f) *Equity-*

Share capital consists of ordinary shares.

The costs of issuing new shares or options are recognized directly in equity as a reduction in reserves.

In the event that the Company acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any directly attributable incremental cost of the transaction, is included under equity.

g) *Financial liabilities-*

Borrowings and payables

This category includes trade and non-trade payables. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognized at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Nonetheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

Financial liabilities-

Debentures, bonds and bank borrowings

Loans, debentures, bonds, commercial paper and similar which accrue interest are initially recorded at the cash amount received net of direct issuance costs under the heading Bank Borrowings and/or Bonds and other securities on the Company balance sheet (Note 11). Financial expenses are recorded according to the accruals basis on the income statement, using the method of the effective interest rate added to the book value of the financial instrument to the degree that they are not repaid in the period.

Should any existing liabilities be renegotiated, no substantial modification to financial liabilities is deemed to exist when the new lender is the same party that granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using the same method.

Financial liabilities held for trading and other financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are considered to be all those liabilities held for trading that are issued with the intention of being required in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial liabilities designated by the Company at initial recognition to be included under this category as it provides more relevant information.

Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments.

These financial liabilities are measured, both initially and subsequently, at fair value and any changes affecting this value are taken to the income statement for the year. Transaction costs that are directly attributable to the issue are recognized in the income statement for the year in which it takes place.

Information regarding the average payment period for suppliers:

The ratio of payments made to suppliers in 2017 and 2016, the average payment period for suppliers and the ratio of transactions pending payment to suppliers at 31 December 2017 and 31 December 2016 is as follows (thousand euro), in compliance with the information required by Additional Provision Three "Disclosures" of Law 15/2010 (5 July) and the resolution dated 2 February 2016 issued by the Audit and Accounting Institute in response to Final Provision Two of Law 31/2014:

	2017	2016
	days	days
Average payment period for suppliers	51.09	51.74
Ratio of payments made	50.23	51.39
Ratio of pending payments	58.14	54.80
	Amount (euro)	Amount (euro)
Total payments made	4,990,291	4,507,051
Total pending payments	607,341	513,810

This balance relates to the suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to "Trade payables" under current liabilities in the balance sheet.

Information on the nature and level of risk of financial instruments

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

The Company's financial risk management is centralized in its Finance Department, which has established the mechanisms required to control exposure to changes in interest rates and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company maintains its cash and cash equivalents in highly-rated financial institutions. Most of its receivables are from companies over which the Company maintains control.

b) Liquidity risk:

For the purposes of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Company has the cash reflected in its balance sheet, together with the credit and syndicated financing facilities available from certain financial institutions detailed in Note 11.

On 13 November 2017, the Group launched a commercial paper programme with a maximum limit of 50,000 thousand euros, with an outstanding balance of 13,193 thousand euros in 31 December 2017.

Although on 31 December 2017 there is negative working capital totalling €10,346 thousand (€1,240 on 31 December 2016), the Directors believe that there are no short-term liquidity problems due to the generation of cash by group companies and Vocento Group presents positive working capital totalling €13,707 thousand at 31 December 2017 (€11,296 thousand at 31 December 2016). The Company also has access to lines of credit totalling €45,275 thousand, with none drawn down at 31 December 2017 (€45,275 thousand available on 31 December 2016, none of which was drawn down in the year).

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

- c) Market risk (includes interest rate risk, exchange rate risk and other price risks):

The Company's borrowings are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows as it is indexed to a variable interest rate. The Company partially mitigates (in the amount of €48,533 thousand of the total bank borrowings at 31 December 2017) the interest rate risk through the use of financial derivatives (Notes 11 and 12).

The Company does not consider that there are significant risks.

The Company does not carry out significant transactions in foreign currency and at 31 December 2017 it does not recognize any significant balances denominated in foreign currency.

- d) Others

Compliance risks, particularly tax items, are related to possible differing interpretations of the regulations on the part of the competent tax authorities as well as the generation of taxable income that allow capitalized tax-loss carry forwards to be recovered, and the impact of any new regulations.

h) Corporate income tax-

Since 1997 the Company is taxed on a consolidated basis together with some of the group companies indicated in the Appendix, which means that the overall calculation of the Group's taxes, deductions and credits are determined jointly (Note 13).

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) are recognized in the income statement. However, the tax effect of items recorded directly in equity is recognized in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax or accounting gain or loss, they are not recognized. The deferred tax is determined by applying tax rates and tax legislation approved or about to be approved at the balance sheet date and which are expected to be applied when the corresponding deferred tax asset is realized or deferred tax liability is settled.

Deferred tax assets are recognized insofar as future tax profits will probably arise against which to offset the temporary differences.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

i) Employee benefits-

Defined-benefit contributions will originate a long-term remuneration liability to personnel when, at the end of the year, accrued contributions that have not been satisfied are recognized. That liability will be measured at the year-end at the present value of the best estimate available of the amount that will be necessary to cancel or transfer the obligation to a third-party.

Provision for long-term incentive plans-

In 2014 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2016, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

In 2015 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted net profit for 2017, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the net profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Company does not recognize any provision in this respect in the balance sheet at 31 December 2017 and 2016.

Finally, in 2016 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. 40% of this compensation is associated with compliance with the accumulated net profit amount based on the figure approved in the current three-year plan, 40% to the generation of accumulated cash and 20% to the digital transformation, including the income and EBITDA of the e-commerce businesses, on-line advertising and on-line users, with a limit of €1.3 million.

To collect the financial indicators (net profit and cash generation) compliance with the covenants of the syndicated loan is essential and dividends must also be distributed in 2017 (as approved by shareholders at a general meeting during the first half of 2018) and in 2018 (as approved by shareholders at a general meeting during the first half of 2019). This distribution must be of any amount, they must be dividends charged against profits obtained during the preceding year (not against reserves) and it is not sufficient that there be distributable profits, but rather there must be an effective approval of the distribution of profits by shareholders at a general meeting.

In accordance with the evaluation of that plan, the results for 2016 and 2017, and the uncertainty surrounding the achievement of the targets, the Company does not recognize any provision in this respect in the balance sheet at 31 December 2017.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

Finally, the Board of Directors of the parent company approved no new long-term incentive plan over the course of 2017.

Termination benefits

In accordance with current employment legislation, the Company is required to pay indemnities to employees who, under certain conditions, are dismissed from the Company. Severance indemnities which can be reasonably quantified are expensed in the year in which the related decision is taken and reported (Note 15.b).

In 2017 termination benefits totalling €67 thousand arose for agreed and/or executed dismissals. In 2016 termination benefits for agreed and/or executed dismissals of €12 thousand were paid.

j) Provisions and contingent liabilities-

When preparing the annual accounts, the Directors of Vocento, S.A. make a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and
- b) Contingent liabilities: possible obligations as a result of past events whose occurrence depends on the occurrence or non-occurrence of one or more separate future events not within the control of the Company.

The annual accounts include all provisions for obligations classed as more likely than not to arise. Contingent liabilities are not recognized in the annual accounts, but rather they are reported in the notes to the accounts to the extent that they are not considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognized as a finance cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognized as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognized.

k) Income and expense-

Income and expense are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred, rather than the period in which the cash is actually received or disbursed. Income is measured at the fair value of the consideration received, net of discounts and taxes.

The recognition of income from sales takes place at the time at which all risks and benefits inherent to the ownership of the asset being sold have been transferred to the buyer and no influence is maintained over the management of the item concerned and no effective control is retained.

Income from the rendering of services is recognized taking into consideration the extent to which the service has been rendered at the balance sheet date, provided that the result of the transaction may be reliably estimated.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established. In any

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

event, interest and dividends from financial assets accrued after the time of acquisition will be recognized as revenue in the income statement.

In accordance with Consultation 2 in Issue 79 of the Official Gazette of the Accounting and Audit Institute published on 30 September 2009, revenues obtained by the Company as dividends from group companies and income from the accrual of interest on loans and credit facilities granted to those companies must be presented as part of revenue. The operating margin includes all impairment adjustments applied to the various financial instruments associated with its business.

l) Leases-

When the Company is the lessee – Operating lease

Leases under which the lessor maintains a significant portion of the risks and benefits of ownership are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged against the income statement for the year in which they accrue on a straight-line basis over the lease period.

When the Company is the lessor

When assets are leased under an operating lease, the asset is included in the balance sheet in accordance with its nature. Lease revenues are recognized on a straight-line basis over the lease period.

m) Transactions with group companies and associates-

In general, transactions between Group companies are initially recognized at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognized based on the financial reality of the transaction. The later valuation is made in line with the respective accounting standards.

However, in transactions involving a merger, spin-off or non-monetary contribution of a business the elements making up the acquired business are measured at their value after the transaction in the consolidated annual accounts for the Group or the subgroup.

When the parent company of the group or subgroup and its subsidiary are not involved, the annual accounts to be taken into account for these purposes will be those of the larger group or subgroup into which the equity items are Incorporated and whose parent company is Spanish.

In these cases, the difference that may arise between the net value of the assets and liabilities of the target company, adjusted for any balance relating to subsidies or donations received and adjusted for any changes in value, and any capital and share premium amount issued by the acquiring company is recognized under reserves.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

5. Intangible assets

A summary of the transactions recognized under the heading "Intangible assets" in the years ended 31 December 2017 and 2016 is as follows:

	Thousand euros							
	Balance at 31/12/15	Additions/ (Allocations)	(Disposals)	Balance at 31/12/16	Additions/ (Allocations)	(Withdrawals)	Disposals	Balance at 31/12/17
Cost:								
Computer software	1,482	14	-	1,496	144	-	56	1,696
Prepayments and assets in progress	37	19	-	56	-	-	(56)	-
Total cost	1,519	33	-	1,552	144	-	-	1,696
Accumulated amortization:								
Computer software	(1,438)	(29)	-	(1,467)	(48)	-	-	(1,515)
Total accumulated depreciation	(1,438)	(29)	-	(1,467)	(48)	-	-	(1,515)
Net total	81	4	-	85	96	-	-	181

There were fully depreciated items recognized by the Company under property, plant and equipment at 31 December 2017 and which were still in use whose cost totals €1,460 thousand (2016: €1,416 thousand).

At the end of 2017 the Company does not have any commitments to acquire intangible assets.

6. Property, plant and equipment

A summary of the transactions recorded in the various property, plant and equipment accounts at 31 December 2017 and 2016 and the relevant accumulated depreciation, is set out below:

	Thousand Euros							
	Balance at 31/12/15	Additions/ (Allocations)	(Disposals)	Balance at 31/12/16	Additions/ (Allocations)	(Disposals)	Balance at 31/12/17	
Cost:								
Land and buildings	2,492	-	-	2,492	-	-	2,492	
Plant and machinery	540	-	-	540	-	-	540	
Fixtures, fittings, tools and equipment	552	-	-	552	-	-	552	
Other property, plant and equipment- Vehicles and other	123	-	-	123	-	-	123	
Data-processing equipment	42	2	-	44	4	-	48	
Total cost	3,749	2	-	3,751	4	-	3,755	
Accumulated depreciation:								
Buildings	(1,426)	(72)	-	(1,498)	(71)	-	(1,569)	
Plant and machinery	(540)	-	-	(540)	-	-	(540)	
Fixtures, fittings, tools and equipment	(541)	(4)	-	(545)	(4)	-	(549)	
Other property, plant and equipment- Vehicles and other assets	(123)	-	-	(123)	-	-	(123)	
Data-processing equipment	(36)	(3)	-	(39)	(3)	-	(42)	
Total accumulated depreciation	(2,666)	(79)	-	(2,745)	(78)	-	(2,823)	
Net total	1,083	(77)	-	1,006	(74)	-	932	

The building at which the Company's offices are located in Zamudio was built on land owned by Bilbao Editorial Producciones, S.L.U. and the cost was recognized in the account "Land and buildings" under property, plant and equipment. (Group company - Note 8). This arrangement is covered by a surface use agreement in exchange for compensation that may be adjusted on an annual basis and in 2017 it totalled €23 thousand (2016: €23 thousand) and is in force for 99 years starting on 1 June 1998, which is the date on which the building was received. When the agreement expires any buildings on the land will become the property of Bilbao Editorial Producciones, S.L.U. at no cost whatsoever. At 31 December 2017 the carrying value of this asset totals €923 thousand (2016: €994 thousand)

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

There were fully depreciated items recognized by the Company under property, plant and equipment at 31 December 2017 and which were still in use whose cost totals €1,349 thousand (2016: €1,327 thousand).

Accordingly, at 31 December 2017, property, plant and equipment was adequately covered by insurance policies.

At the end of 2017 the Company does not have any commitments to acquire property, plant and equipment.

7. Non-current investments in group companies and associates

The summary of the transactions recognized in this balance sheet heading in 2017 and 2016 is as follows:

	Thousand Euros				
	Balance at 31/12/15	Additions/ (Allocations)	Balance at 31/12/16	Additions/ (Allocations)	Balance at 31/12/17
Investments in the equity of group companies and associates	592,324	(52,920)	539,404	(124,153)	415,251

In 2017 the Company recognized the impairment of its investment in the equity of "Comeresa Prensa, S.L.U." for a total amount of €124,513 thousand by charging the heading "Impairment and profit/(loss) on the disposal of financial instruments" in the income statement due to the estimation that the recoverable amount is less than the carrying value of that interest.

The Board approves the Group's five-year forecasts, which are used to calculate the value of the investments in the equity of Group companies. These forecasts are prepared by the appropriate people in each company, with detail for each business covered by each company (press, Internet, gastronomy, etc.). This is based on external sources (forecasts for the growth of the print media and Internet sector, the situation of competitors, public information about the sector, etc.) and internal sources (similar companies within the Group). The main considerations have included the expected performance of the advertising market, the press market and the online business, as well as variations in interest rates, the performance of inflation (CPI) and the impact on personnel expenses and other expenses as the traditional print business of the Group transitions to the Internet.

The key variables on which the future forecasts are based include:

- The performance of the advertising market. A detailed analysis is made for each type of advertising and each market, separating local advertising from nationwide. The performance of advertising in print and online is analysed, and each of these is broken down into institutional advertising, classified advertising, notices, programmed advertising, etc.
- Circulation revenues: a detailed analysis is made of circulation sales by each channel (individual and group subscriptions, kiosk sales) and for each type of sale forecasts of total variations in numbers are provided. In addition, depending on the current cover price and the price of competitors, the performance of cover prices is forecast.
- Performance of other revenues and operating costs. A detailed analysis is carried out of each of the other revenues, in particular focusing on the gradual decrease of promotions and the increase in event organisation.
- For personnel expenses, the costs are estimated of the transition of the print business to online and possible changes in collective agreements.
- Other operating expenses: analysis of the variations in CPI and in the performance of other variable costs as a function of the variation in revenues discussed in previous paragraphs.

All these forecasts are discounted by an annual discount rate for the 5-year period, using a normalized terminal value.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euro)

In 2017, the companies that formed part of the subsidiary Comerespa País Vasco met their budget, with negative differences at the various companies which make up Comerespa Prensa. As a result, the forecasts for the coming years for these companies show lower growth than those in the previous year, mainly because of the decoupling of economic growth from national digital advertising and a lower forecast growth in national advertising.

A summary of the most relevant information regarding the interests held in group companies and associates at 31 December 2017 and 2016 is set out below (See Appendix):

2017:

	Thousand Euros							
	Book value				Share capital (*)	Other equity (*)	Profit for 2017 (*)	Dividends received (Note 15.a)
	Cost	Impairment recognized in the year	Accumulated impairment at the beginning of the year	Carrying amount				
Group companies (Note 10 and Appendix)								
Corporación de Medios Radiofónicos Digitales, S.A.U. (***)	5,409	-	(2,453)	2,956	5,560	(2,317)	45	-
Comerespa Prensa, S.L.U. (**)	767,560	(124,153)	(289,990)	353,417	403,069	(26,373)	(131,079)	-
Comerespa País Vasco, S.L.U. (**)	58,878	-	-	58,878	9,686	57,997	14,480	103.041
	831,847	(124,153)	(292,443)	415,251				

(*) This information refers to the individual financial statements at 31 December 2016 (unconsolidated) for the respective companies that have yet to be prepared by the relevant Boards of Directors.

(**) Companies audited by PricewaterhouseCoopers Auditores, S.L.

(***) Companies reviewed by PricewaterhouseCoopers Auditores, S.L.

2016:

	Thousand Euros							
	Book value				Share capital (*)	Other equity (*)	Profit for 2016 (*)	Dividends received (Note 15.a)
	Cost	Impairment recognized in the year	Accumulated impairment at the beginning of the year	Carrying amount				
Group companies (Note 10 and Appendix)								
Corporación de Medios Radiofónicos Digitales, S.A.U. (***)	5,409	-	(2,453)	2,956	5,560	(2,374)	57	-
Comerespa Prensa, S.L.U. (**)	767,560	(52,920)	(237,070)	477,570	403,069	21,980	(48,352)	-
Comerespa País Vasco, S.L.U. (**)	58,878	-	-	58,878	9,686	146,623	14,414	-
	831,847	(52,920)	(239,523)	539,404				

(*) This information refers to the individual financial statements at 31 December 2016 (unconsolidated) for the respective companies that have yet to be prepared by the relevant Boards of Directors.

(**) Companies audited by PricewaterhouseCoopers Auditores, S.L.

(***) Companies reviewed by PricewaterhouseCoopers Auditores, S.L.

8. Balances and transactions with related parties

Transactions with group companies, primarily investee associates or those over which Vocento has effective control are carried out on an arm's length basis (Note 4.m) and are recognized in the relevant headings of the accompanying income statements for 2016 and 2015, together with the balances with group companies, primarily investee associates or those over which Vocento has effective control, which are recognized in the relevant headings in the accompanying balance sheet at 31 December 2017 and 2016, are as follows:

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

	Thousand euros											
	Balances							Operations				
	Non-current		Trade receivables from Group companies and associates	Current				Income from services rendered (Note 15.a)	Other operating expenses (Note 15.c)	Financial income from Group companies and associates	Financial expense on payables to Group companies and associates	Payables to Group companies
Loans to Group companies and associates	Payables to Group companies and associates	Dividends to receive		Payables to Group companies	Payables to Group companies and associates	Trade payables, Group companies and associates						
2017												
Comeresa Prensa, S.L.U.	-	171,026	225	-	-	103,041	63	1,465	-	892	57	4,314
Veralia Corporación Producciones de Cine y Televisión, S.L.	9,447	-	-	-	-	1,439	-	-	-	-	532	-
Diario El Correo, S.A.U.	-	386	19	-	-	3,804	30	93	-	110	-	-
Comeresa País Vasco, S.L.U.	-	-	-	103,041	-	500	-	-	103,041	-	-	-
El Diario Vasco, S.A.	-	-	16	-	-	3,052	-	78	-	-	-	-
Bilbao Editorial Producciones, S.L.U.	4,125	1,438	2	-	-	409	3	12	-	26	-	-
Diario ABC, S.L.	15,723	-	41	-	-	2,396	6	82	-	224	885	-
ABC Sevilla, S.L.	1,042	-	6	-	-	159	-	11	-	-	59	-
Radio Publi, S.L.	1,202	-	-	-	-	183	-	2	-	-	68	-
Corporación de Medios de Extremadura, S.A.	728	-	4	-	-	111	-	19	-	-	41	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1,100	10	-	-	-	17	-	-	-	-	-	-
Sociedad Vascongada de Producciones, S.L.U.	-	35	2	-	-	16	-	8	-	-	-	-
Comercial Multimedia Vocento, S.A.U.	-	-	27	-	-	-	-	134	-	-	-	-
Other Group companies	-	968	93	-	-	41	29	467	-	49	73	-
Total	33,367	173,863	435	103,041	11,718	103,479	104	2,371	103,041	1,301	1,715	4,314

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

	Thousand euro									
	Balances						Operations			
	Non-current		Current				Income from services rendered (Note 15.a)	Other operating expenses (Note 15.c)	Financial income from Group companies and associates	Financial expense on payables to Group companies and associates
Loans to Group companies and associates	Payables to Group companies and associates	Trade receivables from Group companies and associates	Payables to Group companies	Payables to Group companies and associates	Trade payables, Group companies and associates					
2016										
Comeresa Prensa, S.L.U.	838	273,725	331	133	-	13	1,626	1,021	53	4,683
Veralia Corporación Producciones de Cine y Televisión, S.L.	9,501	-	-	1,509	-	-	-	-	557	-
Veralia Contenidos Audiovisuales, S.L.U.	1,479	-	-	235	-	-	-	-	87	-
Diario El Corrao, S.A.U.	-	386	52	3,854	-	37	225	76	-	-
Comeresa Pais Vasco, S.L.U.	-	-	-	545	-	-	-	-	-	-
El Diario Vasco, S.A.	-	-	16	3,138	-	-	52	-	-	-
Bilbao Editorial Producciones, S.L.U.	4,125	868	4	-	556	2	7	23	-	-
Diario ABC, S.L.	15,813	-	43	2,512	-	6	50	242	1,006	-
ABC Sevilla, S.L.	1,047	-	3	166	-	-	4	-	67	-
Radio Publi, S.L.	1,209	-	-	192	-	-	1	-	77	-
Corporación de Medios de Extremadura, S.A.	732	-	4	116	-	-	13	-	46	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1,100	10	-	22	-	-	-	-	-	-
Sociedad Vascongada de Producciones, S.L.U.	-	-	2	79	-	-	5	-	-	-
Other Group companies	1	517	126	38	51	15	367	23	-	-
Total	35,845	275,506	581	12,539	607	73	2,350	1,385	1,893	4,683

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

The balances relating to the attributions made by the parent company Vocento, S.A. to its subsidiaries for the settlement of corporate income tax in the consolidation system (Note 13) are recorded in the balances in the following headings:

	2017	2016
Current payables to Group companies and associates-	438	607
Non-current payables to Group companies and associates	2,837	1,781
Current investments in group companies and associates companies (Loans to group companies)	7,430	7,674
Non-current investments in group companies and associates companies (Loans to group companies)	4,126	4,126

The heading "Non-current payables to group companies and associates" records a payable totalling €274,067 thousand at 31 December 2017 (2016: €273,725 thousand) in the current account maintained with Comeresa Prensa, S.L.U. The current account agreement automatically renews each year unless one of the parties provides notice to the contrary. The Company's directors' do not expect this amount to become due in the short-term. Receivables generate a yield based on the average 3-month euribor established for each calendar quarter, plus a spread calculated by the company Comeresa Prensa, S.L. based on market conditions in place at any given moment, while payables represent a financing cost of the average 3-month euribor established for each calendar quarter plus a spread equal to, in turn, the spreads applied by third parties to companies considered to be held by the Group in terms of financial instruments, and currently the most relevant is Vocento, S.A. based on the syndicated financing signed in 2014.

The heading "Dividends to receive" includes the amount approved by Comeresa Pais Vasco, S.L. of 103,041 thousand euros on 27 December as a dividend, with this taking the shape of payment in kind via the transfer of a liquid, due and payable account to Comeresa Prensa, S.L. , recorded under "Current payables to Group companies and associates."

The expenses accrued in 2016 on the aforementioned current-account totalled €4,314 thousand (2016: €4,683 thousand) and are recognized in the heading "Financial and similar expenses - Borrowings from group companies and associates" in the accompanying income statement for 2017.

Finally, in 2014 the Company entered into several loan agreements with those companies that repaid bilateral lines within the framework of the syndicated financing totalling €55,467 thousand (Note 11). Editorial Cantabria, S.A., Federico Domenech, S.A. and Habitatsoft, S.L.U. subsequently fully repaid the loan granted to each one of them in the total amount of €5,393 thousand. In the current year, Comeresa Prensa S.L.U and Veralia Contenidos Audiovisuales, S.L have fully repaid pending loans of 2,700 thousand euros, with no repayment of the extant loans by the other companies in the year (4,165 thousand euros in 2016). In 2017, as a result of the modification of the syndicated financing contract, the loans were renewed and their maturities extended, with the amount pending repayment on 31 December 2017 at 28,377 and 4,402 thousand euros (on 31 December 2016, 30,619 and 4,860 thousand euros), recognized under the headings "Non-current and current investments in group companies and associates", respectively. Those loans generate a yield calculated under the same conditions as the syndicated financing (Note 11) and the Company has recognized an amount of €1,354 thousand (2016: €1,569 thousand) for the financial income accruing during the year under the heading "Financial income - From group securities" in the accompanying income statement. The heading "Non-current Investments in group companies and associates" records €1,100 thousand relating to the loan that Corporación de Medios Radiofónicos Digitales, S.A.U. granted to the company in 2012 in the amount of €800 thousand and expanded by a further €300 thousand in 2013, which falls due in 2019.

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

9. Cash and other cash equivalents

This heading includes cash and current bank deposits with an initial maturity of three months or less. The bank accounts earn interest at market rates. There are no restrictions on the availability of those balances. The carrying amount of these assets approximates their fair value.

10. Equity and capital and reserves

Authorized capital-

At 31 December 2017 and 2016, the share capital stock of Vocento, S.A. amounted to €24,994 thousand euros and was represented by 124,970,306 fully subscribed and paid in shares with a par value of 0.20 euro represented by book entries. The Company is listed on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges and on the Continuous market since 8 November 2006.

Since shares in Vocento are represented by book entries, the interest held by shareholders in share capital is not precisely known. However, in accordance with public information in the possession of the Company, at 31 December 2017 Mezouna, S.A. and Valjarafe, S.L., with interests amounting to 11.077% and 10.090% respectively (11.077% and 10.090%, respectively, at 31 December 2016) are the only shareholders with a stake exceeding 10%.

Legal reserve-

In accordance with Article 224 of the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses. At 31 December 2017 and 2016 this reserve had not reached the stipulated level.

Treasury shares-

The Company maintains 3,903,167 shares equivalent to 3.12% of its share capital and there is no restriction on their transfer within the applicable legal system.

Transactions involving treasury shares carried out in 2017 were as follows:

	Nr of shares	Cost (Thousand Euros)
Shares at 31/12/15	3,876,665	25,291
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares at 31/12/16	3,861,503	20,583
Purchase	2,275,403	3,352

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Sale (*)	(2,233,739)	(9,902)
Shares at 31/12/17	3,903,167	14,133

(*)Sales recognized at the average weighted cost.

The capital loss resulting from the sale of treasury shares in 2017 was charged against reserves in the amount of €6,521 thousand (2015: €4,687 thousand).

In accordance with the provisions of the Spanish Companies Act, the Company maintains a restricted reserve in the amount of the cost of the treasury shares held in its portfolio. This reserve will become unrestricted when the circumstances dictating its establishment cease to exist.

At the date these annual accounts were prepared the Board of Directors had not reached any decision whatsoever regarding the final use of the aforementioned treasury shares.

The average number of treasury shares in the portfolio in 2017 was 3,886,819 shares (2016: 3,880,190 shares).

Other measurement adjustments-

The breakdown and nature of other measurement adjustments are as follows (euro):

	31/12/17	31/12/16
Hedge transactions (Notes 12 and 13)	(965)	(1.633)
Total	(965)	(1.633)

11. Borrowings

The breakdown of the headings "Non-current borrowings" and "Current borrowings" on the liability side of the balance sheet at 31 December 2017 and 2016 is set out below:

Categorías	Thousand Euros					
	Current		Non-current		Total	
	2017	2016	2017	2016	2017	2016
Bonds and other tradable securities	13,192	-	-	-	13,192	-
Bank borrowings	6,692	12,778	46,386	53,819	53,078	66,597
Derivatives (Note 12)	1,058	1,105	283	1,164	1,341	2,269
Other financial liabilities	55	31	-	-	55	31
Total	20,997	13,914	46,669	54,983	67,666	68,897

The breakdown by maturity of the items making up "Non-current borrowings" and "Current borrowings" is as follows:

	Thousand Euros					
	Balance at 31/12/17	Due date				
		Current	Non-current			
	2018	2019	2020	2021 and after	Total long term	

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Bonds and other tradable securities	13,192	13,192	-	-	-	-
Bank borrowings	53,078	6,692	9,231	11,229	25,926	46,386
Derivatives (Note 12)	1,341	1,058	292	16	(25)	283
Other financial liabilities	55	55	-	-	-	-
TOTAL	67,666	20,997	9,523	11,245	25,901	46,669

The amounts set out in the preceding table reflect the amortized cost of bank borrowings at 31 December 2017 and the total nominal amount of those borrowings is €57,210 thousand (2016: €71,137 thousand) at that date.

Bank borrowings at 31 December 2016, as well as the repayment schedule, are as follows:

	Miles de euros					
	Balance at 31/12/16	Due date				
		Current	Non-current			
	2017	2018	2019	2020 and after	Total long term	
Bank borrowings and credit facilities	66,597	12,778	12,757	41,062	-	53,819
Financial instrument liabilities instruments (Note 12)	2,269	1,105	1,045	119	-	1,164
Other financial liabilities	31	31	-	-	-	-
TOTAL	68,897	13,914	13,802	41,181	-	54,983

The Company's line of credit limit at 31 December 2017 and 2016, as well as the amounts drawn down and available, are as follows:

	Thousand euros	
	2017	2016
Drawn down	-	-
Available	45,275	45,275
Límite total de las líneas de crédito	45,275	45,275

Commercial paper programme

On 13 November 2017, the Company launched a commercial paper programme on the Alternative Fixed Income Market, with a maximum balance of 50,000 thousand euros and due dates of up to 24 months in order to diversify its financing sources. The balance of this programme on 31 December 2017 is 13,200 thousand euros. The interest rate on the paper will be set with each issue.

Syndicated loan

On 21 February 2014 the Company obtained non-current syndicated financing in the amount of €175,275 thousand, in order to repay existing bilateral loans made to the Group, extend their due dates and unify their management, as well as to attend to the Group's general cash needs, and this was renewed on 27 July 2015. On 20 July 2017, it was renewed for a second time, to reduce the applicable margin, extend the maturity and simplify the functioning and the guarantees, with no major changes to the liability. As a result, the contract consists of two tranches with the following amounts and due dates:

- a) Tranche A, a commercial loan of €55,847 thousand due in July 2012.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

- b) Tranche B: A four-year revolving line of credit of up to €45,275 thousand.

At 31 December 2017 the amounts pending payment totalled €55,847 thousand (€68,847 thousand in 2016) relating to “Tranche A” and €0 thousand (€0,000 thousand in 2016) relating to “Tranche B”.

In 2017 the Company repaid €13,000 thousand (€19,212 thousand in 2016) relating to Tranche A1 before the renewal of the agreement, as a result of the commitments acquired following the disposal of certain assets by the Group of which the Company is the parent, with no subsequent due date occurring in accordance with the calendar established by the renewal of 20 July 2017. In addition, all of the amount drawn down at that date from “Tranche B” totalling €18,700 thousand was repaid, the maximum amount.

The syndicated financing accrues an interest rate that is indexed to the EURIBOR plus a spread negotiated with the financial institutions that is settled on a quarterly basis. The applicable spread is determined every six months based on compliance with certain financial ratios in accordance with the terms established in the aforementioned agreement.

The financing agreement includes certain causes of mandatory early repayment and the maturity of the amounts drawn down, including the disposal of assets, or a change in control at the Group. The agreement also includes restrictions on the distribution of dividends based on compliance with certain financial ratios.

The agreement also establishes the obligation to comply with certain financial ratios at the consolidated level. The Company's Directors consider that the financial ratios established in this agreement have been met at 31 December 2017.

The syndicated financing agreement also gave rise to the granting and maintenance of the following guarantees (personal and real) and real guarantee commitments to the financial institutions to secure the obligations deriving from the agreement. The renewal of this agreement on 20 July led to the cancellation of this obligation to maintain real guarantees and real guarantee commitments, so the guarantees in force on 31 December 2017 are:

- On-demand guarantee granted by Group companies which meet the conditions to be considered Guarantors at any given moment. The accompanying Appendix contains those in force at 31 December 2017.

- Pledge of the shares in the group companies that are directly or indirectly owned by the Parent Company, which are those indicated in the accompanying Appendix at 31 December 2017.

Finally, and by virtue of the terms of that agreement, the Company contracted certain interest rate hedges totalling at least 50% of the principal amount of the outstanding amount at any given moment (Note 12).

12. Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed. Within the framework of these transactions, the Company obtained financial hedge instruments.

The interest rate hedge derivatives contracted by the Company are intended to mitigate the effect of interest rate fluctuations on future cash flows from variable rate loans. A breakdown of these transactions, and their maturity dates, is as follows at 31 December 2017.

Institution	Instrument	Average contracted interest rate	Nominal amount (thousand euro)	Valid until
BBVA	Interest rate swap	2.015%	14,899	2019

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Banco Santander	Interest rate swap	2.015%	13,266	2019
Kutxabank	Interest rate swap	2.015%	6,095	2019
Bankia	Interest rate swap	2.015%	7,847	2019
La Caixa	Interest rate swap	2.015%	1,318	2019
Banco Popular	Interest rate swap	2.015%	2,567	2019
BBVA	Interest rate swap	0.374%	793	2021
Banco Santander	Interest rate swap	0.374%	761	2021
Kutxabank	Interest rate swap	0.374%	328	2021
Bankia	Interest rate swap	0.374%	450	2021
La Caixa	Interest rate swap	0.374%	71	2021
Banco Popular	Interest rate swap	0.374%	138	2021
Total			48,533	

A breakdown of these transactions, and their maturity dates at 31 December 2016, is as follows:

Institution	Instrument	Average contracted interest rate	Nominal (thousand euros)	Valid until
BBVA	Interest rate swap	1.817%	19,546	2019
Banco Santander	Interest rate swap	1.817%	16,109	2019
Kutxabank	Interest rate swap	1.817%	7,400	2019
Bankia	Interest rate swap	1.817%	9,528	2019
La Caixa	Interest rate swap	1.817%	1,601	2019
Banco Popular	Interest rate swap	1.817%	3,117	2019
Total			57,301	

The effect of changes in the hedge derivatives in 2017 has been recognized by charging €668 thousand against the heading "Measurement adjustments - Hedge transactions" under equity (2016: €447 thousand), and €101 thousand was transferred to the income statement, (2016: €255 thousand) during 2016.

As part of the modification of the syndicated financing agreement on 27 July 2017, the Company contracted certain interest rate hedging operations in order to hedge at all times 80% of the principal pending repayment.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

The interest rate swap derivatives in force at 31 December 2017 relate to the hedges contracted by the Group by virtue of the terms of the syndicated financing agreement (Note 11).

The Company has complied with the requirements described in Note 4.e on Accounting Policies, so as to classify the financial instruments listed below as hedges. Specifically, they have been formally designated as such and their effective hedging has been verified. The hedges designated by the Company are all effective.

The sensitivity of the interest rate hedge transactions' market value to changes in interest rates that the Company considers reasonably possible, as well as their impact on profit for the period and equity at 31 December 2017 is set out in the following table:

	Thousand euros	
	Change in interest rates (basis points)	
	+0.25%	-0.25%
Fair value	335	(338)
Result Equity	241	(243)

The analysis of the liquidity of the derivative instruments, which relates to cash outflows taking into account undiscounted net flows, is as follows (thousand euro):

Institution	Instrument	2018	2019	2020	2021
BBVA	Interest rate swap	1	54	5	(8)
Banco Santander	Interest rate swap	1	52	5	(7)
Kutxabank	Interest rate swap	-	22	2	(3)
Bankia	Interest rate swap	1	31	3	(5)
La Caixa	Interest rate swap	-	5	-	(1)
Banco Popular	Interest rate swap	-	9	1	(1)
BBVA	Interest rate swap	342	38	-	-
Banco Santander	Interest rate swap	304	34	-	-
Kutxabank	Interest rate swap	140	16	-	-
Bankia	Interest rate swap	180	20	-	-
La Caixa	Interest rate swap	30	3	-	-
Banco Popular	Interest rate swap	59	7	-	-
	Total	1,058	292	16	(25)

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

13. Public institutions and tax situation

Since 1997, Vocento, S.A. and certain of its subsidiaries subject to regional income tax legislation have filed their income tax returns under the special consolidated tax regime. Vocento, S.A. is the Parent of this tax group. The notification of the composition of the tax group for 2016 was filed with the Tax Department in Bizkaia on 22 January 2018 (see the Appendix).

Regional Law 11/2013 (5 December) on corporate income tax (Regional) entered into force on 1 January 2014 and it includes, among other measures, a temporary limitation on the offset of tax-loss carry forwards and the application of deductions. It establishes a maximum term of 15 years to offset or apply these items.

Although Vocento, S.A., the parent company of Group 03/97/B, will file a consolidated corporate income tax return, the various companies that make up the Group also file their own individual return for informational purposes.

As a result of the Company's taxation under the Special Tax Consolidation System, when calculating individual corporate income tax it takes into account the eliminations from profit and loss deriving from transactions carried out during the year between the companies that make up Group 03/97/B, as well as the inclusion of eliminations applied in preceding years, when appropriate. The limits and requirements that are applicable to Group 03/97/B are taken into account when calculating the deductions.

The receivable or payable positions deriving from the estimation of corporate income tax for the year are classified in Group accounts as a result of the application of the tax consolidation system.

Current balances with Public institutions

The composition of the headings that make reference to the current accounts maintained by Vocento, S.A. with Public institutions under current asset and liabilities in the balance sheet at 31 December 2017 and 2016 is as follows:

	Thousand euros			
	31/12/17		31/12/16	
	Current assets	Current Liabilities	Current assets	Current Liabilities
Added value tax	272	-	219	21
Current tax assets	5	-	1,325	-
Social security	-	36	-	34
Withholdings payable	174	943	230	1,027
	451	979	1,774	1,082

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Deferred tax assets and liabilities

Details and movements in corporate income tax credits and deferred tax assets and liabilities are as follows

2017:

	Thousand euros						
	Balance 31/12/16	Adjustment of prior year corporate income tax settlement		Additions	Transfers	Disposals	Balance 31/12/17
		Additions	Disposals				
Deductions and credits pending application	30,401	-	-	-	-	-	30,401
Tax credits for tax-loss carryforwards	9,266	27,605	(27,605)	-	277	(8,951)	592
Deferred tax assets	2,896	-	(887)	3	-	(12)	2,000
Derivatives (Notes 10 and 12)	636	-	-	-	-	(260)	376
Total deferred tax assets	43,199	27,605	(28,492)	3	-	(9,223)	33,369
Deferred tax liabilities	(31,204)	-	31,481	-	(277)	-	-
Total deferred tax liabilities	(31,204)	-	31,481	-	(277)	-	-

On the first application of the General Accounting Plan at the Company, tax-loss carry forwards were reverted against reserves at some subsidiaries where carry forwards were recorded in previous years. In accordance with the tax framework established in corporation tax rules for adjustments of first application, credits against reserves which were related to expenses that consisted of corrections following impairments to assets are to be integrated in the tax base of the period in which those assets were transferred or in which the impairments were recorded. In consequence, on 31 December 2016 Vocento, S.A. had deferred tax liabilities on its balance sheet of 31,481 thousand euros.

Subsequently, Vocento S.A. transferred these subsidiaries to Comerresa Prensa, S.L. in a fiscally neutral exchange which as a result did not represent the transfer of equity.

After discussions with the tax authorities of Bizkaia about the general criterion for the integration of these credits to reserves and how this would be impacted by the impairment of the stake in Comerresa Prensa, S.L. received in return, in the self-assessed tax payment for corporation tax in 2016, presented in July 2017, part of the adjustments pending for these credits was included in the tax base for 2016 as a result of the impairment recorded in the year at Comerresa Prensa, S.L. Consistent with this criterion, on 13 October 2017 Vocento, S.A. requested a rectification for its tax self-assessment for the years 2014 and 2015, giving the same tax treatment to the impairment registered on the stake in Comerresa Prensa, S.L. in 2014.

The increases in the tax base which derived from the application of this criterion led to the compensation of tax-loss carry forwards pending application and not recorded at the time on the Company balance sheet.

On 30 January 2018, settlements were received from the head of direct tax services at the Bizkaia tax authority, accepting all the terms of the rectification requested by Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Under the disposal heading is included an amount of 6,992 thousand euros generated by the use in the year of tax credits derived from the negative individual results of loss-making companies in the tax group and recorded by those companies which obtained positive results in the period.

The forecasts for each of the companies in the regional tax group, which like other forecasts for the Group are approved by the Board (notes 4 and 7) are aggregated and calculated on the basis of the pre-tax result corrected for any time differences in the tax base for each year, generating the tax base for the fiscal group in the coming years. Once the tax base is calculated, restrictions on tax loss carry forwards are considered and the tax credits that may be recovered in a reasonable period while they are still active are calculated. This estimate is reviewed by the Group's tax adviser.

2016:

	Thousand euros					
	Balance at 31/12/15	Adjustment of prior year corporate income tax settlement	Additions	Transfers	Disposals	Balance at 31/12/16
Deductions and credits pending application	30,401	-	-	-	-	30,401
Tax credits for tax-loss carryforwards	9,058	3,540	17,119	-	(20,451)	9,266
Deferred tax assets	6,849	(3,263)	36	-	(726)	2,896
Derivatives (Notes 10 and 12)	809	-	(173)	-	-	636
Total deferred tax assets	47,117	277	16,982	-	(21,177)	43,199
Deferred tax liabilities	(31,204)	-	-	-	-	(31,204)
Total deferred tax liabilities	(31,204)	-	-	-	-	(31,204)

The adjustments relating to the preceding year arise due to the definitive settlement of 2015 corporate income tax by reversing investee company portfolio adjustments, which results in an increase in the capitalized tax base for the tax group.

Among the disposals is an amount of €7,066 thousand euros generated by the consumption in the year of tax credits derived from the negative individual results of loss-making companies in the tax group by those companies which reported positive results for the year.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

The breakdown of tax-loss carry forwards and deductions yet to be offset that have been capitalized in the balance sheet, together with their expiry date, is as follows at 31 December 2017:

Available until	Base case
Tax-loss carry forwards 2028	592
Deductions- 2028	30,01

The deferred tax assets indicated above have been recognized in the company's balance sheet with the consideration that it is likely that these assets will be recovered, in accordance with the best estimates regarding the company's future results.

Furthermore, the Company has deductions and tax-loss carry forwards that have not been capitalized totalling €145,293 thousand at 31 December 2017 (2016: €100,538 thousand of tax-loss carry forwards).

Reconciliation of reported results and taxable results

The reconciliation between reported results and the corporate income tax base is set out below:

	Thousand euros	
	2017	2016
Book profits (before taxes) - Profit/(loss)	(33,398)	(65,931)
Permanent differences:		
<i>Tax consolidation write-offs -</i>	-	7,519
- Losses on equity instruments Tax Group (Note 7)		
<i>Other permanent differences-</i>	98	137
- Non-deductible representation expenses	(103,041)	-
- Dividends (Note 7)	36	(400)
- Other	-	(2,399)
Temporary differences:		
- Impairment of equity instruments	(30)	(66)
- Other	(136,335)	(61,140)
Gross tax base	-	-
Offset of tax-loss carryforwards Tax Group	(136,335)	(61,140)

The Company applied the extraordinary profit reinvestment system established by Article 22 of Regional Law 3/1996 (26 June) on Corporate Income Tax (in the version approved by Regional Laws 5/2009 (23 June) to the capital gains (€74,264 thousand in 2009, €3,837 thousand in 2010 and €1 thousand in 2011) obtained on certain sales (mainly the transfer of the interest held in Gestevisión Telecinco, S.A.). The application of this system means that 60% of the capital gain obtained on the transfer of the shares (2009) or 100% of the capital gain obtained on the transfer of intangible assets or property, plant and equipment (2010 and 2011) is not included in the tax base when that income is reinvested. In accordance with current legislation, the reinvestment of the amount obtained from these transfers must take place within the year prior to the date on which the transferred items were delivered and the three following years.

The Company and the tax group of which it is the parent has already met the reinvestment obligation assumed in the aforementioned transactions by increasing the cost of the interest held in Factoría de

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Información, S.A.U. (formally carried out in 2010 and 2012), and the subscription of a share capital increase by Comeresa Prensa, S.L.U. (2012), as well as the investments made in other investee companies and other non-current assets (primarily machinery acquired in 2010).

As the parent company of the tax group, the Company includes corporate income tax receivables and payables relating to the amounts generated by the various companies forming part of the tax group and which at 31 December 2017 totalled €7,430 thousand and €438 thousand (2016: €7,674 thousand and €607 thousand, respectively) (Note 8).

Reconciliation of reported profits and income tax expense

The reconciliation between reported profits and income tax expense for 2017 and 2016 is set out below:

:

	Thousand euros	
	2017	2016
Book profits (before taxes) - Profit/(loss)	(33,398)	(65,931)
Permanent differences	(102,907)	7,256
Adjusted book profits	(136,305)	(58,675)
Tax payable at 28%	-	(16,429)
Prior-year income tax settlement	(2,780)	-
Reversal/(capitalization) of unrecoverable tax credits	(27,605)	-
Total corporate income tax expense/(income)	1,969	13,384
Book profits (before taxes) - Profit/(loss)	28,416	(3,045)

In 2017, Vocento, S.A. recorded no corporation tax income as a result of carry-forwards, as it thinks it is unlikely that it will have enough future tax gains to be able to compensate losses and justify registering a deferred tax assets.

Taxes recognized in equity

Details of the taxes recognized directly under equity are as follows:

	Thousand euros
	2017
Due to deferred taxes:	
Measurement of derivatives (Notes 10 and 12)	
Total tax recognized directly in equity	(260)
Due to deferred taxes:	(260)

	Thousand euros
	2016
Due to deferred taxes:	
Measurement of derivatives (Notes 10 and 12)	(173)
Total tax recognized directly in equity	(173)

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Breakdown of corporate income tax expense/(income)

The breakdown of corporate income tax expense/(income) for 2017 and 2016 is as follows (on continuing operations):

	Thousand euros	
	2017	2016
Current year tax	(8)	(17,119)
Deferred taxes	8	690
Adjustment of prior year balance	(2,780)	-
Reversal of unrecoverable tax credits	-	13,384
Capitalization of tax credits	(25,636)	-
Total tax expense/ income	(28,416)	(3,045)

Years open to inspection and other information

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing, unless that period has been interrupted by tax inspection action. At the end of 2017, the Company was open to inspection of all years since 2012 for corporate income tax and all years since 2013, in general, for the other taxes to which it is liable.

Finally, due to the different interpretations to which applicable Spanish tax legislation lends itself, there could be contingent tax liabilities which cannot be objectively quantified by Vocento, S.A. However, the Company's Directors believe that the probability that such tax contingencies will actually arise is remote and, in any event, any liability arising therefrom would not significantly affect the annual accounts.

14. Guarantees

The breakdown of guarantees provided by the Company is as follows:

	Thousand euros	
	2017	2016
Guarantees for other Group companies	3,903	4,490
	288	278
Total	4,191	4,768

By virtue of the syndicated financing agreement concluded on 21 February 2014 the Company has provided the guarantees described in the Appendix.

The Company's Directors estimate that the additional liabilities above the provisions recorded at 31 December 2017 for this purpose that could arise as a result of any guarantees received will not be significant.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

15. Income and expense

a) Net revenue

The breakdown of this heading in the accompanying income statement for 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Dividend income received (Note 7)	103,041	-
Income from other services rendered (Note 8)	2,371	2,353
Other sundry income	-	177
Total	105,412	2,530

b) Personnel costs

The breakdown of this heading in the accompanying income statement for 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Wages and salaries	2,529	2,268
Severance payments	67	12
Social Security	373	287
Other staff welfare expenses	880	757
Total	3,849	3,324

In 2016 no contributions were made to the pension plan as they were suspended as a result of the Company's decision and are now associated with attaining objectives.

The average number of employees in 2017 and 2016 by professional category was as follows:

Categories	2017	2016
Chief Executive Officer	1	1
Directors	6	7
Other employees	34	25
Total	41	33

The distribution of employees by gender in 2017 and 2016 is as follows:

Categories	2017		2016	
	Men	Women	Men	Women
Chief Executive Officer	1	-	1	-
Directors	5	1	5	1

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Other	14	20	10	15
Total	20	21	16	16

12 directors are not employees at 31 December 2017, of which 1 is female and 11 are male (2016: 12, of which 1 is female and 11 are male).

At the date of these annual accounts the Board of Directors consists of 12 Directors (2016: 12 Directors).

c) Other operating expenses

The breakdown of this heading based on the nature of the expense at the end of 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Writers	40	68
Workshops	1	1
Administrative staff	3,009	3,215
Sundry	248	325
Marketing	457	310
Total	3,755	3,919

16. Remuneration of senior executives

There were nine General Managers making up the Senior Management team at the Group at the end of 2017 and 2016, respectively, excluding those that simultaneously hold positions on the Board of Directors.

The total remuneration for the Group's Senior Management team in 2017 and 2016 totalled €1,828 thousand and €1,852 thousand, respectively.

In 2017 no indemnities were paid to senior management.

Some members of the Senior Management team have contract clauses that call for an indemnity in the event of unfair dismissal consisting of amounts that vary from the amount established by employment legislation to two years of gross annual salary. On an exceptional basis, in some cases the contracts for lower-level executives contain clauses of this type, establishing one year of gross salary as an indemnity.

17. Other information

a) Audit fees

In 2017 and 2016 the fees for audit and other services provided by the Company's main auditor PricewaterhouseCoopers Auditores, S.L or by companies in the same group or associated with the auditor, or other auditors and companies associated with them, were as follows (thousand euro):

	Thousand euros	
	2017	2016

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Audit services (*)	211	182
Limited review of interim consolidated financial statements	70	70
Total audit services and related	281	252
Procedures related to compliance with Covenants	2	2
Total	283	254

(*) Including 25 thousand euros corresponding to expenses on audit of 2017 by PricewaterhouseCoopers Auditores, S.L. (23 thousand euros in 2016).

b) Financial structure

As was mentioned in Note 1, the Company is the parent of Vocento Group, which is one of the leading multi-medium communications groups in Spain and it has a notable brand presence in all news and entertainment areas, such as the press, supplements, magazines, television, radio, audiovisual production, film distribution and internet. The Group organizes management information in accordance with the following business lines in order to evaluate the Company's risks and performance. Newspapers, Audiovisual, Classifieds and Other.

As is indicated in Note 4.d, the Company determines its financial structure based on its need for financing in coordination with the general financial policies issued by the Group.

At 31 December 2017 Vocento Group's total assets amount to €67,733 thousand (prepared in accordance with International Financial Reporting Standards approved by the European Union) (2016: €498,861 thousand), and the Group's equity totals €252,022 thousand (2016: €255,068 thousand) and total income totalled €423,915 thousand (2016: €448,765 thousand).

18. Remuneration and other information regarding Directors

All compensation, including wages and other expenses, accrued by the members of the Board of Directors for all reasons totalled €1,580 thousand in 2017 (2016: €1,475 thousand). No advances, loans or guarantees were granted to the members of the Board of Directors during 2017 or 2016. The life insurance premiums paid during the year for the coverage of the members of the Board totalled €5 thousand in 2017 and €6 thousand in 2016. No contributions were made in 2017 and 2016 to pension plans whose beneficiaries are members of the Board.

The CEO has a contract clause that entitles him to an indemnity totalling two times the amounts received over the preceding 12 months in the event that the relationship is terminated by Vocento without justification

The individual remuneration information for the Board of Directors in 2017 and 2016 is as follows:

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

RETRIBUCION CONSEJEROS CONSOLIDADO 2017 (miles €)

CONSEJEROS VOCENTO, S.A. 31/12/2017	DIETAS ASISTENCIA					Participación en resultados		APORTACIONES A PLANES DE PENSIONES; SEGUROS DE VIDA Y OTROS		OTRAS REMUNERACIONES		RETRIBUCION FUNCIONES ALTA DIRECCION		Total	
	Vocento, S.A.					Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.		
	COMISIONES			CONSEJO DE ADMINISTRACION	REMUNERACION FIJA								FIJA		VARIABLE
	COMISION DELEGADA	COMITE AUDITORIA Y CUMPLIMIENTO	COMITE DE NOMBRAMIENTOS Y RETRIBUCIONES												
D. Carlos Delclaux Zulueta		16		25	30									71	
D. Fernando Azaola Arteche			27	23	30									80	
D. Fernando de Yarza		14		23	30									66	
D. Gonzalo Soto Aguirre		16	14	25	30									84	
D. Gonzalo Urquijo	9			25	30									64	
D. Luis Enríquez Nistal								14				494		508	
D. Miguel Antoñanzas Alvear	14	32	14	25	30									113	
D. Santiago Bergareche Busquet	27			50	30					200				307	
Mezouna, S.L.(representada por Ignacio Ybarra Aznar)	14		14	25	30									82	
ONCHENA, S.L.(representada por Álvaro Ybarra Zubiria)	14			25	30									68	
Valjarafe, S.L.(representada por Soledad Luca de Tena García-Conde)	14	16		25	30									84	
D. Enrique Ybarra				20	26									47	
CONSEJEROS CESADOS DURANTE EL EJERCICIO															
Energy de Inversiones, S.L.(representada por Enrique Ybarra Ybarra)				5	4									8	
Total general	90	92	68	293	330			14		200		494		1.580	

Vocento, S.A.

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

RETRIBUCION CONSEJEROS CONSOLIDADO 2016 (miles €)

CONSEJEROS VOCENTO, S.A. 31/12/2016	DIETAS ASISTENCIA					Participación en resultados			APORTACIONES A PLANES DE PENSIONES; SEGUROS DE VIDA Y OTROS		OTRAS REMUNERACIONES		RETRIBUCION FUNCIONES ALTA DIRECCION		Total
	Vocento, S.A.					Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.				
	COMISIONES			CONSEJO DE ADMINISTRACION	REMUNERACION FIJA						FIJA	VARIABLE			
	COMISION DELEGADA	COMITE AUDITORIA Y CUMPLIMIENTO	COMITE DE NOMBRAMIENTOS Y RETRIBUCIONES												
D. Carlos Delclaux Zulueta		9		14	26									48	
D. Fernando Azaola Arteché		5	27	18	30									80	
D. Fernando de Yarza		7		14	26									46	
D. Gonzalo Soto Aguirre		14	14	18	30									75	
D. Gonzalo Urquijo	9			11	26									46	
D. Luis Enriquez Nistal								5					531	536	
D. Miguel Antoñanzas Alvear	11	27	14	18	30									100	
D. Santiago Bergareche Busquet	23			36	30					200				289	
Energay de Inversiones, S.L.(representada por Enrique Ybarra Ybarra)	2			18	30									50	
Mezouna, S.L.(representada por Ignacio Ybarra Aznar)	9		14	18	30									71	
ONCHENA, S.L.(representada por Álvaro Ybarra Zubiria)	11			18	30									59	
Valjarafe, S.L.(representada por Soledad Luca de Tena García-Correa)	11	14		18	30									73	
CONSEJEROS CESADOS DURANTE EL EJERCICIO															
Casgo, S.A.(representada por Jaime Castellanos Borrego)				2	1										4
Total general	77	74	68	203	318			5		200			531	1.475	

NOTES TO THE ANNUAL ACCOUNTS

(Thousand euros)

Information regarding conflicts of interest affecting Directors

In order to avoid conflicts of interest with the Company, during the year Directors holding positions on the Board of Directors, as well as persons related to them, have abstained from the following when authorization had not been obtained:

- Carry out transactions with the Company, except ordinary standard customer transactions of little relevance.
- Use the name of the Company or invoke their position as Director to unduly influence private transactions.
- Make use of business assets, including the Company's confidential information, for private purposes.
- Take advantage of the Company's business opportunities.
- Obtain advantages or compensation from third parties other than the Company and its group with respect to the performance of their duties, except when involving merely courtesy gifts.
- Carry out activities on their own behalf or the behalf of a third party that represent effective competition, whether actual or potential, with the Company or which, in any other way, places them in permanent conflict with the Company's interests:

19. Events after the reporting period

No subsequent events arose between the end of the year and the date on which these annual accounts were prepared.

Vocento, S.A.

Appendix subsidiaries in 2017 (Thousand euros)

ANEXO
Página 1

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad						Domicilio	Actividad	Porcentaje			Miles de euros						
	(2)	(3)	(4)	(5)	(7)			Participación		Control	Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta
								Directa	Indirecta				Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio		
GRUPO:																	
Periódicos																	
Diario El Correo, S.A.U.	✓	✓		✓		Bilbao	Prensa Diana, portal local y edición electrónica de prensa	-	100,00%	100,00%	8.000	42.778	12.723	13.559	9.423	(0)	(7.600)
Sociedad Vascongada de Publicaciones, S.A.	✓	✓				San Sebastián	Prensa Diana, portal local y edición electrónica de prensa	-	75,81%	75,81%	4.799	40.526	10.257	11.474	8.085	-	(5.470)
Editorial Cantabria, S.A.			✓			Santander	Prensa Diana, portal local y edición electrónica de prensa	-	90,70%	90,70%	2.308	5.386	2.853	2.524	1.823	-	(0)
Nueva Rioja, S.A.						Logroño	Prensa Diana, portal local y edición electrónica de prensa	-	58,98%	58,98%	1.000	5.890	408	900	382	0	0
La Verdad Multimedia, S.A.				✓		Murcia	Prensa Diana, portal local y edición electrónica de prensa	-	97,88%	97,88%	3.333	8.965	(1.089)	(1.066)	(1.048)	-	(0)
Corporación de Medios de Andalucía, S.A.				✓		Granada	Prensa Diana, portal local y edición electrónica de prensa	-	99,11%	100,00%	3.333	11.495	783	947	706	-	(0)
Corporación de Medios de Extremadura, S.A.				✓	✓	Badajoz	Prensa Diana	-	97,96%	97,96%	408	(1.439)	2	(117)	(1.280)	-	(0)
Prensa Malagueña, S.A.				✓		Málaga	Prensa Diana	-	88,11%	88,11%	4.950	15.091	149	349	259	-	0
El Norte de Castilla, S.A.				✓		Valladolid	Prensa Diana, portal local y edición electrónica de prensa	-	77,60%	77,60%	2.168	14.508	298	521	387	(0)	(0)
El Comercio, S.A.				✓		Gijón	Prensa Diana	-	51,46%	51,46%	105	6.047	(19)	29	0	0	0
Corporación de Medios de Cádiz, S.L.U.				✓	✓	Cádiz	Prensa Diana, portal local y edición electrónica de prensa	-	100,00%	100,00%	650	(2.294)	(207)	(225)	(170)	-	-
Federico Domenech, S.A.				✓	✓	Valencia	Prensa Diana	-	84,99%	84,99%	458	18.000	83	(67)	(44)	0	-
Diario ABC, S.L.				✓	✓	Madrid	Prensa Diana, portal local y edición electrónica de prensa	-	99,99%	99,99%	6.276	(23.230)	(3.151)	(35.505)	(45.830)	-	-
ABC Sevilla, S.L.U.				✓	✓	Sevilla	Editorial	-	99,99%	100,00%	600	(5.999)	(1.133)	(1.690)	(5.271)	-	-
Ediciones Digitales Hoy, S.L.U.				✓	✓	Badajoz	Portal local y edición electrónica de prensa	-	97,96%	100,00%	100	36	(85)	(85)	(63)	-	-
Bilbao Editorial Producciones, S.L.U.	✓	✓		✓	✓	Vizcaya	Artes Gráficas	-	100,00%	100,00%	12.000	8.746	(1.120)	(1.117)	(805)	-	-
Sociedad Vascongada de Producciones, S.L.U.	✓	✓		✓	✓	San Sebastián	Artes Gráficas	-	100,00%	100,00%	3.000	5.642	(17)	51	37	-	-
Printold, S.L.U.				✓	✓	Valladolid	Artes Gráficas	-	100,00%	100,00%	3.009	5.085	177	134	105	(12)	-
Guadalprint Impresión, S.L. (**)				✓	✓	Málaga	Artes Gráficas	-	65,00%	65,00%	1.500	(709)	(9)	(107)	(107)	-	-
Localprint, S.L.				✓	✓	Alicante	Artes Gráficas	-	50,00%	50,00%	10.000	1.603	(515)	(559)	(420)	-	-
Rotomadrid, S.L.				✓	✓	Madrid	Artes Gráficas	-	95,00%	95,00%	1.000	19.278	45	(68)	(52)	-	-
Andahuprint, S.L.U.				✓	✓	Sevilla	Artes Gráficas	-	99,99%	100,00%	411	918	(18)	(40)	124	-	-
Comeco Gráfico, S.L.U.				✓	✓	Madrid	Artes Gráficas	-	100,00%	100,00%	60	(29)	145	146	106	-	-
Beralan, S.L.	✓	✓		✓	✓	Guipúzcoa	Distribución	-	50,49%	50,49%	218	604	787	933	673	-	-
CM Norte, S.L.U.	✓	✓		✓	✓	Bilbao	Publicidad	-	100,00%	100,00%	88	88	(4)	16	12	-	-
CM Gipuzkoa, S.L.U.	✓	✓		✓	✓	San Sebastián	Publicidad	-	75,81%	100,00%	100	176	(4)	6	4	-	-
Comercializadora Multimedia de Cantabria, S.L.				✓	✓	Santander	Publicidad	-	90,70%	100,00%	60	4	4	3	2	-	-
Rioja Medios, Compra de Medios de Publicidad, S.A.U.				✓	✓	Logroño	Publicidad	-	58,98%	100,00%	61	103	88	94	75	-	-
Comercializadora de Medios Andalucía, S.L.U.				✓	✓	Granada	Publicidad	-	99,11%	100,00%	300	227	18	24	18	-	-
CM Extremadura Publicidad Multimedia, S.L.U.				✓	✓	Badajoz	Publicidad	-	97,96%	100,00%	150	(17)	3	3	(28)	-	-
Corporación de Medios del Sur, S.L.				✓	✓	Málaga	Publicidad	-	88,11%	100,00%	5	28	6	(0)	(0)	-	-
Comercializadora de Medios de Castilla y León, S.L.U.				✓	✓	Valladolid	Publicidad	-	77,60%	100,00%	60	15	1	1	1	-	-
Comercializadora de Medios de Asturias, S.L.				✓	✓	Gijón	Publicidad	-	51,45%	99,99%	30	(7)	2	2	1	-	-
La Voz de Avilés, S.L.				✓	✓	Avilés	Prensa Diana	-	43,70%	84,92%	52	(15)	1	1	1	-	(0)
Zabalak 2.000, S.L.U.	✓	✓		✓	✓	San Sebastián	Explotación y comercialización de contenidos	-	75,81%	100,00%	3	142	(3)	(1)	2	-	-
Fiesta Alegre, S.L.U.				✓	✓	Valencia	Promoción y Arrendamiento Inmuebles	-	84,99%	100,00%	8.489	1.457	(11)	150	113	-	-
Servicios Redaccionales Bilbainos, S.L.U.	✓	✓		✓	✓	Bilbao	Prensa Gratuita	-	100,00%	100,00%	550	100	(3)	9	6	-	-
Corporación de Medios de Alicante, S.L.				✓	✓	Alicante	Servicios apoyo redaccionales y comerciales	-	91,44%	100,00%	4	(0)	9	(0)	0	-	-
Taller de Editores, S.A.				✓	✓	Madrid	Edición Suplementos	-	80,48%	80,48%	1.763	10.513	(466)	(321)	(455)	-	-
Inversor Ediciones, S.L.				✓	✓	Madrid	Publicación de revistas económicas	-	66,48%	82,61%	133	829	(52)	(39)	(32)	-	-
Desde León al mundo, S.L.				✓	✓	León	Portal local y edición electrónica de prensa	-	62,08%	80,00%	23	57	73	73	55	-	-
Audiovisual																	
Teledonosti, S.L.	✓	✓				San Sebastián	Televisión local	-	75,81%	100,00%	1.250	66	(125)	(113)	(81)	-	-
Rioja Televisión, S.A.						Logroño	Radio Difusión y TV Autónoma	-	54,41%	92,26%	1.204	(464)	38	52	42	-	-
El Comercio Televisión, Servicios Audiovisuales, S.L.				✓		Gijón	Televisión local	-	51,46%	100,00%	357	(115)	1	1	(1)	-	-
Las Provincias Televisión, S.A.U.				✓		Valencia	Televisión local	-	84,99%	100,00%	1.500	(471)	492	540	405	-	-

Vocento, S.A.

Appendix subsidiaries in 2017 (Thousand euros)

ANEXO
Página 2

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad						Domicilio	Actividad	Porcentaje			Miles de euros						
	(2)	(3)	(4)	(5)	(7)			Participación		Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta	
								Directa	Indirecta			Control	Resultado de explotación	Rdo antes de IS de op's			Resultado del ejercicio
Sociedad Gestora de Televisión NET TV, S.A.						✓ Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	6.108	6.317	4.738	-	(3.292)
Radio Publi, S.L.			✓			✓ Madrid	Radio Difusión nacional	-	84,20%	84,20%	16.640	(24)	1.797	1.669	1.251	-	(504)
Onda Ramblas, S.A.U.			✓			Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.935	123	137	103	-	-
Radio El Correo, S.L.U.	✓	✓		✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	24	(8)	(8)	(6)	-	-
Veralia Corporación de Productoras de Cine y Televisión, Radio LP, S.L.U.			✓			Madrid	Holding	-	69,99%	69,99%	29.607	(10.955)	(544)	(2.310)	1.888	-	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓	✓		✓		Valencia	Radio Difusión local	-	84,99%	100,00%	243	309	1	15	11	-	-
Veralia Distribución de Cine, S.A.U.			✓			Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.317)	(7)	62	45	-	-
Editorial Cantabria de Radiotelevisión, S.A.U.			✓			Madrid	Distribución de producciones	-	69,99%	100,00%	1.082	51	4.511	4.602	3.451	-	(2.500)
						Santander	Radio Difusión	-	90,70%	100,00%	650	(118)	36	40	40	-	-
Clasificados																	
Desarrollo de Clasificados, S.L.U.			✓		✓	Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	12.143	(401)	(278)	(119)	-	-
Infoempleo, S.L.						Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	(440)	(70)	(69)	(53)	-	-
Autocasión Hoy, S.A.						Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.845	1.479	1.506	1.128	-	-
Habitatsoft, S.L.U.			✓		✓	Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	1.238	691	659	496	-	-
Contact Center Venta Interactiva, S.L.U.			✓		✓	Madrid	Venta de clasificados	-	100,00%	100,00%	4	214	21	19	14	-	-
Estructura y otros																	
Comercial Multimedia Vocento, S.A.U.			✓		✓	Madrid	Publicidad	-	100,00%	100,00%	600	(1.463)	(576)	(638)	(494)	-	-
Distribuciones COMECOSA, S.L.U.	✓	✓		✓		Vizcaya	Holding	-	100,00%	100,00%	451	17.796	(43)	2.896	2.876	-	-
Comeresa Prensa, S.L.U.			✓		✓	Madrid	Holding	100,00%	-	100,00%	403.069	(26.373)	(5.812)	(137.510)	(131.079)	-	-
Comeresa País Vasco, S.L.U.	✓	✓		✓		Vizcaya	Holding	100,00%	-	100,00%	9.686	57.997	(5)	14.981	14.480	-	0
Comeco Impresión, S.L.U.	✓	✓		✓		Vizcaya	Holding	-	100,00%	100,00%	9.249	33.306	(9)	1.139	1.166	-	-
Corporación de Nuevos Medios Digitales, S.L.U.			✓		✓	Madrid	Holding	-	100,00%	100,00%	1.500	52.759	(149)	8.976	5.901	-	-
Agencia Colpisa, S.L.U.			✓		✓	Madrid	Agencia de Noticias	-	100,00%	100,00%	92	248	83	91	88	-	-
Foro de Debate, S.L.U.						Madrid	Organización de ferias y eventos	-	100,00%	100,00%	30	54	397	398	299	-	(250)
Factor Moka, S.L.U.						Madrid	Prestación de servicios de comunicación y	-	100,00%	100,00%	3	78	(88)	(88)	(66)	-	-

Appendix subsidiaries in 2017
(Thousand euros)

EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

ANEXO
Página 3

Sociedad							Domicilio	Actividad	% Participación		Miles de euros				
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Capital	Reservas y otras partidas de Fondos	Resultado del periodo (1)	Otras partidas del patrimonio neto	Dividendo a cuenta
ASOCIADAS:															
Periódicos															
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	3.227	323	-	-
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	(2.778)	470	-	-
Audiovisual															
Izen Producciones Audiovisuales, S.L. (*)							Madrid	Producciones cinematográficas y de		31,49%	2.012	15.737	2.250		
Estructura y otros															
Kioskoymas, sociedad gestora de la plataforma							Madrid	Kiosko digital	-	50,00%	53	(617)	(47)	-	-
Shows on Demand, S.L.							Madrid	Organización de conciertos		50,00%	89	474	(132)		

(*) Datos del consolidado

(**) Sociedad incurso en causa de disolución. Pendiente de adoptar las medidas de restablecimiento del equilibrio patrimonial

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.

(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comerres Prensa, S.L.U. como entidad representante del grupo fiscal

(5) Sociedad no incurso en causa de disolución prevista en la Ley de Sociedades de Capital por cuanto se adoptaron o comprometieron medidas de restablecimiento del equilibrio patrimonial (i.e. aportación de socios, ampliación o reducción de capital, préstamo participativo etc.)

(6) Sociedad garante en relación a la operación del préstamo sindicado (Nota 11)

(7) Sociedad pignorada en relación a la operación del préstamo sindicado (Nota 11)

Vocento, S.A.

Appendix subsidiaries in 2016 (Thousand euros)

ANEXO
Página 2

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad						Domicilio	Actividad	Porcentaje			Miles de euros						
	(2)	(3)	(4)	(5)	(7)			Participación		Control	Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta
								Directa	Indirecta				Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio		
Sociedad Gestora de Televisión NET TV, S.A.					✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	5.854	6.111	4.509	-	(2.893)
Avista Televisión de Andalucía, S.A.U.				✓		Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(2.106)	262	278	209	-	-
Radio Publí, S.L.				✓		Madrid	Radio Difusión nacional	-	84,20%	84,20%	21.275	189	1.791	1.611	(4.394)	-	(455)
Onda Ramblas, S.A.U.				✓		Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.807	157	171	128	-	-
Radio El Correo, S.L.U.	✓	✓	✓	✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	14	13	9	-	-	
Veraña Corporación de Productoras de Cine y Televisión, S.L.				✓		Madrid	Holdig	-	69,99%	69,99%	29.607	(82)	1	(1.077)	(10.874)	-	-
Radio LP, S.L.U.				✓		Valencia	Radio Difusión local	-	84,99%	100,00%	243	75	3	234	234	-	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓	✓	✓	✓		Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.374)	(7)	80	58	-	-
Veraña Contenidos Audiovisuales, S.L.U.				✓		Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	3.779	(429)	(618)	(438)	-	-
Veraña Distribución de Cine, S.A.U.				✓		Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	51	3.342	3.453	2.590	-	-
Editorial Cantabria de Radiotelevisión, S.A.U.				✓		Santander	Radio Difusión	-	90,70%	100,00%	650	(198)	44	48	80	-	-
Clasificados																	
Desarrollo de Clasificados, S.L.U.				✓	✓	Madrid	Holdig de Clasificados	-	100,00%	100,00%	1.500	14.040	(439)	(815)	(1.896)	-	-
Infoempleo, S.L.				✓		Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	(361)	(93)	(92)	(79)	-	-
Autocasión Hoy, S.A.				✓		Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.247	1.583	1.606	1.196	-	-
Habitatsoft, S.L.U.				✓		Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	(240)	325	277	1.478	-	-
Contact Center Venta Interactiva, S.L.U.				✓		Madrid	Venta de clasificados	-	100,00%	100,00%	4	198	23	20	15	-	-
Estructura																	
Comercial Multimedia Vocento, S.A.U.				✓		Madrid	Publicidad	-	100,00%	100,00%	600	(1.390)	347	382	(73)	-	-
Distribuciones COMECOSA, S.L.U.	✓	✓	✓	✓		Vizcaya	Holdig	-	100,00%	100,00%	451	17.735	(43)	54	61	-	-
Comeresa Prensa, S.L.U.				✓		Madrid	Holdig	100,00%	-	100,00%	403.069	21.980	(8.539)	24.549	(22.611)	-	-
Comeresa País Vasco, S.L.U.	✓	✓	✓	✓		Vizcaya	Holdig	100,00%	-	100,00%	9.686	146.623	(17)	14.943	14.414	-	0
Comeco Impresión, S.L.U.	✓	✓	✓	✓		Vizcaya	Holdig	-	100,00%	100,00%	9.249	32.179	(16)	(7.855)	(7.813)	-	-
Corporación de Nuevos Medios Digitales, S.L.U.				✓		Madrid	Holdig	-	100,00%	100,00%	1.500	49.017	(205)	2.630	3.743	-	-
Agencia Colpisa, S.L.U.				✓		Madrid	Agencia de Noticias	-	100,00%	100,00%	92	211	(24)	(12)	37	-	-

Vocento, S.A.

Appendix subsidiaries in 2016 (Thousand euros)

ANEXO
Página 3

EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad						Domicilio	Actividad	% Participación		Miles de euros										
	(2)	(3)	(4)	(5)	(7)			Directa	Indirecta	Capital	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)	Otras partidas del patrimonio neto	Dividendo a cuenta						
ASOCIADAS:																				
Periódicos																				
Distribuciones Papiro, S.L.						Salamanca	Distribución	-	26,35%	37	140	534	-	-						
Cipress, S.L.						Asturias	Distribución	-	27,88%	12	2.319	145	-	-						
Distrimedios, S.L.						Cádiz	Distribución	-	22,50%	100	2.941	436	-	-						
Val Disme, S.L.						Valencia	Distribución	-	22,75%	144	(724)	744	-	-						
Estructura																				
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.						Madrid	Kiosko digital	-	50,00%	53	(558)	(59)	-	-						

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.

(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comersea Prensa, S.L.U., sociedad dominante en 2014, como entidad representante del grupo fiscal

(5) Sociedad incurso en causa de disolución en virtud del Texto Refundido de la Ley de Sociedades Anónimas o de la Ley de Sociedades de Responsabilidad Limitada en la que se han adoptado o se adaptarán próximamente las medidas necesarias (fusión, ampliación de capital, etc.) para restablecer su equilibrio patrimonial.

(6) Sociedad garante en relación a la operación del préstamo sindicado (Nota 20)

(7) Sociedad pignorada en relación a la operación del préstamo sindicado (Nota 20)

The background is a monochromatic blue-tinted photograph. It features a silver ballpoint pen lying diagonally across the upper left quadrant. Below and to the right of the pen are several open notebooks with lined pages, some of which are slightly out of focus. The overall composition is clean and professional, suggesting a theme of business, education, or personal development.

**INDIVIDUAL MANAGEMENT
REPORT 2017**

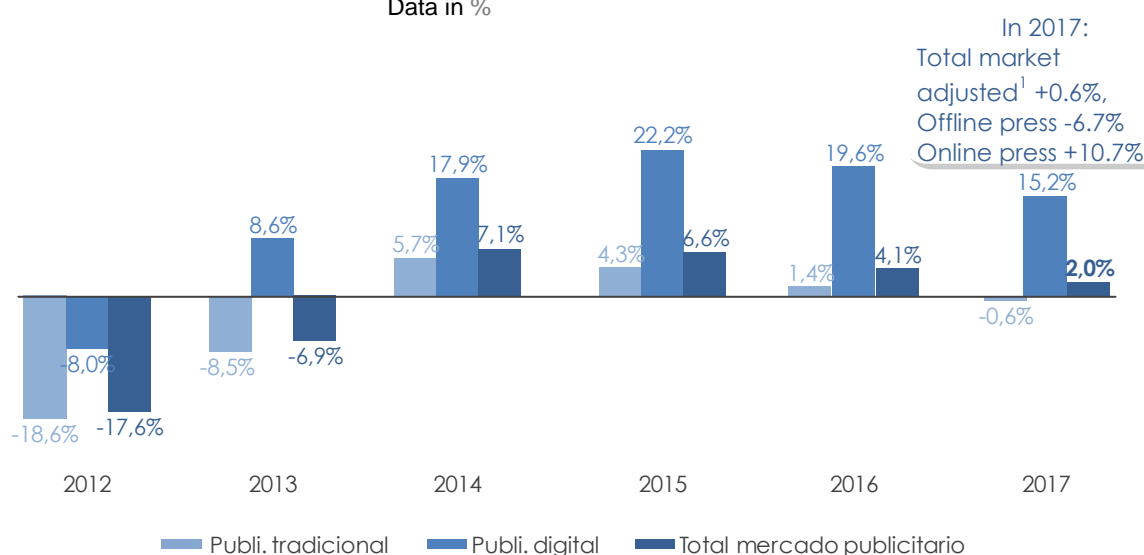
The Spanish economy is maintaining its cruising speed for GDP in constant terms, with growth of +3.1% according to the first estimate from the INE, just 0.2 p.p. below the level of 2016. The sources of growth have changed, with a lower contribution from household consumption and an increased role for investment and external demand, reflecting both the export of goods and revenues from tourism.

However, the increase in prices implies that in nominal terms growth in 2017 was higher than in 2016, with GDP up +4.0% and household consumption rising by +4.3% in 9M17, 0.4 p.p. and 0.14 p.p. higher respectively than in 2016.

Despite positive macroeconomic conditions, the growth of the advertising market has decelerated in recent years. The offline market has been declining at a mid-single digit rate, while growth in online advertising, excluding social media, slowed down in 2017.

Performance of advertising market and macro conditions

Data in %



PIB nominal ²	-2,9%	-1,4%	1,2%	4,1%	3,6%	4,0%
Consumo nominal ²	-1,3%	-2,1%	1,7%	2,9%	2,9%	4,3%

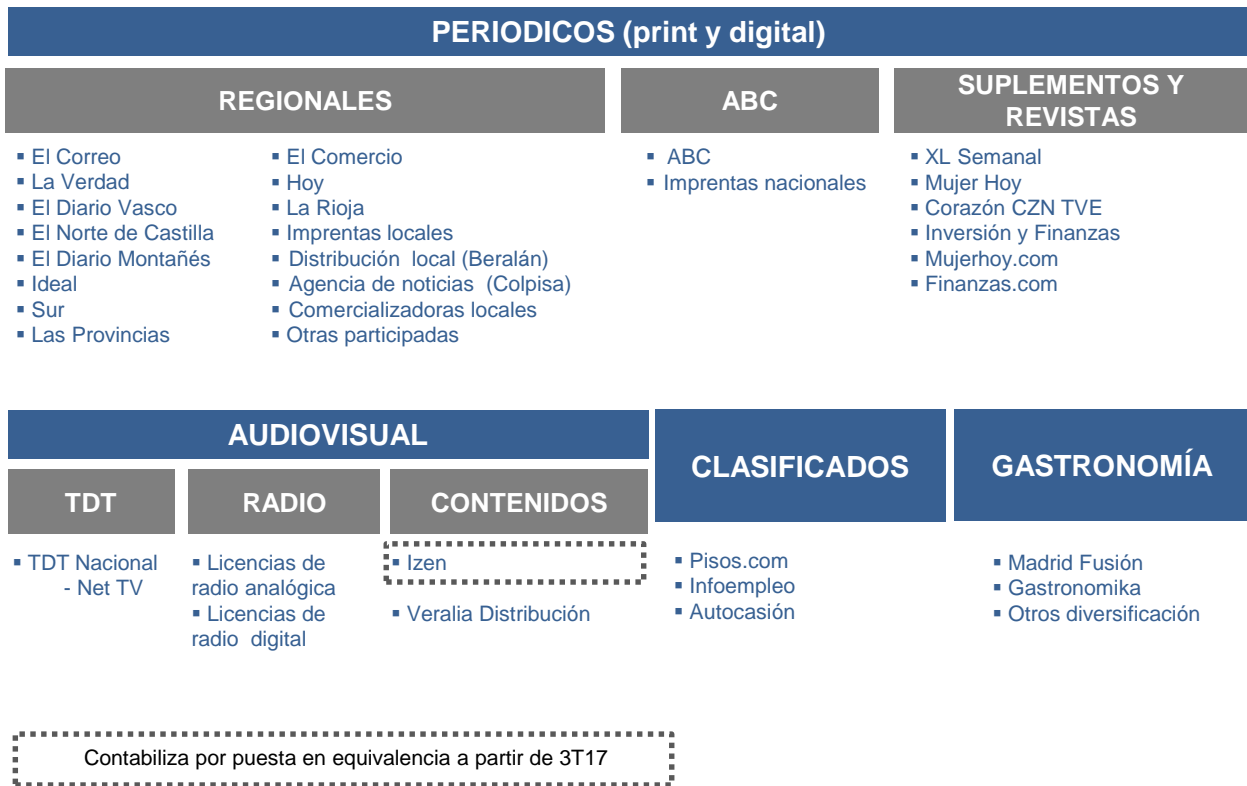
For 2018, the outlook is for lower economic growth, of +2.6% in constant terms according to the Funcas consensus. Advertising spend is expected to remain sluggish in 2018, with a fall in the traditional media market (excluding digital) of 0.5%, according to i2p.

I. PERFORMANCE OF VOCENTO BUSINESSES

VOCENTO is a multimedia group, whose parent company is VOCENTO, S.A., and is dedicated to the various different areas that comprise the media business.

For the organisation of management information, three business lines have been defined: Newspapers, Audiovisual and Classifieds. Reports to the market are based on this organization of information, which covers all the businesses in which VOCENTO is present, assigned to their respective business segments. Starting in 2018, Gastronomy will be introduced as a differentiated activity.

Breakdown of areas of activity of VOCENTO



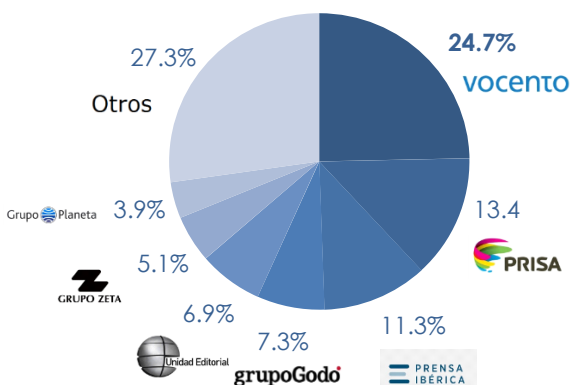
IMPORTANT NOTE To facilitate the analysis of financial information and understand the organic performance of the Company, it is always indicated in this report when operating expenses, EBITDA, EBIT and the Net Result are affected by non-recurring or extraordinary items. The most important impacts can be grouped into: 1) measures to adjust the workforce and one-offs, 2) changes to the consolidation perimeter and the impacts of strategic business decisions (e.g. the deconsolidation of Veralia Contenidos in 2017).

ewspapers (offline and online activity)

VOCENTO is the clear leader of the general press sector with market share of 24.7%. It is also the leader in readership, with more than 2.2 million readers, and has a significant position in the Internet, with a readership of more than 21 million unique users.

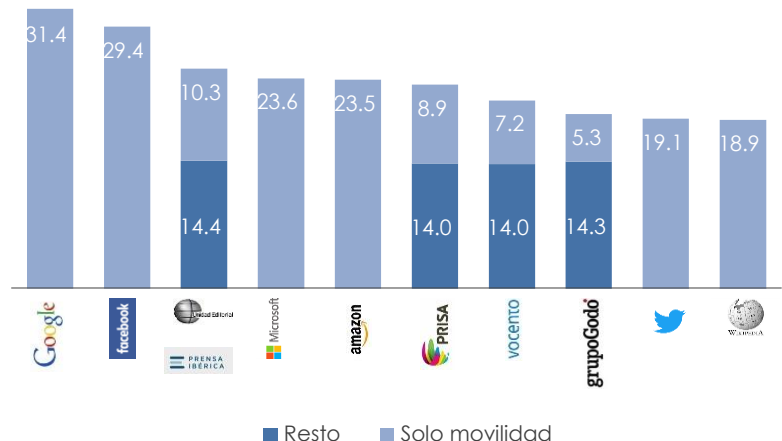
Share of ordinary circulation¹

Data in %



Ranking of Internet audiences²

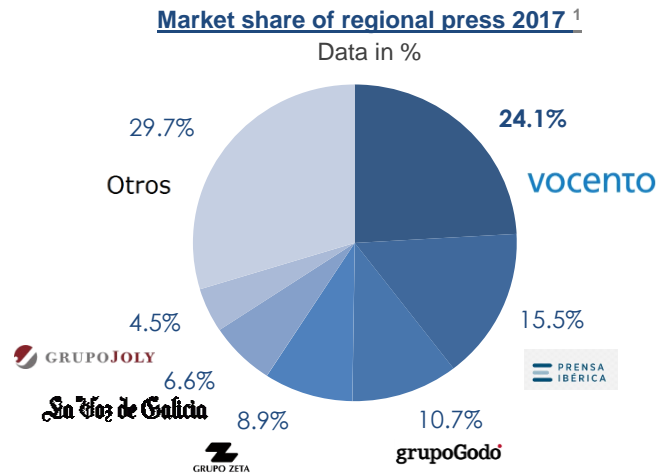
Data in millions of unique monthly users



Note 1: Source OJD 2017. Data not certified. Note 2: Source comScore December 2017.

Regional newspapers

VOCENTO's newspapers are clear leaders in the regional press market, with market share of 24.1%.

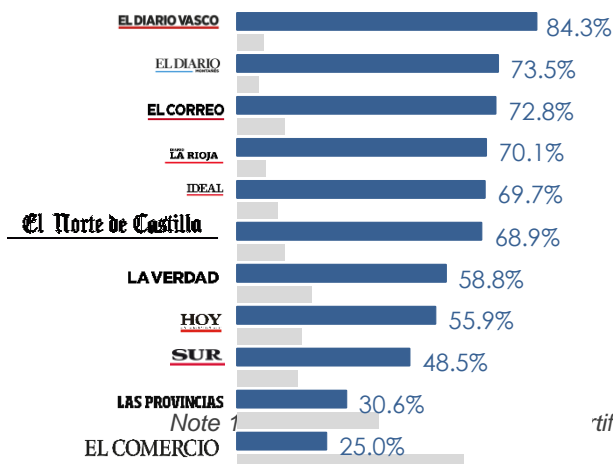


Note 1: Source OJD. Data not certified.

The newspapers are also leaders in terms of readership, with 1.8¹ million offline readers and more than 21² million unique users.

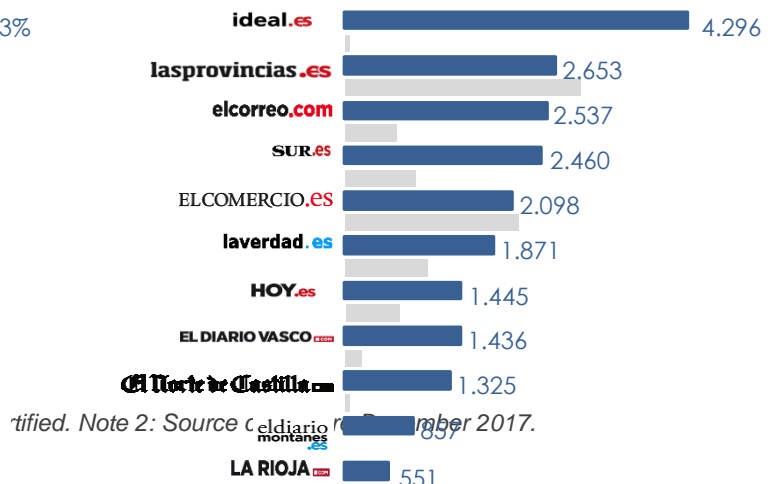
Market share in area of influence¹

Data in %



Audience of local portals²

Data in thousands of unique monthly users



Note 2: Source comScore average Jan-Dec 2017 of unique monthly users.

In 2017, the newspapers have continued to diversify their revenues, for example in the events area, with “Futuro en español,” a series of events about the Spanish language which has introduced the brand to Latin America. In the digital space, one highlight among a whole series of initiatives was the launch of Local Digital Kit in the regions where Vocento brands are present. The newspapers are continuing to implement efficiency measures related both to fixed costs and variable costs such as circulation.

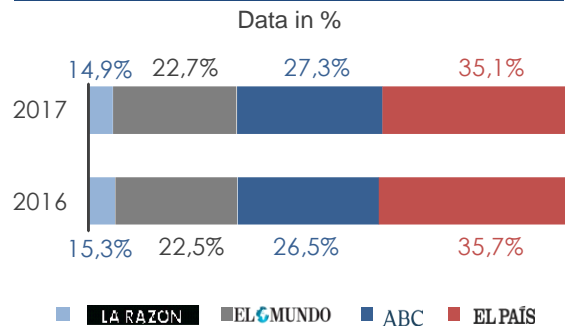
¹ Source EGM 3rd accumulated survey 2017.

² Source comScore average Jan-Dec 2017 of unique monthly users.

National newspaper - ABC

In 2017, ABC continued to reduce operating costs such as personnel expenses and distribution costs. These measures are fully compatible with a high quality product, as shown by the increase in circulation market share to 27.3% in the key market of the Comunidad de Madrid, which represents 35% of the national press market.

Ordinary circulation share in Madrid, 2016-2017¹



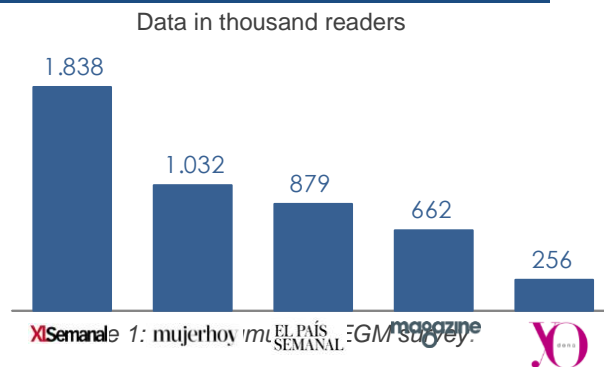
Note 1: Source OJD. 2017 data not certified.

At abc.es, new verticals have joined the platform in order to improve the digital content offering. In 2017, abc.es continued to increase its market share thanks to the potential of mobile access, recording a 36.7% increase in mobile users, higher than at its peers.

Supplements and Magazines

This is a business of strategic value to VOCENTO, with content which complements the weekend offering of VOCENTO newspapers. Distribution with newspapers from other publishers also enables nationwide coverage, with XL Semanal and Mujer Hoy the two most read supplements in Spain, with a combined readership of around 3 million people.

Readership share of main supplements in Spain¹



This leadership is reflected in the outperformance of revenues, with XL Semanal increasing its share of the advertising market by 1 p.p. compared to other supplements.

In 2017, XL Semanal celebrated its 30th anniversary with a special edition. Events linked to the publications were increasingly successful, in particular XL Desafío and the ninth edition of the Mujer hoy Awards. Meanwhile, Inversión y Finanzas launched its 'Inversión y Finanzas School' to increase public understanding about funds.

Corazón magazine (published with TVE) welcomed a new editorial team in January and in early 2018 will help support the circulation of the newspapers.

Digital initiatives also continued to prosper. In the second half of 2017, the relaunched Guapabox increased its volume of subscribers, while xlsemanal.com and mujerhoy.com achieved record numbers of unique users and page views.

Audiovisual

VOCENTO has a presence in the audiovisual market with a nationwide DTT license enabling the broadcast of two channels, a network of radio licences, the management of a catalogue of film rights, and a position in the content production sector.

Television

Net TV broadcasts two channels, Disney Channel and Paramount Channel, which provide Vocento with a presence in the niche television market with international, world-leading suppliers.

Radio

The alliance with Cadena COPE contributes stable profitability and delivers synergies and support to ABC in terms of editorial content.

Audiovisual Production and Distribution-Veralia

It should be noted that Veralia Contenidos (in which VOCENTO had an indirect stake of 69.99% via Veralia Corporación) has combined with Zebra Producciones, S.A and Proima-Zebrastur, S.L., owned by Iniciativas Digitales, S.L., to form the new company IZEN Producciones Audiovisuales S.L. VOCENTO holds a 45% stake in IZEN.

In the film distribution area, the business risk of Veralia Distribución de Cine is very limited. The aim is to continue maximising revenues from the current catalogue of more than 200 titles, as new OTT (over the top) players join the existing customer base in the television market.

Classifieds

In 2017, the Classifieds business consolidated its position with growth in the real estate market at pisos.com, increased profitability at Autocasión.com in the automotive sector, and stability in the jobs market at Infoempleo.com.

In 2017 the Infoempleo.com and autocasion.com portals were redesigned.

Highlights of the financial performance of the businesses in 2017

VOCENTO brands continued to increase their market share in a flat advertising market
Margin on circulation maintained (€-0.3m, with savings made in promotions on circulation)
Comparable EBITDA 2017 decreased by €-2.6m, with new lease at ABC €2.0m
The net financial position improved by €+10.3m, with positive ordinary cash flow of €21.6m
Diversification into the gastronomy area and others

%

- **Advertising revenues +0.1% in 2017 vs. -1.4% for total press advertising market**
 - i. The advertising market, excluding social media, was stagnant, increasing by +0.6% in 2017. Including social media, the market expanded by +2.0% (vs. +4.1% in 2016).
 - ii. There were diverging performances in the local and national advertising market: increased strength in the local market, with VOC local advertising revenues rising by +2.6% in 2017.

- **Margin on circulation maintained in 2017 vs. 2016 despite fall in circulation**
 - i. In the Comunidad de Madrid, ABC increased its share of ordinary circulation by +0.7 p.p. to 27.3%³.
 - ii. Savings in the costs of circulation maintained the margin in 2017 (a variation of -290 thousand euros from 2016).

- **Comparable EBITDA 49,677⁴ thousand euros, decreasing by -4.9% vs. 2016**
 - i. There was a decrease in comparable EBITDA (-2,562 thousand euros), partly as a result of the ABC lease (c. 2,000 thousand euros). In 4Q17, there was a pro forma⁵ increase of +258 thousand euros.
 - ii. Execution of the Efficiency Plan: comparable costs fell by -5.6% in 2017.
 - iii. Agreements with third parties have also been reached in order to improve profitability, such as the integration of Veralia Contenidos and in 2018 the printing deal with Prisa.

- **Generation of ordinary operating cash flow of 21,612 thousand euros**
 - i. Net financial debt/comparable EBITDA improved to 1.1x. NFD fell to -56,153 thousand euros vs. -66,412 thousand euros in 2016.
 - ii. Cash outflows of -9,735 thousand euros for compensation payments and -1,167 thousand euros for other extraordinary, including the acquisition of Madridfusión and the Veralia Contenidos transaction.

- **Measures aimed at diversification of revenues**
 - i. The diversification strategy has been accelerated: Madridfusión, Shows on Demand and Factor Moka. Funds from the sale of non-productive assets (real estate) are being re-invested in growth businesses.

II. RISKS AND UNCERTAINTIES

The Financial Department is responsible for the management of the financial risks faced by the Company. It has established the mechanisms needed to monitor the exposure to credit risks and liquidity risks.. The main financial risks with an impact on the Company are described in the following section:

³ Source OJD. Ordinary paid circulation (kiosk sales and individual subscriptions).

⁴ Excluding personnel adjustment measures and one-offs VOC 2017 -10,067 thousand euros and 2016 -10,115 thousand euros.

⁵ Excluding impact of deconsolidation of Veralia Contenidos.

a) Credit risk:

In general, the Company maintains cash and cash equivalents at financial institutions with a high credit level. Furthermore, most of its receivables are with companies over which the Company maintains control.

b) Liquidity risk:

In order to ensure liquidity and meet all the payment commitments derived from its activity, the Company has the cash shown on its balance sheet, and credit lines available from certain financial institutions as part of the syndicated financing detailed in Note 11.

On 13 November 2017, the Group launched a commercial paper program with a maximum value of 50,000 thousand euros, which as of 31 December 2017 stood at 13,192 thousand euros.

As of 31 December 2017, the Company had a negative working capital fund of 10,346 thousand euros. On 31 December 2016 the negative fund was 1,240 thousand euros. The company directors do not believe that there are short-term liquidity problems, because of the cash generation of the companies in the Vocento group, with a positive fund of 13,707 thousand euros on 31 December 2017 (11,296 thousand euros on 31 December 2016). In addition, the company has access to credit lines totalling 45,275 thousand euros, of which none had been used by 31 December 2017 (45,275 thousand euros available on 31 December 2016 and completely unused).

c) Market risk (including interest rate, exchange rate and other price risks):

The financial debt of the Company is exposed to interest rate risk, which could have an adverse impact on financial results and on cashflows as the debt is linked to variable interest rates. The company partly mitigates this (by 48,533 thousand euros, of the total debt with credit institutions on 31 December 2017) by the use of interest rate-based derivatives (Notes 11 and 12).

Nevertheless, the Company does not think that there are significant risks in this area.

The Company does not carry out major transactions in foreign currency and as of 31 December 2017 maintained no significant amounts of foreign currency.

d) Others

The risks of compliance, especially tax compliance, are related to the possibility of different interpretations of norms than by the relevant tax authorities, and by the generation of positive tax based which enable the tax credits that have been activated to be recovered, as well as to new tax regulations.

III. AVERAGE PAYMENT PERIOD

In regard to the information required in accordance with the additional third provision "Information obligation" of Law 15/2010, 5 July, and the resolution of the accounting institute Instituto de Contabilidad y Auditoría de Cuentas on 2 February 2016 that responds to the second final provision of Law 31/2014, the proportion of payments made to suppliers in 2017, the average payment period to suppliers and the proportion of transactions pending with suppliers on 31 December 2017 and 31 December 2016 are as follows (in thousands of euros):

	2017	2016
	days	days
Average payment period	51.09	51.74
Proportion of transactions paid	50.23	51.39
Proportion of transactions pending	58.14	54.80
	Amount (euros)	Amount (euros)
Total payments made	4,990,291	4,507,051
Total payments pending	607,341	513.810

These figures refer to trade creditors who supply goods and services, and they reflect the amounts of the trade creditors item on the liability side of the balance sheet.

IV. SHAREHOLDER REMUNERATION

In 2017 and 2016, the Company distributed no dividends, and there were no dividends pending payment at the end of each year.

V. TREASURY STOCK

The Company holds 3,903,167 shares, equivalent to 3.12% of share capital, freely available to transfer in compliance with the applicable legal framework.

Movements with treasury shares in 2017 were as follows:

	Nr of shares	Cost (thousand euros)
Shares on 31.12.15	3,876,665	25,291
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares on 31.12.16	3,861,503	20,583
Purchase	2,275,403	3,352
Sale (*)	(2,233,739)	(9,902)
A Shares on 31.12.17	3,903,167	14,133

(*) Sales recorded at weighted average cost.

The capital loss from the sale of treasury stock in 2017 was booked against reserves and totalled 6,521 thousand euros (2016: 4,687 thousand euros).

In compliance with the Law on Corporations, the Parent Company maintains an unavailable reserve equivalent to the cost of the treasury stock. This reserve will be freely available when the circumstances requiring its establishment disappear.

At the date of formulation of these annual accounts the Board of Directors had made no decision on the final destination for the treasury shares indicated above.

The average number of treasury shares held in the portfolio in 2017 was 3,886,819 (2016: 3,880,190 shares). (Note 33).

VI. SHARE PRICE PERFORMANCE

VOCENTO shares ended 2017 at €1.53, after an annual rise of 23.4%. The average traded volume in the year was 123,604 shares per day. VOCENTO shares are listed on the stock markets of Barcelona, Bilbao and Valencia.



VII. MANAGEMENT INCENTIVE PLAN

Provision for long-term incentive plan

The Board of Directors of the Company approved in 2014 a long-term incentive plan for the CEO and certain senior managers of the Parent Company and the Group.

This plan consists of a single variable payment equivalent to a percentage of the annual remuneration of each manager included in the plan, and of between 20% and 50%, to be paid entirely in cash. This remuneration is linked to the achievement of the operating result budgeted for 2015, although the amount may be corrected either up or down by a factor which depends on the achievement of the target, with a limit of 1.3 million euros.

Because the target has not been achieved, the Group recorded no obligation to make a payment for this concept in its consolidated balance sheet of 31 December 2016.

Furthermore, the Board of Directors of the Parent Company approved in 2015 a long-term incentive plan for the CEO and certain senior managers of the Parent Company and the Group.

This plan consists of a single variable payment equivalent to a percentage of the annual remuneration of each manager included in the plan, and of between 20% and 50%, to be paid entirely in cash. This remuneration is linked to the achievement of the operating result budgeted for 2016, although the amount may be corrected either up or down by a factor which depends on the achievement of the target, with a limit of 1.3 million euros.

Because the target has not been achieved, the Group recorded no obligation to make a payment for this concept in its consolidated balance sheet of 31 December 2017 or of 31 December 2016.

In 2016, the Board of Directors of the Parent Company approved in 2015 a new long-term incentive plan for the CEO and certain senior managers of the Parent Company and the Group.

This plan consists of a single variable payment equivalent to a percentage of the annual remuneration of each manager included in the plan, and of between 20% and 50%, to be paid entirely in cash. This remuneration is connected 40% to the achievement of the accumulated Net Profit in the three-year plan, 40% to the cashflow accumulated and 20% to digital transformation, including revenues and EBITDA in e-commerce businesses, online advertising and online users, up to a limit of 1.3 million euros.

For the financial indicators to be achieved (Net Profit and cash generation), it is essential that the covenants of the syndicated loan are respected and that dividends are paid on 2017 (as agreed by the shareholder meeting of 1H18) and on 2018 (as approved by the shareholder meeting in 1H19). The distribution may be of any amount and must be on the earnings of the previous year (not against reserves), and it is not enough that there are profits that may be distributed but the shareholder meeting must also approve the effective distribution of dividends.

Following an assessment of the plan, the results of 2016 and 2017 and the uncertainty surrounding the targets, the Group has recorded no provision for this concept on its balance sheet of 31 December 2017.

Finally, it should be noted that the Board of Directors of the parent company approved no long-term incentives plan in 2017.

VIII. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2017 neither the Group or the Company made significant investments in activities related to Research and Development.

IX. USE OF FINANCIAL DERIVATIVE INSTRUMENTS

The Company uses derivative instruments to hedge the risks to which its operations and future cash flows are exposed, mainly risks derived from variations in interest rates. As part of these transactions, the Company has taken out certain hedging instruments.

The interest rate derivatives taken out by the Company aim to mitigate the effect that the variation in interest rates may have on future cash flows derived from variable rate loans. The details and expiries of these hedging transactions are as follows on 31 December 2017:

Institution	Instrument	Average interest rate	Nominal (thousand euros)	Expiry
BBVA	Interest rate swap	2.015%	14,899	2019
Banco Santander	Interest rate swap	2.015%	13,266	2019
Kutxabank	Interest rate swap	2.015%	6,095	2019
Bankia	Interest rate swap	2.015%	7,847	2019
La Caixa	Interest rate swap	2.015%	1,318	2019
Banco Popular	Interest rate swap	2.015%	2,567	2019
BBVA	Interest rate swap	0.374%	793	2021
Banco Santander	Interest rate swap	0.374%	761	2021
Kutxabank	Interest rate swap	0.374%	328	2021
Bankia	Interest rate swap	0.374%	450	2021
La Caixa	Interest rate swap	0.374%	71	2021
Banco Popular	Interest rate swap	0.374%	138	2021
	Total		48.533	

The detail and expiry of these transactions on 31 December 2016 was as follows.

Institution	Instrument	Average interest rate	Nominal (thousand euros)	Expiry
BBVA	Interest rate swap	1.817%	19,546	2019
Banco Santander	Interest rate swap	1.817%	16,109	2019
Kutxabank	Interest rate swap	1.817%	7,400	2019
Bankia	Interest rate swap	1.817%	9,528	2019
La Caixa	Interest rate swap	1.817%	1,601	2019
Banco Popular	Interest rate swap	1.817%	3,117	2019
Total			57,301	

The effect of the variations in the hedging derivatives in 2017 was booked against the item “Adjustments for changes in valuation – hedging transactions” for a net amount of 668 thousand euros (447 thousand euros in 2016), with 101 thousand euros transferred to the P&L (2255 thousand euros in 2016) in 2017.

As part of the renegotiation of the syndicated financing contract on 27 July 2017, the Company took out certain interest rate hedges with the aim of at all times covering 80% of the principal still pending payment.

The interest rate swap instruments in force as of 31 December 2017 correspond to hedging transactions taken out by the Group as a result of the syndicated financing agreement (Note 11).

The Company has complied with the requirements detailed in Note 4.h about the valuation norms used to classify the financial instruments listed above as hedges. In particular, the derivatives have been formally recorded as such and it has been verified that the hedge is effective. Nothing ineffective has been found in the hedges recorded by the Company.

The sensitivity of the market value of these interest rate hedges to variations in the interest rate that the Company believes possible, and their impact on the result and shareholder equity in the years ending 31 December 2017 and 2016 is as follows:

	Thousand euros	
	Variation in interest rates (bp)	
	+0.25%	-0.25%
Fair value	335	(338)
Result Shareholder equity	241	(243)

following tables provide an analysis of the liquidity of the derivatives, corresponding to cash outflows based on non-discounted net cashflows, in thousands of euros:

Institution	Instrument	2018	2019	2020	2021
BBVA	Interest rate swap	1	54	5	(8)
Banco Santander	Interest rate swap	1	52	5	(7)
Kutxabank	Interest rate swap	-	22	2	(3)
Bankia	Interest rate swap	1	31	3	(5)
La Caixa	Interest rate swap	-	5	-	(1)
Banco Popular	Interest rate swap	-	9	1	(1)
BBVA	Interest rate swap	342	38	-	-
Banco Santander	Interest rate swap	304	34	-	-
Kutxabank	Interest rate swap	140	16	-	-
Bankia	Interest rate swap	180	20	-	-
La Caixa	Interest rate swap	30	3	-	-
Banco Popular	Interest rate swap	59	7	-	-
Total		1,058	292	16	(25)

X. TRANSACTIONS WITH RELATED PARTIES

Transactions with Group companies, mainly subsidiaries or companies effectively controlled by Vocento, are made at market prices (Note 4.m) and are recorded in the corresponding items of the P&L for 2016 and 2016 attached, as are the balances with Group companies, mainly subsidiaries or companies effectively controlled by Vocento, and recorded on the corresponding parts of the balance sheets attached for 31 December 2017 and 2016, as follows:

	Miles de euros											
	Saldos						Operaciones					
	Largo Plazo		Corto plazo				Ingresos por prestación de servicios (Nota 15.a)	Ingresos por dividendos en empresas participadas (Nota 15.a)	Otros gastos de explotación (Nota 15.c)	Ingresos financieros con empresas del Grupo y asociadas	Gastos financieros por deudas con empresas del Grupo y asociadas	
Créditos a empresas del Grupo y asociadas	Deudas con empresas del Grupo y asociadas	Clientes, empresas del Grupo y asociadas	Dividendos a cobrar	Créditos a empresas del Grupo	Deudas con empresas del Grupo y asociadas	Proveedores, empresas del Grupo y asociadas						
Ejercicio 2017												
Comerresa Prensa, S.L.U.	-	171.026	225	-	-	103.041	63	1.465	-	892	57	4.314
Veralia Corporación Producciones de Cine y Televisión, S.L.	9.447	-	-	-	1.439	-	-	-	-	-	532	-
Diario El Correo, S.A.U.	-	386	19	-	3.804	-	30	93	-	110	-	-
Comerresa País Vasco, S.L.U.	-	-	-	103.041	500	-	-	-	103.041	-	-	-
El Diario Vasco, S.A.	-	-	16	-	3.052	-	-	78	-	-	-	-
Bilbao Editorial Producciones, S.L.U.	4.125	1.438	2	-	-	409	3	12	-	26	-	-
Diario ABC, S.L.	15.723	-	41	-	2.396	-	6	82	-	224	885	-
ABC Sevilla, S.L.	1.042	-	6	-	159	-	-	11	-	-	59	-
Radio Pùbli, S.L.	1.202	-	-	-	183	-	-	2	-	-	68	-
Corporación de Medios de Extremadura, S.A.	728	-	4	-	111	-	-	19	-	-	41	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1.100	10	-	-	17	-	-	-	-	-	-	-
Sociedad Vascongada de Producciones, S.A.U.	-	35	2	-	16	-	-	8	-	-	-	-
Comercial Multimedia Vocento, S.A.U.	-	-	27	-	-	-	-	134	-	-	-	-
Otras sociedades del Grupo	-	968	93	-	41	29	2	467	-	49	73	-
Total	33.367	173.863	435	103.041	11.718	103.479	104	2.371	103.041	1.301	1.715	4.314

	Miles de euros										
	Saldos						Operaciones				
	Largo Plazo		Corto plazo				Ingresos por prestación de servicios (Nota 15.a)	Otros gastos de explotación (Nota 15.c)	Ingresos financieros con empresas del Grupo y asociadas	Gastos financieros por deudas con empresas del Grupo y asociadas	
Créditos a empresas del Grupo y asociadas	Deudas con empresas del Grupo y asociadas	Clientes, empresas del Grupo y asociadas	Créditos a empresas del Grupo	Deudas con empresas del Grupo y asociadas	Proveedores, empresas del Grupo y asociadas						
Ejercicio 2016											
Comerresa Prensa, S.L.U.	838	273.725	331	133	-	-	13	1.626	1.021	53	4.683
Veralia Corporación Producciones de Cine y Televisión, S.L.	9.501	-	-	1.509	-	-	-	-	-	557	-
Veralia Contenidos Audiovisuales, S.L.	1.479	-	-	235	-	-	-	-	-	87	-
Diario El Correo, S.A.U.	-	386	52	3.854	-	-	37	225	76	-	-
Comerresa País Vasco, S.L.U.	-	-	-	545	-	-	-	-	-	-	-
El Diario Vasco, S.A.	-	-	16	3.138	-	-	-	52	-	-	-
Bilbao Editorial Producciones, S.L.U.	4.125	868	4	-	556	-	2	7	23	-	-
Diario ABC, S.L.	15.813	-	43	2.512	-	-	6	50	242	1.006	-
ABC Sevilla, S.L.	1.047	-	3	166	-	-	-	4	-	67	-
Radio Pùbli, S.L.	1.209	-	-	192	-	-	-	1	-	77	-
Corporación de Medios de Extremadura, S.A.	732	-	4	116	-	-	-	13	-	46	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1.100	10	-	22	-	-	-	-	-	-	-
Sociedad Vascongada de Producciones, S.L.U.	-	-	2	79	-	-	-	5	-	-	-
Otras sociedades del Grupo	1	517	126	38	51	15	15	367	23	-	-
Total	35.845	275.506	581	12.539	607	73	73	2.350	1.385	1.893	4.683

The balances relating to the attributions made by the parent company Vocento, S.A. to its subsidiaries for the settlement of corporate income tax in the consolidation system (Note 13) are recorded under the following headings:

	2017	2016
Current payables to Group companies and associates	438	607
Non-current payables to Group companies and associates	2,837	1,781
Current investments in Group companies and associates (Loans to Group companies)	7,430	7,674
Non-current investments in Group companies and associates (Loans to Group companies)	4,126	4,126

In addition, the item “Long-term debt with Group companies and other associates” includes a balance to pay as of 31 December 2017 of 274,067 thousand euros (273,725 thousand euros in 2016) reflecting the current account balance held with Comerresa Prensa, S.L.U. This commercial contract for the current account is automatically renewed for annual periods unless both parties expressly decide not to. The Company directors believe this will not be the case in the short term. The balances with debtors generate a return based on the average 3-month Euribor rate for each quarter plus a differential calculated by Comerresa Prensa based on market conditions in the quarter, while balances with creditors represent a financing cost of 3-month Euribor plus a differential equivalent to the differentials applied by third parties to companies in the holding group for their financial instruments, a holding group of which Vocento S.A. is the most relevant according to the terms of the syndicated financing agreement of 2014.

Furthermore, in the item “Dividends to receive” the amount approved by Comerresa Pais Vasco, S.L. is included for 103,041 thousand euros as a dividend dated 27 December, with payment to be made in kind via the transfer of a liquid account receivable from Comerresa Prensa, S.L. This is recorded as “Short-term debt with Group companies and subsidiaries.”

Expenses incurred in 2017 because of this current account totalled 4,314 thousand euros (4,683 thousand euros in 2016) and are recorded on the attached P&L as “financial expenses and assimilated expenses from debt with Group companies and associates.

Finally, in 2014 the Company formalised various credit agreements with companies which cancelled bilateral lines, as part of the syndicated financing agreement for a total of 55,467 thousand euros (Note 11). Subsequently, Editorial Cantabria, S.A., Federico Domenech, S.A. and Habitatsoft, S.L.U. fully paid off the credit awarded to each of them for a total amount of 5,393 thousand euros. In the current year, Comerresa Prensa S.L.U and Veralia Contenidos Audiovisuales, S.L fully paid off pending credit of 2,700 thousand euros, with no other amortization of loans in force from the other companies (4,165 thousand euros in 2016). In 2017, as a result of the renegotiation of the syndicated financial agreement, the loans still in force have been modified and their expirations extended, with as a result the amount pending receipt on 31 December 2017 falling to 28,377 thousand euros and 4,402 thousand euros (30,619 thousand euros and 4,860 thousand euros on 31 December 2016), as recorded in “long-term investments in Group companies and subsidiaries”. These loans generate a return calculated under the same conditions as the syndicated financing agreement (Note 11), with the Company recording an amount of 1,354 thousand euros (1,569 thousand euros in 2016), as financial income accrued in the year under the item “Financial Income – tradable securities in Group companies” in the attached P&L.

In addition, as “Long-term investments in Group companies and subsidiaries” are recorded 1,100 thousand euros corresponding to the loan from Corporación de Medios Radiofónicos Digitales, S.A.U. to the company in 2012, of 800 thousand euros, extended by 300 thousand euros in 2013, which will expire in 2019.

XI. EVENTS AFTER THE CLOSE

There have been no significant relevant facts since the end of the period.

XII. EXPECTED FUTURE PERFORMANCE

VOCENTO’s course of action for 2018 is based on the following principles:

- i. Progress with digital transformation.
- ii. Diversify into new business areas.
- iii. Protect the profitability of the offline business.
- iv. Generate operating cash flow.

i. The digital strategy is focused on:

1. **Maximising digital advertising revenues:** the aim is to optimize advertising sales by using data analytics to segment audiences. These technologies also increase our understanding of users and improve their engagement and loyalty to VOCENTO brands.

Our commercial offering has been enhanced with the launch of new digital products and services, such as Local Digital Kit in 2017 in the SME segment. Our Classifieds portals constitute another service which differentiates VOCENTO.

2. Implementing payment-based models: with Ideal in 2018, there are now four VOCENTO portals which offer the ON+ payment service to their readers. In total, there are now more than 14,000 subscribers to ON+. This Premium model, which marks the end of the free content era, is based on high quality content, with innovation playing a major role, as well as on exclusive offers to subscribers. The service also enables a better understanding of the users, based on data analytics, helping us optimize the way we capture, retain and make loyal our readers.
3. Generate transactional revenues: Oferplan, a portal for discount offers and plans, is a responding to the changing needs of clients when it comes to making reservation plans. Data analytics are helping stimulate customer spending and generate new transactional businesses.

ii. In diversification, VOCENTO's aim is to acquire businesses that have some form of connection to its brands which can contribute to revenue growth. Furthermore, these new businesses are either profitable or close to breakeven in the short term. Finally, they increase the stability of the P&L and of cash flow, by reducing exposure to conventional advertising revenues.

As part of this strategy, the following acquisitions have been completed in recent quarters:

1. The acquisition of Madridfusión, a global leader in the gastronomy industry, with a high potential for international expansion and for the development of ancillary activities. The company, with San Sebastián Gastronomika (which belongs to VOCENTO), will form a new business area that will report on a separate basis from 2018.

This year, Gastronomika attracted 1,500 participants, 215 speakers from 45 nationalities (with more than 70 Michelin stars) and 13,000 professional visitors. Meanwhile, Madridfusión Congreso 2018 increased all its numbers from last year, with around 2,000 participants (+20% from 2017), 75 international speakers (with 55 Michelin stars), and 13,000 professional visitors.

2. The acquisition via M4E (Media for equity) of a 19% stake in Gelt, an online discount coupon application, 50% of Shows On Demand, an online platform for live music, and a stake in Music Has No Limits, a company which specialises in concert organisation.
3. The launch of Factor Moka, a communication and marketing agency focused on generating content which helps clients and their brands connect to their audiences.

iii. Actions aimed at protecting profitability, including increasing cover prices and reducing costs linked to circulation in order to maintain margins. In this area, the agreement in 2018 with Prisa to print some of its publications at Rotomadrid will enable further increases in operating margins.

Moreover, the implementation of restructuring measures enables the corporate structure to adapt to the performance of the traditional business.

iv. Generation of positive ordinary operating cash, financing investments in restructuring, digital and diversification.

XIII. ANNUAL REPORT ON COMMUNICATIONS POLICY WITH SHAREHOLDERS AND INVESTORS

1. Legal background

The Board of Directors of Vocento, S.A., in compliance with the recommendations for good governance of listed companies and with its INTERNAL RULES FOR CONDUCT IN SECURITIES MARKETS (the “**Rules**”) has agreed a COMMUNICATIONS POLICY for its shareholders and investors (the “**Policy**”), which aims to comply with the Rules and with the principles of transparency, accuracy, immediacy, equality and symmetry when disclosing information from the Company to shareholders, institutional investors and other interested parties, such as financial analysts, regulators, voting advisors, etc.

In compliance with this, the Company published the Policy on its corporate website and has prepared the current annual report about the practical application of the Policy in 2017

2. Principles of the policy

The first general channel for communicating to shareholders, investors and the markets in general is the Comisión Nacional del Mercado de Valores (“**CNMV**”), which publishes relevant facts on its website, facts which are then published on the Company website. In order to facilitate the inquiries of foreign shareholders and investors, the information that the Company publishes on its website is available as soon as possible in Spanish and English, with in the event of any discrepancy the Spanish version prevailing.

The relevant information of the Company is only distributed via other media once it has been published on these websites.

3. Application of the policy in 2017

a) Communications and contact with shareholders and other interested parties:

Over the course of 2017, the Company has maintained the usual communications channels with its shareholders, which include, as well as the online forum, the following:

- Communication of relevant facts to the CNMV – a total of 17.
- The corporate website, www.vocento.com, in accordance with the Policy.
- Presentations of financial results, which can be accessed by financial analysts and institutional investors, and which are scheduled well in advance of the date and time, with all the information needed for any interested party to access the conference call. The financial information disclosed in each presentation is sent to the CNMV as a relevant fact before the start of the presentation and is available on the Company website.
- The Shareholder Office supports the Secretary and Deputy Secretary of the Board of Directors in responding to shareholder questions from various channels (telephone number 902 404 073, email ir@vocento.com, or by post to Calle Pintor Losada, 7, 48004, Bilbao, Bizkaia), with 125 inquiries received in 2017.

b) Internal coordination for the disclosure of items that may contain inside information:

Over the course of 2017, the Company has applied the protocols of internal communication of the Policy in order to ensure that information is disclosed in conditions of transparency and symmetry.

c) Communication and contact with institutional investors and financial analysts:

Institutional investors are attended to an individual basis by the Investor Relations department. Furthermore, the Company has organised meetings about the progress of the Company and other questions of interest to analysts and institutional investors, always respecting the principle of equal treatment.

Specifically, the most significant actions at the Investor Relations department in 2017 included participations in conferences, events and seminars in Spain, above all in Madrid and Bilbao, and overseas in London, plus meetings to transmit the strategic messages and explain the public information available on other channels.

In 2017, Vocento participated in six conferences, organized nine meetings, and responded to a total of 99 institutional investors. In September 2017, Vocento organised a working lunch with institutional investors.

In total, eight financial analysts followed the Company in 2017, with the Investor Relations department responding to their queries in accordance with the criteria of the Policy.

d) Communications and contacts with voting advisors:

In 2017 the Company maintained fluid and recurring contact, as usual, with the main voting advisers, in particular by email ahead of the Shareholder Meeting of the year.

4. Conclusions

In 2017, Vocento fully complied with its Policy, as analysed by the internal audit department and the Audit and Compliance Committee.

XIV. ANNUAL REPORT ON CORPORATE GOVERNANCE

The Annual Report on Corporate Governance consists of 54 pages. It is attached to the Consolidated Management Report as established in Article 538 of the Law on Corporations. The report is also available on the website of the CNMV, www.cnmv.es.

XV. ANNUAL REPORT OF ACTIVITIES

The Annual Report on Activities of the Audit and Compliance Committee consists of 20 pages and is attached to the Consolidated Management Report in accordance with Article 18.8 of the Rules for the Board of Directors.

APPENDIX – SUSTAINABILITY REPORT

The obligation to report extra-financial information, in compliance with Royal Decree 18/2017 of 24 November 2017, has been met by the publication of a 109-page Sustainability Report for 2017.

APPENDIX

The Directors of VOCENTO, S.A. formulated on 27 February 2018 the annual accounts of VOCENTO, S.A. and the corresponding management report, resulting in the following documents: balance sheet, profit and loss account, and a cashflow statement, each on pages numbered from 1 to 4, the annual report of 41 pages numbered from 5 to 41 and an appendix of 6 pages, and a management report of 20 pages, including as Point XV the annual report on corporate governance and as Point XVI the annual report on activities of the Audit and Compliance Committee, plus the 2017 Sustainability Report. These documents can be found on paper with the letterhead of the company, numbered and written on one side only, as well as the current appendix, signed by each and every one of the members of the Board of Directors which has formulated them, with all pages signed by the Secretary of the Board of Directors for identification purposes.

Bilbao, 27 February 2018

D. Santiago Bergareche Busquet (Chairman)	D. Gonzalo Soto Aguirre (Deputy Chairman)
D. Luis Enríquez Nistal (Chief Executive Officer)	D. Fernando Azaola Arteché (Director)
D. Miguel Antoñanzas Alvear (Director)	D. Carlos Delclaux Zulueta (Director)
D. Enrique Ybarra Ybarra (Director)	MEZOUNA, S.L. (represented by D. Ignacio Ybarra Aznar)
D. Álvaro de Ybarra Zubiría (Director)	D. Gonzalo Urquijo y Fernández de Aroz (Director)
VALJARAFE, S.L. (represented by D ^a Soledad Luca de Tena García-Conde)	D. Fernando de Yarza López-Madrado (Director)
D. Carlos Pazos Campos (Secretary, non-director)	

vocento

ANNUAL CORPORATE GOVERNANCE REPORT

VOCENTO, S.A.

2017

Approved by the Board of Directors on [27] February 2018

ANNUAL CORPORATE GOVERNANCE REPORT**VOCENTO, S.A.****END OF REFERENCE YEAR: 31/12/2017****A.- STRUCTURE OF SHARE OWNERSHIP****A.1 Complete the following table for the company's share capital**

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
31/12/2001	24,994,061,20	124,970,306	124,970,306

Indicate if there are different classes of shares with different rights associated to them:

No

A.2 Detail the direct and indirect owners of significant stakes at the end of the year, excluding directors:

Name or Company name of shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Direct owner of stake	
Carmen Ybarra Careaga	0	Onchena, S.L.	6,836,456	5.47
Norges Bank	4,184,839			3.349
Santander Asset Management, S.A., SGIC	0	Santander Small Caps Europa, FI, y Santander Small Caps España, FI	4,970,325	3,977

Indicate the most significant movements in the shareholder structure in the year:

Not applicable

A.3 Fill in the following tables for members of the Board of Directors of the company with voting rights in company shares:

Name or Company name of director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	
Miguel Antoñanzas Alvear	10,089		0	0.008
Fernando Azaola Arteche	5,000	María Lourdes Zubiaga Carles	1,710	0.005
Santiago Bergareche Busquet	700	Pacto Parasocial	5,986,133	4.791
Fernando de Yarza López-Madrado	50			0.000004
Luis Enriquez Nistal	71,955		0	0.058
Mezouna, S.L.	13,843,275		0	11.077
Gonzalo Soto Aguirre	100			0.000008
Valjarafe, S.L.	12,609,314		0	10.090
Enrique Ybarra Ybarra	8,167,606		0	6.536
Álvaro de Ybarra Zubiría	4,463	Squirt Lines, S.L.	566,892	0.457

% total voting rights held by the Board of Directors	38.492012
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Fill in the following tables for members of the Board of Directors of the company with rights on company shares:

Name or Company name of director	Number of direct voting rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct owner	Number of indirect voting rights		

A.4. State any relationships of a family, commercial, contractual or company nature between major shareholders, to the extent that the company is aware of this, unless of little relevance or derived from ordinary business:

Not applicable

A.5. State any relationships of a family, commercial, contractual or company nature between major shareholders, and the company and/or group, unless of little relevance or derived from ordinary business:

Not applicable

A.6. State if the company has been informed of the shareholder agreements which affect it, in accordance with Articles 530 and 531 of the Law on Corporations. Describe briefly the shareholders bound by the pact, if applicable

Yes

Participants in the shareholder agreement	% of share capital involved	Brief description of the agreement:

<p>(i) DOÑA DOLORES AGUIRRE YBARRA Y OTROS; (ii) DOÑA PILAR AGUIRRE ALONSO-ALLENDE; (iii) DON EDUARDO AGUIRRE ALONSO-ALLENDE; (iv) DON GONZALO AGUIRRE ALONSO-ALLENDE; (v) DOÑA MARÍA ISABEL LIPPERHEIDE; (vi) DON GONZALO SOTO AGUIRRE (vii) BELIPPER, S.L.; (viii) ALBORGA UNO, S.L.; (ix) ALBORGA DOS, S.L.; (x) MIRVA, S.L.; (xi) GOAGA 1, S.L.; (xii) AMANDRERENA 1, S.L.; and (xiii) LIBASOLO, S.L.</p>	6.39%	<p>Published as a relevant fact on 23 April 2014, registration number 203864. Shareholders connected to the Aguirre family owning 7,989,012 shares (6.393%) reached a one-year agreement extendable automatically for one year, to appoint directors, recognising Gonzalo Soto Aguirre as the Director nominated by the participants to exercise their combined voting rights in the Shareholder Meeting. On 26 May 2014 Libasolo, S.L. assumed the place of Magdalena Aguirre Azaola and Carmen Aguirre Azaola. On 3 December 2014, Pilar Aguirre Alonso-Allende sold 8,670 shares in Vocento and the share capital covered decreased to 7,980,342 shares (6.386%).</p>
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State whether the Company is aware of the existence of concerted actions among its shareholders, and if so describe them briefly:

Yes, the actions described above.

State expressly any modification or breaking of these pacts, agreements, or joint actions in the year:

Not applicable

A.7. State if there is any individual or legal entity who exercises or could exercise control of the company, in accordance with article 5 of the Securities Market Law, and indicate them.

No

A.8. Complete the following tables about the company's treasury stock:

At the end of the year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
3,903,167	0	3.12%

Detail any major variations in the year, in accordance with Royal Decree 1362/2007

In 2017 there were the following significant variations to the share capital of Vocento:

1. In February 2017, all the Vocento shares held by Energy de Inversiones, S.L., i.e. 8,167,106 shares were transferred to D. Enrique de Ybarra Ybarra, the unique administrator and controlling partner of Energy de Inversiones, S.L. As a result, D. Enrique Ybarra Ybarra became a direct shareholder of Vocento, with a significant stake of 6.536% of capital.
2. In April 2017, D. Francisco García Paramés, the indirect controller of Cobas Asset Management, SGIIC, S.A., disclosed that he indirectly held 3,809,467 shares of Vocento, representing 3.048% of share capital, via Cobas Asset Management, SGIIC, S.A., which is the managing Company of the investment funds, Cobas Selección, F.I., Cobas Iberia, F.I. and Cobas Renta, F.I., who were direct shareholders of Vocento. However, in December 2017 he stated that the end-year position was less than the threshold for declaring a significant stake, as at that time he held indirectly only 2,855,630 shares, representing 2.285% of Vocento's share capital, via Cobas Asset Management, SGIIC, S.A., which is the managing company or the holder of an investment management mandate for AZ Multi Asset. Subfund: AZ Multi Asset – Bestvalue, Cobas Iberia, F.I. Cobas Selección, F.I. Cobas Lux SICAV: Cobas Global Fund Cobas Global, F.P. Cobas Mixto Global, F.P., who are direct shareholders in Vocento.
3. In December 2017, Norges Bank acquired 4,184,839 shares, representing 3.349% of the share capital of Vocento. It also owns 60,622 voting rights via financial instruments representing 0.049% of Vocento's share capital.

A.9. Detail the conditions and the duration of the mandate in force from the General Shareholder Assembly to the Board to acquire or transfer treasury stock

The Annual General Meeting of shareholders held on 28 April 2015 adopted the following agreement:

In accordance with the terms of Articles 146 and following and 509 of the Law on Corporations, and Article 7 of the Rules for the Internal Conduct of the Company, leaving without effect the authorisation awarded in the same area by the shareholder meeting of 14 April 2010, authorise and award powers to the Board of Directors for the company to acquire shares in the company itself under the following conditions:

1.- Means of acquisition: by trade or any other inter vivos transaction of those shares in the company that the Board of Directors considers appropriate, in the limits established in the following sections.

The shares to be acquired must be fully paid in, unless the shares are to be freely acquired, free of charges and of the obligation to make accessory payments.

2.- Maximum number of shares to acquire: a number of shares whose nominal value, in addition to those the acquiring company and its subsidiaries already possess, is not more than 10% of the total paid in share capital.

3.- Minimum and maximum acquisition price: the acquisition price will not be less than the nominal share price, or 20% more than the market price, on the working stock market day, the day before the acquisition.

4.- Duration of the authorisation: five years, from the adoption of this agreement.

The acquisition, including all the shares that the company has acquired before and holds in its portfolio, must in all events allow the company to establish the reserve stated in article 148 point c of the Law on Corporations, without leading to shareholder equity, as defined in article 146 section 1 point b of the Law on Corporations, being less than the sum of share capital plus the reserves that are not available in law or in the bylaws.

It is expressly authorised that the shares acquired by the company in the use of this authorisation may be used, partly or in full, to be sold or amortized and also to be delivered or sold to the workers,

employees, directors or service providers of the company, when there is a recognised right, either directly or as a result of the exercise of options belonging to them, in accordance with the last paragraph of Article 146, section 1 point a, of the Law on Corporations.”

A.9 bis estimated free float:

	%
Estimated free float	38.20%

A.10. State any legal and statutory restrictions on the transfer of shares and/or the exercise of voting rights. In particular, state any restrictions that could obstruct the acquisition of control of the company by the acquisition of its shares in the market.

Yes

There are no internal restrictions in the bylaws or rules of Vocento. However, an acquirer may be affected by other legal restrictions, because of either their specific situation or other limitations such as sector rules governing Vocento's position in certain areas (e.g. radio and television, in accordance with Article 25 and following of the General Law on Audiovisual Communication).

A.11. Indicate if the Shareholder Meeting has agreed to adopt measures for neutralisation of a public takeover bid as described in Law 6/2007.

No

If applicable, describe the measures approved and the terms in which the restrictions will become ineffective.

Not applicable

A.12 Indicate if the company has issued securities that are not traded in a regulated Community market.

No

If applicable, indicate the different classes of shares and for each class, the rights and obligations they grant.

Not applicable

B.- SHAREHOLDER MEETING

B.1. Indicate and detail any differences from the minimum quorum regime of the Law on Corporations (LSC) in terms of the quorum for a Shareholder Meeting:

None

B.2. Indicate and detail any differences with the minimum quorum regime of the Law on Corporations (LSC) for the adoption of shareholder agreements:

No

Describe any differences from the LSC.

Not applicable

B.3. Indicate the norms applicable to the modification of company bylaws. In particular, indicate the majorities needed for the modification of the bylaws and any rules for protecting shareholder rights when bylaws are modified.

In accordance with Article 12 of Vocento's company bylaws and the Rules for the General Shareholder Meeting, for a valid agreement to modify the bylaws at an ordinary or extraordinary shareholder meeting, it will be necessary for shareholders present or represented at the meeting to own at least fifty per cent of paid in capital with voting rights, at the first call. At the second call, the level will be twenty-five per cent. When shareholders representing less than fifty per cent of paid in capital with voting rights meet, the agreements covered by this paragraph can only be adopted with the favourable vote of two thirds of the capital present or represented at the meeting.

B.4. Provide attendance data for the general shareholder meetings held in the year covered by this current report and previous years.

Date of shareholder meeting	Attendance data (*)				Total %
	% physically present	% proxy	% distance vote		
			Electronic vote	Others	
20 April 2017	23.78	39.89	-	-	63.67%
26 April 2016	18.51	49.35	-	-	67.86

B.5. Indicate if there are any restrictions in the bylaws on the number of shares needed to attend the shareholder meeting:

Yes

Number of shares needed to attend the shareholder meeting	FIFTY (50)
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B.7. State the web site address for information on corporate governance and other information about general shareholder meetings that must be made available to shareholders on the Company's web site.

The web page http://www.vocento.com/accionistas_e_inversores.php provides access to the following sections for Vocento shareholders and investors:

- Start: ticker, latest information published, and other relevant facts
 - The company: Profile of the Company and Management Team.
- Shares: share price, share capital, treasury stock, significant holdings, shareholder remuneration policy, analysts, shareholder's space.
- Financial Information: annual reports, regular information, IPO prospectus, average payment period to suppliers
 - Relevant Facts
- Corporate Governance: company bylaws, committees and commissions, rules, Code of Ethics, annual reports on corporate governance, annual reports on director remuneration, and shareholder agreements.

- Shareholder Meeting: shareholder forum, calls for the Shareholder Meeting, proposed agreements, documentation, right to information, right to attend, voting rights, adoption of agreements, location.
- Corporate presentations
- Investor calendar
- Contact us

The General Shareholder Meeting of Vocento held on 26 June 2012, in accordance with Article 11 bis of the revised text of the Law on Corporations, approved its corporate website at www.vocento.com.

C.- ADMINISTRATIVE STRUCTURE OF THE COMPANY-

C.1. Board of Directors

C.1.1 Detail the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	18
Minimum number of directors	3

C.1.2 Complete the following table with members of the Board:

Name or Company name of director	Representative	Type of Director	Position on board	Date of 1st appointment	Date of last appointment	Electoral procedure
Santiago Bergareche Busquet	--	Nominee	Chairman	12/11/2013	12/11/2013	Co-opted
Gonzalo Soto Aguirre	--	Nominee	Deputy Chairman	26/04/2012	26/04/2012	Shareholder Meeting
Luis Enríquez Nistal	--	Executive	Chief Executive Officer	18/07/2011	26/04/2012	Shareholder Meeting
Fernando Azaola Arteche	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Mezouna, S.L.	Ignacio Ybarra Aznar	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Miguel Antoñanzas Alvear	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Álvaro Ybarra Zubiría		Nominee	Director	19/12/2017	19/12/2017	Co-opted
Enrique de Ybarra Ybarra.		Nominee	Director	28/02/2017	28/02/2017	Co-opted
Valjarafe, S.L.	Soledad Luca de Tena García-Conde	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting

Carlos Delclaux Zulueta		Independent	Director	23/02/2016	26/04/2016	Co-opted
Gonzalo Urquijo y Fernández de Araoz		Independent	Director	23/02/2016	26/04/2016	Co-opted
Fernando de Yarza López-Madrado		Independent	Director	23/02/2016	26/04/2016	Co-opted

Total number of directors	12
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State any terminations which have occurred at the Board of Directors in the period.

Name or Company name	Type of director	Date of termination
Energay de Inversiones, S.L.	Nominee	28 February 2017
Onchena, S.L.	Nominee	19 December 2017

C.1.3 Complete the following tables about the categories of members of the Board:

EXECUTIVE DIRECTORS

Name or Company name	Role at company
Luis Enríquez Nistal	CEO

Total number of executive directors	1
% of total Board	8.33%

EXTERNAL NOMINEE DIRECTORS

Name or Company name of director	Name or Company name of significant shareholder represented or who proposed appointment
Santiago Bergareche Busquet	Santiago Bergareche Busquet
Enrique de Ybarra Ybarra	Enrique de Ybarra Ybarra
Gonzalo Soto Aguirre	Dolores Aguirre Ybarra y otros
Mezouna, S.L.	Mezouna, S.L.
Álvaro Ybarra Zubiría	Carmen Ybarra Careaga / Onchena, S.L.
Valjarafe, S.L.	Valjarafe, S.L.

Total number of nominee directors	6
% of total Board	50

EXTERNAL INDEPENDENT DIRECTORS

Name or Company name of director	Profile
Fernando Azaola Arteche	Business
Miguel Antoñanzas Alvear	Business
Carlos Delclaux Zulueta	Business
Gonzalo Urquijo y Fernández de Araoz	Business
Fernando de Yarza López-Madrado	Business

Total number of independent directors	5
% of total Board	41.67

State if any director with the status of independent receives from the company or its group any amount or benefit other than a director's remuneration, or maintains or has maintained in the last year any business relationship with the company or any group company, in his own name, or as a significant shareholder, director or manager of any entity which has or has had such a relationship.

The group has ordinary business relationships with entities in which independent directors hold director and/or management positions, Elecnor, S.A. (where Don Fernando Azaola Arteche is a director and/or manager) and Viesgo Energía, S.L. (where Don Miguel Antoñanzas Alvear is a director and/or manager)

Fernando de Yarza López-Madrado is Chairman of Grupo Henneo and of Taller de Editores, S.A., in which Vocento and Grupo Henneo hold stakes. He is also a director at Distribuidora de Aragón, S.L. (DASA), Distrisoria Publicaciones y Distribución Soria, S.L. in which Vocento and Grupo Henneo hold direct or indirect stakes. These companies have business relations with Vocento and its subsidiaries, including the distribution of publications, advertising sales, and the preparation of weekend supplements.

If applicable, include a statement from the board for the reasons why they believe this director can carry out his functions as an independent director.

Name or Company name	Description of relationship	Declaration
Fernando Azaola Arteche	Supply of products and services from Elecnor, S.A or subsidiaries	These business relations (i) use contracts with standardized conditions, (ii) with generally established prices and tariffs, and (iii) are not of a significant

Miguel Antoñanzas Alvear	Supply of electricity from Viesgo Energía, S.L. or subsidiaries	amount. The Board believes, following a report from the Appointments and Remuneration Committee, that the business relations with Fernando de Yarza López-Madrado do not prevent him for carrying out his functions as an independent director.
Fernando de Yarza López-Madrado	Distribution of publications, advertising sales, preparation of weekend supplements	

OTHER EXTERNAL DIRECTORS

Identify any other external directors and include the reasons why they are not considered to be nominee or independent, plus any links to the company, directors or shareholders:

None

Indicate any variations that may have occurred in the year in the status of each director.

Not applicable

C.1.4 Complete the following table with information about the number of female directors in the last 4 years, and the status of these directors:

This includes only Doña Soledad Luca de Tena García-Conde, the representative of Valjarafe, S.L., a nominee director since 2012.

	Number of female directors				% of total directors of each type			
	2017	2016	2015	2014	2017	2016	2015	2014
Executive	0	0	0	0	0	0	0	0
Nominee	1	1	1	1	16.67%	16.67%	14.29%	12.25%
Independent	0	0	0	0	0	0	0	0
Other external	0	0	0	0	0	0	0	0
Total:	1	1	1	1	8.33%	8.33%	10%	8.33%

C.1.5 Explain any measures taken to try to include on the board a number of women which allows for a balanced presence of men and women.

Explain the measures

On 16 February 2015 the Appointments and Remuneration Committee unanimously approved a plan with targets for the representation of women on the Board, with the aim of achieving a balance between men and women on the Board.

C.1.6 Explain any measures adopted by the appointments committee so that selection procedures do not suffer from the implicit biases that may prevent the selection of female directors, so that the company deliberately looks for women with the right professional profile and includes them in its potential candidates:

Explanation
<p>The measures approved in the plan for targets of female representation in the Board implemented by the Appointments and Remuneration Committee include:</p> <ul style="list-style-type: none"> ▪ When an Independent Director or an Executive Director is needed to fill a vacancy or to increase their number: <ul style="list-style-type: none"> ○ the selection procedure will not suffer from the implicit bias that is an obstacle to selecting women; ○ there will be a deliberate search for women with the right professional profile as potential candidates; and ○ when it comes to recommending to the Board the appointment of a Director, the need for a balance between men and women will be taken into consideration. ▪ When a Nominee Director is to be appointed, to replace a current director or because a new shareholder requests, the shareholder will be requested to bear in consideration the need for a balanced number of men and women.

When despite any measures adopted, the number of female directors is low, explain the reasons for this:

Explanation
<p>Vocento has responded to the requests of significant shareholders to appoint nominee directors, all of whom have been ratified by the General Shareholder Meeting. For the appointment of independent women directors processes were put in place to identify female candidates, but in the end the best candidates were men.</p>

C.1.6 bis Explain the conclusions of the appointments committee about the verification of compliance with the selection policy for directors. In particular, about how this policy is promoting the target that in 2020 the number of female directors will represent at least 30% of the total members of the Board.

There have been no nominations enabling the Committee to verify compliance with its policy for selecting directors. For the appointment of female directors, processes were established to identify female candidates, but the best candidates were men. Nevertheless, the Appointments and Remuneration Committee reiterates its commitment to complying with the targets of the female

representation plan it has drawn up and will continue to include women in its proposals for appointments as directors.

C.1.7 Explain the representation on the board of shareholders with significant stakes

All shareholders with a stable shareholding considered by the Board of Directors as Vocento as significant, and who have requested a position, are represented on the Board of Directors.

C.1.8 Explain if applicable the reasons why nominee directors have been appointed by shareholders with a stake of under 3% of share capital.

Not applicable

Indicate if any formal requests for a position on the Board from shareholders with an equal or higher stake than others with nominee directors have been granted. If not, explain why

No

C.1.9 Indicate if any director has abandoned his role before the expiry of the mandate, if the director has explained their reasons and in what medium to the Board, and if this has been in writing to the entire Board, explain the motives given:

Name of director	Reason for termination
Energy de Inversiones, S.L.	Energy de Inversiones, S.L. resigned as a director in writing on 28 February as a result of the transfer of its shares in Vocento to its majority shareholder. D. Enrique de Ybarra Ybarra, who was appointed director to replace Energy.
Onchena, S.L.	Onchena, S.L. resigned in writing on 19 December 2017, requesting that the person who until then has been its physical representative, D. Álvaro Ybarra Zubiría, replace it as its nominee director.

C.1.10 State, if applicable the powers delegated to the executive director(s):

Name or Company name of director	Brief description

Luis Enríquez Nistal	As chief executive officer, he can exercise all powers except for those which legally or statutorily cannot be delegated in accordance with Article 19 of the company bylaws and Article 14 of the Rules for the Board of Directors, with the limitation of the second paragraph of the last article of these rules, which says that any operation of over 3 million euros must be informed to the executive committee by the chief executive officer prior to being carried out.
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C.1.11 identify if applicable the members of the Board who have a director's or management role in other companies that form part of the group of the listed company:

Name or Company name of director	Company name of group entity	Position	Executive functions?
Luis Enríquez Nistal	Comeresa Pais Vasco, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Comeresa Prensa, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Corporación de Nuevos Medios Digitales, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Diario ABC, S.L.	Director	No
Luis Enríquez Nistal	Diario El Correo, S.A.	Director	No
Luis Enríquez Nistal	Federico Domenech, S.A.	Director	No
Luis Enríquez Nistal	Radio Publi, S.L.	Chairman and CEO	Yes
Luis Enríquez Nistal	Sociedad Gestora de Televisión Net TV, S.A.	Chairman	No
Enrique de Ybarra Ybarra	Diario El Correo, S.A.	Chairman	No
Enrique de Ybarra Ybarra	Sociedad Vascongada De Publicaciones, S.A.	Director	No
Enrique de Ybarra Ybarra	Editorial Cantabria, S.A.	Director	No
Enrique de Ybarra Ybarra	Diario Abc, S.L.	Director	No

C.1.12 : Detail if applicable the directors of the company who are members of the Board of Directors of other companies, distinct from the group, that are listed on Spanish stock markets and of which the company has been notified:

Name or Company name of director	Company name of listed entity	Position
Fernando Azaola Arteche	Elecnor. S.A.	Chairman
Santiago Bergareche Busquet	Ferrovial, S.A.	Deputy Chairman
Santiago Bergareche Busquet	Nmas1 Dinamia, S.A.	Deputy Chairman
Carlos Delclaux Zulueta	Vidrala, S.A.	Chairman
Gonzalo Urquijo y Fernández de Aroz	Abengoa, S.A.	Chairman
Gonzalo Urquijo y Fernández de Aroz	Gestamp Automoción, S.A.	Director

C.1.13 State and explain if the company has established rules on the number of boards which its directors may be part of:

YES

Explanation of the rules
In accordance with Article 29.3 of the Rules of the Board, the directors may not, except for express authorisation of the board, after a report from the appointments and remuneration committee, form part of more than 8 (eight) boards, excluding (i) companies which are part of the same group as the company, (ii) the boards of family companies of directors or their families, and (iii) the boards of which they form part because of professional relations.

C.1.15 State the total remuneration of the Board of Directors:

Remuneration of board of directors (thousand euros)	1,565.84
Accumulated pension rights of current directors (thousand euros)	0
Accumulated pension rights of former directors (thousand euros)	0

C.1.16 Identify the members of senior management who are not executive directors and indicate the total remuneration paid them in the year:

1,828 thousand euros

Name	Position(s)
Iñaki Arechabaleta Torrónategui	Director General of Business
Ana Delgado Galán	Director General ABC

Rafael Martínez De Vega	Director General of CM Vocento
Joaquín Valencia Von Korff	CFO
Enrique Marzal López	Director of Internal Audit
Íñigo Argaya Amigo	Director General of HR and Organisation
Fernando Gil Lopez	Director General of Operations and Quality
Cristina Martín Conejero	Director General of Digital Strategy and Classifieds
Oscar Campillo	Director of Communication

Total remuneration for senior management (thousand euros)	1,820
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C.1.17 State the identity of any members of the board who are also members of the board of directors of companies who are significant shareholders and/or in group entities.

Not applicable

Detail any relevant relationships apart from those in the previous item, between members of the board and significant shareholders and/or group entities:

Not applicable

C.1.18 Indicate if there have been any modification to the rules of the board in the year:

No

C.1.19 State the procedures for appointment, re-election, evaluation and removal of the directors. Detail the competent bodies, the procedures to be followed, and the criteria used in each procedure.

In accordance with Article 16 of the company bylaws, the designation of the directors corresponds to the AGM, the mandate will last for four years, and they may be re-elected one or more times.

According to Article 24 of the rules of procedure for the board, the directors will leave their position after the expiry of the period for which they were appointed, applying Article 145 of the rules of the mercantile registry, and when the shareholder meeting decides this in the use of the attributions it has been awarded.

Persons appointed as directors will have to meet the conditions demanded by law, by the bylaws or the Rules for the Board.

The regulation of these procedures is found, in addition to the legislation, also in Article 16 of the company bylaws which establish the composition of the board of directors and the duration of the role, and in Articles 10, 11, 22, 23 and 24 and of the procedures of the board of directors, which establish the qualitative and quantitative composition of the board, and the procedures for appointment and re-election, and the duration and dismissal of directors.

C.1.20 Indicate if the annual assessment of the Board of directors has led to major changes in its internal organisation and the procedures applicable in its activities:

The assessment of the Board determined the need to implement an action plan for the Board, including the following points: (i) agree on the major strategic challenges (corporate and business) facing Vocento: (ii) implement improvements to the Corporate Governance of the Board: (iii) define the role and succession plan for the Chairman: (iv) succession plan and external evaluation of the CEO and Management Team; and (v) review of the remuneration scheme for the Management Committee to align it with shareholder interests. Over the course of 2017, this plan was implemented by the Appointment and Remuneration Committee, addressing issues such as the succession plan for the Chairman and CEO and the review of the remuneration scheme for the CEO and management committee, supported by an external adviser.

C.1.20.bis Describe the process of assessment and the areas assessed that the Board has carried out with the support if applicable of an external consultant, covering the diversity of its membership and competencies, the functioning and membership of its committees, the performance of the Chairman and the chief executive and the performance of each director.

In February 2017, the Board began a process of assessing its functioning in 2016, supported by the external consultant Egon Zehnder, covering the following areas: (i) Structure and Membership of Board and Committees: (ii) Functioning of the Board: structure of meetings, information flows, dynamics of meetings, Secretary General of the Board, Internal Relations, work as a team; (iii) Responsibilities – contribution of the Board (general), approval of strategy and targets, monitoring and control of management, development and monitoring of management team; (v) Committees of the Board: Executive Committee, Appointments and Remuneration Committee, Audit and Compliance Committee. Egon Zehnder carried out personal interviews with all Vocento directors, who also filled in a specific questionnaire for each item. The result of the assessment was presented to the Board on 24 March 2017 and set down in the minutes.

Furthermore, at the beginning of 2018, a process began for assessing the functioning of the Board in 2017, including the diversity of its composition and competences, the functioning and composition of its Committees, the performance of the Chairman of the Board of Directors and of the CEO. The result of the assessment was presented to the Board of Directors and recorded in the minutes.

C.1.20.ter. State any business relations that the consultancy or any of its group companies maintains with the Company or any group company.

Not applicable

C.1.21 State the circumstances in which directors are obliged to resign.

Article 24 of the Rules for the Procedure of the Board covers the circumstances in which a director must resign.

Mainly, directors must leave their position when the mandate for which they were nominated expires, upon application of Article 145 of the Rules of the Mercantile Registry and when the General Shareholder Meeting so decides in the use of the powers delegated to it.

In addition, a director must inform the board and resign in those cases which could damage the standing and reputation of the company, and in particular:

a) when the reasons for their appointment disappear, when there is a circumstance in which the entity or business group represented by a director no longer have a significant shareholding in the share capital of the company or reduces its holding to a level that requires the reduction of the number of its

nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the rules.

b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established.

c) when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.23 Are there greater majorities required for any sort of decision except for those in legislation?

No

If applicable, describe the differences.

Not applicable

C.1.24 Indicate if there are specific requirements, different from those concerning directors, for appointments to the position of Chairman of the Board.

No

C.1.25 Indicate if the Chairman has a casting vote:

Yes

Areas where there is a casting vote
All

C.1.26 State whether the Bylaws or Rules for the Board establish an age limit on directors:

Chairman age limit	CEO age limit	Director age limit
No	No	No

C.1.27 State whether the Bylaws or Rules for the Board establish limits on the mandate for independent directors, which are different to those established in legislation:

No

C.1.28 State whether there are specific rules in the bylaws or Rules for the Board for the delegation of votes in the Board of Directors, describe these procedures and in particular the maximum number of delegations that a director can award, and whether it is obligatory to delegate votes only to directors of the same class. If applicable, briefly detail these rules.

In accordance with Article 17 of the company bylaws the directors may only be represented in the board by another member of the Board. The representation must be awarded in writing to the Chairman of the Board, and must be specific for each meeting.

Article 21.2 of the Rules of the Board establishes that when representation of directors is indispensable, it must be awarded to another member of the board in writing to the Chairman, with instructions and of a specific nature for each meeting.

There are no limitations as to the categories where delegation is possible, beyond the limitations laid down in the law.

C.1.29 State the number of meetings of the Board of Directors in the year. Indicate any times that the board has met without the presence of the Chairman. Include as attendances any delegations established with specific instructions.

Number of Board meetings	11
Number of Board meetings without the Chairman	0

If the Chairman is also an executive director, indicate the number of meetings held without the presence or representation of any executive director and under the chair of the coordinating director.

Number of meetings	-
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State the number of meetings held in the year by the various committees of the Board

Number of meetings of the Executive Committee	6
Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Appointments and Remuneration Committee	6

C.1.30 State the number of meetings held by the Board of Directors in the year without the full attendance of all members, including as attendances any proxies established with specific instructions.

Number of meetings with all directors present	11
as a % of total votes in the period	100

C.1.31 State if the annual individual and consolidated accounts that are presented for approval of the board are previously certified:

No

Identify, if applicable, the person(s) who have certified the individual and consolidated annual accounts of the company, for their formulation by the board:

Not applicable

C.1.32 Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated accounts drawn up by it from being presented in the General Shareholder Meeting with qualifications in the audit report.

Yes

Article 18 of the Rules for the Board establish the functions of the Audit and Compliance Committee and specify that it is the task of the Committee to assist the Board of Directors in supervising the effectiveness of the company's internal controls and in the preparation and presentation of financial information, so that it complies with all regulations for both the company and the group. Likewise it must inform the board about the financial information that, as a listed company, the company must publish regularly. Furthermore, the Rules for the Audit and Compliance Committee approved by the Board of

Director son 19 December 2017, assume the obligations indicated Article 18 of the Rules for the Board of Director.

C.1.33 Is the Secretary of the Board also a director?

No

If the Secretary is not a director, complete the following table:

Name or company name of director	Representative
Carlos Pazos Campos	-

C.1.35 State, if applicable any mechanisms established by the company to preserve the independence of the external auditor, of financial analysts, of investment banks and of rating agencies.

In accordance with Article 18 of the Rules for the Board of Directors, and Article 12 of the Rules for the Audit and Compliance Committee, the Audit and Compliance Committee has among its functions that of ensuring the independence of the external auditors, and to this end it is obliged to:

- i. Present to the Board of Directors proposals for the selection, appointment, re-appointment and replacement of the external auditor, as well as the conditions for the contract, and to collect regularly information about the audit plan and its implementation, as well as to preserve its Independence when carrying out audit functions.
- ii. Establish the relations needed with the external auditor to be able to receive information about those questions which may endanger their Independence, to be assessed by the Committee, and any other question related to the process of account auditing, as well as all those others communications established by account auditing legislation and auditing norms. At all times, they must receive annually from the external auditors a declaration of their independence from the entity or entities directly or indirectly related to it, plus information about additional services provided of any other type and the corresponding fees received from these entities by the external auditor or related parties, in accordance with the legislation on account auditing.
- iii. In the event of the resignation of the external auditor, examine the circumstances which led to this.
- iv. Ensure that the remuneration of the external auditors for their work does not compromise its quality or independence.
- v. Make sure that the company informs the CNMV as a relevant fact of any change to the auditor, accompanied by a declaration about any eventual disagreements with the outgoing auditor and the substance of any disagreement.
- vi. Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform them about the work carried out and the development of the Company's accounts and risks.
- vii. Ensure that the company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the Independence of auditors.
- viii. Each year, before the publication of the report from the account auditor, publish a report expressing an opinion about the independence of the auditor. This report must always contain the amount received for additional services carried out by the auditor, individually and combined, extra to legal audit services, and related to their independent status or the regulatory norms governing audits.
- ix. Each year carry out an assessment of the auditor's services and how they have contributed to the

quality of the audit and the integrity of financial information.

No specific mechanisms have been established to preserve the independence of financial analysts, investment banks and rating agencies.

C.1.36 State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

No

State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

Not applicable

C.1.37 State whether the audit firm carries out other work for the company and/or group apart from auditing, and if so declare the amount of fees and the percentage of these as a proportion of the fees billed to the company and/or group.

Yes

	Company	Group	Total
Amount received for non-audit work (thousand euros)	2	87	89
Amount for non-audit work as a % of total billings from the audit firm	3.39	23.64	14.86

C.1.38 State whether the Auditors Report on the Annual Accounts of the previous year has reservations or qualifications. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

No

C.1.39 State the number of years that the current audit firm has without interruption audited the annual accounts of the company and/or group. Also indicate the percentage which this number of years audited by the firm is of the total number of years in which annual accounts have been audited:

C.1.38

	Company	Group
Number of consecutive years	3	3
Number of years audited by the current firm/ number of years that the firm has been audited (%)	10.71%	10.71%

C.1.40 State and detail if there is a procedure by which Directors may use external advice

Yes

Detail of the procedure
<p>In accordance with Articles 26.3 and 27 of the Rules for the Board of Directors, so that they can be supported in carrying out their functions, external directors may agree as a majority to hire at Vocento's expense legal, accounting, financial and other expert advice. This must be in connection with specific problems of a certain kind that are encountered in their work as director. The decision to hire these services must be informed to the Chairman and may be vetoed by the Board of Directors if a) it is no considered necessary for the performance of the functions of external Directors, b) the expense is not reasonable given the importance of the problem, c) the technical advice needed can be provided adequately by the Company's own experts and technicians, or d) it may result in risks to the confidentiality of the information that is to be handled.</p> <p>Furthermore, in accordance with Article 18 of the Rules for the Audit and Compliance Committee, the Company will provide the financial resources needed for members of the Committee to receive external advice in questions relating to legal issues, accounting, valuation or risks, or any other area that may require it.</p>

C.1.41 Indicate and detail if there is a procedure by which Directors can have the information necessary for preparing the meetings of administrative bodies with sufficient time:

Yes

Detail of the procedure
<p>In accordance with Articles 20 and 26 of the Rules for the Board of Directors, duly summarised and prepared information will be presented to the Board if enough notice is given before a Board meeting. When the Chairman believes this inadvisable for reasons of security, the information will not be sent and directors will be advised that they may examine it at the company headquarters. In addition, as indicated above, in order to be supported in carrying out their functions, external directors may agree by majority to hire the services of legal, accounting, financial and other experts at the Company's expense.</p>

C.1.42 State and detail if the company has established rules which oblige directors to report on and resign in cases where the credit or reputation of the company could be damaged:

Yes

Yes

Explain the rules

According to Article 24 of the Rules for the Procedure of the Board, directors must inform the board and resign in those cases which could damage the standing and reputation of the company, either for being prosecuted for those crimes established by Article 213 of the Law on Corporations or: a) when the reasons for their appointment disappear, i.e. when there is a circumstance in which the entity or business group represented by a director no longer has a significant shareholding in the share capital of Vocento or reduces its holding to a level that requires the reduction of the number of its nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the Rules; b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established; and c) when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.43 State if a member of the Board of Directors has informed the company if he has been tried or a trial will start against him for any of the crimes indicated in article 213 of the Law on Corporations:

No

State if the Board of Directors has analysed the case. If so, explain the reasoning for the decision made about the appropriateness of the director continuing or not in the position, or if applicable detail the steps taken by the Board of Directors by the date of publication of this report or the steps planned.

Not applicable

C.1.44 Detail any significant agreements that the company has reached that enter into force, are modified or are terminated in the event of a change in control of the company following a public takeover offer, and the effects of these agreements.

The long-term syndicated financing agreement signed on 21 February 2014 with nine financial institutions with Banco Bilbao Vizcaya Argentaria, S.A. acting as the lead bank, was renewed on 20 July 2017, for a maximum amount of €101,121,828.52. The Contract contains a clause as a result of which in the event of a change of control at Vocento S.A. cancels the financing completely, in which case Vocento S.A. would have to pay back the full amounts due under the financing agreement. A change of control is understood as taking place when any individual or legal entity (including any current shareholder of Vocento S.A.) acting on an individual or concerted basis, acquires directly or indirectly more than 50% of the share capital or voting rights of Vocento, S.A., the right to appoint or replace more than half the members of the Board of Vocento, S.A. or the control of Vocento, S.A. according to the terms of Article 42 of the Commercial Code.

C.1.45 Identify on an aggregate basis and detail the agreements between the company and directors, managers or employees that provide for compensation payments, protection clauses or guarantees in the event of their resignation or unfair dismissal or if the contractual relationship changes following a public takeover bid or other operation

Number of beneficiaries	8 (EIGHT)
Type of beneficiaries	CEO, Senior Management and other managers

Description of the agreement	<p>CEO</p> <p>The Chief Executive Officer has in his contract the right to compensation of two times the amount received in the previous 12 months if the labour relationship is terminated by Vocento with no justified reason.</p> <p>Senior Management</p> <p>Some members of Senior Management have a clause in their contracts that includes compensation for unfair dismissal, with an amount that varies from that established in law to 2 years of fixed annual salary plus the variable compensation of the last 12 months.</p> <p>Other Management</p> <p>On an exceptional basis, the contracts of managers at lower levels also include, in some cases, clauses of this nature, establishing 1 gross year's salary of compensation</p>
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State if these contracts must be informed to and/or approved by company or group bodies:

	Board of directors	Shareholder Meeting
Body authorising the clauses	Yes	No

Is the Shareholder Meeting informed about the clauses?	No
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C.2. Committees of the Board of Directors

C.2.1. Detail all the committees of the Board of Directors and their members and the proportion of executive, nominee, external and independent directors on them:

EXECUTIVE COMMITTEE

Name	Position	Type
Santiago Bergareche Busquet	Chairman	Nominee

Luis Enriquez Nistal	Member	Executive
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Urquijo y Fernández de Aroz	Member	Independent
Álvaro Ybarra Zubiría	Member	Nominee
Mezouna, S.L.	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	1	14,3%
Nominee directors	4	57,1%
Independent directors	2	28,6%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: To act as the delegated body of the Board of Directors

Procedures and rules for organisation and functioning: contained in Article 17 of the Rules for the Board, in particular:

- The Committee will be composed of a minimum of five and a maximum of eight directors, and will be chaired by the Chairman of the Board. The Secretary of the Board will serve as Secretary of the Committee and if the Board has a deputy secretary this person will also have that role at the Committee.
- The Board of Directors will ensure that the size and composition of the Committee is efficient and that the participation of the various categories of director is similar to the composition of the Board
- The permanent delegation of the faculties of the Board of Directors will cover all faculties of the Board, except for those that legally or by the bylaws cannot be delegated or those faculties the Rules declare cannot be delegated. The agreements of the Executive Committee will be adopted with an absolute majority of members, whether present or represented.
- The Executive Committee will meet whenever called by its Chairman.
- The Board will always be made aware of the matters discussed and the decisions taken by the Executive Committee; the chairman will present the corresponding report to the Board meeting. All members of the Board will receive at the end of the year a copy of the minutes of the meetings of the Executive Committee

Most important actions in the year: The Executive Committee met six times in 2017 to support the CEO, exercise the supervisory function delegated by the Board and review financial information in the months when the Board did not meet.

Indicate if the membership of the executive committee reflects the participation in the Board of the different types of director:

Yes

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
Miguel Antoñanzas Alvear	Chairman	Independent
Fernando de Yarza López-Madrado	Member	Independent
Carlos Delclaux Zulueta	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	0	0%
Nominee directors	2	40%
Independent directors	3	60%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general those allocated by Article 529 point 14 of the LSC and the Code of Good Governance for Listed Companies, as reflected in Article 18 of the Rules for the Board (**Rules BoD**) and by Articles 10 to 13 of the Rules for the Audit and Compliance Committee (**Rules ACC**).

Procedures and rules for organisation and functioning: contained in Article 18 of the Rules for the Board and Articles 7 to 9 of the Rules ACC, in particular:

- The Committee will consist of a minimum of three and a maximum of five external directors appointed by the Board. The majority of them will be independent directors. The Chair will be appointed by the Board from the independent directors and must be substituted every four years, and can be re-elected one time one year after leaving the position. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of the Committee and in particular its chairman will be appointed based on their understanding and experience in accounting, auditing, management, the control of financial and non-financial risks, and information technologies, or various of these areas.
- To establish that a director has the understanding and experience needed in accounting, audits, or both, the director must have:
 - a) an understanding of accounting norms, or auditing, or both;
 - b) a capacity to assess and interpret the application of accounting norms;
 - c) experience in preparing, auditing, analysing or assessing financial statements of some complexity, similar to those of the entity itself, or experience in supervising one or more people involved in these tasks;
 - d) understanding the mechanisms of internal control which are related to the process of preparing financial reports.
- The committee will prepare an onboarding programme for new members to ensure that all of them have the required minimum understanding and to facilitate their participation from the start.
- Furthermore, the Committee will have a regular training plan to ensure updated knowledge of developments in accounting norms, the specific regulatory framework for the company's activity, internal and external audits, risk management, internal controls and relevant technological developments for the company.
- A member of the Committee will leave it as soon as they are no longer directors of the Company or when the Board of Directors decides this, or expressly requests it from the member.
- The Audit and Compliance Committee will meet whenever the Board or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted

In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators. In these cases, the committee may also request the presence of the internal auditor and account auditor, at those points of the order of the day to which they are invited. At least part of these meetings with the internal or account auditor must take place without the presence of management. Any executive director, member of the management team, or Company employee will be obliged to attend the committee meetings and cooperate and provide access to the information they have, when so requested.

- Meetings will be called by the secretary of the committee in compliance with the orders from the chairman. All members will be invited in writing, by e-mail or telephone with sufficient notice, with the order of the day included alongside any other documentation that may be relevant for the meeting.
- The committee will be validly in session when half plus one member are present or represented.
- Except in those cases when a greater majority is specifically required, agreements will be adopted by the absolute majority of the committee members who are present or represented at the meeting.
- discussions and agreements of the committee will be recorded in minutes signed by the secretary with the approval of the Chairman, or by those in their place. The minutes will be approved by the committee at the end of the meeting or the start of the next meeting.

Most important actions in the year: the Committee met 8 times in 2017. Its main actions were: (i) monitoring the functioning of the SCIIF; (ii) reviewing the work of the external auditors; (iii) monitoring the plans of internal audit and their proposals for updates; (iv) analysis of the main tax issues involving the Group; (v) the review of financial information and other reports to be published for the market; (vi) review of the independence of external auditors; (vii) the implementation and monitoring of the System for the Prevention and Response to Crime; (viii) the monitoring of the management of business risks; (ix) monitoring the Information Security Plan; and (x) the preparation and proposals for the Rules for the Committee, which were approved by the Board of Directors on its meeting of 19 December 2017.

Identify the director of the Audit Committee who has been appointed Chair as a result of their understanding and experience in accounting, auditing or both, and state the number of years that person has been Chair:

Name of experienced Director	Gonzalo Soto Aguirre.
Number of years as Chairman	3

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Fernando Azaola Arteché	Chairman	Independent
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Mezouna, S.L.	Member	Nominee

	Number	Percent
Executive directors	0	0%
Nominee directors	2	50%
Independent directors	2	50%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general terms those allocated by Article 529 point 15 of the LSC and Code of Good Governance for Listed Companies, and as reflected in Article 19 of the Rules for the Board of Directors.

Procedures and rules for organisation and functioning: contained in Article 19 of the Rules for the Board, in particular:

- The Committee will comprise of a minimum of three and a maximum of five external directors, appointed by the Board of Directors based on their understanding, skills and experience for these functions. At least two will be independent directors. The Chair must be an independent director and will be appointed by the independent directors of the Board. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of this Committee will resign as soon as they resign as directors of the Board.
- The Appointments and Remuneration Committee must consult the Chairman and CEO, especially in matters concerning the executive directors and Senior Management.
- Any Company director may request the Appointment and Remuneration Committee to take into consideration potential candidates that they believe suitable for covering director vacancies.
- The Committee will meet each time that the Board or the Chair request a report or proposals covered by its competencies and whenever the Chairman, or two members of the Board call it or whenever a report is needed for the Board to come to the corresponding agreements. The Committee will meet in any event to review information that is within its competencies and which will be included in regular public information that will be sent to the markets and the regulator, and to prepare the information about the remuneration of directors, which the Board must approve and include within its annual public documentation. Any executive director or member of the management team or company employee required to will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have.
- The Board will always be made aware of the issues discussed and the decisions taken by the

Appointments and Remuneration Committee, with the chairman of the Committee required to present a corresponding report to the meetings of the Board. All members of the Board will receive a copy of the minutes of the meetings of the Appointments and Remuneration Committee.

Most important actions in the year: The Appointment and Remuneration Committee met six times in 2017. Its main actions were: the review of the compensation system for the Directors and Chairman, (ii) the review of the fixed and variable compensation of the CEO and senior management, (iii) the preparation and monitoring of long-term incentive plans, (iv) reports about appointments to the Board and Committees of the Board, (v) approval of the training plans for Directors, and (vi) the approval of annual reports in its area of competence.

C.2.2. Complete the following table with information about the number of female directors who have been members of the Board of Directors at the end of the last four years:

	Number of female directors			
	2017 Number - %	2016 Number - %	2015 Number - %	2014 Number - %
Executive Committee	1 (14.29%)	1 (14.29%)	1 (16.67%)	1 (14.28%)
Audit and Compliance Committee	1 (20%)	1 (20%)	1 (25%)	1 (25%)
Appointments and Remuneration Committee	0 (0%)	0 (0%)	0 (0%)	0 (0%)

C.2.5. State, if applicable, the existence of any regulations for the board committees, the place where these can be consulted and the modifications made in the year. Also indicate if on a voluntary basis any annual report has been made of the activities of each committee.

The regulations for the Executive Committee and the Appointments and Remuneration Committee are contained in the Rules for the Board of Directors, and for the Audit and Compliance Committee in its own rules and also in the Rules for the Board of Directors and the Bylaws of Vocento. These documents are available on the website of the Group, in the Shareholders and Investors section:

<http://www.vocento.com/accionistas-inversores/gobierno-corporativo/#consejosycomisiones>

In 2017, there were no modifications to the Rules for the Board of Directors. However, in accordance with the Technical Guide 3/2017 on Audit Committees at Entities of Public Interest, published on 27 June 2017 by the CNMV, the Board of Directors in its meeting of 19 December 2017 approved the Rules for the Audit and Compliance Committee, by which the Committee is governed by its own Rules and, in those areas not covered by the rules, by the Company Bylaws and the Rules for the Board of Directors of Vocento.

D.- TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS**D.1. Explain the procedure for approving transactions with related parties and intra-group transactions.****Procedure for approving transactions with related parties**

The Board in full will reserve the right to authorize transactions between Vocento and directors, significant shareholders or those represented at the Board, and people linked to them, except when these transactions meet the following three conditions simultaneously: i) they are carried out under standard contracts; ii) they are carried out at prices or rates that are established in general terms by the supplier of the good or service in question; and iii) that the amount does not exceed 1% of the annual revenues of the company.

D.2. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and significant shareholders:

None significant

D.3. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and company directors or managers.

No significant transaction

D.4. Detail any significant transaction between the company and other group entities, whenever these are not eliminated in the consolidated financial statements and do not form part of the normal business of the company's business.

No significant transaction

Detail any intra-group transaction made with entities established in countries or territories that are considered to be tax havens:

None

D.5. Indicate the amount of transactions made with related parties

45,048 thousand euros.

D.6. Detail the mechanisms, for detecting, determining and resolving possible conflicts of interest with the company and/or group, and directors, management or significant shareholders.

In accordance with Article 5.3 of the Internal Code of Conduct, those persons subject to the Code must avoid as much as possible any situation which could lead or potentially lead to a conflict of interest. Whenever there is a situation which represents or potentially could represent a conflict of interest, the person submitted to the code must immediately inform the Corporate Compliance Unit (UCC), in writing to the Chair, making available as much information as they request to evaluate the circumstances of the case. Any person aware of a person with a conflict of interest must also inform the UCC about the situation. If the UCC sees a conflict of interest it will transfer the case to the Audit and Compliance Committee to make the appropriate decisions. Any uncertainty about the possible existence of a conflict of interest must be notified to the Audit and Compliance Committee, which will consider the case and report to the Board of Directors about any decision, informing the UCC. The UCC will advise the persons or people involved in the situation about the conflict of interests and about the decisions made concerning this conflict. The person who is subject to the Code and affected by a situation of conflict of

interest will abstain from intervening or influencing, directly or indirectly, the transaction, decision or situation where there is a conflict. In the event of a conflict of interest, and as a general rule derived from the duty of loyalty to the Company, the interest of Vocento will prevail over that of the person subject to the Code and involved in the conflict.

D.7. Is more than one company of the Group listed in Spain?

D.7. Is more than one company of the Group listed in Spain?

No

Identify any subsidiaries listed in Spain:

Not applicable

State if there has been a public definition of their respective areas of business and of any business relations between them, and between the listed subsidiary and other group companies:

Not applicable

Identify the mechanisms to be used to resolve any conflicts of interest between the listed subsidiary and other group companies:

Not applicable

E.- RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the scope of the company's risk management system, including tax risks.

Vocento has long established and approved a risk management system (**SGR**), driven by the Board of Directors and Senior Management, with the aim of understanding and controlling the risks to which the Company is exposed, obtaining an overall view of these risks, and aligning business objectives with the risks identified and with the response measures and controls defined to minimize these risks.

In 2014, the Board of Directors approved a new Risk Management Policy for Vocento and group companies. This was implemented in the following years.

Vocento's risk management system is based on methodological frameworks including COSO II (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000, adapted to the specific requirements of the Group. Furthermore, the definition of responsibilities reflects the recommendations of the 'three lines of defence model of FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

This system works in an integrated way across various business and functional areas of the company, including business areas and supporting areas. The policy for controlling and managing risks is based on identifying and assessing the different types of risk that the company faces (a risks map), separating them by relevance, and then determining measures to mitigate the impact of these risks, if they should materialise, and the information and internal control systems used to manage risks at the individual and group level.

E.2. Identify the company bodies responsible for preparing and implementing the Risk Management System.

As risk management is integrated throughout the company, there are various bodies with responsibilities for preparing and implementing the risk management system. The functions and responsibilities of each are established in the Risk Management Policy mentioned previously.

- a) Board of Directors / Audit and Compliance Committee:

In accordance with the terms of the Rules for the Board of Directors of Vocento, the board is responsible for approving risk control policies and management and for regularly monitoring internal information and control systems. As a result, it is the ultimate responsible party for the Group's Risk Management.

The Audit and Compliance Committee is responsible for supervising the effectiveness of risk control systems and regularly reviewing internal control and risk management systems, so that the main risks are sufficiently identified, understood and managed.

b) Risks Committee

The Risks Committee is a permanent body with a consultative role in the high level risk management area, with powers to inform, coordinate and make proposals, reporting to the Audit and Compliance Committee. It comprises of all the members of the Executive Committee, and it meets on at least a quarterly basis.

The functions of the committee include: (i) to drive forward the understanding of the Group's risk management policy and the maintenance of a risk-focused culture; (ii) to drive the integration of risks management in all the organisation's processes and procedures; (iii) to provide the Executive Committee, the Audit and Compliance Committee and the Board with overall strategies for risk management and risk appetite for each type of risk; (iv) to ensure the correct updating of the Risks Map; and (v) to validate the risks identified as those to be managed and propose risks for preferential monitoring.

c) Corporate Risks Management Function

The function of Corporate Risks Management is exercised by the financial department and includes coordinating and grouping the processes for identifying, assessing and measuring risks, and the controls and procedures needed to mitigate them, as well as supervising and coordinating front line work, Risk Managers in each unit or business or corporate area, centralizing and managing the information about key risks that they provide. It is responsible for preparing regular risk reports, which are reviewed by the Risks Committee and the Audit and Compliance Committee.

d) Risk Managers

The risk management system involves the entire organization, with the Management Team responsible for its formalization, functioning and updating. However, for each key risk at least one risk manager has been identified, who among other tasks monitors the evolution of the risks that are their responsibility and proposes the most appropriate management strategy, as well as the responses and improvements needed to be implemented to cover any weaknesses of the system. They also provide information to the Corporate Risk Manager.

e) Internal Audit

Supports the Audit and Compliance Committee in the functioning and effectiveness of risk management processes and their assessment, and also evaluates risk management processes including the supervision of controls and procedures. Internal Audit collaborates and provides support and methodology in assessing risks, but is not responsible for evaluating them or for making decisions about the level of exposure to risks.

E.3. Indicate the main risks that could compromise the achievement of business targets, including tax risks.

Vocento defines as a risk any event or contingency, either internal or external, which if it materialized would prevent or make it hard to achieve the targets set by the Group. This has resulted in a Risks Map, which contains risks subject to special monitoring. Listed below are the main risks in each of the six risk areas identified.

- 1) **Strategic:** Including mainly falls in advertising sales and circulation revenues, as well as actions

- from competitors.
- 2) **Organisational:** given the economic situation, includes the lack of ability to pursue growth and digital transformation, and talent retention.
 - 3) **Operational:** these risks include not being able to reach tangible levels of quality in products or their distribution.
 - 4) **Compliance:** principally covers compliance with internal and external norms and the risks of non-compliance, especially in terms of tax at the Group and a possible different interpretation of the rules by competent tax authorities, or those compliance risks derived from publishing and regulated sectors, with the risk of lawsuits and a loss of assets as detailed in the consolidated annual report of the Group.
 - 5) **Financial:** including impacts in raising funds, such as access to financing, and delays and defaults in payments. Specifically, the credit quality of purchasers of content and advertising may be affected when consumption falls in a recession, while the existence of debt, although less than at competitors and with syndicated financing in place and recently renewed, requires some cash flows from operations to be used to meet payment obligations rather than be allocated to new investments or projects, and hence needs to be controlled.
 - 6) **Technological:** in particular IT security, as in addition to the risk of attacks on systems there is the risk of technological change requiring the media in general to invest in these areas.

E.4. State if the entity has a level of tolerance to risk, including tax risk.

The process of risk management is based on the identification and assessment of the main risks that could prevent Vocento from reaching its goals, and aims to reduce or mitigate these risks to an acceptable level, by establishing the appropriate controls for the importance of each risk, in every process, hence enabling the objectives of internal control to be achieved. Risk appetite and tolerance do not aim to eliminate risk but to control it efficiently, enabling the Group to implement strategies and reach its business objectives.

Risk tolerance is defined as the level of variation that the Group accepts in achieving its targets. It is the acceptable threshold for the target and the associated risk.

According to Vocento's Risk Management Policy, and in order to make risk management strategies and activities in line with Vocento's risk appetite, the acceptable level of tolerance is established by Senior Management, reflecting the Group's interests and objectives, and those of its various key stakeholders. The Board of Directors regularly approves the proposals of the Risks Committee about the risk limits and tolerances to be applied by the Group.

E.5. Indicate which risks, including tax risks, materialized in the year.

Fall of offline advertising revenues / possible obsolescence of the offline product

This risk is a result of the economic crisis, the fall in advertising spend and consumption, and the migration of readers towards online formats. As well as the defensive positioning of Vocento's regional newspapers because of their high market share and the different dynamics of local markets, strategic measures have been taken by the company to mitigate this risk, and the information and internal control systems that have been established have worked correctly, effectively mitigating the impact of these risks.

Lower growth of online advertising

In 2017, digital advertising grew more slowly than in previous years, among other reasons because of the increased competition from new players such as social media. Vocento is implementing strategic measures to mitigate this risk.

Late payments - default

This risk reflects the increase in payment delays from both private sector clients and public administration and local institutions. It has been judged that the internal control and information systems established have functioned correctly (guarantees for payment, credit limits, etc.), effectively mitigating the impact of these risks.

E.6. Explain the plans for responding to and monitoring the main risks of the entity, including tax risks.

Risk control activities represent the response of the organisation to the coverage or mitigation of the risks that have been identified and assessed, enabling internal control objectives to be achieved. They occur across the organisation, at all levels and in all functions, and include a range of varying activities, such as approvals, authorisations, verifications, and segregation of functions, which are carried out systematically in time and which are documented in the internal norms, procedures and instructions that must be complied with.

In Vocento's risk management system, each one of the Risk Managers is responsible for identifying existing management measures and for proposing the right management strategy, as well as the responses and improvements needed to make up for any weaknesses in the system. The supervising body of the system is the Audit and Compliance Committee, which regularly reviews the internal control and risk management systems, so that the main risks are appropriately identified, managed and understood.

F.- INTERNAL SYSTEMS FOR CONTROL AND MANAGEMENT OF RISKS IN THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms of the systems for risk control and management, in relation to the entity's procedure for issuing financial information (SCIIF).

F.1. The control environment of the entity

Indicate and describe the main characteristics of at least:

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii); its supervision.

Governance bodies and functions responsible for the SCIIF.

1. Rules for the Board of Directors

On 13 May 2015 the Board of Directors approved a new version of the Rules for the Board, to bring it in line with the terms of the Law on Corporations. The latest version, partly modified by the Board of Directors on 14 November 2016, can be found on the Vocento website.

The Board of Directors formally assumes in its Rules the final responsibility for the existence and maintenance of an adequate internal control system for financial information, including responsibility for its supervision.

Article 6 of the Rules for the Board of Directors of Vocento refers to the general oversight function, and establishes the following functions of the Board which cannot be delegated:

- The formulation of the annual accounts and their presentation to the shareholder meeting.
- The policy for risk control and management and the regular monitoring of internal information and control systems.

- The financial information that the company must publish regularly as a listed company.

Article 8 of the Rules for the Board refers to the specific functions concerning the Annual Accounts and Management Report:

- The Board of Directors will prepare in clear and precise terms that are easy to understand the annual accounts and management report, both individual and consolidated. The Board of Directors will ensure that these present a fair view of the equity, financial situation and results of the company, in accordance with the law.
- The Board of Directors will present the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Article 18 of the Rules for the Board of Directors establishes that the Audit and Compliance Committee has the following responsibilities, among others:

- Supervising the effectiveness of the internal controls of the company, of the internal audit services and systems for controlling risks, including tax risks, and discussing with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the process of preparing and presenting the financial information required.
- Informing the Board in advance of all issues covered in the Law, Bylaws and Rules of the Board, in particular about:

a) The financial information that the company, as a listed company, must regularly publish.

b) It is also the responsibility of the Audit and Compliance Committee

- To monitor the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- To ensure the Independence of the internal audit function
- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.
- Ensure the independence of the external auditor and in the event of their resignation examining the conditions that led to it.

Article 41 of the Rules for the Board refer to the relationship with securities markets and establishes the responsibilities of the Board in the supervision of the regular public information to be supplied to markets and regulators, in compliance with the Internal Rules of Conduct in Securities Markets at Vocento.

The Board of Directors will adopt the measures needed to ensure that six-monthly, quarterly and any other financial information that it is appropriate to provide to the markets is prepared in accordance with the same principles, criteria and professional practices that are used for the annual accounts, and that they have the same accuracy as these. To this end, the information will be reviewed by the Audit and Compliance Committee and by the Appointments and Remuneration Committee in accordance with their respective competencies.

2. Rules for the Audit and Compliance Committee

In accordance with Technical Guide 3/2017 on Audit Committees at Entities of Public Interest, published on 27 June 2017 by the CNMV, the Board of Directors in its meeting of 19 December 2017 approved the Rules for the Audit and Compliance Committee, so that the Committee is now governed by its own

rules, as well as in matters outside this scope by the Company Bylaws and the Rules for the Board of Directors of Vocento.

The Rules for the Audit and Compliance Committee are published on the Vocento website and establish the following:

- a) Basic principles

The Audit and Compliance Committee bases its actions on the following principles:

- Responsibility
- Scepticism
- Constructive dialogue encouraging the free expression of its members
- Continuous dialogue with internal audit, the account auditor and company management
- Sufficient capacity of analysis

- b) Composition
- c) Requirements to be appointed a member
- d) Rules of functioning
- e) Responsibilities
- f) Functions concerning information systems and internal control
- g) Functions relating to the external auditor
- h) Functions relating to corporate governance
- i) Relations with the Board of Directors
- j) Relations with shareholders
- k) Relations with the account auditor
- l) Relations with the internal auditor of the company

3. Policy on services provided by the external auditor

The Audit and Compliance Committee has the legal obligation to ensure the Independence of the external auditor, and in this regard on 9 May 2017 the Committee approved a policy for services provided by the external auditor, governing these services.

4. Internal norms

The internal norms on the Internal Control System for Financial Information (hereinafter, the SCIIF), approved by the CEO and corporate financial managers and disclosed to the organisation, establish the following responsibilities:

- a) The Board of Directors holds the final responsibility for the accuracy of the financial information required and published for the market and regulators, and is responsible for the existence of an adequate and effective SCIIF
- b) Senior Management, via the financial department, is responsible for the design, establishment and operation of this system.
- c) The Director Generals of the companies have the final responsibility for the internal control over financial information in each company and for making sure that this functions properly, as well as monitoring its efficacy and the accuracy of the financial information that is prepared and reported.
- d) The Audit and Compliance Committee has delegated to it by the Board of Directors the function of supervising the process of preparing and presenting the financial information and assessing the SCIIF, supported by the internal audit services.

F.1.2.: If there are the following elements, especially in the process of preparing financial information:

- **Departments and/or mechanisms charged with: (i) the design and review of the organisational structure; (ii) defining clearly lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) sufficient procedures for their correct application in the entity.**

The responsibility for the process of preparing and monitoring the internal norms at Vocento is delegated to the General Management of Human Resources and Organisation, whose functions include that of maintaining the norms and organisation, coordinating the documentation of the processes and controls, and preparing and publishing the norms, procedures and instructions prepared by management. Compliance with these is obligatory in Vocento. These standards include norms for the preparation of financial information.

The design, review and updating of the organisational structure is permanently documented in the Vocento Organisational Handbook, approved by the CEO, available to all members on the corporate intranet. This handbook established the lines of responsibility and authority of the various management departments and levels and the distribution of tasks.

- **Code of conduct, approving body, level of awareness, principles and securities covered (indicating if there is a specific mention for recording transactions and preparing financial information), and the body responsible for analysing non-compliance and proposing corrective and disciplinary measures.**

On 14 January 2014 the Board of Directors unanimously approved Vocento's Internal Rules of Conduct in Security Market, substituting the Internal Code of Conduct for Securities Market in force until that date. All people affected in the organisation were informed, and the Rules are published on the company website. They cover personal transactions, inside information, transactions with related parties and treasury stock. The Corporate Compliance Unit, which reports to the Audit and Compliance Committee, regularly updates and monitors compliance with the terms of the Rules.

In addition, on 13 November 2014 the Board of Directors of Vocento approved a Code of Ethics that reflects the practices that Vocento applies and the principles, values and behaviour expected of managers and employees when carrying out their functions.

The Code includes the practices that Vocento follows, and reflects the company's commitment to legality, good governance, transparency, responsibility, independence, and good behaviour in all actions, and to avoid any action that could damage the company's reputation for upholding socially accepting ethical standards.

There are in the Code specific mentions regarding recording transactions and preparing financial information, so that all transactions must be recorded in accounts at the right time, in accordance with the applicable accounting law, so that financial information is reliable and reflects all the rights and obligations of Vocento and its companies.

The Code of Ethics has been distributed to all employees at Vocento and its subsidiaries, by email, and has been formally signed by the parties, with their receipt and acceptance of it registered.

The Code is available to the public on the Vocento web site, www.vocento.com, in the Corporate Governance section.

A training plan was developed for all employees for all employees, segmented by category and area. The training plan has been provided to senior management and other group managers.

The body responsible for analysing non-compliance with the Code of Ethics and for taking any corrective action required is the Ethics Committee, which reports to the Audit and Compliance Committee.

- **Reporting channel, enabling employees to inform the Audit Committee of financial and accounting irregularities, in addition to any non-compliance with the code of conduct and irregular activities at the organisation, and whether this channel is confidential.**

In accordance with current legislation, the crime prevention model of Vocento establishes the obligation to report possible risks and compliance failures to the body responsible for monitoring the functioning and observance of the prevention model.

In this regard, in 2014 Vocento established a specific communications procedure, the Ethics Channel, by which any employee can report in a simple way any behaviour which to their understanding seems inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, with a guarantee of confidentiality and with no fear of reprisals.

Following best practice in this area, the Ethics Channel has been outsourced to a third party provider, to guarantee higher levels of independence and confidentiality.

To ensure the accuracy of the information received, complaints will only be accepted when the person sending them identifies themselves. All complaints will be analysed and assessed by the Ethics Committee, which has supervisory powers and which will propose any actions to be taken to the Audit and Compliance Committee, the final authority.

The Ethics Channel is one of the key elements of the crime prevention model. To increase awareness and encourage use, in 2017 employees were provided with specific online training. This will be repeated in 2018.

- **Regular training and updating programmes for people involved in the preparation and review of financial information and in assessing the SCIIF, covering at least accounting standards, internal controls and risk management.**

In the year, training and regular updates were provided to personnel involved in preparing and reviewing financial information in the various companies, in the following subjects:

- New audit report
- Norm for recognising revenue
- IFRS 16 – norm for leases
- IFRS 9 – norm for valuation of financial instruments

In terms of training for people involved in the assessment of the SCIIF, in the internal audit, course content provided by the Institute of Internal Auditors includes:

- Techniques and analytic thinking.
- Homogenization and presentation of the conclusions of audit reports
- Analysis of the root causes.

In addition, two people, one from internal control and one from internal audit, obtained the COSO global certificate for internal control, certifying their experience in the design, implementation and monitoring of an internal control system, as offered by members of COSO including the American Institute of Certified Public Accountants, AICPA, the Institute of Management Accountants, IMA, and The Institute of Internal Auditors, IIA, overseas and in Spain.

F.2 Assessment of risks of financial information

State at the least:

F.2.1. The main characteristics of the process for identifying risks, including errors and fraud, in particular:

- **If the process exists and is documented**

Vocento has formally implemented a risk management system for financial information based on the principles and good practices of the reference document and the supporting information of the CNMV in the document “Internal control over financial information at listed companies” and in the company’s own norm for the internal control system for financial information (**SCIIF**), which is formalised and supported by its own IT system.

- **If the process covers all the objectives of the financial information (existence and incidents; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and if it is updated, and how often.**

Objectives

The objectives of internal control of financial information, in accordance with the scope defined by the SCIIF Norm, compliance with which will ensure the accuracy of the financial information to a reasonable degree, are as follows:

- Accuracy
- Valuation
- Presentation, breakdown and comparability
- Rights and obligations

Frequency

The SCIIF Norm of Vocento establishes that the process of identifying and assessing risks is carried out every year.

This risk assessment is monitored by the Audit and Compliance Committee.

- **The existence of a process for identifying the consolidation perimeter, including, among others, the possible existence of complex company structures, instrumental entities or special vehicles.**

The risks associated with the achievement of these objectives of controlling risks are identified in the processes of preparing the financial information, in all the accounting items of the profit and loss account and the balance sheet, for all group companies, and are assessed in terms of importance, which is determined by the probability of the risk resulting in a material impact on the individual and consolidated financial statements of Vocento that are provided to the regulator and the market.

The risk assessments weigh the following indicators:

- Complexity of transactions and of the applicable accounting standards.
- Volume of transactions and the quantitative importance for the parties involved.
- Complexity of the calculations needed.
- Need to make estimates or forecasts.
- Application of professional judgement.
- Qualitative importance of the information.

In addition, the following factors have been considered when assessing the risks:

- Known and mature business/process.
- Existence of documented processes and controls.
- Automation and use of systems.

- Existence of incidents in the past.
- **If the process also covers the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) that may affect financial statements**

Scope

The result of the annual assessment of risks is the identification of the total processes and companies to which the SCIIF is applied each year.

The process also considers the effects of tax risks, inasmuch as they may affect financial information, and as a result of this assessment a series of additional controls has been processed for the tax process.

In the risks universe used, the probability of an error with a material impact due to fraud or manipulation of financial information is considered.

All the risks assessed are included in the IT system for the SCIIF, in the risk files that contain the following information:

- Process
- Name and description of risk
- Items/financial information affected
- Potential error
- Assessment of the impact on relevant financial information
- Assessment of the frequency
- Inherent risk
- Assessment of the risk indicators (see before in this section)
- Perceived Risks (high, medium, and low, and this is the basis for its inclusion in the SCIIF)
- Existing controls over the process
- Residual risk
- Need or not to establish controls within the SCIIF.

In addition, a Risks Map for each process is prepared to visualise the impact and probability of each risk in each process

Universe of risks

The risks associated with the achievement of the objectives of accurate financial information form part of the risks universe that is considered in Vocento's general risk assessment, and considers the effect on financial information of other types of risks, such as technological and tax risks.

The body of the entity that supervises the process.

The establishment and maintenance is the responsibility of the Financial Department via the Financial Planning and Control Department, supervised by the Audit and Compliance Committee, which analyses these risks and forms the base for the other components of the SCIIF. Internal Audit provides support to the Financial Planning and Control Department in the annual risk assessment process.

F.3 Control activities

Indicate, describing their main characteristics, if the company has in place at least:

F.3.1. Procedures for reviewing and authorising financial information and the description of the SCIIF, to be published for securities markets, indicating responsible parties, documentation of flows of activities and controls (including those relating to the risk of fraud) over the various types of transactions that could have a material impact on financial statements, including the procedures for closing the accounts and specifically reviewing relevant estimates, valuations and forecasts.

Procedure for reviewing and approving financial information:

The consolidated and individual financial information of Vocento uses information supplied by the various companies: the aim is that the financial information presented to the Board of Directors of Vocento for formulation of accounts have undergone the levels of review needed for those responsible for their preparation.

The responsibility for preparing financial information is of Corporate Financial Management. To achieve the fair accuracy of this information, it has a system for internal controls of financial information, or SCIIF.

At each period of publication of financial information to the securities markets, internal audit carries out tests on a sample of controls and draws conclusions about the effective coverage of risks. The Audit and Compliance Committee monitors the process and reviews the controls established to ensure that they have worked effectively, informing the Board for formulation and publication of the information.

The controls established in the SCIIF are considered key to the achievement of the internal control objectives of the system, according to the scope described above, and have been designed to prevent and mitigate the potential material impact on the consolidated and individual financial information of Vocento of the most important risks identified in the risk assessment, including the procedure for closing accounts and specifically reviewing relevant opinions, estimates, valuations and forecasts.

These controls are implemented at all stages of the process of preparing and presenting the financial information.

- Start
- Authorisation
- Recording
- Processing
- Presentation
- Communication

All the controls that have been implemented, including the key controls, are homogeneous across all the companies in which the SCIIF is applied. There is a responsible party designated for their execution and monitoring, and they are documented in the IT system for the SCIIF.

The control activities are carried out at various levels of the organisation and with varying frequencies in order to reduce the risks of errors, omissions or fraud that may affect the financial information in each of the reporting periods (annual, half-yearly and quarterly).

The SCIIF is supported by an IT system that supplies relevant information about the level of control and monitoring undertaken by those responsible for this, delivering enough evidence for conclusions to be made about the system's overall functioning.

The designated responsible people for the execution of the controls will report any instance in which the control has not been carried out or in which significant incidents have been detected during the execution.

The documentation required as evidence that the control has been carried out is included in the IT system for the SCIIF, so that at any time Senior Management and the Audit and Compliance Committee of Vocento have available to them updated information about the level of compliance with the controls and hence of the exposure of Vocento to the risks of reporting inaccurate financial information and the coverage of these risks.

The level of evidence required to be able to make a conclusion about the correct functioning of a control is directly proportionate to the risk of a material error in the individual and consolidated financial information of Vocento.

There are controls throughout the entire process of preparing the financial information, both at source (the companies) and in the corporate department in charge of consolidating and preparing the financial information, including the IT processes for the end users, such as spreadsheets and other specific programs for presentations.

Vocento has a centralised SCIIF and it is the responsibility of the Control and Financial Planning Department to maintain it updated, to monitor compliance with controls and update the IT application.

Internal Audit is responsible for reviewing controls for their effectiveness and for making any recommendations needed.

The SCIIF includes key controls about the recovery of certain inherently high risk assets such as deferred taxes, goodwill and securities, which require financial forecasts to be made based on estimates, hypotheses and professional opinions. In these sorts of controls, the Director Generals of the companies leave evidence of their supervision and assent in the IT application.

In addition, the Audit and Compliance Committee carries out half-yearly and annual monitoring, with the external auditors, of these valuations and impairment tests and proposes to the Board any possible adjustments to be made to the financial information.

Internal certifications of financial information

Vocento's SCIIF contains a system of certifications in which every person responsible for preparing, monitoring and reporting financial information at each company/business unit, functional area and relevant location, formally assumes their responsibility for the accuracy of the information provided to those responsible for preparing consolidated financial information and publishing it externally, with a signed, written certification every half-year and full year.

In this Certification they also state their awareness of the existence and correct operation of the SCIIF in the period. The Director Generals of the companies, the corporate Director Generals and the DGs of each area, the corporate financial department and the CEO are all required to make this certification. The certification forms and the management levels affected are described in the Norm for the SCIIF, and the evidence for the certifications is documented in the SCIIF IT system.

This system of certifications is designed to obtain a level of sufficient commitment from those responsible for preparing the financial information, in processes that do not fall under the direct responsibility of the corporate financial area, and to achieve a higher level of security about the accuracy of the financial information for those finally responsible for its formulation and approval. Notwithstanding this, the existence of this system of certifications does not exempt the Board, Senior Management and the Audit and Compliance Committee from the responsibility of supervising financial information and the SCIIF.

F.3.2. Internal control policies and procedures for information systems (including security of access, control over changes, operations, continuity and separation of functions) that support the relevant processes of the entity for preparing and publishing financial information.

In 2017, an updating of the System for Management of Information Security (SGSI) was concluded, with the work redefining the existing control framework in light of the main standards ISO 27002, LOPD and ISO 22301. The aim was to increase resilience, by enhancing the level of control in the SGSI and guaranteeing the generation of corrective action plans and continuous improvement. The project included:

- Inventory of assets and systems
- Risks assessment and analysis
- Risks map
- Design of controls
- Analysis GAP ISO 27001 initial situations vs. final situation

- Residual risks after the implementation of controls
- IT systems supporting internal control

Within the review scope are all the ERP systems on which financial information is based and which is used directly to prepare this information.

The project also includes the review of current procedures and general controls in accordance with the generally accepted internal control framework for information systems, Cobit, which includes principles for maintaining appropriate access to systems and installations, modifications to applications, and the recovery of information in the event of losses, as well as back-up systems to ensure continuity in the process of recording transactions, in the event of any incidents in the main systems.

The internal control policies and procedures that are currently documented include a passwords policy for all applications that are involved in the process of preparing financial information, divided into two classes: applications that are integrated in the corporate Active Directory and the corporate ERP, which has its own password policy. The policy includes the expiry time of passwords, their length and the obligatory alpha-numeric requirements.

In addition, user access to each application is controlled by group. This is done centrally using functional systems and the administrators of the applications.

F.3.3. Internal control policies and procedures for supervising activities that are subcontracted to third parties, such as aspects of assessment, calculation or valuation that independent experts undertake and that can have a material impact on financial statements.

No activities are subcontracted to third parties responsible for executing and processing transactions that are reflected on the financial statements.

F.4 Information and Communication

State whether the company has available, and the main characteristics of this, at the least:

F.4.1. A specific function responsible for defining and updating accounting policies (an area or department of accounting policies) and resolving any doubts or conflicts about their interpretation, with a fluid dialogue with those parties responsible for operations in the organisation and an up to date handbook of accounting policies that has been released to the units via which the entity operates.

Corporate Financial Management, via the Control and Financial Planning Department, is responsible for:

- Defining, establishing, updating and formally communicating via the channels that have been established, to all people involved in the process of preparing the financial information of Vocento, the Handbook of Accounting Policies, which contains the criteria, necessary accounts and procedures for entering and preparing the information on a homogeneous basis across all the companies of Vocento, It is updated annually.
- Resolving any doubts or conflicts about the handbook's interpretation, maintaining a fluid dialogue with those parties responsible for operations in each company.
- In addition, Corporate Financial Management is responsible for defining and formally establishing the channels for the financial information to be disclosed, and for the SCIIF, based on the type of information to be published, its origin, the people responsible for preparing and distributing the information, its destination and frequency.

F.4.2. Mechanisms for entering and preparing financial information in a homogeneous format, to be used by all the units of the entity or group for the main financial statements and notes, and information about the SCIIF.

Vocento uses a common IT system for all its companies (ERP) which supports the process of preparing the financial information.

In addition, there is a specific application for accounting consolidation, which is directly fed by the accounting information stored on the common ERP system. All the individual and consolidated information is reported under homogeneous formats defined by the Control and Financial Planning Department.

The entire process of obtaining accounting information for consolidation and reporting is the responsibility of the Corporate Financial Department, via the Control and Financial Planning Department and Investor Relations.

The IT application that supports the SCIIF includes a reporting module which supplies relevant information about the level of compliance and effectiveness of the controls, both by the people responsible for execution and supervision, and per accounting process and company, generating enough evidence for conclusions to be made about the overall functioning of the system.

F.5 Supervision of the functioning of the system

State, including the main characteristics, at least the following:

F.5.1. The supervisory activities of the SCIIF undertaken by the Audit Committee and if the entity has an internal audit function that has amongst its competencies that of supporting the committee in its task of supervising the internal control system, including the SCIIF. In addition, the scope of the assessment of the SCIIF carried out in the year and the procedure by which the person responsible for its assessment discloses the results, and if the entity has an action plan that details any corrective measures to be taken, and if the impact on financial information has been considered.

Supervisory model for the SCIIF

The supervisory and assessment activities of the SCIIF that have been established at Vocento are included in the Norm for the SCIIF and based on the theory of three lines of defence, established by FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

1st line of defence - Operational management: self-assessment by those in charge of carrying out the controls (executor and supervisor), confirming the correct execution of the controls or any incidents identified. Six-monthly and yearly certifications from the Director Generals, CFO and CEO.

2nd line of defence - Functions of assurance: the Planning and Control Department supervises the correct functioning of the SCIIF, assessing the compliance and supervision of controls carried out by those responsible on site, and notifying any incidents reported by executors and supervisors, as well as ensuring compliance with Certifications for every period in which financial information is published.

3rd line of defence - Internal Audit reviews the effectiveness of the controls in each period of publication of regular financial information, and carries out an annual assessment of the SCIIF based on the 5 internal control components of COSO.

In accordance with the Rules for the Board of Directors and the Rules for the Audit and Compliance Committee, it is the Committee which, concerning systems for information and internal control, will monitor the effectiveness of the internal controls of the Company, internal audit and the risk management system, including tax risk management.

The Audit and Compliance Committee is responsible for supervising and assessing the SCIIF and making reports about its effectiveness and the results obtained to the Board of Directors of Vocento and to Senior Management.

For the assessment of the SCIIF, the Audit and Compliance Committee uses the independent services of Internal Audit, which has the necessary resources, and is devoted exclusively to this function.

The internal auditor reports to the Audit and Compliance Committee and to the CEO of Vocento, and this status and its responsibilities and functions are included in the Internal Audit Bylaws, updated in 2017 to the terms of the CNMV Technical Guide 3/2017 on audit committees in entities of public interest, and approved by the Audit and Compliance Committee.

Internal Audit is responsible for assessing the overall operations and effectiveness of the SCIIF, based on the five internal control components of COSO, (i) Control Environment, (ii) Risk Assessment, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring, based on the information provided to it by the SCIIF IT system as well as any complementary substantive checks deemed necessary about the compliance and effectiveness of the controls, both in terms of the accounting process and at the company level, considering the centralization/dispersion and the uniformity of the controls, and the level of evidence needed to make conclusions about whether these controls are functioning effectively.

All the review process is carried out within the IT system itself, providing evidence about any weaknesses found in the design and operations of the controls, of recommendations made, proposed action plans and communication with those responsible for the controls.

The Audit and Compliance Committee approves the Annual Internal Audit Plan for the assessment of the SCIIF and receives regular information about the results of its work and of the action plan agreed with Management to correct any deficiencies observed.

Internal audit carries out a quarterly review of the SCIIF controls in each reporting period and an annual SCIIF global review, as the third line of defence, in accordance with the 5 components of the COSO Framework (Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring).

Internal Audit is responsible for disclosing the results of the assessment regularly to the Audit and Compliance Committee after completing its work.

Any significant and/or material weaknesses identified in the internal controls of the SCIIF are reported by the Audit and Compliance Committee to the Corporate Financial Management and to the Board of Directors for correction, with Internal Audit monitoring the corrective actions taken to quickly resolve issues, considering the materiality for the accuracy of the individual and consolidated financial information of Vocento.

F.5.2. Whether there is a procedure for discussion in which the account auditor (in accordance with the terms of the Audit Technical Notes), the internal audit function and other experts can inform senior management and the Audit Committee or directors of any significant weaknesses identified in internal controls during the processes of reviewing the annual accounts or other accounts that have been requested. In addition, whether there is an action plan to correct or mitigate any weaknesses observed.

There is a procedure by which the Audit and Compliance Committee reviews, analyses and comments on the financial statements and other relevant financial information, prior to its publication, with Senior Management and with internal and external auditors, to confirm that the information is credible, understandable and relevant, and that accounting criteria compatible with the previous year have been followed, and that the information supplied is complete and consistent with operations.

In particular, it supervises in specific sessions the process carried out by Senior Management to provide critical opinions, assessments, forecast, estimates and relevant closing entries, with a significant and/or material impact on the financial statements.

As covered by the norm for the SCIIF, the external auditors, in their audit of the annual accounts, assess the internal controls thoroughly to establish the nature, date and extent of the auditing procedures that may enable them to express an opinion on the annual accounts, informing the Audit and Compliance Committee of any significant weaknesses detected. The auditors supply the following information to the Audit and Compliance Committee:

- Auditor's report on Vocento's individual and consolidated Annual Accounts.
- Report of limited review of the consolidated half-yearly accounts.
- Annual memorandum of recommendations for internal control.
- Report about past adjustments and proposed adjustments to the accounts, if applicable.

In addition, in accordance with the Audit Technical Notes, the external auditor confirms that the information contained in the Management Report is in accordance with the data that have served as the basis for the annual audited accounts.

The external auditor has full unrestricted access to the Audit and Compliance Committee and can be present at meetings on request and without the presence of any financial manager to present the results of their reviews and of the information highlighted above.

The scope of the annual external audits does not only include those Vocento companies with a legal obligation to be audited but also other companies where limited audits and reviews are undertaken by the external auditors, depending on their relative importance and the risks detected.

In addition, on a voluntary basis, the consolidated six-monthly financial information is also subject to a limited review by the external auditor.

F.6 Other relevant information

Not applicable.

F.7 The report of the external auditor

State:

F.7.1. Whether the information about the SCIIF disclosed to markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Appendix. If not, state the reasons.

The Audit and Compliance Committee has not considered it necessary for there to be an additional report from the external auditor to confirm that the information disclosed to the markets about the SCIIF of Vocento is duly supported, because the Committee has obtained enough evidence over the course of the year, based on its legal responsibility to supervise the SCIIF, of its existence and proper functioning. In addition, the external auditor enjoys full access to the IT support system of the SCIIF to assist them in carrying out their auditing work.

G.- LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the level to which the company follows the recommendations of the Unified Code of good governance.

If a recommendation is not complied with, or is complied with only partly, provide a detailed explanation of the reasons, so that shareholders, investors and the market in general have

sufficient information to assess the company's behaviour. General explanations will not be acceptable.

1. That the bylaws of listed companies should not limit the maximum number of votes that one single shareholder can cast, or contain other restrictions which make it hard to take control of the company by buying shares in the market.

Compliant

2. That when the parent company and a dependent company are listed, both publicly and accurately define:

a) The respective areas of business and any business relationship between them, and those of the dependent listed company with other group companies;

b) Mechanisms for resolving any conflicts of interests which could arise.

Not applicable

3. That during the ordinary shareholder meeting, as a complement to the distribution of the annual corporate governance report, the Chairman of the Board will orally inform shareholders in sufficient detail about the most relevant aspects concerning corporate governance at the company, in particular:

a) Of the changes that have taken place since the previous AGM.

b) Of the specific reasons why the Company does not follow a recommendation of the Code of Corporate Governance and of any alternative rules applied in this area.

Compliant

4. That the company defines and supports a policy for contacting and communicating with shareholders, institutional investors and proxy advisors, which is fully compliant with all laws on market abuse and on an equal treatment for shareholders in the same position.

And that the company publishes this policy on its website, including information about how it has been put into practice, identifying the representatives responsible for implementing it.

Compliant

5. That the Board does not submit to the approval of the shareholder meeting a proposal for delegating powers for the issue of shares or convertible securities without preferential subscription rights, for an amount more than 20% of capital at the time of the delegation.

And that when the Board approves any issue of shares or convertible securities without preferential subscription rights, the company immediately publishes on its website the reports about this exclusion as referred to in commercial law.

Compliant

6. That listed companies prepare the reports cited below, either obligatorily or voluntarily, and publish them on their website with sufficient time before the date of the AGM, although this distribution may not be obligatory:

a) A report about the independence of the auditor.

b) Reports about the functioning of the audit committee and appointments and remuneration committee

c) A report from the audit committee about transactions with related parties

d) A corporate social responsibility report

Compliant

7. That the Company broadcasts live on its website the general shareholder meetings.

Compliant

8. That the Audit Committee aims to ensure that the Board of Directors presents the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications in exceptional circumstances, both the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Compliant

9. That the company publishes on its website, and permanently, the requirements and procedures that will be accepted to confirm ownership of shares, the right of attendance at the AGM and the exercise or delegation of the vote.

And that these requirement and procedures will support the attendance and exercise of their rights by shareholders and will be applied in a non-discriminatory way.

Compliant

10. That when any legitimate shareholder has exercised before the general shareholder meeting the right to complete the order of the day or present new proposals for agreement, the company:

- a) Immediately publishes these complementary points and new proposals for agreement.
- b) Publishes the attendance and proxy voting forms or distance voting forms with the modifications needed so that the new points or proposals can be voted, just as the proposals of the Board of Directors.
- c) Submits alternative points or proposals for voting with the same voting rules as the points proposed by the Board, in particular any presumptions or deductions about each vote.
- d) Following the general shareholder meeting, publishes the voting results for these complementary points and alternative proposals.

Not applicable

11. That in the event the company pays bonuses for attending the shareholder meeting, it establishes in advance a general policy about these payments and that this policy is stable/

Not applicable

12. That the Board of Directors carries out its functions with a single unified purpose and independent judgement, treating the same all shareholders in the same condition, guided by the social interest of achieving a business that is profitable and sustainable in the long term, and aims to ensure the company's continuity and maximize the value of the business.

And in the search for social interest, as well as respecting laws and regulations and behaving with good faith, ethics and respect for commonly accepted good practices and uses, it aims to reconcile this social interest with the corresponding legitimate interests of employees, suppliers, clients and other stakeholders who may be affected, as well as with the impact of the Company on society generally and on the environment.

Compliant

13. That the Board has the scale need for an effective and participatory functioning, which between five and fifteen members advisable.

Compliant

14. That the Board of Directors approves a policy for selecting directors which:

- a) Is specific and verifiable.
- b) Ensures that proposals for appointment or re-election are based on a prior analysis of the needs of the Board.
- c) Favours diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the Board is provided in a report from the appointments committee which is published when the general shareholder meeting is called and at which is submitted for ratification the appointment or re-election of each director.

And that the director selection policy supports the goal that in 2020 the number of female directors will represent at least 30 of the total number of members of the Board.

The appointments committee will verify annually compliance with the director selection policy and will include this in the annual corporate governance report.

Compliant

15. That external nominee directors and independent directors represent an ample majority of the board, and that the number of executive directors reaches the minimum necessary, based on the complexity of the group and the participation of executive directors in the company's capital.

Compliant

16. That the percentage of nominee directors in the total of non-executive directors is not greater than the proportion between the share capital represented by these directors and the rest.

This measure may be relaxed:

- a) In large capitalisation companies with few stakes that may legally considered to be significant.
- b) For companies where a plurality of shareholders are represented on the Board, with no links between them.

Compliant

17. That the number of independent directors represents at least half of the total of directors.

That, nevertheless, when the Company does not have a large capitalisation or is a large cap but with one shareholder, or several acting together, with more than 30% of share capital, the number of independent directors represents at least one third of the total.

Compliant

18. That companies publish on their website and maintain updated the following information about their directors:

- a) A professional profile and biography.
- b) Other Boards of Directors to which they belong, at either unlisted or listed companies, as well as other remunerated activities of any nature.
- c) The category of director to which they belong, indicating for nominee directors the shareholder they represent or with whom they are connected.
- d) The date of their first appointment as director and of subsequent re-elections.
- e) Company shares and options on them they hold.

Compliant

19. That in the annual report on corporate governance, following verification from the appointments committee, reasons are given why nominee directors have been appointed at the bidding of shareholders with a stake of less than 3%, also with reasons given why formal requests for a presence on the board from shareholders with a stake that is equal to or higher than others who are nominee directors have not been heeded.

Not applicable

20. That nominee directors resign when the shareholder they represent fully transfers their shareholding, and that when a shareholder reduces their shareholding to a level which requires a reduction in the number of nominee directors they carry this out correspondingly.

Not applicable

21. That the Board of Directors does not propose the dismissal of any independent director before the completion of the period laid down in the by-laws, except when there exists just cause as approved by the Board following a report from the appointments committee. In particular, just cause will be seen to exist when the director takes up new positions or assumes new obligations that prevent him from fulfilling the duties inherent in the position or when the director is in circumstances that mean he is no longer independent, in accordance with the legislation applicable.

Independent directors may also be dismissed as a consequence of takeover bids, mergers or other similar corporate transactions which lead to a change in the share capital structure, when these changes in the structure of the Board follow the principles of proportionality of recommendation 16.

Compliant

22. That companies establish rules which oblige directors to inform and if applicable resign in those circumstances which could damage the credit and reputation of the company, and in particular, require directors to inform the Board of the penal cases where they are implicated and of the results of any legal processes.

That if a director is tried or committed to trial for one of the crimes noted in corporate law, the Board will examine the case as soon as possible and in light of the specific circumstances decide if the director may continue in the position. And that the Board discloses this to a reasonable degree on the Annual Corporate Governance Report.

Compliant

23. That all directors clearly express their opposition when they think that any proposal for a decision submitted to the may be contrary to the company's interests. And that, particularly independent directors and directors not affected by the potential conflict of interest, this is also the case concerning decisions which could damage shareholders who are not represented on the Board.

And that when the Board adopts significant or repeated decisions on which the director has expresses reservations, the director draws the necessary conclusions and if he chooses to resign, explains the reasons for this in the letter referred to by the following recommendation.

This Recommendation also covers the Secretary of the Board, even though the Secretary may not be a director.

Not applicable

24. That when, either because of resignation or for another reason, a director leaves his role before the end of the mandate, he explains the reasons in a letter sent to all members of the

Board. And that, while this will still be stated as a relevant fact, the reason for the departure is also disclosed in the annual corporate governance report.

Compliant

25. That the appointments committee ensures that non-executive directors have enough time to carry out their functions correctly.

And that the rules for the Board establish a maximum number of companies where they may be directors.

Compliant

26. That the Board meets frequently enough to perform its functions with effectiveness, and at least eight times per year, following the programme of dates and business established at the start of the year, with each Director being able to propose orders of the day that were initially not included.

Compliant

27. That directors are absent only when essential, and these are listed in the Annual Report on Corporate Governance. And that if proxy representation is indispensable, it is granted with instructions.

Compliant

28. That when directors or the Secretary express concern on a proposal or, in the case of the directors, on the performance of the company, and these concerns are not resolved by the Board, at the request of the person who expressed them they are then noted in the minutes.

Not applicable

29. That the company established by which directors can obtain advice needed to carry out their function, including if required by circumstances external advice paid by the company.

Compliant

30. That, independently of the knowledge required of directors for the exercise of their functions, the companies also offer a programme updating their knowledge when circumstances so advise.

Compliant

31. That the order of the day of meetings clearly indicates those points where the Board must adopt a decision or come to agreement, so that directors can study before hand the information needed for this.

When exceptionally and for reasons of urgency, the Chairman wants to submit for approval to the Board decisions or agreements not in the order of the day, this will require the express consent of the majority of directors present, and this will be stated in the minutes.

Compliant

32. That directors are regularly informed of any movements in share ownership and of the opinion of the company and its group held by significant shareholders, investors and rating agencies.

Compliant

33. That the Chairman, who is responsible for the effective functioning of the Board, as well as exercising the functions allocated to him by law and by-law, prepares and submits to the Board a programme of dates and business to discuss; organises and coordinates the regular assessment of the Board and if applicable of the chief executive; is responsible for the management of the Board and its effective functioning; ensures that enough time is dedicated to

discussing strategic issues, and approves and reviews the programmes for updating the knowledge of each director when circumstances recommend this.

Compliant

34. That when there exists a coordinating director, the by-laws or rules for the Board, as well as the powers legally allocated, attribute the following: chairing the Board when the chair is absent and the deputies absent, if there are any; note the concerns of non-executive directors; maintain contacts with investors and shareholders to understand their perspective and their concerns, in particular about corporate governance at the company, and coordinate the succession plan for the Chairman.

Not applicable

35. That the Secretary of the Board takes special care that the actions and decisions of the Board take into consideration the Recommendations of good governance contained in this Code which are applicable to the company.

Compliant

36. That the Board of Directors in full assesses once a year and adopts if needs be an action plan to correct any deficiencies detected in:

- a) The quality and efficiency of the functioning of the Board
- b) The functioning and membership of its committees
- c) The diversity of the membership and competencies of the Board
- d) The performance of the Chairman of the Board and the chief executive
- e) The performance and contribution of each director, paying special attention to those responsible for the various Board committees

To assess the various committees, the basis will be the reports they submit to the Board and the report of the appointments committee.

Every three years, the Board will be supported in the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relations that the consultant or any company of his group maintains with the company or any group company must be disclosed in the annual report on corporate governance.

The process and the areas assessed will be described in the annual report on corporate governance.

Compliant

37. That when there is an Executive Committee, the structure of participation of the different types of directors is similar to the structure of the Board, and the Secretary is the Secretary of the Board.

Compliant

38. That the Board is always aware of the business treated and the decisions adopted by the Executive Committee, and that all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant

39. That members of the Audit Committee and in particular the Chairman are appointed based on their knowledge and experience in the area of accounting, audit, or risk management, and that the majority of members are independent directors.

Compliant

40. That there is an internal audit function which, under the supervision of the Audit Committee, monitors the good performance of the information systems and internal control systems and reports to the non-executive chair of the Board or of the Audit Committee.

Compliant

41. That the person in charge of the internal audit function presents the Audit Committee with an annual work programme, directly informs it of any incidents that occur during this, and submits to it at the end of each year a report on his activities.

Compliant

42. That it corresponds to the Audit Committee, in addition to the functions established by the law, the following functions:

1. Concerning information and internal control systems:

a) Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.

b) Ensuring the independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service; approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant risks of the Company; receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.

c) Establishing and monitoring a mechanism which enables employees to communicate confidentially and if possible and appropriate, anonymously, any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

2. Concerning the external auditor:

a) In the event that the external auditor resigns, to examine the circumstances which led to this.

b) Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.

c) Ensure that the company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.

d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the company.

e) Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the independence of auditors.

Compliant

43. That the Audit Committee can call any employee or manager of the company and require them to appear without the presence of any other manager.

Compliant

44. That the Audit Committee is informed about any transactions of structural or corporate modifications that the Company is planning for analysis and for its prior report to the Board about the financial conditions, accounting impact and in particular, if applicable, the swap ratio

proposed.

Not applicable

45. That the policy for controlling and managing risks identifies at least:

- a) the various types of risks (operational, technological, financial, legal, social, environmental, political, reputational...) faced by the company, including in the financial risks contingent liabilities and other off balance sheet risks;
- b) the establishment of the risk level deemed acceptable by the company;
- c) measures available to mitigate the impact of the identified risks if they were to materialise;
- d) the information systems and internal control systems used to control and manage these risks, including contingent liabilities and off balance sheet risks.

Compliant

46. That under the direct supervision of the Audit Committee or any specialist committee of the Board, there is an internal function for controlling and management the risks, managed by a unit or internal department at the Company with the following functions expressly attributed to it:

- a) Ensure the smooth functioning of control systems and risk management, and in particular identify, manage and quantify the major risks that affect the company.
- b) Participating actively in preparing the risks strategy and in important management decisions.
- c) Ensuring that control systems and risk management adequately mitigate risks as part of the policy defined by the Board.

Compliant

47.

That members of the appointments and remuneration committee – or of the two separate committees if applicable – are appointed on the grounds of their understanding, skills and experience for the functions they are called on to carry out, and that the majority of members are independent directors.

Partly compliant

The Appointments and Remuneration Committee consists of four members, two of whom, including the Chairman, are independent.

48. That large cap companies have separate appointments and remuneration committees.

Not applicable

49. That the Appointments Committee consults the Chairman and the chief executive of the company, especially for matters concerning the executive directors.

And that any director may request the Appointments Committee to take into consideration, if he deems them ideal, potential candidates for director vacancies.

Compliant

50. That the appointments committee carries out its functions with Independence and that as well as those functions it has under law also carries out the following:

- a) Proposing to the Board the basic conditions of contracts for senior managers.
- b) Confirming the observance of the remuneration policy established by the company.

c) Regularly reviewing the remuneration policy applied to directors and senior managers, including compensation paid with shares and its application, and guaranteeing that individual compensation is proportionate to that paid to other directors and senior managers at the company.

d) Ensuring that any conflicts of interest do not jeopardise the independence of the external advice provided to the Committee.

e) Verifying the information about the compensation of directors and senior management contained in corporate documents, including the annual report about the remuneration of directors.

Compliant

51. That the Remuneration Committee consults the Chairman and the chief executive of the company, especially for matters relating to executive directors and senior management.

Compliant

52. That the rules of membership and functioning of the committees of supervision and control are included in the rules for the Board and are consistent with those applicable to legally obligatory committees, those mentioned in other recommendations, including:

a) That they consist exclusively of non-executive directors, with a majority of independents.

b) That their chairs are independent directors.

c) That the Board appoints members of these committees on the grounds of their understanding, skills and experience for the functions of each committee, considers their proposals and reports and that the committees report to the full Board following their meetings about their activity, with a response to their work.

d) That the Committees can receive external advice when they consider it necessary to carry out their functions.

e) That minutes are taken of their meetings and made available to all directors.

Not applicable

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility strategy is allocated to one committee or distributed among several committees of the Board, which may be the audit committee, appointments committee, corporate social responsibility committee, if it exists, or a specialist committee that the Board of Directors, in the exercise of their powers of self-organisation, decides to create for this purpose, with the following specific functions as a minimum:

a) The supervision of compliance with internal codes of conduct and corporate governance rules at the company.

b) The supervision of the strategy for communicating and relations with shareholders and investors, including small and medium shareholders.

c) The regular assessment of the appropriateness of the company's corporate governance, in order to comply with the mission of defending social interest, taking into consideration the corresponding legitimate interests of other stakeholders.

d) The review of the company's corporate social responsibility policy, ensuring that it is focused on value creation.

e) Monitoring the strategy and practices of corporate social responsibility and assessing the level of compliance.

- f) Supervising and monitoring the processes of stakeholder relations.
- g) The assessment of everything related to non-financial risks at the company, including operational risks, technological, legal, social, environmental, political and reputational.
- h) Coordinating the process of reporting non-financial information and diversity information, in accordance with applicable norms and international reference standards.

Compliant

54. That the corporate social responsibility policy includes the principles or commitments that the company assumes voluntarily with various stakeholders, identifying at least:

- a) The aims of the corporate social responsibility policy and the development of supporting instruments.
- b) The corporate strategy for sustainability, the environment, and social issues.
- c) Specific practices in issues related to: shareholders, employees, clients, suppliers, social questions, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal behaviour.
- d) Methods or systems for monitoring the results of the application of the specific practices noted above, their associated risks and the management of these.
- e) Mechanisms for supervising non-financial risks, ethics, and business conduct.
- f) Channels for communication, participation and dialogue with stakeholders.
- g) Responsible communication practices which avoid manipulated information and defend integrity and honour.

Compliant

55. That the Company reports in a separate document or in the management report about issues related to corporate social responsibility, using for this purpose an internationally accepted methodology.

Compliant

56. That the remuneration of directors is enough to attract and retain directors of the desired profile and to compensate for the dedication, qualification and responsibility required of the position, but not so high as to affect the Independence of judgement of the non-executive directors.

Compliant

57. That variable compensation linked to the performance of the Company and personal performance is limited to executive directors, as well as remuneration in shares, options, rights on shares or securities benchmarked to the share price, and long term savings mechanisms such as pension plans, retirement plans or other social welfare systems.

Shares may be delivered as compensation to non-executive directors when they are required to hold onto them until they are no longer directors. This will not apply to those shares the director may need to sell to meet the costs related to the acquisition.

Compliant

58. That in the area of variable remuneration, the compensation policies of the company incorporate the limits and technical cautions needed to ensure that they are related to the professional performance of their beneficiaries and not only from the general performance of the markets, the sector of the company, or other similar circumstances.

In particular, that the variable components of remuneration:

a) Are linked to predetermined performance criteria that are measurable, and that these criteria consider the risks involved in obtaining a result.

b) Support the sustainability of the Company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the rules and internal procedures of the company and its policies for risk control and management.

c) Are based on a balance between meeting short, medium, and long-term targets, hence enabling the remuneration of a continued performance over enough time to appreciate a contribution to sustainable value creation, so that the factors determining the variable remuneration are not based only on one-off, occasional or extraordinary events.

Compliant

59. That the payment of a relevant part of the variable components of remuneration is deferred for a minimum time enough such that it can be proved that the previously established conditions for payment have been met.

Compliant

60. That remuneration that is related to Company results takes into consideration any qualifications in the external auditor's report that reduces these results.

Compliant

61. That a relevant percentage of the remunerable variation of the executive directors is linked to the award of shares or financial instruments benchmarked to their value.

Explain

When the variable remuneration of the CEO was agreed, it was not considered appropriate to link it to shares or financial instruments.

62. That once they have been awarded the shares or options or rights to shares corresponding to the remuneration systems, directors may not transfer the ownership of a number of shares equivalent to twice their fixed annual remuneration, nor exercise the options or rights until at least three years after the award.

This does not apply when the director needs to make a sale to satisfy the costs related to the acquisition.

Not applicable

63. That contractual agreements include a clause permitting the Company to claw back the variable components of remuneration when the payment has not been adjusted to the conditions of the performance of when they have been paid on the grounds of data that have subsequently been proved to be inaccurate.

Compliant

64. That payments for the termination of a contract do not exceed an amount equivalent to two years of total annual remuneration and are not made until the company has been able to prove that the director met the previously established performance criteria.

Compliant

H.- OTHER INFORMATION OF INTEREST

1. If there is any other relevant corporate governance issue at the company or in group entities that has not been included in the sections of this report, but which it is necessary to include for a full and fair view of the governance structure and practices of the entity or the group, detail them briefly here.

In 2017 three points should be noted:

A) Diversity criteria when appointing Directors of Vocento

In connection with the recent entry into force of Royal Decree Law 18/2017, 24 November, which modifies the Code of Commerce, the revised text of the Law of Corporations approved by Royal Decree 1/2010, 2 July, and Law 22/2015 of July, on Account Auditing, about non-financial information and diversity, Vocento does not have a formal diversity policy but has since its establishment applied the criteria of diversity when selecting Directors. A brief description of these criteria when choosing members of the Board of Directors of Vocento is hereby provided:

- i. **Objectives:** when appointing each member of the Board of Directors, the main focus is on training and professional experience, with Article 22 of the Rules for the Board of Directors requiring that the person must be of recognised solvency, competence and experience. In addition, when assessing a candidate their personal characteristics are taken into account, including their gender. One of the main aims of the Board of Directors of Vocento is to try to achieve a balanced presence of women and men and always to consider female candidates as well as masculine when there is a vacancy.
- ii. **Measures taken:** on 16 February 2015, the Appointments and Remuneration Committee unanimously agreed targets for representation of women on the Board, with the aim of achieving a balanced presence of men and women. At the end of 2017, the Rules for the Audit and Compliance Committee were approved, which requires that members must have at the least understanding and experience in the areas of accounting, auditing, risk control and management (financial and non-financial risks) and information technology, or several of these areas.
- iii. **Application:** in 2016, when appointing independent directors, processes were established to identify candidates, processes which expressly included the presence of women, as well as candidates with specific training who could join the various committees of the Vocento Board of Directors.
- iv. **Results:** for the appointments mentioned in the previous paragraph, although the identification procedures specifically aim for women candidates, in the end the most suitable candidates, based on their training and professional experience, were men. However, the Appointments and Remuneration Committee reiterates its commitment to comply with its targets for increasing the representation of women and will continue to include female candidates in proposed appointments to the Board.

B) Issue of commercial paper under the VOCENTO 2017 commercial paper programme

Using powers expressly authorised by the fifth agreement of the General Shareholder Meeting of Vocento, S.A. on 20 April 2017, which agreed to authorise the Board of Directors with the powers to issue once or on different occasions fixed income securities (including commercial paper and bonds) within a maximum period of five years from the date of the Shareholder Meeting, on 7 November 2017 the Board of Directors unanimously agreed to approve the issue and circulation of commercial paper up to a maximum amount of fifty million euros (€50,000,000.00) in circulation at any time, and specifically to register a commercial paper programme on the Alternative Fixed Income Market for a maximum of fifty million euros (€50,000,000.00), with maturities of up to 24 months, hence diversifying sources of financing.

For the programme, PKF ATTEST SERVICIOS EMPRESARIALES, S.L. has been appointed the registered advisor of the MARF, and Bankia S.A. as the payment agent.

C) Approval of the Rules for the Audit and Compliance Committee of Vocento

In accordance with Technical Guide 3/2017 about Audit Committees at Entities of Public Interest, published by the CNMV on 27 June 2017, the Audit and Compliance Committee published and proposed the approval of the Rules for the Audit and Compliance Committee, which were approved by the Board of Directors in its meeting of 19 December 2017. As a result, from this date the Audit and Compliance Committee is governed by its own Rules and, as supplement, by the Rules for the Board of Directors and Company Bylaws of Vocento.

2. In this section, the company may also include any other information, clarification or detail related to the previous sections of the report, as long as they are relevant and not repetitive.

In particular, the company will disclose if it is subject to any other legislation that is different to Spanish law in the corporate governance area. If so, it will include the information that it is obliged to supply and that differs from that required by this report.

Not applicable.

3. The company may also indicate if it has voluntarily signed up to other codes of ethical principles or good practices, whether internationally, for its sector, or any other. If so, identify the code in question and the date of joining. In particular, state if the company signed up to the Code of Good Tax Practices of 20 July 2010.

On 27 July 2015, on the proposal of the Audit and Compliance Committee, the Board of Directors approved the Code of Good Tax Practices of Grupo Vocento.

Indicate if any directors voted against or abstained from the approval of this report.

No

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This Annual Corporate Governance Report for Vocento for the year ending 31 December 2017 was unanimously approved by the Board of the company at its meeting on 27 February 2018, following a favourable report from the Audit and Compliance Committee at its meeting of 26 February 2018.

vocento

**ANNUAL REPORT OF ACTIVITIES AND FUNCTIONING
OF THE AUDIT AND COMPLIANCE COMMITTEE**

VOCENTO, S.A.

FOR THE YEAR OF 2017

**Approved by the Audit and Compliance Committee on 25 January 2018
Ratified by the Board of Directors on 30 January 2018**

TABLE OF CONTENTS

1. Description, purposes and goals
2. The Audit and Compliance Committee
 - 2.1. Background
 - 2.2. Membership
3. Sessions and meetings
4. Functions and competencies
 - 4.1. General
 - 4.2. Systems for risk management and internal control
 - 4.3. External auditors
 - 4.4. Corporate governance
5. Activities undertaken in 2017
 - 5.1. Meetings
 - 5.2. Assessment
 - 5.3. Financial information
 - 5.4. External audit
 - 5.5. Internal audit
 - 5.6. Systems for risk management and control
 - 5.7. Corporate Governance and Compliance
6. Conclusions from the activities undertaken

ANNUAL REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

VOCENTO, S.A.

END DATE OF REFERENCE YEAR: 31/12/2017

1. DESCRIPTION, PURPOSES AND GOALS

This Annual Report of the Activities of the Audit and Compliance Committee of Vocento, S.A. (hereinafter “**Vocento**” or the “**Company**”) is addressed to the Board of Directors. It summarizes the activities carried out by the Audit and Compliance Committee in various areas of work, including the meetings held and issues discussed in the year. Its preparation and disclosure is in accordance with Article 18.8 of the Rules for the Board of Directors and it is published in conjunction with the individual and consolidated Annual Accounts, and with the sixth recommendation of the Code of good governance for listed companies as published by the CNMV on February 2015 (“**Code of Good Governance**”) and the terms of the technical guidance of 3/2017 for audit committees at entities of public interest, of 27 June 2017, published by the CNMV. The current report is published jointly with the individual and consolidated Annual Accounts.

2. THE AUDIT AND COMPLIANCE COMMITTEE

2.1 BACKGROUND AND REGULATION

Following an agreement by the Board of Directors of Vocento (then Grupo Correo-Prensa Española), on 18 July 2002, an Audit and Compliance Committee was established, of a voluntary nature and with no executive powers, with the main purpose of supporting the Board of Directors in its oversight functions.

This Committee operated until the stock market listing of Vocento, as result of which, in accordance with the terms of Article 19 of the Company Bylaws and of 18.1 of the Rules for the Board of Directors, the Board of Directors of Vocento on 5 September 2006 established the Audit and Compliance Committee, ahead of the listing and in accordance with Law 44/2002, of 22 November, on Reform Measures of the Financial System.

As a consequence of the publication by the CNMV of “Unified Code of Good Governance” (the “**Código Conthe**”) and of the stock marketing listing of Vocento, in 2006 the Committee carried out an analysis of implications of this code for the Audit and Compliance Committees of listed companies such as Vocento, updating the Rules for the Board of Directors, incorporating the new requirements established in the Code.

As a result of the publication on 1 July 2010 of Law 12/2010 of 30 June, which modifies the Law on Auditing Accounts and the Eighteenth Additional Provision on Audit Committees of the 24/1988 Law on Securities Markets was modified. Consequently, Article 18 of the Rules for the Board of Directors, which covers the structure, functioning, powers and obligations of the Audit Committee, was modified in 2010 to incorporate these changes.

Law 12/2010 has increased the responsibility of Audit Committees and Boards of Directors, concerning the accuracy of the financial information that listed companies provide to markets, with it

now being the responsibility of Audit Committees to monitor the accuracy of the financial information and to assess the effectiveness of the Internal Control system for financial information. In addition, they must take to the Board of Directors proposals for selecting, appointing, re-electing and replacing external auditors, and for their contractual conditions, and regularly receive information from them about the Audit Plan and its implementation, while preserving their independence in the exercise of these functions.

The functions and composition of the Committee have changed following a modification to the Rules for the Board in May 2015, in response to changes to the Law on Corporations by Law 31/2014 of 3 December, which aims to improve corporate governance, as well as the approval of the Code of Good Governance by the CNMV in February 2015. Furthermore, in November 2016, a modification was again made to the Rules for the Board of Directors, to clarify that the Chairs of the different Committees, including the Audit and Compliance Committee, must orally report to the Board of Directors about the matters addressed in each meeting of the corresponding Committee during the Board meeting immediately following, as has been happening in practice for years.

Finally, following the publication by the CNMV of Technical Guide 3/2017 about audit commissions at entities of public interest, on 27 June 2017, the Audit and Compliance Committee published a specific regulation to regulate its activities and functions, which was approved by the Board of Directors in its meeting of 19 December 2017 (the “**Rules for the Audit and Compliance Committee**”), and have been applied since then. As a result, the Audit and Compliance Committee is currently governed by its own Rules and then by the Rules for the Board and the Company Bylaws of Vocento.

2.2 MEMBERSHIP

In accordance with the provisions of the Rules for the Audit and Compliance Committee, the Audit and Compliance Committee is composed of a minimum of three and a maximum of five external directors appointed by the Board of Directors, and the majority must be independent directors.

The Chairman will be appointed by the independent directors of the Board and must be replaced every four years, being eligible for re-election one year after the end of the mandate.

At the current date, the Committee consists of the following members:

Chairman	Appointment	Type
D. Miguel Antoñanzas Alvear	19 January 2015	Independent
Members	Appointment	Type
D. Gonzalo Soto Aguirre	12 June 2012	External, nominee
Valjarafe, S.L. represented by	12 June 2012	External, nominee
D ^a Soledad Luca de Tena García Conde		
D. Fernando de Yarza López Madrazo	26 April 2016	Independent
D. Carlos Delclaux Zulueta	26 April 2016	Independent

All members of the Audit and Compliance Committee are External Directors or Independent Directors, and their professional profile and training can be consulted on the following part of the company website: <http://www.vocento.com/accionistas-inversores/gobierno-corporativo/#consejosycomisiones>.

Furthermore, in compliance with Recommendation 39 of the Code of Good Governance for Listed Companies, all members of the Committee have training and experience in accounting, auditing, management of financial and non-financial risks, and IT, with the majority of the members of the Committee independent, including the Chairman.

In accordance with Articles 18.1 of the Rules for the Board and 7.2 of the Rules for the Audit and Compliance Committee, the Secretary, D. Carlos Pazos, is not a member of the Committee and is Secretary of the Board of Directors of Vocento Likewise, the Deputy Secretary, D. Pablo Díaz Gridilla, is Deputy Secretary of the Board, in accordance with these articles.

3. SESSIONS AND MEETINGS

The Audit and Compliance Committee will meet whenever the Board of Directors or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted.

In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators. In these meetings, it can also require the attendance of the account auditors and the internal auditor, for those points of the day to which they are invited. At least part of these meetings with the internal auditor or account auditor must take place without the presence of management.

Any executive director or member of the management team or company employee who is so required will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have. The Committee may require them to appear without the presence of another manager.

4. FUNCTIONS AND COMPETENCIES

Notwithstanding any other functions assigned it by the Board, the Audit and Compliance Committee has, among others, the following responsibilities as stated in Articles 10, 11, 12 and 13 of the Rules for the Audit and Compliance Committee and Article 18 of the Rules for the Board of Vocento, in accordance with the terms of Article 529 of the Law on Corporations:

4.1 GENERAL FUNCTIONS

- Informing the Shareholder Meeting about the issues raised there that fall within the Committee's area of concern.
- Monitor the effectiveness of the internal controls of the Company, as well as internal audit, the system for managing risks including fiscal risks, and discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit.

- Supervising the functioning of the channel for whistleblowing and other procedures for possible breaches of the law and of internal codes of ethics.
- Monitoring the process of preparation and presentation of the financial information required by law.
- Informing the Board of Directors in advance about all the matters addressed by the law, Bylaws and Rules for the Board, in particular about:
 - a) the financial information that the Company must regularly publish
 - b) the creation or acquisition of stakes in special purpose vehicles or entities based in countries or territories considered to be tax havens which will only be possible when other fair and equivalent alternatives do not exist and which comply with the laws and good tax practices applicable to the Group; and
 - c) transactions with related parties.

The Audit and Compliance Committee must be informed about all structural and corporate modifications that the Company intends, for analysis and reporting to the Board of Directors about the financial conditions, the tax and accounting impact and in particular about any share exchange ratio proposed.

4.2 FUNCTIONS RELATING TO SYSTEMS FOR INFORMATION AND INTERNAL CONTROL

- Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- Ensuring the Independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service (human resources, financial resources and IT); approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant financial and non-financial risks of the Company and that responsibilities are clearly identified and defined when it comes to the adequate coordination with other functions that may have these duties, such as the units of risk management and control, compliance and external audit; and also receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.
- Obtaining each year from internal audit a report of activities which must contain at least a summary of the activities and reports undertaken in the year, explaining the work that is established in the annual plan and that has not been undertaken or those tasks that have been undertaken without being in the plan, and an inventory of any weaknesses, recommendations and action plans contained in the various reports.
- Evaluating the functioning of internal audit and the performance of its head.

- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

4.3 FUNCTIONS RELATING TO THE EXTERNAL AUDITOR

- Bringing to the Board proposals for the selection, appointment, re-election and substitution of the external auditor and the conditions of the auditing contract, and regularly receiving information about the audit plan and its implementation, as well as preserving its independence in these functions.
- Establish the appropriate relations with the external auditor for receiving information about those matters that may jeopardise the auditor's independence, to be examined by the Committee, and any other matters related to the audit, as well as any other communications established by auditing law and norms. The Committee will receive each year from the external auditor a declaration of independence from the entity and entities related to it directly or indirectly, as well as information about additional services of any other class provided by the auditor or related people or entities, in accordance with the legislation on auditing accounts.
- In the event that the external auditor resigns, to examine the circumstances which led to this.
- Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.
- Ensure that the Company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.
- Ensuring that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the Company.
- Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the independence of auditors.
- Publish each year prior to the publication of the audit of the accounts a report expressing an opinion about the Independence of the auditor. This report must contain a valuation of the additional services mentioned in the previous point, broken down individually and also overall, apart from the legal audit service, as related to the status of Independence and the norms governing audits.
- Publish each year an assessment of the performance of the external auditor and how it has contributed to the quality of the audit and the integrity of financial information.

4.4 FUNCTIONS RELATING TO THE SUPERVISION OF COMPLIANCE WITH CORPORATE GOVERNANCE RULES, INTERNAL CODES OF CONDUCT AND THE POLICY FOR CORPORATE AND SOCIAL RESPONSIBILITY

- Monitoring compliance with internal codes of conduct and corporate governance rules.
- Monitoring the communications strategy and the investor relations strategy, including small and medium shareholders.
- The regular assessment of the company's corporate governance system, and how it complies with its missions of supporting social interest and reflect the legitimate interests of stakeholders.
- The review of the company's corporate responsibility policy, ensuring it is focused on the creation of value.
- Monitoring the strategy and practices of corporate social responsibility and evaluating the level of compliance.
- Supervising and evaluating the processes of relations with the various stakeholders.
- Evaluating everything that concerns non-financial risks at the Company, including operational risk, technological, legal, social, environmental, political and reputational.
- Coordinating the process of reporting non-financial information and diversity information in accordance with applicable norms and international standards.
- Providing the Board with information about the tax policies and criteria applied by the Company, and about the level of compliance with good tax practices at the Group.
- Publishing the reports and implementing the actions that the Board or Chairman request from it in the exercise of its functions.

As can be seen by the description of the activities undertaken by the Committee, in section 5 of this report, the functions and activities assigned to the Audit and Compliance Committee were exercised in compliance with the terms of the Rules for the Audit and Compliance Committee, with no significant changes in its performance in 2017.

5. ACTIVITIES UNDERTAKEN IN 2017

5.1. MEETINGS

In 2017, the Audit and Compliance Committee met on **eight (8)** occasions, on the following dates:

- 1) 26 January 2017
- 2) 27 February 2017
- 3) 24 March 2017
- 4) 9 May 2017
- 5) 25 July 2017
- 6) 6 November 2017
- 7) 24 November 2017
- 8) 18 December 2017

The following section summarizes the issues discussed, agreements reached and recommendations made by the Audit and Compliance Committee:

➤ **MEETING OF 26 JANUARY 2017:**

- Report from external auditors with preliminary conclusions of their review of the consolidated financial statements for 2016.
- Report on the analysis of tax risks.
- Report following up internal audit plan for 2016.
- Monitoring of the implementation plan for the Crime Prevention and Response System.
- Annual Report of Activities of the Audit and Compliance Committee 2016.
- IT security plan.
- Management Control and Reporting system.

➤ **MEETING OF 27 FEBRUARY 2017:**

- Report from account auditors about the annual accounts of Vocento and the consolidated group for 31 December 2016.
- Report from account auditors confirming their Independence from the Group and dependent bodies, plus information about additional services provided.
- Report from the Audit and Compliance Committee about the independence of the external auditors from the Group and about additional services provided.
- Presentation of the regular public financial information to be sent to the CNMV and the market for 31 December 2016.
- Report about the functioning of the SCIIF in the fourth quarter of 2016.
- Report about the effectiveness of the SCIIF controls in the fourth quarter of 2016.
- Assessment of the SCIIF in 2016 and its compliance with the recommendations from the CNMV and the COSO standard.
- Risk management report for 4Q16.
- Proposed Annual Corporate Governance Report for 2016.
- Proposed formulation of annual accounts for Vocento and the consolidated group for 2016.
- Proposed annual report from internal audit for 2016.
- Proposed report for crime prevention for 2016

➤ **MEETING OF 24 MARCH 2017**

- Approval or not of the hiring of PWC for a service other than auditing.

➤ **MEETING OF 9 MAY 2017:**

- Information from external auditors about internal control recommendations corresponding to 2016.
 - Law on Account Auditing: new reports for auditing and for the Audit Committee.
 - Requesting from the external auditors of the Limited Review of accounts to 30 June 2017.
 - Proposed policy on services provided by the external auditor.
 - Report about services provided by the external auditor in 1Q17.
 - Presentation of the regular public financial information to send to the CNMV and to the market, for the first quarter of 2017.
 - Functioning of the SCIIF in 1Q17.
 - Report from Internal Audit about the effectiveness of the SCIIF controls in 1Q17.
 - Monitoring of internal audit plan for 2016.
 - Crime prevention and response system.
 - Proposed Sustainability Report 2016.
 - Other business.
- **MEETING OF 25 JULY 2017:**
- Monitoring of internal audit plan 2017.
 - CNMV Technical Guidance on Audit Committees.
 - Report from the external auditor PwC about the limited review of consolidated financial information for 30 June 2017.
 - Functioning of the SCIIF in 2Q17.
 - Report from Internal Audit about the effectiveness of the SCIIF controls in 2Q17.
 - Presentation of the regular public financial information to send to the CNMV and to the market, for the second quarter of 2017.
 - Phase II of KPI project: Demo of new IT system for Directors.
 - Effect on consolidated interim statements of the Veralia Contenidos transaction.
 - Information about the Crime Prevention and Response system in 2Q17.
 - Services provided by the external auditor in the second quarter of 2017.
 - Vocento Sustainability Report 2016.
 - Other business
- **MEETING OF 6 NOVEMBER 2017:**
- Functioning of the SCIIF in 3Q17.
 - Report from Internal Audit about the review of SCIIF controls in 3Q17.

- Presentation of the regular public financial information to send to the CNMV and to the market, for the third quarter of 2017.
 - Measures proposed regarding capital structures of some companies.
 - Risk management report for 3Q 2017.
 - Report about transparency in the Spanish media sector in 2017.
 - Proposed Rules for the Audit and Compliance Committee.
 - Monitoring of the Internal Audit plan for 2017.
 - Report from Internal Audit about the review of Crime Prevention and Response System in 3Q17.
 - Proposal for updating Internal Audit bylaws.
 - Report about services provided by the external auditor in 3Q17.
 - Other business.
- **MEETING OF 24 NOVEMBER 2017:**
- Approval of minutes from meeting of 6 November 2017.
 - Audit plan 2017.
 - Corporate rebalancing – review of situation.
 - Preliminary analysis of possible indications of impairment to goodwill.
 - Monitoring of the Internal Audit plan for 2017.
 - Other business.
- **MEETING OF 18 DECEMBER 2017:**
- Approval of minutes from meeting of 24 November 2017.
 - Audit plan 2017.
 - Situation of goodwill and tax credits.
 - Proposals for corporate restructuring.
 - Status of corporate simplification plan.
 - Monitoring of internal audit plan for 2017.
 - Crime Prevention and Response system.
 - Proposed internal audit plan and budget for 2018.
 - Monitoring of Vocento Corporate Social Responsibility plan for 2017.
 - Other business.

The Chairman of the Audit and Compliance Committee informed the Board of Director of the main issues discussed at each meeting, and minutes were taken by the Secretary of the Audit and

Compliance Committee and of the Board of Directors and sent to all Directors immediately following their approval.

All members of the Audit and Compliance Committee participated in all the meetings of the Committee in the year. Other people who are not members of the Committee also attended meetings on the request of the Chairman, including, among others, the Chief Financial Officer, the Director General of Operations, the Director of Technology and Systems, the Director of Communication, the tax advisers of the group, and the person responsible for the new information system for Directors based on Qlik View.

The external auditor participated in six (6) meetings of the Audit Committee, while the head of internal audit participated in seven (7) meetings when requested to, providing information about the development and results of the external and internal audits respectively.

5.2 ASSESSMENT

In accordance with Article 19 of the Rules for the Audit and Compliance Committee, the Audit and Compliance Committee must each year assess its performance, autonomously, in order to improve its functioning and improve planning for the next year.

Hence in 2018 the Audit and Compliance Committee carried out this autonomous review process, as coordinated by the Secretary of the Committee, with the results to be sent to the members of the Audit and Compliance Committee and the Board, to be taken into consideration by the annual review of the Board of Directors.

5.3 FINANCIAL INFORMATION

The Audit and Compliance Committee reports to the Board prior to its approval of the financial information that Vocento must publish regularly.

Consequently it monitors the process of preparing and guaranteeing financial information and ensures compliance with legal requirements, and the correct application of the consolidation perimeter and accounting standards.

In these tasks it has been supported by the financial department and the internal and external auditors.

The Committee in the various meetings of the year has reviewed:

- The Regular Public Financial Information to send to the CNMV and to the market, following a report from internal audit about the effectiveness of SCIIF controls, ensuring that the quarterly and half-yearly reports are prepared in accordance with the same principles, criteria and professional practices as the annual report and with the same level of accuracy.
- The report from the external auditors following the limited review of the consolidated financial information to June.
- The proposal for the formulation of the Annual Accounts of Vocento and the consolidated group.

- The report from the external auditors about the preliminary conclusions of the review of consolidated financial statements to September.
- The report from the external auditors about the annual accounts of Vocento and the consolidated group.

5.4 EXTERNAL AUDITOR

The Audit and Compliance Committee must regularly receive from the external auditor information about the audit plan and its implementation and preserve their independence in these processes. Communication between the Audit and Compliance Committee and the external auditor must be fluid and continuous.

In the year it undertook the following activities in this area:

- Received a report from the account auditors confirming their independence from the Company and dependent entities, as well as information about additional services provided.
- Prepared a report expressing an opinion about the Independence of the account auditors and the delivery of additional services.
- Requested from the external auditors a limited review of the consolidated half-yearly accounts to June and the accounts to September.
- The external auditor held a meeting with the full Board of Directors to inform it about the work undertaken, the development of the accounts and the risks faced by the Company.
- The Committee carried out a final assessment of the actions of the external auditor and confirmed their contribution to the quality of the audit and the integrity of financial data, including the auditor's independence, business knowledge and the frequency and quality of communications.

5.5 INTERNAL AUDIT

5.5.1 Supervision of the function

The company's internal audit function has been operating since 2004, as part of the Audit and Compliance Committee and reporting to the Chief Executive Officer, and it aims to ensure the correct functioning of information systems, internal controls, and risk management.

Its competencies are established by the Internal Audit Statute approved by the Audit and Compliance Committee on 6 November 2017, which is an updated version of the statute of 21 October 2004, incorporating regulatory developments and best practices.

Complying with its responsibilities for supervising internal audit services, the Audit and Compliance Committee carried out an assessment of the performance of the director of internal audit, including an assessment of the compensation corresponding to 2016.

5.5.2 Internal audit plan

In accordance with the functions that are its responsibility according to its Statute, the internal auditor presented to the Audit and Compliance Committee for approval the Internal Audit Plan for 2017 and the budget.

The Internal Audit Plan was practically fully implemented. The Plan included specific reviews of the controls of the SCIIF, in each financial reporting period to the market and to the regulator. All components of the internal control system for financial information were reviewed, enabling overall conclusions to be drawn about the effectiveness of the SCIIF, in accordance with the international COSO standard.

In addition, another objective of the audit plan, included in the Strategic Plan for Internal Audit, was to ensure compliance with the increasing responsibilities of the Audit and Compliance Committee, in the area of corporate governance and the supervision of risk control and management, increasing as a result of new legislation. Audits were carried out of compliance with the Policy for communications with shareholders and investors, of the Policy for services provided by the external auditor, of the tax management norm and of the Code of good tax practices.

Reviews were also undertaken in the auditing area of the processes for advertising revenues, travel and representation expenses and of financial audits of two newspaper publishing companies.

Concerning the Crime Prevention and Response System, audits were undertaken of controls in the IT system for payroll, social security, tax, prevention of risks at work, printing and grants.

Consulting work was undertaken concerning the implementation of an IT security system and now the new IT tool for advertising management.

Internal Audit, as the third line of defence (1) has developed a global assurance map for Vocento, detailed the coverage of the relevant risks that have been identified by the risk management system, indicating the controls in place for their mitigation and the areas responsible for managing these controls – the second line of defence – which provides the universe of processes and controls for internal audit to review.

5.5.3 Following up of recommendations

In the course of the year, work was carried out to follow up recommendations by issuing reports to the Director Generals of business areas and corporate areas, as the parties responsible for the functioning of the internal control system in their respective areas. This following up process aims to ensure that the recommendations made are implemented effectively. For each report, an action plan was proposed by the parties responsible for the audited processes, including actions to carry out to implement the recommendations.

¹ To facilitate the audit and compliance committee in its work of monitoring the risk management and control systems, the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditing (ECIIA) propose a methodological focus that is aligned with the three lines of defence model, which establishes the role of internal audit as to guarantee the functioning of the internal control system for the governance and senior management organisations, based on an assessment of the effectiveness of the risk management and compliance functions.

5.5.4 Information and communication

Over the course of the year, the internal auditor attended all the meetings and regularly informed the Audit Committee about the Internal Audit plan, of the conclusions reached, and of the recommendations made, and about the following up and implementation of the plan. The Executive Committee has also been kept informed with the same frequency.

The internal auditor published a Report of Activities at the end of the year.

In addition, the internal auditor has met the Chairman of the Audit Committee, without the presence of any other manager or non-member of the committee.

Internal Audit has carried out its work with the Independence required and there has been a satisfactory level of cooperation from managers and employees, with no relevant incidents or any difficulties in accessing information or people; information channels functioned correctly.

5.6 SYSTEMS FOR RISK MANAGEMENT AND CONTROL

5.6.1 Risk Management System

The Audit and Compliance Committee is responsible for ensuring the effectiveness of internal controls and risk management systems, including tax risks.

Vocento has implemented a risk management system which aims to enable understanding and oversight of the risks to which the Company is exposed, aligning business objectives, the risks identified, response measures and the controls established, in order to minimize the impact of any of these risks materializing.

In 2014, this risk management system was subject to an in-depth review and on 13 November 2014 the Board of Directors approved a new Risk Management Policy for Vocento and group companies.

In the year the Chief Financial Officer, in charge of the function of managing risks, presented to the Audit and Compliance Committee a new risk management report that was the outcome of the process of identifying and assessing risks that was carried out by the Risks Committee, which consists of members of the Management Committee of Vocento, including key indicators for the management and control of the main risk whose materialization could affect the objectives of Vocento.

Regarding the tax situation of the Group, the external tax advisor presented the Audit and Compliance Committee with an analysis of the situation, highlighting that no new tax risks were identified compared to the previous year, with all risks duly provisioned against in accounts.

5.6.2 Internal Control System for Financial Information (SCIIF)

In 2011 Vocento implemented an Internal Control System for the regulated Financial Information (SCIIF) that it discloses to the market and to regulators. The main aim of this is to provide the Board of Directors with a reasonable level of security about the accuracy of the financial information that Vocento is obliged to publish as a listed company.

Vocento's SCIIF follows the recommendations of the CNMV as contained in the document "Control of financial information at listed companies," and it is fully operational, as documented in an internal

norm approved by Senior Management, and supported by an IT application that enables the execution of the controls and their review by internal audit.

As an additional guarantee of the accuracy of the financial information, Vocento's SCIIF also benefits from a system of certifications about the accuracy of the information and about the functioning of the internal control systems, signed every six months by the director generals of the companies, the Chief Financial Officer and finally by the Chief Executive Officer.

Among its responsibilities in the area of internal control, the Audit and Compliance Committee has monitored the effectiveness of the SCIIF, supported by the services of internal audit, which carries out an overall review of the SCIIF according to the COSO standard used by Internal Control, verifying that the CNMV recommendations are met.

5.6.3 System for Crime Prevention and Response

On 13 November 2014, the Board of Directors of the Company approved a Crime Prevention Policy, which aims to send to all managers and employees at Vocento the message that Vocento ensures that its activity is based on principles which result in behaviours that are committed to legality, good governance, transparency, responsibility, independence, and reputation for upholding socially accepting ethical standards.

In this context, the Board also approved on 13 November 2014 Vocento's Code of Ethics, which sets the standards of behaviour that Vocento has already been applying in its activities.

The Code of Ethics establishes a specific communications channel, the Ethics Channel, by which any employee can confidentially report behaviour which is inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, including financial and accounting norms.

All Vocento employees have been notified of the Code of Ethics and are understood to have welcomed and accepted it.

In 2015, the Company outsourced the receipt and management of any communications to an external supplier, with their own IT system, which provides more Independence to the receipt of communication, ensuring their confidentiality and complying with the law governing the protection of personal data. This outsourcing agreement was maintained in the current year.

To implement the Crime Prevention and Response Policy, in 2015, using the competent bodies, a specific and effective internal control system will be implemented to prevent crimes, made up of a series of measures designed to assess risks, prevent, detect and respond to any non-compliance with the Code of Ethics or other possible crimes, while also documenting the practices that Vocento has been applying historically.

Included in this internal control system are protocols for acting and for monitoring, used in order to assess and reduce the risk of conduct which is illegal, irregular or contrary to the Code of Ethics. These are complemented by the implementation of effective, continuous controls that can be upgraded and reviewed.

In the current year, Vocento has concluded the implementation of the Crime Prevention and Response Policy, specifically in relation to the general controls and specific controls implemented for specific crimes, the IT support for these controls, and training for employees.

In terms of supervision, the Ethics Committee, which reports to the Audit and Compliance Committee, has been granted the function of preparing and monitoring the implementation, development and compliance of the internal system for crime prevention. Other companies in the group headed by Vocento have signed up to this system, under the responsibility of different bodies, without prejudice to their recourse to the Ethics Committee on a case by case basis.

The Secretary of the Ethics Committee has regularly informed the Audit and Compliance Committee about the progress of the implementation of the system for preventing and responding to crime, and has submitted for its consideration a report on crime prevention prepared by the Ethics Committee, which provides information about all the activities carried out in the year.

5.7 CORPORATE GOVERNANCE AND COMPLIANCE

5.7.1 Corporate Governance

It corresponds to the Audit and Compliance Committee to monitor the internal codes of conduct and rules of corporate governance, to supervise the strategy of communications with shareholders and to review the corporate social responsibility policy.

Complying with these responsibilities, the Audit and Compliance Committee carried out the following activities:

- Review of the Annual Report on Corporate Governance and proposal to the Board
- Review of the 2016 Sustainability Report
- Review of the Annual Report on Activities of the Audit and Compliance Committee and proposal to the Board
- Review and proposal to the Board of the Rules of the Audit and Compliance Committee
- Review and approval of the statute for Internal Audit
- Review and approval of the Policy on the delivery of services from the external auditor

5.7.2 Corporate compliance unit

The Corporate Compliance Unit was created with the responsibility of maintaining up to date the information that Directors and employees must disclose to the Company, in accordance with Article 32.3 of the Rules for the Board.

In accordance with this mandate, on 14 January 2014 the Board of Directors approved Vocento's Internal Rules of Conduct in Security Markets, Article 8 of which creates the Corporate Compliance Unit as an independent body reporting to the Audit and Compliance Committee.

The Corporate Compliance Unit has informed the Audit and Compliance Committee on a quarterly basis of the measures taken to ensure compliance with Vocento's Internal Rules of Conduct in Security Markets, approved in 2014. The reports mentioned any incidents in the updating of the

people and amounts affected, and any incidents in regard to personal transactions and in the interaction of the Group with the Comisión Nacional del Mercado de Valores.

In this regard, the Secretary to the Board of Directors regularly sent to the Audit and Compliance Committee the Quarterly Report of the Corporate Compliance Unit, stating the measures taken in order to ensure compliance with the terms of the Internal Code of Conduct. These measures include the creation of the required documentary records, the written notification to every person covered by the code that they are affected by it, and the obligations this implies, as well as the assessment of the level of compliance and any incidents detected.

6. CONCLUSIONS FROM THE ACTIVITIES UNDERTAKEN

In the period under consideration, the Audit and Compliance Committee has functioned with the expected normality, exercising fully and without interference its competencies and with total respect for the legislation in force and the internal norms of functioning and organisation contained in the Rules for the Board of Directors. Over the course of the year, the Audit and Compliance Committee has been supported by the services of Internal Audit, the Corporate Compliance Unit and the External Auditors, who have carried out the functions entrusted to them.

As a result of this work, the members of the Audit and Compliance Committee:

- consider that the Committee has in the course of the year satisfactorily complied with the functions assigned to it by the Board of Directors of Vocento and contained in its Rules, in particular those functions pertaining to the monitoring of the process of preparing and presenting regulated financial information, and the supervision of internal audit;
- state their approval of the effectiveness of the internal control systems associated with the process of preparing this regulated financial information, and with the level of compliance with the norms and recommendations of good corporate governance; and
- have informed the Board of Directors and the Management of the company about those aspects which may be approved in their corresponding areas of responsibility.

* * *

vocento

SUSTAINABILITY REPORT

VOCENTO, S.A.

2017

TABLE OF CONTENTS

1. LETTER FROM THE CEO	p.3
2. ACTIVITIES AND MAIN NUMBERS	p. 4
2.1. Business model.....	p. 5
2.2. Economic value generated, distributed and retained.....	p. 11
2.3. Fiscal responsibility. Commitment to the society where we operate.....	p. 12
3. GOOD GOVERNANCE AND ORGANISATION	p. 13
3.1. Governance bodies.....	p. 13
3.2 Corporate governance model at Vocento.....	p. 17
3.2.1. Internal norms.....	p. 18
3.2.2. Risk management and internal control systems.....	p. 19
3.2.3. System for internal control of financial information (SCIIF).....	p. 22
3.2.4. System for preventing and responding to crime.....	p. 23
3.2.5. System for management of information security.....	p. 25
3.3. Highlights of corporate governance in 2017.....	p. 28
4. MANAGEMENT OF NON-FINANCIAL RISKS	p. 29
4.1. Risks related to the environment and the impact of our activity on it.....	p. 29
4.2. Risks related to social issues and personnel.....	p. 30
4.3. Risks related to human rights.....	p. 31
4.4. Fight against corruption and bribery.....	p. 31
4.5. Due diligence in the supply chain.....	p. 31
5. PROFILE AND MANAGEMENT OF RESPONSIBILITY AND SUSTAINABILITY	p. 32
5.1. Mission, vision and values.....	p. 32
5.2. Stakeholders.....	p. 33
5.3. Materiality analysis.....	p. 33
5.4. Policy, strategy and plan for responsibility and sustainability.....	p. 35
5.5. Vocento website. CSR page.....	p.36

6. STAKEHOLDER RELATIONS	p. 36
6.1. Shareholder relations.....	p. 36
6.2. Relations with financial analysts	p. 38
6.3. Communications with institutional investors	p. 38
6.4. Relations with audiences	p. 38
6.5. Relations with suppliers	p. 39
6.6. Relations with employees	p. 41
6.7. Environment.....	p. 56
7. ASSESSMENT OF THE SOCIAL ACTION OF VOCENTO	p. 61
8. FOUNDATIONS	p. 62
8.1. ABC Collection Foundation	p. 63
8.2. Vocento Foundation.....	p. 65
9. JOURNALISM TRAINING	p. 66
9.1. ABC-UCM Master's in journalism and digital communication.....	p. 66
9.2. El Correo-UPV Master's.....	p. 67
10. VOCENTO 15th ANNIVERSARY	p. 67
11. AWARDS RECEIVED AND GIVEN IN 2017	p. 70
12. EVENTS IN 2017	p. 87
13. ENTITIES OF WHICH VOCENTO HAS BEEN A MEMBER	p. 98
14. FOUNDATIONS OR NON-PROFIT ORGANIZATIONS WITH WHICH VOCENTO HAS WORKED p. 98	
15. ABOUT THIS SUSTAINABILITY REPORT	p. 99

1. LETTER FROM THE CEO

It is my pleasure to introduce Vocento's sustainability report, in which we disclose our financial, social and environmental performance in 2017.

Vocento is hereby complying with the obligation to disclose non-financial information, in accordance with Royal Decree Law 18/2017, of 24 November 2017, in a separate sustainability report. This document forms part of the directors' report for the Group and has hence been subject to the same procedures of approval, registration and publication.

Just as in previous years, we have prepared this document in accordance with the principles of the G4 framework of the Global Reporting Initiative (GRI) and the sector supplement for the media sector, which identifies specific issues for media companies to report. We have also adopted the recommendations of the recent law.

In 2017, we worked hard to launch and apply our Plan for Corporate Social Responsibility and Sustainability 2017-2018, which we designed and approved in 2016. At the end of 2017 we had recorded major progress, achieving practically all the targets set for the period.

One of the actions of the Plan was focused on improving the measurement of our social actions and our contribution to the communities where we operate, beyond the impact of our business. As a result we have been able to record a total value which is more than double the result of last year.

In preparing this document, we have continued to reflect our commitment to improve and to increase transparency, making it easier for stakeholders to understand our Group's activities and hence increasing their trust and enhancing our sustainability.

We may face major challenges in 2018, but at Vocento we have the team, the brands and the values which will help us continue to carry out our business in a sustainable and responsible way.

Luis Enríquez

2. ACTIVITIES AND MAIN NUMBERS

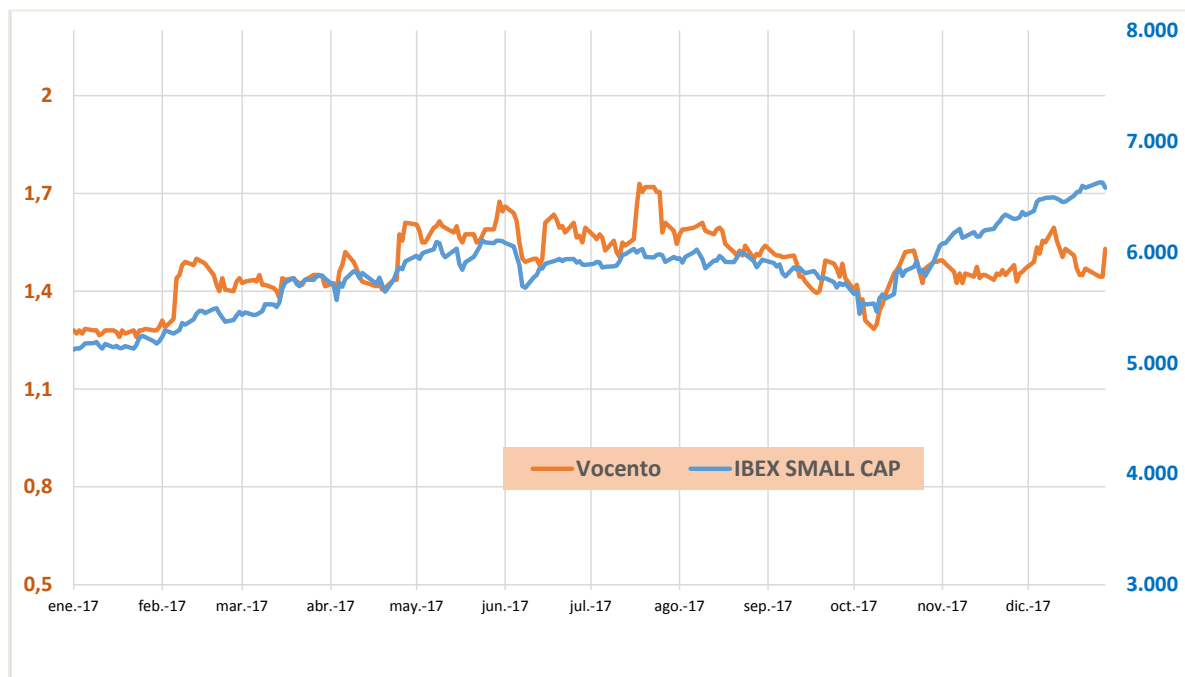
Vocento is a Spanish corporation whose shares are listed on the Spanish continuous market and on the stock exchanges of Bilbao, Madrid, Barcelona and Valencia.

On 31 December 2017, the share capital of Vocento was 24,994 thousand euros and consisted of 124,970,306 shares of nominal value of 0.2 euros each, totally paid in. There was no change from 31 December 2016.

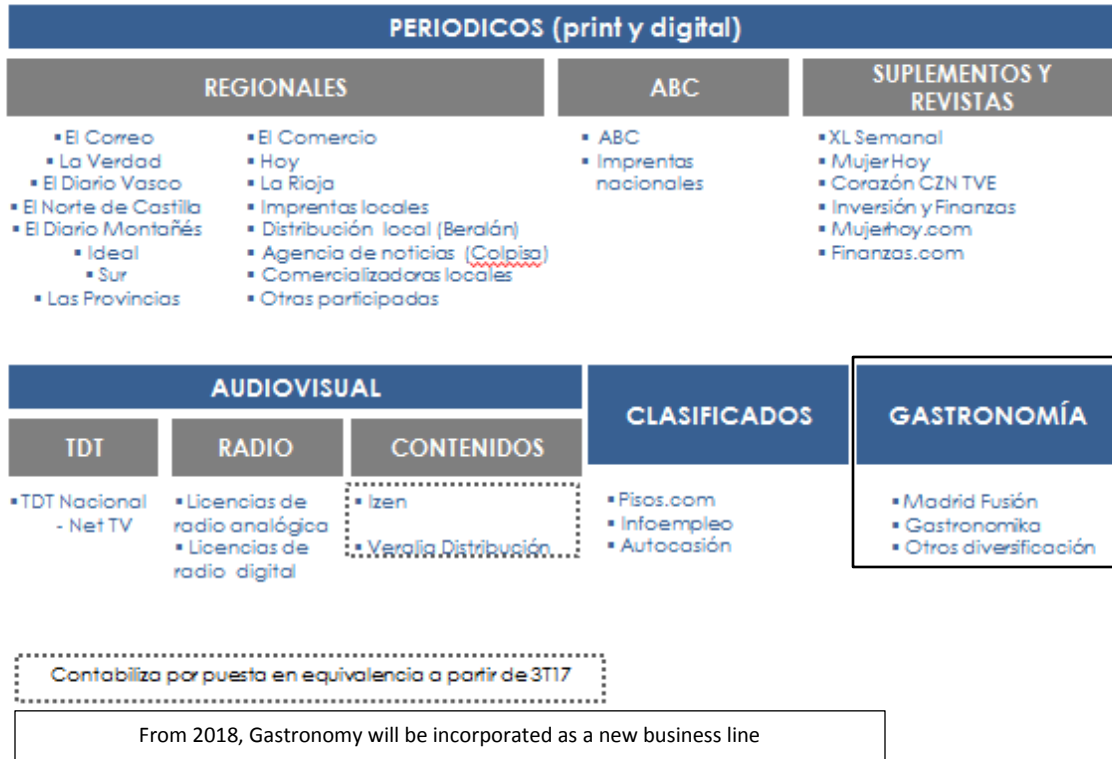
As is indicated on the CNMV website, Vocento holds treasury shares equivalent to 3.1% of its share capital.

The chart below shows the share price performance of Vocento and its comparison to the IBEX Small Cap index.

Share price performance of Vocento in 2017 vs. IBEX Small Cap Index



Vocento is a multimedia group, headed by VOCENTO S.A., which is dedicated to the different areas of business of the media sector.



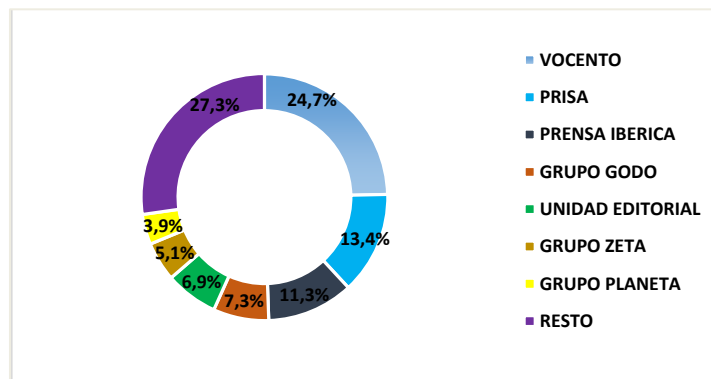
2.1. BUSINESS MODEL

Press – offline and online

VOCENTO is the clear leader of the general press, with market share of ordinary circulation of 24.7%, increasing the gap to the nearest competitor.

Share of ordinary circulation

(Source: OJD, data not certified)



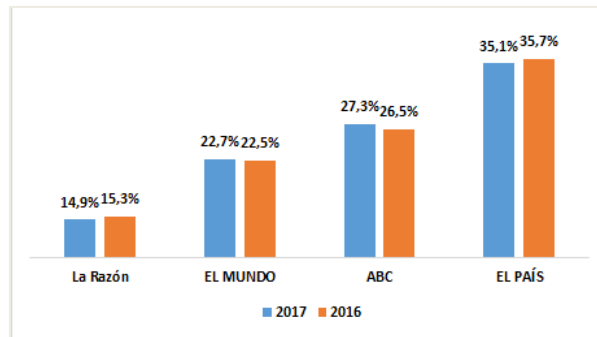
It is also the leader in terms of readership, according to the third EGM survey of 2017, with more than 2.2 million readers, more than one million more than the next group.

With an audience of more than 21 million unique monthly users in 2017, according to comScore, it has a significant Internet positioning.

ABC, the national daily published by Vocento, is more than 110 years old and is one of the leading newspapers in the country.

Share of ordinary circulation in Madrid 2016-2017

(Source: OJD, 2017 data not certified)

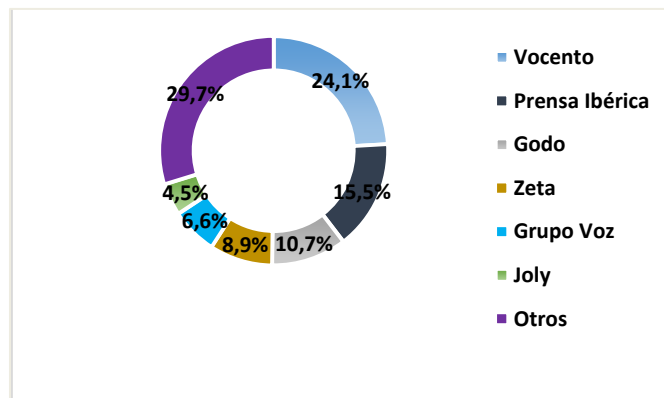


ABC is increasing its market share in the key market of the Comunidad de Madrid, where for the third consecutive year it has been in second position.

Regional Newspapers

2017 Share of circulation, regional press (%)

(Source: OJD, data not certified)



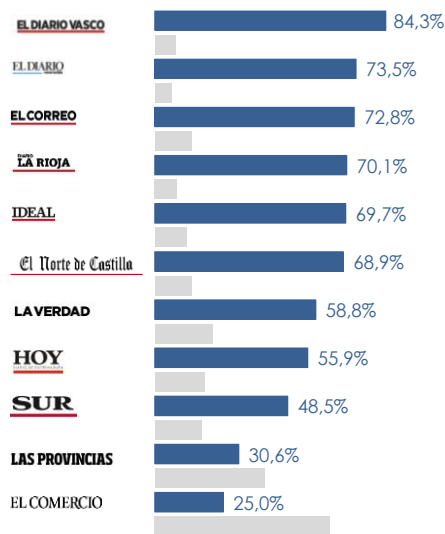
Vocento is the undisputed leader of the regional press market in Spain thanks to the positioning and history of its 11 regional newspapers. With some brands being more than 100 years old, their recognition and strong links to their regions make them leaders in their markets.

In 2017, VOCENTO's regional newspapers maintained their leadership of circulation, with market share of 24.1%, almost 9 p.p. more than the next group.

Furthermore, nine of our portals are leaders in their markets.

Market share in area of influence¹

Data (%)



Audience of local portals²

Datos en miles de usuarios únicos mensuales



Note 1: Source OJD. 2017. Data not certified. Note 2: Source comScore December 2017.

Supplements and Magazines

Vocento publishes the two leading supplements in Spain:

- XLSemanal, the most widely read Sunday supplement in Spain.
- Mujerhoy, the second most read supplement and the leading women's magazine.

The two supplements are distributed with all VOCENTO newspapers at the weekend, and with other major regional newspapers which do not belong to the group.

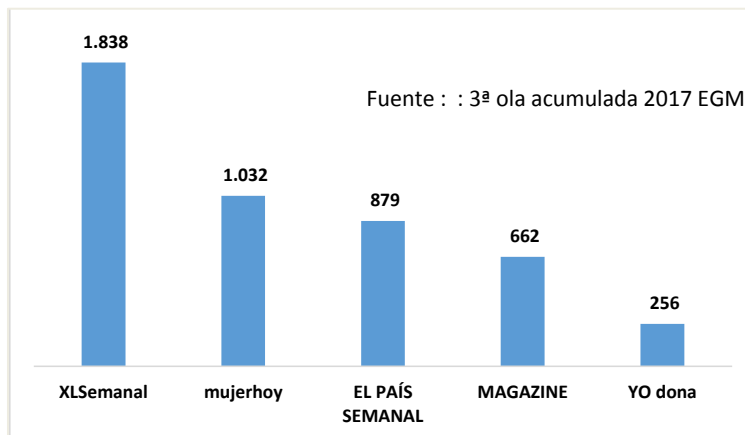
- Corazón TVE is one of the best-selling celebrity magazines.
- Código Único is our publication in the men's luxury segment.
- Inversión y Finanzas is the leading weekly magazine by kiosk sales in the financial sector.
- In corporate magazines, the agreement with Air Europa has helped make its magazine a leader in the in-flight sector.

VOCENTO's Supplements and Magazines reached a combined audience in 2017 of more than 3.1 million readers.

XLsemanal is a clear leader with c. 2 million readers, almost one million more than its nearest competitor. Mujerhoy has more than a million readers. Online, Mujerhoy.com is one of the main portals in its category with 2 million unique users according to comScore data for December 2017.

Readership of the main supplements in Spain.

(Data in thousands of readers)



Audiovisual

VOCENTO has a presence in the audiovisual market with a nationwide DTT license enabling the broadcast of two channels, a network of radio licences, the management of a catalogue of film rights, and a position in the content production sector.

Television

Net TV broadcasts two channels, Disney Channel and Paramount Channel, which provide Vocento with a presence in the niche television market with international, world-leading suppliers.

Radio

The alliance with Cadena COPE contributes stable profitability and delivers synergies and support to ABC in terms of editorial content.

Audiovisual Production and Distribution - Veralia

In 2017, the audiovisual production business Veralia Contenidos merged with Zebra Producciones, S.A and Proima-Zebrastur, S.L to create a new company: IZEN Producciones Audiovisuales S.L., which includes brands such as BocaBoca, Europroducciones, Hill Valley and Zebra. VOCENTO has a 45% stake in the new holding company.

In the film distribution area, Veralia Distribución de Cine manages a catalogue of more than 200 titles, with customers including free-to-air TV, pay-TV and new over-the-top or OTT players.

New businesses

In its diversification strategy, VOCENTO aims to incorporate new businesses that are related to its brands and that contribute to the growth of revenue and profits, with an outlook for break even in the short term, hence increasing the stability of the P&L and of cashflows and reducing our exposure to conventional advertising revenues.

Highlights in recent quarters include

1. **The acquisition of MadridFusión**, a leader in the organisation of food fairs. With San Sebastián Gastronomika, which belongs to Vocento, it is one of the largest food trade fairs in Europe, with a high potential for international expansion and for developing related activities.
2. **Acquisition of 19% of Gelt**, an application for online coupons.
3. **Acquisition of 50% of Shows On Demand**, an online collaborative platform for organising live concerts.

4. **Acquisition of a stake in Music Has No Limits**, which specialises in organising concerts.
5. **Launch of Factor Moka**, a communications and marketing agency which offers our clients and brands a full range of solutions for connecting to their customers.

Reflecting the group's financial discipline and commitment to low debt, investments in diversification are financed partly by the sale of real estate assets, such as the ABC headquarters or the former Veralia building.

Digital strategy

Vocento's digital strategy consists of:

1. **Maximising digital advertising revenues:** the aim is to optimize advertising sales by using data analytics to segment audiences. These technologies also increase our understanding of users and improve their engagement and loyalty to VOCENTO brands.

Our commercial offering has been enhanced with the launch of new digital products and services, such as Local Digital Kit in 2017, for the SME segment.

The Classifieds portals also differentiate VOCENTO in this area.

2. **Payment models:** Implementing payment-based models: with Ideal in 2018, there are now four VOCENTO portals which offer the ON+ payment service to their readers. In total, there are now more than 14,000 subscribers to ON+. This Premium model, which marks the end of the free content era, is based on high quality content, with innovation playing a major role, as well as on exclusive offers to subscribers.
3. **Transactional revenues:** Oferplan, a portal for discount offers and plans, is responding to the changing needs of clients when it comes to making reservation plans

Classifieds

In 2017, the Classifieds business consolidated its position with growth in the real estate market at pisos.com, increased profitability at Autocasión.com in the automotive sector, and stability in the jobs market at Infoempleo.com.

In 2017, the Infoempleo.com and autocasion.com portals were redesigned.

2.2. ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED (*)

Cifras en miles de €

	2017	2016
Valor económico generado		
Importe neto de la cifra de negocios	423.014	447.872
Trabajos realizados por la empresa para el activo intangible	10	75
Otros ingresos	891	818
Variación de provisiones de tráfico y otras	- 2.500	- 2.065
Deterioro y resultado por enajenación de inmovilizado material o intangible	- 4.874	- 20.881
Amortizaciones y depreciaciones	- 16.916	- 18.650
Ingresos financieros	300	241
Gastos financieros	- 5.043	- 6.701
Otros resultados de instrumentos financieros	- 45	- 294
Resultado neto por enajenación de instrumentos financieros no corrientes	2.932	177
Valor económico neto generado	397.769	442.000
Valor económico distribuido		
Aprovisionamientos	- 60.215	- 67.246
Gastos de personal	- 152.256	- 154.814
Servicios exteriores	- 169.335	- 182.516
Impuestos sobre las ganancias de las operaciones continuadas	- 13.073	- 92.570
Accionistas minoritarios	- 6.597	- 2.255
Valor económico neto distribuido	401.475	499.401
Valor económico retenido en el año (generado - distribuido) -	3.706	- 57.401
Valor económico sin efecto FISCAL	9.367	22.101

(*)Structure of the income statement expressed in terms of sustainability, as suggested by the GRI (Global Reporting Initiative).

The impact of Vocento's activity is mainly felt in Spain, representing 93.7% of the total net value distributed. Spain received in financial terms the following amounts, by concept, in 2017:

Cifras en miles de €

Compras de materiales, consumibles y suministros	35.014
Sueldos y salarios trabajadores	152.256
Servicios de proveedores	169.335
Impuestos	13.073
Pagos accionistas minoritarios	6.597
Total impacto económico en la economía nacional	376.275

2.3. FISCAL RESPONSIBILITY. COMMITMENT TO THE SOCIETY WHERE WE OPERATE

At Vocento, we believe that one of our most important commitments to society is represented by our fiscal responsibility and our transparency about our actions and obligations in this area.

The most significant points of the Code of Ethics in relation to tax responsibility and accurate financial information include:

Accuracy of financial information

- The duty to account for operations at the right moment, following the criteria of existence, integrity, clarity and precision, in compliance with the applicable accounting norms at all times, so that financial information is accurate and reflects the rights and obligations of Vocento.

Legality. Prevention of money laundering.

- Duty to ensure compliance with tax obligations.
- Veto on setting up companies or accounts in tax havens.
- Obligation to comply with anti-money laundering norms.

Relationship with legal and tax authorities.

- Prosecution of non-compliant and inexact actions relating to legal and tax obligations.
- Cooperation at all times and in all events with the requirements of the Public Administration.

On 11/07/2015 the Board of Directors of Vocento approved the Code of Good Tax Practices of Vocento, which is available in the Policies section of the Corporate Governance page of the company website.

Vocento undertakes no business activity outside Spanish territory.

Tax havens, money laundering and whistle blowing

Vocento has no present in any tax haven. Vocento also has a publically available Crime Prevention Policy on its website, complemented by an internal handbook for preventing and responding to crime.

Vocento has established a whistleblowing channel for all employees, which has been outsourced in accordance with best practice to ensure Independence. Complaints are analysed and managed by the Ethics Committee, which is responsible for publishing final decisions.

3. GOOD GOVERNANCE AND ORGANISATION

3.1 GOVERNANCE BODIES

Shareholder meeting

The General Shareholder Meeting is the sovereign body at Vocento which delegates the management of the Company to the Board of Directors, except for those areas that are its competence. It is the highest decision-making body of the Company, and is in accordance with the law and the bylaws responsible for the administration and representation of Vocento.

The latest Shareholder Meeting was held on 20 April 2017.

Board of Directors

The policy is the Board is to delegate the everyday running of the Company to an Executive Committee and Chief Executive Officer, while it focuses on the general function of supervision, directly exercising its supervisory responsibilities.

The Chairman of the Board of Directors is D. Santiago Bergareche Busquet, who assumed the role in 2015.

Membership

At the end of 2017, the Board consisted of 12 members, the same number as at the end of 2016.

In 2017 there were no changes to the Board except for the substitution of the two nominee directors, Energy de Inversiones, S.L. and Onchena, S.L., by their physical representatives on the Board, D. Enrique de Ybarra e Ybarra and D. Álvaro Ybarra Zubiría.

The Board of Directors, as in 2016, is represented by 6 nominee directors, 5 independent and 1 executive director.

The membership of the Board, and their CVs, can be inspected on the Vocento website.

<http://www.vocento.com/accionistas-inversores/gobierno-corporativo/>

Vocento has responded to requests from significant shareholders for the appointment of nominee directors, who were ratified by the General Shareholder Meeting.

As a result of the distribution of share ownership and the requests from shareholders, the number of women on the Board in 2017 was 8.33%.

On 16 February 2015 the Appointments and Remuneration Committee unanimously approved a plan with targets for the representation of women on the Board, with the aim of achieving a balance between men and women on the Board. As a result, whenever there is a vacancy on the Board, there are processes to identify expressly female candidates. However, these processes were not applied in 2017 as the Board membership did not change in the year.

The Appointments and Remuneration Committee reiterates its commitment to comply with its plan for representing women and will continue to include female candidates in its proposals for appointments to the Board.

Assessment

In February 2017, the Board began a process of assessing its functioning in 2016, supported by an external adviser, covering the following areas:

- Structure and Membership of Board and Committees:
- Functioning of the Board: structure of meetings, information flows, dynamics of meetings, Secretary General of the Board, Internal Relations, work as a team;
- Responsibilities – contribution of the Board, approval of strategy and targets, monitoring and control of management, development and monitoring of management team, shareholder and stakeholder relations;
- Assessment of the contribution of the Board;
- Committees of the Board: Executive Committee, Appointments and Remuneration Committee, Audit and Compliance Committee.

The consultant carried out personal interviews with all Vocento directors, who also filled in a specific questionnaire for each item. The result of the assessment was presented to the Board on 24 March 2017 and set down in the minutes.

Meetings

The Board met on 11 occasions over the course of the year, and 100% of its members participated or were represented in all these meetings.

Remuneration

The remuneration of the Board for all concepts was 6.4% higher than in 2016 but 16% lower than in 2015.

Remuneration in thousand €.

2017	2016
1,579	1,484

As in 2016, in 2017 no advances, loans or guarantees were awarded to members of the Board.

In neither year did Vocento contribute to pension plans which had Board members as beneficiaries.

Board Committees

The Board of Directors has delegated some of its functions, in particular of supervision, to three committees:

- The Executive Committee which met 6 times in 2017;
- The Audit and Compliance Committee which met 8 times in 2017; and
- The Appointments and Remuneration Committee which met 6 times in 2017.

The functions and regulations governing these committees can be consulted on the Vocento webpage.

<http://www.vocento.com/accionistas-inversores/gobierno-corporativo/#consejosycomisiones>

In accordance with Technical Guide 3/2017 on Audit Committees at Entities of Public Interest, published on 27 June 2017 by the CNMV, the Board of Directors in its meeting of 19 December 2017 approved the Rules for the Audit and Compliance Committee, so that the Committee is now governed by its own rules, as well as in matters outside this scope by the Company Bylaws and the Rules for the Board of Directors of Vocento.

The highest authority for issues related to Corporate Social Responsibility and Responsibility at Vocento is the Board of Directors, which is supported by the Audit and Compliance Committee.

Membership of the Committees by gender did not change compared with 2016:

- Executive Committee: 14.29% female directors.
- Audit and Compliance Committee: 20% female directors.
- Appointments and Remuneration Committee: 0% female directors.

Chief Executive Officer

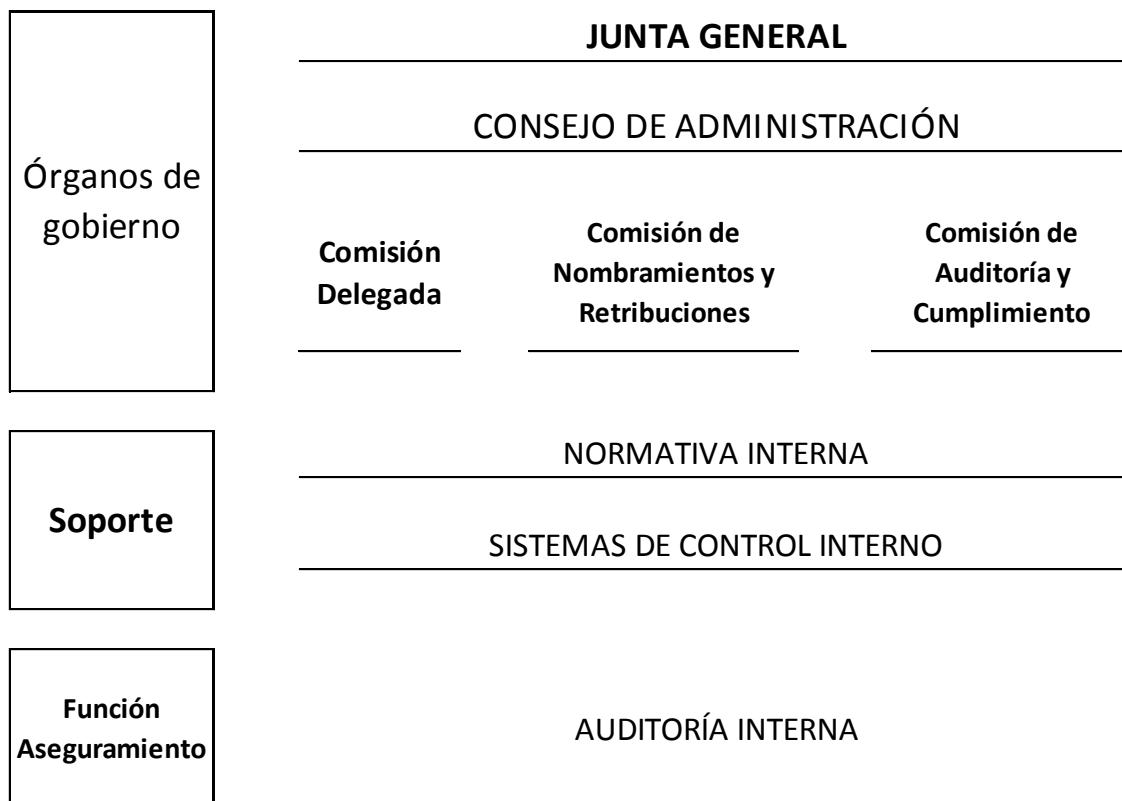
The Chief Executive Officer is the leading executive of the Company. He is chosen by the Board of Directors among its members and is responsible for the effective management of the business of the Company, always in accordance with the decisions and criteria set by the Shareholder Meeting and the Board of Directors in the ambits of their responsibility.

3.2. CORPORATE GOVERNANCE MODEL AT VOCENTO

Vocento has a network of governance bodies, internal norms, and risk control and management systems, which aims to deliver a transparent and effective model of corporate governance and supervision.

The Rules for the Board of Directors have been adapted formally to the specific recommendations on Corporate Governance contained in the Code of Good Governance for Listed Companies.

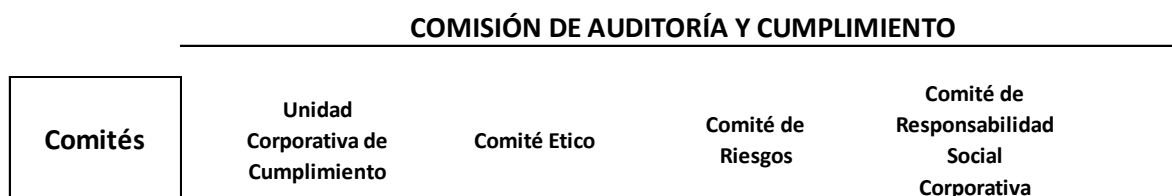
The Corporate Governance model is structured as follows:



The Audit and Compliance Committee is governed by its own Rules and then by the Rules of the Board of Directors and the Bylaws of Vocento, and has the following functions:

- Monitoring the effectiveness of the internal controls of the Company, as well as internal audit, the system for managing risks including fiscal risks.
- Monitoring the process of preparation and presentation of the financial information.
- Establishing appropriate relations with the external auditor.
- Ensure the Independence of the internal audit unit.
- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities.
- Monitoring compliance with internal codes of conducts and corporate governance rules at the company.
- Supervising the strategy for communications and relations with shareholders and investors.
- The regular assessment of the corporate governance system of the Company.
- The review of the corporate responsibility policy of the Company, ensuring it is focused on value creation.
- Monitoring the corporate social responsibility strategy and practices of the Company and the level of compliance.

To comply with its functions, the Audit and Compliance Committee has the following structure:



The Corporate Compliance Unit and the Committees report directly to the Audit and Compliance Committee and are composed of senior group managers. The Secretary of the Board is the Chairman of the Corporate Compliance Unit and is also a member of the Ethics Committee.

3.2.1. INTERNAL NORMS

All the internal norms of the Corporate Governance Model are available on the Vocento website, including:

- Company Bylaws
- Code of Ethics
- Rules
 - Rules for the Shareholder Meeting
 - Rules for the Board of Directors
 - Rules for internal conduct in securities markets
 - Rules for the Audit and Compliance Committee
- Policies:
 - Risk management policy
 - Crime prevention policy
 - Code of good tax practices
 - Corporate social responsibility policy
 - Policy for shareholder and investor communications
 - Policy for services from the external auditor

There are also protocols and internal norms expanding these policies which are available to all employees.

3.2.2. RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROL

The control activities contained in the internal norms materialize across the organisation in the shape of systems which contain specific controls for each identified risk. Vocento uses the COSO model of internal control to manage and control risks, with all systems used depending on the balanced functioning of five components:

- Control environment
- Risks assessment
- Control activities
- Communication
- Supervision

All businesses and business activities, including the activities of the Group led by Vocento, S.A. have risks that could impact on sustainability. Hence it is necessary to identify and manage them to ensure they do not interfere with the group's medium and long term goals. At Vocento, identifying and responding effectively to risks helps to achieve the targets of our business and to improve our performance.

Vocento has long established and approved a risk management system (SGR), driven by the Board of Directors and Senior Management, with the aim of understanding and controlling the risks to which the Company is exposed, obtaining an overall view of these risks, and aligning business objectives with the risks identified and with the response measures and controls defined to minimize these risks. This risk management system is included in the Risk Management Policy approved by the Board in 2014 for Vocento and group companies. This system functions for all the various businesses and supporting processes.

Vocento's risk management system is based on methodological frameworks including COSO II (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000, adapted to the specific requirements of the Group. Furthermore, the definition of responsibilities reflects the recommendations of the 'three lines of defence model of FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

Identification of the main risks

The policy for controlling and managing risks is based on identifying and assessing the different types of risk that the company faces (a risks map), separating them by relevance, and then determining measures to mitigate the impact of these risks, if they should materialise, and the information and internal control systems used to manage risks at the individual and group level.

The main risks to which Vocento is exposed are divided into six areas:

1. **Strategic:** Including mainly falls in advertising sales and circulation revenues, as well as actions from competitors.
2. **Organisational:** includes talent retention and the maintenance of the skills needed to pursue growth and digital transformation, as well as diversification.
3. **Operational:** including maintaining product quality and the quality of distribution.
4. **Compliance:** principally covers compliance with internal and external norms and the risks of non-compliance, especially in terms of tax at the Group and a possible different interpretation of the rules by competent tax authorities, or those compliance risks derived from publishing and regulated sectors.
5. **Financial:** including impacts on raising funds, accessing finance, and delays and defaults in payments.
6. **Technological:** including IT security (risk of attack) and the risk of technological changes.

Risk management process

Risk management is integrated in the organisation and is an interactive, multi-directional process which includes the following activities:

1. **Identification:** analysis, search and detection of events associated with internal or external factors that could threaten the achievement of our targets.
2. **Assessment:** analysis and measurement of risks using qualitative or quantitative methods, based on different variables including the probability of their occurrence or impact, as a basis for determining how they should be managed.
3. **Treatment:** defining and carrying out activities to avoid the materialisation of risks, reduce the probability of occurrence and impact, share the risk management or consequences, and accept the level of exposure and its possible effects.
4. **Monitoring:** ensuring that risks are identified and assessed and that responses are designed and implemented, analysing and assessing the evolution of risks and carrying out modifications when needed.
5. **Report:** preparation and formal sending of regular information relating to risks.

Monitoring

There are various bodies with responsibilities for preparing and implementing the risk management system. The functions and responsibilities of each are established in the Risk Management Policy of Vocento.

- a) **Board of Directors / Audit and Compliance Committee of Vocento S.A.:** the Board is responsible for approving risk control policies and management and for regularly monitoring internal information and control systems. The Audit and Compliance Committee is responsible for supervising the effectiveness of risk control systems, including tax risks, and regularly reviewing internal control and risk management systems, so that the main risks are sufficiently identified, understood and managed.
- b) **Risks Committee:** the permanent internal body, with a consultative nature, for the high level management of risks.
- c) **Corporate Risks Management Function:** coordinates and aggregates the processes of identifying, assessing and measuring risks, among other functions.
- d) **Risk Managers:** the SGR depends on everyone in the organisation, with the management team responsible for making this formal, for its functioning and updating. However, for each key risk at least one risk manager has been appointed who monitors the development of the risks under their responsibility and proposes the most appropriate management strategy.
- e) **Internal Audit:** provides essential support to the functioning and effectiveness of risk management processes and their correct assessment.

The risks which materialised in 2017 included:

- **Fall of offline advertising revenues / possible obsolescence of the offline product.** This risk is a result of the economic crisis, the fall in advertising spend and consumption, and the migration of readers towards online formats. As well as the defensive positioning of

Vocento's regional newspapers because of their high market share and the different dynamics of local markets, strategic measures have been taken by the company to mitigate this risk, and the information and internal control systems that have been established have worked correctly, effectively mitigating the impact of these risks.

- **Lower growth of online advertising:** in 2017, digital advertising grew more slowly than in previous years, among other reasons because of the increased competition from new players such as social media. Vocento is implementing strategic measures to mitigate this risk.
- **Late payments – default.** This risk reflects the increase in payment delays from both private sector clients and public administration and local institutions. It has been judged that the internal control and information systems established have functioned correctly (guarantees for payment, credit limits, etc.), effectively mitigating the impact of these risks.

3.2.3. SYSTEM FOR INTERNAL CONTROL OF FINANCIAL INFORMATION (SCIIF)

The purpose of the SCIIF is to provide a reasonable level of security about the accuracy of the regulated financial information disclosed to the market.

Since 2011, the SCIIF has been supported by its own IT system, which enables the full traceability of the implementation and monitoring of the controls and of the evidence registered for each control.

The controls are executed and overseen by personnel assigned to each process and group company.

The SCIIF is reviewed annually by Internal Audit, which audits a significant sample of controls and issues an opinion for each period of regulated financial information that is published.

Twice a year, as an additional guarantee about the accuracy of the financial information, certifications are signed by the director generals of group companies and corporate areas, confirming that the financial information supplied contains no errors. These have been prepared in accordance with accounting norms in force, and the internal control system has functioned reasonably in the period. The CEO and CFO also sign the SCIIF certifications.

The review work of Internal Audit is carried out in the system for each control, which may be qualified as effective or effective depending on the review.

In 2017, the level of effectiveness was 95%.

Each person and supervisor has the information needed in the system about the assessment of the controls and about pending recommendations.

In addition, in accordance with the Three Lines of Defence model, Internal Audit reviews the SCIIF once a year to assess its overall effectiveness and maturity.

A review has been carried out of compliance with the recommendations established in the CNMV document on the internal control of financial information at listed companies, with a special section of the annual report on corporate governance dedicated to compliance with the report.

The structure follows the COSO framework and is divided into five components of internal control. Internal audit reviews compliance every year and assesses the maturity of the system.

The 5 components ((i) Control Environment, (ii) Risk Assessment, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring) of the SCIIF are coordinated and operate jointly to prevent, detect, compensate, mitigate or correct any errors or frauds in financial information.

These five components involved the Board, the Audit and Compliance Committee, Senior Management, those responsible for the preparation of the financial information, the internal auditors and the external auditor.

As a result of the review carried out in 2017, it was concluded that the internal control system is highly mature and that in general the five SCIIF components work in a coordinated, adequate and reasonable way in the period, ensuring reasonable security about the accuracy of the individual and consolidated financial information of Vocento.

3.2.4. SYSTEM FOR PREVENTING AND RESPONDING TO CRIME

On 13 November 2014, the Board of Directors approved the Code of Ethics, the Crime Prevention Policy and the Handbook for Preventing and Responding to Crimes, which together represent Vocento's Crime Prevention System.

Ethics Committee

In accordance with the terms of Vocento's Crime Prevention Policy, the Ethics Committee has the function of formulating and supervising the implementation, development and compliance of the Crime Prevention System.

The Ethics Committee, reporting to the Audit and Compliance Committee, enjoys the faculties need of initiation and control to supervise the functioning, effectiveness and compliance of Vocento's Crime Prevention Policy and Code of Ethics. It also has the capacity needed to carry out consultations and request information related to all areas and departments of Vocento. Its

functions are included in the Handbook for Preventing and Responding to Crime. To carry out its tasks, it is supported by a unit in the internal audit area, with personnel and budget.

Activities undertaken

The Ethics Committee held the following meetings in 2017 and supervised the following activities:

Fecha	Orden del día
25/01/2017	Propuesta de Memoria de Prevención Penal e Informe de Evaluación correspondientes al ejercicio 2016
19/04/2017	Informe sobre el Canal Ético del 1T
	Acceso al Canal Ético
	Formación sobre el Canal Ético
14/12/2017	Situación de supervisión del cumplimiento del Código Ético de Vocento

- **Training plan**

The training plan for 2017, approved by the Ethics Committee, aims to promote a culture of compliance and business ethics and hence to avoid the materialisation of criminal risks in the work of employees and managers.

The Ethics Channel is a key element in the prevention model, and hence in order to raise awareness and increase its use, specific e-learning modules were provided by the company responsible for the outsourced service to all employees. This will conclude in 1Q18.

- **Implementation of the internal control system**

The main aim of the system is to enable the traceability and credibility of the controls that mitigate risks by each person designated, in each of the companies and business areas in the Vocento group.

In 2017, the supporting unit worked to formalise the controls that have been carried out at Vocento, updating policies and internal norms and implementing the controls needed, in accordance with the nature and size of the organisation, as well as the type of activities that are carried out, under the principle of proportionality established by legislation and by best practices.

The system for crime prevention is supported by its own IT system, the implementation of which was concluded in 2017, enabling complete traceability of the execution and supervision of the controls, as well as the evidence recorded for each control.

Risks covered by the internal control system relate to the environment, human resources, financial information and the prevention of risk in the workplace, with controls covering all group companies.

- **Ethics Channel**

The Ethics Channel was established by Vocento to enable employees to communicate anonymously, if they desire, and report any irregular conduct or conduct contrary to the Code of Ethics in the management of the companies.

Following best practice in this area, the Ethics Channel and the receipt of reports and complaints been outsourced to a third party provider, to guarantee higher levels of independence and confidentiality and ensure compliance with current legislation on personal data protection.

Access to the Ethics Channel is provided via an IT platform maintained by the outside provider.

In 2017, no complaints were received via the Ethics Channel.

- **Specific actions concerning compliance with the Ethics Channel**

In accordance with the terms of the Code of Ethics, the Human Resources department implemented an action plan in 2017 concerning gifts, remuneration, favours and other types of donation.

In November, the department sent all suppliers with invoices of more than €5,000 a year an email informing them and reminding them of last year's information about Vocento's policy about presents, contained in the Code of Ethics. In total, 1,052 emails were sent.

The same email was sent to the Director Generals of the companies of the group, so that they could send it to their clients.

In addition, whenever a gift is received from clients, an extract of the Code of Ethics is attached, referring to the procedure to be followed. This is sent to the recipient of the gift.

- **Assessment report**

In accordance with the terms of the Handbook for Preventing and Responding to Crimes, a Crime Prevention Report and Assessment Report have been prepared, with the following conclusions:

- Incidents were detected in the period concerning risks of breaches of the Code of Ethics, which were adequately handled by the Ethics Committee in accordance with the procedures established.
- No modifications were made to the Handbook for Preventing and Responding to Crimes, or to the risks catalogue.

3.2.5. SYSTEM FOR MANAGEMENT OF INFORMATION SECURITY

Vocento implemented some years ago an internal control system for information security, based on the international standard Cobit (Control Objectives for information and related Technologies), with the following principles:

- Confidentiality
- Integrity
- Availability

The aim is to increase resilience, enhance the level of control in the SGSI and guarantee action plans for corrections and continuous improvement.

The system is supported on an IT platform which confirms the realisation of the controls.

The system was reviewed in 2016, and work for its updating ended in 2017. The residual risk was significantly reduced thanks to the implementation of new controls.

In 2018, projects for improvement in some areas are planned, including:

- Life cycle management of the development of new Internet applications.
- Adaptation to the new European regulation on the protection of personal data.

3.2.6. INTERNAL AUDIT

In accordance with the model created by the ECIIA (the European Confederation of Institutes of Internal Auditors), at Vocento the Internal Audit function represents the Third Line of Defence and it enables the checking and monitoring of the internal control system by the organs of governance and by senior management, which must include an assessment of the effectiveness of the Second Line defences.

The internal audit function was created voluntarily in 2005. It is an independent non-executive corporate area, which reports to the Audit and Compliance Committee and answers to the CEO.

Its main function is to support the Audit and Compliance Committee in its legal obligations of monitoring the process of preparing financial information and assessing the management systems and risk control systems, based on the international norms prepared by the Institute of Internal Auditors.

Objectives

The objectives of the Internal Audit function at Vocento, established in the bylaws, are:

- To maintain the Independence and objectivity needed to exercise its functions.
- To facilitate the establishment and consolidation of internal control policies and procedures at all Vocento companies.
- Assessing all areas and functional activities at Vocento, meeting the scope and principles established by the Audit and Compliance Committee and reflected in the annual and pluriannual plans.
- Carrying out special studies and audits requested by the Board, the Audit and Compliance Committee and CEO, besides the approved plans.
- Issuing audit reports and maintaining the Board, Audit and Compliance Committee, CEO and Management informed about issues related to the internal control of Vocento companies.
- Monitoring the implementation of improvements and recommendations.

Internal audit plan 2017

The 2017 Audit Plan forms part of the Strategic Internal Audit Plan 2016-2017. Its main aim, using the GRC (Governance, Risk and Control) focus, is to reinforce the role of internal audit as the Third Line of Defence in the effectiveness of management systems and risk control system, with quality, efficiency and as a function of the Audit and Compliance Committee.

The Strategic Plan represents a major qualitative and quantitative improvement in internal audit's function of reviewing and supervising and is contributing to increase the level of maturity of the internal control systems, providing reasonable assurance to the Audit and Compliance Committee that the risk management and internal control systems are effective.

The 2017 Internet Audit Plan, approved by the Audit and Compliance Committee, includes both financial audits and compliance with procedures and internal norms, covering the areas of crime prevention, as the various companies and corporate areas of Vocento.

The 2017 Internal Audit Plan has been almost completely implemented, including specific reviews of SCIIF controls for each reporting period, plus internal control components about financial information, in order to make conclusions about the effectiveness of the SCIIF in accordance with the recommendations of the CNMV about the internal control of financial information and the international standard COSO.

In addition, another of the objectives of the audit plan, included in the Strategic Plan for Internal Audit, has been to ensure compliance with the increasing responsibilities of the Audit and Compliance Committee in terms of corporate governance and the monitoring of risks management and control, under new legislation. In this regard, audits have been carried out of compliance with the policy for communicating with shareholders and investors, of the policy for services from the external auditor and of the norm for tax management and Code of good tax practices.

Reviews have also been made of accounting processes and financial audits at group companies.

In regard to the System for Crime Prevention and Response, audits were carried out of the controls included in the IT system.

Consulting tasks were carried out concerning the implementation of information systems.

The Audit and Compliance Committee is regularly informed about the result of the work and the monitoring of the recommendations made.

Relations with governance bodies

As a reflection of the Independence and importance of the auditing area at Vocento and in complying with its functions, the Director of Internal Audit met the Audit and Compliance Committee on various occasions in the year, without the presence of other managers, as established by the best practices of the CNMV Technical Guidance 3/2017 on audit committees at public interest entities.

3.3. HIGHLIGHTS OF CORPORATE GOVERNANCE IN 2017

Following the publication by the CNMV of Technical Guidance 3/2017 on audit committees at entities of public interest, on 27 June 2017, the Audit and Compliance Committee has published specific rules that govern its activities and functions, the Rules for the Audit and Compliance Committee, which were approved by the Board of Directors in its meeting of 19 December 2017, so that henceforth the committee is governed by these regulations and then by the Rules for the Board of Directors and the bylaws of Vocento.

On 9 May 2017, the Board approved, on the proposal of the Audit and Compliance Committee, a Policy on services delivered by the external auditor, which reflects the requirements of the *la won* account auditing in terms of the Independence of the external auditor, different to the account auditor, and allocating to the Audit and Compliance Committee the approval and monitoring of these services and limits.

The Audit and Compliance Committee also approved, on 6 November 2007, a new version of the bylaws for Internal Audit (in force since 2004), in accordance with new legislation and best practices, reinforcing the independence of the internal audit function.

In 2017, Vocento maintained as external auditor a PriceWaterhouse Coopers, S.L. The audit of accounts in 2017 was published without qualifications. PwC has been auditing the group accounts since 2015.

Vocento's Annual Corporate Governance Report includes a detailed list of the level of compliance with the recommendations of corporate governance of the CNMV. Of the 54 applicable recommendations, 52 are fully complied with, including recommendation nr. 54 on social corporate responsibility.

- There are also 10 recommendations that are not applicable.
- The two remaining criteria, one is partially complied with: the Appointments and Remuneration Committee does not have a majority of independent directors, as they represent 50%; and the other is a characteristic of the company, as the variable remuneration for the CEO is not considered appropriate to be connected to shares or financial instruments.

In terms of grants from public, central or regional administration, we have recorded a total of 890,693 euros, allocated to 9 group companies. These grants are related to the promotion of local culture and language, training, digitalisation of archives, or the support of energy efficiency. Vocento makes no type of donation to parties, political organisations or foundations.

4. MANAGEMENT OF NON-FINANCIAL RISKS

Vocento has assessed non-financial risks in accordance with the requirements and principles of Royal Decree 18/2017.

The result of this assessment, and the terms of the text of the law, has led to the following conclusions:

4.1. RISKS RELATED TO THE ENVIRONMENT AND THE IMPACT OF OUR ACTIVITY ON IT

As a media company, the impact of our activities on the environment is very limited. Figures and complementary information may be found in the Environment and Suppliers sections of this report.

- Our facilities, print plants and offices are located in urban or industrial areas and do not particularly impact on the natural environment.
- There are no individual systems for withdrawing water. Supply is from public distribution networks.
- Waste water goes to the public sewerage network.
- Gas emissions are limited to CO₂ from electricity, gas and a small volume of diesel. Our industrial processes in the print plants do not produce greenhouse gases or other pollutant gases.
- Toxic or hazardous industrial waste is at all times handled by authorised waste disposal experts.
- Other waste is recycled or recovered or disposed of using public waste collection services.
- Practically all the paper that Vocento buys comes from EU countries and meets environmental standards. The small volume acquired from outside the EU comes from a provider with recognised environmental certifications.
- In recent years, since Group records have been kept, there have been no sanctions or administrative requirements relating to incidents with the environment.

Although the environment is not a critical aspect for the business, Vocento considers any impact however small to be important, and hence we have mentioned it as a relevant issue within our materiality analysis.

As part of the CSR plan for 2017-2018, various actions have been considered in this area, including the establishment of criteria and measuring systems. This will enable us in a future CSR plan to establish targets for improvement as one possibility.

In conclusion, Vocento believes that its impact on the environment is very limited and does not classify it as a business risk.

4.2. RISKS RELATED TO SOCIAL ASPECTS AND PERSONNEL

Metrics and complementary information may be found in the sections on “Fiscal Responsibility. Commitment to the society where we operate” and “Relations with our employees.”

Vocento has no operations outside Spain, as all our business activity and community relations take place in this country. Hence labour issues are governed by national and regional laws and requirements, guaranteeing worker rights and safe conditions at work. Vocento is fully compliant with all applicable requirements and legislation concerning its employees.

In terms of gender equity, the chapter on employee relations in this report contains a specific item on this issue, reflecting the importance this aspect has for the Group.

As a result, we believe that at Vocento we do not face risks concerning our employees, except for the organisational risk indicated previously, related to the retention of talent and maintenance of competencies, which are non-generic risks that are included in the Vocento risk system.

Vocento and its publications carry out extensive social actions, which because of the characteristics of the Group are of a regional nature, in the regions where our brands are present.

As well as the financial contribution resulting from our activity (as explained in the chapter on generated, distributed and retained value in this report) and the Group’s tax responsibility, declaring all its taxes in Spain, Vocento’s social actions go well beyond the ordinary operations of its business.

In the chapter valuing the social action of Vocento, the amounts contributed to social action by the Group and their objectives are disclosed.

Given the historic involvement of our brands in the society where they operate and their contribution to society, and the recognition of local and regional communities of our brands, Vocento does not believe that we face a risk related to social issues or communities that could affect our business.

4.3. RISKS RELATED WITH HUMAN RIGHTS

As we indicated when discussing risks related to employees, Vocento’s operations are limited to Spain, where we comply with all regulations and requirements related to human rights in a member state of the European Union.

Vocento therefore believes that we do not face human rights risks that could impact our business.

4.4. FIGHT AGAINST CORRUPTION AND BRIBERY

Previous headings in this chapter and subsequent items explain in detail the organisation and the systems and tools established to fight against corruption and bribery.

Over the time, the application of these principles has been proven to be sufficiently robust and effective.

4.5. DUE DILIGENCE IN THE SUPPLY CHAIN

Vocento only acquires 10% of its total purchasing volume overseas, including products and services.

All raw materials come from EU countries, except for 8.2% of print paper which comes from Canada. The supplier of this material is subject to strict requirements from the central and regional governments of Canada, related to the sustainability of forestry, including environmental conditions, respect for indigenous communities and fair labour practices. The supplier is certified for ISO 14001 and holds the PEFC, FSI and FSC sustainability seals, all of which are world leaders in best sustainable practices.

Of the remaining products and services acquired overseas, in 2017 only 0.08% of the purchasing volume came from suppliers who operate in countries without total guarantees or which could be suspected of being in breach of the law or of international standards relating to the environment, sustainability, employment practices or respect for human rights.

All the products and services supplied by these suppliers are not critical and can be replaced by options from another country.

Vocento therefore believes that with such a low level of potential impact, there are no risks relating to the due diligence of its supply chain in 2017, and it does not expect any risks in the future. If the purchasing conditions of the Group change in terms of volumes, purchasing categories or origins, we will re-evaluate the need to take any mitigating or preventive measures that are necessary.

5. PROFILE AND MANAGEMENT OF RESPONSIBILITY AND SUSTAINABILITY

Vocento's Code of Ethics was approved by the Board of Directors on 13 November 2014. It determines the principles and norms that must guide the performance of all people who form part of Vocento in their professional relations with third parties, plus the commitments of Vocento to its stakeholders and the Mission, Vision and Values that move the group.

Together with the other corporate documentation developed based on it or adapted, it reflects Vocento's firm commitment to legality, good governance, transparency, responsibility and independence.

The document can be accessed on the website: <http://www.vocento.com/responsabilidad-social-corporativa/>

5.1. MISSION, VISION AND VALUES

Mission

The mission of Vocento and Grupo Vocento, based on the freedom of expression and the support for fundamental human rights and public liberties, is to contribute to improving society by obtaining and publishing accurate information and free, plural and independent opinions, and other activities directly or indirectly related to these.

Vision

To be leading media group in Spain, a group that is profitable and is committed, among others, to our:

- **Readers:** investing in the technological development needed to bring them accurate and objective information as well as products and services for leisure and entertainment, in all current and future media vehicles.
- **Advertisers:** offering them high quality vehicles and enabling them to partner with our media to benefit from their positive brand attributes.
- **Employees:** creating the conditions needed for their personal and professional development to encourage their commitment to Vocento's Mission.
- **Shareholders:** maintaining their support with ethical behaviour, guaranteeing the sustainability of the company and creating value for their investments.

Values

- Independence
- Commitment
- Protection of freedom of expression and plurality
- Management excellence

5.2. STAKEHOLDERS

In 2017, we considered reviewing our list of Vocento stakeholders. Because the current stakeholders form a fundamental part of our Responsibility and Sustainability Plan 2017-2018, and the list is in principle believed to be complete, we decided not to make any modifications until the completion of the biannual CSR Plan.

Vocento has identified the following stakeholders:

- Shareholders, investors and analysts.
- Employees and journalists.
- Advertisers.
- Audiences and readers.
- Supply chain and suppliers.
- Communities where we operate, Society.
- Public administration.
- Sector institutions.
- Environment, planet.

5.3. MATERIALITY ANALYSIS

As a reminder for our stakeholders, we here reproduce the issues that we have concluded to be material for our responsibility as a company, as defined in our 2017-2018 Plan.

Transparency of finances and management

Ensuring compliance with legal requirements and providing our stakeholders with information that is sufficient, complete, accurate, accessible and easy to understand.

Good governance and an ethical business culture

Developing the tools available at Vocento (Code of Ethics, Ethics Channel), training all staff and activating internal communications channels in order to support the culture of the company in the areas of ethics and responsibility.

Retention of talent and commitment to people

The people who work at Vocento are the Group's main asset. It is critical to improve our understanding of these stakeholders and identify their expectations so that we can carry out actions that enhance their commitment.

Content

Our content must respect certain principles and address issues where social sensitivities are high using these principles.

Treatment of information

Using the principles contained in Vocento's Code of Ethics to strengthen our credibility and responsibility.

Advertising and sales

Committed to responsible advertising in accordance with the Code of Ethics.

Relations with readers

A critical group of stakeholders for our business. We must implement optimised procedures for interacting with them and measuring their satisfaction and expectations of our services.

Quality

Driving quality in two directions:

- Quality of the physical product as perceived by readers and advertisers.
- Quality in the supply chain and suppliers.

Environment

Although this is not critical for the business, our management must take account of the need to minimise the environmental impact and optimise the use of resources, raw materials and energy.

Social action

Determines everything that we contribute to society beyond our core business activity, as corporate citizens and in accordance with our presence in the communities where we operate. At Vocento, social action is extensive and far-reaching thanks to our geographical presence.

5.4. Policy, Strategy and Plan for Responsibility and Sustainability

On 23 February 2016, the Board of Directors of Vocento approved the Corporate Social Responsibility policy, available on our website at:

<http://www.vocento.com/responsabilidad-social-corporativa/>

This policy, as well as defining basic principles and objectives, creates and establishes the duties and responsibilities of the CSR Committee, which reports to the Audit and Compliance Committee of the Board of Directors.

The CSR Committee met on four occasions in the year, attended at each meeting by 100% of its members.

Meetings of Vocento's CSR Committee in 2017

- 19 January
- 26 April
- 8 June
- 13 December

Among the activities it is responsible for, one of the most significant in 2017 was the supervision of the CSR Plan 2017-2018, approved in November 2016, and of its initiatives and timetable.

In the meeting in December, the progress of the Plan was updated, with very positive developments noted. All the actions due to be finalized in 2017 were underway, except for one action related to the design of parameters for measuring CSR, concerning rejection rates for products.

Some of the improvements implemented as a result of the CSR Plan 2017-2018 include:

- Improving the visibility and transparency of the Vocento website with a new section for CSR, and with the publication of Policies and Procedures related to Responsibility and Sustainability, facilitating access to key information in these areas in a clear and simple way.
- Strengthening employee training at all levels regarding the Code of Ethics and the Ethics Channel, using various training tools and methods.
- Improving channels for communicating with employees using new mechanisms.

- Redefining and extending the method for calculating corporate ratios related to Human Resources.
- Design of a survey and system for improving the dialogue with advertisers.
- Redefining and extending the ratios for monitoring our environmental impact.
- Regarding content and the treatment of information, two important documents have been prepared, which will be published on the website.
 - Journalistic commitments of Vocento newspapers.
 - Vocento's commitments to publishing.
- Measurement of Social Action is being extended to all Group publications.

5.5. VOCENTO WEBSITE. CSR SECTION

Because of the interest in CSR issues at Vocento, a specific section of the company website has been created which presents in a very accessible way documents and data of interest about the Group's performance in this area. The CSR page of Vocento has been available since early 2017 and recorded 2,923 page views and 159 downloads in the year (source: DAX).

6. RELATIONS WITH STAKEHOLDERS

6.1. SHAREHOLDER RELATIONS

At the Investor Relations department of Vocento, in accordance with the Internal Rules for Conduct in Securities Markets, we aim to comply with the principles of transparency, accuracy, immediacy, and equality and symmetry in the disclosure of information.

The Corporate Compliance Unit is the body designed to supervise compliance with the regulation, a body which reports to the Audit and Compliance Committee and is chaired by the Secretary of the Board of Directors of Vocento.

Our policy in the Department is for maximum transparency with markets, and we maintain open communications with official organisations, shareholders, investors and financial analysts. As a result, we keep the financial community informed at all times about the development of the business and the main quarterly indicators and about Vocento's strategy.

In this regard, and to provide formal support to these practices, the Board of Directors approved in 2015 a Policy for Communications with Shareholders and Investors, which is available on the Vocento website: <http://www.vocento.com/accionistas-inversores/gobierno-corporativo/>. In 2017 we fully complied with this policy.

In November 2017, Internal Audit verified compliance with the Investor Relations Communications Policy, approved by the Board on 11 November 2017. The review consisted of a series of tests of

communications about the most relevant controls in the Policy, verifying that the information disclosed by Investor Relations complied with the principles of transparency, immediacy, equality and symmetry. The review concluded that these principles are reasonably adhered to.

In the same report, two recommendations were made, both with low priority, which were immediately put into place. One recommendation was for an annual report from the department, which has already been presented to the internal audit department. The second was for more control over responses by email and telephone, and measures have already been taken to this effect.

Communications channels

The first general channel for information is the Comisión Nacional del Mercado de Valores (CNMV), via the publication of relevant facts on its website and then on the continuously updated website of Vocento.

In 2017, there were 17 Relevant Facts, relating to: the liquidity contract between Vocento and Banco Santander, the renewal of the syndicated loan, conference calls on results, calls for the Shareholder Meeting, the merger of production businesses in the audiovisual sector, modifications to the Board, the acquisition of MadridFusión and Vocento's new commercial paper programme, among others.

Vocento has made available an Investor's Agenda section on its website, providing rapid and accurate access to quarterly results and information about the Shareholder Meeting, as well as the dates for quarterly results and information about conference calls, in the month before the publication of the results.

Furthermore, corporate presentations from Vocento are regularly updated on www.vocento.com so that anyone interested in the company may easily find the most relevant financial information, and the group strategy.

Vocento has a Shareholder Office which responds to any doubts that shareholders may put to use on various channels:

- Telephone: 902 404 073
- Email: ir@vocento.com
- Mail: Calle Pintor Losada, 7, 48004 Bilbao, Bizkaia

In 2017, the office managed 125 contacts, mainly via email. We received just one complaint from a shareholder, which was resolved immediately.

Regarding the Shareholder Meeting, the company maintains a record of the proxies received by mail from shareholders and responds to all queries related to the meeting, such as requests for documentation and attendance.

- Numerous telephone calls, emails and letters have been received about the Shareholder Meeting.
- Furthermore, an electronic forum for shareholders has been established on the Vocento website in order to facilitate communication between Vocento shareholders.

6.2. RELATIONS WITH FINANCIAL ANALYSTS

Analysts are a critical element of our communications with the financial community. The Investor Relations department holds a permanent, individual dialogue with them and responds to their requests. The publication of results and the communication of relevant facts are specific reasons for these communications.

Telephone communications with the eight analysts who cover Vocento is fluid and constant, and although it is almost impossible to assess the number of calls each year, it is estimated that the total is more than 40. Likewise, each quarter and in compliance with legislation, results are published and a conference call is organised which gives analysts the opportunity to ask any question about the operational and financial performance of the company.

6.3. COMMUNICATIONS WITH INSTITUTIONAL INVESTORS

To maintain the investor community informed, Vocento is an active participant in forums, events and seminars in Spain – mainly in Madrid and Bilbao – and overseas – London – where it explains to institutional investors the public information that has been disclosed on other channels.

On the request of investors, regular meetings are held to update them about the strategic messages previously disclosed in results presentations. In September 2017, Vocento organised a working lunch for investors.

In 2017, Vocento participated in six forums and nine meetings, meeting a total of 99 institutional investors.

6.4. RELATIONS WITH READERS

At Vocento we are committed to encourage dialogue with our readers. We believe that their perspectives can add value to group brands. One of the strengths of our media network is its presence in the many regions where we operate. Our publications maintain communications channels that reflect the needs of their readers and best manage their expectations.

All our newspapers have a section for letters to the editor and every day publish the most interesting of them. Furthermore, most of our publications have reserved spaces for readers to contribute their comments, requests, thoughts or complaints about current affairs in the city or region where the newspaper is distributed.

New technologies enable users to have a more active role as consumers of information. Our media enable readers to use email, social networks and WhatsApp to interact with the publication, facilitating a two-way communication which is continuous, fluid and immediate.

All of these elements which are received from users analysed and sent to different areas of each media, where they are studied for possible improvements to be made or published if they are of interest to the public.

Enhanced user understanding is not only achieved by daily operations, but also by market research, surveys and ad hoc events which serve to deepen our knowledge of our readers.

6.5. RELATIONS WITH SUPPLIERS

In 2016, Vocento began to work on the implementation of an online system for Tenders and Supplier Management. The system was 100% completed in the third quarter of 2017.

By using this instrument, the management of Group suppliers has been improved and risks have been reduced as much as possible. The system has led to more transparent processes and mitigates the risk of a supplier not complying with certain principles in our Code of Conduct for Suppliers.

The certification process contributes quality and security, by requiring a series of criteria to be met to validate their capacity as a supplier, such as their competencies and compliance with regulations, sustainability and social responsibility.

In 2017, the level of certification reached 87%.

In addition to the certifications, an e-Sourcing module for tendering for products and services has been implemented at Vocento, focused on creating synergies by increasing transparency and competition, optimising the negotiating process, increasing control and shortening the purchasing cycle.

Our target for 2017 for purchasing was established in six group-level negotiations for various categories of services. At the end of the year, four of these were in an advanced stage, while one had been concluded satisfactorily with the change of a supplier, with an improvement in technology and savings for the Group.

Of the total purchasing volume of Vocento in 2017, including materials, products and services, only 10% was acquired outside Spain.

The table below shows the supplies for the most representative materials used in the press and print plants in 2017.

Material	Volumen	Unidad	Origen Nacional	Total Origen UE	Otras fuentes	Certificación	% Utilización origen reciclado
Papel Prensa	36.662	Tn	76,4%	91,8%	8,2%	100%	90%
Papel Revistas	11.648	Tn		100%		100%	
Tintas	1.074	Tn	62%	100%			
Planchas	481.500	m2		100%			
Alambre	24.700	Kg		100%			
Fleje	12.051	Km		100%			

All raw materials come from EU countries, except for 8.2% of print paper which comes from Canada. The supplier of this material is subject to strict requirements from the central and regional governments of Canada, related to the sustainability of forestry, including environmental conditions, respect for indigenous communities and fair labour practices. The supplier is certified for ISO 14001 and holds the PEFC, FSI and FSC sustainability seals, all of which are world leaders in best sustainable practices.

Both paper for newspapers and for magazines is certified. Furthermore, 90% of the newspaper paper is sourced from recycled paper, the same level as last year.

The immense majority of other products and services acquired came from EU or first world countries: USA, Canada, Australia, Switzerland, Sweden, etc. Only 0.08% of the total purchasing volume of the Group came from countries with some background of bad practice in the environmental, labour or human rights area. 93% of this volume came from just one supplier.

All the products and services supplied by these suppliers are not critical and can be replaced by options from another country, Vocento believes that it does not face this risk in its supply chain.

There was a significant improvement in the days needed to pay suppliers in 2017, decreasing by 10 days compared with 2016.

Average payment period for suppliers (in days)

	2017	2016
Grupo Voceno	51	61

6.6. RELATIONS WITH EMPLOYEES

Vocento's Code of Ethics explicitly reflects the principles of the Group in the management of human resources. One of the contents of our Vision is to create the conditions needed for the personal and professional development of our employees and to increase their commitment to our Mission, while we are also committed to managing our human resources and our employee relations at Vocento in a way that is based on dignity, and in line with the principles of trust and mutual respect.

Our history, our business and our principles are all based on our employees, who represent one of our most fundamental stakeholder groups.

Reflecting this importance, the human resources department is recognised as a General Management area in the Vocento organisation and reports directly to the CEO.

The structure of the human resources and organisation department is designed in accordance with the characteristics and needs of a group with a strong regional character.

As well as the central organisation, there are four regional management bodies:

- North
- South
- Centre
- ABC, due to its weight in the group.

The regional departments and ABC report to the central department and report to their regional business directors.

Responsibility for Health and Safety is allocated to the Department for Organisation, Compensation and Prevention and Labour Risks, which reports directly to the HR department. In 2017, the area of preventing risks at work was reinforced with a technical specialist.

The specific risks of the human resources area are included in the general risks map of Vocento, and include the risks of the transformation of the media sector into the digital area and the risk of talent retention.

In this section of the report, dedicated to human resources at Vocento, we demonstrate our transparency towards our employee stakeholders, the characteristics and development of this group, and we provide specific information which will help to understand the company-employee relationship. In addition, by presenting this information we are complying with one of the most

significant points of our materiality analysis: talent retention and commitment to people, as specified in our CSR Plan 2017-2019.

Vocento, as stated in its Code of Ethics, tolerate no form of discrimination under any conditions. As shall be shown in various sections in this report, the Group has a high level of sensitivity to the female employees of the Group. As the first step towards increasing visibility, we have measured all the ratios and information relating to our workforce and broken them down by gender when possible.

Number of employees and distribution

As of 31/12/2017, the number of employees in all Vocento companies was 2,720, including both structural and temporary workers. There was a decrease of 23 people in the year, while the male-female ratio was almost the same, at 43.13% female.

	2017	2016
Andalucía	13,3%	12,9%
Asturias	4,1%	4,3%
Cantabria	4,5%	4,6%
Castilla la Mancha	0,4%	0,4%
Castilla y León	5,8%	5,7%
Cataluña	2,9%	2,8%
Com. Valenciana	4,2%	4,5%
Extremadura	2,7%	2,8%
Galicia	0,2%	0,2%
La Rioja	4,1%	4,2%
Madrid	31,5%	31,5%
Murcia	2,8%	2,7%
Navarra	0,3%	0,3%
País Vasco	22,9%	23,1%

The regional distribution of the workforce was largely unchanged, as was the distribution of female employees across Spain.

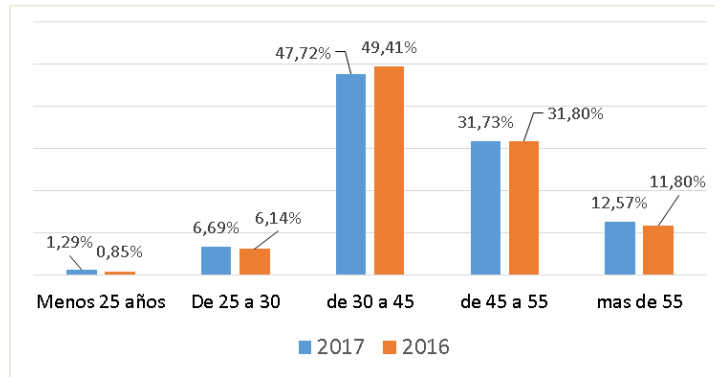
	2017	2016
Galicia	60,0%	40,0%
Castilla la Mancha	58,3%	58,3%
Asturias	50,0%	49,6%
Cataluña	48,8%	49,4%
Madrid	48,1%	48,7%
Extremadura	47,3%	46,8%
Castilla y León	44,9%	46,5%
La Rioja	42,0%	42,1%
Andalucía	41,2%	40,1%
País Vasco	40,3%	38,8%
Cantabria	36,6%	35,4%
Com. Valenciana	31,3%	31,7%
Murcia	31,2%	30,7%
Navarra	22,2%	22,2%

The increase in Galicia is not significant in aggregate terms, given the weight of this community in the total workforce.

Distribution of the workforce by ages

The distribution of employees by age was the same as last year. There was a variation of -1.69% in the most numerous age category, that of 30 to 45 years.

Age profile of the workforce



Hiring

Despite the difficulties of the media sector, Vocento is committed to a stable workforce, with the level of employees on permanent contracts at 92.54% in 2017, just 0.2 p.p. below the level of last year.

	2017	2016	
Hombres	92,8%	93,5%	It should be noted that the percentage of permanent contracts by gender in 2017 was almost the same, with an increase of almost 1 p.p. for women compared to 2016.
Mujeres	92,2%	91,3%	

In 2017, there were 427 temporary hires, 11% less than in 2016. The average duration of temporary contracts was 12.8 days, a slight decrease. 52% of these contracts went to women, the same as last year.

	2017	2016
Contratos temporales realizados	427	480
Mujeres	52%	52%
Duración media (días)	77,1	89,9

In 2017, there were 146 new hires on permanent contracts, 52.7% of whom were women, the same level as last year.

	2017	2016
Altas fijos plantilla	146	212
Mujeres	52,7%	52,8%

The level of exits from the workforce, whether because of reduced activity or voluntary decisions to leave the Group, was lower in 2017.

	2017	2016
Por causas de actividad	103	136
Bajas voluntarias	67	75

The turnover of staff increased slightly from 2017.

	2017	2016
Indice de rotación	6,9%	6,5%

Profile of our employees

The composition of the workforce by the level of education and by work category was practically the same as in the prior year, both for the full workforce as for female employees. Most of our workforce is composed by people with higher or normal degrees.

	2017	
	% Total	% Mujeres
Titulados superiores	56,3%	41,3%
Titulados medios	2,5%	22,1%
Jefes Adm. y de Taller	4,7%	40,9%
Ayudantes no Titulados	5,1%	45,0%
Oficiales	23,9%	49,6%
Otros	7,5%	42,9%

The following table shows that in the workforce the proportion of directors and managers decreased by almost one point.

	2017	2016
Directivos	6,0%	6,2%
Mandos	13,7%	14,3%
Resto	80,4%	79,5%

However, the proportion of women managers increased by 1.3% in 2017.

	2017	2016
Directivos % mujeres	25,3%	24,0%
Mandos % mujeres	33,9%	34,5%
Resto % mujeres	46,0%	46,0%

The following table shows the areas where Vocento employees work. Compared with 2016, there have been increases in Marketing and Sales and small variations in other areas, except in the Others line, where there was a decrease of 1.4 p.p.

	2017		2.016
	% Plantilla	% Mujeres	% Plantilla
Redacción	41,3%	38,2%	41,6%
Marketing y Ventas	27,2%	62,0%	23,8%
Tecnologías	4,4%	14,0%	5,1%
RRHH	1,1%	75,9%	1,3%
Finanzas	4,8%	60,3%	5,1%
Operaciones	14,6%	20,6%	15,2%
Otros	6,5%	47,8%	7,9%

The average seniority in the group increased to 14 years at the end of 2017, as employees remained loyal to companies in Grupo Vocento.

Datos generales de antigüedad

	2017	2016
Antigüedad media	14,07	13,08
Hombres	13,78	14,57
Mujeres	14,67	11,11

Movements of the workforce in the year, including retirements, end of activity, voluntary departures and permanent and temporary hires resulted in the following profile of seniority across the organisation.

Antigüedad por intervalos

	2017	2016
Menor o igual 1 año	11,1%	10,0%
de 1 a 5	19,2%	15,5%
de 5 a 15	33,4%	35,0%
mas de 15	36,3%	39,5%

All areas of activity of the Group are important to the good performance of the business, although we consider two to be particularly critical: Editorial, and Marketing and Sales.

An analysis of the following tables shows the performance of seniority in these areas and reflects a high level of stability.

Datos generales de antigüedad por áreas

	Redacción	
	2017	2016
Antigüedad media	13,61	14,93
Hombres	15,12	16,15
Mujeres	11,16	12,88

	Mkting y Ventas	
	2017	2016
Antigüedad media	9,43	9,49
Hombres	10,39	10,47
Mujeres	8,84	8,92

Training

The end purpose of training in the Group is to optimise performance and strengthen talent in the organisation. There is obligatory technical and technological training, training for each position, and professional development of skills and abilities.

A full range of training forms are available, both internal and external, in person or online, in courses, meetings and full days, always reflecting the requirements and duration of the training.

The training plan for 2017 was designed at the end of 2016 and implemented in the first quarter of 2017. The following inputs were used to prepare the plan:

- Needs detected among the personnel in the various areas, units and companies.
- Results of surveys of requirements.
- Training actions pending from the previous year.
- Corporate training actions.

Once the requirements were analysed, taking into consideration priorities and budgets, the plan was implemented¹.

The plan is open and flexible, and in 2017 training activities were incorporated that were not initially planned for.

¹ This section is based on the training report for 2017 from Vocento's central zone.

This year, Vocento and its employees put in a major training effort, as the following data show.

Formación 2017

Tipo de formación y total de horas							Horas totales de formación	Total coste formación €	Horas de formación recibidas por mujeres
Código Ético	Técnica	Habilidades de gestión	Idiomas	Ofimática	Prevención riesgos laborales	Prevención de delitos			
545	9.344	4.273	11.228	766	3.157	2	29.315	372.418	15.325

Ratios de formación 2017

Total empleados 2017	Horas por empleado	€ Por empleado	% de formación recibida por mujeres	Horas de formación interna
2.720	10,8	136,92	52,3%	28,0%

Compared to 2016, training hours per employee increased by 57.8% and the financial investment in training rose by 163.6%.

It should be noted that Vocento's female employees, who represent 43% of the workforce, received 52% of total training hours.

As an example of training in the Sustainability and Responsibility area, we shall now focus on training at El Correo and ABC.

EL CORREO

At the Basque Institute of Women, Emakunde, the course "Gender equity in the press and advertising agencies" was provided by an external entity.

The aim of the course was to raise awareness at media companies and advertising agencies about the importance of promoting gender equality and avoiding sexist language in news and in advertisements.

15 people from editorial and sales attended the course, which was well received, with some recommendations being applied in practice at the newspaper.

ABC

Dr. Manuel Sánchez de Diego, director of information law at the faculty of information sciences of UCM in Madrid, taught two sessions on successive days under the title “Journalism and law, a complicated relationship. Is legal security possible online and in print?”

All Vocento staff could attend the sessions, but because of its content most participants were journalists and archivists from various companies.

The aim of the training sessions was to refresh knowledge about legal implications and in particular about legal security, especially as related to certain content on the Internet or in print.

Specific issues such as images of minor, images from the Internet, intellectual property, the right to be forgotten and rights over images were discussed, with a high level of participation from people attending, who could ask questions about particular doubts at any time.

The training was very well received and may be repeated in the future.

Health and Safety

Vocento’s Code of Ethics includes a specific item about the health and safety of employees, reflecting its importance to the Group. The Code commits Vocento to providing a healthy and safe workplace. The Group does not only think that the health and safety of its own employees is paramount, but it also extends its concern and responsibility to its supply chain, as detailed later in this document in the section about Vocento’s support for the compliance of health and safety legislation at its contractors and suppliers.

The Code of Conduct for Vocento Suppliers specifically governs the principles that suppliers must follow in this area, as determined by the purchasing department.

There was a major increase in the total training and in training hours per employee in 2017.

Formación en prevención de riesgos laborales

	2017	2016
Horas totales	3.157	1.272
Horas por empleado	1,2	0,46

The actions aimed at reducing the impact of accidents and at preventing risks in the workplace included:

- Continuous assessment of safety risks for each position.
- In-depth investigation of each and every accident, including minor ones.
- Continuation of road safety programmes for sales staff.
- Training in re-educating the body from the La Escuela de la Espalda.
- Training courses in prevention of risks in the workplace for all those responsible for events at all Group companies.
- Hiring a workplace safety specialist, who among other tasks oversees risk prevention at Events.
- Availability of ergonomic furniture for employees with back problems or metacarpal tunnel syndrome.

Vocento has also carried out the following actions in the area of employee health:

- Combined programmes with Sanitas: nutrition, physical activity, anti-smoking
- Flu vaccination campaign
- Campaigns were run for EPOC, cardiovascular health and prevention of glaucoma.
- Support for sporting activity, facilitating access to gyms.

The structure and organisation of Health and Safety Committees underwent no changes, with 16 committees and 12 internal anti-fire and first aid teams.

In 2017, major progress was made in the area of absenteeism, with a decrease of 1.5 p.p. from a level that was already low in 2016.

The reinforcement of the Prevention and Risks at Work department, the actions carried out in training, and the awareness of employees themselves have all contributed to this result.

Absenteeism

2017	2,60%
2016	4,10%

Organisation of employees and negotiation

There were no variations to the structure of employee organisations in the year. We have 16 companies in which Company Committees have been established and five with employee representatives.

In the other companies, there have not been requests to create groups of union representatives, or their scale does not require this.

In 2017, a total of five new collective agreements were agreed in the Group. There were no labour conflicts or formal downsizing processes.

Work-Life balance

Measures to support the work-life balance are applied locally by each publication as there is no specific corporate policy about this.

At the end of the year, there were 139 people on reduced working hours to look after children or dependents, representing 5.1% of the workforce, up from 4.8% in 2016.

There is considerable support for measures which improve the work-life balance at Group companies, in many cases reflecting the local characteristics of each publication. In general, the most frequent measures include:

- **Complement of up to 100%** of the salary in the event of temporary incapacity and maternity and paternity leave for the entire workforce.
- **Voluntary leave:** ability to request voluntary leave of six months or one year with the right to reserve the position at work.
- **Flexible work times** at most companies, except for print plants where shifts are linked to production schedules.
- **Special working hours for Fridays and July and August**, at those Vocento companies where this is possible.
- **Leave for 3 or 4 consecutive months**, partially remunerated with 20% of the gross salary.
- **Acquisition of extra vacation days** with a discount to salary in the following 12 months.
- **Leave before giving birth, from week 37 of the pregnancy.** The HR department manages the processes for employees to go on leave following week 37.

- **Parking** for pregnant women, people with temporarily or permanently reduced mobility, or people in particular situations (e.g. a family member undergoing long-term hospital treatment).

Integration

There continue to be 17 employees with a disability of higher than 33%.

	2017	2016
Total empleados	17	17
Contrato fijo	15	14
Contrato temporal	2	13

In 2017, 15 people in this group were on permanent contracts.

Vocento companies make donations to foundations and charitable associations which support the training and integration of people with an impairment. Likewise, Special Employment Centres are used for the supply of goods and services.

Performance assessment and compensation

Vocento has a procedure for assessing performance which defines the criteria and assessment methods applicable to the workforce, and which was updated in 2017.

20% of the structural workforce received a performance assessment using this procedure in 2017.

It is not currently planned to assess the performance using the system for employees other than those who have variable targets and are not bound by collective agreements.

We also have a procedure which defines the criteria for the establishment of compensation for personnel not covered by the collective agreement.

As part of this, regular external studies are carried out to compare salary ranges in the company with the market, by category and by area. This enables the updating of salary ranges and maintains competitiveness by encouraging the retention of internal talent. In 2017, the study was carried out and ranges were updated.

The conditions for employees covered by the collective agreement are governed by the applicable terms of the agreement.

Equal opportunities and gender equity

As part of the Group's DNA it is firmly established that will not tolerate any form of discrimination for any reason. This forms part of the Code of Ethics of Vocento and is also part of our day-to-day operations.

At Vocento, all our companies take special care to tolerate no form of discrimination when selecting, promoting or assessing people. There is particular focus on equal opportunities for men and women, and this is expressly stated in Vocento's Remuneration Policy.

As well as defining this principle explicitly in procedures and policies, compliance is verified in accordance with the Code of Ethics by internal supervisory areas, and our analysis of data reflects the reality of equal opportunities for men and women in our Group.

Categories and areas of activity

According to the Grant Thornton "Women in Business 2017" report, which is widely recognised in the field, the average proportion for women in management positions in the EU is 26% and in Spain 27%². At 25.3% we are not far from this level.

Porcentajes de mujeres por categoría		
	2017	2016
Directivos % mujeres	25,3%	24,0%
Mandos % mujeres	33,9%	34,5%
Resto % mujeres	46,0%	46,0%

As indicated before, the proportion of women in our company is 41.13%.

Distribución de la plantilla por áreas		
	2017	
	% Plantilla	% Mujeres
Redacción	41,3%	38,2%

In a significant area, editorial, female representation is 38.2%, less than 5 p.p. below the average for the organisation.

² The Grant Thornton International Business Report (IBR). Women in Business 2017 New perspectives on risk and reward. March 2017

In other functional areas of the company, women are in the majority, as in Marketing and Sales, Human Resources and Finance. This distribution can be seen in the section about the profile of our employees.

Hiring

Altas 2017		
	2017	2016
Altas fijos plantilla	146	212
Mujeres	52,7%	52,8%

Of all new joiners on permanent contracts in 2017, 52.7% were women, the same level as in 2016.

Contratos fijos a fin de año		
	2017	2016
Hombres	92,8%	93,5%
Mujeres	92,2%	91,3%

Considering the full workforce, at year-end the proportion of women on permanent contracts was similar to that of male employees.

Contratos temporales a fin de año		
	2017	2016
Hombres	55,2%	49,5%
Mujeres	44,8%	50,5%

At the end of 2017, 44.8% of temporary contracts were for women, a very similar level to the percentage of all female employees.

In terms of training, of the total training hours in 2017, 52.3% went to women employees, much higher than their representation in the workforce.

Compensation

All working positions governed by collective agreement are subject to the agreement and to the principle of equal pay for the same position. Differences are the result of seniority or very specific complements. At the end of 2017, 86% of positions were governed by a collective agreement.

All work positions outside the agreement are compensated according to objective levels. For each position, there are salary bands that are initially applied regardless of the person occupying the role.

We have begun to carry out studies and analysis of salary parity at the Group. This task will continue next year and will take into consideration the different regional and local realities at Vocento.

Despite the progress we have made in recent years, at Vocento we are aware that we need to continue in this direction. We achieve this by working every day to ensure equal opportunities.

Ethics Channel, whistleblowing channel

As well as the ability to use the outsourced Ethics Channel, discussed in the chapter on good governance, employees can also make their complaints and concerns known to the Human Resources department of the Group.

In 2017, there were no accusations of harassment, discrimination or any other accusation.

Channels for communicating with employees and working climate

At Vocento, the usual channels are available for communicating with our employees: meetings with management and at the level of each area, bulletin boards, newsletters, and others.

Furthermore, after test carried out in the previous year, in 2017 we completed the implementation of *selligent* email marketing for internal information such as newsletters, information about vacancies, and relevant information for employees.

Likewise, after completing its implementation last year, in 2017 we launched the SGP system for people management, in all companies in our central zone and in most companies in the northern zone. Next year the system will be installed in the southern zone.

The SGP is system for managing human capital which is able to integrate all aspects of HR management, simplify process and facilitate the administration of Group companies, as the complete process can be managed online and on one single platform.

The main objectives and functions of the SGP include:

- Visualisation of organisational charts.
- Facilitating the management of variable compensation (from setting targets to the final assessment, except for the sales bonus).
- Enhancing internal communications thank to the possibility of carrying out surveys, workflows of authorisations, a suggestions box and a space with relevant information for the employee (internal norms, latest messages, interesting links...).
- Easily locate contact for any employee using a directory.

- Provide access to all the available HR information to employees, helping to update the data.

This year, for example, the management of performance reviews took place on the SGP.

Social benefits

Vocento does not distinguish between permanent and temporary employees when it comes to the social benefits offered to group workers.

The Flex Plan continues to operate, with improvements to some financial conditions for employees. The plan includes products in the following categories:

- Health insurance
- Food tickets
- Creche tickets
- Training
- Transport card (negotiated in 2017 to be used in 2018)

More than 14% of the workforce has acquired products under the plan in 2017, acquiring an average of 1.26 products.

Locally, depending on the company, there are other advantages for workers:

- Café, dining room and/or canteen with fridge and microwave.
- Agreements with sports centres for discounts for employees and the possibility to Access various centres in a catalogue.
- Flu vaccination.
- Outplacement services when leaving a company.
- Language training.

As a social benefit at group level, it should be remembered that Vocento's general policy is for permanent hiring.

Cases opened against employees

No incidents occurred in 2017.

6.7. ENVIRONMENT

The Code of Ethics at Vocento, which must be complied with by all employees of the Group, shows a clear commitment to the environment. It states that Vocento aims to ensure full compliance with all applicable legislation in the environmental area, and says that employees must carry out their activities in a way that protects the environment, minimises any negative impact and optimises the use of resources, in all areas of activity.

As a media company, Vocento does not have a major impact on the environment, but the Group is very sensitive to the planet and its resources, and has identified the environment as a material issue in its sustainability strategy and its Responsibility and Sustainability Plan 2017-2018.

Vocento's facilities and offices are located in industrial areas or urban areas, so there is no impact on protected areas, natural spaces or biodiversity.

We do not withdraw our own water and have no impact on specific water resources. Water is supplied by various local networks.

We produce two types of aqueous waste:

- Urban waste, which is sent to public sewerage systems.
- Waste from industrial processes in print plants, which are accumulated in local deposits and then treated by authorised managers.

In 2017, none of our industrial facilities or offices reported leaks or spills of toxic or hazardous waste.

Likewise, none of our companies faced fines or legal processes, or any notification concerning environmental requirements or obligations. We are not aware of any incidents related to the environment in our supply chain.

Neither our office nor the processes in our print plants product significant emissions of gases which affect the ozone layer, or nitrous/sulphur oxides.

Our emissions of greenhouse gases are limited to CO2 from indirect, Scope 2 emissions from energy producers, which depends on the amount of energy required and the energy mix of the network which supplies the utility.

The following table shows the consumption of energy in productive centres. There has been a reduction in all areas from 2016.

Consumo de energías (Rotativas)

	2017	2016
Gas (MWh)	3.725	4.597
Agua (m3)	3.262	3.588
Electricidad (MWh)	12.598	14.460

The total electricity consumption of the Group fell by 12%.

Consumo de electricidad KWh

	2017	2016
Talleres de Impresión	12.598.000	14.460.000
Oficinas	9.895.000	10.399.000
Prod. TV	155.000	911.000
TOTAL	22.650.017	25.772.016

CO2 emissions fell by 13% , as a result of the drop in energy consumption.

Emisiones de CO2 (Tn) Alcance 2

	2017	2016
Tn CO2 equivalentes	20.553	23.493

These are the figures for product recycling at our print plants in 2017 and the volumes of waste from our activity in the same period.

Reciclaje de Materiales (Rotativas)

	2017
Papel (Tn)	4.053
Planchas (Tn)	293
Plásticos (Kg)	31.510
Cauchos (Kg)	1.295

Residuos tóxicos y/o peligrosos (Rotativas)

	2017
Líquidos de limpieza (L)	69.342
Trapos de limpieza (Kg)	23.017
Revelador de planchas (L)	49.794
Aceite usado (Kg)	4.679

7. ASSESSMENT OF SOCIAL ACTION AT VOCENTO

In 2017, we increased our measurement of our social action to cover all Group publications. We have also been able to make the contributions of these companies more visible, as we shall see later.

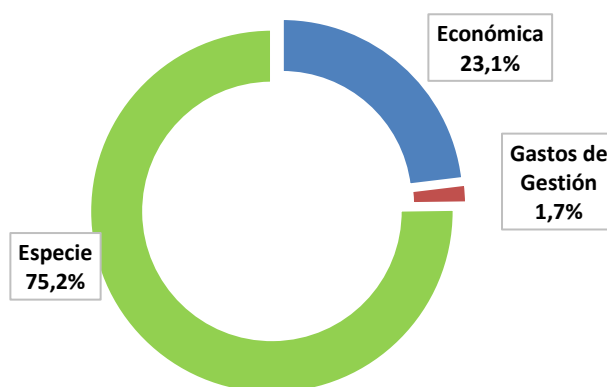
Our social action is mainly carried out locally because of our strong regional presence. This long-lasting regional presence enables a direct communication with the society where we work and an understanding of that society's needs and aspirations, enabling us to apply our contributions in areas and sectors of real concern, highlighting to citizens at first hand our commitment.

We classify our social action in three categories, depending on the type of contribution we make:

- **Financial.** Cash contributions.
- **In Kind.** Via advertising and making space available for free in our media to benefitting organisations.
- **Management expense.** The internal work of our professionals, specifically dedicated to managing these contributions.

Except for financial contributions, as criteria the internal cost of the contribution is applied.

TYPE OF CONTRIBUTION TO SOCIAL ACTION 2017



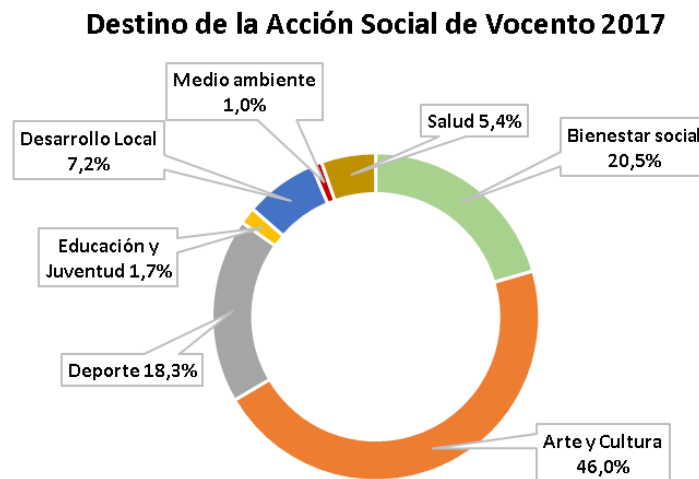
This year the value of our contribution to social action was **3.819 million euros**, well above **1.853 million euros in 2016**. While both figures cannot be directly compared, we can analyse the social action in both years by destination and type of contribution.

In absolute numerical terms, the financial contribution rose by 20% from last year. However, given the increase visibility of the “in kind” category in social action this year, the percentage of financial contribution is lower in the total. The same is true for management expenses, although the amount contributed for this category was the same in both years.

Tipo de contribución

	2017	2016
Económica	23,1%	39,5%
Gastos de Gestión	1,7%	3,5%
Especie	75,2%	57,0%

The chart below shows the destination of the Group's social action



When determining where Vocento targets its contribution, we use the following classification by target or beneficiary:

Social welfare. NGOs, foundations and local, national or international organisations with activities related:

- Charitable initiatives
- Help for underprivileged groups
- Humanitarian help, including direct aid
- Social integration
- Help to third world countries
- Protection of children and health.

Art and culture. NGOs, foundations and local organisations with activities related to the development, protection and implementation of art and culture:

- Music
- Cinema
- Theatre
- Literature
- History

- Museums
- Local culture and folklore
- Thematic lessons

Sport. Organisations, sports clubs and associations which support sport for children and youngsters, local sports and minority sports.

This category includes practically all sports, from the most popular to very local and endangered sports. It is of local character.

Education and youth. NGOs, foundations and local organisations with activities related to improving and supporting youth education.

Local development. Organisations and initiatives which support the development of local economic activity.

Environment. NGOs, organisations and initiatives which work to support the environment and fauna.

Health. NGOs, foundations and local or national associations which have the mission to support health or to help patients with serious and/or rare conditions and their families.

Destino de la acción social

	2017	2016
Bienestar social	20,5%	30,8%
Arte y Cultura	46,0%	52,2%
Deporte	18,3%	4,0%
Educación y Juventud	1,7%	3,4%
Desarrollo Local	7,2%	5,5%
Medio ambiente	1,0%	0,0%
Salud	5,4%	4,1%

When comparing the targets of our social action in the last two years, it will be seen that the composition has hardly changed. Half of our social action is dedicated to art and culture, followed by sport and social welfare.

Vocento's social action in the communities where we carry out our business represents an important contribution to their improvement and development. Our action extends beyond direct and indirect financial contributions from our companies in their business, the impact of which is covered by the chapter on the generation, distribution and retention of economic value.

In order to reach the level of social action achieved in the year, Vocento media have listened to, responded to and worked with more than 600 NGOs, foundations and organisations of all types, small and large, local and national, across Spain, each with their own characteristics and needs.

We have collected data which records how our entities have responded in each of the categories that we have classified by contribution. 37% of them are organisations related to sport, followed by art and culture and then by organisations dedicated to social welfare.

Beneficiaries of Vocento Social Action

	2017
Bienestar social	19,5%
Arte y Cultura	22,0%
Deporte	37,3%
Educación y Juventud	3,3%
Desarrollo Local	8,2%
Medio ambiente	1,3%
Salud	8,4%

8. FOUNDATIONS

8.1. ABC COLLECTION FOUNDATION

The main aim of the ABC Collection Foundation is to conserve, study and make available the artistic heritage of ABC, and to manage and administer the ABC Museum, which houses the art collection and undertakes an exhaustive programme of activities to do with drawing and illustration.

The ABC Museum of Drawing and Illustration opened its doors in 2010 to preserve and showcase the ABC Collection. Since then, it has become the leading drawing and illustration centre in Spain.

An open and plural centre, aimed at the general public as well as specialists, the museum is a creative and dynamic space that promotes culture and high level tourism.

The programme includes temporary and travelling shows, workshops, conferences, concerts, publications and competitions, among other offerings from the Museum.

As a vibrant organisation, the ABC Museum also supports research and innovation, including research into the collection and also into contemporary trends, supporting the production and distribution of contemporary drawing and illustration, with a high number of artists able to show their work to the public.

The heart of the Museum is the ABC Collection, which began in 1891. This unique legacy includes almost 200,000 works by 1,500 artists in all styles, techniques and schools of drawing, and represents a century of drawing from the end of the 19th century to the current date.

RESULTADOS 2017



2016
103.540
VISITANTES

RESULTADOS 2017



13
EXPOSICIONES
EN EL MUSEO



6
EXPOSICIONES
EN OTROS ESPACIOS



313
PRÉSTAMOS
DE OBRA



9
DONACIONES

RESULTADOS 2017



266
TALLERES



45
ACTIVIDADES



75
VISITAS GUIADAS



29
ACTIVIDADES
INFANTILES



7
VISITAS GUIADAS
A COLEGIOS



8
PUBLICACIONES

Exhibitions in the ABC Museum

CHEMA LÓPEZ

LA ILUSIÓN Y EL MIEDO

20 DIC 2017 — 01 ABR 2018

HISTORIETAS DEL TEBEO, 1917—1977

31 OCT 2017 — 25 FEB 2018

CARMEN BY BENJAMIN LACOMBE

17 NOV 2017 — 04 MAR 2018

MARTÍN MORALES

EL DIBUJO INAGOTABLE. 50 AÑOS DE CONTRIBUCIÓN AL HUMOR GRÁFICO ESPAÑOL

04 OCT 2017 — 10 DIC 2017

DIBUJAMADRID

DIBUJANDO EL MUNDO 2017

13 JUL 2017 — 30 OCT 2017

PAGE TSOU

HIDE-AND-SEEK [EL JUEGO DEL ESCONDITE]

28 JUN 2017 — 15 OCT 2017

MANUEL ANTONIO DOMÍNGUEZ

LA RELACIÓN ESTABLE

20 JUN 2017 — 24 SEP 2017

Y ESTE CUENTO NO HA ACABADO

27 ABR — 09 JUL 2017

ANA JUAN

DIBUJANDO AL OTRO LADO

16 MAR — 18 JUN 2017

ALFREDO. LA VENTANA DE ATRÁS DESMEMORIAS DE UN DIBUJANTE

30 MAR — 11 JUN 2017

JAVIER SÁEZ CASTÁN

PRODIGIOS Y CURIOSIDADES

15 DIC 2016 — 26 MAR 2017

SERNY

CELIA, CUCHIFRITÍN Y OTRAS HISTORIAS ILUSTRADAS

13 DIC 2016 — 05 MAR 2017

CONEXIONES 12. ABIGAIL LAZKOZ

PARAJES INCULTOS

30 NOV 2016 — 19 MAR 2017

8.2 VOCENTO FOUNDATION

The mission of the Vocento Foundation is to provide society with an attractive, plural and committed perspective into all the different issues that populate today's political, economic, social, historical and cultural realities in Spain, by organising many events of which the Culture Workshops are the most significant.

The various publications of Vocento lend their name to these workshops, establishing positive synergies, with the events supported by the infrastructure of the newspapers in each province and by their promotion and coverage of the conferences, while readers of the newspapers are given the chance to participate in the events.

Among the activities carried out, these conferences continue to be the most popular. The events include as speakers major personalities from the world of literature, thought, the economy and other areas of interest.

In 2017, around 260 of these events were held, attended by about 48,000 people.

9. JOURNALISM TRAINING

9.1. ABC-UCM MASTER'S IN JOURNALISM AND DIGITAL COMMUNICATIONS

Created in 1988, 28 groups of students have now graduated with this Master's in Journalism, with 479 post graduates attending the ABC lessons. 13.36% of students have come from Latin America and 83.92% hold degrees in communications.

Since 1 July 2016, with the renewal of the agreement with the Universidad Complutense de Madrid, the course was renamed the Master's in Journalism and Digital Communication, a new degree at the university. The academic director is Yolanda Martínez Solana and Manuel Marín is the director of journalism.

The concept of digital communication includes all the many variables that future journalists will need to master, such as laws, technologies, the ability to influence the public, ethics, and of course the diverse possibilities for distributing information to any part of the planet almost at once with just one click.

Over the course of the academic year, students combined technical training with practical experience. Each student was responsible for a newspaper page and had to prepare items for the website in real conditions, with the same methods and technologies as used by ABC journalists, in sessions led by the director of journalism. For the madrilanea.com website of the course, students acted as correspondents for a Madrid neighbourhood and contributed hyperlocal news every two weeks.

The tasks undertaken by a student on the Master's are the same as that carried out by a journalist in multi-vehicle print media, so that when a student completes their practical training they have the professional experience needed by new labour market. The teaching process culminates with practical experience in the editorial department of ABC.

In the last course, activities in the study plan included participation in the XVIII Congress of Digital Journalism in Huesca, and exchanges of practical courses and classes with the COPE Master's. The director of ABC, Bieito Rubido, and the UCM rector, Carlos Andradas, presided over the graduation ceremony, with a speech given by ABC editor Álvaro Martínez.

Ten students from journalism, five from translation and interpretation and two from Spanish philology, history, law are participating in the current course, which began in October 2017. Of the last seven courses, more than half of the graduates began work at ABC or Vocento, including ten of the last course. Across the group, 80 professionals come from the ABC Master's.

9.2. EL CORREO-UPV MASTER'S

On 1 June 1988, an agreement was signed between the Universidad del País Vasco and the newspaper El Correo which established the foundations for specialist courses in journalism for qualified graduates. That was the start of the Master's in Journalism, which began that October. Since then, this specialist programme has become one of the leading Master's degrees in its field in Spain, with a highly practical focus.

In the 2016-2017 UPV course, there were 16 students, including students from Colombia, Nicaragua, the Dominican Republic, Brazil, China and Italy.

At the matriculation ceremony, journalist Victoria Prego gave the opening lesson, in which she spoke about the last days of Franco.

There was very positive feedback about the summer work experience enjoyed by the students, which resulted in four one-year contracts being offered at El Correo.

Over the years, more than 800 students, now mostly communications professionals, have participated in the course's lectures and research, include students from Spanish-speaking countries and other, including: Peru, Costa Rica, Serbia, the Philippines, Mexico, Bolivia, E Salvador, Nicaragua, Cuba, Chile, Venezuela, Ecuador and Colombia.

The Master's has diversified over time and now it has a strong multimedia character, aimed at training tomorrow's professionals in the press, radio, television or in digital media.

10. VOCENTO 15th ANNIVERSARY

2017 was a special year for Vocento, marking 15 years since the merger between Grupo Correo and Prensa Española which created our group. In reality, our history dates back even longer, to 1891 for ABC and to 1854 for regional newspapers and the first edition of El Norte de Castilla.

In the last 15 years, the press sector has faced up to major challenges: the growth of the Internet and social media, propaganda and fake news, digitalisation and changes to business models. But in all this period, our commitment to offer accurate information to readers has remained unwavering, and it is this commitment that every day the 13 newspapers and five magazines of Vocento strive to represent.

To celebrate our anniversary, and defend the role of the best journalism, some of the leading journalists in Spain from various media contributed articles to group newspapers. A total of 48 journalists discussed their vision for the future of journalism and the challenges it faces, including Arturo Pérez-Reverte, Victoria Prego, Juan Luis Cebrián, Pedro J. Ramírez, Arsenio Escolar, Gloria Lomana, José Antonio Zarzalejos, Iñaki Gabilondo, Casimiro García Abadillo and Francesc de Carreras.

As a reflection of Vocento's commitment to information, the Instituto Cervantes in New York recognised the group's support for free expression with the **First Amendment Award**. These prizes, nominated by the Spanish Association for the Eisenhower Fellowships, each year recognise those people or companies who have acted in the defence and promotion of the freedom of expression and the free press. Alongside Vocento, the other people to receive the award included the journalists Manuel Alcántara, Carlos Herrera and Susanna Griso, the Mexican writer and Univision presenter Jorge Ramos and the City University of New York.

Commemorative ceremony

The King and Queen of Spain presided over a gala event in the Teatro Real of Madrid which marked the culmination of the 15th anniversary of Vocento. The event defended the contribution of high-quality journalism and was attended by Government members, authorities, ambassadors, business people and personalities from all walks of life.

In his speech, King Felipe VI said that Vocento and its 2,700 employees were a fine example of a group committed to accuracy and truth and "the loyal depository of that valuable and sensitive resource, information."

At the ceremony, a documentary was premiered which covered historic events such as the sinking of the Titanic, the Spanish Civil War, the Allied landings in Normandy, the atomic bomb in Hiroshima, the first democratic elections in Spain after Franco, and the bombings in Madrid in

2003, all of which Vocento journalists reported on with honesty, highlighting the decades-long commitment of our group to journalism and to its readers.

On the same day, all the newspapers of the group distributed a special commemorative magazine including the main news items of the last 15 years. Titled *Journalism in all its dimensions*, the 300-page report included items written and illustrated by journalists, photographers and designers of high standing, all of whom were invited to remember and show how the world, Spain, the media, and more than 25 brands of Vocento had changed over a decade and a half.

Other events:

To celebrate the 15th anniversary, we organized a series of diverse events which explored issues affecting the main sectors of our country, to analyse the values and developments that are impacting Spanish society:

- **Former Prime Ministers Forum:** Vocento organised a historic event, as three former prime ministers, Felipe González, José María Aznar and José Luis Rodríguez Zapatero, for the first time came together in a round table event to commemorate the 40 years of the first democratic elections in Spain. Bieito Rubido, director of ABC, and Julián Quirós, director of Las Provincias, moderated the debate, which covered four decades of the construction and transformation of our country.
- **Business Awards:** recognising the achievements of 16 Spanish companies in various categories in 2017. The prize winners for this event, which was presented by the economist José María Gay de Liébana included: Telefónica (in the results category), Iberdrola (work-life balance), Inditex (international expansion), Acciona (innovation), Ferrovial (social action), DKV (integration), Pascual Calidad (sustainability and the environment), El Corte Inglés (CSR), El Pozo (best family company), PSA (communications), Mutua Madrileña (sponsorship), Damm (marketing strategy), Grupo Antolín (digitalisation), Ecoalf (revelation of the year) and Job&Talent (start-up). Renfe received the Extraordinary Award.
- **Award for Business Leadership:** held in the Casino de Madrid, the following chairmen received this award, recognising their achievements over the last 15 years: Pablo Isla at Inditex, Francisco González at BBVA and Ignacio Sánchez Galán at Iberdrola. The minister for the economy, industry and competitiveness, Luis de Guindos, attended the ceremony, where there was extensive representation of Spanish businesses.

- **Journalism and Post-Truth Forum:** Vocento and the Gabriel García Márquez Foundation for New Latin American Journalism brought together representatives of media from sides of the Atlantic to discuss the intrinsic values of journalism and the threat of post-truth. As part of the Business Forum of the Spanish Future series, the event highlighted the role of journalism in contemporary society.
- **Mobility 3.0 Forum:** sector experts met at Vocento headquarters to discuss the advantages, innovation and challenges facing connected cars, electric vehicles and Smart Cities.
- **Exports Forum:** sector experts discussed the challenge of opening new markets outside the EU. They agreed that companies need to maintain their competitiveness by increasing their presence outside Europe, while managing the challenge of rising salaries. To recognise the achievements of companies overseas, as part of the event, the ABC Barcelona Free Zone award was given to the chairman of the Spanish Chambers of Commerce and of Freixenet, José Luis Bonet.

The commemoration of our anniversary began with invited journalists from other media, and we concluded the celebrations also with journalism, at the **Correspondents Forum: journalism beyond the frontier**. To recognise the work of the journalists who report from around the world for Vocento's readers, we invited five correspondents from the group to discuss journalism at a time of post-truth and the impact of social media. Juan Pedro Quiñonero, Paris correspondent and moderator of the event, was joined by the ABC correspondents in New York and Beijing, Javier Ansorena and Pablo M. Díez, and by the Vocento reporters in Moscow and New York, Rafael Mañueco and Mercedes Gallego.

11. PRIZES WON AND AWARDED IN 2017

Over the course of 2017, Vocento journalists and media received 80 awards recognising their commitment to society, their professional performance and their journalistic excellence in managing information in sectors such as innovation, entrepreneurship, culture, society, the economy, gastronomy, sport and the auto industry.

Furthermore, group publications, which have a strong presence in their regions, continued to award annual prizes to people, companies and organisations in various fields.

ABC

Awards won

The design of ABC was recognised at the 19th edition of the prestigious European Newspaper Awards with a total of nine prizes. The newspaper received a special mention in five categories: information pages, photography, visual story-telling, alternative story-telling and infographics. Three pages of Enfoque, because of its unique use of photography, and two infographic pages also won Europe's leading newspaper design awards.

The deputy editor of the newspaper, **Luis Ventoso**, won the 'Jaime de Foxá' literary award for his article 'Cazadores'. The Real Club de Monteros awards the prize each year for an article which addresses the traditional values of hunting.

The **ABC Familia** section won a prize in the media category from the Misión magazine, which is the most widely read free magazine for Catholic families in Spain, in the seventh edition of the magazine's prizes. The entity believes that ABC Familia is one of the most complete spaces dedicated to family issues in the Spanish general media sector.

Laura Peraita, head of the ABC Familia section, also won the Alares Award 2017 for communications professionals, in recognition of her work in the area of the work-life balance and social responsibility. She also won the first national prize in the media category at the second edition of the DomusVi Foundation awards, which recognise the social commitment of people and institutions who work to improve the quality of life for senior citizens.

The editors of ABC Galicia, **Patricia Abet**, **Elena Pérez** and **Abraham Coco** won the José Aurelio Carracedo award for journalism from the government representative of Orense for their series of features in the Galician edition of ABC, "Las Mil Galicias".

The local police of Valencia awarded **ABC Comunidad Valenciana** its journalism award in the category integration and mediation, an award collected by newspaper head Alberto Caparrós. In the second edition of the awards, the jury highlighted a feature in the online edition about an initiative of schools in the Nazaret area of Valencia to raise the awareness of neighbours about the importance of picking up their dog waste.

The editor of ABC in the Comunidad Valenciana, **Rosana Belenguer**, won the new journalist award in the ninth edition of journalism awards of the Community of Valencia.

In the governmental authority of Castilla y León, ABC contributor **Fernando Blanco** received a special mention in the XXXII edition of the Francisco Cossío awards in the photography category.

Awards made

In 2017 ABC organised the 97th edition of its **International Journalism Awards**. Her Majesty the Queen oversaw the award ceremony: the Mariano de Cavia prize went to director José Luis Garci, for his article 'Hollywood Gil'; the Luca de Tena award went to Cristián Zegers, editor of «El Mercurio» in Chile, for his achievements at the country's leading newspaper. Andrés Rábago won the Mingote award for "El Roto", a cartoon published in «El País» which attacks social and economic inequality.

The newspaper organised the **XIII edition of the ABC Solidario Awards**, recognising the charitable work of people and institutions, with the words "charity is expressed by facts, not by words."

The **ABC Premio Taurino**, in its ninth edition, recognised José Antonio Morante de la Puebla for his highly personal and classical bullfighting style, which has delighted fans in Spain, Portugal and Mexico. His Majesty Don Juan Carlos presented the award.

In the world of the car, the newspaper named the high-tech Seat Ibiza the ABC Best Car of the Year 2018, in the 46th edition of the awards, recognised its performance and its increased comfort and space.

The VII edition of the **ABC Health** awards for healthcare professionals, institutions and companies was held in the Casa de ABC. Minister Dolors Montserrat and more than 200 people from the sector attended the event. Ángel Carracedo won the award for Doctor of the Year and the Fundación Luzón was recognised as Foundation of the Year 2017. The Intellisite Pathology Solution from Philips, a digital laboratory for pathological anatomy, won the award for health technology company of the year. The Centro Socio Sanitario Hermanas Hospitalarias in Palencia was named the best private healthcare centre, while the public hospital of the year was the Complejo Hospitalario Universitario of La Coruña. Finally, medicine of the year was Entresto, from

Novartis, which has transformed the treatment of cardiac insufficiency.

In the gastronomy sector, ABC celebrated the ninth edition of the **Premios Salsa de Chiles**. Four awards were made: in the traditional segment, Los Marinos José, of Fuengirola, won the jury prize while the Taberna Arzábal in Madrid won the prize from the public. Quique Dacosta, for his restaurant in Denia, won the jury award for creative cuisine, while Noor, run by Paco Morales in Córdoba, won the public prize. In the foreign segment, Lafayette y Tripea, a French restaurant in Madrid, was the lucky winner. The jury chose Joserra Calvo, of Mugaritz, in Rentería (Guipúzcoa) as the best restaurant staff member, while the public recognised Jorge Dávila, of Álbora and A Barra, in Madrid.

FIBABC, the Latin American festival of short films run by ABC.es, is one of the world's leading online short film competitions. In 2017, the festival, in its seventh edition, gathered major names in Latin American cinema, with actor and director Santiago Segura collected the first FIBABC Honorary Prize. The jury award for the best short film went to "Classmate", from Javier Marco; "Die Freundin" by Iván Sáinz-Pardo also won a short film award.

The newspaper organised the second edition of the **ABC StartInnova** awards, encouraging entrepreneurship at high school level and in professional training. Participants in the two categories, from 16 to 17 and over 18, worked in a demanding process to present their initiatives at the conference. In the younger category, the "Economy's Cat" team of the Corazón de María school won the top prize for a project to protect feet from sand. In the older category, a team from the Institución Javeriana won for a proposal for a chip for pets that also acts to locate them.

To encourage healthy eating among children, ABC organised the second edition of **ABC Supersanos**, a cooking competition for the young. A dish of pumpkin sauce and roe from lumpfish, created by the Peñalver family, won the top prize.

ABC SEVILLA

Awards won

The New Health Foundation, a non-profit that aims to raise the quality of life in late-stage treatment and the last stage of life, recognised **ABC de Sevilla** for its support for the compassionate city project of the Sevilla Contigo programme.

Awards made

ABC de Sevilla honoured the founder, and chairman of local company SAT Royal, José Gandía, with the ninth **Premio Simón de Rojas Clemente**. The newspaper makes the award every year,

recognising important figures in Andalusia and their success over a long career marked by excellence in business and management.

The newspaper also awarded the fifth edition **Sabino Fernández Campo Prize**, which it makes with BBVA, to the Spanish armed forces for their humanitarian work combatting the smuggling of immigrants, and former defence minister Julián García Vargas.

In the legal area, ABC de Sevilla organised the ninth edition of its **Prize for Legal Careers**, which this year went to notary Rafael Leña Fernández. In the business sector, the newspaper recognised local engineering and consulting group Ayesa, which employs more than 4,000 people in 16 countries, with the **XVI ABC de Sevilla Business Award**. The **XVII Joaquín Romero Murube Award** went to the writer Carmen Posadas.

ABC Seville also organised the second edition of the **Gurmé Sevilla Awards** for bars and restaurants, recognising 12 establishments in six different categories, with half of the votes from a professional jury and half from online public voting.

The **II Bulevar Sur Awards** recognised the work of Andalusians in the fashion, beauty and lifestyle sectors. This year the firms Antonio García and Cherubina and the fashion photographer Jesús Isnard were among the winners.

ABC also awarded its **Premios en Portada** for the sixth consecutive year, recognising the work, of people, institutions and companies with close links to Seville. Three historic companies (La Belle de Cadix de Croisi Europe, Eddea and Fernández y Roche), a sporting club (Real Club Sevilla Golf), a charity (Banco de Alimentos de Sevilla) and a local actress, Cuca Escribano, were all recognised this year.

Meanwhile, the **Web Awards of** abcde Sevilla.es, now in their sixth edition, recognised the effort and success of various digital initiatives.

CORAZÓN TVE

Awards made

The magazine oversaw the fourth edition of the **Premios Solidarios-Corazón tve**. The Premios Pablosky went to the NGO Africa Directo and its ambassador in Spain, the singer Bebe. The Premio El Corte Inglés recognised Mensajeros de la Paz and founder Padre Ángel. The Jaguar Award for charitable ambassador of the year went to Santi Millán of ASDENT. Doctor Emilio Vicente of the Hospital Universitario HM San Chinarro, and Alba Saskia, author of “Con un par de alas” won Corazón Anónimo awards.

EL COMERCIO

Awards won

Spanish charity for the blind ONCE, in its prizes for 2017, recognised El Comercio for a series of features on the spirit of overcoming adversity of various sports people, who are able to overcome impairments and achieve seemingly impossible challenges.

The newspaper received from the Federación de Asociaciones de Teatro del Principado de Asturias a prize on international theatre day for its support for amateur drama.

The local branch of the Spanish reservists association (ARES) recognised the newspaper with a prize for reporting on their activities with a high level of quality and accuracy. The Mierense del Año association also gave the newspaper an award for its support for information in the region.

The editor of El Comercio, **Chelo Tuya**, was recognised by Clece Social for her feature about abuse #CuestionDeTod@s: on the international day for the elimination of violence against women, Chelo Tuya published in El Comercio a series of features discussing various elements of this problem.

Awards made

With 20 years of history, the **Premios El Comercio** once again recognised the talents, virtues, values and visión of five major figures and entities in Asturias. The Proyección de Asturias award went to chef José Andrés, who has taken Asturian cuisine beyond the borders of Spain. Writer and film maker Gonzalo Suárez won the culture award while local NGO aim won the social action prize. The sports award went to canoeist Saúl Craviotto, one of Spain's most successful Olympians, while Proindctec won the business award.

El Comercio organised the **XIV La Voz de Avilés Awards** recognising the successes of various professionals. In 2017, winners including the R&D centre of ArcelorMittal in Avilés, for business, the Asociación Rey Pelayo, for social action, and Alfonso Menéndez Vallín and Enrique Rodríguez Cal 'Dacal' for sport.

In the food sector, the newspaper's Yantar supplement awarded the **Las Calderetas de Don Calixto Prizes** for the best chefs in Spain, this year recognising Quique Dacosta, Abel Terente and Javier Álvarez Farpón.

The newspaper organised the 10th ceremony for the **Trofeo Quini**, which bears the name of the former Sporting player and which recognised the most successful sportspeople and clubs of Gijón in the year.

In the educational area, the newspaper celebrated the fifth edition of the StartInnova **Awards**, with more than 250 students from 14 local institutions participating. The Colegio Salesianos de Avilés, with a project for hydroponic agriculture, and IES Batán de Mieres, for a skate ring, won top prizes.

EL CORREO

Awards won

The Society for News Design en España (SNDE) recognised **El Correo** with a total of nine awards for its way of presenting information, both in print and online.

Four El Correo journalists were recognised in 2017. **Mikel Iturralde**, head of social media, won the Periodismo Vasco 2017 award in the digital category for his blog 'Treneando', dedicated to the world of rail.

The Real Automóvil Club Vasco Navarro and the city council of Bilbao awarded their prize for journalism about mobility to Iturralde, for his feature 'Bilbao sobre ruedas', while **Erlantz Gude** was recognised for his feature 'El peor tramo de carreras del país'. Both features were published in El Correo de Vizcaya.

David Olabarri, another journalist of the newspaper, was recognised by the Fundación Europea por las Personas Desaparecidas (QSDglobal) for the quality of his features.

El Correo journalist **Florencio Domínguez** won the Premio Francisco Cerecedo from the Association of European Journalists for his long career investigating ETA terrorism. **Fernando Aramburu** won the national narrative award from the Ministry of Education, Culture and Sport for his novel 'Patria'.

Awards made

El Correo recognised leading Basque sportsmen and women with its annual gala for the **Best Sportspeople of Vizcaya**. The awards celebrate the achievements of the most outstanding sportspeople of the last year.

With the Universidad del País Vasco (UPV), the newspaper organised a competition for opinion pieces from universities, which was won by third-year UPV journalism newspaper student Yolanda Segura Menéndez for an article inspired by George Orwell.

In the fifth edition of the **StartInnova Awards**, the newspaper gave educational institutions the opportunity to include apprenticeships in its student teaching.

EL DIARIO MONTAÑÉS

Awards won

Our **supplement Sotileza** won a bronze medal at the NH awards for journalism design in Spain and Portugal, in the supplements category, for cover dedicated to poet Gloria Fuertes, created by designer Marc G. Sala.

Leticia Mena, a journalist from El Diario Montañés, won the Rotary Award for the Press for her article “Letters from Greece.” The jury highlighted the values of charity, service, altruism and support for goodwill and peace.

Her colleague **Álvaro Machín** was recognised with a Solidarios award for the media sector, organised by ONCE in Cantabria. The charity for the blind singled out a feature written by Machín.

Awards made

El Diario Montañés recognised entrepreneurship, experience, innovation and products from Cantabria by organising food awards for the region. Local and regional authorities and numerous representatives from all sectors of society attended the gala event. Winners this year included Grupo Deluz (award for food and drink and for the promotion of products from Cantabria); Grupo Ibiolimusin (entrepreneurship); Herederos de Tomás Ruiz-Quesería La Pasiega de Peña Pelada (agro-food); Quesería Los Tiemblos (ecological product); Delicatessen La Ermita (best track record in the agro-food sector) and Siderit (prize for innovation and internationalisation).

In the hostelry sector, El Diario Montañés organised its fifth competition for local chefs and its fourth award for maitres d’hotel. The two competitions aim to emphasise the value of training future professionals.

In the area of innovation, the newspaper held the second edition of its awards for entrepreneurs, which this year recognised local companies TedCas, Faed and Textil Santanderina in categories for entrepreneur of the year, female entrepreneur and track record in business.

El Diario Montañés celebrated the 10th edition of its **Digital Cantabria Awards**. Winners included: ‘Wine to you’ (best professional website), ‘Aprendizaje Viajero’ (best personal website), ‘Woorker’ (best mobile app) and ‘Buscando sonrisas’ (best digital communication).

In the educational sector, the newspaper held the fourth edition of the **StartInnova Awards**. 32 companies in Cantabria mentored 32 educational centres, enabling e-learning in entrepreneurship. This year, about 700 students participated, as well as 32 heads, 66 tutors and 22 e-learning students.

EL DIARIO VASCO

Awards won

El Diario Vasco received an extraordinary award from the Basque Academy of Gastronomy, recognising the newspaper's interest in the world of cuisine, as seen at the annual Gastronomika food fair in San Sebastián.

The Chapel Gorri sports association recognised the newspaper for its support for the events organised by the association (the Clásica de Ordizia and the Clásica Marino Lejarreta).

The 'Hirukide' association of large families, which recognises the work of people or entities which make the federation more visible, named El Diario Vasco as a winner of the eighth edition of its award, which was collected by head of editorial Lourdes Pérez.

The hostelry association also recognised the newspaper for its continuous support for the gastronomy of Gipuzkoa. The Fundación Sueskola recognised El Diario Vasco for supporting its campaign to reduce the number of fires.

Awards made

El Diario Vasco organised the 37th editions of its **DV Oro Awards**, recognising Asier Illarramendi as the best footballer of the season at Real Sociedad and Sergi Enrich as the best player for Eibar.

For another year, the newspaper celebrated the prestigious **BMW Awards** for gastronomy, one of the leading showcases for hostelry in the region. Actor and lover of Basque cuisine Juan Echanove and local restaurant Alameda won top prizes. Other awards went to the owner of the restaurant Rekondo, Txomin Rekondo, for best handling of wine, and to Iñigo Garasa, from the Ardanbera, winery. Restaurante Zezilionea (best cuisine of the year), Familia Martínez (business achievement), Hotel Monte Igueldo (best restaurant for banquets), and Alameda (restaurant of the year) all won awards. The 2017 promise prize went to Paul Arrillaga from Bar Zazpi, while three local producers received a special award, five chefs won a prize, and Fernando Bárcena was recognised for his professional career.

The newspaper organised the second edition of the **STARTInnova Summit**, a day dedicated to innovation and entrepreneurship in the world of business and education. The event gathered hundreds of people from the business, education and learning who discussed ways to move society forward.

In the area of education, El Diario Vasco was involved in the fifth edition of the **StartInnova Awards**, supporting entrepreneurship among young people in Gipuzkoa.

The Protagonistas de Teledonosti, now in their 10th year, celebrated the traditional **Premios Protagonistas Gipuzkoa 2017**. In total 11 awards were handed out in recognition of major achievements in the year.

EL NORTE DE CASTILLA

Awards won

A photographer from El Norte de Castilla, **Gabriel Villamil**, won the Premio Cossío de Fotografía 2017 for a photograph taken of a desperate neighbour during the fire at La Cabrera. The same image won a bronze medal in the local and regional newspaper category of the ÑH Awards 2017.

Another photographer, **Henar Sastre**, won the local prize in a competition organised by the sporting press association of Valladolid for a photograph he titled 'Capacidad en el Deporte'.

El Norte de Castilla also received an award from the bakers' association of Palencia for its commitment to artisanal baking.

Awards made

El Norte de Castilla organised the eighth edition of the **Castilla y León Emprende Awards**, recognising the achievements of three business people in the digital era: Elena Becoechea, manager of Cilindros y Cromados Palentinos, won the award for best female entrepreneur; José Miguel Isidro, chairman of Europac, was recognised as Entrepreneur of the Year; and José Nicolás-Correa, chairman of Grupo Nicolás Correa, won a special lifetime achievement award.

With its **E-volución Awards**, the newspaper recognised best practice and innovation in the world of new technologies. Winners this year included Epinium, for best digital business initiative; Erasyou, for best sharing economy proposal; FIV Recoletos, for best multi-channel communications; Drivies, for best mobile solution; and Padel Solution, for best web UX. Special awards were also made: the audience award went to Traceus and the award commemorating 20 years of elnortedecastilla.es went to INCIBE, for its contribution to the digital society and in particular cybersecurity.

With the fourth edition of the **Premios del Campo**, El Norte de Castilla once again celebrated the role of women and young people in the agricultural sector. The oldest newspaper in Spain recognised Emiliano Revilla with the Miguel Delibes Award for rural development and handed over to Bodegas Protos a special prize celebrating its 90th year. Cheese manufacturer Cynara won the award for best woman entrepreneur, María Ferrero won the youth prize and Eduardo Gómez received a special mention.

As part of the 25 anniversary of the edition of El Norte de Castilla in Segovia, the newspaper recognised a local folklore group, Nuevo Mester de Juglaría, with a special prize for its achievements since it was founded in 1969.

With the third edition of the **StartInnova Awards**, the newspaper supported entrepreneurialships among young students at high schools and training institutions in Castilla y León.

HOY

Awards won

Our journalist **Antonio Armero** won the Tiflos prize from ONCE for his article 'El sueño cumplido de Javi'. In the XIX edition of these prizes, the organisation again recognised journalistic work that promotes the integration and normalisation of people with an impairment or at risk of exclusion.

Another Hoy journalist, **Álvaro Rubio**, won the 'Dionisio Acedo' journalism award for a feature illustrated with photographs of Andy Solé.

Awards made

Hoy awarded its traditional **Extremeños de Hoy** prizes, now in their 29th year. Awards went to those distinguished by their professional performance and to people who helped raise the profile of the region. This year, awards went to Javier García, the first deaf and blind student in Europe to win an Erasmus grant, Atlético de Madrid footballer Carmen Menayo and actor Juan Margallo.

In the educational area, the newspaper organised the XIV edition of its **Premio Concurso Escolar**, 132 groups from 24 educational centres participated, or more than 700 school children. Top prize went to 'The Newspaper' from the school of El Tomillar.

IDEAL

Awards won

Talking About Twitter, the most important global event about the social network, organised by Ideal, was recognised for its work in finding missing people with one of the 9 March Awards from the Quién Sabe Dónde Global Foundation.

On Constitution Day, government representatives in Granada recognised Ideal with an award for its defence of constitutional values.

Furthermore, Ideal journalist **Miguel Ángel Contreras** received a local journalism and communications prize in the print category, from the provincial government representatives, for the originality and quality of his coverage of local personalities. The journalist also won the Luis Portero award from the local ministry of health for his work in raising awareness about donation.

Awards made

The minister of employment and social security Fátima Báñez presided over the latest ceremony for the **Premios Ideales**, with which each year the newspaper recognises the work of people, companies and entities in helping Granada flourish in socially, economically, culturally and in sport. Winners were the municipal band of music, footballer Laura Pérez, NGO Movimiento por la Paz, Antonio Mingorance, for his professional achievements, and the company Seven Solutions, for its commitment to innovation.

The newspaper also awarded its **Premios Ideales Jaén** to singer Carmen Linares, the ALES group, Singer and writer Zahara, local academic Francisco Herrera, the local company Condado Mariscos Castellar and the players of Jaén FS Paraiso Interior. In **Almería**, Premios Ideales went to a railway defence group, the ONCE theatre group 'Las Catatúas Parlantes', Unión Rugby Almería, Premios Macael and Francisco Molina.

Ideal awarded its fifth **Premios Los Mejores del Levante** and its second **Premios Los Mejores del Almanzora** in recognition of the work made and example set by people, companies and groups in this region.

Furthermore, in the fourth edition of the **Premios Ideal a los Mejores de Berja**, the counties of Adra and la Alpujarra received recognition for the values of their people, as did the inhabitants of El Ejido with the **Premios Ideal a los Mejores de El Ejido**.

Ideal celebrated the first edition of its **Premios Andalucía Gourmet**, celebrating the culinary art of the region. Also in this area, the newspaper organised its **Premios Almería Gourmet** and **Granada Gourmet**, recognising the work of companies, initiatives and people in maximising the value of fruit and vegetable products, whether in the productive, commercial, or gastronomical sectors.

The newspaper also organised the second edition of **Jaén Chef**. Alejo Pérez de la Torre, of Tapería El Rastro de Úbeda, won the first prize in the second young Jaén chef award. The newspaper ran the fourth **Granada Chef** competition, won by Luis Miguel.

LAS PROVINCIAS

Awards won

The deputy director of Las Provincias, **María José Grimaldo**, and the editor, **Alberto González**, received the journalism awards from the Comunidad Valenciana, organised by the CSI-F union, for her achievements in her career and as best journalist in 2016 respectively.

The sports editor of the newspaper, **Alberto Martínez**, won a print press award from Levante UD for an article he wrote.

In addition, the chief editor of the local section of Las Provincias, **Jesús Trelis**, received a prize in 2017 from the hostelry federation for his gastronomic journalism. A blog written by Trelis has become a leading source for information about the restaurant sector in the city, improving the visibility of hundreds of establishments.

The local editor of the newspaper, **Juan Antonio Marrahí**, won the first edition of the journalism award from the association for health law in the region, for an article he wrote. Another local contributor to Las Provincias, **Arturo Checa**, received a Clece Social award for social commitment in the journalism category, for his contribution to the fight against the abuse of women.

Awards made

Las Provincias celebrated the 17th edition of its **Valencians for the XXI Century** awards. Around 2,000 people gathered for a gala to recognise institutions and personalities of local civil society. This year, award winners included the director of the Museo del Prado, Miguel Falomir and Manuel Borja-Villel, director of the Museo Reina Sofía; footballers of Valencia CF and Levante UD; the Guardia Civil and the Policía Nacional; the Estación del Norte and academic Adela Cortina.

Las Provincias also held the 15th edition of its **Premio Junior de Empresa**, recognising innovative projects in the city. A company founded by scientist José Jiménez was recognised as the most innovative initiative, in this award organised by IMFE and Sur.

LA RIOJA

Awards won

The Spanish federation of organisations for mental handicap, FEAPS, recognised **La Rioja** for its contribution to raising awareness and understanding about the reality of people with mental impairments.

The newspaper also won an award from the subsidised restaurant of Logroño, which the institution has given since 2011 to people and institutions which help it to carry out its work.

Newspaper journalist **Luis Javier Ruiz** received the fifth José Lumbreras Pino Award for his coverage of the trial in Lérida of local Alejandro Ruiz Vidal, who stabbed five people in 2014. Meanwhile, colleague **Carmen Nevot** was recognised by the same awards for a feature she wrote about a parent reporting their daughter to the police.

Awards made

La Rioja organised the 18th edition of the **Riojanos Web Awards**, as part of the Imaginext event managed by the newspaper. 160 candidates were presented for the four main awards, which went to the Fundación Dialnet for best digital project for institutions and large companies, the local shop La Frikilería, for best personal or SME digital project, to Club Envero for best digital initiative linked to wine, and to RiojaWine for the best mobile project in the province.

The newspaper also organised the 7th photographic rally of La Rioja, at which Ángel Rubio won the top prize for a photograph which was judged to be the best of the almost 300 participating entries.

The year also saw the second edition of an urban nature photography contest. José Miguel Díez Oveja won first prize for a photograph of a mantis on a tap in a children's playground, with a drop of water about to fall.

In the educational field, the newspaper celebrated the third edition of its **School Reporter Award**, which aims to help build understanding, teamwork and critical thinking in young people. This time 14 schools, 144 teams and 635 students participated. Winners were the online newspapers 'Matalascañas Z' from IES Virgen de Vico and 'Basura y chatarra' from IES Gonzalo de Berceo.

At the fourth edition of the **StartInnova Awards**, there was a very high level of quality in the projects presented and in the presentations made by the finalists.

LA VERDAD

Awards won

La Verdad won the Premio Menina, awarded by the national government's office in Murcia, for its role in raising social awareness about violence against women.

The newspaper's portal, **laverdad.es**, was recognised with an award as the best company in the ITC sector in 2016, from the College of Telecommunications Engineers.

Awards made

The newspaper celebrated the ninth edition of its **Murcia Web Awards**, the region's leading competition for the IT and Internet sector, recognising the best content, designs and ideas on the web, from companies, institutions, associations and individuals from Murcia. This year, the edition incorporated the new category of e-commerce.

For dedicating their lives to their passion and working to turn this passion and altruism into a success that all of society benefits from, Encarnación Fernández, Pablo Artal, the Pacto por el Mar Menor and the Premio Mandarache, were all recognised as '**Los Mejores**', a prize awarded by La Verdad to people who are role models and pathfinders for the society of the region, inside and outside its borders.

In the gastronomical area, the newspaper organised the second edition of the **Región de Murcia Gastronomy Awards**, recognising the work and effort of people across the sector.

La Verdad also handed out its **Argo Awards** to companies and institutions in the agro-food sector. The Alimer cooperative, the research and innovation centres Cebas and Imida, the ecological agricultural company Camposeven, G'S España, Itum Fifteen, Grupo Alimentario Lorca, the researcher Alfredo Lacasa and the company Marín Giménez Hermano were the winners of this first edition of the awards.

LA VOZ DE CÁDIZ

Awards won

LA VOZ received the first Premio Subdelegación de Defensa en Cádiz, in recognition of the information, interviews, features and documents published about the missions and operations of the Armed Forces.

Newspaper editor **María Almagro** won the XV Cadiz Journalism Award from the Press Association of Cádiz and El Corte Inglés, in recognition of the quality of a series of features published in the newspaper about drug smuggling in the Bay of Cadiz.

Another contributor to La Voz de Cádiz, **Yolanda Vallejo**, received the Gaditano del Año award in the literary area for her weekly thoughts published in the newspaper.

María Román won second prize in the Luis Portero Journalism Awards in the print press sector, for reflecting the human side of the process of organ donation and transplants.

Awards made

For a further year, La Voz highlighted the local personalities, institutions, entities and groups who contributed most to the name of Cadiz in 2017. This year, in their 12th edition, the **La Voz Awards** went to the aviation branch of the Navy, Airbus, the livestock firm Núñez del Cuvillo and the journalist Carlos Herrera.

In the gastronomical area, the newspaper recognised the best bars and restaurants with its **Gurmé Cádiz Awards**. The Casino Gaditano was the location for the ceremony, with awards chosen by public voting on www.premiosgurmecadiz.es, and by a professional jury.

In the digital sector, La Voz awarded its **Premios Cádizés_digital** to the best local projects on the Internet, recognising entrepreneurship in these new communications channels. In its second edition, there were more than 90 candidates, more than 50% more the number of participants in last year.

MUJERHOY

Awards made

The magazine celebrated the eighth edition of the **Mujerhoy Awards**, which recognise leading women in Spain. This year, winners included: Carmen Ruscalleda, the female chef with most Michelin stars in the world; architect and designer Patricia Urquiola; internationally recognised Spanish jewel designer Helena Rohner, and journalist and businesswoman Ana Rosa Quintana.

As part of the Mujerhoy awards, the magazine recognised, along with the Madrid ministry for social policies and the family, producer Ramón Campos, with the **V Mujerhoy Award for Masculine Commitment**, in recognition of his successful series which explore the roles of Spanish women.

The magazine also organised the sixth edition of its **Beauty Awards**, recognising the best cosmetic products of the year in 16 different categories, with more than 14,000 users voting online to select this year's winners.

SUR

Awards won

Sur won four design prizes at the ÑH2017 Awards for newspaper design in Spain, Portugal and Latin America, organised by the Spanish branch of the SND. The newspaper won one silver medal and three bronze medals, and was the only Andalusian brand recognised by this international organisation.

The culture editor of Sur, **Regina Sotorrío**, won the Pedro Aparicio Sánchez Award for journalism for an article about the local orchestrate. Sports editor **Sergio Cortés** was recognised by the journalism days organised each year by the local council of Alhaurín de la Torre.

On the international day against violence against women, the Partido Popular in Malaga recognised the work of three women in this field. Sur journalist **Ana Pérez-Bryan** received the award for making the problem visible. The journalist also won a regional consumer journalism prize, in the print category, for an article about the problems of senior citizens with customer attention services.

Sur editor **Juan Cano** won the Ciudad de Málaga Award in the journalism category for work about the strategy of the city, for a feature about La Palmilla.

Awards made

Sur celebrated the second edition of its **E-volución Awards**, which incentivise, highlight and give visibility to companies and projects that are leaders in technology. At the event, the head of e-commerce and digital of the non-food area for Grupo Día, Diego Manuel Puente Gascón, who also teaches at the Esic Business & Marketing School, gave a speech about the challenges of the digital economy ecosystem.

The newspaper also organised the first edition of its **Gala de Acción Solidaria**, recognising the work of five social entities in the area of social inequality: Fundación Andrés Olivares, Fundación Harena, Debra-Piel de Mariposa, Arrabal and Málaga Acoge.

More than one thousand people attended the **Malagueños del Año Awards**, in their 18th edition, recognising winners from various professional fields who have contributed to the development of the field. Winners included actor Dani Rovira; the founder of Costasol Hipermercados, Aurelio Martín; the head of brain surgery at the Carlos Haya Hospital and the chairman of the Spanish brain surgery society, Miguel Ángel Arráez; tennis players Manuel Santana and Alejandro Davidovich; inspector Flor de Torres; and the hotel Miramar.

VOCENTO

Awards won

All the **regional portals of Vocento** won a prize for best redesign of the year at the ÑH Awards. The jury, meeting in Santiago in Chile, highlighted the new, more visual, flexible and sophisticated look of the sites, awarding them a bronze medal in the digital publication category. The jury also mentioned the use of fonts designed for on-screen use, a more effective display of information, now presented in a more structured and functional design.

The journalist **Mikel Ayestaran**, Vocento correspondent in Jerusalem, was recognised by the fifth Manu Leguineche International Journalism Award for his accuracy, independence, respect for the truth and defence of the freedom of expression throughout his career.

The journalist for Vocento regional media, **Francisco Apaolaza**, received the XXXIV Unicaja Award for opinion pieces, for an article published in La Voz de Cádiz and in Sur de Málaga, in which he pays tribute to two popular personalities in Cádiz.

12. EVENTS IN 2017

As a multimedia group, Vocento believes that information is essential to progress and to increasing understanding of current affairs. It is committed to the exchange of ideas. Our publications, as well as offering accurate and independent information, organised numerous events in 2017 which reflect our commitment to building a more free and democratic society.

ABC

- **ABC Dialogues:** the first dialogue consisted of a conversation between the academic Arturo Pérez-Reverte and the painter Augusto Ferrer-Dalmau, in which they discussed art, current affairs and history. The writer Mario Vargas Llosa was another participant. The Nobel prize winner engaged in a discussion with ABC editor Bieito Rubido about literature, politics, journalism and the state of the world. At another event, bullfighter Enrique Ponce and the newspaper bullfighting critic, Andrés Amorós, discussed the state of the activity. The last dialogue in 2017 consisted of a conversation about the challenges facing Spain, between journalist Carlos Herrera and the director of ABC.
- **Sector events:** in 10 events over the course of 2017, ABC gathered experts from fields including the economy, politics, industry 4.0, nuclear energy, agriculture, climate change, water and tourism.
- **Los Acústicos de ABC:** a cycle of concerts held at the ABC Museum, showcasing new artists including Juan Carmona, María Toledo, Locomía, ELE, Materia Prima and Tennessee.
- **España en Femenino:** the newspaper organises these events to increase the visibility of the role of women in various social areas and to fight stereotypes.

ABC DE SEVILLA

- **sevillasolidaria.es ceremony:** about 200 people, all of whom are committed to charitable projects, attended the fourth edition of this event which recognised the work of volunteers and associations and NGOs.
- **Hi! Southern Tourism Meeting:** these events are dedicated to tourism in Seville. In 2017, there were two separate events. In the first, experts discussed the five challenges of Andalusian tourism and concluded that quality and promotion in distant markets are keys to success. At the second event, Jennifer Zhang, CEO of Asialink-Ctrip, analysed the profile of the Chinese tourists

who come to Seville.

- **II ABC Disability Forum:** for the second consecutive year, ABC and Fundación Konecta turned the spotlight onto disability. Participants analysed the challenges faced by people with an impairment, and the achievements of recent years compared to expectations. Renowned and highly qualified experts discussed success stories, using first person narratives, and talked about the involvement of companies and institutions who have a high level of awareness about the issue.

- **Sevilla Gastronómica:** ABC de Sevilla, via its gastronomical portal GURMÉ.es, organised an event which gathered in one space a selection of the best restaurants of Seville, with a wide-ranging programme of activities and exclusive culinary experiences to highlight the best gastronomy of the city.

EL COMERCIO

- **FIMP: Making the Future:** an event for gamers, start-ups and makers, organised by El Comercio, which is the most important of its type in northern Spain. With three days in total, a record of more than 16,000 people attended the event.

- **Charity walk in Avilés:** hundreds of people participated in this 6km walk. Funds raised went to Cáritas.

- **Charity walk in Gijón:** in its fifth edition, more than 2,000 people walked the 9km route. 4,200 euros were raised for the subsidised restaurant in the city.

- **EdP Gijón 10K night walk:** 1,500 participants walked the streets of the city by torchlight in this innovative event.

- **El Comercio digital day:** the head of Microsoft Latin America and corporate VP, César Cernuda, spoke at this event about the fourth industrial revolution and digital transformation.

- **El Comercio forums and El Comercio breakfasts:** several days the newspaper brought together representatives from business, politics and healthcare in Asturias to debate current issues.

- **Feminine future:** 29 professional women from various fields analysed the role of women in business and in society.

EL CORREO

- **Fun & Serious Game Festival:** for four days, Bilbao became the world capital of video gaming. Script writers, designers, editors, investors and manufacturers participated in the seventh edition of the festival, at which eSports competitions were organised, sector gurus discussed trends, and 200 gaming places were available.

Fun & Serious also hosted the awards ceremony for the Titanium Awards, the Oscars for the gaming industry. 'The Legend of Zelda: Breath of the Wild' (Nintendo) won the prize for game of the year.

- **B-Venture:** the largest start-up financing event in northern Spain, which aims to accelerate innovative projects which need financing. In its second edition, which attracted a thousand people, highlights included a training programme, the presentation of innovative projects, and a programme of workshops, discussions, networking and B2B.

- **Innova Bilbao:** the annual innovation, digital business and creativity event took place in the capital of Vizcaya. The conference, now in its fifth edition, included training with experts in many fields. Innova Bilbao is not only a unique training space but also serves as a forum for debating the future of business and serves as a meeting point for people who are constantly developing new ways of understanding business and growing their careers.

- **Gaze up:** the largest event about the employment of young people and training in northern Spain. The event served to analyse the current state of young employment from different perspectives: the crucial role of companies and institutions, the power of education and training, the experience of entrepreneurs and the contribution of companies to new talents.

- **Charitable climb to Artxanda:** thousands of people took part in the 8.5km walk to Artxanda, with money raised going to the: Futubide and Aspace foundations.

- **Green walk:** a 13km walk, in its sixth edition, which raised funds for Cáritas.

- **Economic Expectations Forum:** attended by the Minister for Development, Íñigo de la Serna, who appealed to the responsibility and intelligence of different political forces to approve the following year's Budget.

- **SME Forum:** at the sixth edition of this event, economist Ignacio Marco-Gardoqui and doctor Mario Alonso Puig discussed mistakes and challenges in the world of business and politics.

- **Real Estate Salon:** more than 30 companies participated in the 11th edition of the real

estate salon of Euskadi (SIE HOME), where visitors enjoyed the best quality-price ratios of the market of recent years.

- **Gastronomical Firm Competition:** the XXI edition of this popular competition in Alava took place in 2017, showcasing participating companies, the products of sponsors, and ways of preparing meals and dishes.

EL DIARIO MONTAÑÉS

- **115th anniversary of El Diario Montañés:** the newspaper celebrated its anniversary at an event attended by the Mayor of Santander, Gema Igual, and more than 300 people.

- **Cantabria Yearbook:** the gala for the yearbook, now in its 32nd edition, gathered a wide group of people from Cantabrian society to celebrate the publication of the book, which takes a close look at the future of the region.

- **Fair for products from Cantabria:** edition number 14 of this food fair, which showcases products from Cantabria, had a record of more than 30,000 visitors.

- **Real Estate and Decoration Fair of Cantabria:** the second edition of this event confirmed the recovery of the sector. The leading trade fair in Cantabria was visited by a large number of people, with participating companies concluded more sales and making more contacts than in the first edition.

- **Cantabria Alternativa:** this cultural event in Santander is a leading event in Spain for people interested in comics, television, literature and games. 13,500 people visited this year.

- **Agri-food fair of Cantabria:** experts in the industry discussed the challenges and strategies of the sector in the first edition of this event, attended by more than 200 people, including authorities, producers, business people, entrepreneurs, workers, cooks and distributors.

- **Automotive Dialogues:** with a packed house, the event gathered together director generals and other representatives from leading car brands. A series of debates highlighted the trends and challenges of the sector.

EL DIARIO VASCO

- **San Sebastián Gastronomika:** a food fair dedicated to high cuisine, which had record numbers of visitors last year: more than 1,500 participants and almost 14,000 visitors in this leading event in its field, which attracted the best chefs from Spain and beyond.
- **Comik D:** thousands of visitors packed out the first edition of the International Salon for Comics and Manga of San Sebastián. There were over two days of talks, workshops, competitions and exhibitions, with forty stands for comics, books and collectors' items.
- **BiciBizi:** the newspaper celebrated the first edition of an event which aims to raise awareness about the importance of bicycles as a mode of transport. An extensive programme of events enabled all users to get to know bicycles better. The event also included a space where people could donate old bicycles.
- **Company race:** the number of participating companies has increased every year. This edition, celebrating its 10th anniversary, saw 530 companies sign up, 60 more than last year.
- **Gipuzkoa Business Forum:** the event enjoyed strong representation from local society, and in its fifth edition was attended by Álvaro Nadal, Minister for Energy, Tourism and the Digital Agenda. The minister discussed the challenges facing society, especially related to new technologies.
- **Gazte up:** the second edition of the Employment and Youth Day included a wide range of guests, all specialists in this topic, who discussed challenges and offered advice about how to get ahead in the world of work.
- **Ficoauto:** the used vehicle fair, now in its 5th edition, reported an 33% increase in sales, with more than 400 vehicles sold for a total value of more than five million euros.

EL NORTE DE CASTILLA

- **E-volución Congress:** Valladolid once again became the capital of digital transformation for this event, in which digital business experts from across Spain participated. In its fifth edition, AI was the main protagonist, with speakers focusing on how machine learning will change the way of working in companies.
- **Families Underway:** more than 3,500 participants walked through central Valladolid to raise funds for a foundation which supports families of children who suffer from heart pathologies.

- **Justice Forum:** the Minister of Justice, Rafael Catalá, inaugurated the VI El Norte de Castilla-Santander Justice Cycle, which this year dedicated its sessions to the importance of specialisation of judges and inspectors in enabling them to fight crime and organised crime more effectively.
- **Valladolid Motor Vintage:** some 400 vehicles, including cars, motorbikes and industrial vehicles, participated in the fifth editions of this classic vehicles event. This year, a mobile blood donation unit was installed.
- **Divino Cigales:** a wine festival organised by El Norte de Castilla. In 2017, wines from 14 wineries of the Denominación de Origen Cigales delighted visitors with their aroma and taste.
- **25th anniversary of the El Norte de Castilla edition for Segovia:** 250 people celebrated the arrival of the newspaper in Segovia on 20 December 1992, when it cost just 150 pesetas.
- **10th anniversary of Leonoticias:** the online newspaper celebrated its first decade with a gala event attended by more than 700 guests and a wide range of people from all walks of regional and local life and of local institutions.

HOY

- **Santander Forum:** the CEO of Banco Santander, Rami Aboukhair, discussed the development of banks and the capacity of Santander to adapt to all times, now in its 160th year of history.
- **Hoy-Ibercaja Forum:** experts from various productive sectors in Extremadura discussed options for growth using new technologies.
- **Presentation of the HoySolidario portal:** this new project from Hoy offers social information. At its launch, numerous associations, business people and political representatives were present.
- **HOY Cuentas Tú:** Hoy organised its second workshop on print journalism, as part of the XII edition of the Book Fair of Cáceres

IDEAL

- **Talking about Twitter:** Ideal organised, for the fifth consecutive year, the #TATGranada event, consolidating the city as a world leader in this social network. Already the world's most importance conference about Twitter, more than 700 people were inscribed.
- **Alhambra Venture:** the fourth edition of this entrepreneurship event, the largest in southern Spain, was another success, attracting dozens of initiatives looking for financing. Entrepreneurs, investment authorities and experts in business from Spain and beyond participated in the conference. All of them contributed their own views about the world of entrepreneurship, in a full programme of talks and discussions.
- **Andalusia Gourmet Granada:** Ideal's food fair, now in its fourth edition, showcased the best of cuisine in Granada. Seven restaurants with eight Michelin stars explained their latest creations and the techniques with which they have achieved excellence. Every day the event opened with a cooking show presented by a chef, including the products, techniques and innovative dishes that they are preparing for the menus of their restaurants.
- **Almería Gourmet:** the largest gastronomical event in the province, with hundreds of people enjoying a new gastrobar and tasting zone, with workshops, tasting, talks and live cooking with famous chefs.
- **Salón del Motor:** in just three days, some 15,000 people visited the trade fair of Armilla to enjoy the car show, in which car distributors from across the province participated.

INVERSION Y FINANZAS.COM

- **Private Banking Forum:** in this annual event, now in its fourth edition, private banking professionals discussed the complex market scenario.
- **Financial Advisers Forum:** the fourth edition of this annual event gathered sector experts to discuss the strategic value of advice.
- **Patrimonia Forum:** experts at the third edition of the forum discussed topics of interest for family companies, from tax to inter-generational issues.
- **Trading Zone:** at this leading annual event for traders, professional participants discussed the trends, outlook and innovations for trading in 2018.
- **CIO Meeting:** the fourth edition of this event for investment directors served to analyse the impact of political uncertainty on the markets, on the outlook, and challenges for the future.

LAS PROVINCIAS

- **Manufacturing Talent:** eight leading professional women from different sectors participated in the eighth edition of these events, discussing female leadership.
- **Las Provincias-Sabadell Encounter:** six experts from the Comunidad Valenciana in research and medicine discussed biomedical research and human health, at the seventh edition of these events.
- **Managing Households:** for the third consecutive year, this event attracted a full house, with ten specialists in consumer issues, food, health and psychology sharing their advice about how to achieve well-being.
- **B-International Forum:** this event for companies aims to share digital strategies, so that SMEs in the region can engage in internationalisation. The forum consisted in a series of expert round tables and presentations about how to address the challenge of internationalisation.

LA RIOJA

- **Innova Forum:** a meeting for professionals which discussed the new technological horizon created by the Digital Agenda and the benefits of raising the quality of life for people in the region. As part of the event, experts also participated in the fifth Smart City meeting and discussed future urban development.
- **Imaginext:** Logroño again became the centre for wine and technology with the third edition of Imaginext, an event which showcases the advantages of technology in the wine sector and of innovation in such a strategic sector for the region. Major names in the world of wine, innovation and sales participated in the event.
- **Riojano young and stronger:** after San Sebastián, Bilbao and Santander the popular wine tasting event returned to Logroño. Some 4,000 visitors enjoyed the products of 19 wineries from La Rioja in the 11th edition of the event, accompanied as usual by tapas and snacks.
- **II La Rioja SME Forum:** under the title 'Reality and the challenges of SMEs', this economic meeting examined the business sector of the region and how it has adapted to society today and is looking to the future. Some 200 business people and professionals from the region participated.
- **Gala for weddings:** the weddings fair organised by the regional television channel offered couples a complete range of the services and products they need to celebrate their ceremonies.

- **Real Estate salon:** exhibitors in the event including four property sale stands and three decoration stands. At the second edition of the fair, visitors could find the best offers for new and used properties in the region plus numerous resources from the world of decoration.

LA VERDAD

- **Murcia Gastronómica:** the sixth edition of this event, at which the best chefs in Spain were present, included about 30 talks and workshops during the day.

- **My Digital Newspaper:** of about 150 digital editions presented, the 'Enquêtrices' group from the secondary school of Los Albares de Cieza, won the eighth edition of the competition organised by laverdad.es.

- **San Silvestre Murcia:** some 5,000 runners took place in this popular race, including athletes in costume, who completed the 6.8km course in the city centre.

- **Family Economy Congress:** more than 300 people participated in the second edition of this congress, in which an expert group offered the keys to optimal household management, in terms of saving, quality and recycling.

- **Murcia Smart:** focused on Smart cities, this event in its first intention aims to support the technologies and infrastructure needed to guarantee better quality of life for citizens. Experts from the sector analysed innovative projects, efficiency in urban development and pioneering models of smart cities.

LA VOZ DE CÁDIZ

- **An Eye on the Economy series:** a total of five events were held in 2017, gathering in Cadiz business people, representatives from local administration, directors and people responsible for communications and marketing. The issues discussed included tourism in the city, the challenges of the real estate sector, the future challenges of the general port system, the importance of corporate reputation and the fourth industrial revolution.

- **Meetings at Casa Pemán:** a cycle of conferences organised by the Fundación Cajazol in Cádiz and La Voz. Five meetings were held last year, with the presence of Andalusian diplomat Inocencio Arias; writer Ildefonso Falcones; psychologist Silvia Congost and the columnist of La Voz, Yolanda Vallejo.

MUJERHOY

- **Cancer Beauty Care Madrid:** for another year and the fifth edition of the event, Mujerhoy brought together patients, families and expert professionals to discuss how to improve the life of cancer patients before, during and after treatment. The meeting was attended by expert speakers in oncology.

- **Women Insights:** the second edition of these events for women in management took place in 2017, with three meetings in total. Expert participants discussed leadership, strategies, successes, failures and entrepreneurship. The initiative, organised by Mujerhoy and Inversión & Finanzas.com, gives a voice to the visions, reflections and experiences of all those women who innovate and inspire change.

- **Go Natural:** the first Mujerhoy event devoted to health and wellbeing. The event gave visitors the chance to explore beauty and wellbeing in a natural space where they could enjoy various activities and workshops related to nutrition, exercise and beauty.

- **Couture Brands:** the most exclusive weddings event of the season in Madrid gathered products from the best wedding fashion designers, presenting their latest designs to brides and their guests.

SUR

- **Málaga Open International Business London:** in its first international forum, Sur invited representatives from some of the main firms in London and showcased the advantages of Malaga as a location for the operations of British companies.

- **World Travel Market:** the city of Malaga returned to the World Travel Market in London with its own show, raising its profile for the 17th year. The mayor of Malaga, Francisco de la Torre, signed two agreements with Thomson Cruises and Barhead Travel to reinforce cruise tourism and the high-end segment.

- **More Women Forum:** over the course of 2017, four round tables were organised which discussed female leadership and the access of women to decision-making positions in various professional fields.

- **Presentation of Who's Who in Malaga:** the presentation of this guide, now in its sixth edition with more than 1,000 entries, was once again a leading event in the Malaga world of business. The publication includes data which enables readers to understand the importance and situation of every branch of the local economy.

- **Presentation of Who's Who in Malaga gastronomy:** Prensa Malagueña publishes this annual handbook, which includes almost 200 entries about the cuisine and wine of the province. It is the first guide of this type to be published in Spanish and English in the country.
- **Leading Malaga business forum:** the newspaper organised five events in 2017 in which sector experts discussed issues related to tourism in the province.
- **Wedding Night Sur:** the fourth edition of this event became a massive 'wedding' of 250 couples, plus sector experts and wedding companies in Malaga.
- **Sustainable Mobility Day:** sector experts discussed the future of electric cars and new forms of public transport in cities.

XLSEMANAL

- **XL Education Challenge:** XLSemanal closed this cycle of talks with one event in Barcelona and one in Seville, where experts in education, the future and technology explored new ways of developing education.
- **XL Employment Challenge:** the magazine organised the second XL Challenge event focused on employability, the future and new skills. Two series of talks were given, in Madrid and in Malaga.

VOCENTO

- **Future in Spanish:** the most important business forum about opportunities in the Spanish speaking world, developing relations between companies in Spain and Latin America, thanks to the alliance between Vocento and other leading media companies in Latin America.

In 2017, five events were held in Spain (Malaga, Madrid, Logroño, Murcia, Valladolid), one in Santiago de Chile and one in Bogotá. At the events, participating experts discussed issues related to innovation and entrepreneurship, and journalism and post-truth, also analysing the culture, politics and society of Latin America and Spain.

13. ENTITIES OF WHICH VOCENTO HAS BEEN A MEMBER

- **APD:** Asociación para el Progreso de la Dirección
- **ARI:** Asociación de editores de Revistas
- **EPC:** European Publishers Council
- **WAN-INFRA:** World Association of Newspapers and News Publishers.
- **UTECA:** Unión de Televisiones Comerciales Asociadas
- **AIMC:** Asociación para la Investigación de Medios de Comunicación
- **AMI:** Asociación de Medios de Información
- **OPA Europe.** Online Publishers Association Europe
- **DIRCOM:** Association of communication directors

14. FOUNDATIONS OR NON-PROFIT ENTITIES WITH WHICH VOCENTO HAS WORKED

- Princesa de Asturias Foundation
- ABC Collection Foundation
- Círculo de Empresarios
- Círculo de Empresarios Vascos
- Institute of Internal Auditors of Spain
- OPA: Federación de Organizaciones de Profesionales, Autónomos y Emprendedores
- Global Compact
- SERES: Fundación Sociedad y Empresa Responsable
- Guggenheim

As well as cooperation at the group level, the proximity of each newspaper to local society means that they work with most of the non-profit entities and foundations in their areas of influence.

15. ABOUT THIS SUSTAINABILITY REPORT

The current sustainability report was prepared under the coordination of the Communications Department of Vocento. In preparing and editing the content, the guidelines and recommendations of the following documents and requirements have been followed:

- Royal Decree Law 18/2017 of 24 November 2017 on non-financial information.
- Global Reporting Initiative (GRI 4) and the media sector supplement.
- Compromiso y Transparencia Foundation and its report “ Contribution and transparency, a report on online transparency of the fiscal responsibility of IBEX-35 companies.”

To complete the report, questionnaires and documentation has been generated in order to collect information by area of responsibility. When necessary, the responses have been clarified and confirmed with various members of the group.

In 2017, an anonymous survey was carried out of a significant panel of group managers and directors, in order to obtain their report about the 2016 Sustainability Report and improve the content of this year’s report and future reports.

The contribution of the people on this panel was invaluable, not only because of their objectivity, but also because of their proposals for improvement. As far as possible, we have incorporated these recommendations in this report.

The rating of the 2016 report by members of the panel is shown in the following chart.

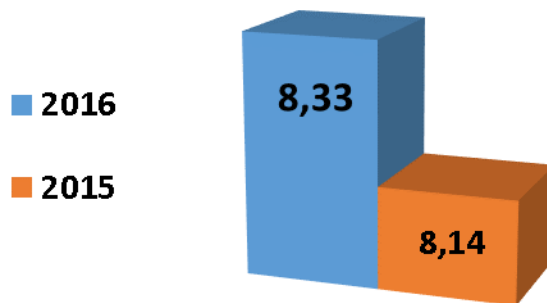
Overall score for 2016 Sustainability Report (from 1 to 9)



■ Menos de 7 ■ 7 ■ 8 ■ 9

The final score of **8.33** from the panel for the 2016 report is higher than that of the 2015 report. This encourages us to continue in the same line in future sustainability reports and to improve in each publication the quality of data and the depth and detail of information, as we continue to strive to be more transparent.

TOTAL SCORE (out of 10 points) os Sustainability Reports



All the information included in this report is internal and has been collected in accordance with the procedures and practices in force at Vocento, except when an external source is indicated.

There has been no external verification of the content of this report, which because of internal norms and in accordance with group procedures has been submitted to the internal audit department for approval. Royal Decree Law 18/2017 requires the sustainability report to be approved, recorded and published in the same conditions as the Management Report of the Group.

Vocento confirms its commitment to continue with the annual publication of Sustainability Reports.

We have published an email address, managed by the communications department, which has been specifically created to receive queries about this report, as well as suggestions or proposals for improvement.

rc@vocento.com

Reference table of content and indicators in the report relating to Royal Decree (RD) Law 18/2017

Issue in RD	Aspect in RD	Information in this document	Indicators in this document
Diversity in governance bodies	Age, gender, impairment, professional experience	3.1.- Governance bodies <ul style="list-style-type: none"> Board of Directors. 	3.1- Governance bodies <ul style="list-style-type: none"> Board of Directors.
Environment	Impact of activity, health and safety, emissions, energy consumption, water consumption, pollution.	4.1.- Risks related to the environment and the impact of our activity on it. 6.5.- Relations with suppliers. 6.7.- Environment	6.5.- Relations with suppliers 6.7.- Environment.
Work	Gender equality, ILO conventions, working conditions, worker rights, unión rights, health and safety, dialogue with workers	4.2.- Risks related to social aspects and personnel. 6.6.- Relations with employees.	6.6.- Relations with employees.
Social	Local community dialogue and development	4.2.- Risks related to social aspects and personnel. 6.4.- Relations with readers. 7.- Valuation of the social impact of Vocento. 8.- Foundations 9.- Training in journalism.	7.- Valuation of social action of Vocento. 8.- Foundations. 9.- Training in journalism.
Human rights	Elimination of abuses	4.3.- Risks related to human rights. 6.5.- Relations with suppliers.	6.5.- Relations with suppliers.
Due diligence in the supply	Prevention, detection and mitigation of adverse effects	4.5.- Due diligence in the supply chain.	6.5.- Relations with suppliers.

chain		6.5.- Relations with suppliers.	
Anti-corruption and bribery	Mechanisms for fighting against them	<p>3.2.- Corporate Governance model.</p> <p>3.2.1.- Internal norms.</p> <p>3.2.2.- Risk management and internal control systems.</p> <p>3.2.3.- System for internal control of financial information (SCIIF)</p> <p>3.2.4.- System for preventing and responding to crime.</p> <p>3.2.5.- System for management of information security.</p> <p>3.3.- Relevant aspects of Corporate Governance in 2017.</p> <p>4.4.- Fight against corruption and bribery.</p>	<p>3.2.4.- System for preventing and responding to crime.</p> <p>3.3.- Relevant aspects of corporate governance.</p>

Vocento, S.A.

Independent auditor's report on consolidated annual accounts
as at December, 31 2017

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Vocento, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Vocento, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2017, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2017, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Recoverability of deferred tax assets

Vocento Group taxes in a Consolidated Declaration Regime in one group of companies in Territorio Foral (whose dominant entity is Vocento, S.A.) and two other groups of companies in the Common Territory (whose dominant entities are Comeresa Prensa, S.L.U. and Veralia Corporación de Productoras de Cine y Television, S.L).

The Group has deferred tax assets amounting 66,860 thousand euros in its balance sheet. The Group has recognized these amounts to the extent that it considers it is probable that it will have future taxable profits that allow the indicated assets to be realized. As a result of the process of evaluating the recoverability of deferred tax assets, during the year the Group derecognized deferred tax assets amounting to 14,775 thousand euros, as its recoverability was not considered probable.

In their assessment of the recoverability of deferred tax assets, the directors and management of the Group take into account various aspects, such as the correct application of the applicable tax regulations, the assessment of the assumptions on which they prepare business plans, and the accuracy of the calculations of the model used.

We focus on this area due to the magnitude of deferred tax assets, and the fact that the analysis of the ability of different tax groups, and if applicable, individual companies, to generate sufficient gains to recover tax assets, based on the business plans and the assumptions that support them, implies a high degree of judgment and estimation.

See notes 4, 5 and 23 of the consolidated annual accounts.

In the course of our work, we obtained the analysis prepared by the Group's management on the recoverability of the deferred tax assets of the different tax groups, and, where applicable, individual companies, on which, among others, we perform the procedures described below.

We have analyzed the methodology used by management in the preparation of projections of future fiscal results, including the verification of the concordance of the figures included therein with the latest budgets and projections approved by the directors of the Parent Company.

We have evaluated the reasonableness of the key assumptions used by the management to determine the future tax profits of the main companies of the tax groups, comparing them with historical results, macroeconomic forecasts and those of the industry, taking into account the tax regulations applicable.

Regarding the model, we have verified its arithmetic accuracy and the reasonableness of the analysis carried out by the management of the sensitivity of estimated future fiscal gains before variations of the key assumptions.

We have obtained sufficient audit evidence throughout our procedures to conclude on the reasonableness of the estimates made by the Group with respect to the recoverability of the deferred tax assets recognized in the balance sheet as of December 31, 2017.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="277 501 512 528"><i>Goodwill valuation</i></p> <p data-bbox="277 562 823 891">The Group has goodwill registered in its balance sheet amounting to 79,408 thousand euros. On an annual basis, unless there were previously indications of impairment, the directors and management of the Group carry out an impairment test of goodwill, in accordance with the applicable accounting regulations. These evaluations imply a high degree of judgment in the elaboration of valuation models and in the estimation of the assumptions that support them.</p> <p data-bbox="277 925 823 1099">We focus on this area due to the amount of goodwill, and the fact that the analysis of the impairment of its value, based on the business plans and the assumptions that support them, implies a high degree of judgment and estimation.</p> <p data-bbox="277 1133 834 1193">See notes 4, 5 and 8 of the consolidated annual accounts.</p>	<p data-bbox="849 562 1422 707">Our audit procedures have included, among others, the understanding of the process implemented by the management to assess the impairment of the Group's goodwill.</p> <p data-bbox="849 741 1453 1093">We have obtained the analysis carried out by the management and we have verified, with the collaboration of our valuations experts, the methodology used by the management in the preparation of the impairment test of the Group's goodwill, including the verification of the agreement of the figures included in the models with the latest budgets and approved projections, as well as evaluating the reasonableness of the discount and growth rates used.</p> <p data-bbox="849 1126 1453 1301">We have evaluated the reasonableness of the key assumptions used by management to determine the future cash flows of the main cash-generating units, comparing them with historical results, macroeconomic and industry forecasts.</p> <p data-bbox="849 1335 1453 1509">We have checked the arithmetic accuracy and the reasonableness of the analysis carried out by the management of the sensitivity of the models used to variations of the key assumptions and the discount and growth rates used.</p> <p data-bbox="849 1520 1445 1650">As a result of the procedures performed, we have obtained sufficient audit evidence on the reasonableness of the valuation of the goodwill made by the Group.</p>

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2017 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, which establishes two different levels on the same:

- a) A specific level that is applicable to the status of non-financial information, as well as to certain information included in the Annual Corporate Governance Report (IAGC), as defined in art. 35.2. b) of Law 22/2015, on Audit of Accounts, which consists in verifying only that the aforementioned information has been provided in the management report, or if applicable, that the corresponding reference to the separate report has been included in it. the intended form, and if not, to inform about it.
- b) A general level applicable to the rest of the information included in the consolidated management report, which consists of evaluating and reporting on the concordance of the aforementioned information with the consolidated annual accounts, based on the Group's knowledge obtained in the performance of the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same, as well as evaluating and reporting whether the content and presentation of this part of the consolidated management report are in accordance with the regulations that are applicable. If, based on the work we have done, we conclude that there are material inaccuracies, we are obliged to report it.

On the basis of the work performed, as described in the previous paragraph, we have verified that the specific non-financial information mentioned in section a) above is presented in the separate report "Informe de sostenibilidad 2017" to which reference is included in the consolidated management report, that the information from the IAGC, mentioned in said section, it is included in the consolidated management report, and the rest of the information contained in the consolidated management report agrees with that of the consolidated annual accounts for 2017 and its content and presentation are in accordance with the regulations that are applicable.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the Parent company's audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee dated February 26, 2018.

Appointment period

The General Ordinary Shareholders' Meeting held on April 28, 2015 appointed us as auditors of the Group for a period of 3 years, as from the year ended December 31, 2015.

Services provided

Services provided to the Group for services other than the audit of the accounts are indicated in the note 39 of to the consolidated annual accounts.

DECLARATION OF ACCURACY OF THE ANNUAL FINANCIAL REPORT

The Directors of VOCENTO, S.A. formulated on 27 February 2018 the consolidated annual accounts of VOCENTO, S.A. and its subsidiaries and the corresponding management report, resulting in the following documents: (i) consolidated balance sheet, (ii) consolidated profit and loss account, (iii), consolidated statement of recognised revenues, expenses and changes to consolidated shareholder equity, (iv) consolidated statement of cash flows, each on one page numbered from 1 to 5, an annual report of 86 pages numbered from 6 to 86 and an appendix of 6 pages numbered from 87 to 92, a management report of 20 pages including as point XV the annual corporate governance report and as point XVI the annual report of activities of the Audit and Compliance Committee, plus the Sustainability Report for 2017. These documents can be found on paper with the letterhead of the company, numbered and written on one side only, as well as the current appendix, signed by each and every one of the members of the Board of Directors who have formulated them, with all pages signed by the Secretary of the Board of Directors for identification purposes.

Bilbao, 27 February 2018

D. Santiago Bergareche Busquet (Chairman)	D. Gonzalo Soto Aguirre (Deputy Chairman)
D. Luis Enríquez Nistal (Chief Executive Officer)	D. Fernando Azaola Arteche (Director)
D. Miguel Antoñanzas Alvear (Director)	D. Carlos Delclaux Zulueta (Director)
D. Enrique Ybarra Ybarra (Director)	MEZOUNA, S.L. (represented by D. Ignacio Ybarra Aznar)
D. Álvaro de Ybarra Zubiría (Director)	D. Gonzalo Urquijo y Fernández de Aroz (Director)
VALJARAFE, S.L. (represented by D ^a Soledad Luca de Tena García-Conde)	D. Fernando de Yarza López-Madrado (Director)
D. Carlos Pazos Campos (Secretary, non-director)	

DECLARATION OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the Board of Directors of VOCENTO, S.A. state that, to the best of their knowledge, the annual consolidated accounts of VOCENTO, S.A., prepared in accordance with applicable accounting principles, offer a fair view of the shareholder equity, financial situation and results of VOCENTO, S.A. and of the companies consolidated by it, and that the Management Report includes a fair and accurate analysis of the performance, results and position of VOCENTO, S.A. and the companies that it consolidates, as well as the description of the main risks and uncertainties that they face.

Bilbao, 27 February 2018

D. Santiago Bergareche Busquet (Chairman)	D. Gonzalo Soto Aguirre (Deputy Chairman)
D. Luis Enríquez Nistal (Chief Executive Officer)	D. Fernando Azaola Arteche (Director)
D. Miguel Antoñanzas Alvear (Director)	D. Carlos Delclaux Zulueta (Director)
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D. Álvaro de Ybarra Zubiría (Director)	D. Gonzalo Urquijo y Fernández de Aroz (Director)
VALJARAFE, S.L. (represented by D ^a Soledad Luca de Tena García-Conde)	D. Fernando de Yarza López-Madrado (Director)

vocento

Vocento, S.A. and Subsidiaries

Annual Accounts and Directors' Report for
2017 together with the Audit Report

TABLE OF CONTENTS

	<u>Page</u>
Consolidated balance sheet at 31 December 2017	1
Consolidated income statement for 2017	2
Consolidated statement of recognized income and expense for 2017	3
Consolidated statement of changes in equity for 2017	4
Consolidated cash flow statement for 2017	5
Notes to the consolidated financial statements for 2017	
1 Company business	6
2 Basis of presentation of the consolidated annual accounts and consolidation principles	6
3 Applicable legislation	17
4. Accounting policies	18
5 Responsibility for the information and estimates made	33
6 Risk management policies	35
7 Profit/(loss) on discontinued operations and assets held-for-sale	36
8 Goodwill	36
9 Other intangible assets	38
10 Property, plant and equipment and real estate investments	42
11 Shareholdings measured under the equity method	46
12 Shareholdings in combined businesses	49
13 Financial assets	49
14 Inventories	50
15 Trade and other receivables	50
16 Cash and cash equivalents	51
17. Equity	51
18 Provisions	55
19 Trade and other payables	59
20. Bank borrowings	60
21 Derivative financial instruments	63
22 Other non-current payables	65
23 Deferred taxes and corporate income tax expense	65
24 Public Administrations	72
25 Business segment reporting	72
26 Revenues	76
27 Supplies	76
28 Personnel expenses	76
29 External services	78
30 Financial income	78
31 Financial expense	79
32 Acquisition of subsidiaries	79
33 Earnings per share	79
34 Balances and transactions with other related parties	80
35 Directors' remuneration	81
36 Remuneration of senior management	84
37 Other information relating to the Board of Directors	84
38 Guarantees to third parties	85
39 Audit fees	85
40 Subsequent events	85

Vocento, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017 AND 2016

(Thousand euro)

ASSETS	Note			EQUITY AND LIABILITIES	Note		
		2017	2016			2017	2016
NON-CURRENT ASSETS		330,877	363,778	EQUITY		252,022	255,068
Intangible assets		114,842	119,912	Parent Company	17	199,045	203,875
Goodwill	8	79,408	87,514	Share capital		24,994	24,994
Other intangible assets	9	35,434	32,398	Reserves		192,980	259,475
Property, plant and equipment	10	114,606	129,990	Treasury shares		(14,133)	(20,583)
Property, plant and equipment in operation		112,437	127,866	Net profit for the period		(4,796)	(60,011)
Property, plant and equipment in progress		2,169	2,124	Minority shareholdings		52,977	51,193
Investment Property	10	7,102	7,033				
Shareholdings measured using the equity method	11	19,369	5,539	NON-CURRENT LIABILITIES		92,562	120,006
Financial assets		3,500	4,023	Provisions	18	6,286	6,054
Non-current securities portfolio	13.a	2,655	3,208	Bank borrowings	20	52,313	64,903
Other non-current financial investments	13.b	845	815	Other non-current payables	22	13,217	16,085
Other non-current receivables	13.c	4,598	4,164	Deferred tax liabilities	23	20,746	32,964
Deferred tax assets	23	66,860	93,117				
CURRENT ASSETS		136,856	135,083	CURRENT LIABILITIES		123,149	123,787
Inventories	14	13,920	13,603	Bank borrowings	20	24,798	17,942
Trade and other receivables	15	91,252	92,356	Trade and other payables	19	83,862	90,039
Public institutions	23,24	5,603	7,221	Public institutions	23,24	14,434	15,747
Current tax assets		3,635	4,108	Current tax liabilities		2,244	1,485
Other amounts receivable from Public institutions		1,968	3,113	Other amounts payable to Public institutions		12,190	14,262
Cash and other equivalents	16	25,558	21,709	Provisions for other liabilities and charges		55	59
Assets held for sale	7	523	194				
TOTAL ASSETS		467,733	498,861	TOTAL EQUITY AND LIABILITIES		467,733	498,861

Notes 1 through 40 of the Notes to the Accounts form an integral part of the balance sheet at 31 December 2017.

Vocento, S.A. and Subsidiaries

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Thousand euro)

CONTINUING OPERATIONS	NOTE	2017	2016
Revenue			
Revenue	26	423,915	448,765
Work performed on the Company's own intangible assets		423,014	447,872
Other revenue		10	75
Raw materials and consumables	4.m	891	818
Changes in trade and other provisions	27	(60,215)	(67,247)
Personnel expenses	15	(2,500)	(2,065)
External services	28	(152,256)	(154,814)
Impairment and gains/(loss) on disposals of property, plant and equipment and intangible assets	29	(169,334)	(182,515)
Amortization and depreciation	9 and 10	(4,874)	20,881
Write-down of goodwill	9 and 10	(16,916)	(18,650)
Profit/(loss) from companies consolidated using the equity method	8	(1,000)	(2,500)
Financial income	11	(90)	(110)
Financial expense	30	300	241
Other gains/(losses) on financial instruments	31	(5,043)	(6,701)
Net profit/(loss) on disposal of non-current financial instruments	13	(45)	(294)
PROFIT/(LOSS) BEFORE TAXES ON CONTINUING OPERATIONS	2.d	2,932	(177)
		14,874	34,814
Corporate income tax on continuing operations	23	(13,073)	(92,570)
NET PROFIT/(LOSS) FOR YEAR		1,801	(57,756)
Profit/(loss) attributed to non-controlling shareholdings	17	6,597	2,255
Profit/(loss) attributed to parent company shareholders		(4,796)	(60,011)
EARNINGS PER SHARE IN EURO			
From continuing operations	33	(0.04)	(0.50)
CONTINUING OPERATIONS		(0.04)	(0.50)

Notes 1 to 40 of the Notes to the accounts form an integral part of the income statement at 31 December 2017.

STATEMENT OF RECOGNIZED INCOME AND EXPENSES

(Thousand euro)

	NOTE	2017	2016
Net profit/(loss) for year		1,801	(57,756)
Other comprehensive profit/(loss)		-	(1,128)
Items that will not be reclassified to profit/(loss)	23	-	(1,128)
Items that may be reclassified to profit/(loss)		673	493
Hedging instruments	21	935	685
Tax effect on items that may be reclassified to profit and loss		(262)	(192)
Other comprehensive profit/(loss)		673	(635)
TOTAL RECOGNIZED REVENUE AND EXPENSE		2,474	(58,391)
Net profit/(loss) for the year attributable to non-controlling shareholders		6,597	2,255
Other comprehensive profit/(loss) attributed to non-controlling shareholders		-	-
Profit/(loss) for the year attributed to the parent company	21	(4,123)	(60,646)

Notes 1 to 40 of the Notes to the accounts form an integral part of the income statement at 31 December 2017.

Vocento, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousand euros)

	Share capital	Parent company's legal reserve	Other reserves of the parent company	Restated asset and unrealized liability reserve	Reserves in consolidated companies	Treasury shares	Net profit for the period	Non-controlling shareholdings	Total
Ending balance 2015 (*)	24,994	4,999	315,247	(2,144)	(56,878)	(25,291)	4,081	53,682	318,690
Application of prior year results	-	-	(8,966)	-	13,047	-	(4,081)	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,470)	(4,470)
Recognized income and expense									
Profit/(loss) for the year	-	-	-	-	-	-	(60,011)	2,255	(57,756)
Other recognized income and expenses	-	-	-	493	(1,128)	-	-	-	(635)
Total recognized income and expense	-	-	-	493	(1,128)	-	(60,011)	2,255	(58,391)
Transactions with non-controlling shareholdings	-	-	-	-	(51)	-	-	(162)	(213)
Transactions with treasury shares	-	-	(4,688)	-	-	4,708	-	-	20
Other	-	-	-	-	(456)	-	-	(112)	(568)
Ending balance 2016 (*)	24,994	4,999	301,593	(1,651)	(45,466)	(20,583)	(60,011)	51,193	255,068
Application of prior year results	-	-	(9,695)	-	(50,316)	-	60,011	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,717)	(4,717)
Recognized income and expense									
Profit/(loss) for the year	-	-	-	-	-	-	(4,796)	6,597	1,801
Other recognized income and expenses	-	-	-	673	-	-	-	-	673
Total recognized income and expense	-	-	-	673	-	-	(4,796)	6,597	2,474
Transactions with non-controlling shareholdings (Note 17)	-	-	-	-	-	-	-	-	-
Transactions with treasury shares	-	-	(6,521)	-	-	6,450	-	-	(71)
Other (Note 2.f)	-	-	-	-	(636)	-	-	(96)	(732)
Ending balance 2017	24,994	4,999	285,377	(978)	(96,418)	(14,133)	(4,796)	52,977	252,022

Notes 1 to 40 of the Notes to the accounts form an integral part of the consolidated statement of changes in equity at 31 December 2017.

CASH FLOW STATEMENT FOR 2017

(Thousand euro)

	NOTES	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year from continuing operations		(4,796)	(60,011)
Profit/(loss) for the year attributable to non-controlling shareholders		6,597	2,255
Adjustments due to -			
Amortization and depreciation	9 and 10	16,916	18,650
Write-down of goodwill	8	1,000	2,500
Change in provisions	15,18, and 28	2,564	2,705
Change in deferred income	11	90	110
Companies consolidated using the equity method	31	5,043	6,701
Financial expense	30	(300)	(241)
Financial income	23	13,073	92,570
Income tax	9,10,11 and 17	1,987	(20,410)
Impairment and profit/(loss) on disposal of non-current assets		42,174	44,829
Other adjustments to profit/(loss)	15 and 24	(3,477)	(2,280)
Flows from ordinary operating activities before changes in working capital	14	(398)	(114)
Increase/decrease in trade and other accounts receivable	19 and 24	(4,996)	(16,401)
Increase/decrease in inventories		(1,601)	(610)
Net cash flows from operating activities (I)		31,702	25,424
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	9	(5,503)	(4,828)
Acquisition of property, plant and equipment	10	(3,567)	(3,649)
Acquisition of subsidiaries and associates		(4,191)	17
Acquisitions of other financial assets	19	332	1,207
Increase/decrease in suppliers of property, plant and equipment and intangible assets	9 and 10	2,450	36,647
Amounts received on disposal of property, plant and equipment and intangible assets	11	-	25
Amounts received on disposal of financial assets		402	-
Effect of divestments	30	193	113
Interest collected	11,13.a and 30	178	117
Dividends collected		(9,706)	29,649
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	31	(5,342)	(5,963)
Inflow/(outflow) of cash due to non-current financial liabilities	20	13,200	-
Inflow/(outflow) of cash due to current financial liabilities	20	(17,490)	(37,761)
Dividends paid		(4,717)	(4,470)
Inflow of cash due to sale of treasury shares	17	3,280	1,242
Outflow of cash due to acquisition of treasury shares	17	(3,353)	(1,223)
Acquisition/sale of non-controlling shareholdings without loss of control	17	(3,725)	(4,537)
Net cash flows from financing activities (III)		(18,147)	(52,712)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I+II+III)		3,849	2,361
Cash and cash equivalents at start of the year	16	21,709	19,348
Cash and cash equivalents at end of the year		25,558	21,709

Notes 1 through 40 of the Notes to the Accounts form an integral part of the cash flow statement at 31 December 2017.

1. Company activities

Vocento, S.A. was incorporated for an indefinite period as a public limited liability company on 28 June 1945 and its bylaws state that its corporate purpose is the addition, distribution and sale of unitary publications, whether or not newspapers, containing general, cultural, sports, artistic or any other type of information, the printing of those documents, the operation of printing shops and, in general, any other activity relating to the publishing and graphic arts industries, the establishment, use and operation of radio, television and any other broadcast facilities to broadcast, produce and promote audiovisual media, as well as the production, edition, and distribution of discs, cassettes, magnetic tapes, films, programs and any other devices or communication media of any type, the holding, acquisition, sale and application of any administration or possession action through any means of shares, securities, or interests in companies engaging in any of the aforementioned activities and, in general, any other activity that is directly or indirectly relating to the above activities that is not prohibited by current legislation.

All the activities which make up the aforementioned company object may be carried on in Spain or abroad, and may be carried on indirectly (totally or partially) through the ownership of shares or other equity investments in companies with an identical or a similar corporate purpose (Notes 11, 12 and Appendix).

Shareholders at a General Meeting held on 17 March 2001 adopted a resolution to change the name of Bilbao Editorial, S.A., to Grupo Correo de Comunicación, S.A.

As a result of the merger with Prensa Española, S.A., Shareholders at an extraordinary General Meeting held on 26 November 2001 adopted a resolution to change the Company's name to Grupo Correo Prensa Española, S.A. Finally, Shareholders at a General Meeting held on 29 May 2003 adopted a resolution to change the Company's name to Vocento, S.A. (hereinafter the Parent Company).

Shareholders at a General Meeting of the Parent Company held on 29 April 2014 adopted a resolution to change the registered address from Calle Juan Ignacio Luca de Tena 7 in Madrid to Calle Pintor Losada, 7 in Bilbao. The Company's domicile for tax purposes was already located at the latter address.

Given the activities in which the Group is involved, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to its equity, financial situation and results. For this reason no specific breakdowns are provided in these Notes to the consolidated annual accounts regarding environmental information.

.2. Basis of presentation of the consolidated annual accounts and consolidation principles

a) Basis of presentation

The consolidated financial statements for 2017 for Vocento were prepared:

- By the directors of Vocento, at the Board of Directors Meeting held on 27 February 2018.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). Note 4 sets out the main accounting principles and the main measurement standards applied in preparing Vocento's 2017 consolidated annual accounts.

- All of the accounting principles and standards and mandatory, as well as the alternatives that the law allows in this respect, as specified in section b of this Note to the consolidated annual accounts of Vocento, are taken into account.
- This thus gives a true and fair view of the consolidated equity and financial position of Vocento at 31 December 2017 and the results of its operations, the consolidated changes in equity and its cash flows at the Group during the year then ended.
- On the basis of the accounting records kept by Vocento and by the other Group companies. However, in view of the fact that the accounting principles and measurement criteria used to prepare the Group's 2017 (IFRS) consolidated financial statements differ to those applied by certain Group entities, the adjustments and reclassifications necessary to standardize the principles and criteria used and to ensure compliance with IFRS were made on consolidation.

To facilitate a uniform presentation of the items making up the consolidated annual accounts, the parent company's accounting principles and standards have been applied to all companies included in the consolidation.

The 2016 consolidated annual accounts for Vocento were approved by the shareholders at the Annual General Meeting of Vocento held on 20 April 2017 and were filed with the Bilbao Mercantile Registry. The consolidated annual accounts for the Group and its group companies for 2017 are pending approval at their respective Shareholders' Meetings. However, the Board of Directors of Vocento considers that these annual accounts will be approved without any changes.

b) Adoption of International Financial Reporting Standards (IFRS)

The IFRS establish certain application alternatives, of which we note the following:

- i) Both intangible assets and the assets recognized under the heading "Non-current assets - Property, plant and equipment and investment properties" may be measured at market value or acquisition cost adjusted by accumulated depreciation and any write-downs that have been applied.

The Group chose to recognize those assets at adjusted acquisition cost.

- ii) Capital grants may be recognized deducting the amount of the grants received for the acquisition of the assets from the carrying amount concerned or those grants may be presented as deferred income on the liability side of the balance sheet.

The Group selected the second option.

The business combinations from prior to 1 January 2004 have not been reconstructed.

c) Adoption of new standards and interpretations

c.1) Standards and interpretations taking effect this year

New accounting standards entered into force in 2017 that have been taken into consideration when preparing these consolidated annual accounts if applicable to the Group.

IFRS 7 (Amendment) "Disclosure initiative – amendments to IFRS 7":

An entity is required to disclose information enabling users to understand changes in liabilities that arise as a result of financing activities. This includes changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The amendment requires disclosure of changes in liabilities for which cash flows were, or future cash flows will be, classified as financing activities in the statement of cash flows. An entity should include changes in financial assets (for example, assets that hedge liabilities arising from financing liabilities) in the new disclosures if such cash flows were, or will be, included in cash flows from financing activities.

The amendment suggests that a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities would meet the disclosure requirement, but a specific format is not mandated.

The impact of the amendment to these norms was not significant on the current annual accounts.

IFRS 12 “Recognition of Deferred Tax Assets for Unrealised Losses – Amendment to IFRS 12”:

The amendments to IFRS 12 clarify how to recognise and measure deferred and current income tax assets and liabilities on unrealised losses. The amendment explains how to account for deferred tax assets when an asset is valued at a fair value below the tax value of the assets. It also clarifies other aspects of the accounting for deferred tax assets.

The amendment did not have an impact on these statements.

Annual improvements to IFRS. 2014 – 2016 cycle:

The amendments to IFRS 12 “Disclosure of interests in other entities” apply to reporting years starting 1 January 2017. The main amendment is to the scope of the norm.

There was no impact from the amendment to these norms on the current annual accounts.

c.2) Standards, amendments and interpretations that have not entered into force on the date of preparation of these annual accounts

At the date these consolidated annual accounts were signed, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations listed below and which have not been adopted early by the Group:

a) Standards, amendments and interpretations that have not yet entered into force but which may be adopted before the start of financial years commencing on or after 1 January 2017.

Standards, amendments and interpretations	Description	Applicable to years commencing on or after:
IFRS 9	Financial instruments	1 January 2018
IFRS 4 (Modification)	Applying IFRS 9 to IFRS 4 on insurance contracts	1 January 2018
IFRS 15	Ordinary revenue from contracts	1 January 2018
IFRS 15 (Modification)	Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019

- **IFRS 15 Revenue from contracts with customers**

With the entry into force on 1 January 2018 of IFRS 15, a new model is established for recognising revenues, based on the principle that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group has carried out an analysis of the impact of this norm on each type of revenue, reviewing the most significant transactions and not detecting major impacts that would affect earnings. The only significant impact detected was in the principal vs. agent recognition, where certain services, mainly in distribution, would as a result of the new norms categorise the Group as an agent, with an impact of 27,446 thousand euros in lower revenues and cost of supplies. The Group capitalises no costs related to sale contracts.

Using the transitional options of the standard, the Group decided, for greater disclosure, to present retroactively the accumulated effect of the initial application of this norm from its first initial date of application, 1 January 2018.

- **IFRS 9 Financial Instruments**

The new norm replaces IAS 39. There are significant differences to the current norm in terms of the recognition and valuation of financial instruments, with the most relevant including:

- Classification and valuation of financial instruments:

For financial assets, two categories are established:

- Investments in debt and equity instruments are measured at fair value with changes on the income statement. However, an entity can opt to present the subsequent changes of the fair value of investments in equity instruments in other comprehensive income. In general only the dividends from those instruments are to be disclosed in profit and loss.
- Debt instruments that are held within a business model which aims to obtain contractual cash flows consisting exclusively of principal and interest are to be valued at their amortised cost. In the event that these debt instruments are held within a business model which aims to obtain principal and interests and the sale of financial assets, in general these will be valued at fair value with changes recognised in other comprehensive income.

Any gains and losses on a financial liability measured at fair value through profit or loss are recognised in profit or loss, unless they relate to changes in the entity's own credit risk for financial liability designated as at fair value through profit or loss. The effect of changes in the entity's own credit risk in the fair value of the financial liabilities should be presented in other comprehensive income.

Based on the financial assets and liabilities of the Group on 31 December 2017, the application of IFRS 9 in terms of the valuation and classification of financial instruments has had no significant impact on consolidated annual

accounts.

- Asset impairment:

A new impairment model has been established based on expected losses rather than the current model of incurred losses. Under the new model, an impairment event does not have to take place before the impairment is recognised. Given the nature of the Group's business, with most sales received within a few days and no significant receivable accounts, there is no significant impact from the change to the new model.

- Hedge accounting

IFRS 9 increases the flexibility of the rules for determining which operations should be recognised with hedge accounting and reviews the rules for the test of the effectiveness of the hedge. As the new hedge accounting rules are closer to the risk management policies of the Group, an initial assessment of the current hedges of the Group shows that they comply with the conditions of IFRS 9 to be accounted as hedges. Given the amount of hedges at the Group, the application of IFRS 9 in hedge accounting will not have a significant impact on the annual accounts. The Group has assessed amendments to contracts and concluded that there is no significant impact.

These assessments were based on the analysis of the Group's financial assets and liabilities on 31 December 2017 and the facts and circumstances at the time. The Group opted to apply the simplified method of impairment for receivables and other debts, with the impairment recorded in relation to the expected losses in the lifetime of the asset.

Because of the transition to the new norm, the Group has decided to present the impacts retroactively with the accumulated effect of the initial application of the norm recognised on the date of its initial application, 1 January 2018.

- IFRS 16 Leases

The Group is analysing the impact that the implementation of these norms may have on the consolidated annual accounts.

Annual improvements to IFRS. 2014 – 2016 Cycle.	Description	Applicable for years starting
IFRS 1	First-time adoption of IFRS	1 January 2018
IAS 23	Investments in associate entities and joint ventures	1 January 2018

b) Standards, amendments and interpretations of existing standards that cannot be adopted in advance or have not been adopted by the European Union

Standards, amendments and interpretations	Description	Applicable for years starting
IFRS 10 (Amendment) and IAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	tbc
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Accounting for uncertainties in income taxes	1 January 2019
IFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
IAS 28 (Amendment)	Long-term interests in associates and joint ventures	1 January 2019
IFRS 2 (Amendment)	Classification and valuation of share-based payments	1 January 2018
IAS 40 (Amendment)	Transfers of investment in property	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

The Group has assessed the impact of the application of the future standards (and is currently assessing the possible impact of IFRS 16), and believes that the impact on annual accounts will not be significant.

Annual improvements to IFRS. 2015 – 2017 Cycle.	Description	Applicable for years starting
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IAS 12	Income taxes	1 January 2019
IAS 23	Borrowing costs	1 January 2018

The Group is analysing the impact that the standard/amendment may have on the Group's consolidated annual accounts.

d) Changes in scope

The changes in shareholdings in the following companies at 31 December 2017 and 2016 are as follows:

Companies	Percentage interest		Direct interest held by the Company (*)	
	Direct and indirect		31/12/17	31/12/16
	31/12/17	31/12/16	31/12/17	31/12/16
Newspapers				
Cirpress, S.L.	-	27.88%		27.88%
Distribuciones Papiro, S.L.	-	26.35%		26.35%
Audiovisual				
Veralia Contenidos Audiovisuales, S.L.U. (***)	-	69.99%	-	100%
Izen Producciones Audiovisuales, S.L.	31.49%	-	45%	-
Sdad. Gestora de Televisión Onda 6, S.A.U. (**)	-	100%	-	100%
Avista Televisión de Andalucía, S.A.U. (**)	-	100%	-	100%
La Verdad Radio y Televisión, S.A. (**)	-	79.50%	-	81.22%
Structure and others				
Foro de Debate, S.L.U.	100%	-	100%	-
Shows on Demand, S.L.	50%	-	50%	-
Factor Moka, S.L.U.	100%	-	100%	-

(*) This percentage refers to the direct percentage held by the company which belongs to its Group.

(**) Liquidated companies

(***) Izen Producciones Audiovisuales, S.L. owns 100%

The main transactions carried out by the Group in 2017 are set out below:
:

- "Veralia Contenidos Audiovisuales, S.L.U."

On 30 June 2017, the Group company "Veralia Corporación de Productoras de Cine y Televisión, S.L.", owner of 100% of the company "Veralia Contenidos Audiovisuales, S.L.U." subscribed to a capital increase of "Izen Producciones Audiovisuales, S.L.", by contributing its full holding in the company, receiving in return 45% of the equity of "Izen Producciones Audiovisuales, S.L.".

As a result of this transaction, the effective control of Izen Producciones Audiovisuales, S.L. is now held by the majority shareholder, with 55% of the company.

In terms of IFRS 10, there has been a loss of control at "Veralia Contenidos Audiovisuales, S.L.U.", which has left the global consolidation scope. Izen Producciones Audiovisuales, S.L. is subject to the equity-accounted method.

This change in perimeter has resulted in the withdrawal of net assets corresponding to Veralia Contenidos Audiovisuales, S.L.U by 12,234 thousand euros, with the receipt in return of the fair value of the stake in Izen Producciones, S.L.U of 15,300 thousand euros, with a profit from the loss of

control of consolidated holdings of 3,066 thousand euros, partly offset by the expenses associated with this transaction.

In previous years, Veralia Corporación carried out certain corrections to the valuation of its holding in Veralia Contenidos. Royal Decree 3/2016, of 3 December, modified the law on corporation tax so that tax deducted losses before 1 January 2013 had to be reverted systematically and as a requirement from the first reporting period after 1 January 2016, even when the entity had not recovered its value, so that in the five reporting periods from that date the impairment deducted would be fully recovered, at 20% per year. In each year this 20% adjustment must be applied to the tax base as long as the holding was not transferred, sold or disposed of. This law also affected "Veralia Corporación de Productoras de Cine y Televisión, S.L." because of corrections to the valuation before 1 January 2013 of its holding in "Veralia Contenidos Audiovisuales, S.L.U.", with new tax liabilities created. At the end of 2016, to the degree that this holding (with others) was pledged as a guarantee for the syndicated financing agreement of Vocento and its sale was not considered, it was thought necessary to record the entire liability at once in the first year, i.e. in 2016 accounts. Subsequently as a result of the operation described above, losses were materialised and an impairment recognised. In accordance with applicable tax rules, this impairment was consolidated as a loss deducted from tax years previous to 2013, eliminating the need to adjust the tax based each year, which is why in the 2017 consolidated accounts deferred tax income of 3,860 thousand euros has been reverted.

- Foro de Debate, S.L.

On 26 July 2017, the 100%-owned subsidiary Corporación de Nuevos Medios Digitales, S.L.U., acquired 100% of Foro de Debate, S.L. for 6,500 thousand euros.

The net assets contributed by Foro de Debate, S.L. at the time of the transaction totalled 147 thousand euros.

The main business of the company is the organisation of a food fair in Madrid under the Madrid Fusión brand, The company also runs Madrid Fusión Manila and the Wine and Culinary Forum.

In terms of international accounting, and IFRS 3 on business combinations, the purchase price allocation has been analysed along with the main assets acquired, with the only asset identified being the brand Madrid Fusión, valued by an independent expert at 5,011 thousand euros. The methodology used was to focus on revenue, mainly using the royalty method and incremental cash flows. The main hypotheses included:

- Outlook for growth of business, considering new projects or events under the Madrid Fusión brand.
- Estimated sales in 2011 and 2022 using 2020 data, and with a continuity in the growth trend assumed.
- Estimated perpetual growth rate of 2.5% for years after 2022.

Group management has analysed the other assets of the company and the contracts acquired and concluded that they are either related to the food trade fair or are short-term non-recurring contracts, with no value able to assigned to the client portfolio or any further asset identified.

The remaining amount of the operation was in consequence allocated to Goodwill, totalling 2,595 thousand euros.

The recoverability of the financial goodwill has been assessed and assumed based on the business plan of the company and the ability of Vocento to extend the international reach of the brand and to develop local food fairs using the Madrid Fusión concept in those locations where the Group has a local presence with its newspapers and websites.

The following table shows the carrying value, the consideration paid on the date of the transaction, the carrying value of the assets acquired, the liabilities assumed and the payments conditional on future events, when acquiring the control of the company:

			Thousand euros
Cash			3,700
Subsequent payments			2,800
Total consideration transferred on date of acquisition			6,500
	Carrying	Adjustment	
	value	to	
Amounts recognised of identified assets and liabilities		Fair Value	Thousand euros
Immaterial assets	-	5,011	5,011
Current assets	367	-	367
Current liabilities	(220)	-	(220)
Deferred tax liabilities		(1,253)	(1,253)
Net assets identified			3,905
Goodwill			2,595

- Other changes in scope
 - In May 2017, Corporación de Nuevos Medios Digitales, S.L.U. subscribed to a 50% capital increase at Shows on Demand, S.L., which following the analysis of IFRS 11 and the conclusion that it is a joint venture has been consolidated using the equity method.
 - In August 2017, 100% of the equity of Tasar Investments 2017, S.L.U (which subsequently changed its name to Factor Moka, S.L.U.) was acquired by Corporación de Nuevos Medios Digitales, S.L.U. for 3 thousand euros.
 - In August 2017 Sdad. Gestora de Televisión Onda 6, S.A.U. was wound up. In September En e 2017 Avista Televisión de Andalucía, S.A.U. was wound up.
 - In December 2017, the Group sold all its interest in the following press distribution companies:
 - Cirpress, S.L.
 - Distribuciones Papiro, S.L.
 - Distribuidora de Publicaciones Boreal S.L.
 - Grupo Cronos Distribución Integral, S.L.

The impact of these operations was not significant.

The main operations carried out by the Group in 2016 were the following:

- In September 2016 the Group established the company Comeco Gráfico, S.L.U. with an investment of 60 thousand euros.

- In June 2016, Desarrollo de Clasificados, S.L.U. sold its stake in 11870 Información en General, S.L. for a capital loss of 177 thousand euros.
- In December 2016, Sociedad Vascongada de Publicaciones, S.A. increased its stake in Teledonosti, S.L. to 100% following various acquisitions in the year.

The other operations did not have significant impacts on the consolidated income statement or on shareholder equity.

e) **Consolidation principles**

Scope

Vocento's consolidated annual accounts include all of the subsidiaries of Vocento, S.A.

Subsidiaries

Subsidiaries are all companies that the Group controls. The Group controls a company when it is exposed, or has a right, to variable returns due to its involvement in the investee company and has the capacity to influence those returns through the power to direct the company's activities. Subsidiaries are consolidated as from the date on which control is transferred to the Group. They cease to be consolidated as from the date on which that control is lost.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies followed by subsidiaries have been modified where necessary to ensure uniformity with policies adopted by the Group. The interest of non-controlling shareholders in the results and equity of subsidiaries is presented separately in the consolidated income statement, the consolidated statement of recognized income and expense, the consolidated statement of changes in equity and in the consolidated balance sheet, respectively.

Associates

Associates are all companies over which the Group exercises significant influence but does not control individually or jointly. This is generally the case when the Group holds between 20% and 50% of voting rights.

Investments in associates are recorded using the equity method and are initially recognized at cost.

Joint arrangements

Under IFRS 11, Joint Arrangements, investments in joint arrangements are classified as joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, not necessarily the legal structure of the joint arrangement.

Vocento has joint operations and joint ventures.

Joint operations: The Group recognizes its direct right to assets, liabilities, income and expenses relating to joint operations and the portion to which it is responsible for any asset, liability, income or expense maintained or incurred on a joint basis. They have been included in the consolidated annual accounts under the appropriate headings. Details of joint arrangements are sent out under Note 12.

Joint ventures: Interests in joint ventures are recognized using the equity method after being initially recognized at cost in the consolidated balance sheet. Details of joint ventures are sent out under Note 11

Equity method

Under the equity method investments are initially recognized at cost and then adjusted to proportionally recognize the investee's profits or losses subsequent to the acquisition and the Group's portion of the movements in the statement of recognized income and expense. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. When the portion of losses that pertain to the Group with respect to an investment recognized using the equity method is equal to, or exceeds, its interest in the company, including any other non-current receivable that is not secured, the Group does not recognize any additional losses unless it has incurred obligations or made payments on behalf of the other company. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the value of the asset transferred. The accounting policies followed by investees recognized using the equity method have been modified where necessary to ensure uniformity with policies adopted by the Group.

Changes in the ownership stake

The Group recognizes transactions involving non-controlling shareholding transactions that do not result in the loss of control as transactions with the owners of the Group's equity. A change in an ownership stake results in an adjustment of the carrying amounts of the controlling and non-controlling shareholdings to reflect the relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling shareholdings and any consideration paid or received, is recognized in a separate reserve under Equity attributable to the owners of the Group. When the Group ceases to consolidate or use the equity method to recognize an investment due to a loss of control, joint control or significant influence, any retained interest in the entity is reappraised at fair value through changes in the carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of the subsequent recognition of the shareholding maintained as an associate, joint venture or financial asset. Furthermore, any amount previously recognized in respect of this entity is recognized as if the Group directly obtained the relevant assets or liabilities. This may mean that the previously recognized amounts under other overall results are reclassified to the income statement. If the stake in a joint venture or associate is reduced but

joint control or significant influence is maintained, only the proportional stake in the previously recognized amounts in equity is reclassified to income when appropriate.

Business combinations

The Group is considered to be carrying out a business combination when the assets acquired and liabilities assumed constitute a business. The Group accounts for each business combination by applying the acquisition method, which entails identifying the acquirer, determining the acquisition date -which is the date on which control is obtained- and cost of acquisition, recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree and, lastly, recognizing and measuring the capital gain or profit.

The identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair value and any non-controlling interest is measured at fair value or the proportionate share held by that interest in the net identifiable assets.

The Group recognizes a capital gain or goodwill on the acquisition date for any excess of (a) over (b), where:

- (a): (i) the transferred consideration after a fair value at the acquisition date is measured.
 - (ii) the amount of the non-controlling shareholding.
 - (iii) If it is a business combination carried out by phases, the fair value at the acquisition date of the interest previously held by the Group (the difference between the preceding cost values is taken to the income statement).
- (b): The net amount of the acquired identifiable assets and the liabilities assumed.

In the event that there is no excess, but rather (b) is higher than (a), the Group will again analyse all of the values to determine if there actually is an acquisition in very advantageous terms, in which case the difference will be taken to the income statement.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the investment retained in the aforementioned company are measured at their fair value at the date when control is lost and any gain or loss is recognized in profit or loss.

f) Comparability

As required by IAS 1, the information relating to 2017 contained in these notes to the consolidated annual accounts is presented, for comparison purposes, together with the information relating to 2016 and, accordingly, it does not constitute Vocento's consolidated annual accounts for 2016.

The heading "Other" under movements in equity in 2017 mainly includes the impact of the recalculation of the value of the investment in Val Disme, S.L. Subsequent to the preparation of the Vocento accounts, Val Disme, S.L. prepared its accounts and recognized an error from prior years that has an impact on the measurement of the investment totalling €636thousand (Note 11)

3. Applicable legislation

In 2010 Law 7/2010 (31 March), on General Audiovisual Communications and relating to the television and radio industry, basically amended the concession system and transformed the existing concessions into radio and television licenses.

Television

The Group has a presence in various areas, of which the essential parts are indicated below. Vocento's presence in the national digital land television industry is through its interest in Sociedad Gestora de Televisión Net TV, S.A. and the General Audiovisual Communications Act was applied to transform the concession into a license. The necessary authorization system has not changed and it continues to be necessary to obtain a license to render the television service.

Radio

The Group maintains two concessions to operate public radio broadcasts using digital land systems that are mutually compatible and nationally this is structured through to Group companies, with and without the capacity to make land disconnections. The Group also owns several radio broadcast licenses, especially in the FM band.

4. Measurement rules

The main measurement policies followed when preparing the consolidated annual accounts were as follows:

a) Goodwill

Goodwill on consolidation is calculated as explained in Note 2.e.

For the purposes of verifying impairment, the goodwill acquired in a business combination will be distributed among each of the cash generating units at the buyer as from the acquisition date and which are expected to benefit from the business combination synergies, regardless of whether or not other assets or liabilities from the acquired entity are assigned to those units or groups of units. The Directors of the Parent Company consider that the cash generating units coincide with the companies for these purposes.

At each accounting close an estimate is made as to whether there has been any impairment that may have reduced its recoverable amount to below the net cost recognized. If so, the appropriate write-down is charged against the heading "Write-downs of goodwill" in the consolidated income statement.

The recoverable amount is the higher of fair value less necessary selling costs and value-in-use, which is understood to be the present value of future estimated cash flows before taxes, based on the most recent budgets approved by the Directors. These budgets include the best available estimates of income and costs relating to the cash generating units using industry forecasts and future expectations.

These future projections cover the coming five years, including an adequate terminal value for each business using the fifth year as a base. Taking into account their past experience and know-how with respect to the various businesses, the Directors consider that given the evolution of the key variables in certain businesses the use of projections over a time horizon of five years may distort the analysis and, in such cases, the terminal value used is calculated based on specific projections that allow for the calculation of a normalized year which is used to calculate the terminal value.

The assumptions used for each business are based on a consensus of macro-economic estimates (evolution of GDP, inflation, etc.) as well as estimates of the development in the industry (paper and Internet advertising, written press, etc.) based on studies performed by entities of recognized prestige

These flows are discounted to calculate their present value at a before tax rate, which reflects the average weighted cost of capital employed as adjusted to take into account the business risk affecting each cash generating unit. In the event that the recoverable amount is less than the asset's carrying amount, an impairment loss is recognized for the difference with a charge to the consolidated income statement.

Any impairment losses relating to goodwill cannot be subsequently reversed.

In the case of a disposal by other means of an activity within a cash generating unit to which goodwill has been assigned the carrying amount of that activity will include the previously assigned goodwill when determining the result deriving from the disposal.

b) Other intangible assets-

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed by the Group companies. They are initially recognized at acquisition or production cost in the heading "Non-current assets-Intangible Assets-Other intangible assets" in the consolidated balance sheet (Note 9), and they are subsequently measured at cost, less any accumulated amortization and impairment losses, and provided that it is likely that financial benefits will be obtained and their cost may be reliably measured.

The estimated useful lives applied in general in 2017 and 2016 were as follows:

	Estimated useful life
Computer software	2-5
Other intangible assets	3-10

The Directors consider that certain radio licenses acquired in 2009 through a business combination have an indefinite useful life since there is no foreseeable limit to the period over which those licenses may be expected to generate net inward cash flows since they are assets that the Group expects to control indefinitely. The carrying amount of those assets total €16,145 thousand (€16,145 thousand at 31 December 2016) (Note 9). The Group estimates the recoverable value of these licenses based on an appraisal of the radio business cash generating unit, supplemented by technical studies and the consideration is that there has been no impairment whatsoever in 2017.

As indicated in Note 4.d in the current year the Group acquired the company Foro de debate, S.L., allocating part of the value of the purchase to the brand of Madrid Fusión for 5,011 thousand euros. As the brand is supported by the continuity of events and is recognized since 2003, according to Group analysis the brand is stable and enjoys recognized prestige and it is expected to continue generating profits, so the useful life of the asset has been considered to be indefinite.

Intangible assets acquired separately

These items match the cost incurred on their acquisition, and are amortized on a straight-line basis over the course of their estimated useful lives which is normally between two and five years.

Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the year in which it is incurred.

The costs incurred when developing several projects are recognized as an asset provided that the following conditions are met:

- The expenditure is specifically identified and controlled by project and its distribution over time is clearly defined.
- The Directors may demonstrate the manner in which the project will generate future profits.
- The cost of developing the asset including, if appropriate, the cost of the Group employees engaging in those projects, may be reliably evaluated.

The internally generated intangible assets that meet the conditions for capitalization are amortized on a straight-line basis over their useful lives.

When an internally generated intangible asset cannot be recognized, the development costs are recognized as an expense in the period in which they are incurred.

Film productions

This item is considered to be an internally generated intangible asset that complies with the capitalization criteria and therefore it is recognized as indicated in the preceding point.

The cost of completed productions is amortized on a straight-line basis over three years with the consideration that this is the approximate term over which income from them will be generated starting at the time at which they are in a position to produce income.

Film scripts

Scripts may be acquired or developed internally, and they are recognized as explained above. In both cases they are amortized in accordance with their estimated useful life.

Rights to distribute film productions

These items are intangible assets acquired from a third party and therefore the cost incurred is recognized. They are differentiated based on the target market, as follows:

- Television distribution

These costs are recognized as intangible assets and they are amortized in accordance with the expected consumption pattern relating to the future financial benefit deriving from those rights, which is around five years.

- DVD distribution

These costs are recognized under the heading "Trade and other receivables-Other receivables" (Note 15) since the term over which income will be generated and, therefore, the apportionment of expenses, is less than one year and they are taken to the income statement in accordance with the agreements concluded with producers.

c) Property, plant and equipment and real estate investments-

The elements that make up property, plant and equipment are stated at cost, which includes, in addition to purchase price, acquisition cost includes non-recoverable indirect taxes and any other costs related directly to the entry into service of the asset for its intended use (including interest and other borrowing costs incurred during the construction period).

In accordance with the exceptions provided by IFRS 1, certain assets acquired before 1 January 2004 are measured at restated cost in accordance with various legal provisions.

Costs relating to extensions, modernization or improvements which increase productivity, capacity or efficiency, or extend the useful lives of the assets are capitalized as an increase in the cost of the assets concerned.

Period upkeep and maintenance expenses incurred during the year are charged to the consolidated income statement.

The Group depreciates property, plant and equipment on a straight-line basis by applying coefficients in accordance with the estimated useful lives of the items making up those assets.

The estimated useful lives applied in general in 2017 and 2016 were as follows:

	Estimated useful life
Buildings and other facilities	16-50
Plant and machinery	3-15
Other assets	3-15

The heading "Other plant, tooling and furnishings" (Note 10) includes €5,545 thousand relates to Patrimonio Histórico-Artístico de Diario ABC, S.L., and consists of a video and document archive and a collection of artwork and drawings by artists that have collaborated with the publications ABC and Blanco y Negro. In the opinion of consulted specialists, the residual value of that artistic patrimony exceeds the cost at which it is recognized in the consolidated balance sheet and therefore it is not depreciated.

The amount charged to expenses in 2017 and 2016 for property, plant and equipment depreciation is recognized under the heading "Amortization and depreciation" in the accompanying consolidated income statement.

d) Impairment of assets other than goodwill

At the end of each year, the Group analyses the value of its non-current assets to determine whether there is any indication that those assets might have suffered an impairment loss. If there is any such indication, the recoverable amount for that asset is estimated in order to determine the amount of any write-down that is finally necessary. If concerning identifiable assets that on an individual basis do not generate cash flows, the Group estimates the recoverability of the cash generating unit to which the asset pertains.

The recoverable amount is the higher of market value less costs to sell and value in use, which is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include pre-tax discount rates, growth rates and expected changes in selling prices and costs. The Directors of the Parent Company estimate pre-tax discount rates that reflect the value of money over time and the risks associated with the cash-generating unit. The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts and experience and future expectations, respectively.

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized for the difference with a charge to the consolidated income statement.

For the other financial assets, the Group considers the following to be objective indicators of impairment:

- financial difficulty of the issuer or significant counterparty;
- default or payment delays,
- likelihood that the borrower will enter bankruptcy or a financial reorganization process.

Impairment losses recognized for an asset in prior years are reversed when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no write-down been applied.

e) **Leases**

The Group classifies leases as finance leases whenever the terms of the lease the lessor substantially transfers all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The assets acquired under finance leases are recognized under non-current assets as appropriate to their nature and function. Each asset is depreciated over their useful lives since the Group considers that there is no doubt that the ownership of those assets will be acquired when the finance lease term ends. The recognized value is the lower of the fair value of the least asset and the present value of the future payments deriving from the operation of the finance lease, crediting the heading "Bank borrowings" in the consolidated balance sheet.

Financial expenses arising on finance leases are recognized in the income statement unless they are directly attributable to a qualified asset, in which case they are recognized as an increase in the value of the asset financed by the finance lease (Note 10).

The expenses deriving from operating leases are attributed to the heading "External services" (Note 29) in the consolidated income statement over the life of the lease in accordance with the accruals principle.

f) **Inventories**

Inventories basically consist of paper for the printing of the newspapers and they are measured at the lower of their cost in accordance with the threefold method (first in first out) or their net realizable value. Commercial discounts, any other type of discounts or similar items are deducted from the acquisition price (Note 14).

The amount of the value discounts recognized in profit/loss for the year is recognized under the heading "Change in trade and other provisions" in the consolidated income statement.

g) **Financial instruments**

Financial assets

Financial assets are initially recognized at acquisition cost, including inherent transaction costs.

The Group classifies its current and non-current financial assets in the following four categories:

- Traded financial assets: These assets have certain of the following characteristics:

- The Group intends to generate a profit from short-term fluctuations in their prices.
- They have been included in this asset category since their initial recognition, provided that they are listed on an active market or their fair value may be reliably estimated.

The financial assets included in this category are stated in the consolidated balance sheet at fair value, and the changes in fair value are recognized under “Financial expense” and “Financial income”, as appropriate, in the consolidated income statement. The Group includes those derivative instruments that do not meet the conditions that are necessary to be considered to be an accounting hedge as stipulated by IAS 39 "Financial Instruments" in this category.

- Held-to-maturity financial assets. These are financial assets with fixed or determinable payments and a fixed maturity date that the Group intends to maintain until the date of maturity. The assets included in this category are measured at "amortized cost", and the interest income is recognized in the income statement on the basis of their effective interest rate, and they are subject to impairment tests. The amortized cost is understood to be the initial cost minus principal repayments, plus or minus the accumulated amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or collectability. The effective interest rate is the discount rate that, at the date of acquisition of the asset, exactly matches the initial amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.
- Loans and receivables. These are financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. The assets included in this category are also measured at amortized cost and are tested for impairment.
- Available-for-sale financial assets. These are financial assets not classified in any of the aforementioned three categories, nearly all of which relate to financial investments in equity. These assets are presented in the consolidated balance sheet at fair value, which in the case of unlisted companies, is obtained using alternative methods, such as comparison with similar transactions or, if sufficient information is available, by discounting expected future cash flows. Changes in this market value are recognized with a charge or a credit to “Equity - Unrealized Asset and Liability Revaluation Reserve” in the consolidated balance sheet until these investments are disposed of, at which time the accumulated balance of this heading relating to these investments is allocated in full to the consolidated income statement (Note 13.a).

Those investments in the share capital of unlisted companies whose fair value cannot be reliably measured are recognized at acquisition cost.

The Directors decide on the most appropriate classification for each asset on acquisition and reviews the classification at the end of each year.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence of impairment losses affecting a financial asset or group of financial assets. A financial asset or group of financial assets is impaired, and an impairment loss arises, if and only if there is objective evidence of the impairment as a result of one or more events taking place after the initial recognition of the asset (an "event" that causes the loss), and this event or events causing the loss have an impact on the future estimated cash flows relating to the financial asset or group of financial assets that may be reliably estimated.

In the case of investments in equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the instrument to a point below its cost is considered to be evidence that the asset has become impaired.

If a loan or an investment held to maturity bears variable interest, the discount rate used to calculate any impairment loss is the actual effective interest rate established in the contract. For practical purposes, the Group may calculate impairment based on the fair value of the instrument, using an observable market price. If subsequently the amount of the impairment decreases, and the decrease can be objectively attributed to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the impairment previously recognized is recorded in the consolidated income statement.

Impairment loss tests for receivables are described in Note 15.

Assets classified as available-for-sale: If there is any objective evidence of the impairment of available-for-sale financial assets, the cumulative loss determined as the difference between the acquisition cost and current fair value, less any impairment loss in that financial asset previously recognized in the income statement is eliminated from equity and recognized in the income statement. The impairment of the value of equity instruments that was recognized in the income statement for the year is not reversed through the income statement for a subsequent year. If, in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase may be objectively attributed to an event taking place after the impairment loss was recorded in the income statement, the impairment loss is reversed in the income statement.

Cash and cash equivalents

“Cash and Cash Equivalents” in the consolidated balance sheet includes cash on hand, demand deposits and other highly liquid short-term investments that can be readily realized in cash and are not subject to a risk of changes in value (see Note 16).

Financial liabilities and equity

Financial liabilities and equity instruments are classified in accordance with the content of the relevant agreements. An equity instrument is a contract that represents a residual share in the Group's equity. The main financial liabilities maintained by the Group are held-to-maturity financial liabilities that are measured at amortized cost.

Debentures, bonds and bank borrowings

Loans, bonds and similar interest-bearing items are initially recognized at the amount received, net of direct issue costs, under “Bank Borrowings” in the consolidated balance sheet (Note 20). Borrowing costs are recognized on an accrual basis in the consolidated income statement using the effective interest method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Also, obligations under finance leases are recognized at the present value of the lease payments under this consolidated balance sheet heading.

Should any existing liabilities be renegotiated, no substantial modification to financial liabilities is deemed to exist when the new lender is the same party that granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using the same method.

Trade payables

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method (Note 19).

Categories of financial assets at fair value

Below is an the analysis of the financial instruments which at 31 December 2017 and 2016 were measured at fair value subsequent to their initial recognition, classified in categories 1 to 3, depending on the fair value measurement method:

- Category 1: their fair value is obtained from directly observable quoted prices in active markets for identical assets and liabilities.
- Category 2: their fair value is determined using observable market inputs other than the quoted prices included in category 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Category 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2017			
	Thousand euro			
	Category 1	Category 2	Category 3	Total
Marketable financial liabilities				
Financial derivatives (Note 21)	-	(1,358)	-	(1,358)
Total	-	(1,358)	-	(1,358)

	Fair value at 31 December 2016			
	Thousand euro			
	Category 1	Category 2	Category 3	Total
Marketable financial liabilities				
Financial derivatives (Note 21)				
Total	-	(2,317)	-	(2,317)

List of financial assets and liabilities

At 31 December 2017 and 2016 the Company holds the following financial assets and liabilities:

31 December 2017 (thousand euros)			
Financial assets	Loans and receivables and other	Available for sale (Note 13)	Total
Non-current securities portfolio	-	2,655	2,655
Other non-current financial investments	845	-	845
Other non-current receivables	4,598	-	4,598
Trade and other receivables	91,252	-	91,252
Cash and cash equivalents	25,558	-	25,558
Total	122,253	2,655	124,908

31 December 2016 (thousand euros)			
Financial assets	Loans and receivables and other	Available for sale (Note 13)	Total
Non-current securities portfolio	-	3,208	3,208
Other non-current financial investments	815	-	815
Other non-current receivables	4,164	-	4,164
Trade and other receivables	92,356	-	92,356
Cash and cash equivalents	21,709	-	21,709
Total	119,044	3,208	122,252

31 December 2017 (thousand euros)				
Financial liabilities	Liabilities at fair value through changes in profit or loss	Hedge derivatives	Other financial liabilities at amortized cost	Total
Trade and other payables	-	-	83,862	83,862
Bank borrowings	-	-	62,561	62,561
Short term commercial paper and others	-	-	13,192	13,192
Derivative financial instruments	16	1,342	-	1,358
Other non-current payables	-	-	13,217	13,217
Total	16	1,342	172,832	174,190

31 December 2016 (thousand euros)				
Financial liabilities	Liabilities at fair value through changes in profit or loss	Hedge derivatives	Other financial liabilities at amortized cost	Total
Trade and other payables	-	-	90,039	90,039
Bank borrowings	-	-	80,528	80,528
Derivative financial instruments	49	2,268	-	2,317
Other non-current payables	-	-	16,085	16,085
Total	49	2,268	186,652	188,969

h) Financial derivatives and hedging operations

Financial derivatives are initially recognized at their acquisition cost in the consolidated balance sheet as assets and liabilities and subsequently the required measurement adjustments are made to reflect their fair value at all times (Note 21). Gains and losses arising from these changes are recognized in the consolidated income statement, unless the derivative has been designated as a hedge instrument.

- Fair value hedge:

In the case of fair value hedges, changes in the fair value of the derivative financial instruments designated as hedges and changes in the fair value of a hedged item due to the hedged risk are recognized with a charge or credit, as appropriate, such that the headings "Financial income" and "Financial expense" include, respectively, the income or expense accrued jointly by the hedged item and the hedge instrument to the consolidated income statement.

- Cash flow hedge:

In the case of cash flow hedges, the changes in the fair value of the hedging derivatives are recognized, in respect of the ineffective portion of the hedges, in the consolidated income statement, and the effective portion is recognized under "Reserves - Unrealized Asset and Liability Revaluation Reserve" in the consolidated balance sheet.

Derivatives embedded in other financial instruments are recognized separately when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not stated at fair value, and the changes in value are recognized with a charge or a credit to the consolidated income statement.

When hedge accounting is discontinued, any cumulative loss or gain at that date recognized under "Reserves - Unrealized Asset and Liability Revaluation Reserve" is retained under that heading until the hedged transaction occurs, at which time the loss or gain on the transaction will be adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognized under the aforementioned heading is transferred to the consolidated income statement. In order for these financial instruments to be classified as accounting hedges, they are initially designated as such and the hedge relationship is documented. In addition, Vocento initially, and regularly thereafter over the course of its life (at least at the end of each year), verifies that the hedging relationship is effective, i.e. that it can be expected, on a prospective basis, that changes in fair value or in the cash flows from the hedged item (attributable to the hedged risk) will be almost completely offset by the hedging instrument and, on a retrospective basis, the results of the hedge ranged between 80% and 125% with respect to the result of the hedged item.

The market value of the various financial instruments is calculated as follows:

- The market value of derivatives listed on an organized market is their market price at year-end.
- To measure derivatives not traded on an organized market, the Group uses assumptions based on year-end market conditions. Specifically, the market value of the interest rate swaps is calculated as the adjusted market interest rate value of the spread on swap rates.

i) Classification of assets and liabilities as current and non-current

In the accompanying consolidated balance sheet, financial assets and liabilities are classified based on their maturity dates, i.e., as current when they mature in 12 months or less and as non-current when they mature in more than that time.

j) Pension and indemnity commitments

Defined-benefit contributions are recognized under the heading "Personnel expenses" in the accompanying consolidated income statement and will originate a long-term remuneration liability to

personnel when, at the end of the year, accrued contributions that have not been satisfied are recognized. That liability will be measured at the year-end at the present value of the best estimate available of the amount that will be necessary to cancel or transfer the obligation to a third-party (Notes 18 and 22).

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes these benefits when it has demonstrably shown its commitment to dismiss the workers, on the basis of a formal detailed plan that cannot be withdrawn, or to provide indemnities for dismissals as a result of an offer to encourage workers to resign voluntarily. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted to present value.

k) Parent company treasury shares

All of the shares in the Parent Company owned by consolidated companies are recognized at their acquisition cost and are presented as a reduction in the heading "Equity-Treasury shares in the portfolio" in the consolidated balance sheet (Note 17).

Any gains or losses obtained by Vocento on the disposal of these treasury shares are also recognized in the heading "Reserves-Voluntary reserves" in the accompanying consolidated balance sheet.

l) Provisions

A distinction is drawn between:

- Provisions: present obligations at the balance sheet date arising from past events which are uncertain as to their amount and/or timing.
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the consolidated companies; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are not recognized in the consolidated annual accounts but rather are disclosed, except for those which arise in business combinations (see Notes 2.e and 18).

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are re-estimated at the end of each financial year, are used to cater for the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

m) Capital grants

The Group accounts for capital grants received as follows:

- Capital grants: These items are measured at the amounts of the grant, recognized as deferred income and taken to the income statement in proportion to the depreciation applied during the year to the assets financed by the grants.
- Operating grants: Non-repayable grants relating to specific expenses are recognized in the consolidated income statement in the same year in which the relevant expenses accrue together with those granted to offset operating deficits during the year granted.

In 2017 and 2016 the Group took €891 thousand and €818 thousand, respectively to the income statement, crediting the heading "Other income" in the accompanying consolidated income statements for 2017 and 2016.

n) Income recognition.

Income from the sale of goods

The Group primarily sells newspapers, magazines, promotional products or television programs and the income obtained is calculated at the fair value of the consideration received or to be received for the items delivered within the ordinary framework of the business, less any discounts, VAT and other taxes.

Sales of goods are recognized when substantially all inherent risks and advantages have been transferred.

Income from services rendered

The primary services rendered by Vocento include the distribution of the press and other products, the sale of advertising space, the printing of newspapers, Internet connection services or technical advisory services regarding audiovisual productions. The income deriving from the rendering of these services is calculated at the fair value of the consideration received or to be received, less any discounts, VAT and other taxes, and is recognized based on the degree to which the complete service has been rendered.

If the final income cannot be reliably estimated, it is only recognized in the amount of recognized expenses that are considered to be recoverable.

Income from the assignment of rights

This income is recognized on an accruals basis in accordance with the substance of the agreement, provided that it is likely that income will be obtained and may be reliably estimated.

Income from the assignment of film projection rights

This income is recognized on a straight-line basis over the term of the assignment agreement and therefore advance payments relating to this income are recognized in the heading "Trade and other payables" in the consolidated balance sheet (Note 19).

Income from television productions

This income is considered to be from the rendering of services.

The Group recognizes this income based on the degree of completion and the final estimated margin based on the agreed selling price.

Interest and dividend income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest method, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' right to receive payment has been established.

o) Volume discounts

The Group grants volume discounts to customers, essentially advertising agencies, based on sales made and they the relevant expenses are apportioned at the end of each year on an accrual basis.

The payable deriving from the aforementioned volume discounts is recognized under the heading "Current liabilities-Trade and other payables" on the liability side of the consolidated balance sheet (Note 19). The amount of the volume discount is offset against receivables from the relevant advertising agency and, consequently, are presented as a reduction in the balance of "Current assets-Trade and other receivables" in the consolidated balance sheet (Note 15).

p) Income tax

Corporate income tax expense is recognized in the consolidated income statement, except when deriving from a transaction whose results is recorded directly in equity, in which case the relevant tax is also recorded under equity.

The income tax expense is accounted for using the balance sheet liability method. This method consists of determining deferred tax assets and liabilities on the basis of the differences between the carrying amounts of assets and liabilities and their tax base, using the tax rates that can objectively be expected to apply when the assets are realized and the liabilities are settled (Notes 23 and 24).

Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also accounted for with a charge or credit to equity.

Deferred tax liabilities are recognized for all tax timing differences, unless the timing difference derives from the initial recognition of goodwill whose amortization cannot be deducted for tax purposes or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that does not affect book or reported results.

Vocento recognizes deferred tax assets provided that it expects to have sufficient taxable profits in the future against which they may be offset.

Double taxation and other tax credits and tax relief earned as a result of economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they can be realized.

In accordance with IFRS deferred taxes are classified as non-current assets or liabilities even if the estimation is that they will be realized in the coming 12 months.

Income tax expense represents the sum of the income tax expense for the year and any change in recognized deferred tax assets and liabilities that are not recorded under equity (Note 23).

At the time of each accounting closing, deferred tax assets and liabilities are reviewed in order to verify that they remain in force and any relevant adjustments are made in accordance with the results of the analysis performed.

All recognized deferred tax assets and liabilities are recorded at the present nominal rate for the year in which they will be settled with the respective tax authorities.

q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares in the Parent Company held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For such purposes, conversion is deemed to take place at the start of the period or when the potentially dilutive ordinary shares are issued, where they have become outstanding during the period in question.

In the case of the Group's consolidated annual accounts for 2017 and 2016, basic earnings per share coincide with diluted earnings per share, since there were no potential shares outstanding in those years (Note 33).

r) Balances and transactions denominated in foreign currency

The Group's functional currency is the euro. As a result, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the transaction dates.

At each consolidated balance sheet date, monetary assets and liabilities denominated in foreign currency are converted at the rates in force at the balance sheet date. Gains or losses are taken directly to the consolidated income statement.

Balances denominated in foreign currency recognized at 31 December 2017 and 2016 and transactions in foreign currency carried out in 2017 and 2016 are not significant (Note 6).

s) Consolidated cash flow statements

The terms employed in the consolidated cash flow statements have the following meanings:

- Cash flows: change in the heading "Current assets-Cash and cash equivalents".
- Operating activities: the Company's typical activities as well as others that cannot be classified as investing or financing activities, including income tax and other taxes.
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that alter the amount and structure of equity and liabilities that are not operating activities.

t) Disposal groups of items and assets held-for-sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use, for which they must be available for immediate sale in their present condition and their sale must be highly probable.

For the sale of an asset or disposal group to be highly probable, the following conditions must be met:

- Vocento must be committed to a plan to sell the asset or disposal group.
- An active program to locate a buyer and complete the plan must have been initiated.
- The asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.
- It is unlikely that significant changes to the plan will be made.

Assets and disposal groups classified as held-for-sale are measured in the consolidated balance sheet at the lower of their carrying amount and fair value, less selling costs (Note 7). Also, non-current assets are not depreciated while they are classified as held for sale.

u) Profit/(loss) from discontinued operations

A discontinued operation is a business that has been sold or otherwise disposed of, or that has been classified as held-for-sale (Note 4.u) whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

5. Responsibility for the information and estimates made

The information in these consolidated financial statements is the responsibility of Vocento's Board of Directors.

When measuring some of the assets, liabilities, income, expense and commitments in the consolidated annual accounts for 2017 the group has occasionally relied on estimates made by the senior executives of the Parent Company and the consolidated companies and subsequently ratified by the Group Directors. The most significant estimates basically refer to:

- Impairment losses affecting certain assets: the primary risk of asset impairment at the Group relates to the goodwill acquired in business combinations (Notes 4.a,8 and 11) and tax-loss carry forwards and deductions yet to be offset (Notes 4.o and 23).
- Provisions and contingent liabilities (Notes 4.j, 4.l and 18).

Although these estimates were made on the basis of the best information available at 31 December 2017 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the related consolidated income statements.

6. Risk management policies

Vocento is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. Vocento's corporate management and the business units coordinate the management and limitation of financial risks through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are the responsibility of each business unit.

Potential risks relating to financial instruments used by the Group and the information relating to these instruments is set out below:

- Exchange rate risk

At 31 December 2017 and 2016 there are no payables denominated in foreign currency. There is a trade receivable totalling \$210 thousand (\$451 thousand at 31 December 2016).

- Interest rate risk

Interest rate fluctuations affect the fair value of assets and liabilities that bear a fixed rate of interest and future flows of assets and liabilities that bear a floating rate of interest.

The objective of interest rate management is to attain a balance in the debt structure that allows the aforementioned risks to be minimized together with the cost of the debt.

The structure of the nominal value of bank borrowings and credit facilities at 31 December 2017 and 2016, making a distinction between fixed and variable rate items, is as follows:

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017

(Thousand euro)

	Thousand euros	
	2017	2016
Fixed interest rate	84	399
Variable interest rate	65,230	82,354
Total	65,314	82,753

The Group partially mitigates (in the amount of €48,999 thousand of the total bank borrowings at 31 December 2017) the interest rate risk through the use of financial derivatives (€58,137 thousand at 31 December 2016) (Notes 20 and 21).

Furthermore, in 2017 the company launched a debenture programme for a maximum amount of 50,000 thousand euros (see Note), with a balance of 13,192 thousand euros on 31 December 2017.

The composition of bank deposits is as follows:

	Thousand euros	
	2017 (*)	2016 (*)
Fixed interest rate	760	760
Variable interest rate	-	-
Total (Note 16)	760	760

(*) Accrued interest not collected is excluded.

The Group has €23,024 thousand in cash (€20,931 thousand in 2016) (Note 16), of which €59 thousand is held in sight bank accounts that bear a market rate (€344 thousand at 31 December 2015).

Finally, current and non-current payables include the following amounts with an embedded financial cost:

	Thousand euros	
	2017	2016
Other non-current payables (Note 22)	1,361	1,492
Indemnities pending payment	641	1,375
Other	720	117
Trade and other payables (Note 19)	1,105	1,782
Liabilities for old benefits for employees	906	1,082
Indemnities pending payment	199	700
Total	2,466	3,274

- Credit risk

Given its business the Group maintains balances with a very large number of customers (Note 15).

In addition to the analysis explained in Note 4.g, certain Group companies cover credit risk by maintaining surety policies to reduce the risk of insolvency. For this reason the Parent Company Directors consider that there is no significant unrecognized risk of insolvencies affecting receivables at 31 December 2017 and 2016.

Excluding the insurance that the Group currently has, the potential total credit risk amounts to €82,892 thousand and €84,006 thousand at 31 December 2017 and 2016, respectively (Note 15).

- Liquidity risk

The Group maintains a liquidity policy that combines its cash position with the available line of credit granted by certain financial institutions as part of the syndicated financing transaction (Note 20), in accordance with its projected cash needs, and the situation of that and capital markets.

Notes 20 and 21 show the contractual maturity dates for bank borrowings relating to financing transactions and derivatives, respectively. Note 16 shows the Group's cash position.

On 13 November 2017, the Group launched a commercial paper programme up to a maximum of 50,000 thousand euros, with a balance on 31 December 2017 of 13,192 thousand euros.

On 31 December 2017 the Company had positive working capital of 13,707 thousand euros, (11,296 thousand euros on 31 December 2016).

The contractual flows of financial liabilities are shown below together with their maturity dates:

31/12/2017					
Financial liabilities	2018	2019	2020	2021 and beyond	Total
Trade and other payables	83,862	-	-	-	83,862
Bank borrowings	14,275	14,694	14,057	28,238	71,264
Commercial paper and other securities	13,200	-	-	-	13,200
Other non-current payables	33	3,624	224	9,416	13,297
Total financial liabilities	111,370	18,318	14,281	37,654	181,623
31/12/2016					
Financial liabilities	2017	2018	2019	2020 and beyond	Total
Trade and other payables	90,039	-	-	-	90,039
Bank borrowings	21,342	21,176	45,710	2,376	90,604
Other non-current payables	41	3,734	3,143	9,262	16,180
Total financial liabilities	111,422	24,910	48,853	11,638	196,823

7. Profit/(loss) on discontinued operations and assets held-for-sale

In 2017 and 2016 there were no transactions classified as discontinued operations.

8. Goodwill

The composition and movements in this consolidated balance sheet heading in 2017 and 2016 are as follows:

	Thousand euros									
	Balance 31/12/15	Additions (Notes 2.d and 32)	Write-downs	Disposals (Note 2.d)	Other movements	Balance 31/12/16	Additions	Writedowns	Disposals (Nota 2.d)	Balance 31/12/17
Newspapers-										
Taller de Editores, S.A.	4,225	-	-	-	-	4,225	-	-	-	4,225
La Verdad Multimedia, S.A.	2,349	-	-	-	-	2,349	-	-	-	2,349
Corporación de Medios de Andalucía, S.A.	2,043	-	-	-	-	2,043	-	-	-	2,043
Corporación de Medios de Extremadura, S.A.	1,005	-	-	-	-	1,005	-	-	-	1,005
El Norte de Castilla, S.A.	1,964	-	-	-	-	1,964	-	-	-	1,964
Sociedad Vascongada de Publicaciones, S.A.	3,347	-	-	-	-	3,347	-	-	-	3,347
Federico Doménech, S.A.	43,706	-	(1.150)	-	-	42.556	-	-	(607)	41.949
El Comercio, S.A.	127	-	-	-	-	127	-	-	-	127
Desde León al Mundo, S.L.	178	17	-	-	-	195	-	-	-	195
Structure and others										
Foro de Debate, S.L.U.	-	-	-	-	-	-	2.595	-	-	2.595
Audiovisual -										
Veralia Contenidos Audiovisuales, S.L.U.	9,001	-	-	-	-	9,001	-	-	(9.001)	-
Veralia Distribución de Cine, S.A.U.	14,856	-	(1.350)	-	-	13.506	-	(1.000)	-	12.506
Teledonosti, S.L.	204	-	-	-	-	204	-	-	-	204
Las Provincias Televisión, S.A.U.	93	-	-	-	-	93	-	-	(93)	-
Classifieds -										
Habitatsoft, S.L.U.	1,597	-	-	-	-	1,597	-	-	-	1,597
Infoempleo, S.L.	2,326	-	-	-	-	2,326	-	-	-	2,326
Autocasión Hoy, S.A.	2,976	-	-	-	-	2,976	-	-	-	2,976
Total bruto	89,997	17	(2.500)	-	-	87.514	2.595	(1.000)	(9.701)	79.408

The cash generating units coincide with companies, except for the cash generating unit formed by the companies Radio Publi, S.L. and Onda Ramblas, S.A.U. There is goodwill relating to this cash generating unit assigned to intangible assets with an indefinite useful life totalling €16,145 thousand (€16,145 thousand at 31 December 2016) (Notes 5 and 9). Furthermore, as indicated in Note 4.d, the acquisition of Foro de Debate S.L.U. has led to the generation of goodwill allocated to immaterial assets with an indefinite residual life, for a total of 5,011 thousand euros.

Analysis of the recoverability of goodwill

As indicated in Note 4.a, each year the Group assesses whether its goodwill has become impaired. The summary of the analysis performed by Directors on the most significant goodwill is as follows:

- **Federico Domenech, S.A.**

The Group has calculated its value-in-use based on the restated value of projected cash flows. The key assumptions used were as follows:

Calculation of cash flows

Given the various businesses that make up the cash generating unit (press, online publishing, etc.), the Directors have applied growth rates that they consider to be in line with each one of those businesses, in accordance with both external sources (growth projections for the written press and Internet media sector, situation of competitors, public information regarding the sector, etc.) and internal sources (similar companies within the Group). It mainly took into consideration the expected situation of the advertising market, the written press sector and the development of the on-line business over the coming five years of (Note 4.a). The key variables on which the Directors have based their calculation of the value-in-use of the business of Federico Domenech, S.A. in accordance with future projections are as follows:

- Evolution of the advertising market: the Directors have taken into consideration and approximate annual rate of 0.95% projected advertising growth during the period for the publishing activity and 9.5% in the online activity (2% and 9.1%, respectively, in 2016), including both the evolution of the market itself as well as events having an impact on Federico Domenech, S.A., but at no time are advertising levels similar to those in 2007 attained. There is also a forecast for a gradual increase in the weight of online advertising in the mix of advertising income. The Directors have taken into consideration internal analyses and market reports when making these estimates.
- Sale of copies: a reduction in the number of copies sold is projected at an approximate annual rate ranging between -6.8% and -3% over the coming years (-5% and -2% in 2016). The decline in the number of copies sold is offset by the increase in the price of those copies, which leads to the income on the sale of copies being maintained or slightly declining.
- Evolution of other operating income and expense: a reduction in other income is expected, primarily due a decline in promotional efforts. The estimates of operating expenses reflect the costs of transitioning the written press business to the on-line business.

As a result of all of the above, the estimated future cash flows in 2017 (including that for the year at a normalized rate), are slightly less than those taken into consideration in 2016.

Calculation of the restated value of cash flows

The preceding cash flows have been discounted using before-tax rates, calculated as the weighted average cost of capital (WACC), using comparable companies as a reference. Those discount rates range between 9.3% and 8.3% (10% and 10% in 2016) for the different businesses that make up the cash generating unit (7% and 6.25% after taxes in 2017 and 7.5% and 7.5% in 2016), which are less than those used in 2016 as a result of the market situation. Due to the current future inflation and growth expectations, cash flows after the fifth year have been extrapolated using growth rates of between 1.5% and 2% (1.5% and 2.5% in 2016), due to the increased stability and maturity of the sector and of the group's business.

Based on the assumptions taken into consideration the Group has recognized no in 2017 (€1,150 thousand euros in 2016).

To determine the sensitivity of the value-in-use to changes in the basic assumptions, the following scenarios have been analysed on an individual basis regarding the impairment losses affecting the goodwill assigned to them:

- Scenario 1: Reduction of advertising growth by 5%.
- Scenario 2: Reduction in income from the sale of copies by 15%.
- Scenario 3: Increase in the discount rate by 1%.
- Scenario 4: Reduction in the perpetual growth rate of up to 1%.

The impact of the preceding scenarios would give rise to an additional impairment of goodwill of between €5.4 million and €7.7 million.

- **Veralia Contenidos Audiovisuales, S.L.U.**

As indicated in Note 4.d, the Group has subscribed to a capital increase at the Company Izen Producciones Audiovisuales, S.L., by transferring its full holding in Veralia Contenidos Audiovisuales, S.L.U. and receiving in return 45% in Izen Producciones Audiovisuales, S.L.. As a result of this transaction it withdraw 9,001 thousand euros of goodwill assigned to the company and 12,234 thousand euros of assets and liabilities. In return, it has recorded 15,300 thousand euros corresponding to its 45% stake in Izen Producciones Audiovisuales, S.L. under the heading of equity-accounted holdings. (See Note 11).

- **Veralia Distribución de Cine, S.A.U.**

In the case of Veralia Distribución de Cine, S.L.U., the Group has prepared an individual analysis of the cash flow that is generated by each film in each possible sales window (sales to television stations, DVD, video on demand, online video platforms, etc.), based on contracts already concluded, past sales and the market situation, up until the expiration date of its rights. The cash flow is discounted at a pre-tax rate calculated as the weighted average cost of capital (WACC) using comparable companies as a reference. This rate is 8.7% (10% in 2016) (6.5% after taxes in 2017 and 7.5% in 2016). The decrease in the WACC is due to the increased stability in the sector and in the group's business.

In accordance with this calculation the Group recognized the impairment of the goodwill relating to this cash generating unit totalling €1,000 thousand in 2017.

Due to the fact that the film catalog of Veralia Distribución de Cine, S.L.U. is currently not being expanded, the amounts received over the coming years will gradually reduce the value of this catalog.

- **The rest of the cash generating units**

The recoverable amount from the cash generating units associated with the goodwill has been measured using the value-in-use method (Note 4.a). That value-in-use has been calculated based on cash flow projections that represent the best estimates for at least 5 years (with a normalized year the calculation of the residual value), as well as by applying discount rates that are in accordance with the risks associated with the business being analysed.

Cash flows for the periods following those covered by the projections have been extrapolated using constant growth rates, which the Directors considered do not exceed the average long-term growth in the sector in which those companies operate, which fall between 0% and 2% in 2017 (0% to 2.5% in 2016). The before-tax discount rates used to calculate the value-in-use of the various businesses range between 9.3% and 8.3% (7% and 6.25% after taxes) in 2017 and between 10% and 12% (7.5% and 9% after taxes) in 2016.

In order to determine the sensitivity of the value-in-use to changes in key assumptions, the Directors have analysed the impact that the changes would have on the aforementioned key assumptions, and there are no significant impairment losses affecting goodwill.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017
(Thousand euro)

9. Other intangible assets

The summary of the transactions recognized in this consolidated balance sheet heading in 2017 and 2016 are as follows

	Balance 31/12/15	Additions and allocations	Increase/(decrease) due to transfers	Disposals, write-offs or reductions	Balance 31/12/16	Additions and allocations	Increase/(decrease) due to transfers	Disposals, write-offs or reductions	Changes in scope of consolidation		Balance 31/12/17
									Exits	Entries	
COST											
Industrial property rights	26,767	169	462	(129)	27,269	47	-	(45)	(4,413)	5,011	27,869
Computer software	39,586	4,250	244	(817)	43,263	5,117	440	(1,412)	(578)	-	46,830
Scripts and projects	4,128	41	42	-	4,211	10	5	(7)	(4,219)	-	-
Development expenses	548	10	-	-	558	8	-	-	-	-	566
Film production distribution Rights	154,857	-	-	-	154,857	-	-	(1,037)	-	-	153,820
Film productions	18,750	-	45	-	18,795	-	-	(76)	(18,719)	-	-
Prepayments for intangible assets in progress	1,081	358	(748)	-	691	321	(445)	-	-	-	567
Total cost	245,717	4,828	45	(946)	249,644	5,503	-	(2,577)	(27,929)	5,011	229,652
ACCUMULATED AMORTIZATION											
Industrial property rights	(7,980)	(158)	-	12	(8,126)	(131)	-	22	4,397	-	(3,838)
Computer software	(30,083)	(4,752)	-	817	(34,018)	(4,957)	-	1,429	554	-	(36,992)
Scripts and projects	(4,082)	(33)	-	-	(4,115)	(34)	-	6	4,143	-	-
Development expenses	(497)	(35)	-	-	(532)	(18)	-	-	-	-	(550)
Film production distribution rights	(129,678)	(2,762)	-	-	(132,440)	(2,189)	-	1,037	-	-	(133,592)
Film productions	(18,710)	(14)	(45)	-	(18,769)	(6)	-	75	18,700	-	-
Total accumulated amortization	(191,030)	(7,754)	(45)	829	(198,000)	(7,335)	-	2,569	27,794	-	(174,972)
IMPAIRMENT	(19,246)	-	-	-	(19,246)	-	-	-	-	-	(19,246)
Total net costs	35,441	(2,926)	-	(117)	32,398	(1,832)	-	(8)	(135)	5,011	35,434

Changes to the consolidation include the exit of Veralia Contenidos Audiovisuales, S.L.U., and the entry of Foro de Debate, S.L., see Note 4.d.

The additions to intangible assets are mainly the result of the acquisition of IT applications for 5,117 thousand euros.

The amount of fully amortized intangible assets still being used at 31 December 2017 is €116,335 thousand (€140,421 thousand at 31 December 2016).

In 2017, the Group sold a regional television licence for 700 thousand euros, which was allocated to goodwill (see Note 8).

At 31 December 2017 the Group did not have any commitments to acquire any significant intangible assets.

The Group estimates the recoverable value of licenses with an indefinite useful life based on appraisals prepared using after-tax discounted cash flows from the radio business cash generating units totalling 8.5% (8.5% in 2016) and a 2% growth rate (2% in 2016), supplemented by technical assessments, and the consideration is that there has been no impairment whatsoever during 2017 and 2016.

10. Property, plant and equipment and investment properties

The summary of the transactions recognized in the property, plant and equipment heading of the consolidated balance sheet for 2017 and 2016 is as follows:

	Balance at 31/12/15	Additions and allocations	Disposals, write-offs or reductions	Increase/(decrease) due to transfers	Transfers held for sale (**)	Balance at 31/12/16	Additions and allocations	Disposals, write-offs or reductions	Changes in scope of consolidation	Transfers held for sale (**)	Increase/(decrease) due to transfers	Balance at 31/12/17
COST												
Land, buildings and other												
Buildings	158,524	261	(19,779)	(851)	-	138,155	118	(9,376)	-	(485)	(315)	128,097
Plant and machinery	165,358	273	(1,625)	-	-	164,006	535	(12,209)	(30)	(26)	886	153,162
Fixtures, fittings, tools and equipment	60,633	734	(15,568)	1,199	-	46,998	780	(1,901)	(629)	(33)	390	45,605
Other fixed assets	18,206	730	(4,757)	(25)	1,298	15,452	557	(2,083)	(386)	(161)	-	13,379
Advance payments and fixed assets and equipment under construction	793	1,651	-	(320)	-	2,124	1,577	(14)	-	-	(1,519)	2,168
Total cost	403,514	3,649	(41,729)	3	1,298	366,735	3,567	(25,583)	(1,045)	(705)	(558)	342,411
ACCUMULATED DEPRECIATION												
Buildings and other facilities	(59,139)	(2,943)	9,198	137	-	(52,747)	(2,417)	1,980	-	165	339	(52,680)
Plant and machinery	(126,942)	(4,872)	1,149	-	-	(130,665)	(4,533)	4,794	1	26	-	(130,377)
Fixtures, fittings, tools and equipment	(45,658)	(2,205)	14,245	(146)	-	(33,764)	(1,715)	1,841	619	25	(33)	(33,027)
Other fixed assets	(16,148)	(834)	3,441	6	-	(13,535)	(763)	2,063	354	160	-	(11,721)
Total accumulated depreciation	(247,887)	(10,854)	28,033	(3)	-	(230,711)	(9,428)	10,678	974	376	306	(227,805)
IMPAIRMENT	(6,526)	-	492	-	-	(6,034)	-	6,034	-	-	-	-
Total net costs	149,101	(7,205)	(13,204)	-	1,298	129,990	(5,861)	(8,871)	(71)	(329)	(252)	114,606

The summary of the transactions recognized in the property, plant and equipment heading of the consolidated balance sheet for 2017 and 2016 is as follows:

	Balance at 31/12/16	Additions and allocations	Increase/(decrease) due to transfers	Balance at 31/12/17	Additions and allocations	Increase/(decrease) due to transfers	Balance at 31/12/17
COST							
Land	3,052	-	216	3,268	-	-	3,268
Buildings and other facilities	7,839	-	(216)	7,623	-	558	8,181
Total cost	10,891	-	-	10,891	-	558	11,449
ACCUMULATED DEPRECIATION							
Buildings and other facilities	(2,771)	(42)	-	(2,813)	(153)	(306)	(3,272)
Total accumulated depreciation	(2,771)	(42)	-	(2,813)	(153)	(306)	(3,272)
IMPAIRMENT	(449)	(596)	-	(1,045)	(30)	-	(1,075)
Total net cost	7,671	(638)	-	7,033	(183)	252	7,102

The Group believes that the fair value does not significantly differ from the carrying amount of investment properties.

The disposals recognized on 31 December 2017 are mainly the result of the sale of the building housing Veralia Contenidos Audiovisuales, S.L.U. in the Ciudad de la Imagen de Madrid, for an amount net of expenses of 4,083 thousand euros, with a capital loss generated of 3,842 thousand euros. At the end of 2016 it was valued at cost, with no impairment indicated (IAS 36). Following the closure of the formulation of the annual consolidated accounts for 2016, the building was put up for sale and an offer was received for less than this price.

In addition, one of the print plants of Rotomadrid, S.L. was disposed of, generating a capital loss of 1,095 thousand euros.

The disposals recognized at 31 December 2016 mainly relate to the sale of the Group's offices located at Calle Juan Ignacio Luca de Tena 7 in Madrid on 23 December 2016 for €35,000 thousand, on which it obtained a capital gain totalling €21,688 thousand after discounting selling costs. The Group immediately concluded a five-year lease agreement with the buyer under which it will continue to occupy the property.

This heading includes €7,328 thousand and €9,154 thousand at 31 December 2017 and 2016, respectively, relating to assets being acquired under finance leases (Note 4.e), which are classified based on their nature. The minimum lease payments in this connection at 31 December 2017 are as follows:

Thousand euros	31/12/17	31/12/16
Up to 1 year	2,294	2,320
Between 1 and 5 years	2,476	4,784
More than 5 years	-	-
Total amounts payable	4,770	7,104
Financial expense	128	307
Present value of the installments (Note 20)	4,642	6,797
	4,770	7,104

The main assets being acquired under finance leases at 31 December 2017 relate to the printing presses for the various printing plants that the Group maintains.

The amount of fully depreciated property, plants and equipment still being used at 31 December 2017 is 116,564 thousand euros (€120,606 thousand at 31 December 2016).

In 2017 and 2016 there have been no significant investments in property, plant and equipment.

The account "Plant and machinery" in the preceding table mainly records the value of the printing presses, finishing and other machinery owned by the Group, as well as the associated facilities, while the account "Other plant, tooling and furnishings" records the value of the various facilities in printing buildings and plants at which the Group carries out its activity, in addition to the matters mentioned in Note 4.c, and diverse office equipment.

The account "Other assets" in the preceding table includes the diverse computer equipment which has a carrying amount of €1,657 thousand and €1,917 thousand at 31 December 2017 and 2016, respectively.

There were no significant commitments to acquire property, plant and equipment at 31 December 2017.

The Group has formalized insurance policies to cover the possible risks to which certain property, plant and equipment are subject and the possible claims that may be filed in relation to the performance of its operations. These policies are understood to provide sufficient coverage of the risks to which the assets are subject.

11. Shareholdings measured using the equity method

The summary of the transactions recognized in 2017 and 2016 in the carrying amount of the shareholdings in Group companies measured using the equity method is as follows (See the Appendix to these notes to the annual accounts).

	Thousand euros												
	Balance at 31/12/15	Inclusion of the profit/(loss) for the period	Impairment	Dividends collected	Other movements	Balance at 31/12/16	Additions	Inclusion of the profit/(loss) for the period	Impairment	Dividends collected	Disposals (Note 4d)	Other movements	Balance at 31/12/17
Classifieds													
11870 Información en General, S.L. (Note 2.d)	214	(11)	-	-	(203)	-	-	-	-	-	-	-	-
Newspapers -													
Distribuciones Papiro, S.L.	547	141	-	-	(453)	235	-	29	-	(25)	(239)	-	-
Cirpress, S.L.	641	49	-	-	-	690	-	69	-	(17)	(742)	-	-
Distrimedios, S.A.	3,101	(161)	-	-	-	2,940	-	4	-	(32)	-	-	2,912
Val Disme, S.L.	2,055	(98)	-	-	-	1,957	-	107	-	-	-	(636)	1,428
Audiovisual-													
Izen Producciones Audiovisuales, S.L.	-	-	-	-	-	-	15,300	(300)	-	-	-	-	15,000
Structure-													
Shows on Demand, S.L.	-	-	-	-	-	-	513	24	(202)	-	-	-	335
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	(253)	(30)	-	-	-	(283)	-	(23)	-	-	-	-	(306)
	6,305	(110)	-	-	(656)	5,539	15,813	(90)	(202)	(74)	(981)	(636)	19,369

The Group evaluated the recoverability of its shareholdings measured using the equity method in 2017 and 2016.

As mentioned in Note 4d and in Note 8, in June 2017 the Group contributed 100% of Veralia Contenidos Audiovisuales S.L.U. for 45% of Izen Contenidos Audiovisuales S.L. The transaction was reviewed by an independent expert who validated the value of this 45% at 15,300 thousand euros using the discounted cash flow method.

Despite the availability of the valuation, the value in use was calculated based on forecasts of cash flows taking into account the performance of the audiovisual market and the market share of the company, as well as the performance of the margin on production, for the next 5 years, discounted by pre-tax rate, the weighted average cost of capital (WACC), using as a benchmark comparable companies. This rate was 9.73% (7.30% after taxes in 2017). Cash flows from the fifth year were calculated using a growth rate of 2%, which the Directors believe to be reasonable for the long term growth of the business.

As a result of the hypotheses, and taking into account the situation of the audiovisual market, the Group has not considered it necessary to record any impairments in 2017.

In order to determine the sensitivity of the value in use to changes in basic hypotheses, the following scenarios have been analysed, with none of them producing major impairments to goodwill in addition to those already recorded:

- Scenario 1: Reduction of the volume of expected revenues by 15%
- Scenario 2: Increase of the discount rate by 1%
- Scenario 3: Reduction of the perpetual growth rate to 1%

As is mentioned in Note 2.f, the amount recognized in the column "Other movements" at 31 December 2017 refers to the adjustment to the result on the equity consolidation of Valdisme, S.L. as a result of an error in prior years (Valdisme, S.L. in 2016).

In 2017 the Group sold its stakes in Distribuciones Papiro, S.L. and Cirpress, S.L. with a negative impact on the income statement of 17 thousand de euros. During 2016 the Group sold its stake in 11870 Información en General, S.L.

In 2017 and 2016 the Group did not carry out significant transactions with its investee companies other than those mentioned in Note 2.d.

Details of the primary financial figures relating to equity-consolidated companies at the end of 2017 and 2016 are as follows:

2017

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017

(Thousand euro)

	Thousand euros			
	Total equity	Total assets	Operating income	Profit/(loss)
Newspapers				
Distribuciones Papiro, S.L. (**)	725	5,480	23,976	358
Cirpress, S.L. (**)	2,664	5,218	16,199	186
Distrimedios, S.L.	3,650	18,488	55,961	323
Val Disme, S.L.	(2,164)	15,995	59,563	470
Audiovisual				
Izen Producciones Audiovisuales, S.L.(*)	19,999	34,400	30,751	2.549
Structure				
Shows on Demands, S.L.	431	577	219	(132)
Koskoymas, sociedad gestora de la plataforma tecnológica, S.L.	(611)	968	2,583	(47)

(*) The group has recognized in its income statement the results of Izen Producciones Audiovisuales, S.L.U. since the acquisition of the subsidiary. These figures are for the full year.

(**) Companies sold in the year (see Note 4d)

2016

	Thousand euros			
	Total equity	Total assets	Operating income	Profit/(loss)
Newspapers				
Distribuciones Papiro, S.L.	711	2,877	29,584	534
Cirpress, S.L.	2,476	4,263	18,456	145
Distrimedios, S.L.	3,477	19,497	62,444	436
Val Disme, S.L.	164	16,937	72,835	744
Structure				
Koskoymas, sociedad gestora de la plataforma tecnológica, S.L.	(564)	1,021	2,441	(59)

The financial figures included in each year represent the latest information available at the date the consolidated annual accounts were prepared. Once the final information is available the adjustment will take place the following year (they are not material amounts in any event).

12. Interests in joint ventures

The most relevant financial information relating to the interest held in Localprint, S.L., is jointly controlled together with another shareholder and in which the Group holds a 50% stake, is summarized below:

	Thousand euros	
	31/12/17	31/12/16
Revenue	3,871	4,900
Net operating profit/(loss)	(515)	(24)
Non-current assets	11,159	13,343
Current assets	1,597	1,616
Non-current liabilities	256	1,474
Current liabilities	1,316	1,882

13. Financial assets

a) Non-current securities portfolio

The carrying amount of the most representative shares in the non-current securities portfolio at 31 December 2017 and 2016 is as follows:

Company	Thousand euros		% shareholding 31/12/17	% shareholding 31/12/16
	31/12/17	31/12/16		
Edigrup Producciones TV, S.A.	432	551	5.97%	4.65%
Dima Distribución Integral, S.L.	1,452	1,452	17.92%	17.92%
Other investments	771	1,205		
Total	2,655	3,208		

The entire non-current securities portfolio is classified under "Available-for-sale financial assets" and is recognized as is explained in Note 4.g.

The Group has several shareholdings in unlisted companies which are presented at their acquisition cost, less any applicable impairment, since their value cannot be measured using a more reliable alternative method.

As indicated in Note 4d in 2017, minority shareholdings were sold in "Distribuidora de Publicaciones Boreal, S.L." and "Grupo Cronos Distribución Integral, S.L.". A capital gain of 3 thousand euros was recorded as a net result from the sale of non-current financial instruments.

b) Other non-current financial investments

This heading basically records non-current deposits and guarantees.

c) Other non-current receivables

This heading essentially records non-current loans, among which is a non-current loan granted to Fundación Colección ABC.

14. Inventories

The composition of this consolidated balance sheet heading at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Raw materials	12,720	12,240
Other raw materials	417	571
Spare parts	540	540
Goods purchased for resale and finished	588	612
Other inventories	407	407
Prepayments to suppliers	368	262
Impairment of raw materials	(1,120)	(1,029)
Total	13,920	13,603

At 31 December 2016 and 2015, there were no inventories provided to secure the payment of debts or in relation to any other obligations with third parties.

15. Trade and other receivables

The composition of the heading "Current assets - Trade and other receivables" on the asset side of the accompanying consolidated balance sheet at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
	109,468	113,184
Trade receivables for sales and services rendered	3,313	1,977
Trade bills receivable	(6,865)	(8,508)
Less-"Discount on volume sales" (Note 4.ñ)	3,564	3,831
Receivables from related companies (Note 34)	5,405	5,165
Other receivables (Note 4.b)	(23,633)	(23,293)
	91,252	92,356

All unimpaired balances, whether or not in a default situation, have an estimated collection period of less than 12 months. The carrying amount of these assets does not significantly differ from their fair value.

The amount of outstanding balances that are not impaired totals €18,428 thousand at 31 December 2017 (€19,760 thousand at 31 December 2016). These accounts relate to a number of independent customers for which there are no recent default data. The age of these accounts is analysed below:

	Thousand euros	
	2017	2016
Up to 3 months	14,883	14,601
Between 3 and 6 months	2,093	3,322
Over 6 months	1,452	1,837
Total	18,428	19,760

At the date these annual accounts were prepared €11,594 thousand of that amount had been collected (€11,239 thousand at 31 December 2016) and, of the amount not collected, €1,527 thousand (€1,757 thousand at 31 December 2016) relates to balances pending receipt from public institutions that are covered by the appropriate debt recognition certificate. In addition, certain Group companies cover credit risk by maintaining surety policies to reduce the risk of insolvency (Note 6). All outstanding balances not yet received are in active collection management.

At 31 December 2017, the amount of the provision for the impairment of receivables totals €23,633 thousand (€23,293 thousand at 31 December 2016). The changes deriving from the impairment loss is recognized in the balance sheet heading "Provision for unrecoverable receivables" in 2017 and 2016 were as follows:

Balance of Provision 31/12/2015	23,767
Appropriations	2,523
Reversals	(472)
Applications	(2,525)
Balance of Provision 31/12/2016	23,293
Applications	2,963
Reversals	(522)
Change in scope	(391)
Applications	(1,710)
Balance of Provision 31/12/2017	23,633

The balance of the heading "Provision for unrecoverable receivables" at the end of 2017 and 2016 is €5,800 thousand relating to the impairment recognized by the Group company "Sociedad Gestora de Televisión Net TV, S.A." of its receivables from the company Homo Videns, S.A.

16. Cash and other equivalents

The composition of the heading "Current assets - Cash and cash equivalents" in the accompanying consolidated balance sheet at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Other short term loans	10	10
Cash and equivalents	1.750	-
Current term and other deposits (Note 6)	774	768
Cash at bank and in hand	23,024	20,931
	25,558	21,709

This heading basically includes cash and current bank deposits with an initial maturity of three months or less, corresponding to the current account granted to Izen Producciones Audiovisuales, S.L. The bank accounts earn interest at market rates.

The carrying amount of these assets does not significantly differ from their fair value.

17. Equity

Shareholders' equity

The Parent Company's share capital at 31 December 2016 totals €24,994 thousand and is represented by 124,970,306 fully subscribed and paid shares with a par value of €0.20 each, and there has been no change compared with 31 December 2015. The Company's shares are listed on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

Since shares in Vocento are represented by book entries, the interest held by shareholders in share capital is not precisely known. However, in accordance with public information in the possession of the Parent Company, at 31 December 2017 Mezouna, S.A. and Valjarafe, S.L., with interests amounting to 11.077% and 10.09%, respectively, are the only shareholders with a stake exceeding 10%.

Capital management objectives, policies and processes

The Group maintains a policy of applying maximum financial prudence as a fundamental part of its strategy. The target capital structure is defined by the commitment to solvency and the objective of maximizing returns for shareholders.

The Group establishes the quantification of the target capital structure as the relationship between net financing and equity:

	Thousand euros	
	31/12/17	31/12/16
Cash and cash equivalents (Note 16)	25,558	21,709
Bank borrowings (*) (Note 20)	(66,710)	(85,116)
Other current and noncurrent payables with a financial cost (Notes 6, 19 and 22)	(2,473)	(3,275)
Debt from debenture programme and other securities (Notes 6 and 20)	(13,192)	-
Other non-current loans and receivables with a financial cost	664	270
Net debt position	(56,153)	(66,412)
Equity	252,022	255,068
Equity/ Net financial debt (times)	4.49	3.84

(*) Relates to bank borrowings at nominal value.

The evolution and analysis of this ratio is continuous and estimates for the future are made in this respect as a key and limiting factor for the Group's investment strategy and dividend policy.

Reserves

The breakdown of Reserves at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Parent company reserves	290,376	306,592
Legal reserve	4,999	4,999
Reserve for treasury shares	14,133	20,583
Voluntary reserves	271,244	281,010
Reserves for restated assets and unrealized liabilities (Note 21)	(978)	(1,651)
Reserves in consolidated companies	(96,418)	(45,666)
Reserves for companies consolidated using the equity method (Note 11)	(669)	700
Reserves for full and proportional consolidation	(95,749)	(46,166)
Total	192,980	259,475

The amount of restricted reserves at the Group on 31 December 2017 and 2016 was 78,081 thousand euros and 82,394 thousand euros respectively.

Share premium

The Spanish Companies Act 2010 expressly allows the use of the share premium account to increase share capital and there are no specific restrictions with respect to the availability of this balance.

Legal reserve

In accordance with the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

This reserve had been fully funded by the Parent Company in accordance with the described legislation at 31 December 2017 and 2016.

Treasury shares

The Parent Company maintains 3,903,167 shares equivalent to 3.12% of its share capital and there is no restriction on their transfer.

Movements in treasury shares in 2017 and 2016 are as follows:

	Nr of shares	Cost (thousand euros)
Shares at 31/12/15	3,876,665	25,291
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares at 31/12/16	3,861,503	20,583
Purchase	2,275,403	3,352
Sale (*)	(2,233,739)	(9,802)
Shares at 31/12/17	3,903,167	14,133

(*)Sales recognized at the average weighted cost.

The capital loss resulting from the sale of treasury shares in 2017 was charged against reserves in the amount of €6,521 thousand (€4,688 thousand at 31 December 2016).

In accordance with the provisions of the Spanish Companies Act 2010, the Parent Company maintains a restricted reserve in the amount of the cost of the treasury shares held in its portfolio. This reserve will become unrestricted when the circumstances dictating its establishment cease to exist.

The average number of treasury shares in the portfolio in 2017 was 3,886,819shares (3,880,190 at 31 December 2016). (Note 33).

Dividends

The Parent Company did not distribute any dividend whatsoever in 2017 and 2016 and at the end of both years there was no amount pending payment in this respect.

Non-controlling shareholdings

At 31 December 2017 and 2016 the main non-controlling shareholdings relate to the subgroup Sociedad Vascongada de Publicaciones, the subgroup Veralia and "Sociedad Gestora de Televisión Net TV, S.A."

2017

There were no significant operations in 2017.

2016

There were no significant operations in 2016.

Distribution of profit

The distribution of the 2017 profit of Vocento, S.A. (individual annual accounts) that the Parent Company's Board of Directors will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousand euros
Distribution base:	
Profit/(loss) for the year	(4.982)

Distribution of profit::	
Prior year losses	(4.982)

18. Provisions

The composition of this heading in the accompanying consolidated balance sheets, as well as movements during 2017 and 2016, are set out below

	Thousand euros											
	Balance 31/12/15	Appropriations	Reversals	Applications	Transfers	Balance 31/12/16	Appropriations	Reversals	Applications	Transfers	Change to scope	Balance 31/12/17
Provisions for pensions (Note 4,j)	33	-	-	-	(11)	22	-	(4)	-	-	-	18
Provisions for long-term incentive plans	4,619	248	-	(32)	-	4,835	328	-	-	-	(67)	5,096
Legal and tax provisions (Note 23)	6	-	-	-	-	6	-	-	-	-	-	6
Provision for disassembly	678	114	(78)	(285)	364	793	46	(11)	(43)	-	-	785
Provisions for publishing and audiovisual litigation	99	-	(2)	(21)	322	398	135	(152)	-	-	-	381
	5,435	362	(80)	(338)	675	6,054	509	(167)	(43)	-	(67)	6,286

At each balance sheet date the Group estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Group considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial.

At 31 December 2017, certain litigation and claims were in progress against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and its Directors consider that the provisions recognized for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the consolidated annual accounts for the years in which they are settled (Note 4.I).

Provisions for long-term incentive plans-

In 2014 the Parent Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain executives at the Parent Company and the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2016, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the fact that its targets were not met, the Group did not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016.

In 2015 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted net profit for 2017, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the net profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2017 and 2016.

Finally, in 2016 the Parent Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. 40% of this compensation is associated with compliance with the accumulated net profit amount based on the figure approved in the current three-year plan, 40% to the generation of accumulated cash and 20% to the digital transformation, including the income and EBITDA of the e-commerce businesses, on-line advertising and on-line users, up to a limit of €1.3 million.

To collect the financial indicators (net profit and cash generation) compliance with the covenants of the syndicated loan is essential and dividends must also be distributed in 2017 (as approved by shareholders at a general meeting during the first half of 2018) and in 2018 (as approved by shareholders at a general meeting during the first half of 2019). This distribution must be of any amount, they must be dividends charged against profits obtained during the preceding year (not against reserves) and it is not sufficient that there be distributable profits, but rather there must be an effective approval of the distribution of profits by shareholders at a general meeting.

In accordance with the valuation in that plan, 2016 and 2017 profits and the uncertainty relating to the possibility of attaining the rest of the objectives, the Group does not maintain any provision in this respect in the consolidated balance sheet at 31 December 2017.

It should be noted that the Board of Directors of the Parent Company approved no new long-term incentive plan in 2017.

Provisions for pensions and similar obligations

At 31 December 2017 the Group had externalized all employee pension commitments in accordance with Royal Decree 1588/1999 (15 October). These commitments are as follows:

Defined contribution

The main defined contribution commitments assumed by the Group are set out below:

- An annual contribution will be made for the Group's executives based on previously defined categories. This commitment is structured through an insurance policy.
- A contribution consisting of a percentage of the eligible salary of each participating employee will be made to a pension plan for certain Group employees. Employees hired after 9 May 2000 are subject to a two-year grace period before they can voluntarily join the pension plan.

The expense for these commitments in 2016 and 2015 totalled €689 thousand and €675 thousand, respectively, and is recognized in the heading "Personnel expenses" in the accompanying consolidated income statement for 2016 and 2015 (Note 28).

Other long-term employee benefits

The collective wage agreements for certain Group companies establish an obligation to make payment of certain length of service bonuses to employees after 20, 30 and 40 years of service. At 31 December 2017 and 2016 the Group recognizes provisions calculated using actuarial methods to cover this accrued liability. The assumptions applied include, among others, a technical interest rate of 2.25%, GRM/F95 mortality tables and a long-term salary growth rate of 3.5%, and the provisions total approximately €18 thousand and €22 thousand, respectively, and are included under the heading "Provisions" on the liability side of the accompanying consolidated balance sheets. A net amount of €4 thousand and €0 thousand, respectively, reversed in 2017 and 2016.

Contingent liabilities

Details of the aforementioned section relating to the year ended 31 December 2017 are as follows:

Closed cases:

- Ruling from the National Court on 3 December 2015, which allowed the appeal filed by Europroducciones, later Veralia Contenidos Audiovisuales S.L.U., against the judgment of the Central Tax and Treasury Court regarding corporate income tax for a claim totalling €1,077 thousand claimed by the Company, and subsequent confirmation of the refunding of a total amount, including accrued late-payment interest, of €1,600 thousand to Veralia Contenidos Audiovisuales S.L.U.
- Penalty procedure for the deduction for reinvestments resulting from the corporate income tax inspection covering 2008 and 2009 which was assumed by the former La 10 Canal de Television, S.L.U. (currently merged into Corporación de Nuevos Medios Digitales S.L.U.) for an initial amount of €826 thousand, and subsequently €578 thousand that had been secured. Coinciding with the opinion of advisors that considered there was an absence of negligence or intention with respect to the error and therefore there was no justification for a tax penalty, the relevant administrative legal proceedings that took course during the process effectively ratified the Company's position in the fund, and the guarantee and costs were refunded.
- Libel suit filed with the Court of First Instance by an individual against Diario ABC, S.L. and various journalists claiming the amount of €600 thousand. After sentences in the first and

second instance and a ruling by the Supreme Court, a reduced fine of 60 thousand euros has been paid.

- Libel suit filed with the Court of First Instance of Barcelona by an individual against Diario ABC, S.L. claiming the amount of €750 thousand. Coinciding with the opinion of advisers, that any fine charged would be much lower, a nominal fine of 10 thousand euros was imposed which has been paid.
- Judgment issued by the Superior Court of Justice in Extremadura on 18 December 2013, and subsequently by the Supreme Court, which strikes down the resolution adopted on 13 August 2009 by the General Secretariat of the Government of Extremadura that affected, among others, the radio broadcasting licenses in Badajoz, Merida and Caceres held by a Group subsidiary. It was confirmed that there would be no relevant impacts.

Open cases:

- Payments received by Comeresa Prensa S.L.U. for Corporation Tax in the years 2006 to 2009 for amounts of 1,826, 1,819, 1,701 and 0 thousand euros respectively. In the opinion of advisors, it is likely that the position argued by Comeresa Prensa S.L.U. in litigation regarding defects in the proceedings, in the first case, and in all of the other proceedings will be successful, including the mandatory application of a bi-lateral adjustment to Vocento S.A. which ensures the recovery of the assessed amounts in the affected cases.
- A claim at the Court of First Instance in Murcia for breach of contract and creative rights for a publishing product, lodged by an individual against La Verdad Multimedia, S.A. claiming 633 thousand euros. The advisers believe a negative sentence is unlikely and if it did take place would be for much a lower amount.

19. Trade and other payables

The composition of this consolidated balance sheet heading at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Trade payables-		
Payables to related companies (Note 34)	1,087	1,041
Trade payables	42,798	48,131
Invoices yet to be received	11,267	13,170
Trade bills receivable	3,337	4,330
Other creditors and volume discounts (Note 4.o)	(874)	(989)
	57,615	65,683
Other current payables-		
Outstanding wages and salaries (Notes 22 and 28)	6,707	6,631
Suppliers of intangible assets and property, plant and equipment (Notes 9 and 10)	4,320	3,988
Accrual accounts	9,275	7,701
Other	5,945	6,036
Accrual accounts	26,247	24,356
	83,862	90,039

The carrying amount of these liabilities approximates their fair value.

The account “Remuneration pending payment” includes €1,583 thousand at 31 December 2017 (€1,490 thousand at 31 December 2016) relating to termination benefits pending payment, which include €907 thousand (€1,082 thousand at 31 December 2016) with a financial cost relating to termination benefits deriving from the layoffs carried out in 2009 by Diario ABC, S.L.

Information about average payment period for suppliers

In regard to the information required by the third additional provision on disclosure of Law 15/2010, 5 July, and the resolution of 2 February 2016 by the Institute of Accounting and Account Auditors, in response to the final second provision of Law 31/2014, the ratio of payments made to suppliers in 2017, the average payment period and the ratio of payments pending to suppliers on 31 December 2017 is as follows (in thousand euros):

	2017	2016
	days	days
Average payment period	53.87	61.18
Ratio of operations paid	55.77	63.14
Ratio of operations pending payment	40.77	49.27
	Amount (thousand euros)	Amount (thousand euros)
Total payments made	255,046	269,795
Total payments pending	36,845	44,420

These balance refers to trade suppliers of goods and services, who are including under the balance sheet heading “Trade and other payables.”

20. Bank borrowings

The loan balances with credit institutions at 31 December 2017, as well as the repayment schedule, are as follows:

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017
(Thousand euro)

	Thousand euros					
	Balance 31/12/17	Repayments				
		Current	Non-current			
	2018	2019	2020	2021 and after	Total long term	
Bank borrowings (Note 6)	57,880	8,289	10,870	11,543	27,178	49,591
Payables for finance leases (Note 10)	4,642	2,205	1,691	747	-	2,438
Financial instrument liabilities instruments (Note 21)	1,357	1,073	293	16	(25)	284
Debt for commercial paper and other securities (Note 6)	13,192	13,192	-	-	-	-
Accrued interest pending payment	40	40	-	-	-	-
TOTAL	77,111	24,798	12,854	12,306	27,153	52,313

The amounts set out in the preceding table reflect the amortized cost of bank borrowings at 31 December 2017 and the total nominal amount of those borrowings is €66,710 thousand at that date (Note 17).

Bank borrowings at 31 December 2016, as well as the repayment schedule, are as follows:

	Thousand euro					
	Balance at 31/12/16	Due date				
		Current	Non-current			
	2017	2018	2019	2020 and afterwards	Total long term	
Bank borrowings (Note 6)	73,685	14,609	15,040	42,470	1,566	59,076
Payables for finance leases (Note 10)	6,804	2,155	2,211	1,691	747	4,649
Financial instrument liabilities instruments (Note 21)	2,317	1,139	1,058	120	-	1,178
Accrued interest pending payment	39	39	-	-	-	-
TOTAL	82,845	17,942	18,309	44,281	2,313	64,903

The amounts set out in the preceding table reflect the amortized cost of bank borrowings at 31 December 2016 and the total nominal amount of those borrowings is €85,116 thousand at that date (Note 17).

The line of credit limit for Group companies at 31 December 2017 and 2016, as well as the amounts drawn down and available, are as follows:

	Thousand euros	
	2017	2016
Drawn Down	582	1,014
Available	45,393	45,310
Total line of credit limit	45,975	46,324

The average annual interest rate in 2017 and 2016 for bank borrowings, as well as that relating to finance these liabilities was the EURIBOR plus the following spread:

	2017	2016
Bank borrowings	3.45%-0.25%	3.45%-0.25%
Finance leases	2.00%-0.40%	2.00%-0.40%

In 2017 the financial expense on bank borrowings totalled €2,162 thousand (€3,852 thousand euros on 31 December 2016), which are recognized in the heading “Financial expense” in the consolidated income statement for 2017 and the rest relate to the expense recognized in the heading for origination fees, differences on exchange and other items (Note 31).

The Directors consider that the market value of those loans does not significantly differ from their carrying amount. The sensitivity of those market values to fluctuations in interest rates that the Group considers to be reasonably possible is as follows:

	Thousand euro			
	Change in interest rates.			
	2017		2016	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in the value of the debt	(74)	44	(103)	68

The Group hedges €48,999 thousand (€58,137 thousand in 2016) of the risk associated with increases in interest rates using derivative financial instruments (Notes 6 and 21).

Commercial paper programme

On 13 November 2017 the Group launched a commercial paper programme on the Alternative Fixed Income Market for a maximum amount of 50,000 thousand euros and with expiries of up to 24 months in order to diversify its sources of financing. The live amount of the programme on 31 December 2017 was 13,200 thousand euros. Interest rates are set with each issue.

Syndicated loan

On 21 February 2014 the Group's Parent Company obtained non-current syndicated financing in the amount of €175,275 thousand, in order to repay existing bilateral loans, extend their due dates and unify their management, as well as to attend to the Group's general cash needs. On 20 July 2017, after an initial renegotiation on 27 July 2015, the loan was renegotiated in order to reduce the applicable margin and simply the functioning and guarantees. Analysis has shown that this has not modified liabilities significantly. As a result, the agreement consists of two tranches with the following amounts and due dates:

- a) Tranche A: commercial loan of €55m847 thousand falling due in July 2021
- b) Tranche B: A four-year revolving line of credit of up to 45,275 thousand euros.

At 31 December 2017 the amounts pending payment totalled €55,847 thousand (€68,847 thousand in 2016) relating to “Tranche A” and €0 thousand or in 2016) relating to “Tranche B”.

In 2016 the Company repaid early €13,000 thousand (€19,212 thousand in 2016) before the renegotiation relating to Tranche A1, as a result of the disposal of certain assets by the Group of which the Company is the parent in 2016. There were subsequently no due dates for repayment for Tranche A, in accordance with the renegotiated schedule of 20 July 2017. In addition, the full amount of €18,700 thousand of Tranche B drawn down in the year has been repaid.

The syndicated financing accrues an interest rate that is indexed to the EURIBOR plus a spread negotiated with the financial institutions that is settled on a quarterly basis. The applicable spread is determined every six months based on compliance with certain financial ratios in accordance with the terms established in the aforementioned agreement.

The financing agreement includes certain causes of mandatory early repayment and the maturity of the amounts drawn down, including the disposal of assets, the existence of excess cash (Note 16), or a change in control at the Group. The agreement also includes restrictions on the distribution of dividends based on compliance with certain financial ratios.

The agreement also establishes the obligation to comply with certain financial ratios at the consolidated level. The Parent Company's Directors consider that the financial ratios established in this agreement have been met at 31 December 2017.

The syndicated financing agreement also gave rise to the granting and maintenance of the following guarantees (personal and real) and real guarantee commitments to the financial institutions to secure the obligations deriving from the agreement. The renewal on July 2017 implied the cancellation of the requirement to maintain real guarantees and real guarantee commitments, so that the guarantees in force on 31 December 2017 are as follows:

- On-demand guarantee granted by Group companies which meet the conditions to be considered Guarantors at any given moment. The accompanying Appendix contains those in force at 31 December 2017.
- Pledge of the shares in the group companies that are directly or indirectly owned by the Parent Company, which are those indicated in the accompanying Appendix at 31 December 2017.

Finally, and by virtue of the terms of that agreement, the Parent Company has contracted certain interest rate hedges totalling at least 50% of the principal amount of the outstanding amount at any given moment (Note 21).

The table below shows the cash movement in bank borrowings based on IAS 7:

Deudas con entidades de crédito y otras deudas a 31/12/2016	82.845
Devolución préstamo sindicado	(13.000)
Devolución leasings	(2.162)
Devolucion otros prestamos con entidades de crédito	(2.328)
Entradas (salidas) de efectivo por deudas financieras a corto plazo	(17.490)
Gastos anticipados novación sindicado y otras deudas	(1.408)
Cancelación gastos anticipados sindicado y otras deudas	941
Variación valor derivados	(935)
Otros movimientos	(42)
Deudas con entidades de crédito a 31/12/2017	63.911
Pagarés emitidos	13.200
Deudas con entidades de crédito y otras deudas al 31/12/2017	77.111

21. Derivative financial instruments

The Group uses derivative financial instruments to hedge against the risks to which its activities, transactions and future cash flows are exposed, mainly changes in interest rates. The details of the balances that reflect the measurement of derivatives in the consolidated balance sheets at 31 December 2017 and 2016 are as follows (Note 20):

	Thousand euros			
	31/12/17		31/12/16	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
INTEREST RATE HEDGES				
Cash flow hedges				
Interest rate swap:	1,058	283	1,104	1,164
Scaled collar	15	1	35	14
	1,073	284	1,139	1,178

The interest rate hedge derivatives contracted by the Group are intended to mitigate the effect of interest rate fluctuations on future cash flows from variable rate loans. A breakdown of these hedge transactions, and their maturity dates, is as follows

Institution	Instrument	Contracted average interest rate		Nominal amount (thousand euro)		Valid until	
		31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16
BBVA	Interest rate swaps	2.015%	1.817%	14,899	19,546	2019	2019
Banco Santander	Interest rate swaps	2.015%	1.817%	13,266	16,109	2019	2019
Kutxabank	Interest rate swaps	2.015%	1.817%	6,095	7,400	2019	2019
Bankia	Interest rate swaps	2.015%	1.817%	7,847	9,528	2019	2019
Caixa	Interest rate swaps	2.015%	1.817%	1,318	1,601	2019	2019
Banco Popular	Interest rate swaps	2.015%	1.817%	2,567	3,117	2019	2019
BBVA	Interest rate swaps	0.374%	-	793	-	2021	-
Banco Santander	Interest rate swaps	0.374%	-	761	-	2021	-
Kutxabank	Interest rate swaps	0.374%	-	328	-	2021	-
Bankia	Interest rate swaps	0.374%	-	450	-	2021	-
Caixa	Interest rate swaps	0.374%	-	71	-	2021	-
Banco Popular	Interest rate swaps	0.374%	-	138	-	2021	-
Bankinter	Scaled collar	-	-	466	836	2019	2019
Total				48,999	58,137		

The effect of changes in the hedge derivatives during 2017 was recognized by crediting the headings "Reserves-Restatement reserve for unrealized assets and liabilities" for the net amount of €673 thousand (€493 thousand at 31 December 2015).

As part of the renegotiation of the syndicated loan on 27 July 2017, the Company took out certain interest rate hedges in order to hedge 80% of the principal pending repayment at all times.

Among these derivatives the Group uses the scaled collar financial instrument to establish the variable interest payments for a finance lease within a increasing range, from a minimum of 3.95% to a maximum of 5%. The initial cost of that financial instrument was zero and the notional amount of the options sold was completely offset by the notional amount of the options acquired, and therefore it is a net option purchase. The effectiveness of the scaled collar hedge has been measured by offsetting the changes in the collar flows against the changes in the hedged risk flows using the hypothetical derivative method, and complying with the conditions that are necessary for it to be considered a hedge instrument.

The interest rate swap derivatives in force at 31 December 2017 relate to the hedges contracted by the Group by virtue of the terms of the syndicated financing agreement (Note 20).

The Group has complied with the requirements described in Note 4.h on Accounting Policies, so as to classify the financial instruments listed below as hedges. Specifically, they have been formally designated as such and their effective hedging has been verified. No ineffectiveness has been detected with respect to the hedges designated by the Group.

These derivative financial instruments have been measured in accordance with the provisions of IFRS 13 - "Fair value".

The sensitivity of the interest rate hedge transactions' market value to changes in interest rates that the Group considers reasonably possible, as well as their impact on profit for the period and equity at 31 December 2017 and 2016 is set out in the following table:

Change	Thousand euro			
	Change in interest rates			
	2017		2016	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Fair value	336	(339)	237	(238)
Profit/(loss)	-	-	-	-
Equity	242	(244)	237	(238)

The analysis of the liquidity of the derivative instruments, which relates to cash outflows taking into account undiscounted net flows, is as follows (thousand euro):

2017

Instrument	Instrument	2018	2019	2020	2021
BBVA	Interest rate swaps	1	54		
Banco Santander	Interest rate swaps	1	52	5	(8)
Kutxabank	Interest rate swaps	0	22	5	(7)
Bankia	Interest rate swaps	1	31	3	(4)
Caixa	Interest rate swaps	0	5	3	(5)
Banco Popular	Interest rate swaps	0	5	-	(1)
					-
BBVA	Interest rate swaps	342	38	-	-
Banco Santander	Interest rate swaps	304	38	-	-
Kutxabank	Interest rate swaps	140	16	-	-
Bankia	Interest rate swaps	180	20	-	-
Caixa	Interest rate swaps	30	3	-	-
Banco Popular	Interest rate swaps	59	7	-	-
Bankinter	Scaled collar	15	1	-	-
	Total	1,073	293	16	(25)

2016

Institution	Instrument	2017	2018	2019
BBVA	Interest rate swaps	381	356	41
Banco Santander	Interest rate swaps	308	293	34
Kutxabank	Interest rate swaps	142	135	17
Bankia	Interest rate swaps	182	173	20
Caixa	Interest rate swaps	31	29	2
Banco Popular	Interest rate swaps	60	57	7
Bankinter	Scaled collar	35	13	1
	Total	1.139	1.056	122

22. Other non-current payables

This heading breaks down as follows as at 31 December 2017 and 2016:

	Thousand euros	
	2017	2016
Indemnities pending payment (Notes 6, 19 and 28)	670	1.443
Other payables with a financial cost (Note 6)	720	117
Other payables without a financial cost	11,827	14,525
	13,217	16,085

Indemnities pending payment

At 31 December 2017 the Group recognizes non-current payables totalling €670 thousand (€1,443 thousand at 31 December 2016) relating to the indemnities agreed by Diario ABC, S.L., of which €641 thousand (€1,375 thousand in 2016) relate to the layoffs that took place at that company in 2009 (Note 19). The payment of those indemnities was negotiated so that they could be made in accordance with a schedule, with the corresponding financial cost.

All the pending payments are valid until 2019.

Other payables without a financial cost

In 2009 all of the non-controlling shareholders of Federico Domenech, S.A. concluded an agreement with the Group by virtue of which the sale option right that was granted in prior years was postponed under the same conditions of the original grant and, therefore, the same conditions were applicable to its execution but with a two-year delay in the schedule established in the agreement. The date of exercise of this option was subsequently delayed until 2021. At 31 December 2017 the liability with the non-controlling shareholders of Federico Domenech, S.A. totals €9,831 thousand (€12,462 thousand euros at 31 December 2015).

23. Deferred taxes and corporate income tax expense

Since 1997 Vocento, S.A. and certain of its subsidiaries subject to regional income tax legislation have filed their income tax returns under the special consolidated tax regime. Vocento, S.A. is the Parent of this tax group. The notification of the composition of the tax group for 2017 was filed with the Tax Department in Bizkaia on 22 January 2018 (see the Appendix).

Regional Law 11/2013 (5 December) on corporate income tax (Regional) entered into force on 1 January 2014 and it includes, among other measures, a temporary limitation on the offset of tax-loss carry forwards and the application of deductions. It establishes a maximum term of 15 years to offset or apply these items. There have been no significant changes in corporate income tax legislation for the companies forming part of the tax group subject to regional legislation in Vizcaya.

There are group companies that are subject to corporate income tax legislation in force in the rest of Spain, which also form part of their own tax consolidation group. Law 27/2014 (27 November) on corporate income tax, which entered into force on 1 January 2015, established, among other things, a reduction over two years of the general corporate income tax rate from 30% up until 31 December 2014, such that the rate was 25% effective in the tax periods commencing on or after 1 January 2016.

That law also included a quantitative limitation on the possibility of offsetting tax-loss carryforwards generated in prior years. This limitation was amended during 2016 by the entry into force of Royal Decree-Law 3/2016 (2 December), which adopts tax measures intended to consolidate public finances and other urgent social measures. That Royal Decree-Law, among other things, regulated the following amendments to corporate income tax in the rest of Spain:

Limitation of the possibility of applying tax-loss carryforwards and double taxation deductions, giving rise to their deferral.

- Effective 1 January 2016 large companies with revenues exceeding €60 million over the 12 months preceding the date on which the tax period commences may only offset tax-loss carryforwards, even those generated prior to 2016, that are pending application up to a maximum of 25% of tax payable before applying such an offset. In any event, a maximum of €1 million may be offset.
- Also effective 1 January 2016, companies with revenues of at least €20 million in the 12 months preceding the date on which the tax period commences are limited to applying international and national double taxation deductions, even those generated prior to 2016 and pending application, representing a maximum of 50% of the tax payable prior to the application of those offsets.
- Unless an investee company is closed under certain conditions, the deduction of impairment losses is eliminated when deriving from shareholdings in other companies and the bringing forward of the reversal of portfolio provisions allocated prior to the entry into force of the law, which were previously considered to be tax-deductible.
 - Impairment losses on shareholdings that would have been considered to be tax-deductible and which had not yet been reversed must be included in the tax base in equal portions over the first five tax periods commencing on or after 1 January 2016.
 - In the event that a higher impairment amount must be recovered in any of those five periods due to the application of the portfolio impairment recovery rules previously in force, that will be the recoverable amount in the relevant year.

If the shares are transferred during the five tax periods over which the deducted impairment must be reversed, the amounts pending reversal must be included in the tax base for the tax period in which the transfer takes place, up to the limit of the gains deriving from the transfer.

Effective 1 January 2017, the principal novelties that affect Vocento relate to the fact that impairment and losses deriving from the transfer of qualified investments in companies are not deductible (above 5% and held for more than one year) Such deductions may take place in the event that the investee company is wound up under certain conditions.

- Reconciliation of book and taxable profit

The following table reflects the accrued corporate income tax expense in 2017 and 2016:

	Thousand euros	
	2017	2016
Consolidated profit before income tax	14,874	34,814
Increases (decreases) due to permanent differences		
- Profit from companies consolidated using the equity method using the equity method (Note 11)	90	110
- Fines and penalties	20	306
- Non-deductible impairment of goodwill (Note 8)	1,000	2,500
- Other results from financial instruments (Notes 2.d and 13.a)	(2,953)	202
- Other permanent differences	2,178	139
Adjusted book profits	15,209	38,071
Gross tax calculated using the average tax rate	(4,106)	(10,279)
Adjustment of prior year corporate income tax settlement	2,850	-
Effect of the tax reform and the reversal of non-recoverable tax credits	(14,775)	(81,545)
Offset of uncapitalized tax-loss carryforwards	-	-
Uncapitalized tax-loss carryforwards	(745)	(35)
Other	3,703	(711)
Accrued corporate income tax (Expense)/Income	(13,073)	(92,570)

The adjustment to Corporation Tax in the previous year reflects the impact of updating the interpretation of the special rate applying to Vocento, S.A. after the case presented to the regional tax authority in 2017 about the use of tax loss carryforwards for deferred tax liabilities which resulted from the adoption of the new accounting plan in 2008.

The adjustment resulting from the new plan did not have a consolidated impact as there were no differences between the book and taxable profit. However, after the verification of the tax authority, this obligation was recorded with the activation and consumption of the tax credit, with an impact being felt in deferred tax.

The "other" heading reflects the impact of the operation with Veralia Contenidos, S.L.U. described in Note 4.d.

The breakdown of corporate income tax expense/(income) for 2017 and 2016 is as follows (on continuing operations):

	Thousand euros	
	2017	2016
Current year tax		
Originating during the year	(5,635)	(2,159)
Originating in prior years	2,850	-
Deferred tax	5,232	(8,831)
Effect of the tax reform and the reversal of non-recoverable tax credits	(14,775)	(81,545)
Uncapitalized tax-loss carryforwards	(745)	(35)
Corporate income tax on continuing operations	(13,073)	(92,570)

is less than the carrying value of that interest.

The Board approves the Group's five-year forecasts, which are used to calculate the value of the investments in the equity of Group companies. These forecasts are prepared by the appropriate people in each company, with detail for each business covered by each company (press, Internet, gastronomy, etc.). This is based on external sources (forecasts for the growth of the print media and Internet sector, the situation of competitors, public information about the sector, etc.) and internal sources (similar companies within the Group). The main considerations have included the expected performance of the advertising market, the press market and the online business, as well as variations in interest rates, the performance of inflation (CPI) and the impact on personnel expenses and other expenses as the traditional print business of the Group transitions to the Internet.

The key variables on which the future forecasts are based include:

- The performance of the advertising market. A detailed analysis is made for each type of advertising and each market, separating local advertising from nationwide. The performance of advertising in print and online is analysed, and each of these is broken down into institutional advertising, classified advertising, notices, programmed advertising, etc.
- Circulation revenues: a detailed analysis is made of circulation sales by each channel (individual and group subscriptions, kiosk sales) and for each type of sale forecasts of total variations in numbers are provided. In addition, depending on the current cover price and the price of competitors, the performance of cover prices is forecast.
- Performance of other revenues and operating costs. A detailed analysis is carried out of each of the other revenues, in particular focusing on the gradual decrease of promotions and the increase in event organisation.
- For personnel expenses, the costs are estimated of the transition of the print business to online and possible changes in collective agreements.
- Other operating expenses: analysis of the variations in CPI and in the performance of other variable costs as a function of the variation in revenues discussed in previous paragraphs.

The forecasts for each of the companies in the different tax groups in the Group are calculated on the basis of the pre-tax result corrected for any time differences in the tax base for each year, generating the tax base for the fiscal group in the coming years. Once the tax base is calculated, restrictions on tax loss carry forwards are considered and the tax credits that may be recovered in a reasonable period while they are still active are calculated. This estimate is reviewed by the Group's tax adviser.

In 2017, the companies that formed part of the tax group met their budget, with negative differences at the various companies which make up the group headed by Comerresa Prensa. As a result, the forecasts for the coming years for these companies show lower growth than those in the previous year, mainly because of the decoupling of economic growth from national digital advertising and a lower forecast growth in national advertising. The impact on the result of 2017 was the recording of an impairment of 14,110 thousand euros on tax credits from the state tax group.

To determine the sensitivity of the recoverability of the tax credits, the Group analysed scenarios of pre-tax profits, allocating compliance of 95% to 85%, which would in accordance with current tax norms have an impact of between 2,394 thousand euros and 7,183 thousand euros in the shape of impairment to tax credits.

- Deferred tax assets and liabilities

The composition of the headings "Non-current assets - Deferred tax assets" and "Non-current liabilities-Deferred tax liabilities" in the accompanying consolidated balance sheets at 31 December 2017 and 2016, as well as the movements in those headings, are as follows:

2017

	Thousand euros							
	31/12/16	Additions	Disposals	Transfers	Changes to CT in previous years		Changes to scope	31/12/17
					Additions	Disposals		
Deferred tax assets-								
Tax-loss carryforwards yet to be offset	28,991	46	(16,984)	(3,394)	27,605	(27,605)	(2,098)	6,561
Other pending deductions	48,290	281	(726)	62	-	-	(217)	47,690
Deferred tax assets	15,836	1,181	(2,340)	(1,140)	-	(887)	(41)	12,609
Total deferred tax assets	93,117	1,508	(20,050)	(4,472)	27,605	(28,492)	(2,356)	66,860
Deferred tax liabilities-								
	(32,964)	(1,981)	9,727	4,472	(31,481)	31,481	-	(20,746)

The withdrawal of tax credits not yet offset are mainly the result of the reversion of unrecoverable tax credits of 14,775 thousand euros. Withdrawals of deferred tax liabilities are mainly the result of the transaction with Veralia Contenidos Audiovisuales, S.L.U. described in Note 4.d and to reversions of deferred liabilities following RD 3/2016.

The adjustment to previous years reflects the impact of the updating of the regional tax legislation on Vocento, S.A. previously described in the current note, with an impact on the consolidated income statement of income of 2,989 thousand euros.

2016

	Thousand euros				
	31/12/15	Additions	Disposals	Transfers	31/12/16
Deferred tax assets-					
Tax-loss carryforwards yet to be offset	106,846	86	(77,649)	(292)	28,991
Other pending deductions	53,382	132	(4,839)	(385)	48,290
Deferred tax assets	20,766	1,769	(6,736)	37	15,836
Total deferred tax assets	180,994	1,987	(89,224)	(640)	93,117
Deferred tax liabilities-	(31,258)	(11,768)	9,422	640	(32,964)

The deferred tax assets and liabilities in the accompanying consolidated balance sheets are recognized at their estimated recovery value.

Corporate income tax assets mainly relate to the temporary differences arising due to the differing recognition criteria for accounting and tax purposes with respect to pension commitments and similar obligations (Notes 4.j, 18 and 22) and the tax deduction of certain goodwill (Notes 8 and 11).

As is shown in the “Statement of Recognized Income and Expense” and in the “Consolidated Statement of Changes in Equity”, in 2016 the company wrote-off a deferred liability against reserves and consolidated companies totalling €1,128 thousand, due to their nature.

The aforementioned deferred tax assets have been recognized in the accompanying consolidated balance sheet with the consideration that it is likely that these assets will be recovered, in accordance with the best estimates regarding the future results from the various businesses constituting the Group. The period over which these deferred tax assets are expected to be offset is as follows:

	(Thousand euros)		
	1-6 years	1-7 years	1-8 years
Tax-loss carryforwards yet to be offset	3,185	3,376	6,561
Other pending deductions	22,644	25,046	47,690
Other deferred tax assets	6,491	6,118	12,609
Tax-loss carryforwards yet to be offset	32,320	34,540	66,860

In 2016 the Group recognized the impairment of tax credits pending application by the tax group subject to common territory legislation in its balance sheet, mainly due to the limitations on the possibility of applying tax credits introduced by the aforementioned Royal Decree-Law 3/2016.

Next year the Group expects to apply tax credits totalling €5 million.

The validity of the tax-loss carry forwards recognized in the consolidated balance sheet at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Common Territory		
No limitation on tax validity (*)	5,078	23,169
Regional Territory		
From 1 to 15 years	1,483	5,822
Total	6,561	28,991

(*)No tax validity limitation in accordance with Law 27/2014 on corporate income tax, which entered into force on 01/01/15.

The validity of the deductions recognized in the consolidated balance sheet at 31 December 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Common Territory		
From 1 to 6 years	7,581	5,094
From 7 to 10 years	2,069	4,560
11 years and afterwards	2,324	2,257
Regional Territory		
From 1 to 15 years	35,716	36,379
Total	47,690	48,290

The rest of the deferred tax assets recognized in the consolidated balance sheet at 31 December 2017 and 2016 relate to the temporary differences between book expenses and their deduction for tax purposes, mainly concerning the provision for insolvencies, provision for indemnities and pension plans.

Details of the losses for which the Group has not recognized deferred tax assets in the consolidated balance sheet, together with their deadlines at 31 December 2017, are as follows:

Available until	Thousand euros	
	2017	2016
Common Territory		
No limitation on tax validity (*)	438,698	446,843
Regional Territory		
2028	145,310	100,538
Total	584,008	547,381

(*)No tax validity limitation in accordance with Law 27/2014 on corporate income tax, which entered into force on 01.01.15.

- Years open to inspection and other information

At 31 December 2017 the Parent Company and the rest of the Group companies are open to the inspection of the past four years with respect to all applicable taxes, unless the statutory period has been interrupted due to the start of inspection action.

Assessments deriving from the inspection action started in prior years were raised in 2013 and 2014 against several companies in the tax group whose parent company is Comerresa Prensa, S.L.U. and relating to corporate income tax in 2006, 2007 and 2008. The tax settlements resulting from these inspections are currently being contested at the National Court. (Note 18).

In 2014 and 2015 inspection action was taken against the tax group led by Comerresa Prensa, S.L.U., with respect to 2009 corporate income tax and concerned the verification of transfer prices between related companies. That inspection action was completed and no tax settlement whatsoever arose.

Due to the different interpretations to which applicable Spanish tax legislation lends itself, there could be contingent tax liabilities which cannot be objectively quantified by the Group. However, the Group's Directors believe that the probability that such tax contingencies will actually arise is remote and, in any event, any tax liability arising therefrom would not significantly affect the accompanying consolidated annual accounts.

24. Public institutions

The composition of the heading "Other Receivables from Public institutions" and "Other Payables to Public institutions" on the asset and liability side of the accompanying consolidated balance sheets at 31 December 2017 and 2016, respectively, is as follows:

	Miles de euros	
	2017	2016
Current assets-Public Administrations-		
VAT refundable	1,420	1,167
Taxes refundable and other receivables from the public treasury:		
Social security refundable	526	1,924
	22	22
	1,968	3,113
Current liabilities-Public Administrations-		
VAT payable	3,616	3,691
Withholdings payable	5,341	5,959
Other taxes payable	311	1,706
Social security contributions payable	2,922	2,906
	12,190	14,262

25. Business segment reporting

The maximum decision-taking authority has been identified, and is responsible for assigning resources and evaluating performance of operating segments, as the Board of Directors which is responsible for taking strategic decisions.

The main criteria applied when defining the Group's segment information included in the accompanying consolidated annual accounts are as follows: The segmentation has taken place based on the organizational units for which information is presented to the governing and executive bodies at the company so that they may evaluate the past performance of the unit and take decisions regarding the future assignment of resources. Information regarding the main segments is presented, and the segments that are not disclosed due to being considered insignificant, as well as consolidation adjustments and eliminations, are included in the column "Adjustments and other".

As a result, complete information regarding the business segments is provided:

- ABC: basically consisting of sales of copies of the ABC newspaper ABC and ABC Seville, sales of press advertising and advertising in digital editions, as well as income from printing services.
- Regional: basically consisting of sales of copies of regional newspapers, sales of press advertising and advertising in digital editions, as well as income from press printing and distribution services.
- Supplements and magazines: sales of supplements and magazines, sales of printed and digital advertising.
- Audiovisual: This area consists of television (national, regional and local TDT), radio and content producers.
- Classifieds: Sales of advertising and content, primarily in the various classified portals.
- Structure: This relates to the central services rendered by the lead group companies to other group companies.

The criteria used by the Group to obtain those financial statements segregated by activity were as follows:

- Each of the listed activities is generally assigned the assets, liabilities, expenses and income of any kind that relate to them exclusively or directly.
- General use assets are included in the column "Structure" and are not distributed among segments. However, any costs or income associated with those assets is distributed among the segments.

At 31 December 2017 there have been no discontinued operations and management has no intention of discontinuing any operations in the future. Discontinued operations are understood to be the Group's separation from a line of business or geographical area of operation (either due to sale, spin-off, liquidation or similar event). The Group does not provide information regarding geographic segmentation given that practically all of the sales of the consolidated companies take place in Spain and, furthermore, the Directors do not use geographic criteria for management purposes within Spain.

Similarly, no customer information is provided as there are no individual customers that represent more than 10% of revenue.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017

(Thousand euro)

The business reporting segments at the Group in 2017 and 2016 are as follows, based on the aforementioned criteria:

SEGMENTOS POR ÁREA DE NEGOCIO DICIEMBRE 2017 NIIF (Miles de euros)

	REGIONALES	ABC	SUPLEMENTOS Y REVISTAS	AUDIOVISUAL	CLASIFICADOS	ESTRUCTURA Y OTROS	AJUSTES Y OTROS	TOTAL
INGRESOS								
Ventas de ejemplares	125.935	40.903	13.890	0	0	0	(9.755)	170.973
Ventas de publicidad	99.290	31.709	11.470	3.417	17.192	32	(44)	163.066
Otros ingresos	38.831	21.699	1.303	41.096	1.311	31.888	(46.252)	89.876
Total ventas	264.056	94.311	26.663	44.513	18.503	31.920	(56.051)	423.915
GASTOS								
Aprovisionamientos	54.492	11.610	6.829	0	96	167	(12.979)	60.215
Gastos de personal	82.017	29.178	3.932	4.956	8.581	23.632	(40)	152.256
Amortizaciones y depreciaciones	8.067	4.916	425	2.640	415	453	0	16.916
Variación de provisiones de tráfico y otras	861	693	127	532	168	0	119	2.500
Servicios exteriores	92.861	50.921	15.877	25.765	7.365	19.696	(43.151)	169.334
RESULTADO								
Rdo. Explot. Antes deterioro Y Rdo. Enaj. Inmov	25.759	(3.007)	(527)	10.619	1.878	(12.028)	0	22.694
Deterioro y resultado por enajenación de inmovilizado material e intangible	106	(1.105)	10	(3.884)	(1)	0	0	(4.874)
Resultado por segmento	25.865	(4.112)	(517)	6.735	1.877	(12.028)	0	17.820
Resultado de las participadas	111	0	0	(300)	0	99	0	(90)
Ingresos financieros	2.889	33	102	610	32	24.685	(28.051)	300
Gastos financieros	(441)	(1.297)	(2)	(739)	(273)	(7.906)	5.615	(5.043)
Saneamiento de fondo de comercio	0	0	0	(1.000)	0	0	0	(1.000)
Otros deterioros de instrumentos financieros	452	0	0	0	0	(131.492)	130.995	(45)
Resultados por enajenaciones de inst. fros	0	0	0	2.946	0	(14)	0	2.932
Beneficio antes de impuestos	28.875	(5.376)	(418)	8.253	1.636	(126.656)	108.560	14.874
Impuestos sobre beneficios	(9.945)	(13.738)	(127)	1.913	(410)	9.234	0	(13.073)
Resultado después de imptos. de activ. manten. vta. y operac. en discontinuación	0	0	0	0	0	0	0	0
Resultado atribuido a socios externos	(2.744)	3	111	(3.571)	(473)	(33)	110	(6.597)
Resultado atribuido a la sociedad dominante	16.186	(19.111)	(434)	6.596	754	(117.455)	108.669	(4.796)
OTRA INFORMACIÓN								
Gastos por depreciación y amortización, y otros sin salida de efectivo distintos de amortización y depreciación	8.928	5.608	552	3.172	583	454	119	19.416
Costes incurridos durante el ejercicio en la adquisición de propiedad, planta y equipo y otros intangibles	4.263	3.361	274	406	373	393	0	9.070
ACTIVO								
Inversiones contabilizadas aplicando el método de la participación	4.339	0	0	15.000	0	30	0	19.369
Inversiones financieras corrientes	775	0	0	1.783	2	9.446	(9.472)	2.534
Impuestos diferidos activos	7.924	7.325	1.094	3.965	2.502	44.049	1	66.860
Otros activos	376.856	100.677	21.003	82.006	15.308	515.684	(732.564)	378.970
Total activo consolidado	389.894	108.002	22.097	102.754	17.812	569.209	(742.035)	467.733
PASIVO								
Deuda financiera	15.931	114.005	0	14.572	9.773	282.045	(356.750)	79.576
Impuestos diferidos pasivos	3.499	538	0	5.906	0	10.803	0	20.746
Otros pasivos y patrimonio neto	370.464	(6.541)	22.097	82.276	8.039	276.361	(385.285)	367.411
Total pasivo consolidado	389.894	108.002	22.097	102.754	17.812	569.209	(742.035)	467.733

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017

(Thousand euro)

SEGMENTOS POR AREA DE NEGOCIO DICIEMBRE 2016 NIIF
(Miles de euros)

	REGIONALES	ABC	SUPLEMENTOS Y REVISTAS	AUDIOVISUAL	CLASIFICADOS	OTROS	ESTRUCTURA	AJUSTES Y OTROS	TOTAL
INGRESOS									
Ventas de ejemplares	133.822	44.558	15.099	0	0	0	23	(10.769)	182.733
Ventas de publicidad	95.930	34.819	12.252	3.435	16.646	0	32	(133)	162.981
Otros ingresos	46.603	19.409	1.470	45.208	1.169	0	33.081	(43.889)	103.051
Total ventas	276.355	98.786	28.821	48.643	17.815	0	33.136	(54.791)	448.765
GASTOS									
Aprovisionamientos	61.454	10.168	7.478	4	74	0	4	(11.935)	67.247
Gastos de personal	83.583	28.560	3.748	5.305	7.974	0	25.656	(12)	154.814
Amortizaciones y depreciaciones	9.053	5.041	356	3.397	463	0	340	0	18.650
Variación de provisiones de tráfico y otras	1.027	582	330	4	119	0	0	3	2.065
Servicios exteriores	95.587	54.303	16.895	30.590	7.633	0	20.354	(42.847)	182.515
RESULTADO									
Rdo. Explot. Antes deterioro Y Rdo. Enaj. Innov	25.651	132	14	9.343	1.552	0	(13.218)	0	23.474
Deterioro y resultado por enajenación de inmovilizado material e intangible	(1.444)	21.091	0	1.231	4	0	(1)	0	20.881
Resultado por segmento	24.207	21.223	14	10.574	1.556	0	(13.219)	0	44.355
Resultado de las participadas	(70)	0	0	0	(11)	0	(29)	0	(110)
Ingresos financieros	3.710	13	136	608	28	0	26.119	(30.373)	241
Gastos financieros	(549)	(2.243)	(3)	(863)	(313)	0	(10.185)	7.455	(6.701)
Saneamiento de fondo de comercio	(1.150)	0	0	(1.350)	0	0	0	0	(2.500)
Otros deterioros de instrumentos financieros	(242)	(1)	0	0	0	0	9.563	(9.614)	(294)
Resultados por enajenaciones de inst. fros	0	0	0	0	(177)	0	0	0	(177)
Beneficio antes de impuestos	25.906	18.992	147	8.969	1.083	0	12.249	(32.532)	34.814
Impuestos sobre beneficios	(8.039)	(28.007)	337	(15.727)	(7.305)	0	(33.829)	0	(92.570)
Resultado después de imptos. de activ. manten. via. y operac. en discontinuación	0	0	0	0	0	0	0	0	0
Resultado atribuido a socios externos	(1.669)	(52)	(104)	217	(487)	0	(146)	(14)	(2.255)
Resultado atribuido a la sociedad dominante	16.198	(9.067)	380	(6.541)	(6.709)	0	(21.726)	(32.546)	(60.011)
OTRA INFORMACIÓN									
Gastos por depreciación y amortización, y otros sin salida de efectivo distintos de amortización y depreciación	10.079	5.623	686	3.401	583	0	340	3	20.715
Costes incurridos durante el ejercicio en la adquisición de propiedad, planta y equipo y otros intangibles	3.453	3.178	473	426	430	0	516	0	8.476
ACTIVO									
Inversiones contabilizadas aplicando el método de la participación	5.821	0	0	1	(1)	0	(282)	0	5.539
Inversiones financieras corrientes	777	0	0	21	2	0	5.133	(5.155)	778
Impuestos diferidos activos	9.279	17.187	1.414	7.784	2.541	0	54.912	0	93.117
Otros activos	390.129	102.930	22.552	113.925	14.458	0	627.802	(872.369)	399.427
Total activo consolidado	406.006	120.117	23.966	121.731	17.000	0	687.565	(877.524)	498.861
PASIVO									
Deuda financiera	21.373	110.223	0	21.550	9.132	0	290.575	(366.734)	86.119
Impuestos diferidos pasivos	3.968	118	0	13.843	0	0	15.036	0	32.965
Otros pasivos y patrimonio neto	380.665	9.776	23.966	86.338	7.868	0	381.954	(510.790)	379.777
Total pasivo consolidado	406.006	120.117	23.966	121.731	17.000	0	687.565	(877.524)	498.861

26. Revenue

The breakdown of this heading in the accompanying consolidated income statements for 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
Sale of copies	170,973	182,733
Sale of advertising	163,065	162,981
Direct income from promotions	8,390	8,979
Distribution income	4,931	4,698
Other income from the audiovisual segment	41,096	44,299
Other revenue	34,559	44,182
	423,014	447,872

The Group's revenues primarily originates from the Spanish market and foreign sales are not significant.

27. Supplies

The breakdown of this heading in the accompanying consolidated income statements for 2017 and 2016 is as follows:

:

	Thousand euros	
	2017	2016
Paper	24,685	27,237
Raw materials	3,710	4,798
Purchase of newspapers	24,419	26,446
Other consumables	7,401	8,766
	60,215	67,247

28. Personnel expenses

In 2017 and 2016 personnel expenses break down as follows:

	Thousand euros	
	2017	2016
Wages and salaries	110,677	113,020
Social Security paid by the Company	29,099	29,206
Employee indemnities (Notes 19 and 22)	9,967	10,115
Other welfare costs	1,955	1,783
Contribution to executive incentive plans (Notes 4.p and 18)	-	-
Contribution to pension plans and similar obligations (Notes 4.j and 18)	558	690
	152,256	154,814

The average number of employees at the Group in 2017 and 2016, by professional category, was as follows:

	Average number of people							
	Total workforce				Structural workforce (*)			
	2017		2016		2017		2016	
	Group companies	Joint arrangement	Group companies	Joint arrangement	Group companies	Joint arrangement	Group companies	Joint arrangement
Chief Executive	1	-	1	-	1	-	1	-
Senior management	9	-	9	-	9	-	9	-
Managers	153	1	159	1	153	1	159	1
Middle managers	380	3	388	4	380	3	388	4
Other employees.	2,230	8	2,202	12	1,887	8	1,914	12
Total	2,773	12	2,759	17	2,430	12	2,471	17

The breakdown of employees by gender at 31 December 2017 and 2016 is as follows:

	Average number of people							
	Total workforce				Structural workforce (*)			
	2017		2016		2017		2016	
	Men	Women	Men	Women	Men	Women	Men	Women
Chief Executive	1	-	1	-	1	-	1	-
Senior management	7	2	7	2	7	2	7	2
Managers	113	39	122	39	113	39	122	39
Middle managers	246	126	256	135	246	126	256	135
Other employees,	1,180	1,006	1,178	1,003	1,033	881	1,029	877
Total	1,547	1,173	1,564	1,179	1,400	1,048	1,415	1,053

(*) Incluye únicamente plantilla fija

Eleven Directors are not employees at 31 December 2017, of which 1 is female and 10 are male.

At the date of these annual accounts the Board of Directors consists of 12 Directors.

The average number of employees at the Group in 2017 and 2016 with a disability equal to or greater than 33%, by category, is as follows:

	Average number of persons			
	2017		2016	
	Group companies	Joint arrangements	Group companies	Joint arrangements
Board Members	-	-	-	-
Senior management	-	-	-	-
Directors	-	-	1	-
Middle managers	-	-	-	-
Other employees.	19	-	17	-
Total	19	-	18	-

29. External services

The breakdown of this heading in the accompanying consolidated income statements for 2017 and 2016 is as follows:

	Thousand euros	
	2017	2016
News and artistic resources	32,852	36,113
Sales staff	37,339	42,095
Administrative staff	17,183	17,745
Shop and technical resources	25,328	28,271
Distribution	43,784	46,994
Sundry	12,848	11,297
	169,334	182,515

The items in the "Sundry" account in the preceding table mainly relate to building operating lease and maintenance expenses. Operating lease expenses in 2017 and 2016 totalled €4,411 and €2,070 thousand respectively. Those expenses mainly relate to the leased premises occupied by the Group companies for which the relevant agreements have been concluded with lessors. Those lease agreements renew automatically for one year periods, up to a maximum of four since they start. The Directors of the Parent Company consider that the conditions of the lease agreements, with respect to their terms or the possibility of renewal, will allow the recovery of the net investments in the facilities recognized at 31 December 2017 over the course of their remaining useful life.

At the end of 2017 and 2016 the minimum lease installments that the Group must pay to the lessors in accordance with the current agreements are as follows:

Thousand euros	2017	2016
Less than one year	4,130	3,198
Between one and five years	8,120	11,186
More than five years	1,333	1,533
Total	13,583	15,917

30. Financial income

The breakdown of this heading in the accompanying consolidated income statements for 2017 and 2016 is as follows

	Thousand euros	
	2017	2016
Income from shareholdings	104	115
Other interest and similar income	185	122
Foreign exchange gains	12	4
Total	300	241

The account "Other interest and similar income" basically includes the financial income accruing on the term and other deposits maintained by Group companies over the course of each year (Note 16).

31. Financial expenses

The breakdown of this heading in the accompanying consolidated income statements for 2017 and 2016 is as follows

	Thousand euros	
	2017	2016
Interest on financial debt (Note 20)	2,162	3,852
Profit/(loss) on financial derivatives (Note 21)	1,752	1,008
Other financial expenses	1,129	1,841
Total	5,043	6,701

32. Acquisition of subsidiaries

No companies were acquired in 2017 or 2016 further to those described in Note 4.d.

33. Earnings per share

The reconciliation at 31 December 2017 and 2016 of the number of ordinary shares used in the calculation of earnings per share, is as follows:

	2017	2016
Number of shares (Note 17)	124,970,306	124,970,306
Average number of treasury shares held (Note 17)	(3,886,819)	(3,880,190)
Total	121,083,487	121,090,116

The basic earnings per share from continuing operations in 2017 and 2016 are as follows:

	2017	2016
Profit/(loss) for the year attributed to the parent company parent company (thousand euro)	(4,796)	(60,011)
Number of shares (thousand shares)	121,083	121,090
Basic earnings per share (euro)	(0.04)	(0.50)

The basic earnings per share from discontinued operations in 2017 and 2016 are as follows:

	2017	2016
Net profit (thousand euro)	-	-
Number of shares (thousand shares)	-	-
Basic earnings per share (euro)	121,068	121,109
Net profit (thousand euro)	-	-

At 31 December 2017 and 2016 the basic earnings per share coincide with the diluted earnings per share since at the closing date the conditions established in the executive incentive plan were not met (Note 18). At 31 December 2017 and 2016, the Group's Parent Company, Vocento, S.A., had not issued other financial or other instruments in addition to those mentioned in Note 18 that entitle the holder to receive ordinary shares in the Company.

34. Balances and transactions with other related parties

Set out below is the breakdown of equity-consolidated companies in the accounts "Receivables from related companies" and "Payables to related companies" in the headings "Trade and other receivables" and "Trade and other payables" in the accompanying consolidated balance sheet at 31 December 2017, together with the transactions (in addition to the dividends received - Note 11) those companies carried out in 2017 by Vocento, S.A. and fully consolidated subsidiaries.

	Thousand euros						
	Balances			Transactions			
	Non-current receivables	Receivable (Note 15)	Payable (Note 19)	Revenues		Expenses	
				Operating	Financial	Operating	Financial
Cipress,S.L	-	-	-	5,577	17	831	-
Distribuidores Papiro, S.L.	-	-	-	5,788	25	1,124	-
Distrimedios, S.L.	-	2,294	772	10,386	32	4,621	-
Val Disme, S.L.	-	1,011	295	10,275	-	2,376	-
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	300	259	20	274	-	26	-
Shows on demand, S.L.	-	-	-	-	-	-	-
Izen Producciones Audiovisuales, S.L.	-	-	-	3	-	5	-
TOTALS	300	3,564	1,087	32,303	74	8,983	-

(*) In addition the Group has classified as cash equivalent 1,750 thousand euros corresponding to Veralia Contenidos Audiovisuales, S.L.U." with an expiration of less than three months.

Set out below is the breakdown of equity-consolidated companies in the accounts "Receivables from related companies" and "Payables to related companies" in the headings "Trade and other receivables" and "Trade and other payables" in the accompanying consolidated balance sheet at 31 December 2016, together with the transactions (in addition to the dividends received - Note 11) those companies carried out in 2016 by Vocento, S.A. and fully consolidated subsidiaries.

	Thousand euro						
	Balances			Balances			
	Non-current receivables			Non-current receivables		Non-current receivables	
				Non-current receivables	Non-current receivables	Non-current receivables	Non-current receivables
Cipress,S.L	-	558	167	5,695	-	775	-
Distribuidores Papiro, S.L.	-	691	132	6,670	-	1,193	-
Distrimedios, S.L.	-	1,237	466	11,318	-	4,745	-
Val Disme, S.L.	-	1,066	275	11,671	-	2,675	-
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	270	279	-	305	-	1	-
TOTALS	270	3,831	1,040	35,659	-	9,389	-

The most relevant balances and transactions with equity-consolidated companies derive from the sale and distribution of copies of newspapers and supplements that are carried out on an arm's length basis. Since those balances are of a commercial nature they do not accrue any interest and will generally be settled in the short-term. Group companies had not granted any lines of credit or loans to related companies at 31 December 2017 and 2016.

The Group maintains business relationships during the ordinary course of its business with companies at which the independent directors hold directorship and/or senior management positions, Elecnor, S.A. (at which Mr. Fernando Azaola Arteché is a Director and/or senior executive) and Viesgo Energía, S.L. (at which Mr. Miguel Antoñanzas Alvear is a Director and/or senior executive). These business relationships are carried out on an arm's length basis and their volume is not significant compared to total consolidated income and expense.

Fernando de Yarza López-Madrado is, in turn, Chairman of Henneo Group and the company Taller de Editores, S.A. Vocento and Henneo Group hold direct interests in the latter. He is also a director of the companies Distribuidora de Aragón, S.L. (DASA) and Distrisoria Publicaciones y Distribución Soria, S.L., in both of which Vocento and Henneo Group hold direct and indirect interests. Those companies maintain business relationships with Vocento and its subsidiaries, including the distribution of periodicals, the marketing of advertising and the preparation of weekend supplements, among other things.

35. Remuneration of the Board of Directors

In 2017 and 2016 the consolidated companies paid the following amounts of accrued remuneration to the members of the Group's Board of Directors:

	Thousand euro	
	Thousand euros	
	2017	2016
Fixed and variable remuneration	694	731
Per diems to Directors and commissions	872	739
Profit sharing	-	-
Contributions to pension plans, life insurance policies and other.	14	15
Total	1,580	1,485

No advances, loans or guarantees were granted to the members of the Board of Directors during 2017 or 2016. The life insurance premiums paid during the year for the coverage of the members of the Board totalled €5 thousand in 2017 and €6 thousand in 2016. No contributions were made in 2017 and 2016 to pension plans whose beneficiaries are members of the Board.

The CEO has a contract clause that entitles him to an indemnity totalling two times the amounts received over the preceding 12 months in the event that the relationship is terminated by Vocento without justification.

The individual remuneration information for the Board of Directors in 2017 and 2016 is as follows:

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2017
(Thousand euro)

RETRIBUCION CONSEJEROS CONSOLIDADO 2017 (miles €)

CONSEJEROS VOCENTO, S.A. 31/12/2017	DIETAS ASISTENCIA					Sociedades Dependientes	Participación en resultados		APORTACIONES A PLANES DE		OTRAS REMUNERACIONES		RETRIBUCION FUNCIONES ALTA		Total
	Vocento, S.A.						Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.		
	COMISION DELEGADA	COMITE AUDITORIA Y CUMPLIMIENTO	COMITE DE NOMBRAMIENTOS Y RETRIBUCIONES	CONSEJO DE ADMINISTRACION	REMUNERACION FIJA								FIJA	VARIABLE	
D. Carlos Delclaux Zulueta	0	16	0	25	30			0		0	0	0		71	
D. Fernando Azaola Arteche	0	0	27	23	30			0		0	0	0		80	
D. Fernando de Yarza	0	14	0	23	30			0		0	0	0		66	
D. Gonzalo Soto Aguirre	0	16	14	25	30			0		0	0	0		84	
D. Gonzalo Urquijo	9	0	0	25	30			0		0	0	0		64	
D. Luis Enríquez Nistal	0	0	0	0	0			14		0	0	494	0	508	
D. Miguel Antoñanzas Alvear	14	32	14	25	30			0		0	0	0		113	
D. Santiago Bergareche Busquet	27	0	0	50	30			0		200	0	0		307	
Mezouna, S.L.(representada por Ignacio Ybarra Aznar)	14	0	14	25	30			0		0	0	0		82	
ONCHENA, S.L.(representada por Álvaro Ybarra Zubina)	14	0	0	25	30			0		0	0	0		68	
Vajarate, S.L.(representada por Soledad Luca de Tena García-Conde)	14	16	0	25	30			0		0	0	0		84	
D. Enrique Ybarra	0	0	0	20	26			0		0	0	0		47	
CONSEJEROS CESADOS DURANTE EL EJERCICIO															
Energay de Inversiones, S.L.(representada por Enrique Ybarra Ybarra)	0	0	0	5	4			0		0	0	0		8	
Total general	90	92	68	293	330	0	0	0	14	0	200	0	494	0	1.580

RETRIBUCIÓN CONSEJEROS CONSOLIDADO 2016 (miles €)

(Miles de euros)

	Dietas de asistencia					Sociedades dependientes	Participación en resultados		Aportaciones a planes de		Otras Remuneraciones		Retribución funciones Alta		TOTAL
	Vocento, S.A.						Vocento, S.A.	Sociedades dependientes	Vocento, S.A.	Sociedades dependientes	Vocento, S.A.	Sociedades dependientes	Vocento, S.A.		
	COMISIONES			Consejo de Administración	Remuneración fija								Fija	Variable	
	Consejo Adm.	Comisiones	Dietas Fijas												
CONSEJEROS A 31 DE DICIEMBRE DE 2016															
D. Carlos Delclaux Zulueta		9		14	26										49
D. Fernando Azaola Arteché		5	27	18	30										80
D. Fernando de Yarza		7		14	26										47
D. Gonzalo Soto Aguirre		14	14	18	30										76
D. Gonzalo Urquijo	9			11	26										46
D. Luis Enriquez Nistal								5				531			536
D. Miguel Antoñanzas Alvear	11	27	14	18	30										100
D. Santiago Bergareche Busquet	23			36	30					200					289
Energay de Inversiones, S.L. (representada por Enrique Ybarra Ybarra)	2			18	30										50
Mezouna, S.L. (representada por Ignacio Ybarra Aznar)	9		14	18	30										71
Onchena, S.L. (representada por Álvaro Ybarra Zubiria)	11			18	30										59
Valjarafe, S.L.	11	14		18	30										73
Total consejeros a 31 de diciembre de 2016	76	76	69	201	318			5		200		531	0		1.476
CONSEJEROS CESADOS DURANTE EL EJERCICIO															
Casgo, S.A. (representada por Jaime Castellanos Borrego)				2	1										3
Total consejeros cesados durante el ejercicio				2	1					0		-	-	-	3
TOTAL RETRIBUCIÓN CONSEJO	76	76	69	203	319			5		200		531	0		1.479

36. Remuneration of senior executives

There were nine General Managers making up the Senior Management team at the Group at the end of 2017 and 2016, excluding the person who simultaneously holds a position on the Board of Directors of the Parent Company.

The total remuneration for the Group's Senior Management team in 2017 and 2016 totalled €1,828 thousand and €1,852 thousand, respectively.

In 2017 no indemnities were paid to senior management.

Some members of the Senior Management team have contract clauses that call for an indemnity in the event of unfair dismissal consisting of amounts that vary from the amount established by employment legislation to two years of gross annual salary. On an exceptional basis, in some cases the contracts for lower-level executives contain clauses of this type, establishing one year of gross salary as an indemnity.

37. Other information relating to the Board of Directors

In order to avoid conflicts of interest with the Company, during the year Directors holding positions on the Board of Directors, as well as persons related to them, have abstained from the following when authorization had not been obtained:

- Carry out transactions with the Company, except ordinary standard customer transactions of little relevance.
- Use the name of the Company or invoke their position as Director to unduly influence private transactions.
- Make use of business assets, including the Company's confidential information, for private purposes.
- Take advantage of the Company's business opportunities.
- Obtain advantages or compensation from third parties other than the Company and its group with respect to the performance of their duties, except when involving merely courtesy gifts.
- Carry out activities on their own behalf or the behalf of a third party that represent effective competition, whether actual or potential, with the Company or which, in any other way, places them in permanent conflict with the Company's interests:

38. Guarantees to third parties

The main guarantees granted by the Group at 31 December 2017 and 2016 are as follows, classified by type:

Purpose	Thousand euros	
	2017	2016
Operation of the digital land public radio broadcasting service (Notes 3 and 18).	478	479
Others	8,987	10,312
Total	9,465	10,791

39. Audit fees

The fees relating to the services rendered by the main auditor to the various companies that make up the Group, as well as by other related companies and by other auditors. The main auditor during the year was PricewaterhouseCoopers Auditores, S.L.

	Thousand euros	
	2017	2016
Auditing services (*)	492	467
Limited reviews of Inversor Ediciones, S.L. and Agencia Colpisa, S.L.U.	2	2
Limited review of consolidated interim statements	70	70
Total auditing services and related	564	539
Procedures agreed for review of compliance with covenants	2	2
Other services rendered by companies related to the auditor	87	16
Total	653	557

(*) This amount includes €50 thousand at 31 December 2017 relating to expenses incurred with respect to the 2016 audit performed by PricewaterhouseCoopers Auditores, S.L.

40. Events after the reporting period

There were no significant events after the close of the reporting period.

Vocento, S.A. and Subsidiaries
 APPENDIX TO CONSOLIDATED ACCOUNTS FOR 2017
 (Thousand euros)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES
 DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	Porcentaje			Miles de euros											
									Participación		Control	Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado del período (1)			Otras partidas del patrimonio neto	Dividendo a cuenta					
									Directa	Indirecta				Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio							
GRUPO:																							
Periódicos																							
Diario El Correo, S.A.U.	✓	✓	✓	✓	✓		Bilbao	Prensa Diana, portal local y edición electrónica de prensa	-	100,00%	100,00%	8.000	42.778	12.723	13.559	9.423	(0)	(7.600)					
Sociedad Vascongada de Publicaciones, S.A.	✓	✓	✓	✓	✓		San Sebastián	Prensa Diana, portal local y edición electrónica de prensa	-	75,81%	75,81%	4.799	40.526	10.257	11.474	8.085	-	(5.470)					
Editorial Cantabria, S.A.			✓				Santander	Prensa Diana, portal local y edición electrónica de prensa	-	90,70%	90,70%	2.308	5.386	2.853	2.524	1.823	-	(0)					
Nueva Rioja, S.A.				✓			Logroño	Prensa Diana, portal local y edición electrónica de prensa	-	38,98%	58,98%	1.000	5.890	408	500	382	0	(0)					
La Verdad Multimedia, S.A.				✓			Murcia	Prensa Diana, portal local y edición electrónica de prensa	-	97,88%	97,88%	3.333	8.965	(1.089)	(1.066)	(1.048)	-	(0)					
Corporación de Medios de Andalucía, S.A.				✓			Granada	Prensa Diana, portal local y edición electrónica de prensa	-	99,11%	100,00%	3.333	11.495	783	947	706	-	(0)					
Corporación de Medios de Extremadura, S.A.				✓	✓		Badajoz	Prensa Diana	-	97,96%	97,96%	408	(1.439)	2	(117)	(1.280)	-	(0)					
Prensa Malagueña, S.A.				✓			Málaga	Prensa Diana	-	88,11%	88,11%	4.950	15.091	149	349	259	-	(0)					
El Norte de Castilla, S.A.				✓			Valladolid	Prensa Diana, portal local y edición electrónica de prensa	-	77,60%	77,60%	2.168	14.508	298	521	387	(0)	(0)					
El Comercio, S.A.				✓			Gijón	Prensa Diana, portal local y edición electrónica de prensa	-	51,46%	51,46%	105	6.047	(39)	29	0	-	(0)					
Corporación de Medios de Cádiz, S.L.U.				✓	✓		Cádiz	Prensa Diana, portal local y edición electrónica de prensa	-	100,00%	100,00%	650	(2.294)	(207)	(225)	(170)	-	(0)					
Federico Domenech, S.A.				✓			Valencia	Prensa Diana, portal local y edición electrónica de prensa	-	84,99%	84,99%	458	18.000	83	(67)	(44)	0	-	-				
Diario ABC, S.L.				✓	✓		Madrid	Prensa Diana, portal local y edición electrónica de prensa	-	99,99%	99,99%	6.276	(23.230)	(3.151)	(35.505)	(45.830)	-	-					
ABC Sevilla, S.L.U.				✓	✓		Sevilla	Editorial	-	99,99%	100,00%	600	(5.999)	(1.131)	(1.690)	(5.271)	-	-					
Ediciones Digitales Hoy, S.L.U.				✓	✓		Badajoz	Portal local y edición electrónica de prensa	-	97,96%	100,00%	100	36	(88)	(88)	(63)	-	-					
Bilbao Editorial Producciones, S.L.U.	✓	✓	✓	✓	✓		Vizcaya	Artes Gráficas	-	100,00%	100,00%	12.000	8.746	(1.120)	(1.117)	(805)	-	-					
Sociedad Vascongada de Producciones, S.L.U.	✓	✓	✓	✓	✓		San Sebastián	Artes Gráficas	-	100,00%	100,00%	3.000	5.642	(17)	51	37	-	-					
Pintolud, S.L.U.				✓			Valladolid	Artes Gráficas	-	100,00%	100,00%	3.009	5.085	177	134	105	(12)	-					
Guadalprint Impresión, S.L. (**)				✓			Málaga	Artes Gráficas	-	65,00%	65,00%	1.500	(709)	(9)	(107)	(107)	-	-					
Localprint, S.L.				✓			Alicante	Artes Gráficas	-	50,00%	50,00%	10.000	1.603	(315)	(559)	(420)	-	-					
Rotomadrid, S.L.				✓	✓		Madrid	Artes Gráficas	-	95,00%	95,00%	1.000	19.278	45	(68)	(52)	-	-					
Andaluprint, S.L.U.				✓	✓		Sevilla	Artes Gráficas	-	99,99%	100,00%	411	918	(18)	(40)	124	-	-					
Comeco Gráfico, S.L.U.				✓	✓		Madrid	Artes Gráficas	-	100,00%	100,00%	60	(29)	145	146	106	-	-					
Beralan, S.L.	✓	✓	✓	✓	✓		Guipuzcoa	Distribución	-	50,49%	50,49%	218	604	787	933	673	-	-					
CM Norte, S.L.U.	✓	✓	✓	✓	✓		Bilbao	Publicidad	-	100,00%	100,00%	88	88	(4)	16	12	-	-					
CM Gipuzkoa, S.L.U.	✓	✓	✓	✓	✓		San Sebastián	Publicidad	-	75,81%	100,00%	100	176	(4)	6	4	-	-					
Comercializadora Multimedia de Cantabria, S.L.				✓			Santander	Publicidad	-	90,70%	100,00%	60	4	4	3	2	-	-					
Rioja Medios, Compra de Medios de Publicidad, S.A.U.				✓			Logroño	Publicidad	-	38,98%	100,00%	61	103	88	94	75	-	-					
Comercializadora de Medios de Andalucía, S.L.U.				✓			Granada	Publicidad	-	99,11%	100,00%	300	227	18	24	18	-	-					
CM Extremadura Publicidad Multimedia, S.L.U.				✓	✓		Badajoz	Publicidad	-	97,96%	100,00%	150	(17)	3	3	(28)	-	-					
Corporación de Medios del Sur, S.L.				✓			Málaga	Publicidad	-	88,11%	100,00%	5	28	6	(0)	(0)	-	-					
Comercializadora de Medios de Castilla y León, S.L.U.				✓			Valladolid	Publicidad	-	77,60%	100,00%	60	15	1	1	1	-	-					
Comercializadora de Medios de Asturias, S.L.				✓			Gijón	Publicidad	-	51,45%	99,99%	30	(7)	2	2	1	-	-					
La Voz de Avilés, S.L.				✓			Avilés	Prensa Diana	-	43,70%	84,92%	52	(15)	1	1	1	-	(0)					
Zabalik 2.000, S.L.U.	✓	✓	✓	✓	✓		San Sebastián	Explotación y comercialización de contenidos	-	75,81%	100,00%	3	142	(3)	(1)	2	-	-					
Fiesta Alegre, S.L.U.				✓			Valencia	Promoción y Arrendamiento Inmuebles	-	84,99%	100,00%	8.489	1.457	(11)	150	113	-	-					
Servicios Redaccionales Bilbainos, S.L.U.	✓	✓	✓	✓	✓		Bilbao	Prensa Gratuita	-	100,00%	100,00%	550	100	(3)	9	6	-	-					
Corporación de Medios de Alicante, S.L.				✓			Alicante	Servicios apoyo redaccionales y comerciales	-	91,44%	100,00%	4	(0)	9	(0)	0	-	-					
Taller de Editores, S.A.				✓			Madrid	Edición Suplementos	-	80,48%	80,48%	1.763	10.513	(466)	(321)	(455)	-	-					
Inversor Ediciones, S.L.				✓			Madrid	Publicación de revistas económicas	-	66,48%	82,61%	133	829	(52)	(39)	(32)	-	-					
Desde León al mundo, S.L.				✓			León	Portal local y edición electrónica de prensa	-	62,08%	80,00%	23	57	73	73	55	-	-					
Audiovisual																							
Teledonosti, S.L.	✓	✓					San Sebastián	Televisión local	-	75,81%	100,00%	1.250	66	(125)	(113)	(81)	-	-					
Rioja Televisión, S.A.							Logroño	Radio Difusión y TV Autonómica	-	54,41%	92,26%	1.204	(464)	38	52	42	-	-					
El Comercio Televisión, Servicios Audiovisuales, S.L.							Gijón	Televisión local	-	51,46%	100,00%	357	(115)	1	1	(1)	-	-					
Las Provincias Televisión, S.A.U.				✓			Valencia	Televisión local	-	84,99%	100,00%	1.500	(471)	492	540	405	-	-					

Vocento, S.A. and Subsidiaries
APPENDIX TO CONSOLIDATED ACCOUNTS FOR 2017
 (Thousand euros)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad						Domicilio	Actividad	Porcentaje			Miles de euros						
	(2)	(3)	(4)	(5)	(6)			(7)	Participación		Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta	
									Directa	Indirecta		Control	Resultado de explotación	Rdo antes de IS de op's continuadas			Resultado del ejercicio
Sociedad Gestora de Televisión NET TV, S.A.						✓ Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	6.108	6.317	4.738	-	(3.292)
Radio Publi, S.L.						✓ Madrid	Radio Difusión nacional	-	84,20%	84,20%	16.640	(24)	1.797	1.669	1.251	-	(504)
Onda Ramblas, S.A.U.						Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.935	123	137	103	-	-
Radio El Correo, S.L.U.	✓	✓				Bilbao	Radio Difusión local	-	100,00%	100,00%	6	24	(8)	(8)	(6)	-	-
Veraña Corporación de Productoras de Cine y Televisión, S.L.						✓ Madrid	Holding	-	69,99%	69,99%	29.607	(10.955)	(544)	(2.310)	1.888	-	-
Radio LP, S.L.U.						✓ Valencia	Radio Difusión local	-	84,99%	100,00%	243	309	1	15	11	-	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓	✓				✓ Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.317)	(7)	62	45	-	-
Veraña Distribución de Cine, S.A.U.						✓ Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	51	4.511	4.602	3.451	-	(2.500)
Editorial Cantabria de Radiotelevisión, S.A.U.						✓ Santander	Radio Difusión	-	90,70%	100,00%	650	(118)	36	40	40	-	-
Clasificados																	
Desarrollo de Clasificados, S.L.U.						✓ Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	12.143	(401)	(278)	(119)	-	-
Infoempleo, S.L.						✓ Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	(440)	(70)	(69)	(53)	-	-
Autocasión Hoy, S.A.						✓ Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.845	1.479	1.596	1.128	-	-
Habitatsoft, S.L.U.						✓ Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	1.238	691	659	496	-	-
Contact Center Venta Interactiva, S.L.U.						✓ Madrid	Venta de clasificados	-	100,00%	100,00%	4	214	21	19	14	-	-
Estructura y otros																	
Comercial Multimedia Vocento, S.A.U.						✓ Madrid	Publicidad	-	100,00%	100,00%	600	(1.463)	(576)	(638)	(494)	-	-
Distribuciones COMECOSA, S.L.U.	✓	✓				✓ Vizcaya	Holding	-	100,00%	100,00%	451	17.796	(43)	2.896	2.876	-	-
Comeresa Prensa, S.L.U.						✓ Madrid	Holding	100,00%	-	100,00%	403.069	(26.373)	(5.812)	(137.510)	(131.079)	-	-
Comeresa País Vasco, S.L.U.	✓	✓				✓ Vizcaya	Holding	100,00%	-	100,00%	9.686	57.997	(5)	14.981	14.480	-	0
Comeco Impresión, S.L.U.	✓	✓				✓ Vizcaya	Holding	-	100,00%	100,00%	9.249	33.306	(9)	1.139	1.166	-	-
Corporación de Nuevos Medios Digitales, S.L.U.						✓ Madrid	Holding	-	100,00%	100,00%	1.500	52.759	(149)	8.976	5.901	-	-
Agencia Colpisa, S.L.U.						✓ Madrid	Agencia de Noticias	-	100,00%	100,00%	92	248	83	91	88	-	-
Foro de Debate, S.L.U.						✓ Madrid	Organización de ferias y eventos Gastronómicos	-	100,00%	100,00%	30	54	397	398	299	-	(250)
Factor Moka, S.L.U.						✓ Madrid	Prestación de servicios de comunicación y marketing a empresas	-	100,00%	100,00%	3	78	(88)	(88)	(66)	-	-

Vocento, S.A. and Subsidiaries
APPENDIX TO CONSOLIDATED ACCOUNTS FOR 2017
 (Thousand euros)

**EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
 DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE**

Sociedad							Domicilio	Actividad	% Participación		Miles de euros				
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Capital	Reservas y otras partidas de Fondos	Resultado del periodo (1)	Otras partidas del patrimonio neto	Dividendo a cuenta
ASOCIADAS:															
Periódicos															
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	3.227	323	-	
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	(2.778)	470	-	
Audiovisual															
Izen Producciones Audiovisuales, S.L. (*)							Madrid	Producciones cinematográficas y de programas de TV		31,49%	2.012	15.737	2.250		
Estructura y otros															
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.							Madrid	Kiosko digital	-	50,00%	53	(617)	(47)	-	
Shows on Demand, S.L.							Madrid	Organización de conciertos		50,00%	89	474	(132)	-	

(*) Datos del consolidado

(**) Sociedad incursa en causa de disolución. Pendiente de adoptar las medidas de restablecimiento del equilibrio patrimonial

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.

(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comerresa Prensa, S.L.U. como entidad representante del grupo fiscal

(5) Sociedad no incursa en causa de disolución prevista en la Ley de Sociedades de Capital por cuanto se adoptaron o comprometieron medidas de restablecimiento del equilibrio patrimonial (i.e. aportación de socios, ampliación o reducción de capital, préstamo participativo etc.)

(6) Sociedad garante en relación a la operación del préstamo sindicado (Nota 20)

(7) Sociedad pignorada en relación a la operación del préstamo sindicado (Nota 20)

Vocento, S.A. and Subsidiaries
APPENDIX TO CONSOLIDATED ACCOUNTS FOR 2016
 (Thousand euros)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES
 DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Página

Sociedad						Domicilio	Actividad	Porcentaje			Miles de euros									
	(2)	(3)	(4)	(5)	(6)			(7)	Participación		Control	Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta		
									Directa	Indirecta				Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio				
GRUPO:																				
Periodicos																				
Diario El Correo, S.A.U.	✓	✓				✓	Bilbao	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	8.000	41.835	12.718	13.755	9.436	-	-	(7.870)	
Sociedad Vascongada de Publicaciones, S.A.	✓	✓				✓	San Sebastián	Prensa Diaria, portal local y edición electrónica de prensa	-	75,81%	75,81%	4.799	39.717	11.153	11.958	8.086	-	-	(6.190)	
Editorial Cantabria, S.A.			✓			✓	Santander	Prensa Diaria, portal local y edición electrónica de prensa	-	90,70%	90,70%	2.308	5.386	2.538	2.649	1.833	-	-	-	
Nueva Rioja, S.A.						✓	Logroño	Prensa Diaria, portal local y edición electrónica de prensa	-	58,98%	58,98%	1.000	6.226	-	113	(336)	-	-	-	
La Verdad Multimedia, S.A.				✓		✓	Murcia	Prensa Diaria, portal local y edición electrónica de prensa	-	97,88%	97,88%	3.333	9.440	(628)	(513)	(475)	-	-	-	
Corporación de Medios de Andalucía, S.A.				✓		✓	Granada	Prensa Diaria, portal local y edición electrónica de prensa	-	99,11%	100,00%	3.333	11.458	78	267	188	-	-	-	
Corporación de Medios de Extremadura, S.A.				✓		✓	Badajoz	Prensa Diaria	-	97,96%	97,96%	408	(1.281)	(126)	(251)	(158)	-	-	-	
Prensa Malagueña, S.A.				✓		✓	Málaga	Prensa Diaria	-	88,11%	88,11%	4.950	15.091	678	931	639	-	-	-	
El Norte de Castilla, S.A.				✓		✓	Valladolid	Prensa Diaria, portal local y edición electrónica de prensa	-	77,60%	77,60%	2.168	14.508	774	1.059	648	-	-	-	
El Comercio, S.A.				✓		✓	Ciñón	Prensa Diaria, portal local y edición electrónica de prensa	-	51,46%	51,46%	105	6.487	(283)	(226)	(440)	-	-	-	
Corporación de Medios de Cádiz, S.L.U.				✓		✓	Cádiz	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	650	11	(261)	(316)	(2.305)	-	-	-	
Federico Domenech, S.A.				✓		✓	Valencia	Prensa Diaria, portal local y edición electrónica de prensa	-	84,99%	84,99%	458	19.584	(58)	(63)	(1.584)	-	-	-	
Diario ABC, S.L.				✓		✓	Madrid	Prensa Diaria, portal local y edición electrónica de prensa	-	99,99%	99,99%	6.276	(25.826)	20.099	13.772	2.596	-	-	-	
ABC Sevilla, S.L.U.				✓		✓	Sevilla	Editorial	-	99,99%	100,00%	600	2.117	603	(1.977)	(8.116)	-	-	-	
Ediciones Digitales Hoy, S.L.U.				✓		✓	Badajoz	Portal local y edición electrónica de prensa	-	97,96%	100,00%	100	84	(63)	(63)	(47)	-	-	-	
Bilbao Editorial Producciones, S.L.U.	✓	✓				✓	Vizcaya	Artes Gráficas	-	100,00%	100,00%	12.000	9.936	(1.694)	(1.674)	(1.190)	-	-	-	
Sociedad Vascongada de Producciones, S.L.U.	✓	✓				✓	San Sebastián	Artes Gráficas	-	100,00%	100,00%	3.000	5.444	198	276	198	-	-	-	
Printolid, S.L.U.				✓		✓	Valladolid	Artes Gráficas	-	100,00%	100,00%	3.009	6.489	(1.813)	(1.872)	(1.404)	(18)	-	-	
Guadalprint Impresión, S.L.				✓		✓	Málaga	Artes Gráficas	-	65,00%	65,00%	1.500	(587)	(9)	(122)	(122)	-	-	-	
Localprint, S.L.						✓	Alicante	Artes Gráficas	-	50,00%	50,00%	10.000	1.689	(24)	(115)	(86)	-	-	-	
Rotomadrid, S.L.				✓		✓	Madrid	Artes Gráficas	-	95,00%	95,00%	1.000	19.531	1.489	1.387	1.047	-	-	-	
Andalprint, S.L.U.				✓		✓	Sevilla	Artes Gráficas	-	99,99%	100,00%	411	2.777	(695)	(749)	(1.859)	-	-	-	
Comeco Gráfico, S.L.U.				✓		✓	Madrid	Artes Gráficas	-	100,00%	100,00%	60	-	(40)	(39)	(29)	-	-	-	
Beralan, S.L.	✓	✓				✓	Guipúzcoa	Distribución	-	50,49%	50,49%	218	3.682	607	1.109	792	-	-	-	
CM Norte, S.L.U.	✓	✓				✓	Bilbao	Publicidad	-	100,00%	100,00%	88	19	75	69	-	-	-		
CM Gipuzkoa, S.L.U.	✓	✓				✓	San Sebastián	Publicidad	-	75,81%	100,00%	100	168	4	12	9	-	-	-	
Comercializadora Multimedia de Cantabria, S.L.				✓		✓	Santander	Publicidad	-	90,70%	100,00%	60	(3)	8	10	7	-	-	-	
Rioja Medios, Compra de Medios de Publicidad, S.A.U.						✓	Logroño	Publicidad	-	58,98%	100,00%	61	100	(3)	4	3	-	-	-	
Comercializadora de Medios Andalucía, S.L.U.				✓		✓	Granada	Publicidad	-	99,11%	100,00%	300	190	42	49	37	-	-	-	
CM Extremadura Publicidad Multimedia, S.L.U.				✓		✓	Badajoz	Publicidad	-	97,96%	100,00%	150	(28)	18	18	10	-	-	-	
Corporación de Medios del Sur, S.L.				✓		✓	Málaga	Publicidad	-	88,11%	100,00%	5	31	(2)	(5)	(4)	-	-	-	
Comercializadora de Medios de Castilla y León, S.L.U.				✓		✓	Valladolid	Publicidad	-	77,60%	100,00%	60	14	1	1	1	-	-	-	
Comercializadora de Medios de Asturias, S.L.						✓	Ciñón	Publicidad	-	51,45%	99,99%	30	(9)	1	2	1	-	-	-	
La Voz de Avilés, S.L.						✓	Avilés	Prensa Diaria	-	43,70%	84,92%	52	(17)	2	2	1	-	-	-	
Zabalik 2.000, S.L.U.	✓	✓				✓	San Sebastián	Explotación y comercialización de contenidos	-	75,81%	100,00%	3	142	(2)	(0)	(1)	-	-	-	
Fiesta Alegre, S.L.U.				✓		✓	Valencia	Promoción y Arrendamiento Inmuebles	-	84,99%	100,00%	8.489	1.328	(11)	172	129	-	-	-	
Servicios Redaccionales Bilbainos, S.L.U.	✓	✓				✓	Bilbao	Prensa Gratuita	-	100,00%	100,00%	550	81	13	26	19	-	-	-	
Corporación de Medios de Alicante, S.L.				✓		✓	Alicante	Servicios apoyo redaccionales y comerciales	-	91,44%	100,00%	4	(0)	2	-	-	-	-	-	
Taller de Editores, S.A.				✓		✓	Madrid	Edición Suplementos	-	80,48%	80,48%	1.763	10.513	(63)	104	31	-	-	-	
Inversor Ediciones, S.L.				✓		✓	Madrid	Publicación de revistas económicas	-	66,48%	82,61%	133	829	77	93	71	-	-	-	
Desde León al mundo, S.L.						✓	León	Portal local y edición electrónica de prensa	-	62,08%	80,00%	23	70	(17)	(17)	(13)	-	-	-	
Audiovisual																				
Teledonosti, S.L.	✓						San Sebastián	Televisión local	-	75,81%	100,00%	1.250	71	(26)	(7)	(5)	-	-	-	
Rioja Televisión, S.A.							Logroño	Radio Difusión y TV Autonómica	-	54,41%	92,26%	1.204	(481)	2	17	17	-	-	-	
La Verdad Radio y Televisión, S.A.				✓		✓	Murcia	Radio Difusión y TV Local	-	79,50%	81,22%	1.040	(613)	291	291	218	-	-	-	
El Comercio Televisión, Servicios Audiovisuales, S.L.						✓	Ciñón	Televisión local	-	51,46%	100,00%	357	(86)	(6)	(6)	(29)	-	-	-	
Las Provincias Televisión, S.A.U.				✓		✓	Valencia	Televisión local	-	84,99%	100,00%	1.500	(493)	(7)	29	22	-	-	-	
Sociedad Gestora de Televisión Onda 6, S.A.U.				✓		✓	Madrid	Televisión Digital	-	100,00%	100,00%	7.710	(3.029)	692	818	818	-	-	-	

Vocento, S.A. and Subsidiaries
 APPENDIX TO CONSOLIDATED ACCOUNTS FOR 2016
 (Thousand euros)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES
 DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad						Domicilio	Actividad	Porcentaje			Capital desembolsado	Reservas y otras partidas de Fondos Propios	Miles de euros			Otras partidas del patrimonio neto	Dividendo a cuenta
	(2)	(3)	(4)	(5)	(7)			Participación					Resultado del período (1)				
								Directa	Indirecta	Control			Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio		
Sociedad Gestora de Televisión NET TV, S.A.					✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	5.854	6.111	4.509	-	(2.893)
Avista Televisión de Andalucía, S.A.U.			✓	✓	✓	Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(2.106)	262	278	209	-	-
Radio Publi, S.L.			✓		✓	Madrid	Radio Difusión nacional	-	84,20%	84,20%	21.275	189	1.791	1.611	(4.394)	-	(455)
Onda Rumbas, S.A.U.			✓		✓	Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.807	157	171	128	-	-
Radio El Correo, S.L.U.			✓		✓	Bilbao	Radio Difusión local	-	100,00%	100,00%	6	14	13	9	-	-	
Veralia Corporación de Productoras de Cine y Televisión, S.L.					✓	Madrid	Holding	-	69,99%	69,99%	29.607	(82)	1	(1.077)	(10.874)	-	-
Radio LP, S.L.U.			✓		✓	Valencia	Radio Difusión local	-	84,99%	100,00%	243	75	3	234	-	-	
Corporación de Medios Radiofónicos Digitales, S.A.U.			✓		✓	Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.374)	(7)	80	58	-	-
Veralia Contenidos Audiovisuales, S.L.U.					✓	Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	3.779	(429)	(618)	(438)	-	-
Veralia Distribución de Cine, S.A.U.					✓	Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	51	3.342	3.453	2.590	-	-
Editorial Cantabria de Radiotelevisión, S.A.U.					✓	Santander	Radio Difusión	-	90,70%	100,00%	650	(198)	44	48	80	-	-
Clasificados																	
Desarrollo de Clasificados, S.L.U.					✓	Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	14.040	(439)	(815)	(1.896)	-	-
Infoempleo, S.L.					✓	Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	(361)	(93)	(92)	(79)	-	-
Autocasión Hoy, S.A.					✓	Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.247	1.583	1.606	1.196	-	-
Habitatsoft, S.L.U.					✓	Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	(240)	325	277	1.478	-	-
Contact Center Venta Interactiva, S.L.U.					✓	Madrid	Venta de clasificados	-	100,00%	100,00%	4	198	23	20	15	-	-
Estructura																	
Comercial Multimedia Vocento, S.A.U.					✓	Madrid	Publicidad	-	100,00%	100,00%	600	(1.390)	347	382	(73)	-	-
Distribuciones COMECOSA, S.L.U.					✓	Vizcaya	Holding	-	100,00%	100,00%	451	17.735	(43)	54	61	-	-
Comeresa Prensa, S.L.U.					✓	Madrid	Holding	100,00%	-	100,00%	403.069	21.980	(8.539)	(1.193)	(48.352)	-	-
Comeresa País Vasco, S.L.U.					✓	Vizcaya	Holding	100,00%	-	100,00%	9.686	146.623	(17)	14.943	14.414	-	-
Comeco Impresión, S.L.U.					✓	Vizcaya	Holding	-	100,00%	100,00%	9.249	32.179	(16)	(7.855)	(7.813)	-	-
Corporación de Nuevos Medios Digitales, S.L.U.					✓	Madrid	Holding	-	100,00%	100,00%	1.500	49.017	(205)	2.630	3.743	-	-
Agencia Colpisa, S.L.U.					✓	Madrid	Agencia de Noticias	-	100,00%	100,00%	92	211	(24)	(12)	37	-	-

Vocento, S.A. and Subsidiaries
APPENDIX TO CONSOLIDATED ACCOUNTS FOR 2016
 (Thousand euros)

**EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
 DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE**

Sociedad							Domicilio	Actividad	% Participación		Miles de euros				
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Capital	Reservas y otras partidas de Fondos	Resultado del período (1)	Otras partidas del patrimonio neto	Dividendo a cuenta
ASOCIADAS:															
Periódicos															
Distribuciones Papiro, S.L.							Salamanca	Distribución	-	26,35%	37	140	534	-	-
Cipress, S.L.							Asturias	Distribución	-	27,88%	12	2.319	145	-	-
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	2.941	436	-	-
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	(724)	744	-	-
Estructura															
Kioskoymas, sociedad gestora de la plataforma terenológica, S.L.				✓			Madrid	Kiosko digital	-	50,00%	53	(558)	(59)	-	-

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.

(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comerse Prensa, S.L.U., sociedad dominante en 2014, como entidad representante del grupo fiscal

(5) Sociedad no incurso en causa de disolución prevista en la Ley de Sociedades de Capital por cuanto se adoptaron o comprometieron medidas de restablecimiento del equilibrio patrimonial (i.e. aportación de socios, ampliación o reducción de capital, préstamo participativo etc.)

(6) Sociedad garante en relación a la operación del préstamo sindicado (Nota 20)

(7) Sociedad pignorada en relación a la operación del préstamo sindicado (Nota 20)

The background is a monochromatic blue-tinted photograph. It features a pen resting on a lined notebook page in the upper left, and several books stacked or scattered in the lower half. The overall aesthetic is professional and academic.

**CONSOLIDATED MANAGEMENT REPORT
2017**

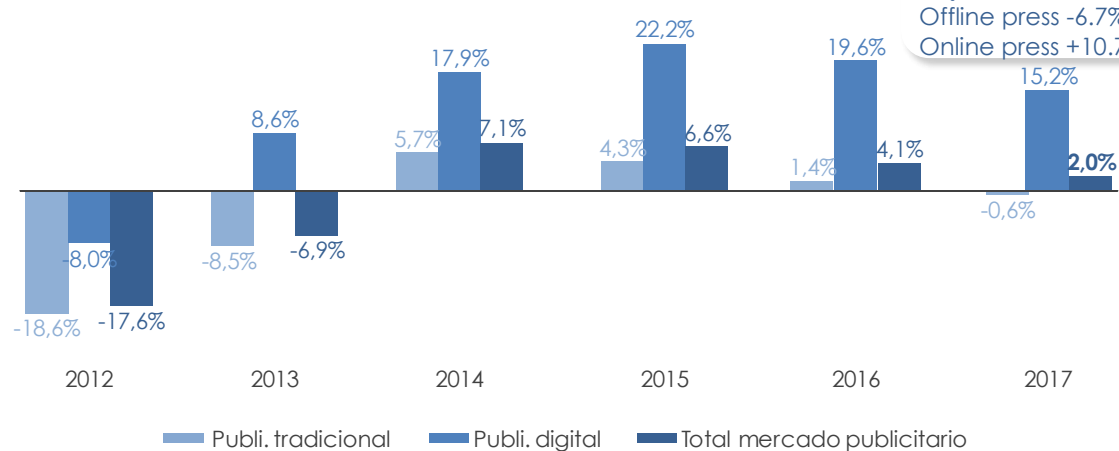
The Spanish economy is maintaining its cruising speed for GDP in constant terms, with growth of +3.1% according to the first estimate from the INE, just 0.2 p.p. below the level of 2016. The sources of growth have changed, with a lower contribution from household consumption and an increased role for investment and external demand, reflecting both the export of goods and revenues from tourism.

However, the increase in prices implies that in nominal terms growth in 2017 was higher than in 2016, with GDP up +4.0% and household consumption rising by +4.3% in 9M17, 0.4 p.p. and 0.14 p.p. higher respectively than in 2016.

Despite positive macroeconomic conditions, the growth of the advertising market has decelerated in recent years. The offline market has been declining at a mid-single digit rate, while growth in online advertising, excluding social media, slowed down in 2017.

Performance of advertising market and macro conditions

Data in %



PIB nominal ²	-2,9%	-1,4%	1,2%	4,1%	3,6%	4,0%
Consumo nominal ²	-1,3%	-2,1%	1,7%	2,9%	2,9%	4,3%

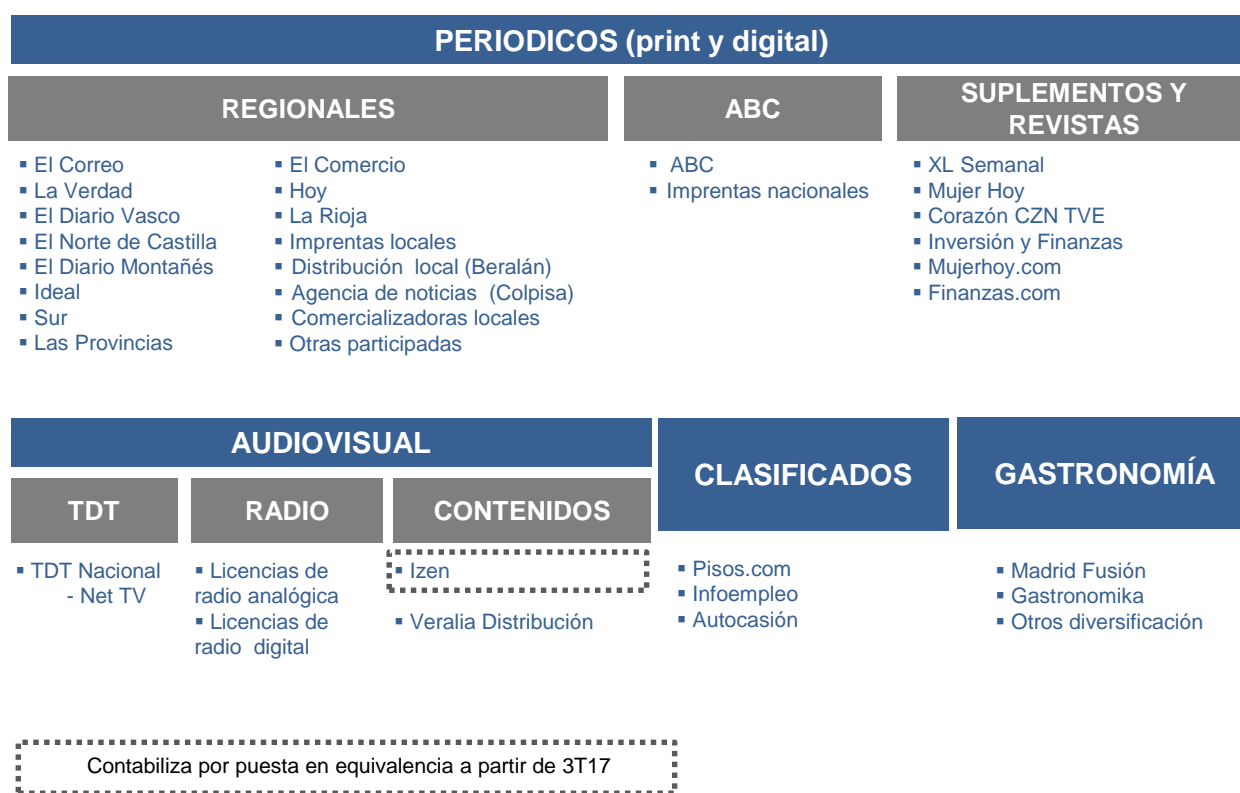
For 2018, the outlook is for lower economic growth, of +2.6% in constant terms according to the Funcas consensus. Advertising spend is expected to remain sluggish in 2018, with a fall in the traditional media market (excluding digital) of 0.5%, according to i2p.

I. PERFORMANCE OF VOCENTO BUSINESSES

VOCENTO is a multimedia group, whose parent company is VOCENTO, S.A., and is dedicated to the various different areas that comprise the media business.

For the organisation of management information, three business lines have been defined: Newspapers, Audiovisual and Classifieds. Reports to the market are based on this organization of information, which covers all the businesses in which VOCENTO is present, assigned to their respective business segments. Starting in 2018, Gastronomy will be introduced as a differentiated activity.

Breakdown of areas of activity of VOCENTO



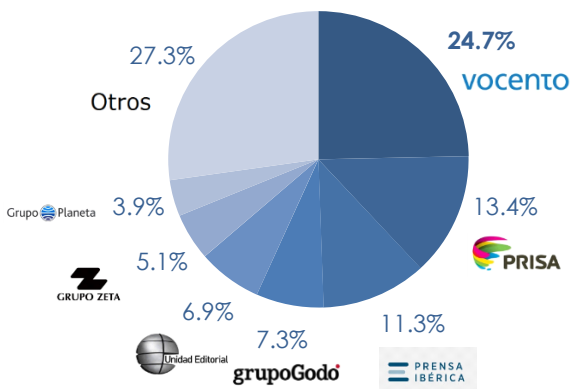
IMPORTANT NOTE To facilitate the analysis of financial information and understand the organic performance of the Company, it is always indicated in this report when operating expenses, EBITDA, EBIT and the Net Result are affected by non-recurring or extraordinary items. The most important impacts can be grouped into: 1) measures to adjust the workforce and one-offs, 2) changes to the consolidation perimeter and the impacts of strategic business decisions (e.g. the deconsolidation of Veralia Contenidos in 2017).

Newspapers (offline and online activity)

VOCENTO is the clear leader of the general press sector with market share of 24.7%. It is also the leader in readership, with more than 2.2 million readers, and has a significant position in the Internet, with a readership of more than 21 million unique users.

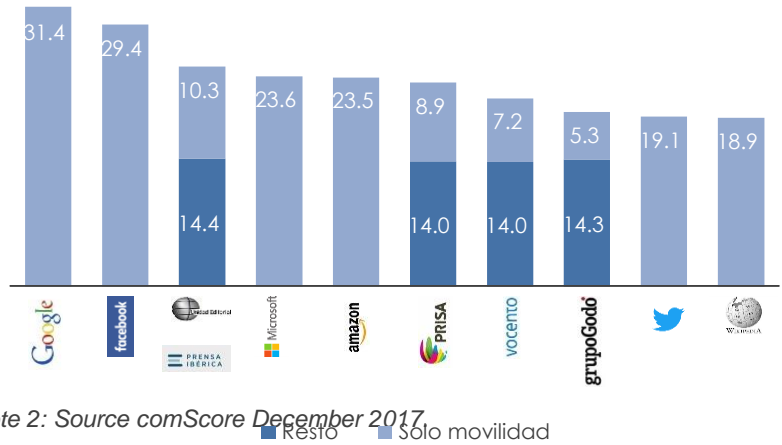
Share of ordinary circulation¹

Data in %



Ranking of Internet audiences²

Data in millions of unique monthly users



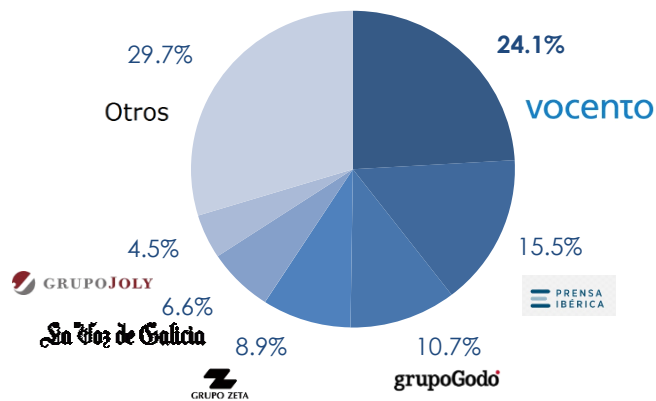
Note 1: Source OJD 2017. Data not certified. Note 2: Source comScore December 2017.

Regional newspapers

VOCENTO's newspapers are clear leaders in the regional press market, with market share of 24.1%.

Market share of regional press 2017¹

Data in %

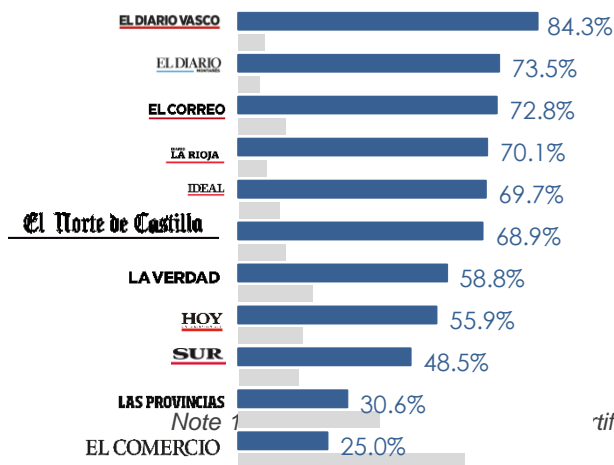


Note 1: Source OJD. Data not certified.

The newspapers are also leaders in terms of readership, with 1.8¹ million offline readers and more than 21² million unique users.

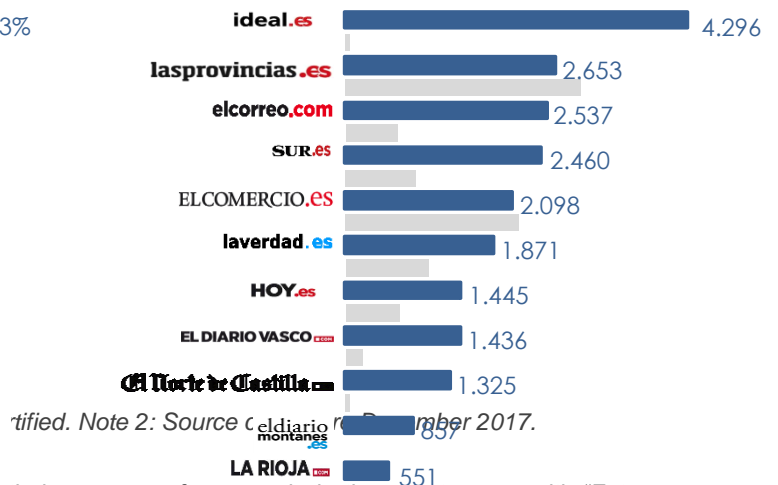
Market share in area of influence¹

Data in %



Audience of local portals²

Data in thousands of unique monthly users

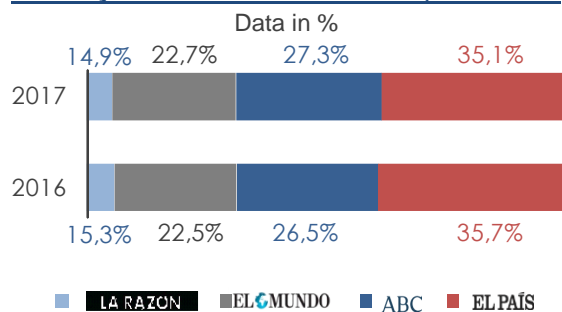


In 2017, the newspapers have continued to diversify their revenues, for example in the events area, with “Futuro en español,” a series of events about the Spanish language which has introduced the brand to Latin America. In the digital space, one highlight among a whole series of initiatives was the launch of Local Digital Kit in the regions where Vocento brands are present. The newspapers are continuing to implement efficiency measures related both to fixed costs and variable costs such as circulation.

National newspaper - ABC

In 2017, ABC continued to reduce operating costs such as personnel expenses and distribution costs. These measures are fully compatible with a high quality product, as shown by the increase in circulation market share to 27.3% in the key market of the Comunidad de Madrid, which represents 35% of the national press market.

Ordinary circulation share in Madrid, 2016-2017¹



Note 1: Source OJD. 2017 data not certified.

¹ Source EGM 3rd accumulated survey 2017.

² Source comScore average Jan-Dec 2017 of unique monthly users.

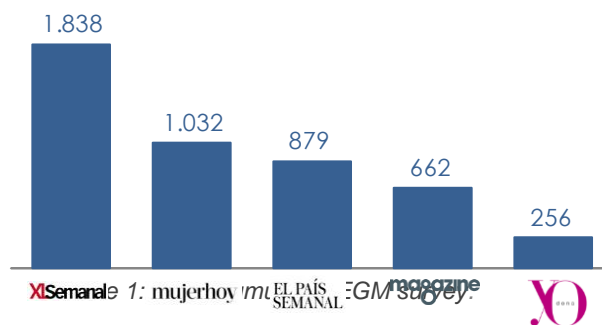
At abc.es, new verticals have joined the platform in order to improve the digital content offering. In 2017, abc.es continued to increase its market share thanks to the potential of mobile access, recording a 36.7% increase in mobile users, higher than at its peers.

Supplements and Magazines

This is a business of strategic value to VOCENTO, with content which complements the weekend offering of VOCENTO newspapers. Distribution with newspapers from other publishers also enables nationwide coverage, with XL Semanal and Mujer Hoy the two most read supplements in Spain, with a combined readership of around 3 million people.

Readership share of main supplements in Spain¹

Data in thousand readers



This leadership is reflected in the outperformance of revenues, with XL Semanal increasing its share of the advertising market by 1 p.p. compared to other supplements.

In 2017, XL Semanal celebrated its 30th anniversary with a special edition. Events linked to the publications were increasingly successful, in particular XL Desafío and the ninth edition of the Mujer hoy Awards. Meanwhile, Inversión y Finanzas launched its 'Inversión y Finanzas School' to increase public understanding about funds.

Corazón magazine (published with TVE) welcomed a new editorial team in January and in early 2018 will help support the circulation of the newspapers.

Digital initiatives also continued to prosper. In the second half of 2017, the relaunched Guapabox increased its volume of subscribers, while xlsemanal.com and mujerhoy.com achieved record numbers of unique users and page views.

Audiovisual

VOCENTO has a presence in the audiovisual market with a nationwide DTT license enabling the broadcast of two channels, a network of radio licences, the management of a catalogue of film rights, and a position in the content production sector.

Television

Net TV broadcasts two channels, Disney Channel and Paramount Channel, which provide Vocento with a presence in the niche television market with international, world-leading suppliers.

Radio

The alliance with Cadena COPE contributes stable profitability and delivers synergies and support to ABC in terms of editorial content.

Audiovisual Production and Distribution-Veralia

It should be noted that Veralia Contenidos (in which VOCENTO had an indirect stake of 69.99% via Veralia Corporación) has combined with Zebra Producciones, S.A and Proima-Zebrastur, S.L., owned by Iniciativas Digitales, S.L., to form the new company IZEN Producciones Audiovisuales S.L. VOCENTO holds a 45% stake in IZEN.

In the film distribution area, the business risk of Veralia Distribución de Cine is very limited. The aim is to continue maximising revenues from the current catalogue of more than 200 titles, as new OTT (over the top) players join the existing customer base in the television market.

Classifieds

In 2017, the Classifieds business consolidated its position with growth in the real estate market at pisos.com, increased profitability at Autocasión.com in the automotive sector, and stability in the jobs market at Infoempleo.com.

In 2017 the Infoempleo.com and autocasion.com portals were redesigned.

Highlights of the financial performance of the businesses in 2017

VOCENTO brands continued to increase their market share in a flat advertising market
Margin on circulation maintained (€-0.3m, with savings made in promotions on circulation)
Comparable EBITDA 2017 decreased by €-2.6m, with new lease at ABC €2.0m
The net financial position improved by €+10.3m, with positive ordinary cash flow of €21.6m
Diversification into the gastronomy area and others

%

- **Advertising revenues +0.1% in 2017 vs. -1.4% for total press advertising market**
 - (i) The advertising market, excluding social media, was stagnant, increasing by +0.6% in 2017. Including social media, the market expanded by +2.0% (vs. +4.1% in 2016).
 - (ii) There were diverging performances in the local and national advertising market: increased strength in the local market, with VOC local advertising revenues rising by +2.6% in 2017.

- **Margin on circulation maintained in 2017 vs. 2016 despite fall in circulation**
 - (i) In the Comunidad de Madrid, ABC increased its share of ordinary circulation by +0.7 p.p. to 27.3%³.
 - (ii) Savings in the costs of circulation maintained the margin in 2017 (a variation of -290 thousand euros from 2016).

- **Comparable EBITDA 49,677⁴ thousand euros, decreasing by -4.9% vs. 2016**

³ Source OJD. Ordinary paid circulation (kiosk sales and individual subscriptions).

⁴ Excluding personnel adjustment measures and one-offs VOC 2017 -10,067 thousand euros and 2016 -10,115 thousand euros.

- i. There was a decrease in comparable EBITDA (-2,562 thousand euros), partly as a result of the ABC lease (c. 2,000 thousand euros). In 4Q17, there was a pro forma⁵ increase of +258 thousand euros.
 - ii. Execution of the Efficiency Plan: comparable costs fell by -5.6% in 2017.
 - iii. Agreements with third parties have also been reached in order to improve profitability, such as the integration of Veralia Contenidos and in 2018 the printing deal with Prisa.
- **Generation of ordinary operating cash flow of 21,612 thousand euros**
 - i. Net financial debt/comparable EBITDA improved to 1.1x. NFD fell to -56,153 thousand euros vs. -66,412 thousand euros in 2016.
 - ii. Cash outflows of -9,735 thousand euros for compensation payments and -1,167 thousand euros for other extraordinaries, including the acquisition of Madridfusión and the Veralia Contenidos transaction.
 - **Measures aimed at diversification of revenues**
 - i. The diversification strategy has been accelerated: Madridfusión, Shows on Demand and Factor Moka. Funds from the sale of non-productive assets (real estate) are being re-invested in growth businesses.

II. RISKS AND UNCERTAINTIES

The Financial Department is responsible for the management of the financial risks faced by the Company. It has established the mechanisms needed to monitor the exposure to credit risks and liquidity risks.. The main financial risks with an impact on the Company are described in the following section:

Strategic and operational risks

In general, as for any company in a market there is the possibility of a loss of value or earnings because of changes to the business environment, competition and market conditions, strategic uncertainty, or possible customer defaults. Specifically for the company, revenues and advertising sales have been affected by the decline consumption, and it may be harder to retain the talent needed for internal transformation. In particular, credit risk materializes for receivables from clients, including receivables that are pending and transactions that have been agreed. The Company assesses the credit quality of its clients, based on their financial position, past experience and other factors. Individual credit limits are established according to internal assessments and following the procedures of the Department. The use of credit lines is monitored on a regular basis.

The Department monitors the estimated liquid reserves of the Company (which consist of the credit available to it and its cash and cash equivalents) and their relation to expected cash flows.

Market risk

Certain items are exposed to interest rate risks, as increases or decreases in interest rates can impact financial expenses and cash flows. However, this does not have a major impact on the Company. The interest rate on the syndicated debt of the parent company is hedged, and this substantially mitigates the effect of possible interest rate rises.

In 2017, there were two major financial achievements: the renegotiation of the syndicated loan, reducing the cost of financing and extending its maturity, and the launch of a commercial paper programme on the Alternative Fixed Income Market, diversifying the sources of financing.

⁵ Excluding impact of deconsolidation of Veralia Contenidos.

Others

The risks of compliance, especially tax compliance, are associated with the possibility of a different interpretation of the tax norms by the competent tax authorities, as well as with the generation of positive taxable bases that would lead to any tax credits used to be recovered, and new regulations about these areas. Moreover, publishing activities also imply a risk of lawsuits, which depending on their materiality and any provision made are detailed in the annual report.

There is also the risk of attacks on information systems, and the risk of technological changes which would require the media in general to invest in these areas.

For more information, see the risks section in Note 6 of the annual report.

III. AVERAGE PAYMENT PERIOD

In regard to the information required in accordance with the additional third provision "Information obligation" of Law 15/2010, 5 July, and the resolution of the accounting institute Instituto de Contabilidad y Auditoría de Cuentas on 2 February 2016 that responds to the second final provision of Law 31/2014, the proportion of payments made to suppliers in 2017, the average payment period to suppliers and the proportion of transactions pending with suppliers on 31 December 2017 are as follows (in thousands of euros):

	2017	2016
	days	days
Average payment period	53.87	61.18
Proportion of transactions paid	55.77	63.14
Proportion of transactions pending	40.77	49.27
	Amount (thousand euros)	Amount (thousand euros)
Total payments made	255,046	269,795
Total payments pending	36,845	44,420

These figures refer to trade creditors who supply goods and services, and they reflect the amounts of the trade creditors item on the liability side of the balance sheet.

IV. SHAREHOLDER REMUNERATION

In 2017 and 2016, the Parent Company distributed no dividends, and there were no dividends pending payment at the end of each year.

V. TREASURY STOCK

The Parent Company holds 3,903,167 shares, equivalent to 3.12% of share capital, freely available to transfer.

Movement in treasury shares in 2017 and 2016 was as follows:

	Nr of shares	Cost (Thousand euros)
Shares on 31/12/15	3,876,665	25,291
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares on 31/12/16	3,861,503	20,583
Purchase	2,275,403	3,352
Sales (*)	(2,233,739)	(9,802)
Shares on 31/12/17	3,903,167	14,133

(*) Sales recorded at average weighted cost.

The capital loss from the sale of treasury stock in 2017 was booked against reserves and totalled 6,521 thousand euros (2016: 4,688 thousand euros).

In compliance with the Law on Corporations, the Parent Company maintains an unavailable reserve equivalent to the cost of the treasury stock. This reserve will be freely available when the circumstances requiring its establishment disappear.

The average number of treasury shares held in the portfolio in 2017 was 3,886,819 (2016: 3,880,190 shares). (Note 33).

VI. SHARE PRICE PERFORMANCE

VOCENTO shares ended 2017 at €1.53, after an annual rise of 23.4%. The average traded volume in the year was 123,604 shares per day. VOCENTO shares are listed on the stock markets of Barcelona, Bilbao and Valencia.



+23,4%

VII. MANAGEMENT INCENTIVE PLAN

Provision for long-term incentive plan

The Board of Directors of the Company approved in 2014 a long-term incentive plan for the CEO and certain senior managers of the Parent Company and the Group.

This plan consists of a single variable payment equivalent to a percentage of the annual remuneration of each manager included in the plan, and of between 20% and 50%, to be paid entirely in cash. This remuneration is linked to the achievement of the operating result budgeted for 2015, although the amount may be corrected either up or down by a factor which depends on the achievement of the target, with a limit of 1.3 million euros.

Because the target has not been achieved, the Group recorded no obligation to make a payment for this concept in its consolidated balance sheet of 31 December 2016.

Furthermore, the Board of Directors of the Parent Company approved in 2015 a long-term incentive plan for the CEO and certain senior managers of the Parent Company and the Group.

This plan consists of a single variable payment equivalent to a percentage of the annual remuneration of each manager included in the plan, and of between 20% and 50%, to be paid entirely in cash. This remuneration is linked to the achievement of the operating result budgeted for 2016, although the amount may be corrected either up or down by a factor which depends on the achievement of the target, with a limit of 1.3 million euros.

Because the target has not been achieved, the Group recorded no obligation to make a payment for this concept in its consolidated balance sheet of 31 December 2017 or of 31 December 2016.

In 2016, the Board of Directors of the Parent Company approved in 2015 a new long-term incentive plan for the CEO and certain senior managers of the Parent Company and the Group.

This plan consists of a single variable payment equivalent to a percentage of the annual remuneration of each manager included in the plan, and of between 20% and 50%, to be paid entirely in cash. This remuneration is connected 40% to the achievement of the accumulated Net Profit in the three-year plan, 40% to the cashflow accumulated and 20% to digital transformation, including revenues and EBITDA in e-commerce businesses, online advertising and online users, up to a limit of 1.3 million euros.

For the financial indicators to be achieved (Net Profit and cash generation), it is essential that the covenants of the syndicated loan are respected and that dividends are paid on 2017 (as agreed by the shareholder meeting of 1H18) and on 2018 (as approved by the shareholder meeting in 1H19). The distribution may be of any amount and must be on the earnings of the previous year (not against reserves), and it is not enough that there are profits that may be distributed but the shareholder meeting must also approve the effective distribution of dividends.

Following an assessment of the plan, the results of 2016 and 2017 and the uncertainty surrounding the targets, the Group has recorded no provision for this concept on its balance sheet of 31 December 2017.

Finally, it should be noted that the Board of Directors of the parent company approved no long-term incentives plan in 2017.

Provisions for pension commitments and similar

As of 31 December 2017, the Group has disclosed all its commitments for pensions to personnel, in accordance with Royal Decree 1588/1999 15 October. These commitments are as follows:

Defined benefit

The main commitments for defined benefit assumed by the Group include:

- For management, an annual benefit depending on the categories that have been defined. This takes the form of an insurance policy.
- For certain workers of the Group, contribute to a pension plan a certain percentage of the salary of each employee involved. Personnel who joined after 9 May 2000 have a grace period of 2 years before their voluntary incorporation to the pension plan.

In 2017 and 2016 expenses for these commitments were 558 thousand euros and 690 thousand euros respectively and are recorded on the personnel expenses item of the consolidated profit and loss accounts for 2017 and 2016 attached (Note 28).

Other long-term payments to employees

The collective agreements of certain Group companies establish the obligation to make certain payments in recognition of the seniority of their employees after 20, 30 and 40 years in the company. At 31 December 2017 and 2016, the Group had recorded provisions for liabilities incurred for this concept, based on actuarial criteria that use an interest rate of 2.25%, the GRM/F95 mortality tables and a long-term salary growth rate of 3.5%, of 18 and 22 thousand euros approximately, respectively, included in the Provisions item of the attached consolidated balance sheets. In 2017 and 2016 a net amount of 4 and 0 thousand euros was reverted.

VIII. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2017, the Group made no significant investments in activities related to Research and Development.

IX. USE OF FINANCIAL DERIVATIVE INSTRUMENTS

The Group uses derivative instruments to hedge the risks to which its operations and future cash flows are exposed, mainly risks derived from variations in interest rates. The following table shows the valuations of these derivatives on the consolidated balance sheets of 31 December 2016 and 2017 (Note 20):

	Thousand euros			
	31.12.17		31.12.16	
	Short term liability	Long term liability	Short term liability	Long term liability
INTEREST RATE HEDGE				
Cash flow hedge				
Interest rate swap	1,058	283	1,104	1,164
Collar	15	1	35	14
	1,073	284	1,139	1,178

The interest rate derivatives taken out by the Group aim to mitigate the effect that the variation in interest rates may have on future cash flows derived from variable rate loans. The details and expiries of these hedging transactions are as follows:

Institution	Instrument	Average interest rate		Nominal (thousand euros)		Expiry	
		31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
BBVA	Interest rate swap	2.015%	1.817%	14.899	19.546	2019	2019
Banco Santander	Interest rate swap	2.015%	1.817%	13.266	16.109	2019	2019
Kutxabank	Interest rate swap	2.015%	1.817%	6.095	7.400	2019	2019
Bankia	Interest rate swap	2.015%	1.817%	7.847	9.528	2019	2019
Caixa	Interest rate swap	2.015%	1.817%	1.318	1.601	2019	2019
Banco Popular	Interest rate swap	2.015%	1.817%	2.567	3.117	2019	2019
BBVA	Interest rate swap	0.374%	-	793	-	2021	-
Banco Santander	Interest rate swap	0.374%	-	761	-	2021	-
Kutxabank	Interest rate swap	0.374%	-	328	-	2021	-
Bankia	Interest rate swap	0.374%	-	450	-	2021	-
Caixa	Interest rate swap	0.374%	-	71	-	2021	-
Banco Popular	Interest rate swap	0.374%	-	138	-	2021	-
Bankinter	Collar	-	-	466	836	2019	2019
	Total			48,999	58,137		

The effect of the variations in the hedging derivatives in 2017 was booked against the item "Reserves – Reserve for revaluation of unrealized assets and liabilities" for a net amount of 673 thousand euros respectively (493 thousand euros as of 31 December 2017).

As part of the renegotiation of the syndicated financing contract on 27 July 2017, the Company took out certain interest rate hedges with the aim of at all times covering 80% of the principal still pending payment.

Among these derivatives, the Group uses a collar to establish the variable interest payments on a financial lease within a rising band, from 3.95% to a maximum of 5%. There was no initial cost to this instrument, as the national of put options is completely offset by the notional of call options, and hence it represents a net call option. The effectiveness of this instrument was measured by the compensation of the variation in the cash flows from the collar by the variation in the cash flows of the hedged risk, using the hypothetical derivative method, and in accordance with the conditions needed for it to be considered as a hedge.

The interest rate swaps in force on 31 December 2017 correspond to hedges taken out by the Group as a consequence of the syndicated loan contract (Note 20).

The Group has complied with the requirements detailed in Note 4.h about the valuation norms used to classify the financial instruments listed above as hedges. In particular, the derivatives have been formally recorded as such and it has been verified that the hedge is effective. Nothing ineffective has been found in the hedges recorded by the Group.

These derivatives have been valued in accordance with the terms of IFRS 13 regarding fair value.

The sensitivity of the market value of these interest rate hedges to variations in the interest rate that the Group believes possible, and their impact on the result and shareholder equity in the years ending 31 December 2017 and 2016 is as follows:

Variation	Thousand euros			
	Variation in interest rate			
	2017		2016	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Fair value	336	(339)	237	(238)
Result	-	-	-	-
Shareholder equity	242	(244)	237	(238)

The following tables provide an analysis of the liquidity of the derivatives, corresponding to cash outflows based on non-discounted net cashflows, in thousands of euros:

2017

Institution	Instrument	2018	2019	2020	2021
BBVA	Interest rate swap	1	54	5	(8)
Banco Santander	Interest rate swap	1	52	5	(7)
Kutxabank	Interest rate swap	0	22	3	(4)
Bankia	Interest rate swap	1	31	3	(5)
Caixa	Interest rate swap	0	5	-	(1)
Banco Popular	Interest rate swap	0	5	-	-
BBVA	Interest rate swap	342	38	-	-
Banco Santander	Interest rate swap	304	38	-	-
Kutxabank	Interest rate swap	140	16	-	-
Bankia	Interest rate swap	180	20	-	-
Caixa	Interest rate swap	30	3	-	-
Banco Popular	Interest rate swap	59	7	-	-
Bankinter	Collar	15	1	-	-
	Total	1,073	293	16	(25)

2016

Institution	Instrument	2017	2018	2019
BBVA	Interest rate swap	381	356	41
Banco Santander	Interest rate swap	308	293	34
Kutxabank	Interest rate swap	142	135	17
Bankia	Interest rate swap	182	173	20
Caixa	Interest rate swap	31	29	2
Banco Popular	Interest rate swap	60	57	7
Bankinter	Collar	35	13	1
	Total	1,139	1,056	122

X. TRANSACTIONS WITH RELATED PARTIES

The breakdown of equity-accounted companies in the items "Receivables from related companies" and "Payables to related companies" in the section "Trade debt and other receivables" and "Trade creditors and other payables" on the consolidated balance sheet on 31 December 2017, and the transactions carried out with these companies (in addition to

the dividends received – Note 11) in 2017 by Vocento S.A. and subsidiary companies that are globally consolidated, is as follows:

	Thousand euros						
	Balances			Transactions			
	Non-current debtor	Debtor (Note 15)	Creditor (Note 19)	Revenues		Expenses	
				Operating	Financial	Operating	Financial
Cipress, S.L.	-	-	-	5,577	17	831	-
Distribuidores Papiro, S.L.	-	-	-	5,788	25	1,124	-
Distrimedios, S.L.	-	2,294	772	10,386	32	4,621	-
Val Disme, S.L.	-	1,011	295	10,275	-	2,376	-
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	300	259	20	274	-	26	-
Shows on demand, S.L.	-	-	-	-	-	-	-
Izen Producciones Audiovisuales, S.L.	-	-	-	3	-	5	-
TOTAL	300	3,564	1,087	32,303	74	8,983	-

(*)In addition, the Group has cash equivalents of 1,750 thousand euros corresponding to Veralia Contenidos Audiovisuales, S.L.U.” with a maturity of under three months.

The breakdown of equity-accounted companies in the items “Receivables from related companies” and “Payables to related companies” in the section “Trade debt and other receivables” and “Trade creditors and other payables” on the consolidated balance sheet on 31 December 2017 and the transactions carried out with these companies (in addition to the dividends received – Note 11) in 2017 by Vocento S.A. and subsidiary companies that are globally consolidated, is as follows:

	Thousand euros						
	Balances			Transactions			
	Non-current debtor	Debtor (Note 15)	Creditor (Note 19)	Revenues		Expenses	
				Operating	Financial	Operating	Financial
Cipress, S.L.	-	558	167	5.695	-	775	-
Distribuidores Papiro, S.L.	-	691	132	6.670	-	1.193	-
Distrimedios, S.L.	-	1.237	466	11.318	-	4.745	-
Val Disme, S.L.	-	1.066	275	11.671	-	2.675	-
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	270	279	-	305	-	1	-
TOTAL	270	3.831	1.040	35.659	-	9.389	-

The most relevant amounts and transactions with equity-accounted companies are the result of the sale and distribution of newspapers and supplements in normal market conditions. These amounts, which are of a commercial nature and do not accrue interest will generally be settled in the short term. As of 31 December 2017 and 2016, Group companies had not granted any credit lines or loans to related companies.

The Group has ordinary business relations with entities in which independent directors hold director and/or management positions, including Elecnor, S.A. (in which Don Fernando Azaola Arteché is a director and/or senior manager) and Viesgo Energía, S.L. (in which Don Miguel Antoñanzas Alvear is a director and/or senior manager). These business relationships are carried out at market prices and their volume is not a significant part of total consolidated revenues or expenses.

Don Fernando de Yarza López-Madrado is also Chairman of Grupo Henneo and Taller de Editores, S.A., which is part owned by Vocento and Grupo Henneo. Don Fernando de Yarza López-Madrado is also a director of Distribuidora de

Aragón, S.L. (DASA) and Distrisoria Publicaciones y Distribución Soria, S.L., both of which are directly or indirectly owned by Vocento and Grupo Henneo. These companies have business relationships with Vocento and its subsidiaries, including the distribution of publications, the selling of advertising and the preparation of weekend supplements.

XI. EVENTS FOLLOWING THE END OF THE PERIOD

There have been no significant relevant facts since the end of the period.

XII. EXPECTED FUTURE PERFORMANCE

VOCENTO's course of action for 2018 is based on the following principles:

1. Progress with digital transformation.
2. Diversify into new business areas.
3. Protect the profitability of the offline business.
4. Generate operating cash flow.

i. The digital strategy is focused on:

1. Maximising digital advertising revenues: the aim is to optimize advertising sales by using data analytics to segment audiences. These technologies also increase our understanding of users and improve their engagement and loyalty to VOCENTO brands.

Our commercial offering has been enhanced with the launch of new digital products and services, such as Local Digital Kit in 2017 in the SME segment. Our Classifieds portals constitute another service which differentiates VOCENTO.

2. Implementing payment-based models: with Ideal in 2018, there are now four VOCENTO portals which offer the ON+ payment service to their readers. In total, there are now more than 14,000 subscribers to ON+. This Premium model, which marks the end of the free content era, is based on high quality content, with innovation playing a major role, as well as on exclusive offers to subscribers. The service also enables a better understanding of the users, based on data analytics, helping us optimize the way we capture, retain and make loyal our readers.
3. Generate transactional revenues: Oferplan, a portal for discount offers and plans, is responding to the changing needs of clients when it comes to making reservation plans. Data analytics are helping stimulate customer spending and generate new transactional businesses.

ii. In diversification, VOCENTO's aim is to acquire businesses that have some form of connection to its brands which can contribute to revenue growth. Furthermore, these new businesses are either profitable or close to breakeven in the short term. Finally, they increase the stability of the P&L and of cash flow, by reducing exposure to conventional advertising revenues.

As part of this strategy, the following acquisitions have been completed in recent quarters:

1. The acquisition of Madridfusión, a global leader in the gastronomy industry, with a high potential for international expansion and for the development of ancillary activities. The company, with San Sebastián

Gastronomika (which belongs to VOCENTO), will form a new business area that will report on a separate basis from 2018.

This year, Gastronomika attracted 1,500 participants, 215 speakers from 45 nationalities (with more than 70 Michelin stars) and 13,000 professional visitors. Meanwhile, Madridfusión Congreso 2018 increased all its numbers from last year, with around 2,000 participants (+20% from 2017), 75 international speakers (with 55 Michelin stars), and 13,000 professional visitors.

2. The acquisition via M4E (Media for equity) of a 19% stake in Gelt, an online discount coupon application, 50% of Shows On Demand, an online platform for live music, and a stake in Music Has No Limits, a company which specialises in concert organisation.
3. The launch of Factor Moka, a communication and marketing agency focused on generating content which helps clients and their brands connect to their audiences.

iii. Actions aimed at protecting profitability, including increasing cover prices and reducing costs linked to circulation in order to maintain margins. In this area, the agreement in 2018 with Prisa to print some of its publications at Rotomadrid will enable further increases in operating margins.

Moreover, the implementation of restructuring measures enables the corporate structure to adapt to the performance of the traditional business.

iv. Generation of positive ordinary operating cash, financing investments in restructuring, digital and diversification.

XIII. ANNUAL REPORT ON COMMUNICATIONS POLICY WITH SHAREHOLDERS AND INVESTORS

1. Legal background

The Board of Directors of Vocento, S.A., in compliance with the recommendations for good governance of listed companies and with its INTERNAL RULES FOR CONDUCT IN SECURITIES MARKETS (the “**Rules**”) has agreed a COMMUNICATIONS POLICY for its shareholders and investors (the “**Policy**”), which aims to comply with the Rules and with the principles of transparency, accuracy, immediacy, equality and symmetry when disclosing information from the Company to shareholders, institutional investors and other interested parties, such as financial analysts, regulators, voting advisors, etc.

In compliance with this, the Company published the Policy on its corporate website and has prepared the current annual report about the practical application of the Policy in 2017.

2. Principles of the policy

The first general channel for communicating to shareholders, investors and the markets in general is the Comisión Nacional del Mercado de Valores (“**CNMV**”), which publishes relevant facts on its website, facts which are then published on the Company website. In order to facilitate the inquiries of foreign shareholders and investors, the information that the Company publishes on its website is available as soon as possible in Spanish and English, with in the event of any discrepancy the Spanish version prevailing.

The relevant information of the Company is only distributed via other media once it has been published on these websites.

3. Application of the policy in 2017

a) Communications and contact with shareholders and other interested parties:

Over the course of 2017, the Company has maintained the usual communications channels with its shareholders, which include, as well as the online forum, the following:

- Communication of relevant facts to the CNMV – a total of 17.
- The corporate website, www.vocento.com, in accordance with the Policy.
- Presentations of financial results, which can be accessed by financial analysts and institutional investors, and which are scheduled well in advance of the date and time, with all the information needed for any interested party to access the conference call. The financial information disclosed in each presentation is sent to the CNMV as a relevant fact before the start of the presentation and is available on the Company website.
- The Shareholder Office supports the Secretary and Deputy Secretary of the Board of Directors in responding to shareholder questions from various channels (telephone number 902 404 073, email ir@vocento.com, or by post to Calle Pintor Losada, 7, 48004, Bilbao, Bizkaia), with 125 inquiries received in 2017.

b) Internal coordination for the disclosure of items that may contain inside information:

Over the course of 2017, the Company has applied the protocols of internal communication of the Policy in order to ensure that information is disclosed in conditions of transparency and symmetry.

c) Communication and contact with institutional investors and financial analysts:

Institutional investors are attended to an individual basis by the Investor Relations department. Furthermore, the Company has organised meetings about the progress of the Company and other questions of interest to analysts and institutional investors, always respecting the principle of equal treatment.

Specifically, the most significant actions at the Investor Relations department in 2017 included participations in conferences, events and seminars in Spain, above all in Madrid and Bilbao, and overseas in London, plus meetings to transmit the strategic messages and explain the public information available on other channels.

In 2017, Vocento participated in six conferences, organized nine meetings, and responded to a total of 99 institutional investors. In September 2017, Vocento organised a working lunch with institutional investors.

In total, eight financial analysts followed the Company in 2017, with the Investor Relations department responding to their queries in accordance with the criteria of the Policy.

d) Communications and contacts with voting advisors:

In 2017 the Company maintained fluid and recurring contact, as usual, with the main voting advisors, in particular by email ahead of the Shareholder Meeting of the year.

4. Conclusions

In 2017, Vocento fully complied with its Policy, as analysed by the internal audit department and the Audit and Compliance Committee.

XIV. ANNUAL REPORT ON CORPORATE GOVERNANCE

The Annual Report on Corporate Governance consists of 54 pages. It is attached to the Consolidated Management Report as established in Article 538 of the Law on Corporations. The report is also available on the website of the CNMV, www.cnmv.es.

XV. ANNUAL REPORT OF ACTIVITIES

The Annual Report on Activities of the Audit and Compliance Committee consists of 20 pages and is attached to the Consolidated Management Report in accordance with Article 18.8 of the Rules for the Board of Directors.

APPENDIX – SUSTAINABILITY REPORT

The obligation to report extra-financial information, in compliance with Royal Decree 18/2017 of 24 November 2017, has been met by the publication of a 109-page Sustainability Report for 2017.

APPENDIX

The Directors of VOCENTO, S.A. formulated on 27 February 2018 the annual accounts of VOCENTO, S.A. and its subsidiaries and the corresponding management report, resulting in the following documents: consolidated balance sheet, consolidated profit and loss account, and a consolidated cashflow statement, each on pages numbered from 1 to 5, the annual report of 86 pages numbered from 6 to 86 and an appendix of 6 pages numbered from 87 to 92, and a management report of 20 pages, including as Point XV the annual report on corporate governance and as Point XVI the annual report on activities of the Audit and Compliance Committee, plus as an appendix the 2017 Sustainability Report. These documents can be found on paper with the letterhead of the company, numbered and written on one side only, as well as the current appendix, signed by each and every one of the members of the Board of Directors which has formulated them, with all pages signed by the Secretary of the Board of Directors for identification purposes.

Bilbao, 27 February 2018

D. Santiago Bergareche Busquet (Chairman)	D. Gonzalo Soto Aguirre (Deputy Chairman)
D. Luis Enríquez Nistal (Chief Executive Officer)	D. Fernando Azaola Arteche (Director)
D. Miguel Antoñanzas Alvear (Director)	D. Carlos Delclaux Zulueta (Director)
D. Enrique Ybarra Ybarra (Director)	MEZOUNA, S.L. (represented by D. Ignacio Ybarra Aznar)
D. Álvaro de Ybarra Zubiría (Director)	D. Gonzalo Urquijo y Fernández de Aroz (Director)
VALJARAFE, S.L. (represented by D ^a Soledad Luca de Tena García-Conde)	D. Fernando de Yarza López-Madrado (Director)
D. Carlos Pazos Campos (Secretary, non-director)	

vocento

ANNUAL CORPORATE GOVERNANCE REPORT

VOCENTO, S.A.

2017

Approved by the Board of Directors on [27] February 2018

ANNUAL CORPORATE GOVERNANCE REPORT**VOCENTO, S.A.****END OF REFERENCE YEAR: 31/12/2017****A.- STRUCTURE OF SHARE OWNERSHIP****A.1 Complete the following table for the company's share capital**

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
31/12/2001	24,994,061,20	124,970,306	124,970,306

Indicate if there are different classes of shares with different rights associated to them:

No

A.2 Detail the direct and indirect owners of significant stakes at the end of the year, excluding directors:

Name or Company name of shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Direct owner of stake	
Carmen Ybarra Careaga	0	Onchena, S.L.	6,836,456	5.47
Norges Bank	4,184,839			3.349
Santander Asset Management, S.A., SGIC	0	Santander Small Caps Europa, FI, y Santander Small Caps España, FI	4,970,325	3,977

Indicate the most significant movements in the shareholder structure in the year:

Not applicable

A.3 Fill in the following tables for members of the Board of Directors of the company with voting rights in company shares:

Name or Company name of director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	
Miguel Antoñanzas Alvear	10,089		0	0.008
Fernando Azaola Arteche	5,000	María Lourdes Zubiaga Carles	1,710	0.005
Santiago Bergareche Busquet	700	Pacto Parasocial	5,986,133	4.791
Fernando de Yarza López-Madrado	50			0.000004
Luis Enriquez Nistal	71,955		0	0.058
Mezouna, S.L.	13,843,275		0	11.077
Gonzalo Soto Aguirre	100			0.000008
Valjarafe, S.L.	12,609,314		0	10.090
Enrique Ybarra Ybarra	8,167,606		0	6.536
Álvaro de Ybarra Zubiría	4,463	Squirt Lines, S.L.	566,892	0.457

% total voting rights held by the Board of Directors	38.492012
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Fill in the following tables for members of the Board of Directors of the company with rights on company shares:

Name or Company name of director	Number of direct voting rights	Indirect rights		Number of equivalent shares	% of total voting rights
		Direct owner	Number of indirect voting rights		

A.4. State any relationships of a family, commercial, contractual or company nature between major shareholders, to the extent that the company is aware of this, unless of little relevance or derived from ordinary business:

Not applicable

A.5. State any relationships of a family, commercial, contractual or company nature between major shareholders, and the company and/or group, unless of little relevance or derived from ordinary business:

Not applicable

A.6. State if the company has been informed of the shareholder agreements which affect it, in accordance with Articles 530 and 531 of the Law on Corporations. Describe briefly the shareholders bound by the pact, if applicable

Yes

Participants in the shareholder agreement	% of share capital involved	Brief description of the agreement:

<p>(i) DOÑA DOLORES AGUIRRE YBARRA Y OTROS; (ii) DOÑA PILAR AGUIRRE ALONSO-ALLENDE; (iii) DON EDUARDO AGUIRRE ALONSO-ALLENDE; (iv) DON GONZALO AGUIRRE ALONSO-ALLENDE; (v) DOÑA MARÍA ISABEL LIPPERHEIDE; (vi) DON GONZALO SOTO AGUIRRE (vii) BELIPPER, S.L.; (viii) ALBORGA UNO, S.L.; (ix) ALBORGA DOS, S.L.; (x) MIRVA, S.L.; (xi) GOAGA 1, S.L.; (xii) AMANDRERENA 1, S.L.; and (xiii) LIBASOLO, S.L.</p>	6.39%	<p>Published as a relevant fact on 23 April 2014, registration number 203864. Shareholders connected to the Aguirre family owning 7,989,012 shares (6.393%) reached a one-year agreement extendable automatically for one year, to appoint directors, recognising Gonzalo Soto Aguirre as the Director nominated by the participants to exercise their combined voting rights in the Shareholder Meeting. On 26 May 2014 Libasolo, S.L. assumed the place of Magdalena Aguirre Azaola and Carmen Aguirre Azaola. On 3 December 2014, Pilar Aguirre Alonso-Allende sold 8,670 shares in Vocento and the share capital covered decreased to 7,980,342 shares (6.386%).</p>
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State whether the Company is aware of the existence of concerted actions among its shareholders, and if so describe them briefly:

Yes, the actions described above.

State expressly any modification or breaking of these pacts, agreements, or joint actions in the year:

Not applicable

A.7. State if there is any individual or legal entity who exercises or could exercise control of the company, in accordance with article 5 of the Securities Market Law, and indicate them.

No

A.8. Complete the following tables about the company's treasury stock:

At the end of the year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
3,903,167	0	3.12%

Detail any major variations in the year, in accordance with Royal Decree 1362/2007

In 2017 there were the following significant variations to the share capital of Vocento:

1. In February 2017, all the Vocento shares held by Energy de Inversiones, S.L., i.e. 8,167,106 shares were transferred to D. Enrique de Ybarra Ybarra, the unique administrator and controlling partner of Energy de Inversiones, S.L. As a result, D. Enrique Ybarra Ybarra became a direct shareholder of Vocento, with a significant stake of 6.536% of capital.
2. In April 2017, D. Francisco García Paramés, the indirect controller of Cobas Asset Management, SGIIC, S.A., disclosed that he indirectly held 3,809,467 shares of Vocento, representing 3.048% of share capital, via Cobas Asset Management, SGIIC, S.A., which is the managing Company of the investment funds, Cobas Selección, F.I., Cobas Iberia, F.I. and Cobas Renta, F.I., who were direct shareholders of Vocento. However, in December 2017 he stated that the end-year position was less than the threshold for declaring a significant stake, as at that time he held indirectly only 2,855,630 shares, representing 2.285% of Vocento's share capital, via Cobas Asset Management, SGIIC, S.A., which is the managing company or the holder of an investment management mandate for AZ Multi Asset. Subfund: AZ Multi Asset – Bestvalue, Cobas Iberia, F.I. Cobas Selección, F.I. Cobas Lux SICAV: Cobas Global Fund Cobas Global, F.P. Cobas Mixto Global, F.P., who are direct shareholders in Vocento.
3. In December 2017, Norges Bank acquired 4,184,839 shares, representing 3.349% of the share capital of Vocento. It also owns 60,622 voting rights via financial instruments representing 0.049% of Vocento's share capital.

A.9. Detail the conditions and the duration of the mandate in force from the General Shareholder Assembly to the Board to acquire or transfer treasury stock

The Annual General Meeting of shareholders held on 28 April 2015 adopted the following agreement:

In accordance with the terms of Articles 146 and following and 509 of the Law on Corporations, and Article 7 of the Rules for the Internal Conduct of the Company, leaving without effect the authorisation awarded in the same area by the shareholder meeting of 14 April 2010, authorise and award powers to the Board of Directors for the company to acquire shares in the company itself under the following conditions:

1.- Means of acquisition: by trade or any other inter vivos transaction of those shares in the company that the Board of Directors considers appropriate, in the limits established in the following sections.

The shares to be acquired must be fully paid in, unless the shares are to be freely acquired, free of charges and of the obligation to make accessory payments.

2.- Maximum number of shares to acquire: a number of shares whose nominal value, in addition to those the acquiring company and its subsidiaries already possess, is not more than 10% of the total paid in share capital.

3.- Minimum and maximum acquisition price: the acquisition price will not be less than the nominal share price, or 20% more than the market price, on the working stock market day, the day before the acquisition.

4.- Duration of the authorisation: five years, from the adoption of this agreement.

The acquisition, including all the shares that the company has acquired before and holds in its portfolio, must in all events allow the company to establish the reserve stated in article 148 point c of the Law on Corporations, without leading to shareholder equity, as defined in article 146 section 1 point b of the Law on Corporations, being less than the sum of share capital plus the reserves that are not available in law or in the bylaws.

It is expressly authorised that the shares acquired by the company in the use of this authorisation may be used, partly or in full, to be sold or amortized and also to be delivered or sold to the workers,

employees, directors or service providers of the company, when there is a recognised right, either directly or as a result of the exercise of options belonging to them, in accordance with the last paragraph of Article 146, section 1 point a, of the Law on Corporations.”

A.9 bis estimated free float:

	%
Estimated free float	38.20%

A.10. State any legal and statutory restrictions on the transfer of shares and/or the exercise of voting rights. In particular, state any restrictions that could obstruct the acquisition of control of the company by the acquisition of its shares in the market.

Yes

There are no internal restrictions in the bylaws or rules of Vocento. However, an acquirer may be affected by other legal restrictions, because of either their specific situation or other limitations such as sector rules governing Vocento's position in certain areas (e.g. radio and television, in accordance with Article 25 and following of the General Law on Audiovisual Communication).

A.11. Indicate if the Shareholder Meeting has agreed to adopt measures for neutralisation of a public takeover bid as described in Law 6/2007.

No

If applicable, describe the measures approved and the terms in which the restrictions will become ineffective.

Not applicable

A.12 Indicate if the company has issued securities that are not traded in a regulated Community market.

No

If applicable, indicate the different classes of shares and for each class, the rights and obligations they grant.

Not applicable

B.- SHAREHOLDER MEETING

B.1. Indicate and detail any differences from the minimum quorum regime of the Law on Corporations (LSC) in terms of the quorum for a Shareholder Meeting:

None

B.2. Indicate and detail any differences with the minimum quorum regime of the Law on Corporations (LSC) for the adoption of shareholder agreements:

No

Describe any differences from the LSC.

Not applicable

B.3. Indicate the norms applicable to the modification of company bylaws. In particular, indicate the majorities needed for the modification of the bylaws and any rules for protecting shareholder rights when bylaws are modified.

In accordance with Article 12 of Vocento's company bylaws and the Rules for the General Shareholder Meeting, for a valid agreement to modify the bylaws at an ordinary or extraordinary shareholder meeting, it will be necessary for shareholders present or represented at the meeting to own at least fifty per cent of paid in capital with voting rights, at the first call. At the second call, the level will be twenty-five per cent. When shareholders representing less than fifty per cent of paid in capital with voting rights meet, the agreements covered by this paragraph can only be adopted with the favourable vote of two thirds of the capital present or represented at the meeting.

B.4. Provide attendance data for the general shareholder meetings held in the year covered by this current report and previous years.

Date of shareholder meeting	Attendance data (*)				Total %
	% physically present	% proxy	% distance vote		
			Electronic vote	Others	
20 April 2017	23.78	39.89	-	-	63.67%
26 April 2016	18.51	49.35	-	-	67.86

B.5. Indicate if there are any restrictions in the bylaws on the number of shares needed to attend the shareholder meeting:

Yes

Number of shares needed to attend the shareholder meeting	FIFTY (50)
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B.7. State the web site address for information on corporate governance and other information about general shareholder meetings that must be made available to shareholders on the Company's web site.

The web page http://www.vocento.com/accionistas_e_inversores.php provides access to the following sections for Vocento shareholders and investors:

- Start: ticker, latest information published, and other relevant facts
 - The company: Profile of the Company and Management Team.
- Shares: share price, share capital, treasury stock, significant holdings, shareholder remuneration policy, analysts, shareholder's space.
- Financial Information: annual reports, regular information, IPO prospectus, average payment period to suppliers
 - Relevant Facts
- Corporate Governance: company bylaws, committees and commissions, rules, Code of Ethics, annual reports on corporate governance, annual reports on director remuneration, and shareholder agreements.

- Shareholder Meeting: shareholder forum, calls for the Shareholder Meeting, proposed agreements, documentation, right to information, right to attend, voting rights, adoption of agreements, location.
- Corporate presentations
- Investor calendar
- Contact us

The General Shareholder Meeting of Vocento held on 26 June 2012, in accordance with Article 11 bis of the revised text of the Law on Corporations, approved its corporate website at www.vocento.com.

C.- ADMINISTRATIVE STRUCTURE OF THE COMPANY-

C.1. Board of Directors

C.1.1 Detail the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	18
Minimum number of directors	3

C.1.2 Complete the following table with members of the Board:

Name or Company name of director	Representative	Type of Director	Position on board	Date of 1st appointment	Date of last appointment	Electoral procedure
Santiago Bergareche Busquet	--	Nominee	Chairman	12/11/2013	12/11/2013	Co-opted
Gonzalo Soto Aguirre	--	Nominee	Deputy Chairman	26/04/2012	26/04/2012	Shareholder Meeting
Luis Enríquez Nistal	--	Executive	Chief Executive Officer	18/07/2011	26/04/2012	Shareholder Meeting
Fernando Azaola Arteche	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Mezouna, S.L.	Ignacio Ybarra Aznar	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Miguel Antoñanzas Alvear	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Álvaro Ybarra Zubiría		Nominee	Director	19/12/2017	19/12/2017	Co-opted
Enrique de Ybarra Ybarra.		Nominee	Director	28/02/2017	28/02/2017	Co-opted
Valjarafe, S.L.	Soledad Luca de Tena García-Conde	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting

Carlos Delclaux Zulueta		Independent	Director	23/02/2016	26/04/2016	Co-opted
Gonzalo Urquijo y Fernández de Araoz		Independent	Director	23/02/2016	26/04/2016	Co-opted
Fernando de Yarza López-Madrado		Independent	Director	23/02/2016	26/04/2016	Co-opted

Total number of directors	12
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State any terminations which have occurred at the Board of Directors in the period.

Name or Company name	Type of director	Date of termination
Energay de Inversiones, S.L.	Nominee	28 February 2017
Onchena, S.L.	Nominee	19 December 2017

C.1.3 Complete the following tables about the categories of members of the Board:

EXECUTIVE DIRECTORS

Name or Company name	Role at company
Luis Enríquez Nistal	CEO

Total number of executive directors	1
% of total Board	8.33%

EXTERNAL NOMINEE DIRECTORS

Name or Company name of director	Name or Company name of significant shareholder represented or who proposed appointment
Santiago Bergareche Busquet	Santiago Bergareche Busquet
Enrique de Ybarra Ybarra	Enrique de Ybarra Ybarra
Gonzalo Soto Aguirre	Dolores Aguirre Ybarra y otros
Mezouna, S.L.	Mezouna, S.L.
Álvaro Ybarra Zubiría	Carmen Ybarra Careaga / Onchena, S.L.
Valjarafe, S.L.	Valjarafe, S.L.

Total number of nominee directors	6
% of total Board	50

EXTERNAL INDEPENDENT DIRECTORS

Name or Company name of director	Profile
Fernando Azaola Arteche	Business
Miguel Antoñanzas Alvear	Business
Carlos Delclaux Zulueta	Business
Gonzalo Urquijo y Fernández de Araoz	Business
Fernando de Yarza López-Madrado	Business

Total number of independent directors	5
% of total Board	41.67

State if any director with the status of independent receives from the company or its group any amount or benefit other than a director's remuneration, or maintains or has maintained in the last year any business relationship with the company or any group company, in his own name, or as a significant shareholder, director or manager of any entity which has or has had such a relationship.

The group has ordinary business relationships with entities in which independent directors hold director and/or management positions, Elecnor, S.A. (where Don Fernando Azaola Arteche is a director and/or manager) and Viesgo Energía, S.L. (where Don Miguel Antoñanzas Alvear is a director and/or manager)

Fernando de Yarza López-Madrado is Chairman of Grupo Henneo and of Taller de Editores, S.A., in which Vocento and Grupo Henneo hold stakes. He is also a director at Distribuidora de Aragón, S.L. (DASA), Distrisoria Publicaciones y Distribución Soria, S.L. in which Vocento and Grupo Henneo hold direct or indirect stakes. These companies have business relations with Vocento and its subsidiaries, including the distribution of publications, advertising sales, and the preparation of weekend supplements.

If applicable, include a statement from the board for the reasons why they believe this director can carry out his functions as an independent director.

Name or Company name	Description of relationship	Declaration
Fernando Azaola Arteche	Supply of products and services from Elecnor, S.A or subsidiaries	These business relations (i) use contracts with standardized conditions, (ii) with generally established prices and tariffs, and (iii) are not of a significant

Miguel Antoñanzas Alvear	Supply of electricity from Viesgo Energía, S.L. or subsidiaries	amount. The Board believes, following a report from the Appointments and Remuneration Committee, that the business relations with Fernando de Yarza López-Madrado do not prevent him for carrying out his functions as an independent director.
Fernando de Yarza López-Madrado	Distribution of publications, advertising sales, preparation of weekend supplements	

OTHER EXTERNAL DIRECTORS

Identify any other external directors and include the reasons why they are not considered to be nominee or independent, plus any links to the company, directors or shareholders:

None

Indicate any variations that may have occurred in the year in the status of each director.

Not applicable

C.1.4 Complete the following table with information about the number of female directors in the last 4 years, and the status of these directors:

This includes only Doña Soledad Luca de Tena García-Conde, the representative of Valjarafe, S.L., a nominee director since 2012.

	Number of female directors				% of total directors of each type			
	2017	2016	2015	2014	2017	2016	2015	2014
Executive	0	0	0	0	0	0	0	0
Nominee	1	1	1	1	16.67%	16.67%	14.29%	12.25%
Independent	0	0	0	0	0	0	0	0
Other external	0	0	0	0	0	0	0	0
Total:	1	1	1	1	8.33%	8.33%	10%	8.33%

C.1.5 Explain any measures taken to try to include on the board a number of women which allows for a balanced presence of men and women.

Explain the measures

On 16 February 2015 the Appointments and Remuneration Committee unanimously approved a plan with targets for the representation of women on the Board, with the aim of achieving a balance between men and women on the Board.

C.1.6 Explain any measures adopted by the appointments committee so that selection procedures do not suffer from the implicit biases that may prevent the selection of female directors, so that the company deliberately looks for women with the right professional profile and includes them in its potential candidates:

Explanation
<p>The measures approved in the plan for targets of female representation in the Board implemented by the Appointments and Remuneration Committee include:</p> <ul style="list-style-type: none"> ▪ When an Independent Director or an Executive Director is needed to fill a vacancy or to increase their number: <ul style="list-style-type: none"> ○ the selection procedure will not suffer from the implicit bias that is an obstacle to selecting women; ○ there will be a deliberate search for women with the right professional profile as potential candidates; and ○ when it comes to recommending to the Board the appointment of a Director, the need for a balance between men and women will be taken into consideration. ▪ When a Nominee Director is to be appointed, to replace a current director or because a new shareholder requests, the shareholder will be requested to bear in consideration the need for a balanced number of men and women.

When despite any measures adopted, the number of female directors is low, explain the reasons for this:

Explanation
<p>Vocento has responded to the requests of significant shareholders to appoint nominee directors, all of whom have been ratified by the General Shareholder Meeting. For the appointment of independent women directors processes were put in place to identify female candidates, but in the end the best candidates were men.</p>

C.1.6 bis Explain the conclusions of the appointments committee about the verification of compliance with the selection policy for directors. In particular, about how this policy is promoting the target that in 2020 the number of female directors will represent at least 30% of the total members of the Board.

There have been no nominations enabling the Committee to verify compliance with its policy for selecting directors. For the appointment of female directors, processes were established to identify female candidates, but the best candidates were men. Nevertheless, the Appointments and Remuneration Committee reiterates its commitment to complying with the targets of the female

representation plan it has drawn up and will continue to include women in its proposals for appointments as directors.

C.1.7 Explain the representation on the board of shareholders with significant stakes

All shareholders with a stable shareholding considered by the Board of Directors as Vocento as significant, and who have requested a position, are represented on the Board of Directors.

C.1.8 Explain if applicable the reasons why nominee directors have been appointed by shareholders with a stake of under 3% of share capital.

Not applicable

Indicate if any formal requests for a position on the Board from shareholders with an equal or higher stake than others with nominee directors have been granted. If not, explain why

No

C.1.9 Indicate if any director has abandoned his role before the expiry of the mandate, if the director has explained their reasons and in what medium to the Board, and if this has been in writing to the entire Board, explain the motives given:

Name of director	Reason for termination
Energy de Inversiones, S.L.	Energy de Inversiones, S.L. resigned as a director in writing on 28 February as a result of the transfer of its shares in Vocento to its majority shareholder. D. Enrique de Ybarra Ybarra, who was appointed director to replace Energy.
Onchena, S.L.	Onchena, S.L. resigned in writing on 19 December 2017, requesting that the person who until then has been its physical representative, D. Álvaro Ybarra Zubiría, replace it as its nominee director.

C.1.10 State, if applicable the powers delegated to the executive director(s):

Name or Company name of director	Brief description
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Luis Enríquez Nistal	As chief executive officer, he can exercise all powers except for those which legally or statutorily cannot be delegated in accordance with Article 19 of the company bylaws and Article 14 of the Rules for the Board of Directors, with the limitation of the second paragraph of the last article of these rules, which says that any operation of over 3 million euros must be informed to the executive committee by the chief executive officer prior to being carried out.
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C.1.11 identify if applicable the members of the Board who have a director's or management role in other companies that form part of the group of the listed company:

Name or Company name of director	Company name of group entity	Position	Executive functions?
Luis Enríquez Nistal	Comeresa Pais Vasco, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Comeresa Prensa, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Corporación de Nuevos Medios Digitales, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Diario ABC, S.L.	Director	No
Luis Enríquez Nistal	Diario El Correo, S.A.	Director	No
Luis Enríquez Nistal	Federico Domenech, S.A.	Director	No
Luis Enríquez Nistal	Radio Publi, S.L.	Chairman and CEO	Yes
Luis Enríquez Nistal	Sociedad Gestora de Televisión Net TV, S.A.	Chairman	No
Enrique de Ybarra Ybarra	Diario El Correo, S.A.	Chairman	No
Enrique de Ybarra Ybarra	Sociedad Vascongada De Publicaciones, S.A.	Director	No
Enrique de Ybarra Ybarra	Editorial Cantabria, S.A.	Director	No
Enrique de Ybarra Ybarra	Diario Abc, S.L.	Director	No

C.1.12 : Detail if applicable the directors of the company who are members of the Board of Directors of other companies, distinct from the group, that are listed on Spanish stock markets and of which the company has been notified:

Name or Company name of director	Company name of listed entity	Position
Fernando Azaola Arteche	Elecnor. S.A.	Chairman
Santiago Bergareche Busquet	Ferrovial, S.A.	Deputy Chairman
Santiago Bergareche Busquet	Nmas1 Dinamia, S.A.	Deputy Chairman
Carlos Delclaux Zulueta	Vidrala, S.A.	Chairman
Gonzalo Urquijo y Fernández de Aroz	Abengoa, S.A.	Chairman
Gonzalo Urquijo y Fernández de Aroz	Gestamp Automoción, S.A.	Director

C.1.13 State and explain if the company has established rules on the number of boards which its directors may be part of:

YES

Explanation of the rules
In accordance with Article 29.3 of the Rules of the Board, the directors may not, except for express authorisation of the board, after a report from the appointments and remuneration committee, form part of more than 8 (eight) boards, excluding (i) companies which are part of the same group as the company, (ii) the boards of family companies of directors or their families, and (iii) the boards of which they form part because of professional relations.

C.1.15 State the total remuneration of the Board of Directors:

Remuneration of board of directors (thousand euros)	1,565.84
Accumulated pension rights of current directors (thousand euros)	0
Accumulated pension rights of former directors (thousand euros)	0

C.1.16 Identify the members of senior management who are not executive directors and indicate the total remuneration paid them in the year:

1,828 thousand euros

Name	Position(s)
Iñaki Arechabaleta Torrónategui	Director General of Business
Ana Delgado Galán	Director General ABC

Rafael Martínez De Vega	Director General of CM Vocento
Joaquín Valencia Von Korff	CFO
Enrique Marzal López	Director of Internal Audit
Íñigo Argaya Amigo	Director General of HR and Organisation
Fernando Gil Lopez	Director General of Operations and Quality
Cristina Martín Conejero	Director General of Digital Strategy and Classifieds
Oscar Campillo	Director of Communication

Total remuneration for senior management (thousand euros)	1,820
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C.1.17 State the identity of any members of the board who are also members of the board of directors of companies who are significant shareholders and/or in group entities.

Not applicable

Detail any relevant relationships apart from those in the previous item, between members of the board and significant shareholders and/or group entities:

Not applicable

C.1.18 Indicate if there have been any modification to the rules of the board in the year:

No

C.1.19 State the procedures for appointment, re-election, evaluation and removal of the directors. Detail the competent bodies, the procedures to be followed, and the criteria used in each procedure.

In accordance with Article 16 of the company bylaws, the designation of the directors corresponds to the AGM, the mandate will last for four years, and they may be re-elected one or more times.

According to Article 24 of the rules of procedure for the board, the directors will leave their position after the expiry of the period for which they were appointed, applying Article 145 of the rules of the mercantile registry, and when the shareholder meeting decides this in the use of the attributions it has been awarded.

Persons appointed as directors will have to meet the conditions demanded by law, by the bylaws or the Rules for the Board.

The regulation of these procedures is found, in addition to the legislation, also in Article 16 of the company bylaws which establish the composition of the board of directors and the duration of the role, and in Articles 10, 11, 22, 23 and 24 and of the procedures of the board of directors, which establish the qualitative and quantitative composition of the board, and the procedures for appointment and re-election, and the duration and dismissal of directors.

C.1.20 Indicate if the annual assessment of the Board of directors has led to major changes in its internal organisation and the procedures applicable in its activities:

The assessment of the Board determined the need to implement an action plan for the Board, including the following points: (i) agree on the major strategic challenges (corporate and business) facing Vocento: (ii) implement improvements to the Corporate Governance of the Board: (iii) define the role and succession plan for the Chairman: (iv) succession plan and external evaluation of the CEO and Management Team; and (v) review of the remuneration scheme for the Management Committee to align it with shareholder interests. Over the course of 2017, this plan was implemented by the Appointment and Remuneration Committee, addressing issues such as the succession plan for the Chairman and CEO and the review of the remuneration scheme for the CEO and management committee, supported by an external adviser.

C.1.20.bis Describe the process of assessment and the areas assessed that the Board has carried out with the support if applicable of an external consultant, covering the diversity of its membership and competencies, the functioning and membership of its committees, the performance of the Chairman and the chief executive and the performance of each director.

In February 2017, the Board began a process of assessing its functioning in 2016, supported by the external consultant Egon Zehnder, covering the following areas: (i) Structure and Membership of Board and Committees: (ii) Functioning of the Board: structure of meetings, information flows, dynamics of meetings, Secretary General of the Board, Internal Relations, work as a team; (iii) Responsibilities – contribution of the Board (general), approval of strategy and targets, monitoring and control of management, development and monitoring of management team; (v) Committees of the Board: Executive Committee, Appointments and Remuneration Committee, Audit and Compliance Committee. Egon Zehnder carried out personal interviews with all Vocento directors, who also filled in a specific questionnaire for each item. The result of the assessment was presented to the Board on 24 March 2017 and set down in the minutes.

Furthermore, at the beginning of 2018, a process began for assessing the functioning of the Board in 2017, including the diversity of its composition and competences, the functioning and composition of its Committees, the performance of the Chairman of the Board of Directors and of the CEO. The result of the assessment was presented to the Board of Directors and recorded in the minutes.

C.1.20.ter. State any business relations that the consultancy or any of its group companies maintains with the Company or any group company.

Not applicable

C.1.21 State the circumstances in which directors are obliged to resign.

Article 24 of the Rules for the Procedure of the Board covers the circumstances in which a director must resign.

Mainly, directors must leave their position when the mandate for which they were nominated expires, upon application of Article 145 of the Rules of the Mercantile Registry and when the General Shareholder Meeting so decides in the use of the powers delegated to it.

In addition, a director must inform the board and resign in those cases which could damage the standing and reputation of the company, and in particular:

a) when the reasons for their appointment disappear, when there is a circumstance in which the entity or business group represented by a director no longer have a significant shareholding in the share capital of the company or reduces its holding to a level that requires the reduction of the number of its

nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the rules.

b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established.

c) when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.23 Are there greater majorities required for any sort of decision except for those in legislation?

No

If applicable, describe the differences.

Not applicable

C.1.24 Indicate if there are specific requirements, different from those concerning directors, for appointments to the position of Chairman of the Board.

No

C.1.25 Indicate if the Chairman has a casting vote:

Yes

Areas where there is a casting vote
All

C.1.26 State whether the Bylaws or Rules for the Board establish an age limit on directors:

Chairman age limit	CEO age limit	Director age limit
No	No	No

C.1.27 State whether the Bylaws or Rules for the Board establish limits on the mandate for independent directors, which are different to those established in legislation:

No

C.1.28 State whether there are specific rules in the bylaws or Rules for the Board for the delegation of votes in the Board of Directors, describe these procedures and in particular the maximum number of delegations that a director can award, and whether it is obligatory to delegate votes only to directors of the same class. If applicable, briefly detail these rules.

In accordance with Article 17 of the company bylaws the directors may only be represented in the board by another member of the Board. The representation must be awarded in writing to the Chairman of the Board, and must be specific for each meeting.

Article 21.2 of the Rules of the Board establishes that when representation of directors is indispensable, it must be awarded to another member of the board in writing to the Chairman, with instructions and of a specific nature for each meeting.

There are no limitations as to the categories where delegation is possible, beyond the limitations laid down in the law.

C.1.29 State the number of meetings of the Board of Directors in the year. Indicate any times that the board has met without the presence of the Chairman. Include as attendances any delegations established with specific instructions.

Number of Board meetings	11
Number of Board meetings without the Chairman	0

If the Chairman is also an executive director, indicate the number of meetings held without the presence or representation of any executive director and under the chair of the coordinating director.

Number of meetings	-
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State the number of meetings held in the year by the various committees of the Board

Number of meetings of the Executive Committee	6
Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Appointments and Remuneration Committee	6

C.1.30 State the number of meetings held by the Board of Directors in the year without the full attendance of all members, including as attendances any proxies established with specific instructions.

Number of meetings with all directors present	11
as a % of total votes in the period	100

C.1.31 State if the annual individual and consolidated accounts that are presented for approval of the board are previously certified:

No

Identify, if applicable, the person(s) who have certified the individual and consolidated annual accounts of the company, for their formulation by the board:

Not applicable

C.1.32 Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated accounts drawn up by it from being presented in the General Shareholder Meeting with qualifications in the audit report.

Yes

Article 18 of the Rules for the Board establish the functions of the Audit and Compliance Committee and specify that it is the task of the Committee to assist the Board of Directors in supervising the effectiveness of the company's internal controls and in the preparation and presentation of financial information, so that it complies with all regulations for both the company and the group. Likewise it must inform the board about the financial information that, as a listed company, the company must publish regularly. Furthermore, the Rules for the Audit and Compliance Committee approved by the Board of

Director son 19 December 2017, assume the obligations indicated Article 18 of the Rules for the Board of Director.

C.1.33 Is the Secretary of the Board also a director?

No

If the Secretary is not a director, complete the following table:

Name or company name of director	Representative
Carlos Pazos Campos	-

C.1.35 State, if applicable any mechanisms established by the company to preserve the independence of the external auditor, of financial analysts, of investment banks and of rating agencies.

In accordance with Article 18 of the Rules for the Board of Directors, and Article 12 of the Rules for the Audit and Compliance Committee, the Audit and Compliance Committee has among its functions that of ensuring the independence of the external auditors, and to this end it is obliged to:

- i. Present to the Board of Directors proposals for the selection, appointment, re-appointment and replacement of the external auditor, as well as the conditions for the contract, and to collect regularly information about the audit plan and its implementation, as well as to preserve its Independence when carrying out audit functions.
- ii. Establish the relations needed with the external auditor to be able to receive information about those questions which may endanger their Independence, to be assessed by the Committee, and any other question related to the process of account auditing, as well as all those others communications established by account auditing legislation and auditing norms. At all times, they must receive annually from the external auditors a declaration of their independence from the entity or entities directly or indirectly related to it, plus information about additional services provided of any other type and the corresponding fees received from these entities by the external auditor or related parties, in accordance with the legislation on account auditing.
- iii. In the event of the resignation of the external auditor, examine the circumstances which led to this.
- iv. Ensure that the remuneration of the external auditors for their work does not compromise its quality or independence.
- v. Make sure that the company informs the CNMV as a relevant fact of any change to the auditor, accompanied by a declaration about any eventual disagreements with the outgoing auditor and the substance of any disagreement.
- vi. Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform them about the work carried out and the development of the Company's accounts and risks.
- vii. Ensure that the company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the Independence of auditors.
- viii. Each year, before the publication of the report from the account auditor, publish a report expressing an opinion about the independence of the auditor. This report must always contain the amount received for additional services carried out by the auditor, individually and combined, extra to legal audit services, and related to their independent status or the regulatory norms governing audits.
- ix. Each year carry out an assessment of the auditor's services and how they have contributed to the

quality of the audit and the integrity of financial information.

No specific mechanisms have been established to preserve the independence of financial analysts, investment banks and rating agencies.

C.1.36 State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

No

State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

Not applicable

C.1.37 State whether the audit firm carries out other work for the company and/or group apart from auditing, and if so declare the amount of fees and the percentage of these as a proportion of the fees billed to the company and/or group.

Yes

	Company	Group	Total
Amount received for non-audit work (thousand euros)	2	87	89
Amount for non-audit work as a % of total billings from the audit firm	3.39	23.64	14.86

C.1.38 State whether the Auditors Report on the Annual Accounts of the previous year has reservations or qualifications. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

No

C.1.39 State the number of years that the current audit firm has without interruption audited the annual accounts of the company and/or group. Also indicate the percentage which this number of years audited by the firm is of the total number of years in which annual accounts have been audited:

C.1.38

	Company	Group
Number of consecutive years	3	3
Number of years audited by the current firm/ number of years that the firm has been audited (%)	10.71%	10.71%

C.1.40 State and detail if there is a procedure by which Directors may use external advice

Yes

Detail of the procedure
<p>In accordance with Articles 26.3 and 27 of the Rules for the Board of Directors, so that they can be supported in carrying out their functions, external directors may agree as a majority to hire at Vocento's expense legal, accounting, financial and other expert advice. This must be in connection with specific problems of a certain kind that are encountered in their work as director. The decision to hire these services must be informed to the Chairman and may be vetoed by the Board of Directors if a) it is no considered necessary for the performance of the functions of external Directors, b) the expense is not reasonable given the importance of the problem, c) the technical advice needed can be provided adequately by the Company's own experts and technicians, or d) it may result in risks to the confidentiality of the information that is to be handled.</p> <p>Furthermore, in accordance with Article 18 of the Rules for the Audit and Compliance Committee, the Company will provide the financial resources needed for members of the Committee to receive external advice in questions relating to legal issues, accounting, valuation or risks, or any other area that may require it.</p>

C.1.41 Indicate and detail if there is a procedure by which Directors can have the information necessary for preparing the meetings of administrative bodies with sufficient time:

Yes

Detail of the procedure
<p>In accordance with Articles 20 and 26 of the Rules for the Board of Directors, duly summarised and prepared information will be presented to the Board if enough notice is given before a Board meeting. When the Chairman believes this inadvisable for reasons of security, the information will not be sent and directors will be advised that they may examine it at the company headquarters. In addition, as indicated above, in order to be supported in carrying out their functions, external directors may agree by majority to hire the services of legal, accounting, financial and other experts at the Company's expense.</p>

C.1.42 State and detail if the company has established rules which oblige directors to report on and resign in cases where the credit or reputation of the company could be damaged:

Yes

Yes

Explain the rules

According to Article 24 of the Rules for the Procedure of the Board, directors must inform the board and resign in those cases which could damage the standing and reputation of the company, either for being prosecuted for those crimes established by Article 213 of the Law on Corporations or: a) when the reasons for their appointment disappear, i.e. when there is a circumstance in which the entity or business group represented by a director no longer has a significant shareholding in the share capital of Vocento or reduces its holding to a level that requires the reduction of the number of its nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the Rules; b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established; and c) when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.43 State if a member of the Board of Directors has informed the company if he has been tried or a trial will start against him for any of the crimes indicated in article 213 of the Law on Corporations:

No

State if the Board of Directors has analysed the case. If so, explain the reasoning for the decision made about the appropriateness of the director continuing or not in the position, or if applicable detail the steps taken by the Board of Directors by the date of publication of this report or the steps planned.

Not applicable

C.1.44 Detail any significant agreements that the company has reached that enter into force, are modified or are terminated in the event of a change in control of the company following a public takeover offer, and the effects of these agreements.

The long-term syndicated financing agreement signed on 21 February 2014 with nine financial institutions with Banco Bilbao Vizcaya Argentaria, S.A. acting as the lead bank, was renewed on 20 July 2017, for a maximum amount of €101,121,828.52. The Contract contains a clause as a result of which in the event of a change of control at Vocento S.A. cancels the financing completely, in which case Vocento S.A. would have to pay back the full amounts due under the financing agreement. A change of control is understood as taking place when any individual or legal entity (including any current shareholder of Vocento S.A.) acting on an individual or concerted basis, acquires directly or indirectly more than 50% of the share capital or voting rights of Vocento, S.A., the right to appoint or replace more than half the members of the Board of Vocento, S.A. or the control of Vocento, S.A. according to the terms of Article 42 of the Commercial Code.

C.1.45 Identify on an aggregate basis and detail the agreements between the company and directors, managers or employees that provide for compensation payments, protection clauses or guarantees in the event of their resignation or unfair dismissal or if the contractual relationship changes following a public takeover bid or other operation

Number of beneficiaries	8 (EIGHT)
Type of beneficiaries	CEO, Senior Management and other managers

Description of the agreement	<p>CEO</p> <p>The Chief Executive Officer has in his contract the right to compensation of two times the amount received in the previous 12 months if the labour relationship is terminated by Vocento with no justified reason.</p> <p>Senior Management</p> <p>Some members of Senior Management have a clause in their contracts that includes compensation for unfair dismissal, with an amount that varies from that established in law to 2 years of fixed annual salary plus the variable compensation of the last 12 months.</p> <p>Other Management</p> <p>On an exceptional basis, the contracts of managers at lower levels also include, in some cases, clauses of this nature, establishing 1 gross year's salary of compensation</p>
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State if these contracts must be informed to and/or approved by company or group bodies:

	Board of directors	Shareholder Meeting
Body authorising the clauses	Yes	No

Is the Shareholder Meeting informed about the clauses?	No
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C.2. Committees of the Board of Directors

C.2.1. Detail all the committees of the Board of Directors and their members and the proportion of executive, nominee, external and independent directors on them:

EXECUTIVE COMMITTEE

Name	Position	Type
Santiago Bergareche Busquet	Chairman	Nominee

Luis Enriquez Nistal	Member	Executive
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Urquijo y Fernández de Aroz	Member	Independent
Álvaro Ybarra Zubiría	Member	Nominee
Mezouna, S.L.	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	1	14,3%
Nominee directors	4	57,1%
Independent directors	2	28,6%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: To act as the delegated body of the Board of Directors

Procedures and rules for organisation and functioning: contained in Article 17 of the Rules for the Board, in particular:

- The Committee will be composed of a minimum of five and a maximum of eight directors, and will be chaired by the Chairman of the Board. The Secretary of the Board will serve as Secretary of the Committee and if the Board has a deputy secretary this person will also have that role at the Committee.
- The Board of Directors will ensure that the size and composition of the Committee is efficient and that the participation of the various categories of director is similar to the composition of the Board
- The permanent delegation of the faculties of the Board of Directors will cover all faculties of the Board, except for those that legally or by the bylaws cannot be delegated or those faculties the Rules declare cannot be delegated. The agreements of the Executive Committee will be adopted with an absolute majority of members, whether present or represented.
- The Executive Committee will meet whenever called by its Chairman.
- The Board will always be made aware of the matters discussed and the decisions taken by the Executive Committee; the chairman will present the corresponding report to the Board meeting. All members of the Board will receive at the end of the year a copy of the minutes of the meetings of the Executive Committee

Most important actions in the year: The Executive Committee met six times in 2017 to support the CEO, exercise the supervisory function delegated by the Board and review financial information in the months when the Board did not meet.

Indicate if the membership of the executive committee reflects the participation in the Board of the different types of director:

Yes

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
Miguel Antoñanzas Alvear	Chairman	Independent
Fernando de Yarza López-Madrado	Member	Independent
Carlos Delclaux Zulueta	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	0	0%
Nominee directors	2	40%
Independent directors	3	60%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general those allocated by Article 529 point 14 of the LSC and the Code of Good Governance for Listed Companies, as reflected in Article 18 of the Rules for the Board (**Rules BoD**) and by Articles 10 to 13 of the Rules for the Audit and Compliance Committee (**Rules ACC**).

Procedures and rules for organisation and functioning: contained in Article 18 of the Rules for the Board and Articles 7 to 9 of the Rules ACC, in particular:

- The Committee will consist of a minimum of three and a maximum of five external directors appointed by the Board. The majority of them will be independent directors. The Chair will be appointed by the Board from the independent directors and must be substituted every four years, and can be re-elected one time one year after leaving the position. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of the Committee and in particular its chairman will be appointed based on their understanding and experience in accounting, auditing, management, the control of financial and non-financial risks, and information technologies, or various of these areas.
- To establish that a director has the understanding and experience needed in accounting, audits, or both, the director must have:
 - a) an understanding of accounting norms, or auditing, or both;
 - b) a capacity to assess and interpret the application of accounting norms;
 - c) experience in preparing, auditing, analysing or assessing financial statements of some complexity, similar to those of the entity itself, or experience in supervising one or more people involved in these tasks;
 - d) understanding the mechanisms of internal control which are related to the process of preparing financial reports.
- The committee will prepare an onboarding programme for new members to ensure that all of them have the required minimum understanding and to facilitate their participation from the start.
- Furthermore, the Committee will have a regular training plan to ensure updated knowledge of developments in accounting norms, the specific regulatory framework for the company's activity, internal and external audits, risk management, internal controls and relevant technological developments for the company.
- A member of the Committee will leave it as soon as they are no longer directors of the Company or when the Board of Directors decides this, or expressly requests it from the member.
- The Audit and Compliance Committee will meet whenever the Board or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted

In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators. In these cases, the committee may also request the presence of the internal auditor and account auditor, at those points of the order of the day to which they are invited. At least part of these meetings with the internal or account auditor must take place without the presence of management. Any executive director, member of the management team, or Company employee will be obliged to attend the committee meetings and cooperate and provide access to the information they have, when so requested.

- Meetings will be called by the secretary of the committee in compliance with the orders from the chairman. All members will be invited in writing, by e-mail or telephone with sufficient notice, with the order of the day included alongside any other documentation that may be relevant for the meeting.
- The committee will be validly in session when half plus one member are present or represented.
- Except in those cases when a greater majority is specifically required, agreements will be adopted by the absolute majority of the committee members who are present or represented at the meeting.
- discussions and agreements of the committee will be recorded in minutes signed by the secretary with the approval of the Chairman, or by those in their place. The minutes will be approved by the committee at the end of the meeting or the start of the next meeting.

Most important actions in the year: the Committee met 8 times in 2017. Its main actions were: (i) monitoring the functioning of the SCIIF; (ii) reviewing the work of the external auditors; (iii) monitoring the plans of internal audit and their proposals for updates; (iv) analysis of the main tax issues involving the Group; (v) the review of financial information and other reports to be published for the market; (vi) review of the independence of external auditors; (vii) the implementation and monitoring of the System for the Prevention and Response to Crime; (viii) the monitoring of the management of business risks; (ix) monitoring the Information Security Plan; and (x) the preparation and proposals for the Rules for the Committee, which were approved by the Board of Directors on its meeting of 19 December 2017.

Identify the director of the Audit Committee who has been appointed Chair as a result of their understanding and experience in accounting, auditing or both, and state the number of years that person has been Chair:

Name of experienced Director	Gonzalo Soto Aguirre.
Number of years as Chairman	3

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Fernando Azaola Arteché	Chairman	Independent
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Mezouna, S.L.	Member	Nominee

	Number	Percent
Executive directors	0	0%
Nominee directors	2	50%
Independent directors	2	50%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general terms those allocated by Article 529 point 15 of the LSC and Code of Good Governance for Listed Companies, and as reflected in Article 19 of the Rules for the Board of Directors.

Procedures and rules for organisation and functioning: contained in Article 19 of the Rules for the Board, in particular:

- The Committee will comprise of a minimum of three and a maximum of five external directors, appointed by the Board of Directors based on their understanding, skills and experience for these functions. At least two will be independent directors. The Chair must be an independent director and will be appointed by the independent directors of the Board. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of this Committee will resign as soon as they resign as directors of the Board.
- The Appointments and Remuneration Committee must consult the Chairman and CEO, especially in matters concerning the executive directors and Senior Management.
- Any Company director may request the Appointment and Remuneration Committee to take into consideration potential candidates that they believe suitable for covering director vacancies.
- The Committee will meet each time that the Board or the Chair request a report or proposals covered by its competencies and whenever the Chairman, or two members of the Board call it or whenever a report is needed for the Board to come to the corresponding agreements. The Committee will meet in any event to review information that is within its competencies and which will be included in regular public information that will be sent to the markets and the regulator, and to prepare the information about the remuneration of directors, which the Board must approve and include within its annual public documentation. Any executive director or member of the management team or company employee required to will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have.
- The Board will always be made aware of the issues discussed and the decisions taken by the

Appointments and Remuneration Committee, with the chairman of the Committee required to present a corresponding report to the meetings of the Board. All members of the Board will receive a copy of the minutes of the meetings of the Appointments and Remuneration Committee.

Most important actions in the year: The Appointment and Remuneration Committee met six times in 2017. Its main actions were: the review of the compensation system for the Directors and Chairman, (ii) the review of the fixed and variable compensation of the CEO and senior management, (iii) the preparation and monitoring of long-term incentive plans, (iv) reports about appointments to the Board and Committees of the Board, (v) approval of the training plans for Directors, and (vi) the approval of annual reports in its area of competence.

C.2.2. Complete the following table with information about the number of female directors who have been members of the Board of Directors at the end of the last four years:

	Number of female directors			
	2017 Number - %	2016 Number - %	2015 Number - %	2014 Number - %
Executive Committee	1 (14.29%)	1 (14.29%)	1 (16.67%)	1 (14.28%)
Audit and Compliance Committee	1 (20%)	1 (20%)	1 (25%)	1 (25%)
Appointments and Remuneration Committee	0 (0%)	0 (0%)	0 (0%)	0 (0%)

C.2.5. State, if applicable, the existence of any regulations for the board committees, the place where these can be consulted and the modifications made in the year. Also indicate if on a voluntary basis any annual report has been made of the activities of each committee.

The regulations for the Executive Committee and the Appointments and Remuneration Committee are contained in the Rules for the Board of Directors, and for the Audit and Compliance Committee in its own rules and also in the Rules for the Board of Directors and the Bylaws of Vocento. These documents are available on the website of the Group, in the Shareholders and Investors section:

<http://www.vocento.com/accionistas-inversores/gobierno-corporativo/#consejosycomisiones>

In 2017, there were no modifications to the Rules for the Board of Directors. However, in accordance with the Technical Guide 3/2017 on Audit Committees at Entities of Public Interest, published on 27 June 2017 by the CNMV, the Board of Directors in its meeting of 19 December 2017 approved the Rules for the Audit and Compliance Committee, by which the Committee is governed by its own Rules and, in those areas not covered by the rules, by the Company Bylaws and the Rules for the Board of Directors of Vocento.

D.- TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS**D.1. Explain the procedure for approving transactions with related parties and intra-group transactions.****Procedure for approving transactions with related parties**

The Board in full will reserve the right to authorize transactions between Vocento and directors, significant shareholders or those represented at the Board, and people linked to them, except when these transactions meet the following three conditions simultaneously: i) they are carried out under standard contracts; ii) they are carried out at prices or rates that are established in general terms by the supplier of the good or service in question; and iii) that the amount does not exceed 1% of the annual revenues of the company.

D.2. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and significant shareholders:

None significant

D.3. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and company directors or managers.

No significant transaction

D.4. Detail any significant transaction between the company and other group entities, whenever these are not eliminated in the consolidated financial statements and do not form part of the normal business of the company's business.

No significant transaction

Detail any intra-group transaction made with entities established in countries or territories that are considered to be tax havens:

None

D.5. Indicate the amount of transactions made with related parties

45,048 thousand euros.

D.6. Detail the mechanisms, for detecting, determining and resolving possible conflicts of interest with the company and/or group, and directors, management or significant shareholders.

In accordance with Article 5.3 of the Internal Code of Conduct, those persons subject to the Code must avoid as much as possible any situation which could lead or potentially lead to a conflict of interest. Whenever there is a situation which represents or potentially could represent a conflict of interest, the person submitted to the code must immediately inform the Corporate Compliance Unit (UCC), in writing to the Chair, making available as much information as they request to evaluate the circumstances of the case. Any person aware of a person with a conflict of interest must also inform the UCC about the situation. If the UCC sees a conflict of interest it will transfer the case to the Audit and Compliance Committee to make the appropriate decisions. Any uncertainty about the possible existence of a conflict of interest must be notified to the Audit and Compliance Committee, which will consider the case and report to the Board of Directors about any decision, informing the UCC. The UCC will advise the persons or people involved in the situation about the conflict of interests and about the decisions made concerning this conflict. The person who is subject to the Code and affected by a situation of conflict of

interest will abstain from intervening or influencing, directly or indirectly, the transaction, decision or situation where there is a conflict. In the event of a conflict of interest, and as a general rule derived from the duty of loyalty to the Company, the interest of Vocento will prevail over that of the person subject to the Code and involved in the conflict.

D.7. Is more than one company of the Group listed in Spain?

D.7. Is more than one company of the Group listed in Spain?

No

Identify any subsidiaries listed in Spain:

Not applicable

State if there has been a public definition of their respective areas of business and of any business relations between them, and between the listed subsidiary and other group companies:

Not applicable

Identify the mechanisms to be used to resolve any conflicts of interest between the listed subsidiary and other group companies:

Not applicable

E.- RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the scope of the company's risk management system, including tax risks.

Vocento has long established and approved a risk management system (**SGR**), driven by the Board of Directors and Senior Management, with the aim of understanding and controlling the risks to which the Company is exposed, obtaining an overall view of these risks, and aligning business objectives with the risks identified and with the response measures and controls defined to minimize these risks.

In 2014, the Board of Directors approved a new Risk Management Policy for Vocento and group companies. This was implemented in the following years.

Vocento's risk management system is based on methodological frameworks including COSO II (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000, adapted to the specific requirements of the Group. Furthermore, the definition of responsibilities reflects the recommendations of the 'three lines of defence model of FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

This system works in an integrated way across various business and functional areas of the company, including business areas and supporting areas. The policy for controlling and managing risks is based on identifying and assessing the different types of risk that the company faces (a risks map), separating them by relevance, and then determining measures to mitigate the impact of these risks, if they should materialise, and the information and internal control systems used to manage risks at the individual and group level.

E.2. Identify the company bodies responsible for preparing and implementing the Risk Management System.

As risk management is integrated throughout the company, there are various bodies with responsibilities for preparing and implementing the risk management system. The functions and responsibilities of each are established in the Risk Management Policy mentioned previously.

- a) Board of Directors / Audit and Compliance Committee:

In accordance with the terms of the Rules for the Board of Directors of Vocento, the board is responsible for approving risk control policies and management and for regularly monitoring internal information and control systems. As a result, it is the ultimate responsible party for the Group's Risk Management.

The Audit and Compliance Committee is responsible for supervising the effectiveness of risk control systems and regularly reviewing internal control and risk management systems, so that the main risks are sufficiently identified, understood and managed.

b) Risks Committee

The Risks Committee is a permanent body with a consultative role in the high level risk management area, with powers to inform, coordinate and make proposals, reporting to the Audit and Compliance Committee. It comprises of all the members of the Executive Committee, and it meets on at least a quarterly basis.

The functions of the committee include: (i) to drive forward the understanding of the Group's risk management policy and the maintenance of a risk-focused culture; (ii) to drive the integration of risks management in all the organisation's processes and procedures; (iii) to provide the Executive Committee, the Audit and Compliance Committee and the Board with overall strategies for risk management and risk appetite for each type of risk; (iv) to ensure the correct updating of the Risks Map; and (v) to validate the risks identified as those to be managed and propose risks for preferential monitoring.

c) Corporate Risks Management Function

The function of Corporate Risks Management is exercised by the financial department and includes coordinating and grouping the processes for identifying, assessing and measuring risks, and the controls and procedures needed to mitigate them, as well as supervising and coordinating front line work, Risk Managers in each unit or business or corporate area, centralizing and managing the information about key risks that they provide. It is responsible for preparing regular risk reports, which are reviewed by the Risks Committee and the Audit and Compliance Committee.

d) Risk Managers

The risk management system involves the entire organization, with the Management Team responsible for its formalization, functioning and updating. However, for each key risk at least one risk manager has been identified, who among other tasks monitors the evolution of the risks that are their responsibility and proposes the most appropriate management strategy, as well as the responses and improvements needed to be implemented to cover any weaknesses of the system. They also provide information to the Corporate Risk Manager.

e) Internal Audit

Supports the Audit and Compliance Committee in the functioning and effectiveness of risk management processes and their assessment, and also evaluates risk management processes including the supervision of controls and procedures. Internal Audit collaborates and provides support and methodology in assessing risks, but is not responsible for evaluating them or for making decisions about the level of exposure to risks.

E.3. Indicate the main risks that could compromise the achievement of business targets, including tax risks.

Vocento defines as a risk any event or contingency, either internal or external, which if it materialized would prevent or make it hard to achieve the targets set by the Group. This has resulted in a Risks Map, which contains risks subject to special monitoring. Listed below are the main risks in each of the six risk areas identified.

- 1) **Strategic:** Including mainly falls in advertising sales and circulation revenues, as well as actions

- from competitors.
- 2) **Organisational:** given the economic situation, includes the lack of ability to pursue growth and digital transformation, and talent retention.
 - 3) **Operational:** these risks include not being able to reach tangible levels of quality in products or their distribution.
 - 4) **Compliance:** principally covers compliance with internal and external norms and the risks of non-compliance, especially in terms of tax at the Group and a possible different interpretation of the rules by competent tax authorities, or those compliance risks derived from publishing and regulated sectors, with the risk of lawsuits and a loss of assets as detailed in the consolidated annual report of the Group.
 - 5) **Financial:** including impacts in raising funds, such as access to financing, and delays and defaults in payments. Specifically, the credit quality of purchasers of content and advertising may be affected when consumption falls in a recession, while the existence of debt, although less than at competitors and with syndicated financing in place and recently renewed, requires some cash flows from operations to be used to meet payment obligations rather than be allocated to new investments or projects, and hence needs to be controlled.
 - 6) **Technological:** in particular IT security, as in addition to the risk of attacks on systems there is the risk of technological change requiring the media in general to invest in these areas.

E.4. State if the entity has a level of tolerance to risk, including tax risk.

The process of risk management is based on the identification and assessment of the main risks that could prevent Vocento from reaching its goals, and aims to reduce or mitigate these risks to an acceptable level, by establishing the appropriate controls for the importance of each risk, in every process, hence enabling the objectives of internal control to be achieved. Risk appetite and tolerance do not aim to eliminate risk but to control it efficiently, enabling the Group to implement strategies and reach its business objectives.

Risk tolerance is defined as the level of variation that the Group accepts in achieving its targets. It is the acceptable threshold for the target and the associated risk.

According to Vocento's Risk Management Policy, and in order to make risk management strategies and activities in line with Vocento's risk appetite, the acceptable level of tolerance is established by Senior Management, reflecting the Group's interests and objectives, and those of its various key stakeholders. The Board of Directors regularly approves the proposals of the Risks Committee about the risk limits and tolerances to be applied by the Group.

E.5. Indicate which risks, including tax risks, materialized in the year.

Fall of offline advertising revenues / possible obsolescence of the offline product

This risk is a result of the economic crisis, the fall in advertising spend and consumption, and the migration of readers towards online formats. As well as the defensive positioning of Vocento's regional newspapers because of their high market share and the different dynamics of local markets, strategic measures have been taken by the company to mitigate this risk, and the information and internal control systems that have been established have worked correctly, effectively mitigating the impact of these risks.

Lower growth of online advertising

In 2017, digital advertising grew more slowly than in previous years, among other reasons because of the increased competition from new players such as social media. Vocento is implementing strategic measures to mitigate this risk.

Late payments - default

This risk reflects the increase in payment delays from both private sector clients and public administration and local institutions. It has been judged that the internal control and information systems established have functioned correctly (guarantees for payment, credit limits, etc.), effectively mitigating the impact of these risks.

E.6. Explain the plans for responding to and monitoring the main risks of the entity, including tax risks.

Risk control activities represent the response of the organisation to the coverage or mitigation of the risks that have been identified and assessed, enabling internal control objectives to be achieved. They occur across the organisation, at all levels and in all functions, and include a range of varying activities, such as approvals, authorisations, verifications, and segregation of functions, which are carried out systematically in time and which are documented in the internal norms, procedures and instructions that must be complied with.

In Vocento's risk management system, each one of the Risk Managers is responsible for identifying existing management measures and for proposing the right management strategy, as well as the responses and improvements needed to make up for any weaknesses in the system. The supervising body of the system is the Audit and Compliance Committee, which regularly reviews the internal control and risk management systems, so that the main risks are appropriately identified, managed and understood.

F.- INTERNAL SYSTEMS FOR CONTROL AND MANAGEMENT OF RISKS IN THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms of the systems for risk control and management, in relation to the entity's procedure for issuing financial information (SCIIF).

F.1. The control environment of the entity

Indicate and describe the main characteristics of at least:

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii); its supervision.

Governance bodies and functions responsible for the SCIIF.

1. Rules for the Board of Directors

On 13 May 2015 the Board of Directors approved a new version of the Rules for the Board, to bring it in line with the terms of the Law on Corporations. The latest version, partly modified by the Board of Directors on 14 November 2016, can be found on the Vocento website.

The Board of Directors formally assumes in its Rules the final responsibility for the existence and maintenance of an adequate internal control system for financial information, including responsibility for its supervision.

Article 6 of the Rules for the Board of Directors of Vocento refers to the general oversight function, and establishes the following functions of the Board which cannot be delegated:

- The formulation of the annual accounts and their presentation to the shareholder meeting.
- The policy for risk control and management and the regular monitoring of internal information and control systems.

- The financial information that the company must publish regularly as a listed company.

Article 8 of the Rules for the Board refers to the specific functions concerning the Annual Accounts and Management Report:

- The Board of Directors will prepare in clear and precise terms that are easy to understand the annual accounts and management report, both individual and consolidated. The Board of Directors will ensure that these present a fair view of the equity, financial situation and results of the company, in accordance with the law.
- The Board of Directors will present the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Article 18 of the Rules for the Board of Directors establishes that the Audit and Compliance Committee has the following responsibilities, among others:

- Supervising the effectiveness of the internal controls of the company, of the internal audit services and systems for controlling risks, including tax risks, and discussing with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the process of preparing and presenting the financial information required.
- Informing the Board in advance of all issues covered in the Law, Bylaws and Rules of the Board, in particular about:

a) The financial information that the company, as a listed company, must regularly publish.

b) It is also the responsibility of the Audit and Compliance Committee

- To monitor the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- To ensure the Independence of the internal audit function
- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.
- Ensure the independence of the external auditor and in the event of their resignation examining the conditions that led to it.

Article 41 of the Rules for the Board refer to the relationship with securities markets and establishes the responsibilities of the Board in the supervision of the regular public information to be supplied to markets and regulators, in compliance with the Internal Rules of Conduct in Securities Markets at Vocento.

The Board of Directors will adopt the measures needed to ensure that six-monthly, quarterly and any other financial information that it is appropriate to provide to the markets is prepared in accordance with the same principles, criteria and professional practices that are used for the annual accounts, and that they have the same accuracy as these. To this end, the information will be reviewed by the Audit and Compliance Committee and by the Appointments and Remuneration Committee in accordance with their respective competencies.

2. Rules for the Audit and Compliance Committee

In accordance with Technical Guide 3/2017 on Audit Committees at Entities of Public Interest, published on 27 June 2017 by the CNMV, the Board of Directors in its meeting of 19 December 2017 approved the Rules for the Audit and Compliance Committee, so that the Committee is now governed by its own

rules, as well as in matters outside this scope by the Company Bylaws and the Rules for the Board of Directors of Vocento.

The Rules for the Audit and Compliance Committee are published on the Vocento website and establish the following:

- a) Basic principles

The Audit and Compliance Committee bases its actions on the following principles:

- Responsibility
- Scepticism
- Constructive dialogue encouraging the free expression of its members
- Continuous dialogue with internal audit, the account auditor and company management
- Sufficient capacity of analysis

- b) Composition
- c) Requirements to be appointed a member
- d) Rules of functioning
- e) Responsibilities
- f) Functions concerning information systems and internal control
- g) Functions relating to the external auditor
- h) Functions relating to corporate governance
- i) Relations with the Board of Directors
- j) Relations with shareholders
- k) Relations with the account auditor
- l) Relations with the internal auditor of the company

3. Policy on services provided by the external auditor

The Audit and Compliance Committee has the legal obligation to ensure the Independence of the external auditor, and in this regard on 9 May 2017 the Committee approved a policy for services provided by the external auditor, governing these services.

4. Internal norms

The internal norms on the Internal Control System for Financial Information (hereinafter, the SCIIF), approved by the CEO and corporate financial managers and disclosed to the organisation, establish the following responsibilities:

- a) The Board of Directors holds the final responsibility for the accuracy of the financial information required and published for the market and regulators, and is responsible for the existence of an adequate and effective SCIIF
- b) Senior Management, via the financial department, is responsible for the design, establishment and operation of this system.
- c) The Director Generals of the companies have the final responsibility for the internal control over financial information in each company and for making sure that this functions properly, as well as monitoring its efficacy and the accuracy of the financial information that is prepared and reported.
- d) The Audit and Compliance Committee has delegated to it by the Board of Directors the function of supervising the process of preparing and presenting the financial information and assessing the SCIIF, supported by the internal audit services.

F.1.2.: If there are the following elements, especially in the process of preparing financial information:

- **Departments and/or mechanisms charged with: (i) the design and review of the organisational structure; (ii) defining clearly lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) sufficient procedures for their correct application in the entity.**

The responsibility for the process of preparing and monitoring the internal norms at Vocento is delegated to the General Management of Human Resources and Organisation, whose functions include that of maintaining the norms and organisation, coordinating the documentation of the processes and controls, and preparing and publishing the norms, procedures and instructions prepared by management. Compliance with these is obligatory in Vocento. These standards include norms for the preparation of financial information.

The design, review and updating of the organisational structure is permanently documented in the Vocento Organisational Handbook, approved by the CEO, available to all members on the corporate intranet. This handbook established the lines of responsibility and authority of the various management departments and levels and the distribution of tasks.

- **Code of conduct, approving body, level of awareness, principles and securities covered (indicating if there is a specific mention for recording transactions and preparing financial information), and the body responsible for analysing non-compliance and proposing corrective and disciplinary measures.**

On 14 January 2014 the Board of Directors unanimously approved Vocento's Internal Rules of Conduct in Security Market, substituting the Internal Code of Conduct for Securities Market in force until that date. All people affected in the organisation were informed, and the Rules are published on the company website. They cover personal transactions, inside information, transactions with related parties and treasury stock. The Corporate Compliance Unit, which reports to the Audit and Compliance Committee, regularly updates and monitors compliance with the terms of the Rules.

In addition, on 13 November 2014 the Board of Directors of Vocento approved a Code of Ethics that reflects the practices that Vocento applies and the principles, values and behaviour expected of managers and employees when carrying out their functions.

The Code includes the practices that Vocento follows, and reflects the company's commitment to legality, good governance, transparency, responsibility, independence, and good behaviour in all actions, and to avoid any action that could damage the company's reputation for upholding socially accepting ethical standards.

There are in the Code specific mentions regarding recording transactions and preparing financial information, so that all transactions must be recorded in accounts at the right time, in accordance with the applicable accounting law, so that financial information is reliable and reflects all the rights and obligations of Vocento and its companies.

The Code of Ethics has been distributed to all employees at Vocento and its subsidiaries, by email, and has been formally signed by the parties, with their receipt and acceptance of it registered.

The Code is available to the public on the Vocento web site, www.vocento.com, in the Corporate Governance section.

A training plan was developed for all employees for all employees, segmented by category and area. The training plan has been provided to senior management and other group managers.

The body responsible for analysing non-compliance with the Code of Ethics and for taking any corrective action required is the Ethics Committee, which reports to the Audit and Compliance Committee.

- **Reporting channel, enabling employees to inform the Audit Committee of financial and accounting irregularities, in addition to any non-compliance with the code of conduct and irregular activities at the organisation, and whether this channel is confidential.**

In accordance with current legislation, the crime prevention model of Vocento establishes the obligation to report possible risks and compliance failures to the body responsible for monitoring the functioning and observance of the prevention model.

In this regard, in 2014 Vocento established a specific communications procedure, the Ethics Channel, by which any employee can report in a simple way any behaviour which to their understanding seems inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, with a guarantee of confidentiality and with no fear of reprisals.

Following best practice in this area, the Ethics Channel has been outsourced to a third party provider, to guarantee higher levels of independence and confidentiality.

To ensure the accuracy of the information received, complaints will only be accepted when the person sending them identifies themselves. All complaints will be analysed and assessed by the Ethics Committee, which has supervisory powers and which will propose any actions to be taken to the Audit and Compliance Committee, the final authority.

The Ethics Channel is one of the key elements of the crime prevention model. To increase awareness and encourage use, in 2017 employees were provided with specific online training. This will be repeated in 2018.

- **Regular training and updating programmes for people involved in the preparation and review of financial information and in assessing the SCIIF, covering at least accounting standards, internal controls and risk management.**

In the year, training and regular updates were provided to personnel involved in preparing and reviewing financial information in the various companies, in the following subjects:

- New audit report
- Norm for recognising revenue
- IFRS 16 – norm for leases
- IFRS 9 – norm for valuation of financial instruments

In terms of training for people involved in the assessment of the SCIIF, in the internal audit, course content provided by the Institute of Internal Auditors includes:

- Techniques and analytic thinking.
- Homogenization and presentation of the conclusions of audit reports
- Analysis of the root causes.

In addition, two people, one from internal control and one from internal audit, obtained the COSO global certificate for internal control, certifying their experience in the design, implementation and monitoring of an internal control system, as offered by members of COSO including the American Institute of Certified Public Accountants, AICPA, the Institute of Management Accountants, IMA, and The Institute of Internal Auditors, IIA, overseas and in Spain.

F.2 Assessment of risks of financial information

State at the least:

F.2.1. The main characteristics of the process for identifying risks, including errors and fraud, in particular:

- **If the process exists and is documented**

Vocento has formally implemented a risk management system for financial information based on the principles and good practices of the reference document and the supporting information of the CNMV in the document “Internal control over financial information at listed companies” and in the company’s own norm for the internal control system for financial information (**SCIIF**), which is formalised and supported by its own IT system.

- **If the process covers all the objectives of the financial information (existence and incidents; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and if it is updated, and how often.**

Objectives

The objectives of internal control of financial information, in accordance with the scope defined by the SCIIF Norm, compliance with which will ensure the accuracy of the financial information to a reasonable degree, are as follows:

- Accuracy
- Valuation
- Presentation, breakdown and comparability
- Rights and obligations

Frequency

The SCIIF Norm of Vocento establishes that the process of identifying and assessing risks is carried out every year.

This risk assessment is monitored by the Audit and Compliance Committee.

- **The existence of a process for identifying the consolidation perimeter, including, among others, the possible existence of complex company structures, instrumental entities or special vehicles.**

The risks associated with the achievement of these objectives of controlling risks are identified in the processes of preparing the financial information, in all the accounting items of the profit and loss account and the balance sheet, for all group companies, and are assessed in terms of importance, which is determined by the probability of the risk resulting in a material impact on the individual and consolidated financial statements of Vocento that are provided to the regulator and the market.

The risk assessments weigh the following indicators:

- Complexity of transactions and of the applicable accounting standards.
- Volume of transactions and the quantitative importance for the parties involved.
- Complexity of the calculations needed.
- Need to make estimates or forecasts.
- Application of professional judgement.
- Qualitative importance of the information.

In addition, the following factors have been considered when assessing the risks:

- Known and mature business/process.
- Existence of documented processes and controls.
- Automation and use of systems.

- Existence of incidents in the past.
- **If the process also covers the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) that may affect financial statements**

Scope

The result of the annual assessment of risks is the identification of the total processes and companies to which the SCIIF is applied each year.

The process also considers the effects of tax risks, inasmuch as they may affect financial information, and as a result of this assessment a series of additional controls has been processed for the tax process.

In the risks universe used, the probability of an error with a material impact due to fraud or manipulation of financial information is considered.

All the risks assessed are included in the IT system for the SCIIF, in the risk files that contain the following information:

- Process
- Name and description of risk
- Items/financial information affected
- Potential error
- Assessment of the impact on relevant financial information
- Assessment of the frequency
- Inherent risk
- Assessment of the risk indicators (see before in this section)
- Perceived Risks (high, medium, and low, and this is the basis for its inclusion in the SCIIF)
- Existing controls over the process
- Residual risk
- Need or not to establish controls within the SCIIF.

In addition, a Risks Map for each process is prepared to visualise the impact and probability of each risk in each process

Universe of risks

The risks associated with the achievement of the objectives of accurate financial information form part of the risks universe that is considered in Vocento's general risk assessment, and considers the effect on financial information of other types of risks, such as technological and tax risks.

The body of the entity that supervises the process.

The establishment and maintenance is the responsibility of the Financial Department via the Financial Planning and Control Department, supervised by the Audit and Compliance Committee, which analyses these risks and forms the base for the other components of the SCIIF. Internal Audit provides support to the Financial Planning and Control Department in the annual risk assessment process.

F.3 Control activities

Indicate, describing their main characteristics, if the company has in place at least:

F.3.1. Procedures for reviewing and authorising financial information and the description of the SCIIF, to be published for securities markets, indicating responsible parties, documentation of flows of activities and controls (including those relating to the risk of fraud) over the various types of transactions that could have a material impact on financial statements, including the procedures for closing the accounts and specifically reviewing relevant estimates, valuations and forecasts.

Procedure for reviewing and approving financial information:

The consolidated and individual financial information of Vocento uses information supplied by the various companies: the aim is that the financial information presented to the Board of Directors of Vocento for formulation of accounts have undergone the levels of review needed for those responsible for their preparation.

The responsibility for preparing financial information is of Corporate Financial Management. To achieve the fair accuracy of this information, it has a system for internal controls of financial information, or SCIIF.

At each period of publication of financial information to the securities markets, internal audit carries out tests on a sample of controls and draws conclusions about the effective coverage of risks. The Audit and Compliance Committee monitors the process and reviews the controls established to ensure that they have worked effectively, informing the Board for formulation and publication of the information.

The controls established in the SCIIF are considered key to the achievement of the internal control objectives of the system, according to the scope described above, and have been designed to prevent and mitigate the potential material impact on the consolidated and individual financial information of Vocento of the most important risks identified in the risk assessment, including the procedure for closing accounts and specifically reviewing relevant opinions, estimates, valuations and forecasts.

These controls are implemented at all stages of the process of preparing and presenting the financial information.

- Start
- Authorisation
- Recording
- Processing
- Presentation
- Communication

All the controls that have been implemented, including the key controls, are homogeneous across all the companies in which the SCIIF is applied. There is a responsible party designated for their execution and monitoring, and they are documented in the IT system for the SCIIF.

The control activities are carried out at various levels of the organisation and with varying frequencies in order to reduce the risks of errors, omissions or fraud that may affect the financial information in each of the reporting periods (annual, half-yearly and quarterly).

The SCIIF is supported by an IT system that supplies relevant information about the level of control and monitoring undertaken by those responsible for this, delivering enough evidence for conclusions to be made about the system's overall functioning.

The designated responsible people for the execution of the controls will report any instance in which the control has not been carried out or in which significant incidents have been detected during the execution.

The documentation required as evidence that the control has been carried out is included in the IT system for the SCIIF, so that at any time Senior Management and the Audit and Compliance Committee of Vocento have available to them updated information about the level of compliance with the controls and hence of the exposure of Vocento to the risks of reporting inaccurate financial information and the coverage of these risks.

The level of evidence required to be able to make a conclusion about the correct functioning of a control is directly proportionate to the risk of a material error in the individual and consolidated financial information of Vocento.

There are controls throughout the entire process of preparing the financial information, both at source (the companies) and in the corporate department in charge of consolidating and preparing the financial information, including the IT processes for the end users, such as spreadsheets and other specific programs for presentations.

Vocento has a centralised SCIIF and it is the responsibility of the Control and Financial Planning Department to maintain it updated, to monitor compliance with controls and update the IT application.

Internal Audit is responsible for reviewing controls for their effectiveness and for making any recommendations needed.

The SCIIF includes key controls about the recovery of certain inherently high risk assets such as deferred taxes, goodwill and securities, which require financial forecasts to be made based on estimates, hypotheses and professional opinions. In these sorts of controls, the Director Generals of the companies leave evidence of their supervision and assent in the IT application.

In addition, the Audit and Compliance Committee carries out half-yearly and annual monitoring, with the external auditors, of these valuations and impairment tests and proposes to the Board any possible adjustments to be made to the financial information.

Internal certifications of financial information

Vocento's SCIIF contains a system of certifications in which every person responsible for preparing, monitoring and reporting financial information at each company/business unit, functional area and relevant location, formally assumes their responsibility for the accuracy of the information provided to those responsible for preparing consolidated financial information and publishing it externally, with a signed, written certification every half-year and full year.

In this Certification they also state their awareness of the existence and correct operation of the SCIIF in the period. The Director Generals of the companies, the corporate Director Generals and the DGs of each area, the corporate financial department and the CEO are all required to make this certification. The certification forms and the management levels affected are described in the Norm for the SCIIF, and the evidence for the certifications is documented in the SCIIF IT system.

This system of certifications is designed to obtain a level of sufficient commitment from those responsible for preparing the financial information, in processes that do not fall under the direct responsibility of the corporate financial area, and to achieve a higher level of security about the accuracy of the financial information for those finally responsible for its formulation and approval. Notwithstanding this, the existence of this system of certifications does not exempt the Board, Senior Management and the Audit and Compliance Committee from the responsibility of supervising financial information and the SCIIF.

F.3.2. Internal control policies and procedures for information systems (including security of access, control over changes, operations, continuity and separation of functions) that support the relevant processes of the entity for preparing and publishing financial information.

In 2017, an updating of the System for Management of Information Security (SGSI) was concluded, with the work redefining the existing control framework in light of the main standards ISO 27002, LOPD and ISO 22301. The aim was to increase resilience, by enhancing the level of control in the SGSI and guaranteeing the generation of corrective action plans and continuous improvement. The project included:

- Inventory of assets and systems
- Risks assessment and analysis
- Risks map
- Design of controls
- Analysis GAP ISO 27001 initial situations vs. final situation

- Residual risks after the implementation of controls
- IT systems supporting internal control

Within the review scope are all the ERP systems on which financial information is based and which is used directly to prepare this information.

The project also includes the review of current procedures and general controls in accordance with the generally accepted internal control framework for information systems, Cobit, which includes principles for maintaining appropriate access to systems and installations, modifications to applications, and the recovery of information in the event of losses, as well as back-up systems to ensure continuity in the process of recording transactions, in the event of any incidents in the main systems.

The internal control policies and procedures that are currently documented include a passwords policy for all applications that are involved in the process of preparing financial information, divided into two classes: applications that are integrated in the corporate Active Directory and the corporate ERP, which has its own password policy. The policy includes the expiry time of passwords, their length and the obligatory alpha-numeric requirements.

In addition, user access to each application is controlled by group. This is done centrally using functional systems and the administrators of the applications.

F.3.3. Internal control policies and procedures for supervising activities that are subcontracted to third parties, such as aspects of assessment, calculation or valuation that independent experts undertake and that can have a material impact on financial statements.

No activities are subcontracted to third parties responsible for executing and processing transactions that are reflected on the financial statements.

F.4 Information and Communication

State whether the company has available, and the main characteristics of this, at the least:

F.4.1. A specific function responsible for defining and updating accounting policies (an area or department of accounting policies) and resolving any doubts or conflicts about their interpretation, with a fluid dialogue with those parties responsible for operations in the organisation and an up to date handbook of accounting policies that has been released to the units via which the entity operates.

Corporate Financial Management, via the Control and Financial Planning Department, is responsible for:

- Defining, establishing, updating and formally communicating via the channels that have been established, to all people involved in the process of preparing the financial information of Vocento, the Handbook of Accounting Policies, which contains the criteria, necessary accounts and procedures for entering and preparing the information on a homogeneous basis across all the companies of Vocento, It is updated annually.
- Resolving any doubts or conflicts about the handbook's interpretation, maintaining a fluid dialogue with those parties responsible for operations in each company.
- In addition, Corporate Financial Management is responsible for defining and formally establishing the channels for the financial information to be disclosed, and for the SCIIF, based on the type of information to be published, its origin, the people responsible for preparing and distributing the information, its destination and frequency.

F.4.2. Mechanisms for entering and preparing financial information in a homogeneous format, to be used by all the units of the entity or group for the main financial statements and notes, and information about the SCIIF.

Vocento uses a common IT system for all its companies (ERP) which supports the process of preparing the financial information.

In addition, there is a specific application for accounting consolidation, which is directly fed by the accounting information stored on the common ERP system. All the individual and consolidated information is reported under homogeneous formats defined by the Control and Financial Planning Department.

The entire process of obtaining accounting information for consolidation and reporting is the responsibility of the Corporate Financial Department, via the Control and Financial Planning Department and Investor Relations.

The IT application that supports the SCIIF includes a reporting module which supplies relevant information about the level of compliance and effectiveness of the controls, both by the people responsible for execution and supervision, and per accounting process and company, generating enough evidence for conclusions to be made about the overall functioning of the system.

F.5 Supervision of the functioning of the system

State, including the main characteristics, at least the following:

F.5.1. The supervisory activities of the SCIIF undertaken by the Audit Committee and if the entity has an internal audit function that has amongst its competencies that of supporting the committee in its task of supervising the internal control system, including the SCIIF. In addition, the scope of the assessment of the SCIIF carried out in the year and the procedure by which the person responsible for its assessment discloses the results, and if the entity has an action plan that details any corrective measures to be taken, and if the impact on financial information has been considered.

Supervisory model for the SCIIF

The supervisory and assessment activities of the SCIIF that have been established at Vocento are included in the Norm for the SCIIF and based on the theory of three lines of defence, established by FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

1st line of defence - Operational management: self-assessment by those in charge of carrying out the controls (executor and supervisor), confirming the correct execution of the controls or any incidents identified. Six-monthly and yearly certifications from the Director Generals, CFO and CEO.

2nd line of defence - Functions of assurance: the Planning and Control Department supervises the correct functioning of the SCIIF, assessing the compliance and supervision of controls carried out by those responsible on site, and notifying any incidents reported by executors and supervisors, as well as ensuring compliance with Certifications for every period in which financial information is published.

3rd line of defence - Internal Audit reviews the effectiveness of the controls in each period of publication of regular financial information, and carries out an annual assessment of the SCIIF based on the 5 internal control components of COSO.

In accordance with the Rules for the Board of Directors and the Rules for the Audit and Compliance Committee, it is the Committee which, concerning systems for information and internal control, will monitor the effectiveness of the internal controls of the Company, internal audit and the risk management system, including tax risk management.

The Audit and Compliance Committee is responsible for supervising and assessing the SCIIF and making reports about its effectiveness and the results obtained to the Board of Directors of Vocento and to Senior Management.

For the assessment of the SCIIF, the Audit and Compliance Committee uses the independent services of Internal Audit, which has the necessary resources, and is devoted exclusively to this function.

The internal auditor reports to the Audit and Compliance Committee and to the CEO of Vocento, and this status and its responsibilities and functions are included in the Internal Audit Bylaws, updated in 2017 to the terms of the CNMV Technical Guide 3/2017 on audit committees in entities of public interest, and approved by the Audit and Compliance Committee.

Internal Audit is responsible for assessing the overall operations and effectiveness of the SCIIF, based on the five internal control components of COSO, (i) Control Environment, (ii) Risk Assessment, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring, based on the information provided to it by the SCIIF IT system as well as any complementary substantive checks deemed necessary about the compliance and effectiveness of the controls, both in terms of the accounting process and at the company level, considering the centralization/dispersion and the uniformity of the controls, and the level of evidence needed to make conclusions about whether these controls are functioning effectively.

All the review process is carried out within the IT system itself, providing evidence about any weaknesses found in the design and operations of the controls, of recommendations made, proposed action plans and communication with those responsible for the controls.

The Audit and Compliance Committee approves the Annual Internal Audit Plan for the assessment of the SCIIF and receives regular information about the results of its work and of the action plan agreed with Management to correct any deficiencies observed.

Internal audit carries out a quarterly review of the SCIIF controls in each reporting period and an annual SCIIF global review, as the third line of defence, in accordance with the 5 components of the COSO Framework (Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring).

Internal Audit is responsible for disclosing the results of the assessment regularly to the Audit and Compliance Committee after completing its work.

Any significant and/or material weaknesses identified in the internal controls of the SCIIF are reported by the Audit and Compliance Committee to the Corporate Financial Management and to the Board of Directors for correction, with Internal Audit monitoring the corrective actions taken to quickly resolve issues, considering the materiality for the accuracy of the individual and consolidated financial information of Vocento.

F.5.2. Whether there is a procedure for discussion in which the account auditor (in accordance with the terms of the Audit Technical Notes), the internal audit function and other experts can inform senior management and the Audit Committee or directors of any significant weaknesses identified in internal controls during the processes of reviewing the annual accounts or other accounts that have been requested. In addition, whether there is an action plan to correct or mitigate any weaknesses observed.

There is a procedure by which the Audit and Compliance Committee reviews, analyses and comments on the financial statements and other relevant financial information, prior to its publication, with Senior Management and with internal and external auditors, to confirm that the information is credible, understandable and relevant, and that accounting criteria compatible with the previous year have been followed, and that the information supplied is complete and consistent with operations.

In particular, it supervises in specific sessions the process carried out by Senior Management to provide critical opinions, assessments, forecast, estimates and relevant closing entries, with a significant and/or material impact on the financial statements.

As covered by the norm for the SCIIF, the external auditors, in their audit of the annual accounts, assess the internal controls thoroughly to establish the nature, date and extent of the auditing procedures that may enable them to express an opinion on the annual accounts, informing the Audit and Compliance Committee of any significant weaknesses detected. The auditors supply the following information to the Audit and Compliance Committee:

- Auditor's report on Vocento's individual and consolidated Annual Accounts.
- Report of limited review of the consolidated half-yearly accounts.
- Annual memorandum of recommendations for internal control.
- Report about past adjustments and proposed adjustments to the accounts, if applicable.

In addition, in accordance with the Audit Technical Notes, the external auditor confirms that the information contained in the Management Report is in accordance with the data that have served as the basis for the annual audited accounts.

The external auditor has full unrestricted access to the Audit and Compliance Committee and can be present at meetings on request and without the presence of any financial manager to present the results of their reviews and of the information highlighted above.

The scope of the annual external audits does not only include those Vocento companies with a legal obligation to be audited but also other companies where limited audits and reviews are undertaken by the external auditors, depending on their relative importance and the risks detected.

In addition, on a voluntary basis, the consolidated six-monthly financial information is also subject to a limited review by the external auditor.

F.6 Other relevant information

Not applicable.

F.7 The report of the external auditor

State:

F.7.1. Whether the information about the SCIIF disclosed to markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Appendix. If not, state the reasons.

The Audit and Compliance Committee has not considered it necessary for there to be an additional report from the external auditor to confirm that the information disclosed to the markets about the SCIIF of Vocento is duly supported, because the Committee has obtained enough evidence over the course of the year, based on its legal responsibility to supervise the SCIIF, of its existence and proper functioning. In addition, the external auditor enjoys full access to the IT support system of the SCIIF to assist them in carrying out their auditing work.

G.- LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the level to which the company follows the recommendations of the Unified Code of good governance.

If a recommendation is not complied with, or is complied with only partly, provide a detailed explanation of the reasons, so that shareholders, investors and the market in general have

sufficient information to assess the company's behaviour. General explanations will not be acceptable.

1. That the bylaws of listed companies should not limit the maximum number of votes that one single shareholder can cast, or contain other restrictions which make it hard to take control of the company by buying shares in the market.

Compliant

2. That when the parent company and a dependent company are listed, both publicly and accurately define:

a) The respective areas of business and any business relationship between them, and those of the dependent listed company with other group companies;

b) Mechanisms for resolving any conflicts of interests which could arise.

Not applicable

3. That during the ordinary shareholder meeting, as a complement to the distribution of the annual corporate governance report, the Chairman of the Board will orally inform shareholders in sufficient detail about the most relevant aspects concerning corporate governance at the company, in particular:

a) Of the changes that have taken place since the previous AGM.

b) Of the specific reasons why the Company does not follow a recommendation of the Code of Corporate Governance and of any alternative rules applied in this area.

Compliant

4. That the company defines and supports a policy for contacting and communicating with shareholders, institutional investors and proxy advisors, which is fully compliant with all laws on market abuse and on an equal treatment for shareholders in the same position.

And that the company publishes this policy on its website, including information about how it has been put into practice, identifying the representatives responsible for implementing it.

Compliant

5. That the Board does not submit to the approval of the shareholder meeting a proposal for delegating powers for the issue of shares or convertible securities without preferential subscription rights, for an amount more than 20% of capital at the time of the delegation.

And that when the Board approves any issue of shares or convertible securities without preferential subscription rights, the company immediately publishes on its website the reports about this exclusion as referred to in commercial law.

Compliant

6. That listed companies prepare the reports cited below, either obligatorily or voluntarily, and publish them on their website with sufficient time before the date of the AGM, although this distribution may not be obligatory:

a) A report about the independence of the auditor.

b) Reports about the functioning of the audit committee and appointments and remuneration committee

c) A report from the audit committee about transactions with related parties

d) A corporate social responsibility report

Compliant

7. That the Company broadcasts live on its website the general shareholder meetings.

Compliant

8. That the Audit Committee aims to ensure that the Board of Directors presents the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications in exceptional circumstances, both the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Compliant

9. That the company publishes on its website, and permanently, the requirements and procedures that will be accepted to confirm ownership of shares, the right of attendance at the AGM and the exercise or delegation of the vote.

And that these requirement and procedures will support the attendance and exercise of their rights by shareholders and will be applied in a non-discriminatory way.

Compliant

10. That when any legitimate shareholder has exercised before the general shareholder meeting the right to complete the order of the day or present new proposals for agreement, the company:

- a) Immediately publishes these complementary points and new proposals for agreement.
- b) Publishes the attendance and proxy voting forms or distance voting forms with the modifications needed so that the new points or proposals can be voted, just as the proposals of the Board of Directors.
- c) Submits alternative points or proposals for voting with the same voting rules as the points proposed by the Board, in particular any presumptions or deductions about each vote.
- d) Following the general shareholder meeting, publishes the voting results for these complementary points and alternative proposals.

Not applicable

11. That in the event the company pays bonuses for attending the shareholder meeting, it establishes in advance a general policy about these payments and that this policy is stable/

Not applicable

12. That the Board of Directors carries out its functions with a single unified purpose and independent judgement, treating the same all shareholders in the same condition, guided by the social interest of achieving a business that is profitable and sustainable in the long term, and aims to ensure the company's continuity and maximize the value of the business.

And in the search for social interest, as well as respecting laws and regulations and behaving with good faith, ethics and respect for commonly accepted good practices and uses, it aims to reconcile this social interest with the corresponding legitimate interests of employees, suppliers, clients and other stakeholders who may be affected, as well as with the impact of the Company on society generally and on the environment.

Compliant

13. That the Board has the scale need for an effective and participatory functioning, which between five and fifteen members advisable.

Compliant

14. That the Board of Directors approves a policy for selecting directors which:

- a) Is specific and verifiable.
- b) Ensures that proposals for appointment or re-election are based on a prior analysis of the needs of the Board.
- c) Favours diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the Board is provided in a report from the appointments committee which is published when the general shareholder meeting is called and at which is submitted for ratification the appointment or re-election of each director.

And that the director selection policy supports the goal that in 2020 the number of female directors will represent at least 30 of the total number of members of the Board.

The appointments committee will verify annually compliance with the director selection policy and will include this in the annual corporate governance report.

Compliant

15. That external nominee directors and independent directors represent an ample majority of the board, and that the number of executive directors reaches the minimum necessary, based on the complexity of the group and the participation of executive directors in the company's capital.

Compliant

16. That the percentage of nominee directors in the total of non-executive directors is not greater than the proportion between the share capital represented by these directors and the rest.

This measure may be relaxed:

- a) In large capitalisation companies with few stakes that may legally considered to be significant.
- b) For companies where a plurality of shareholders are represented on the Board, with no links between them.

Compliant

17. That the number of independent directors represents at least half of the total of directors.

That, nevertheless, when the Company does not have a large capitalisation or is a large cap but with one shareholder, or several acting together, with more than 30% of share capital, the number of independent directors represents at least one third of the total.

Compliant

18. That companies publish on their website and maintain updated the following information about their directors:

- a) A professional profile and biography.
- b) Other Boards of Directors to which they belong, at either unlisted or listed companies, as well as other remunerated activities of any nature.
- c) The category of director to which they belong, indicating for nominee directors the shareholder they represent or with whom they are connected.
- d) The date of their first appointment as director and of subsequent re-elections.
- e) Company shares and options on them they hold.

Compliant

19. That in the annual report on corporate governance, following verification from the appointments committee, reasons are given why nominee directors have been appointed at the bidding of shareholders with a stake of less than 3%, also with reasons given why formal requests for a presence on the board from shareholders with a stake that is equal to or higher than others who are nominee directors have not been heeded.

Not applicable

20. That nominee directors resign when the shareholder they represent fully transfers their shareholding, and that when a shareholder reduces their shareholding to a level which requires a reduction in the number of nominee directors they carry this out correspondingly.

Not applicable

21. That the Board of Directors does not proposes the dismissal of any independent director before the completion of the period laid down in the by-laws, except when there exists just cause as approved by the Board following a report from the appointments committee. In particular, just cause will be seen to exist when the director takes up new positions or assumes new obligations that prevent him from fulfilling the duties inherent in the position or when the director is in circumstances that mean he is no longer independent, in accordance with the legislation applicable.

Independent directors may also be dismissed as a consequence of takeover bids, mergers or other similar corporate transactions which lead to a change in the share capital structure, when these changes in the structure of the Board follow the principles of proportionality of recommendation 16.

Compliant

22. That companies establish rules which oblige directors to inform and if applicable resign in those circumstances which could damage the credit and reputation of the company, and in particular, require directors to inform the Board of the penal cases where they are implicated and of the results of any legal processes.

That if a director is tried or committed to trial for one of the crimes noted in corporate law, the Board will examine the case as soon as possible and in light of the specific circumstances decide if the director may continue in the position. And that the Board discloses this to a reasonable degree on the Annual Corporate Governance Report.

Compliant

23. That all directors clearly express their opposition when they think that any proposal for a decision submitted to the may be contrary to the company's interests. And that, particularly independent directors and directors not affected by the potential conflict of interest, this is also the case concerning decisions which could damage shareholders who are not represented on the Board.

And that when the Board adopts significant or repeated decisions on which the director has expresses reservations, the director draws the necessary conclusions and if he chooses to resign, explains the reasons for this in the letter referred to by the following recommendation.

This Recommendation also covers the Secretary of the Board, even though the Secretary may not be a director.

Not applicable

24. That when, either because of resignation or for another reason, a director leaves his role before the end of the mandate, he explains the reasons in a letter sent to all members of the

Board. And that, while this will still be stated as a relevant fact, the reason for the departure is also disclosed in the annual corporate governance report.

Compliant

25. That the appointments committee ensures that non-executive directors have enough time to carry out their functions correctly.

And that the rules for the Board establish a maximum number of companies where they may be directors.

Compliant

26. That the Board meets frequently enough to perform its functions with effectiveness, and at least eight times per year, following the programme of dates and business established at the start of the year, with each Director being able to propose orders of the day that were initially not included.

Compliant

27. That directors are absent only when essential, and these are listed in the Annual Report on Corporate Governance. And that if proxy representation is indispensable, it is granted with instructions.

Compliant

28. That when directors or the Secretary express concern on a proposal or, in the case of the directors, on the performance of the company, and these concerns are not resolved by the Board, at the request of the person who expressed them they are then noted in the minutes.

Not applicable

29. That the company established by which directors can obtain advice needed to carry out their function, including if required by circumstances external advice paid by the company.

Compliant

30. That, independently of the knowledge required of directors for the exercise of their functions, the companies also offer a programme updating their knowledge when circumstances so advise.

Compliant

31. That the order of the day of meetings clearly indicates those points where the Board must adopt a decision or come to agreement, so that directors can study before hand the information needed for this.

When exceptionally and for reasons of urgency, the Chairman wants to submit for approval to the Board decisions or agreements not in the order of the day, this will require the express consent of the majority of directors present, and this will be stated in the minutes.

Compliant

32. That directors are regularly informed of any movements in share ownership and of the opinion of the company and its group held by significant shareholders, investors and rating agencies.

Compliant

33. That the Chairman, who is responsible for the effective functioning of the Board, as well as exercising the functions allocated to him by law and by-law, prepares and submits to the Board a programme of dates and business to discuss; organises and coordinates the regular assessment of the Board and if applicable of the chief executive; is responsible for the management of the Board and its effective functioning; ensures that enough time is dedicated to

discussing strategic issues, and approves and reviews the programmes for updating the knowledge of each director when circumstances recommend this.

Compliant

34. That when there exists a coordinating director, the by-laws or rules for the Board, as well as the powers legally allocated, attribute the following: chairing the Board when the chair is absent and the deputies absent, if there are any; note the concerns of non-executive directors; maintain contacts with investors and shareholders to understand their perspective and their concerns, in particular about corporate governance at the company, and coordinate the succession plan for the Chairman.

Not applicable

35. That the Secretary of the Board takes special care that the actions and decisions of the Board take into consideration the Recommendations of good governance contained in this Code which are applicable to the company.

Compliant

36. That the Board of Directors in full assesses once a year and adopts if needs be an action plan to correct any deficiencies detected in:

- a) The quality and efficiency of the functioning of the Board
- b) The functioning and membership of its committees
- c) The diversity of the membership and competencies of the Board
- d) The performance of the Chairman of the Board and the chief executive
- e) The performance and contribution of each director, paying special attention to those responsible for the various Board committees

To assess the various committees, the basis will be the reports they submit to the Board and the report of the appointments committee.

Every three years, the Board will be supported in the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relations that the consultant or any company of his group maintains with the company or any group company must be disclosed in the annual report on corporate governance.

The process and the areas assessed will be described in the annual report on corporate governance.

Compliant

37. That when there is an Executive Committee, the structure of participation of the different types of directors is similar to the structure of the Board, and the Secretary is the Secretary of the Board.

Compliant

38. That the Board is always aware of the business treated and the decisions adopted by the Executive Committee, and that all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant

39. That members of the Audit Committee and in particular the Chairman are appointed based on their knowledge and experience in the area of accounting, audit, or risk management, and that the majority of members are independent directors.

Compliant

40. That there is an internal audit function which, under the supervision of the Audit Committee, monitors the good performance of the information systems and internal control systems and reports to the non-executive chair of the Board or of the Audit Committee.

Compliant

41. That the person in charge of the internal audit function presents the Audit Committee with an annual work programme, directly informs it of any incidents that occur during this, and submits to it at the end of each year a report on his activities.

Compliant

42. That it corresponds to the Audit Committee, in addition to the functions established by the law, the following functions:

1. Concerning information and internal control systems:

a) Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.

b) Ensuring the independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service; approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant risks of the Company; receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.

c) Establishing and monitoring a mechanism which enables employees to communicate confidentially and if possible and appropriate, anonymously, any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

2. Concerning the external auditor:

a) In the event that the external auditor resigns, to examine the circumstances which led to this.

b) Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.

c) Ensure that the company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.

d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the company.

e) Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the independence of auditors.

Compliant

43. That the Audit Committee can call any employee or manager of the company and require them to appear without the presence of any other manager.

Compliant

44. That the Audit Committee is informed about any transactions of structural or corporate modifications that the Company is planning for analysis and for its prior report to the Board about the financial conditions, accounting impact and in particular, if applicable, the swap ratio

proposed.

Not applicable

45. That the policy for controlling and managing risks identifies at least:

- a) the various types of risks (operational, technological, financial, legal, social, environmental, political, reputational...) faced by the company, including in the financial risks contingent liabilities and other off balance sheet risks;
- b) the establishment of the risk level deemed acceptable by the company;
- c) measures available to mitigate the impact of the identified risks if they were to materialise;
- d) the information systems and internal control systems used to control and manage these risks, including contingent liabilities and off balance sheet risks.

Compliant

46. That under the direct supervision of the Audit Committee or any specialist committee of the Board, there is an internal function for controlling and management the risks, managed by a unit or internal department at the Company with the following functions expressly attributed to it:

- a) Ensure the smooth functioning of control systems and risk management, and in particular identify, manage and quantify the major risks that affect the company.
- b) Participating actively in preparing the risks strategy and in important management decisions.
- c) Ensuring that control systems and risk management adequately mitigate risks as part of the policy defined by the Board.

Compliant

47.

That members of the appointments and remuneration committee – or of the two separate committees if applicable – are appointed on the grounds of their understanding, skills and experience for the functions they are called on to carry out, and that the majority of members are independent directors.

Partly compliant

The Appointments and Remuneration Committee consists of four members, two of whom, including the Chairman, are independent.

48. That large cap companies have separate appointments and remuneration committees.

Not applicable

49. That the Appointments Committee consults the Chairman and the chief executive of the company, especially for matters concerning the executive directors.

And that any director may request the Appointments Committee to take into consideration, if he deems them ideal, potential candidates for director vacancies.

Compliant

50. That the appointments committee carries out its functions with Independence and that as well as those functions it has under law also carries out the following:

- a) Proposing to the Board the basic conditions of contracts for senior managers.
- b) Confirming the observance of the remuneration policy established by the company.

c) Regularly reviewing the remuneration policy applied to directors and senior managers, including compensation paid with shares and its application, and guaranteeing that individual compensation is proportionate to that paid to other directors and senior managers at the company.

d) Ensuring that any conflicts of interest do not jeopardise the independence of the external advice provided to the Committee.

e) Verifying the information about the compensation of directors and senior management contained in corporate documents, including the annual report about the remuneration of directors.

Compliant

51. That the Remuneration Committee consults the Chairman and the chief executive of the company, especially for matters relating to executive directors and senior management.

Compliant

52. That the rules of membership and functioning of the committees of supervision and control are included in the rules for the Board and are consistent with those applicable to legally obligatory committees, those mentioned in other recommendations, including:

a) That they consist exclusively of non-executive directors, with a majority of independents.

b) That their chairs are independent directors.

c) That the Board appoints members of these committees on the grounds of their understanding, skills and experience for the functions of each committee, considers their proposals and reports and that the committees report to the full Board following their meetings about their activity, with a response to their work.

d) That the Committees can receive external advice when they consider it necessary to carry out their functions.

e) That minutes are taken of their meetings and made available to all directors.

Not applicable

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility strategy is allocated to one committee or distributed among several committees of the Board, which may be the audit committee, appointments committee, corporate social responsibility committee, if it exists, or a specialist committee that the Board of Directors, in the exercise of their powers of self-organisation, decides to create for this purpose, with the following specific functions as a minimum:

a) The supervision of compliance with internal codes of conduct and corporate governance rules at the company.

b) The supervision of the strategy for communicating and relations with shareholders and investors, including small and medium shareholders.

c) The regular assessment of the appropriateness of the company's corporate governance, in order to comply with the mission of defending social interest, taking into consideration the corresponding legitimate interests of other stakeholders.

d) The review of the company's corporate social responsibility policy, ensuring that it is focused on value creation.

e) Monitoring the strategy and practices of corporate social responsibility and assessing the level of compliance.

- f) Supervising and monitoring the processes of stakeholder relations.
- g) The assessment of everything related to non-financial risks at the company, including operational risks, technological, legal, social, environmental, political and reputational.
- h) Coordinating the process of reporting non-financial information and diversity information, in accordance with applicable norms and international reference standards.

Compliant

54. That the corporate social responsibility policy includes the principles or commitments that the company assumes voluntarily with various stakeholders, identifying at least:

- a) The aims of the corporate social responsibility policy and the development of supporting instruments.
- b) The corporate strategy for sustainability, the environment, and social issues.
- c) Specific practices in issues related to: shareholders, employees, clients, suppliers, social questions, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal behaviour.
- d) Methods or systems for monitoring the results of the application of the specific practices noted above, their associated risks and the management of these.
- e) Mechanisms for supervising non-financial risks, ethics, and business conduct.
- f) Channels for communication, participation and dialogue with stakeholders.
- g) Responsible communication practices which avoid manipulated information and defend integrity and honour.

Compliant

55. That the Company reports in a separate document or in the management report about issues related to corporate social responsibility, using for this purpose an internationally accepted methodology.

Compliant

56. That the remuneration of directors is enough to attract and retain directors of the desired profile and to compensate for the dedication, qualification and responsibility required of the position, but not so high as to affect the Independence of judgement of the non-executive directors.

Compliant

57. That variable compensation linked to the performance of the Company and personal performance is limited to executive directors, as well as remuneration in shares, options, rights on shares or securities benchmarked to the share price, and long term savings mechanisms such as pension plans, retirement plans or other social welfare systems.

Shares may be delivered as compensation to non-executive directors when they are required to hold onto them until they are no longer directors. This will not apply to those shares the director may need to sell to meet the costs related to the acquisition.

Compliant

58. That in the area of variable remuneration, the compensation policies of the company incorporate the limits and technical cautions needed to ensure that they are related to the professional performance of their beneficiaries and not only from the general performance of the markets, the sector of the company, or other similar circumstances.

In particular, that the variable components of remuneration:

a) Are linked to predetermined performance criteria that are measurable, and that these criteria consider the risks involved in obtaining a result.

b) Support the sustainability of the Company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the rules and internal procedures of the company and its policies for risk control and management.

c) Are based on a balance between meeting short, medium, and long-term targets, hence enabling the remuneration of a continued performance over enough time to appreciate a contribution to sustainable value creation, so that the factors determining the variable remuneration are not based only on one-off, occasional or extraordinary events.

Compliant

59. That the payment of a relevant part of the variable components of remuneration is deferred for a minimum time enough such that it can be proved that the previously established conditions for payment have been met.

Compliant

60. That remuneration that is related to Company results takes into consideration any qualifications in the external auditor's report that reduces these results.

Compliant

61. That a relevant percentage of the remunerable variation of the executive directors is linked to the award of shares or financial instruments benchmarked to their value.

Explain

When the variable remuneration of the CEO was agreed, it was not considered appropriate to link it to shares or financial instruments.

62. That once they have been awarded the shares or options or rights to shares corresponding to the remuneration systems, directors may not transfer the ownership of a number of shares equivalent to twice their fixed annual remuneration, nor exercise the options or rights until at least three years after the award.

This does not apply when the director needs to make a sale to satisfy the costs related to the acquisition.

Not applicable

63. That contractual agreements include a clause permitting the Company to claw back the variable components of remuneration when the payment has not been adjusted to the conditions of the performance of when they have been paid on the grounds of data that have subsequently been proved to be inaccurate.

Compliant

64. That payments for the termination of a contract do not exceed an amount equivalent to two years of total annual remuneration and are not made until the company has been able to prove that the director met the previously established performance criteria.

Compliant

H.- OTHER INFORMATION OF INTEREST

1. If there is any other relevant corporate governance issue at the company or in group entities that has not been included in the sections of this report, but which it is necessary to include for a full and fair view of the governance structure and practices of the entity or the group, detail them briefly here.

In 2017 three points should be noted:

A) Diversity criteria when appointing Directors of Vocento

In connection with the recent entry into force of Royal Decree Law 18/2017, 24 November, which modifies the Code of Commerce, the revised text of the Law of Corporations approved by Royal Decree 1/2010, 2 July, and Law 22/2015 of July, on Account Auditing, about non-financial information and diversity, Vocento does not have a formal diversity policy but has since its establishment applied the criteria of diversity when selecting Directors. A brief description of these criteria when choosing members of the Board of Directors of Vocento is hereby provided:

- i. **Objectives:** when appointing each member of the Board of Directors, the main focus is on training and professional experience, with Article 22 of the Rules for the Board of Directors requiring that the person must be of recognised solvency, competence and experience. In addition, when assessing a candidate their personal characteristics are taken into account, including their gender. One of the main aims of the Board of Directors of Vocento is to try to achieve a balanced presence of women and men and always to consider female candidates as well as masculine when there is a vacancy.
- ii. **Measures taken:** on 16 February 2015, the Appointments and Remuneration Committee unanimously agreed targets for representation of women on the Board, with the aim of achieving a balanced presence of men and women. At the end of 2017, the Rules for the Audit and Compliance Committee were approved, which requires that members must have at the least understanding and experience in the areas of accounting, auditing, risk control and management (financial and non-financial risks) and information technology, or several of these areas.
- iii. **Application:** in 2016, when appointing independent directors, processes were established to identify candidates, processes which expressly included the presence of women, as well as candidates with specific training who could join the various committees of the Vocento Board of Directors.
- iv. **Results:** for the appointments mentioned in the previous paragraph, although the identification procedures specifically aim for women candidates, in the end the most suitable candidates, based on their training and professional experience, were men. However, the Appointments and Remuneration Committee reiterates its commitment to comply with its targets for increasing the representation of women and will continue to include female candidates in proposed appointments to the Board.

B) Issue of commercial paper under the VOCENTO 2017 commercial paper programme

Using powers expressly authorised by the fifth agreement of the General Shareholder Meeting of Vocento, S.A. on 20 April 2017, which agreed to authorise the Board of Directors with the powers to issue once or on different occasions fixed income securities (including commercial paper and bonds) within a maximum period of five years from the date of the Shareholder Meeting, on 7 November 2017 the Board of Directors unanimously agreed to approve the issue and circulation of commercial paper up to a maximum amount of fifty million euros (€50,000,000.00) in circulation at any time, and specifically to register a commercial paper programme on the Alternative Fixed Income Market for a maximum of fifty million euros (€50,000,000.00), with maturities of up to 24 months, hence diversifying sources of financing.

For the programme, PKF ATTEST SERVICIOS EMPRESARIALES, S.L. has been appointed the registered advisor of the MARF, and Bankia S.A. as the payment agent.

C) Approval of the Rules for the Audit and Compliance Committee of Vocento

In accordance with Technical Guide 3/2017 about Audit Committees at Entities of Public Interest, published by the CNMV on 27 June 2017, the Audit and Compliance Committee published and proposed the approval of the Rules for the Audit and Compliance Committee, which were approved by the Board of Directors in its meeting of 19 December 2017. As a result, from this date the Audit and Compliance Committee is governed by its own Rules and, as supplement, by the Rules for the Board of Directors and Company Bylaws of Vocento.

2. In this section, the company may also include any other information, clarification or detail related to the previous sections of the report, as long as they are relevant and not repetitive.

In particular, the company will disclose if it is subject to any other legislation that is different to Spanish law in the corporate governance area. If so, it will include the information that it is obliged to supply and that differs from that required by this report.

Not applicable.

3. The company may also indicate if it has voluntarily signed up to other codes of ethical principles or good practices, whether internationally, for its sector, or any other. If so, identify the code in question and the date of joining. In particular, state if the company signed up to the Code of Good Tax Practices of 20 July 2010.

On 27 July 2015, on the proposal of the Audit and Compliance Committee, the Board of Directors approved the Code of Good Tax Practices of Grupo Vocento.

Indicate if any directors voted against or abstained from the approval of this report.

No

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This Annual Corporate Governance Report for Vocento for the year ending 31 December 2017 was unanimously approved by the Board of the company at its meeting on 27 February 2018, following a favourable report from the Audit and Compliance Committee at its meeting of 26 February 2018.

vocento

**ANNUAL REPORT OF ACTIVITIES AND FUNCTIONING
OF THE AUDIT AND COMPLIANCE COMMITTEE**

VOCENTO, S.A.

FOR THE YEAR OF 2017

**Approved by the Audit and Compliance Committee on 25 January 2018
Ratified by the Board of Directors on 30 January 2018**

TABLE OF CONTENTS

1. Description, purposes and goals
2. The Audit and Compliance Committee
 - 2.1. Background
 - 2.2. Membership
3. Sessions and meetings
4. Functions and competencies
 - 4.1. General
 - 4.2. Systems for risk management and internal control
 - 4.3. External auditors
 - 4.4. Corporate governance
5. Activities undertaken in 2017
 - 5.1. Meetings
 - 5.2. Assessment
 - 5.3. Financial information
 - 5.4. External audit
 - 5.5. Internal audit
 - 5.6. Systems for risk management and control
 - 5.7. Corporate Governance and Compliance
6. Conclusions from the activities undertaken

ANNUAL REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

VOCENTO, S.A.

END DATE OF REFERENCE YEAR: 31/12/2017

1. DESCRIPTION, PURPOSES AND GOALS

This Annual Report of the Activities of the Audit and Compliance Committee of Vocento, S.A. (hereinafter “**Vocento**” or the “**Company**”) is addressed to the Board of Directors. It summarizes the activities carried out by the Audit and Compliance Committee in various areas of work, including the meetings held and issues discussed in the year. Its preparation and disclosure is in accordance with Article 18.8 of the Rules for the Board of Directors and it is published in conjunction with the individual and consolidated Annual Accounts, and with the sixth recommendation of the Code of good governance for listed companies as published by the CNMV on February 2015 (“**Code of Good Governance**”) and the terms of the technical guidance of 3/2017 for audit committees at entities of public interest, of 27 June 2017, published by the CNMV. The current report is published jointly with the individual and consolidated Annual Accounts.

2. THE AUDIT AND COMPLIANCE COMMITTEE

2.1 BACKGROUND AND REGULATION

Following an agreement by the Board of Directors of Vocento (then Grupo Correo-Prensa Española), on 18 July 2002, an Audit and Compliance Committee was established, of a voluntary nature and with no executive powers, with the main purpose of supporting the Board of Directors in its oversight functions.

This Committee operated until the stock market listing of Vocento, as result of which, in accordance with the terms of Article 19 of the Company Bylaws and of 18.1 of the Rules for the Board of Directors, the Board of Directors of Vocento on 5 September 2006 established the Audit and Compliance Committee, ahead of the listing and in accordance with Law 44/2002, of 22 November, on Reform Measures of the Financial System.

As a consequence of the publication by the CNMV of “Unified Code of Good Governance” (the “**Código Conthe**”) and of the stock marketing listing of Vocento, in 2006 the Committee carried out an analysis of implications of this code for the Audit and Compliance Committees of listed companies such as Vocento, updating the Rules for the Board of Directors, incorporating the new requirements established in the Code.

As a result of the publication on 1 July 2010 of Law 12/2010 of 30 June, which modifies the Law on Auditing Accounts and the Eighteenth Additional Provision on Audit Committees of the 24/1988 Law on Securities Markets was modified. Consequently, Article 18 of the Rules for the Board of Directors, which covers the structure, functioning, powers and obligations of the Audit Committee, was modified in 2010 to incorporate these changes.

Law 12/2010 has increased the responsibility of Audit Committees and Boards of Directors, concerning the accuracy of the financial information that listed companies provide to markets, with it

now being the responsibility of Audit Committees to monitor the accuracy of the financial information and to assess the effectiveness of the Internal Control system for financial information. In addition, they must take to the Board of Directors proposals for selecting, appointing, re-electing and replacing external auditors, and for their contractual conditions, and regularly receive information from them about the Audit Plan and its implementation, while preserving their independence in the exercise of these functions.

The functions and composition of the Committee have changed following a modification to the Rules for the Board in May 2015, in response to changes to the Law on Corporations by Law 31/2014 of 3 December, which aims to improve corporate governance, as well as the approval of the Code of Good Governance by the CNMV in February 2015. Furthermore, in November 2016, a modification was again made to the Rules for the Board of Directors, to clarify that the Chairs of the different Committees, including the Audit and Compliance Committee, must orally report to the Board of Directors about the matters addressed in each meeting of the corresponding Committee during the Board meeting immediately following, as has been happening in practice for years.

Finally, following the publication by the CNMV of Technical Guide 3/2017 about audit commissions at entities of public interest, on 27 June 2017, the Audit and Compliance Committee published a specific regulation to regulate its activities and functions, which was approved by the Board of Directors in its meeting of 19 December 2017 (the “**Rules for the Audit and Compliance Committee**”), and have been applied since then. As a result, the Audit and Compliance Committee is currently governed by its own Rules and then by the Rules for the Board and the Company Bylaws of Vocento.

2.2 MEMBERSHIP

In accordance with the provisions of the Rules for the Audit and Compliance Committee, the Audit and Compliance Committee is composed of a minimum of three and a maximum of five external directors appointed by the Board of Directors, and the majority must be independent directors.

The Chairman will be appointed by the independent directors of the Board and must be replaced every four years, being eligible for re-election one year after the end of the mandate.

At the current date, the Committee consists of the following members:

Chairman	Appointment	Type
D. Miguel Antoñanzas Alvear	19 January 2015	Independent
Members	Appointment	Type
D. Gonzalo Soto Aguirre	12 June 2012	External, nominee
Valjarafe, S.L. represented by	12 June 2012	External, nominee
D ^a Soledad Luca de Tena García Conde		
D. Fernando de Yarza López Madrazo	26 April 2016	Independent
D. Carlos Delclaux Zulueta	26 April 2016	Independent

All members of the Audit and Compliance Committee are External Directors or Independent Directors, and their professional profile and training can be consulted on the following part of the company website: <http://www.vocento.com/accionistas-inversores/gobierno-corporativo/#consejosycomisiones>.

Furthermore, in compliance with Recommendation 39 of the Code of Good Governance for Listed Companies, all members of the Committee have training and experience in accounting, auditing, management of financial and non-financial risks, and IT, with the majority of the members of the Committee independent, including the Chairman.

In accordance with Articles 18.1 of the Rules for the Board and 7.2 of the Rules for the Audit and Compliance Committee, the Secretary, D. Carlos Pazos, is not a member of the Committee and is Secretary of the Board of Directors of Vocento Likewise, the Deputy Secretary, D. Pablo Díaz Gridilla, is Deputy Secretary of the Board, in accordance with these articles.

3. SESSIONS AND MEETINGS

The Audit and Compliance Committee will meet whenever the Board of Directors or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted.

In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators. In these meetings, it can also require the attendance of the account auditors and the internal auditor, for those points of the day to which they are invited. At least part of these meetings with the internal auditor or account auditor must take place without the presence of management.

Any executive director or member of the management team or company employee who is so required will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have. The Committee may require them to appear without the presence of another manager.

4. FUNCTIONS AND COMPETENCIES

Notwithstanding any other functions assigned it by the Board, the Audit and Compliance Committee has, among others, the following responsibilities as stated in Articles 10, 11, 12 and 13 of the Rules for the Audit and Compliance Committee and Article 18 of the Rules for the Board of Vocento, in accordance with the terms of Article 529 of the Law on Corporations:

4.1 GENERAL FUNCTIONS

- Informing the Shareholder Meeting about the issues raised there that fall within the Committee's area of concern.
- Monitor the effectiveness of the internal controls of the Company, as well as internal audit, the system for managing risks including fiscal risks, and discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit.

- Supervising the functioning of the channel for whistleblowing and other procedures for possible breaches of the law and of internal codes of ethics.
- Monitoring the process of preparation and presentation of the financial information required by law.
- Informing the Board of Directors in advance about all the matters addressed by the law, Bylaws and Rules for the Board, in particular about:
 - a) the financial information that the Company must regularly publish
 - b) the creation or acquisition of stakes in special purpose vehicles or entities based in countries or territories considered to be tax havens which will only be possible when other fair and equivalent alternatives do not exist and which comply with the laws and good tax practices applicable to the Group; and
 - c) transactions with related parties.

The Audit and Compliance Committee must be informed about all structural and corporate modifications that the Company intends, for analysis and reporting to the Board of Directors about the financial conditions, the tax and accounting impact and in particular about any share exchange ratio proposed.

4.2 FUNCTIONS RELATING TO SYSTEMS FOR INFORMATION AND INTERNAL CONTROL

- Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- Ensuring the Independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service (human resources, financial resources and IT); approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant financial and non-financial risks of the Company and that responsibilities are clearly identified and defined when it comes to the adequate coordination with other functions that may have these duties, such as the units of risk management and control, compliance and external audit; and also receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.
- Obtaining each year from internal audit a report of activities which must contain at least a summary of the activities and reports undertaken in the year, explaining the work that is established in the annual plan and that has not been undertaken or those tasks that have been undertaken without being in the plan, and an inventory of any weaknesses, recommendations and action plans contained in the various reports.
- Evaluating the functioning of internal audit and the performance of its head.

- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

4.3 FUNCTIONS RELATING TO THE EXTERNAL AUDITOR

- Bringing to the Board proposals for the selection, appointment, re-election and substitution of the external auditor and the conditions of the auditing contract, and regularly receiving information about the audit plan and its implementation, as well as preserving its independence in these functions.
- Establish the appropriate relations with the external auditor for receiving information about those matters that may jeopardise the auditor's independence, to be examined by the Committee, and any other matters related to the audit, as well as any other communications established by auditing law and norms. The Committee will receive each year from the external auditor a declaration of independence from the entity and entities related to it directly or indirectly, as well as information about additional services of any other class provided by the auditor or related people or entities, in accordance with the legislation on auditing accounts.
- In the event that the external auditor resigns, to examine the circumstances which led to this.
- Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.
- Ensure that the Company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.
- Ensuring that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the Company.
- Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the independence of auditors.
- Publish each year prior to the publication of the audit of the accounts a report expressing an opinion about the Independence of the auditor. This report must contain a valuation of the additional services mentioned in the previous point, broken down individually and also overall, apart from the legal audit service, as related to the status of Independence and the norms governing audits.
- Publish each year an assessment of the performance of the external auditor and how it has contributed to the quality of the audit and the integrity of financial information.

4.4 FUNCTIONS RELATING TO THE SUPERVISION OF COMPLIANCE WITH CORPORATE GOVERNANCE RULES, INTERNAL CODES OF CONDUCT AND THE POLICY FOR CORPORATE AND SOCIAL RESPONSIBILITY

- Monitoring compliance with internal codes of conduct and corporate governance rules.
- Monitoring the communications strategy and the investor relations strategy, including small and medium shareholders.
- The regular assessment of the company's corporate governance system, and how it complies with its missions of supporting social interest and reflect the legitimate interests of stakeholders.
- The review of the company's corporate responsibility policy, ensuring it is focused on the creation of value.
- Monitoring the strategy and practices of corporate social responsibility and evaluating the level of compliance.
- Supervising and evaluating the processes of relations with the various stakeholders.
- Evaluating everything that concerns non-financial risks at the Company, including operational risk, technological, legal, social, environmental, political and reputational.
- Coordinating the process of reporting non-financial information and diversity information in accordance with applicable norms and international standards.
- Providing the Board with information about the tax policies and criteria applied by the Company, and about the level of compliance with good tax practices at the Group.
- Publishing the reports and implementing the actions that the Board or Chairman request from it in the exercise of its functions.

As can be seen by the description of the activities undertaken by the Committee, in section 5 of this report, the functions and activities assigned to the Audit and Compliance Committee were exercised in compliance with the terms of the Rules for the Audit and Compliance Committee, with no significant changes in its performance in 2017.

5. ACTIVITIES UNDERTAKEN IN 2017

5.1. MEETINGS

In 2017, the Audit and Compliance Committee met on **eight (8)** occasions, on the following dates:

- 1) 26 January 2017
- 2) 27 February 2017
- 3) 24 March 2017
- 4) 9 May 2017
- 5) 25 July 2017
- 6) 6 November 2017
- 7) 24 November 2017
- 8) 18 December 2017

The following section summarizes the issues discussed, agreements reached and recommendations made by the Audit and Compliance Committee:

➤ **MEETING OF 26 JANUARY 2017:**

- Report from external auditors with preliminary conclusions of their review of the consolidated financial statements for 2016.
- Report on the analysis of tax risks.
- Report following up internal audit plan for 2016.
- Monitoring of the implementation plan for the Crime Prevention and Response System.
- Annual Report of Activities of the Audit and Compliance Committee 2016.
- IT security plan.
- Management Control and Reporting system.

➤ **MEETING OF 27 FEBRUARY 2017:**

- Report from account auditors about the annual accounts of Vocento and the consolidated group for 31 December 2016.
- Report from account auditors confirming their Independence from the Group and dependent bodies, plus information about additional services provided.
- Report from the Audit and Compliance Committee about the independence of the external auditors from the Group and about additional services provided.
- Presentation of the regular public financial information to be sent to the CNMV and the market for 31 December 2016.
- Report about the functioning of the SCIIF in the fourth quarter of 2016.
- Report about the effectiveness of the SCIIF controls in the fourth quarter of 2016.
- Assessment of the SCIIF in 2016 and its compliance with the recommendations from the CNMV and the COSO standard.
- Risk management report for 4Q16.
- Proposed Annual Corporate Governance Report for 2016.
- Proposed formulation of annual accounts for Vocento and the consolidated group for 2016.
- Proposed annual report from internal audit for 2016.
- Proposed report for crime prevention for 2016

➤ **MEETING OF 24 MARCH 2017**

- Approval or not of the hiring of PWC for a service other than auditing.

➤ **MEETING OF 9 MAY 2017:**

- Information from external auditors about internal control recommendations corresponding to 2016.
 - Law on Account Auditing: new reports for auditing and for the Audit Committee.
 - Requesting from the external auditors of the Limited Review of accounts to 30 June 2017.
 - Proposed policy on services provided by the external auditor.
 - Report about services provided by the external auditor in 1Q17.
 - Presentation of the regular public financial information to send to the CNMV and to the market, for the first quarter of 2017.
 - Functioning of the SCIIF in 1Q17.
 - Report from Internal Audit about the effectiveness of the SCIIF controls in 1Q17.
 - Monitoring of internal audit plan for 2016.
 - Crime prevention and response system.
 - Proposed Sustainability Report 2016.
 - Other business.
- **MEETING OF 25 JULY 2017:**
- Monitoring of internal audit plan 2017.
 - CNMV Technical Guidance on Audit Committees.
 - Report from the external auditor PwC about the limited review of consolidated financial information for 30 June 2017.
 - Functioning of the SCIIF in 2Q17.
 - Report from Internal Audit about the effectiveness of the SCIIF controls in 2Q17.
 - Presentation of the regular public financial information to send to the CNMV and to the market, for the second quarter of 2017.
 - Phase II of KPI project: Demo of new IT system for Directors.
 - Effect on consolidated interim statements of the Veralia Contenidos transaction.
 - Information about the Crime Prevention and Response system in 2Q17.
 - Services provided by the external auditor in the second quarter of 2017.
 - Vocento Sustainability Report 2016.
 - Other business
- **MEETING OF 6 NOVEMBER 2017:**
- Functioning of the SCIIF in 3Q17.
 - Report from Internal Audit about the review of SCIIF controls in 3Q17.

- Presentation of the regular public financial information to send to the CNMV and to the market, for the third quarter of 2017.
 - Measures proposed regarding capital structures of some companies.
 - Risk management report for 3Q 2017.
 - Report about transparency in the Spanish media sector in 2017.
 - Proposed Rules for the Audit and Compliance Committee.
 - Monitoring of the Internal Audit plan for 2017.
 - Report from Internal Audit about the review of Crime Prevention and Response System in 3Q17.
 - Proposal for updating Internal Audit bylaws.
 - Report about services provided by the external auditor in 3Q17.
 - Other business.
- **MEETING OF 24 NOVEMBER 2017:**
- Approval of minutes from meeting of 6 November 2017.
 - Audit plan 2017.
 - Corporate rebalancing – review of situation.
 - Preliminary analysis of possible indications of impairment to goodwill.
 - Monitoring of the Internal Audit plan for 2017.
 - Other business.
- **MEETING OF 18 DECEMBER 2017:**
- Approval of minutes from meeting of 24 November 2017.
 - Audit plan 2017.
 - Situation of goodwill and tax credits.
 - Proposals for corporate restructuring.
 - Status of corporate simplification plan.
 - Monitoring of internal audit plan for 2017.
 - Crime Prevention and Response system.
 - Proposed internal audit plan and budget for 2018.
 - Monitoring of Vocento Corporate Social Responsibility plan for 2017.
 - Other business.

The Chairman of the Audit and Compliance Committee informed the Board of Director of the main issues discussed at each meeting, and minutes were taken by the Secretary of the Audit and

Compliance Committee and of the Board of Directors and sent to all Directors immediately following their approval.

All members of the Audit and Compliance Committee participated in all the meetings of the Committee in the year. Other people who are not members of the Committee also attended meetings on the request of the Chairman, including, among others, the Chief Financial Officer, the Director General of Operations, the Director of Technology and Systems, the Director of Communication, the tax advisers of the group, and the person responsible for the new information system for Directors based on Qlik View.

The external auditor participated in six (6) meetings of the Audit Committee, while the head of internal audit participated in seven (7) meetings when requested to, providing information about the development and results of the external and internal audits respectively.

5.2 ASSESSMENT

In accordance with Article 19 of the Rules for the Audit and Compliance Committee, the Audit and Compliance Committee must each year assess its performance, autonomously, in order to improve its functioning and improve planning for the next year.

Hence in 2018 the Audit and Compliance Committee carried out this autonomous review process, as coordinated by the Secretary of the Committee, with the results to be sent to the members of the Audit and Compliance Committee and the Board, to be taken into consideration by the annual review of the Board of Directors.

5.3 FINANCIAL INFORMATION

The Audit and Compliance Committee reports to the Board prior to its approval of the financial information that Vocento must publish regularly.

Consequently it monitors the process of preparing and guaranteeing financial information and ensures compliance with legal requirements, and the correct application of the consolidation perimeter and accounting standards.

In these tasks it has been supported by the financial department and the internal and external auditors.

The Committee in the various meetings of the year has reviewed:

- The Regular Public Financial Information to send to the CNMV and to the market, following a report from internal audit about the effectiveness of SCIIF controls, ensuring that the quarterly and half-yearly reports are prepared in accordance with the same principles, criteria and professional practices as the annual report and with the same level of accuracy.
- The report from the external auditors following the limited review of the consolidated financial information to June.
- The proposal for the formulation of the Annual Accounts of Vocento and the consolidated group.

- The report from the external auditors about the preliminary conclusions of the review of consolidated financial statements to September.
- The report from the external auditors about the annual accounts of Vocento and the consolidated group.

5.4 EXTERNAL AUDITOR

The Audit and Compliance Committee must regularly receive from the external auditor information about the audit plan and its implementation and preserve their independence in these processes. Communication between the Audit and Compliance Committee and the external auditor must be fluid and continuous.

In the year it undertook the following activities in this area:

- Received a report from the account auditors confirming their independence from the Company and dependent entities, as well as information about additional services provided.
- Prepared a report expressing an opinion about the Independence of the account auditors and the delivery of additional services.
- Requested from the external auditors a limited review of the consolidated half-yearly accounts to June and the accounts to September.
- The external auditor held a meeting with the full Board of Directors to inform it about the work undertaken, the development of the accounts and the risks faced by the Company.
- The Committee carried out a final assessment of the actions of the external auditor and confirmed their contribution to the quality of the audit and the integrity of financial data, including the auditor's independence, business knowledge and the frequency and quality of communications.

5.5 INTERNAL AUDIT

5.5.1 Supervision of the function

The company's internal audit function has been operating since 2004, as part of the Audit and Compliance Committee and reporting to the Chief Executive Officer, and it aims to ensure the correct functioning of information systems, internal controls, and risk management.

Its competencies are established by the Internal Audit Statute approved by the Audit and Compliance Committee on 6 November 2017, which is an updated version of the statute of 21 October 2004, incorporating regulatory developments and best practices.

Complying with its responsibilities for supervising internal audit services, the Audit and Compliance Committee carried out an assessment of the performance of the director of internal audit, including an assessment of the compensation corresponding to 2016.

5.5.2 Internal audit plan

In accordance with the functions that are its responsibility according to its Statute, the internal auditor presented to the Audit and Compliance Committee for approval the Internal Audit Plan for 2017 and the budget.

The Internal Audit Plan was practically fully implemented. The Plan included specific reviews of the controls of the SCIIF, in each financial reporting period to the market and to the regulator. All components of the internal control system for financial information were reviewed, enabling overall conclusions to be drawn about the effectiveness of the SCIIF, in accordance with the international COSO standard.

In addition, another objective of the audit plan, included in the Strategic Plan for Internal Audit, was to ensure compliance with the increasing responsibilities of the Audit and Compliance Committee, in the area of corporate governance and the supervision of risk control and management, increasing as a result of new legislation. Audits were carried out of compliance with the Policy for communications with shareholders and investors, of the Policy for services provided by the external auditor, of the tax management norm and of the Code of good tax practices.

Reviews were also undertaken in the auditing area of the processes for advertising revenues, travel and representation expenses and of financial audits of two newspaper publishing companies.

Concerning the Crime Prevention and Response System, audits were undertaken of controls in the IT system for payroll, social security, tax, prevention of risks at work, printing and grants.

Consulting work was undertaken concerning the implementation of an IT security system and now the new IT tool for advertising management.

Internal Audit, as the third line of defence (1) has developed a global assurance map for Vocento, detailed the coverage of the relevant risks that have been identified by the risk management system, indicating the controls in place for their mitigation and the areas responsible for managing these controls – the second line of defence – which provides the universe of processes and controls for internal audit to review.

5.5.3 Following up of recommendations

In the course of the year, work was carried out to follow up recommendations by issuing reports to the Director Generals of business areas and corporate areas, as the parties responsible for the functioning of the internal control system in their respective areas. This following up process aims to ensure that the recommendations made are implemented effectively. For each report, an action plan was proposed by the parties responsible for the audited processes, including actions to carry out to implement the recommendations.

¹ To facilitate the audit and compliance committee in its work of monitoring the risk management and control systems, the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditing (ECIIA) propose a methodological focus that is aligned with the three lines of defence model, which establishes the role of internal audit as to guarantee the functioning of the internal control system for the governance and senior management organisations, based on an assessment of the effectiveness of the risk management and compliance functions.

5.5.4 Information and communication

Over the course of the year, the internal auditor attended all the meetings and regularly informed the Audit Committee about the Internal Audit plan, of the conclusions reached, and of the recommendations made, and about the following up and implementation of the plan. The Executive Committee has also been kept informed with the same frequency.

The internal auditor published a Report of Activities at the end of the year.

In addition, the internal auditor has met the Chairman of the Audit Committee, without the presence of any other manager or non-member of the committee.

Internal Audit has carried out its work with the Independence required and there has been a satisfactory level of cooperation from managers and employees, with no relevant incidents or any difficulties in accessing information or people; information channels functioned correctly.

5.6 SYSTEMS FOR RISK MANAGEMENT AND CONTROL

5.6.1 Risk Management System

The Audit and Compliance Committee is responsible for ensuring the effectiveness of internal controls and risk management systems, including tax risks.

Vocento has implemented a risk management system which aims to enable understanding and oversight of the risks to which the Company is exposed, aligning business objectives, the risks identified, response measures and the controls established, in order to minimize the impact of any of these risks materializing.

In 2014, this risk management system was subject to an in-depth review and on 13 November 2014 the Board of Directors approved a new Risk Management Policy for Vocento and group companies.

In the year the Chief Financial Officer, in charge of the function of managing risks, presented to the Audit and Compliance Committee a new risk management report that was the outcome of the process of identifying and assessing risks that was carried out by the Risks Committee, which consists of members of the Management Committee of Vocento, including key indicators for the management and control of the main risk whose materialization could affect the objectives of Vocento.

Regarding the tax situation of the Group, the external tax advisor presented the Audit and Compliance Committee with an analysis of the situation, highlighting that no new tax risks were identified compared to the previous year, with all risks duly provisioned against in accounts.

5.6.2 Internal Control System for Financial Information (SCIIF)

In 2011 Vocento implemented an Internal Control System for the regulated Financial Information (SCIIF) that it discloses to the market and to regulators. The main aim of this is to provide the Board of Directors with a reasonable level of security about the accuracy of the financial information that Vocento is obliged to publish as a listed company.

Vocento's SCIIF follows the recommendations of the CNMV as contained in the document "Control of financial information at listed companies," and it is fully operational, as documented in an internal

norm approved by Senior Management, and supported by an IT application that enables the execution of the controls and their review by internal audit.

As an additional guarantee of the accuracy of the financial information, Vocento's SCIIF also benefits from a system of certifications about the accuracy of the information and about the functioning of the internal control systems, signed every six months by the director generals of the companies, the Chief Financial Officer and finally by the Chief Executive Officer.

Among its responsibilities in the area of internal control, the Audit and Compliance Committee has monitored the effectiveness of the SCIIF, supported by the services of internal audit, which carries out an overall review of the SCIIF according to the COSO standard used by Internal Control, verifying that the CNMV recommendations are met.

5.6.3 System for Crime Prevention and Response

On 13 November 2014, the Board of Directors of the Company approved a Crime Prevention Policy, which aims to send to all managers and employees at Vocento the message that Vocento ensures that its activity is based on principles which result in behaviours that are committed to legality, good governance, transparency, responsibility, independence, and reputation for upholding socially accepting ethical standards.

In this context, the Board also approved on 13 November 2014 Vocento's Code of Ethics, which sets the standards of behaviour that Vocento has already been applying in its activities.

The Code of Ethics establishes a specific communications channel, the Ethics Channel, by which any employee can confidentially report behaviour which is inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, including financial and accounting norms.

All Vocento employees have been notified of the Code of Ethics and are understood to have welcomed and accepted it.

In 2015, the Company outsourced the receipt and management of any communications to an external supplier, with their own IT system, which provides more Independence to the receipt of communication, ensuring their confidentiality and complying with the law governing the protection of personal data. This outsourcing agreement was maintained in the current year.

To implement the Crime Prevention and Response Policy, in 2015, using the competent bodies, a specific and effective internal control system will be implemented to prevent crimes, made up of a series of measures designed to assess risks, prevent, detect and respond to any non-compliance with the Code of Ethics or other possible crimes, while also documenting the practices that Vocento has been applying historically.

Included in this internal control system are protocols for acting and for monitoring, used in order to assess and reduce the risk of conduct which is illegal, irregular or contrary to the Code of Ethics. These are complemented by the implementation of effective, continuous controls that can be upgraded and reviewed.

In the current year, Vocento has concluded the implementation of the Crime Prevention and Response Policy, specifically in relation to the general controls and specific controls implemented for specific crimes, the IT support for these controls, and training for employees.

In terms of supervision, the Ethics Committee, which reports to the Audit and Compliance Committee, has been granted the function of preparing and monitoring the implementation, development and compliance of the internal system for crime prevention. Other companies in the group headed by Vocento have signed up to this system, under the responsibility of different bodies, without prejudice to their recourse to the Ethics Committee on a case by case basis.

The Secretary of the Ethics Committee has regularly informed the Audit and Compliance Committee about the progress of the implementation of the system for preventing and responding to crime, and has submitted for its consideration a report on crime prevention prepared by the Ethics Committee, which provides information about all the activities carried out in the year.

5.7 CORPORATE GOVERNANCE AND COMPLIANCE

5.7.1 Corporate Governance

It corresponds to the Audit and Compliance Committee to monitor the internal codes of conduct and rules of corporate governance, to supervise the strategy of communications with shareholders and to review the corporate social responsibility policy.

Complying with these responsibilities, the Audit and Compliance Committee carried out the following activities:

- Review of the Annual Report on Corporate Governance and proposal to the Board
- Review of the 2016 Sustainability Report
- Review of the Annual Report on Activities of the Audit and Compliance Committee and proposal to the Board
- Review and proposal to the Board of the Rules of the Audit and Compliance Committee
- Review and approval of the statute for Internal Audit
- Review and approval of the Policy on the delivery of services from the external auditor

5.7.2 Corporate compliance unit

The Corporate Compliance Unit was created with the responsibility of maintaining up to date the information that Directors and employees must disclose to the Company, in accordance with Article 32.3 of the Rules for the Board.

In accordance with this mandate, on 14 January 2014 the Board of Directors approved Vocento's Internal Rules of Conduct in Security Markets, Article 8 of which creates the Corporate Compliance Unit as an independent body reporting to the Audit and Compliance Committee.

The Corporate Compliance Unit has informed the Audit and Compliance Committee on a quarterly basis of the measures taken to ensure compliance with Vocento's Internal Rules of Conduct in Security Markets, approved in 2014. The reports mentioned any incidents in the updating of the

people and amounts affected, and any incidents in regard to personal transactions and in the interaction of the Group with the Comisión Nacional del Mercado de Valores.

In this regard, the Secretary to the Board of Directors regularly sent to the Audit and Compliance Committee the Quarterly Report of the Corporate Compliance Unit, stating the measures taken in order to ensure compliance with the terms of the Internal Code of Conduct. These measures include the creation of the required documentary records, the written notification to every person covered by the code that they are affected by it, and the obligations this implies, as well as the assessment of the level of compliance and any incidents detected.

6. CONCLUSIONS FROM THE ACTIVITIES UNDERTAKEN

In the period under consideration, the Audit and Compliance Committee has functioned with the expected normality, exercising fully and without interference its competencies and with total respect for the legislation in force and the internal norms of functioning and organisation contained in the Rules for the Board of Directors. Over the course of the year, the Audit and Compliance Committee has been supported by the services of Internal Audit, the Corporate Compliance Unit and the External Auditors, who have carried out the functions entrusted to them.

As a result of this work, the members of the Audit and Compliance Committee:

- consider that the Committee has in the course of the year satisfactorily complied with the functions assigned to it by the Board of Directors of Vocento and contained in its Rules, in particular those functions pertaining to the monitoring of the process of preparing and presenting regulated financial information, and the supervision of internal audit;
- state their approval of the effectiveness of the internal control systems associated with the process of preparing this regulated financial information, and with the level of compliance with the norms and recommendations of good corporate governance; and
- have informed the Board of Directors and the Management of the company about those aspects which may be approved in their corresponding areas of responsibility.

* * *

vocento

SUSTAINABILITY REPORT

VOCENTO, S.A.

2017

TABLE OF CONTENTS

1. LETTER FROM THE CEO	p.3
2. ACTIVITIES AND MAIN NUMBERS	p. 4
2.1. Business model.....	p. 5
2.2. Economic value generated, distributed and retained.....	p. 11
2.3. Fiscal responsibility. Commitment to the society where we operate.....	p. 12
3. GOOD GOVERNANCE AND ORGANISATION	p. 13
3.1. Governance bodies.....	p. 13
3.2 Corporate governance model at Vocento.....	p. 17
3.2.1. Internal norms.....	p. 18
3.2.2. Risk management and internal control systems.....	p. 19
3.2.3. System for internal control of financial information (SCIIF).....	p. 22
3.2.4. System for preventing and responding to crime.....	p. 23
3.2.5. System for management of information security.....	p. 25
3.3. Highlights of corporate governance in 2017.....	p. 28
4. MANAGEMENT OF NON-FINANCIAL RISKS	p. 29
4.1. Risks related to the environment and the impact of our activity on it.....	p. 29
4.2. Risks related to social issues and personnel.....	p. 30
4.3. Risks related to human rights.....	p. 31
4.4. Fight against corruption and bribery.....	p. 31
4.5. Due diligence in the supply chain.....	p. 31
5. PROFILE AND MANAGEMENT OF RESPONSIBILITY AND SUSTAINABILITY	p. 32
5.1. Mission, vision and values.....	p. 32
5.2. Stakeholders.....	p. 33
5.3. Materiality analysis.....	p. 33
5.4. Policy, strategy and plan for responsibility and sustainability.....	p. 35
5.5. Vocento website. CSR page.....	p.36

6. STAKEHOLDER RELATIONS	p. 36
6.1. Shareholder relations.....	p. 36
6.2. Relations with financial analysts	p. 38
6.3. Communications with institutional investors	p. 38
6.4. Relations with audiences	p. 38
6.5. Relations with suppliers	p. 39
6.6. Relations with employees	p. 41
6.7. Environment.....	p. 56
7. ASSESSMENT OF THE SOCIAL ACTION OF VOCENTO	p. 61
8. FOUNDATIONS	p. 62
8.1. ABC Collection Foundation	p. 63
8.2. Vocento Foundation.....	p. 65
9. JOURNALISM TRAINING	p. 66
9.1. ABC-UCM Master's in journalism and digital communication.....	p. 66
9.2. El Correo-UPV Master's.....	p. 67
10. VOCENTO 15th ANNIVERSARY	p. 67
11. AWARDS RECEIVED AND GIVEN IN 2017	p. 70
12. EVENTS IN 2017	p. 87
13. ENTITIES OF WHICH VOCENTO HAS BEEN A MEMBER	p. 98
14. FOUNDATIONS OR NON-PROFIT ORGANIZATIONS WITH WHICH VOCENTO HAS WORKED p. 98	
15. ABOUT THIS SUSTAINABILITY REPORT	p. 99

1. LETTER FROM THE CEO

It is my pleasure to introduce Vocento's sustainability report, in which we disclose our financial, social and environmental performance in 2017.

Vocento is hereby complying with the obligation to disclose non-financial information, in accordance with Royal Decree Law 18/2017, of 24 November 2017, in a separate sustainability report. This document forms part of the directors' report for the Group and has hence been subject to the same procedures of approval, registration and publication.

Just as in previous years, we have prepared this document in accordance with the principles of the G4 framework of the Global Reporting Initiative (GRI) and the sector supplement for the media sector, which identifies specific issues for media companies to report. We have also adopted the recommendations of the recent law.

In 2017, we worked hard to launch and apply our Plan for Corporate Social Responsibility and Sustainability 2017-2018, which we designed and approved in 2016. At the end of 2017 we had recorded major progress, achieving practically all the targets set for the period.

One of the actions of the Plan was focused on improving the measurement of our social actions and our contribution to the communities where we operate, beyond the impact of our business. As a result we have been able to record a total value which is more than double the result of last year.

In preparing this document, we have continued to reflect our commitment to improve and to increase transparency, making it easier for stakeholders to understand our Group's activities and hence increasing their trust and enhancing our sustainability.

We may face major challenges in 2018, but at Vocento we have the team, the brands and the values which will help us continue to carry out our business in a sustainable and responsible way.

Luis Enríquez

2. ACTIVITIES AND MAIN NUMBERS

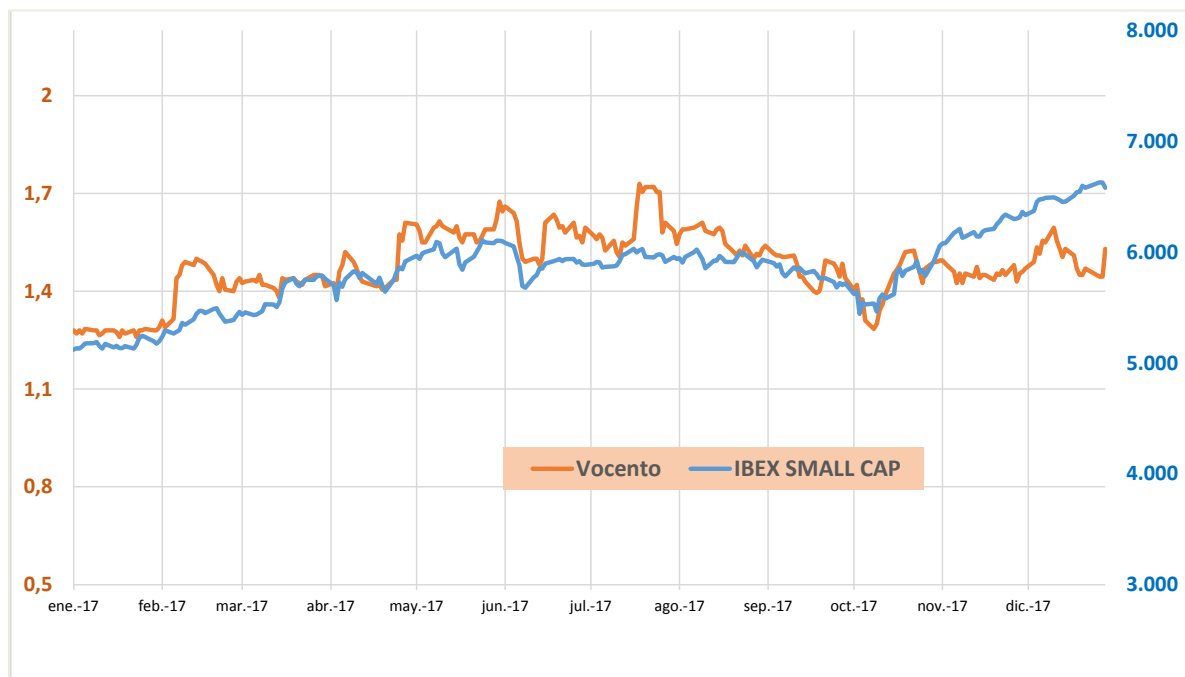
Vocento is a Spanish corporation whose shares are listed on the Spanish continuous market and on the stock exchanges of Bilbao, Madrid, Barcelona and Valencia.

On 31 December 2017, the share capital of Vocento was 24,994 thousand euros and consisted of 124,970,306 shares of nominal value of 0.2 euros each, totally paid in. There was no change from 31 December 2016.

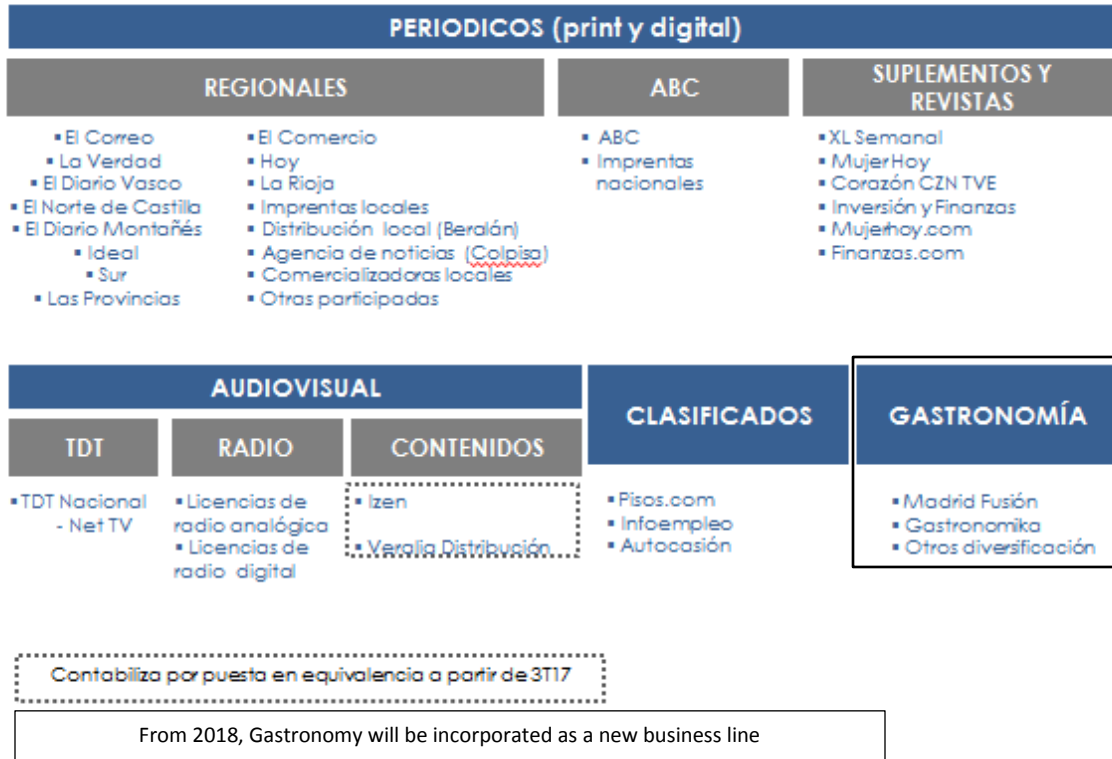
As is indicated on the CNMV website, Vocento holds treasury shares equivalent to 3.1% of its share capital.

The chart below shows the share price performance of Vocento and its comparison to the IBEX Small Cap index.

Share price performance of Vocento in 2017 vs. IBEX Small Cap Index



Vocento is a multimedia group, headed by VOCENTO S.A., which is dedicated to the different areas of business of the media sector.



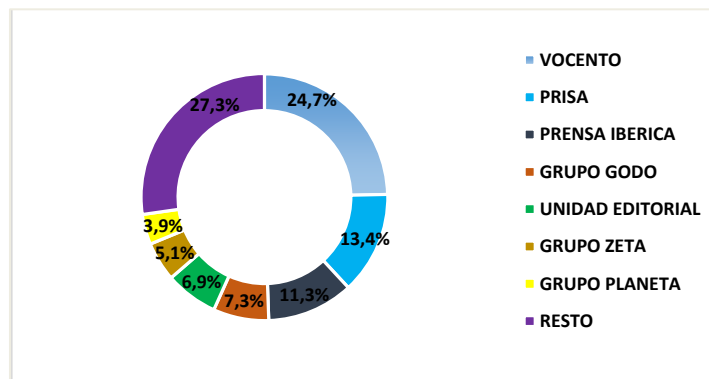
2.1. BUSINESS MODEL

Press – offline and online

VOCENTO is the clear leader of the general press, with market share of ordinary circulation of 24.7%, increasing the gap to the nearest competitor.

Share of ordinary circulation

(Source: OJD, data not certified)



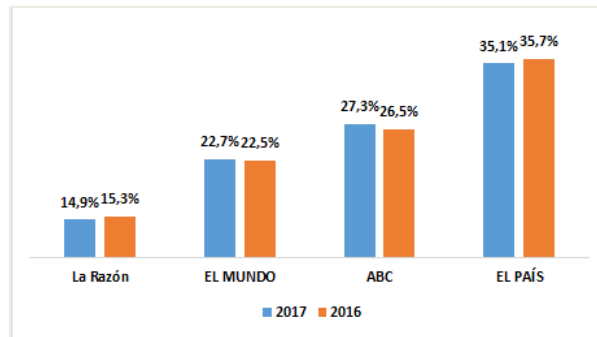
It is also the leader in terms of readership, according to the third EGM survey of 2017, with more than 2.2 million readers, more than one million more than the next group.

With an audience of more than 21 million unique monthly users in 2017, according to comScore, it has a significant Internet positioning.

ABC, the national daily published by Vocento, is more than 110 years old and is one of the leading newspapers in the country.

Share of ordinary circulation in Madrid 2016-2017

(Source: OJD, 2017 data not certified)

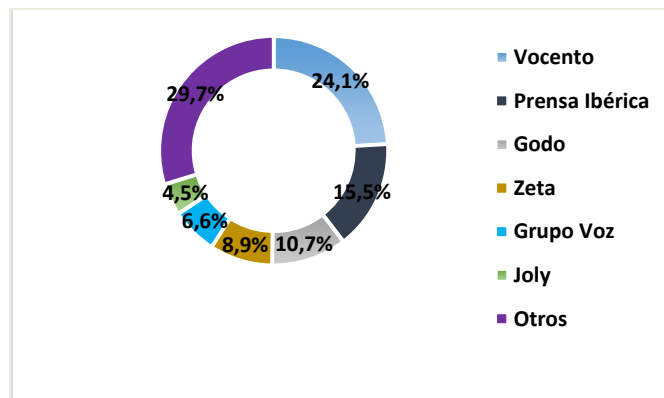


ABC is increasing its market share in the key market of the Comunidad de Madrid, where for the third consecutive year it has been in second position.

Regional Newspapers

2017 Share of circulation, regional press (%)

(Source: OJD, data not certified)



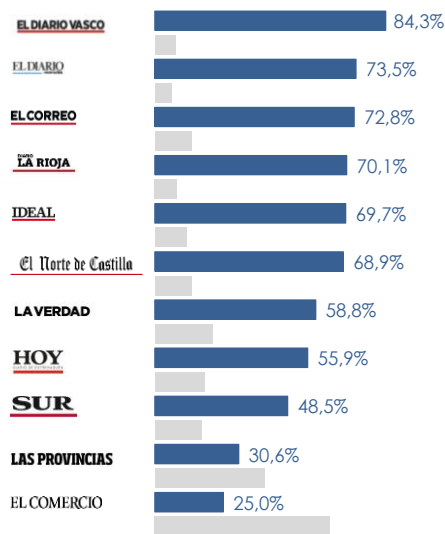
Vocento is the undisputed leader of the regional press market in Spain thanks to the positioning and history of its 11 regional newspapers. With some brands being more than 100 years old, their recognition and strong links to their regions make them leaders in their markets.

In 2017, VOCENTO's regional newspapers maintained their leadership of circulation, with market share of 24.1%, almost 9 p.p. more than the next group.

Furthermore, nine of our portals are leaders in their markets.

Market share in area of influence¹

Data (%)



Audience of local portals²

Datos en miles de usuarios únicos mensuales



Note 1: Source OJD. 2017. Data not certified. Note 2: Source comScore December 2017.

Supplements and Magazines

Vocento publishes the two leading supplements in Spain:

- XLSemanal, the most widely read Sunday supplement in Spain.
- Mujerhoy, the second most read supplement and the leading women's magazine.

The two supplements are distributed with all VOCENTO newspapers at the weekend, and with other major regional newspapers which do not belong to the group.

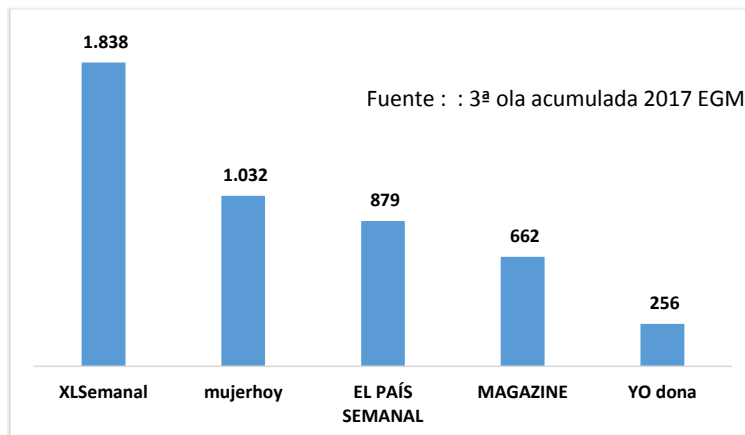
- Corazón TVE is one of the best-selling celebrity magazines.
- Código Único is our publication in the men's luxury segment.
- Inversión y Finanzas is the leading weekly magazine by kiosk sales in the financial sector.
- In corporate magazines, the agreement with Air Europa has helped make its magazine a leader in the in-flight sector.

VOCENTO's Supplements and Magazines reached a combined audience in 2017 of more than 3.1 million readers.

XLsemanal is a clear leader with c. 2 million readers, almost one million more than its nearest competitor. Mujerhoy has more than a million readers. Online, Mujerhoy.com is one of the main portals in its category with 2 million unique users according to comScore data for December 2017.

Readership of the main supplements in Spain.

(Data in thousands of readers)



Audiovisual

VOCENTO has a presence in the audiovisual market with a nationwide DTT license enabling the broadcast of two channels, a network of radio licences, the management of a catalogue of film rights, and a position in the content production sector.

Television

Net TV broadcasts two channels, Disney Channel and Paramount Channel, which provide Vocento with a presence in the niche television market with international, world-leading suppliers.

Radio

The alliance with Cadena COPE contributes stable profitability and delivers synergies and support to ABC in terms of editorial content.

Audiovisual Production and Distribution - Veralia

In 2017, the audiovisual production business Veralia Contenidos merged with Zebra Producciones, S.A and Proima-Zebrastur, S.L to create a new company: IZEN Producciones Audiovisuales S.L., which includes brands such as BocaBoca, Europroducciones, Hill Valley and Zebra. VOCENTO has a 45% stake in the new holding company.

In the film distribution area, Veralia Distribución de Cine manages a catalogue of more than 200 titles, with customers including free-to-air TV, pay-TV and new over-the-top or OTT players.

New businesses

In its diversification strategy, VOCENTO aims to incorporate new businesses that are related to its brands and that contribute to the growth of revenue and profits, with an outlook for break even in the short term, hence increasing the stability of the P&L and of cashflows and reducing our exposure to conventional advertising revenues.

Highlights in recent quarters include

1. **The acquisition of MadridFusión**, a leader in the organisation of food fairs. With San Sebastián Gastronomika, which belongs to Vocento, it is one of the largest food trade fairs in Europe, with a high potential for international expansion and for developing related activities.
2. **Acquisition of 19% of Gelt**, an application for online coupons.
3. **Acquisition of 50% of Shows On Demand**, an online collaborative platform for organising live concerts.

4. **Acquisition of a stake in Music Has No Limits**, which specialises in organising concerts.
5. **Launch of Factor Moka**, a communications and marketing agency which offers our clients and brands a full range of solutions for connecting to their customers.

Reflecting the group's financial discipline and commitment to low debt, investments in diversification are financed partly by the sale of real estate assets, such as the ABC headquarters or the former Veralia building.

Digital strategy

Vocento's digital strategy consists of:

1. **Maximising digital advertising revenues:** the aim is to optimize advertising sales by using data analytics to segment audiences. These technologies also increase our understanding of users and improve their engagement and loyalty to VOCENTO brands.

Our commercial offering has been enhanced with the launch of new digital products and services, such as Local Digital Kit in 2017, for the SME segment.

The Classifieds portals also differentiate VOCENTO in this area.

2. **Payment models:** Implementing payment-based models: with Ideal in 2018, there are now four VOCENTO portals which offer the ON+ payment service to their readers. In total, there are now more than 14,000 subscribers to ON+. This Premium model, which marks the end of the free content era, is based on high quality content, with innovation playing a major role, as well as on exclusive offers to subscribers.
3. **Transactional revenues:** Oferplan, a portal for discount offers and plans, is responding to the changing needs of clients when it comes to making reservation plans

Classifieds

In 2017, the Classifieds business consolidated its position with growth in the real estate market at pisos.com, increased profitability at Autocasión.com in the automotive sector, and stability in the jobs market at Infoempleo.com.

In 2017, the Infoempleo.com and autocasion.com portals were redesigned.

2.2. ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED (*)

Cifras en miles de €

	2017	2016
Valor económico generado		
Importe neto de la cifra de negocios	423.014	447.872
Trabajos realizados por la empresa para el activo intangible	10	75
Otros ingresos	891	818
Variación de provisiones de tráfico y otras	- 2.500	- 2.065
Deterioro y resultado por enajenación de inmovilizado material o intangible	- 4.874	- 20.881
Amortizaciones y depreciaciones	- 16.916	- 18.650
Ingresos financieros	300	241
Gastos financieros	- 5.043	- 6.701
Otros resultados de instrumentos financieros	- 45	- 294
Resultado neto por enajenación de instrumentos financieros no corrientes	2.932	177
Valor económico neto generado	397.769	442.000
Valor económico distribuido		
Aprovisionamientos	- 60.215	- 67.246
Gastos de personal	- 152.256	- 154.814
Servicios exteriores	- 169.335	- 182.516
Impuestos sobre las ganancias de las operaciones continuadas	- 13.073	- 92.570
Accionistas minoritarios	- 6.597	- 2.255
Valor económico neto distribuido	401.475	499.401
Valor económico retenido en el año (generado - distribuido) -	3.706	- 57.401
Valor económico sin efecto FISCAL	9.367	22.101

(*)Structure of the income statement expressed in terms of sustainability, as suggested by the GRI (Global Reporting Initiative).

The impact of Vocento's activity is mainly felt in Spain, representing 93.7% of the total net value distributed. Spain received in financial terms the following amounts, by concept, in 2017:

Cifras en miles de €

Compras de materiales, consumibles y suministros	35.014
Sueldos y salarios trabajadores	152.256
Servicios de proveedores	169.335
Impuestos	13.073
Pagos accionistas minoritarios	6.597
Total impacto económico en la economía nacional	376.275

2.3. FISCAL RESPONSIBILITY. COMMITMENT TO THE SOCIETY WHERE WE OPERATE

At Vocento, we believe that one of our most important commitments to society is represented by our fiscal responsibility and our transparency about our actions and obligations in this area.

The most significant points of the Code of Ethics in relation to tax responsibility and accurate financial information include:

Accuracy of financial information

- The duty to account for operations at the right moment, following the criteria of existence, integrity, clarity and precision, in compliance with the applicable accounting norms at all times, so that financial information is accurate and reflects the rights and obligations of Vocento.

Legality. Prevention of money laundering.

- Duty to ensure compliance with tax obligations.
- Veto on setting up companies or accounts in tax havens.
- Obligation to comply with anti-money laundering norms.

Relationship with legal and tax authorities.

- Prosecution of non-compliant and inexact actions relating to legal and tax obligations.
- Cooperation at all times and in all events with the requirements of the Public Administration.

On 11/07/2015 the Board of Directors of Vocento approved the Code of Good Tax Practices of Vocento, which is available in the Policies section of the Corporate Governance page of the company website.

Vocento undertakes no business activity outside Spanish territory.

Tax havens, money laundering and whistle blowing

Vocento has no present in any tax haven. Vocento also has a publically available Crime Prevention Policy on its website, complemented by an internal handbook for preventing and responding to crime.

Vocento has established a whistleblowing channel for all employees, which has been outsourced in accordance with best practice to ensure Independence. Complaints are analysed and managed by the Ethics Committee, which is responsible for publishing final decisions.

3. GOOD GOVERNANCE AND ORGANISATION

3.1 GOVERNANCE BODIES

Shareholder meeting

The General Shareholder Meeting is the sovereign body at Vocento which delegates the management of the Company to the Board of Directors, except for those areas that are its competence. It is the highest decision-making body of the Company, and is in accordance with the law and the bylaws responsible for the administration and representation of Vocento.

The latest Shareholder Meeting was held on 20 April 2017.

Board of Directors

The policy is the Board is to delegate the everyday running of the Company to an Executive Committee and Chief Executive Officer, while it focuses on the general function of supervision, directly exercising its supervisory responsibilities.

The Chairman of the Board of Directors is D. Santiago Bergareche Busquet, who assumed the role in 2015.

Membership

At the end of 2017, the Board consisted of 12 members, the same number as at the end of 2016.

In 2017 there were no changes to the Board except for the substitution of the two nominee directors, Energy de Inversiones, S.L. and Onchena, S.L., by their physical representatives on the Board, D. Enrique de Ybarra e Ybarra and D. Álvaro Ybarra Zubiría.

The Board of Directors, as in 2016, is represented by 6 nominee directors, 5 independent and 1 executive director.

The membership of the Board, and their CVs, can be inspected on the Vocento website.

<http://www.vocento.com/accionistas-inversores/gobierno-corporativo/>

Vocento has responded to requests from significant shareholders for the appointment of nominee directors, who were ratified by the General Shareholder Meeting.

As a result of the distribution of share ownership and the requests from shareholders, the number of women on the Board in 2017 was 8.33%.

On 16 February 2015 the Appointments and Remuneration Committee unanimously approved a plan with targets for the representation of women on the Board, with the aim of achieving a balance between men and women on the Board. As a result, whenever there is a vacancy on the Board, there are processes to identify expressly female candidates. However, these processes were not applied in 2017 as the Board membership did not change in the year.

The Appointments and Remuneration Committee reiterates its commitment to comply with its plan for representing women and will continue to include female candidates in its proposals for appointments to the Board.

Assessment

In February 2017, the Board began a process of assessing its functioning in 2016, supported by an external adviser, covering the following areas:

- Structure and Membership of Board and Committees:
- Functioning of the Board: structure of meetings, information flows, dynamics of meetings, Secretary General of the Board, Internal Relations, work as a team;
- Responsibilities – contribution of the Board, approval of strategy and targets, monitoring and control of management, development and monitoring of management team, shareholder and stakeholder relations;
- Assessment of the contribution of the Board;
- Committees of the Board: Executive Committee, Appointments and Remuneration Committee, Audit and Compliance Committee.

The consultant carried out personal interviews with all Vocento directors, who also filled in a specific questionnaire for each item. The result of the assessment was presented to the Board on 24 March 2017 and set down in the minutes.

Meetings

The Board met on 11 occasions over the course of the year, and 100% of its members participated or were represented in all these meetings.

Remuneration

The remuneration of the Board for all concepts was 6.4% higher than in 2016 but 16% lower than in 2015.

Remuneration in thousand €.

2017	2016
1,579	1,484

As in 2016, in 2017 no advances, loans or guarantees were awarded to members of the Board.

In neither year did Vocento contribute to pension plans which had Board members as beneficiaries.

Board Committees

The Board of Directors has delegated some of its functions, in particular of supervision, to three committees:

- The Executive Committee which met 6 times in 2017;
- The Audit and Compliance Committee which met 8 times in 2017; and
- The Appointments and Remuneration Committee which met 6 times in 2017.

The functions and regulations governing these committees can be consulted on the Vocento webpage.

<http://www.vocento.com/accionistas-inversores/gobierno-corporativo/#consejosycomisiones>

In accordance with Technical Guide 3/2017 on Audit Committees at Entities of Public Interest, published on 27 June 2017 by the CNMV, the Board of Directors in its meeting of 19 December 2017 approved the Rules for the Audit and Compliance Committee, so that the Committee is now governed by its own rules, as well as in matters outside this scope by the Company Bylaws and the Rules for the Board of Directors of Vocento.

The highest authority for issues related to Corporate Social Responsibility and Responsibility at Vocento is the Board of Directors, which is supported by the Audit and Compliance Committee.

Membership of the Committees by gender did not change compared with 2016:

- Executive Committee: 14.29% female directors.
- Audit and Compliance Committee: 20% female directors.
- Appointments and Remuneration Committee: 0% female directors.

Chief Executive Officer

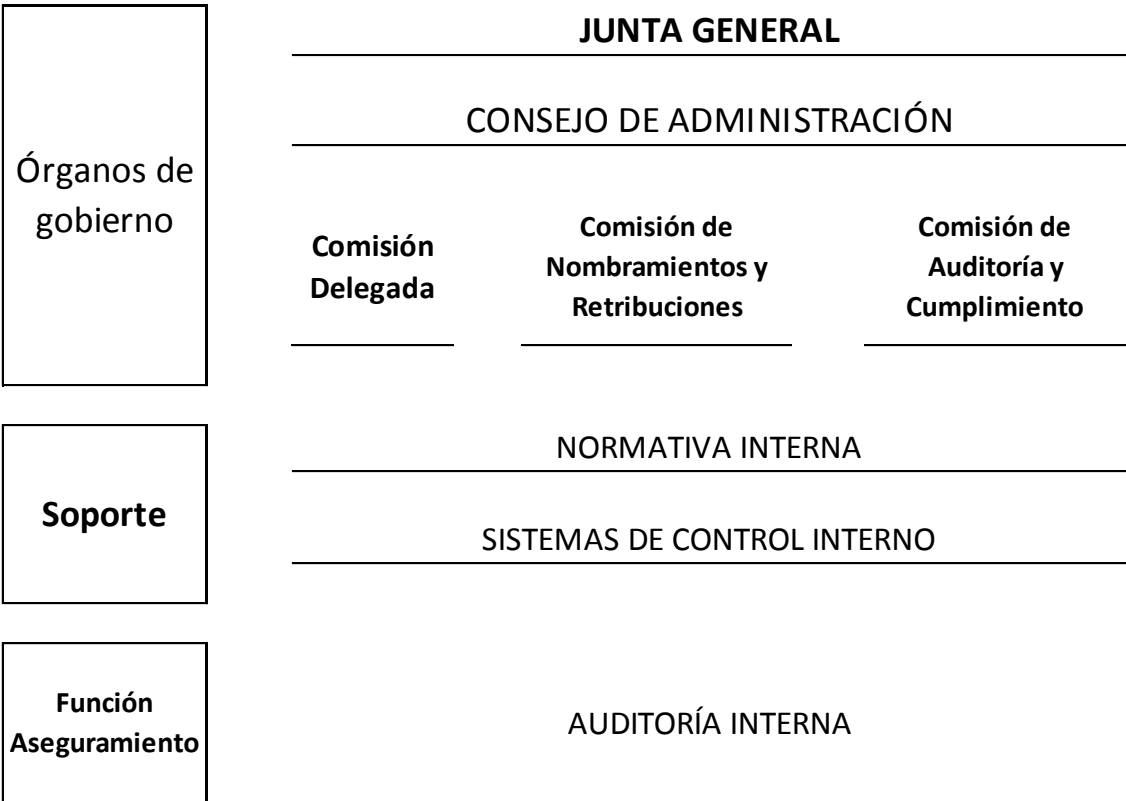
The Chief Executive Officer is the leading executive of the Company. He is chosen by the Board of Directors among its members and is responsible for the effective management of the business of the Company, always in accordance with the decisions and criteria set by the Shareholder Meeting and the Board of Directors in the ambits of their responsibility.

3.2. CORPORATE GOVERNANCE MODEL AT VOCENTO

Vocento has a network of governance bodies, internal norms, and risk control and management systems, which aims to deliver a transparent and effective model of corporate governance and supervision.

The Rules for the Board of Directors have been adapted formally to the specific recommendations on Corporate Governance contained in the Code of Good Governance for Listed Companies.

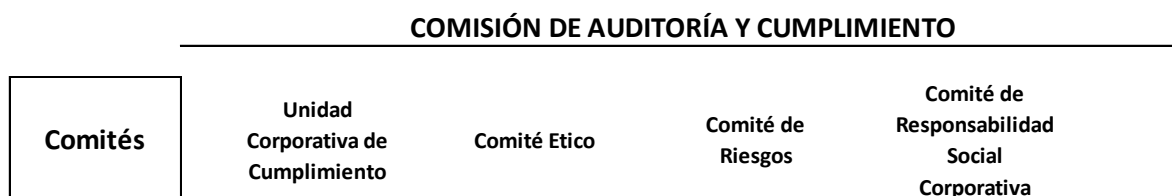
The Corporate Governance model is structured as follows:



The Audit and Compliance Committee is governed by its own Rules and then by the Rules of the Board of Directors and the Bylaws of Vocento, and has the following functions:

- Monitoring the effectiveness of the internal controls of the Company, as well as internal audit, the system for managing risks including fiscal risks.
- Monitoring the process of preparation and presentation of the financial information.
- Establishing appropriate relations with the external auditor.
- Ensure the Independence of the internal audit unit.
- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities.
- Monitoring compliance with internal codes of conducts and corporate governance rules at the company.
- Supervising the strategy for communications and relations with shareholders and investors.
- The regular assessment of the corporate governance system of the Company.
- The review of the corporate responsibility policy of the Company, ensuring it is focused on value creation.
- Monitoring the corporate social responsibility strategy and practices of the Company and the level of compliance.

To comply with its functions, the Audit and Compliance Committee has the following structure:



The Corporate Compliance Unit and the Committees report directly to the Audit and Compliance Committee and are composed of senior group managers. The Secretary of the Board is the Chairman of the Corporate Compliance Unit and is also a member of the Ethics Committee.

3.2.1. INTERNAL NORMS

All the internal norms of the Corporate Governance Model are available on the Vocento website, including:

- Company Bylaws
- Code of Ethics
- Rules
 - Rules for the Shareholder Meeting
 - Rules for the Board of Directors
 - Rules for internal conduct in securities markets
 - Rules for the Audit and Compliance Committee
- Policies:
 - Risk management policy
 - Crime prevention policy
 - Code of good tax practices
 - Corporate social responsibility policy
 - Policy for shareholder and investor communications
 - Policy for services from the external auditor

There are also protocols and internal norms expanding these policies which are available to all employees.

3.2.2. RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROL

The control activities contained in the internal norms materialize across the organisation in the shape of systems which contain specific controls for each identified risk. Vocento uses the COSO model of internal control to manage and control risks, with all systems used depending on the balanced functioning of five components:

- Control environment
- Risks assessment
- Control activities
- Communication
- Supervision

All businesses and business activities, including the activities of the Group led by Vocento, S.A. have risks that could impact on sustainability. Hence it is necessary to identify and manage them to ensure they do not interfere with the group's medium and long term goals. At Vocento, identifying and responding effectively to risks helps to achieve the targets of our business and to improve our performance.

Vocento has long established and approved a risk management system (SGR), driven by the Board of Directors and Senior Management, with the aim of understanding and controlling the risks to which the Company is exposed, obtaining an overall view of these risks, and aligning business objectives with the risks identified and with the response measures and controls defined to minimize these risks. This risk management system is included in the Risk Management Policy approved by the Board in 2014 for Vocento and group companies. This system functions for all the various businesses and supporting processes.

Vocento's risk management system is based on methodological frameworks including COSO II (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000, adapted to the specific requirements of the Group. Furthermore, the definition of responsibilities reflects the recommendations of the 'three lines of defence model of FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

Identification of the main risks

The policy for controlling and managing risks is based on identifying and assessing the different types of risk that the company faces (a risks map), separating them by relevance, and then determining measures to mitigate the impact of these risks, if they should materialise, and the information and internal control systems used to manage risks at the individual and group level.

The main risks to which Vocento is exposed are divided into six areas:

1. **Strategic:** Including mainly falls in advertising sales and circulation revenues, as well as actions from competitors.
2. **Organisational:** includes talent retention and the maintenance of the skills needed to pursue growth and digital transformation, as well as diversification.
3. **Operational:** including maintaining product quality and the quality of distribution.
4. **Compliance:** principally covers compliance with internal and external norms and the risks of non-compliance, especially in terms of tax at the Group and a possible different interpretation of the rules by competent tax authorities, or those compliance risks derived from publishing and regulated sectors.
5. **Financial:** including impacts on raising funds, accessing finance, and delays and defaults in payments.
6. **Technological:** including IT security (risk of attack) and the risk of technological changes.

Risk management process

Risk management is integrated in the organisation and is an interactive, multi-directional process which includes the following activities:

1. **Identification:** analysis, search and detection of events associated with internal or external factors that could threaten the achievement of our targets.
2. **Assessment:** analysis and measurement of risks using qualitative or quantitative methods, based on different variables including the probability of their occurrence or impact, as a basis for determining how they should be managed.
3. **Treatment:** defining and carrying out activities to avoid the materialisation of risks, reduce the probability of occurrence and impact, share the risk management or consequences, and accept the level of exposure and its possible effects.
4. **Monitoring:** ensuring that risks are identified and assessed and that responses are designed and implemented, analysing and assessing the evolution of risks and carrying out modifications when needed.
5. **Report:** preparation and formal sending of regular information relating to risks.

Monitoring

There are various bodies with responsibilities for preparing and implementing the risk management system. The functions and responsibilities of each are established in the Risk Management Policy of Vocento.

- a) **Board of Directors / Audit and Compliance Committee of Vocento S.A.:** the Board is responsible for approving risk control policies and management and for regularly monitoring internal information and control systems. The Audit and Compliance Committee is responsible for supervising the effectiveness of risk control systems, including tax risks, and regularly reviewing internal control and risk management systems, so that the main risks are sufficiently identified, understood and managed.
- b) **Risks Committee:** the permanent internal body, with a consultative nature, for the high level management of risks.
- c) **Corporate Risks Management Function:** coordinates and aggregates the processes of identifying, assessing and measuring risks, among other functions.
- d) **Risk Managers:** the SGR depends on everyone in the organisation, with the management team responsible for making this formal, for its functioning and updating. However, for each key risk at least one risk manager has been appointed who monitors the development of the risks under their responsibility and proposes the most appropriate management strategy.
- e) **Internal Audit:** provides essential support to the functioning and effectiveness of risk management processes and their correct assessment.

The risks which materialised in 2017 included:

- **Fall of offline advertising revenues / possible obsolescence of the offline product.** This risk is a result of the economic crisis, the fall in advertising spend and consumption, and the migration of readers towards online formats. As well as the defensive positioning of

Vocento's regional newspapers because of their high market share and the different dynamics of local markets, strategic measures have been taken by the company to mitigate this risk, and the information and internal control systems that have been established have worked correctly, effectively mitigating the impact of these risks.

- **Lower growth of online advertising:** in 2017, digital advertising grew more slowly than in previous years, among other reasons because of the increased competition from new players such as social media. Vocento is implementing strategic measures to mitigate this risk.
- **Late payments – default.** This risk reflects the increase in payment delays from both private sector clients and public administration and local institutions. It has been judged that the internal control and information systems established have functioned correctly (guarantees for payment, credit limits, etc.), effectively mitigating the impact of these risks.

3.2.3. SYSTEM FOR INTERNAL CONTROL OF FINANCIAL INFORMATION (SCIIF)

The purpose of the SCIIF is to provide a reasonable level of security about the accuracy of the regulated financial information disclosed to the market.

Since 2011, the SCIIF has been supported by its own IT system, which enables the full traceability of the implementation and monitoring of the controls and of the evidence registered for each control.

The controls are executed and overseen by personnel assigned to each process and group company.

The SCIIF is reviewed annually by Internal Audit, which audits a significant sample of controls and issues an opinion for each period of regulated financial information that is published.

Twice a year, as an additional guarantee about the accuracy of the financial information, certifications are signed by the director generals of group companies and corporate areas, confirming that the financial information supplied contains no errors. These have been prepared in accordance with accounting norms in force, and the internal control system has functioned reasonably in the period. The CEO and CFO also sign the SCIIF certifications.

The review work of Internal Audit is carried out in the system for each control, which may be qualified as effective or effective depending on the review.

In 2017, the level of effectiveness was 95%.

Each person and supervisor has the information needed in the system about the assessment of the controls and about pending recommendations.

In addition, in accordance with the Three Lines of Defence model, Internal Audit reviews the SCIIF once a year to assess its overall effectiveness and maturity.

A review has been carried out of compliance with the recommendations established in the CNMV document on the internal control of financial information at listed companies, with a special section of the annual report on corporate governance dedicated to compliance with the report.

The structure follows the COSO framework and is divided into five components of internal control. Internal audit reviews compliance every year and assesses the maturity of the system.

The 5 components ((i) Control Environment, (ii) Risk Assessment, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring) of the SCIIF are coordinated and operate jointly to prevent, detect, compensate, mitigate or correct any errors or frauds in financial information.

These five components involved the Board, the Audit and Compliance Committee, Senior Management, those responsible for the preparation of the financial information, the internal auditors and the external auditor.

As a result of the review carried out in 2017, it was concluded that the internal control system is highly mature and that in general the five SCIIF components work in a coordinated, adequate and reasonable way in the period, ensuring reasonable security about the accuracy of the individual and consolidated financial information of Vocento.

3.2.4. SYSTEM FOR PREVENTING AND RESPONDING TO CRIME

On 13 November 2014, the Board of Directors approved the Code of Ethics, the Crime Prevention Policy and the Handbook for Preventing and Responding to Crimes, which together represent Vocento's Crime Prevention System.

Ethics Committee

In accordance with the terms of Vocento's Crime Prevention Policy, the Ethics Committee has the function of formulating and supervising the implementation, development and compliance of the Crime Prevention System.

The Ethics Committee, reporting to the Audit and Compliance Committee, enjoys the faculties need of initiation and control to supervise the functioning, effectiveness and compliance of Vocento's Crime Prevention Policy and Code of Ethics. It also has the capacity needed to carry out consultations and request information related to all areas and departments of Vocento. Its

functions are included in the Handbook for Preventing and Responding to Crime. To carry out its tasks, it is supported by a unit in the internal audit area, with personnel and budget.

Activities undertaken

The Ethics Committee held the following meetings in 2017 and supervised the following activities:

Fecha	Orden del día
25/01/2017	Propuesta de Memoria de Prevención Penal e Informe de Evaluación correspondientes al ejercicio 2016
19/04/2017	Informe sobre el Canal Ético del 1T
	Acceso al Canal Ético
	Formación sobre el Canal Ético
14/12/2017	Situación de supervisión del cumplimiento del Código Ético de Vocento

- **Training plan**

The training plan for 2017, approved by the Ethics Committee, aims to promote a culture of compliance and business ethics and hence to avoid the materialisation of criminal risks in the work of employees and managers.

The Ethics Channel is a key element in the prevention model, and hence in order to raise awareness and increase its use, specific e-learning modules were provided by the company responsible for the outsourced service to all employees. This will conclude in 1Q18.

- **Implementation of the internal control system**

The main aim of the system is to enable the traceability and credibility of the controls that mitigate risks by each person designated, in each of the companies and business areas in the Vocento group.

In 2017, the supporting unit worked to formalise the controls that have been carried out at Vocento, updating policies and internal norms and implementing the controls needed, in accordance with the nature and size of the organisation, as well as the type of activities that are carried out, under the principle of proportionality established by legislation and by best practices.

The system for crime prevention is supported by its own IT system, the implementation of which was concluded in 2017, enabling complete traceability of the execution and supervision of the controls, as well as the evidence recorded for each control.

Risks covered by the internal control system relate to the environment, human resources, financial information and the prevention of risk in the workplace, with controls covering all group companies.

- **Ethics Channel**

The Ethics Channel was established by Vocento to enable employees to communicate anonymously, if they desire, and report any irregular conduct or conduct contrary to the Code of Ethics in the management of the companies.

Following best practice in this area, the Ethics Channel and the receipt of reports and complaints been outsourced to a third party provider, to guarantee higher levels of independence and confidentiality and ensure compliance with current legislation on personal data protection.

Access to the Ethics Channel is provided via an IT platform maintained by the outside provider.

In 2017, no complaints were received via the Ethics Channel.

- **Specific actions concerning compliance with the Ethics Channel**

In accordance with the terms of the Code of Ethics, the Human Resources department implemented an action plan in 2017 concerning gifts, remuneration, favours and other types of donation.

In November, the department sent all suppliers with invoices of more than €5,000 a year an email informing them and reminding them of last year's information about Vocento's policy about presents, contained in the Code of Ethics. In total, 1,052 emails were sent.

The same email was sent to the Director Generals of the companies of the group, so that they could send it to their clients.

In addition, whenever a gift is received from clients, an extract of the Code of Ethics is attached, referring to the procedure to be followed. This is sent to the recipient of the gift.

- **Assessment report**

In accordance with the terms of the Handbook for Preventing and Responding to Crimes, a Crime Prevention Report and Assessment Report have been prepared, with the following conclusions:

- Incidents were detected in the period concerning risks of breaches of the Code of Ethics, which were adequately handled by the Ethics Committee in accordance with the procedures established.
- No modifications were made to the Handbook for Preventing and Responding to Crimes, or to the risks catalogue.

3.2.5. SYSTEM FOR MANAGEMENT OF INFORMATION SECURITY

Vocento implemented some years ago an internal control system for information security, based on the international standard Cobit (Control Objectives for information and related Technologies), with the following principles:

- Confidentiality
- Integrity
- Availability

The aim is to increase resilience, enhance the level of control in the SGSI and guarantee action plans for corrections and continuous improvement.

The system is supported on an IT platform which confirms the realisation of the controls.

The system was reviewed in 2016, and work for its updating ended in 2017. The residual risk was significantly reduced thanks to the implementation of new controls.

In 2018, projects for improvement in some areas are planned, including:

- Life cycle management of the development of new Internet applications.
- Adaptation to the new European regulation on the protection of personal data.

3.2.6. INTERNAL AUDIT

In accordance with the model created by the ECIIA (the European Confederation of Institutes of Internal Auditors), at Vocento the Internal Audit function represents the Third Line of Defence and it enables the checking and monitoring of the internal control system by the organs of governance and by senior management, which must include an assessment of the effectiveness of the Second Line defences.

The internal audit function was created voluntarily in 2005. It is an independent non-executive corporate area, which reports to the Audit and Compliance Committee and answers to the CEO.

Its main function is to support the Audit and Compliance Committee in its legal obligations of monitoring the process of preparing financial information and assessing the management systems and risk control systems, based on the international norms prepared by the Institute of Internal Auditors.

Objectives

The objectives of the Internal Audit function at Vocento, established in the bylaws, are:

- To maintain the Independence and objectivity needed to exercise its functions.
- To facilitate the establishment and consolidation of internal control policies and procedures at all Vocento companies.
- Assessing all areas and functional activities at Vocento, meeting the scope and principles established by the Audit and Compliance Committee and reflected in the annual and pluriannual plans.
- Carrying out special studies and audits requested by the Board, the Audit and Compliance Committee and CEO, besides the approved plans.
- Issuing audit reports and maintaining the Board, Audit and Compliance Committee, CEO and Management informed about issues related to the internal control of Vocento companies.
- Monitoring the implementation of improvements and recommendations.

Internal audit plan 2017

The 2017 Audit Plan forms part of the Strategic Internal Audit Plan 2016-2017. Its main aim, using the GRC (Governance, Risk and Control) focus, is to reinforce the role of internal audit as the Third Line of Defence in the effectiveness of management systems and risk control system, with quality, efficiency and as a function of the Audit and Compliance Committee.

The Strategic Plan represents a major qualitative and quantitative improvement in internal audit's function of reviewing and supervising and is contributing to increase the level of maturity of the internal control systems, providing reasonable assurance to the Audit and Compliance Committee that the risk management and internal control systems are effective.

The 2017 Internet Audit Plan, approved by the Audit and Compliance Committee, includes both financial audits and compliance with procedures and internal norms, covering the areas of crime prevention, as the various companies and corporate areas of Vocento.

The 2017 Internal Audit Plan has been almost completely implemented, including specific reviews of SCIIF controls for each reporting period, plus internal control components about financial information, in order to make conclusions about the effectiveness of the SCIIF in accordance with the recommendations of the CNMV about the internal control of financial information and the international standard COSO.

In addition, another of the objectives of the audit plan, included in the Strategic Plan for Internal Audit, has been to ensure compliance with the increasing responsibilities of the Audit and Compliance Committee in terms of corporate governance and the monitoring of risks management and control, under new legislation. In this regard, audits have been carried out of compliance with the policy for communicating with shareholders and investors, of the policy for services from the external auditor and of the norm for tax management and Code of good tax practices.

Reviews have also been made of accounting processes and financial audits at group companies.

In regard to the System for Crime Prevention and Response, audits were carried out of the controls included in the IT system.

Consulting tasks were carried out concerning the implementation of information systems.

The Audit and Compliance Committee is regularly informed about the result of the work and the monitoring of the recommendations made.

Relations with governance bodies

As a reflection of the Independence and importance of the auditing area at Vocento and in complying with its functions, the Director of Internal Audit met the Audit and Compliance Committee on various occasions in the year, without the presence of other managers, as established by the best practices of the CNMV Technical Guidance 3/2017 on audit committees at public interest entities.

3.3. HIGHLIGHTS OF CORPORATE GOVERNANCE IN 2017

Following the publication by the CNMV of Technical Guidance 3/2017 on audit committees at entities of public interest, on 27 June 2017, the Audit and Compliance Committee has published specific rules that govern its activities and functions, the Rules for the Audit and Compliance Committee, which were approved by the Board of Directors in its meeting of 19 December 2017, so that henceforth the committee is governed by these regulations and then by the Rules for the Board of Directors and the bylaws of Vocento.

On 9 May 2017, the Board approved, on the proposal of the Audit and Compliance Committee, a Policy on services delivered by the external auditor, which reflects the requirements of the *la won* account auditing in terms of the Independence of the external auditor, different to the account auditor, and allocating to the Audit and Compliance Committee the approval and monitoring of these services and limits.

The Audit and Compliance Committee also approved, on 6 November 2007, a new version of the bylaws for Internal Audit (in force since 2004), in accordance with new legislation and best practices, reinforcing the independence of the internal audit function.

In 2017, Vocento maintained as external auditor a PriceWaterhouse Coopers, S.L. The audit of accounts in 2017 was published without qualifications. PwC has been auditing the group accounts since 2015.

Vocento's Annual Corporate Governance Report includes a detailed list of the level of compliance with the recommendations of corporate governance of the CNMV. Of the 54 applicable recommendations, 52 are fully complied with, including recommendation nr. 54 on social corporate responsibility.

- There are also 10 recommendations that are not applicable.
- The two remaining criteria, one is partially complied with: the Appointments and Remuneration Committee does not have a majority of independent directors, as they represent 50%; and the other is a characteristic of the company, as the variable remuneration for the CEO is not considered appropriate to be connected to shares or financial instruments.

In terms of grants from public, central or regional administration, we have recorded a total of 890,693 euros, allocated to 9 group companies. These grants are related to the promotion of local culture and language, training, digitalisation of archives, or the support of energy efficiency. Vocento makes no type of donation to parties, political organisations or foundations.

4. MANAGEMENT OF NON-FINANCIAL RISKS

Vocento has assessed non-financial risks in accordance with the requirements and principles of Royal Decree 18/2017.

The result of this assessment, and the terms of the text of the law, has led to the following conclusions:

4.1. RISKS RELATED TO THE ENVIRONMENT AND THE IMPACT OF OUR ACTIVITY ON IT

As a media company, the impact of our activities on the environment is very limited. Figures and complementary information may be found in the Environment and Suppliers sections of this report.

- Our facilities, print plants and offices are located in urban or industrial areas and do not particularly impact on the natural environment.
- There are no individual systems for withdrawing water. Supply is from public distribution networks.
- Waste water goes to the public sewerage network.
- Gas emissions are limited to CO₂ from electricity, gas and a small volume of diesel. Our industrial processes in the print plants do not produce greenhouse gases or other pollutant gases.
- Toxic or hazardous industrial waste is at all times handled by authorised waste disposal experts.
- Other waste is recycled or recovered or disposed of using public waste collection services.
- Practically all the paper that Vocento buys comes from EU countries and meets environmental standards. The small volume acquired from outside the EU comes from a provider with recognised environmental certifications.
- In recent years, since Group records have been kept, there have been no sanctions or administrative requirements relating to incidents with the environment.

Although the environment is not a critical aspect for the business, Vocento considers any impact however small to be important, and hence we have mentioned it as a relevant issue within our materiality analysis.

As part of the CSR plan for 2017-2018, various actions have been considered in this area, including the establishment of criteria and measuring systems. This will enable us in a future CSR plan to establish targets for improvement as one possibility.

In conclusion, Vocento believes that its impact on the environment is very limited and does not classify it as a business risk.

4.2. RISKS RELATED TO SOCIAL ASPECTS AND PERSONNEL

Metrics and complementary information may be found in the sections on “Fiscal Responsibility. Commitment to the society where we operate” and “Relations with our employees.”

Vocento has no operations outside Spain, as all our business activity and community relations take place in this country. Hence labour issues are governed by national and regional laws and requirements, guaranteeing worker rights and safe conditions at work. Vocento is fully compliant with all applicable requirements and legislation concerning its employees.

In terms of gender equity, the chapter on employee relations in this report contains a specific item on this issue, reflecting the importance this aspect has for the Group.

As a result, we believe that at Vocento we do not face risks concerning our employees, except for the organisational risk indicated previously, related to the retention of talent and maintenance of competencies, which are non-generic risks that are included in the Vocento risk system.

Vocento and its publications carry out extensive social actions, which because of the characteristics of the Group are of a regional nature, in the regions where our brands are present.

As well as the financial contribution resulting from our activity (as explained in the chapter on generated, distributed and retained value in this report) and the Group’s tax responsibility, declaring all its taxes in Spain, Vocento’s social actions go well beyond the ordinary operations of its business.

In the chapter valuing the social action of Vocento, the amounts contributed to social action by the Group and their objectives are disclosed.

Given the historic involvement of our brands in the society where they operate and their contribution to society, and the recognition of local and regional communities of our brands, Vocento does not believe that we face a risk related to social issues or communities that could affect our business.

4.3. RISKS RELATED WITH HUMAN RIGHTS

As we indicated when discussing risks related to employees, Vocento’s operations are limited to Spain, where we comply with all regulations and requirements related to human rights in a member state of the European Union.

Vocento therefore believes that we do not face human rights risks that could impact our business.

4.4. FIGHT AGAINST CORRUPTION AND BRIBERY

Previous headings in this chapter and subsequent items explain in detail the organisation and the systems and tools established to fight against corruption and bribery.

Over the time, the application of these principles has been proven to be sufficiently robust and effective.

4.5. DUE DILIGENCE IN THE SUPPLY CHAIN

Vocento only acquires 10% of its total purchasing volume overseas, including products and services.

All raw materials come from EU countries, except for 8.2% of print paper which comes from Canada. The supplier of this material is subject to strict requirements from the central and regional governments of Canada, related to the sustainability of forestry, including environmental conditions, respect for indigenous communities and fair labour practices. The supplier is certified for ISO 14001 and holds the PEFC, FSI and FSC sustainability seals, all of which are world leaders in best sustainable practices.

Of the remaining products and services acquired overseas, in 2017 only 0.08% of the purchasing volume came from suppliers who operate in countries without total guarantees or which could be suspected of being in breach of the law or of international standards relating to the environment, sustainability, employment practices or respect for human rights.

All the products and services supplied by these suppliers are not critical and can be replaced by options from another country.

Vocento therefore believes that with such a low level of potential impact, there are no risks relating to the due diligence of its supply chain in 2017, and it does not expect any risks in the future. If the purchasing conditions of the Group change in terms of volumes, purchasing categories or origins, we will re-evaluate the need to take any mitigating or preventive measures that are necessary.

5. PROFILE AND MANAGEMENT OF RESPONSIBILITY AND SUSTAINABILITY

Vocento's Code of Ethics was approved by the Board of Directors on 13 November 2014. It determines the principles and norms that must guide the performance of all people who form part of Vocento in their professional relations with third parties, plus the commitments of Vocento to its stakeholders and the Mission, Vision and Values that move the group.

Together with the other corporate documentation developed based on it or adapted, it reflects Vocento's firm commitment to legality, good governance, transparency, responsibility and independence.

The document can be accessed on the website: <http://www.vocento.com/responsabilidad-social-corporativa/>

5.1. MISSION, VISION AND VALUES

Mission

The mission of Vocento and Grupo Vocento, based on the freedom of expression and the support for fundamental human rights and public liberties, is to contribute to improving society by obtaining and publishing accurate information and free, plural and independent opinions, and other activities directly or indirectly related to these.

Vision

To be leading media group in Spain, a group that is profitable and is committed, among others, to our:

- **Readers:** investing in the technological development needed to bring them accurate and objective information as well as products and services for leisure and entertainment, in all current and future media vehicles.
- **Advertisers:** offering them high quality vehicles and enabling them to partner with our media to benefit from their positive brand attributes.
- **Employees:** creating the conditions needed for their personal and professional development to encourage their commitment to Vocento's Mission.
- **Shareholders:** maintaining their support with ethical behaviour, guaranteeing the sustainability of the company and creating value for their investments.

Values

- Independence
- Commitment
- Protection of freedom of expression and plurality
- Management excellence

5.2. STAKEHOLDERS

In 2017, we considered reviewing our list of Vocento stakeholders. Because the current stakeholders form a fundamental part of our Responsibility and Sustainability Plan 2017-2018, and the list is in principle believed to be complete, we decided not to make any modifications until the completion of the biannual CSR Plan.

Vocento has identified the following stakeholders:

- Shareholders, investors and analysts.
- Employees and journalists.
- Advertisers.
- Audiences and readers.
- Supply chain and suppliers.
- Communities where we operate, Society.
- Public administration.
- Sector institutions.
- Environment, planet.

5.3. MATERIALITY ANALYSIS

As a reminder for our stakeholders, we here reproduce the issues that we have concluded to be material for our responsibility as a company, as defined in our 2017-2018 Plan.

Transparency of finances and management

Ensuring compliance with legal requirements and providing our stakeholders with information that is sufficient, complete, accurate, accessible and easy to understand.

Good governance and an ethical business culture

Developing the tools available at Vocento (Code of Ethics, Ethics Channel), training all staff and activating internal communications channels in order to support the culture of the company in the areas of ethics and responsibility.

Retention of talent and commitment to people

The people who work at Vocento are the Group's main asset. It is critical to improve our understanding of these stakeholders and identify their expectations so that we can carry out actions that enhance their commitment.

Content

Our content must respect certain principles and address issues where social sensitivities are high using these principles.

Treatment of information

Using the principles contained in Vocento's Code of Ethics to strengthen our credibility and responsibility.

Advertising and sales

Committed to responsible advertising in accordance with the Code of Ethics.

Relations with readers

A critical group of stakeholders for our business. We must implement optimised procedures for interacting with them and measuring their satisfaction and expectations of our services.

Quality

Driving quality in two directions:

- Quality of the physical product as perceived by readers and advertisers.
- Quality in the supply chain and suppliers.

Environment

Although this is not critical for the business, our management must take account of the need to minimise the environmental impact and optimise the use of resources, raw materials and energy.

Social action

Determines everything that we contribute to society beyond our core business activity, as corporate citizens and in accordance with our presence in the communities where we operate. At Vocento, social action is extensive and far-reaching thanks to our geographical presence.

5.4. Policy, Strategy and Plan for Responsibility and Sustainability

On 23 February 2016, the Board of Directors of Vocento approved the Corporate Social Responsibility policy, available on our website at:

<http://www.vocento.com/responsabilidad-social-corporativa/>

This policy, as well as defining basic principles and objectives, creates and establishes the duties and responsibilities of the CSR Committee, which reports to the Audit and Compliance Committee of the Board of Directors.

The CSR Committee met on four occasions in the year, attended at each meeting by 100% of its members.

Meetings of Vocento's CSR Committee in 2017

- 19 January
- 26 April
- 8 June
- 13 December

Among the activities it is responsible for, one of the most significant in 2017 was the supervision of the CSR Plan 2017-2018, approved in November 2016, and of its initiatives and timetable.

In the meeting in December, the progress of the Plan was updated, with very positive developments noted. All the actions due to be finalized in 2017 were underway, except for one action related to the design of parameters for measuring CSR, concerning rejection rates for products.

Some of the improvements implemented as a result of the CSR Plan 2017-2018 include:

- Improving the visibility and transparency of the Vocento website with a new section for CSR, and with the publication of Policies and Procedures related to Responsibility and Sustainability, facilitating access to key information in these areas in a clear and simple way.
- Strengthening employee training at all levels regarding the Code of Ethics and the Ethics Channel, using various training tools and methods.
- Improving channels for communicating with employees using new mechanisms.

- Redefining and extending the method for calculating corporate ratios related to Human Resources.
- Design of a survey and system for improving the dialogue with advertisers.
- Redefining and extending the ratios for monitoring our environmental impact.
- Regarding content and the treatment of information, two important documents have been prepared, which will be published on the website.
 - Journalistic commitments of Vocento newspapers.
 - Vocento's commitments to publishing.
- Measurement of Social Action is being extended to all Group publications.

5.5. VOCENTO WEBSITE. CSR SECTION

Because of the interest in CSR issues at Vocento, a specific section of the company website has been created which presents in a very accessible way documents and data of interest about the Group's performance in this area. The CSR page of Vocento has been available since early 2017 and recorded 2,923 page views and 159 downloads in the year (source: DAX).

6. RELATIONS WITH STAKEHOLDERS

6.1. SHAREHOLDER RELATIONS

At the Investor Relations department of Vocento, in accordance with the Internal Rules for Conduct in Securities Markets, we aim to comply with the principles of transparency, accuracy, immediacy, and equality and symmetry in the disclosure of information.

The Corporate Compliance Unit is the body designed to supervise compliance with the regulation, a body which reports to the Audit and Compliance Committee and is chaired by the Secretary of the Board of Directors of Vocento.

Our policy in the Department is for maximum transparency with markets, and we maintain open communications with official organisations, shareholders, investors and financial analysts. As a result, we keep the financial community informed at all times about the development of the business and the main quarterly indicators and about Vocento's strategy.

In this regard, and to provide formal support to these practices, the Board of Directors approved in 2015 a Policy for Communications with Shareholders and Investors, which is available on the Vocento website: <http://www.vocento.com/accionistas-inversores/gobierno-corporativo/>. In 2017 we fully complied with this policy.

In November 2017, Internal Audit verified compliance with the Investor Relations Communications Policy, approved by the Board on 11 November 2017. The review consisted of a series of tests of

communications about the most relevant controls in the Policy, verifying that the information disclosed by Investor Relations complied with the principles of transparency, immediacy, equality and symmetry. The review concluded that these principles are reasonably adhered to.

In the same report, two recommendations were made, both with low priority, which were immediately put into place. One recommendation was for an annual report from the department, which has already been presented to the internal audit department. The second was for more control over responses by email and telephone, and measures have already been taken to this effect.

Communications channels

The first general channel for information is the Comisión Nacional del Mercado de Valores (CNMV), via the publication of relevant facts on its website and then on the continuously updated website of Vocento.

In 2017, there were 17 Relevant Facts, relating to: the liquidity contract between Vocento and Banco Santander, the renewal of the syndicated loan, conference calls on results, calls for the Shareholder Meeting, the merger of production businesses in the audiovisual sector, modifications to the Board, the acquisition of MadridFusión and Vocento's new commercial paper programme, among others.

Vocento has made available an Investor's Agenda section on its website, providing rapid and accurate access to quarterly results and information about the Shareholder Meeting, as well as the dates for quarterly results and information about conference calls, in the month before the publication of the results.

Furthermore, corporate presentations from Vocento are regularly updated on www.vocento.com so that anyone interested in the company may easily find the most relevant financial information, and the group strategy.

Vocento has a Shareholder Office which responds to any doubts that shareholders may put to use on various channels:

- Telephone: 902 404 073
- Email: ir@vocento.com
- Mail: Calle Pintor Losada, 7, 48004 Bilbao, Bizkaia

In 2017, the office managed 125 contacts, mainly via email. We received just one complaint from a shareholder, which was resolved immediately.

Regarding the Shareholder Meeting, the company maintains a record of the proxies received by mail from shareholders and responds to all queries related to the meeting, such as requests for documentation and attendance.

- Numerous telephone calls, emails and letters have been received about the Shareholder Meeting.
- Furthermore, an electronic forum for shareholders has been established on the Vocento website in order to facilitate communication between Vocento shareholders.

6.2. RELATIONS WITH FINANCIAL ANALYSTS

Analysts are a critical element of our communications with the financial community. The Investor Relations department holds a permanent, individual dialogue with them and responds to their requests. The publication of results and the communication of relevant facts are specific reasons for these communications.

Telephone communications with the eight analysts who cover Vocento is fluid and constant, and although it is almost impossible to assess the number of calls each year, it is estimated that the total is more than 40. Likewise, each quarter and in compliance with legislation, results are published and a conference call is organised which gives analysts the opportunity to ask any question about the operational and financial performance of the company.

6.3. COMMUNICATIONS WITH INSTITUTIONAL INVESTORS

To maintain the investor community informed, Vocento is an active participant in forums, events and seminars in Spain – mainly in Madrid and Bilbao – and overseas – London – where it explains to institutional investors the public information that has been disclosed on other channels.

On the request of investors, regular meetings are held to update them about the strategic messages previously disclosed in results presentations. In September 2017, Vocento organised a working lunch for investors.

In 2017, Vocento participated in six forums and nine meetings, meeting a total of 99 institutional investors.

6.4. RELATIONS WITH READERS

At Vocento we are committed to encourage dialogue with our readers. We believe that their perspectives can add value to group brands. One of the strengths of our media network is its presence in the many regions where we operate. Our publications maintain communications channels that reflect the needs of their readers and best manage their expectations.

All our newspapers have a section for letters to the editor and every day publish the most interesting of them. Furthermore, most of our publications have reserved spaces for readers to contribute their comments, requests, thoughts or complaints about current affairs in the city or region where the newspaper is distributed.

New technologies enable users to have a more active role as consumers of information. Our media enable readers to use email, social networks and WhatsApp to interact with the publication, facilitating a two-way communication which is continuous, fluid and immediate.

All of these elements which are received from users analysed and sent to different areas of each media, where they are studied for possible improvements to be made or published if they are of interest to the public.

Enhanced user understanding is not only achieved by daily operations, but also by market research, surveys and ad hoc events which serve to deepen our knowledge of our readers.

6.5. RELATIONS WITH SUPPLIERS

In 2016, Vocento began to work on the implementation of an online system for Tenders and Supplier Management. The system was 100% completed in the third quarter of 2017.

By using this instrument, the management of Group suppliers has been improved and risks have been reduced as much as possible. The system has led to more transparent processes and mitigates the risk of a supplier not complying with certain principles in our Code of Conduct for Suppliers.

The certification process contributes quality and security, by requiring a series of criteria to be met to validate their capacity as a supplier, such as their competencies and compliance with regulations, sustainability and social responsibility.

In 2017, the level of certification reached 87%.

In addition to the certifications, an e-Sourcing module for tendering for products and services has been implemented at Vocento, focused on creating synergies by increasing transparency and competition, optimising the negotiating process, increasing control and shortening the purchasing cycle.

Our target for 2017 for purchasing was established in six group-level negotiations for various categories of services. At the end of the year, four of these were in an advanced stage, while one had been concluded satisfactorily with the change of a supplier, with an improvement in technology and savings for the Group.

Of the total purchasing volume of Vocento in 2017, including materials, products and services, only 10% was acquired outside Spain.

The table below shows the supplies for the most representative materials used in the press and print plants in 2017.

Material	Volumen	Unidad	Origen Nacional	Total Origen UE	Otras fuentes	Certificación	% Utilización origen reciclado
Papel Prensa	36.662	Tn	76,4%	91,8%	8,2%	100%	90%
Papel Revistas	11.648	Tn		100%		100%	
Tintas	1.074	Tn	62%	100%			
Planchas	481.500	m2		100%			
Alambre	24.700	Kg		100%			
Fleje	12.051	Km		100%			

All raw materials come from EU countries, except for 8.2% of print paper which comes from Canada. The supplier of this material is subject to strict requirements from the central and regional governments of Canada, related to the sustainability of forestry, including environmental conditions, respect for indigenous communities and fair labour practices. The supplier is certified for ISO 14001 and holds the PEFC, FSI and FSC sustainability seals, all of which are world leaders in best sustainable practices.

Both paper for newspapers and for magazines is certified. Furthermore, 90% of the newspaper paper is sourced from recycled paper, the same level as last year.

The immense majority of other products and services acquired came from EU or first world countries: USA, Canada, Australia, Switzerland, Sweden, etc. Only 0.08% of the total purchasing volume of the Group came from countries with some background of bad practice in the environmental, labour or human rights area. 93% of this volume came from just one supplier.

All the products and services supplied by these suppliers are not critical and can be replaced by options from another country, Vocento believes that it does not face this risk in its supply chain.

There was a significant improvement in the days needed to pay suppliers in 2017, decreasing by 10 days compared with 2016.

Average payment period for suppliers (in days)

	2017	2016
Grupo Voceno	51	61

6.6. RELATIONS WITH EMPLOYEES

Vocento's Code of Ethics explicitly reflects the principles of the Group in the management of human resources. One of the contents of our Vision is to create the conditions needed for the personal and professional development of our employees and to increase their commitment to our Mission, while we are also committed to managing our human resources and our employee relations at Vocento in a way that is based on dignity, and in line with the principles of trust and mutual respect.

Our history, our business and our principles are all based on our employees, who represent one of our most fundamental stakeholder groups.

Reflecting this importance, the human resources department is recognised as a General Management area in the Vocento organisation and reports directly to the CEO.

The structure of the human resources and organisation department is designed in accordance with the characteristics and needs of a group with a strong regional character.

As well as the central organisation, there are four regional management bodies:

- North
- South
- Centre
- ABC, due to its weight in the group.

The regional departments and ABC report to the central department and report to their regional business directors.

Responsibility for Health and Safety is allocated to the Department for Organisation, Compensation and Prevention and Labour Risks, which reports directly to the HR department. In 2017, the area of preventing risks at work was reinforced with a technical specialist.

The specific risks of the human resources area are included in the general risks map of Vocento, and include the risks of the transformation of the media sector into the digital area and the risk of talent retention.

In this section of the report, dedicated to human resources at Vocento, we demonstrate our transparency towards our employee stakeholders, the characteristics and development of this group, and we provide specific information which will help to understand the company-employee relationship. In addition, by presenting this information we are complying with one of the most

significant points of our materiality analysis: talent retention and commitment to people, as specified in our CSR Plan 2017-2019.

Vocento, as stated in its Code of Ethics, tolerate no form of discrimination under any conditions. As shall be shown in various sections in this report, the Group has a high level of sensitivity to the female employees of the Group. As the first step towards increasing visibility, we have measured all the ratios and information relating to our workforce and broken them down by gender when possible.

Number of employees and distribution

As of 31/12/2017, the number of employees in all Vocento companies was 2,720, including both structural and temporary workers. There was a decrease of 23 people in the year, while the male-female ratio was almost the same, at 43.13% female.

	2017	2016
Andalucía	13,3%	12,9%
Asturias	4,1%	4,3%
Cantabria	4,5%	4,6%
Castilla la Mancha	0,4%	0,4%
Castilla y León	5,8%	5,7%
Cataluña	2,9%	2,8%
Com. Valenciana	4,2%	4,5%
Extremadura	2,7%	2,8%
Galicia	0,2%	0,2%
La Rioja	4,1%	4,2%
Madrid	31,5%	31,5%
Murcia	2,8%	2,7%
Navarra	0,3%	0,3%
País Vasco	22,9%	23,1%

The regional distribution of the workforce was largely unchanged, as was the distribution of female employees across Spain.

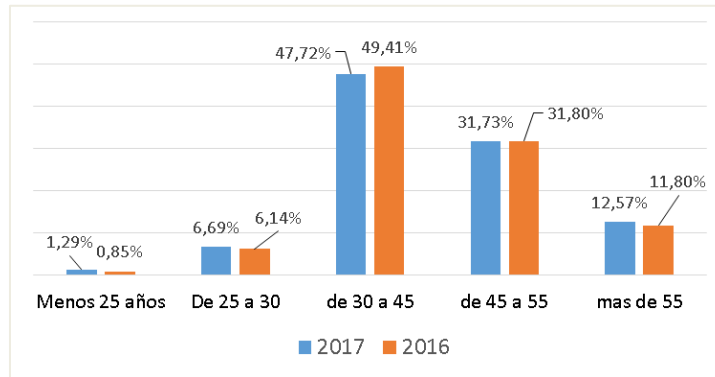
	2017	2016
Galicia	60,0%	40,0%
Castilla la Mancha	58,3%	58,3%
Asturias	50,0%	49,6%
Cataluña	48,8%	49,4%
Madrid	48,1%	48,7%
Extremadura	47,3%	46,8%
Castilla y León	44,9%	46,5%
La Rioja	42,0%	42,1%
Andalucía	41,2%	40,1%
País Vasco	40,3%	38,8%
Cantabria	36,6%	35,4%
Com. Valenciana	31,3%	31,7%
Murcia	31,2%	30,7%
Navarra	22,2%	22,2%

The increase in Galicia is not significant in aggregate terms, given the weight of this community in the total workforce.

Distribution of the workforce by ages

The distribution of employees by age was the same as last year. There was a variation of -1.69% in the most numerous age category, that of 30 to 45 years.

Age profile of the workforce



Hiring

Despite the difficulties of the media sector, Vocento is committed to a stable workforce, with the level of employees on permanent contracts at 92.54% in 2017, just 0.2 p.p. below the level of last year.

	2017	2016	
Hombres	92,8%	93,5%	It should be noted that the percentage of permanent contracts by gender in 2017 was almost the same, with an increase of almost 1 p.p. for women compared to 2016.
Mujeres	92,2%	91,3%	

In 2017, there were 427 temporary hires, 11% less than in 2016. The average duration of temporary contracts was 12.8 days, a slight decrease. 52% of these contracts went to women, the same as last year.

	2017	2016
Contratos temporales realizados	427	480
Mujeres	52%	52%
Duración media (días)	77,1	89,9

In 2017, there were 146 new hires on permanent contracts, 52.7% of whom were women, the same level as last year.

	2017	2016
Altas fijos plantilla	146	212
Mujeres	52,7%	52,8%

The level of exits from the workforce, whether because of reduced activity or voluntary decisions to leave the Group, was lower in 2017.

	2017	2016
Por causas de actividad	103	136
Bajas voluntarias	67	75

The turnover of staff increased slightly from 2017.

	2017	2016
Indice de rotación	6,9%	6,5%

Profile of our employees

The composition of the workforce by the level of education and by work category was practically the same as in the prior year, both for the full workforce as for female employees. Most of our workforce is composed by people with higher or normal degrees.

	2017	
	% Total	% Mujeres
Titulados superiores	56,3%	41,3%
Titulados medios	2,5%	22,1%
Jefes Adm. y de Taller	4,7%	40,9%
Ayudantes no Titulados	5,1%	45,0%
Oficiales	23,9%	49,6%
Otros	7,5%	42,9%

The following table shows that in the workforce the proportion of directors and managers decreased by almost one point.

	2017	2016
Directivos	6,0%	6,2%
Mandos	13,7%	14,3%
Resto	80,4%	79,5%

However, the proportion of women managers increased by 1.3% in 2017.

	2017	2016
Directivos % mujeres	25,3%	24,0%
Mandos % mujeres	33,9%	34,5%
Resto % mujeres	46,0%	46,0%

The following table shows the areas where Vocento employees work. Compared with 2016, there have been increases in Marketing and Sales and small variations in other areas, except in the Others line, where there was a decrease of 1.4 p.p.

	2017		2.016
	% Plantilla	% Mujeres	% Plantilla
Redacción	41,3%	38,2%	41,6%
Marketing y Ventas	27,2%	62,0%	23,8%
Tecnologías	4,4%	14,0%	5,1%
RRHH	1,1%	75,9%	1,3%
Finanzas	4,8%	60,3%	5,1%
Operaciones	14,6%	20,6%	15,2%
Otros	6,5%	47,8%	7,9%

The average seniority in the group increased to 14 years at the end of 2017, as employees remained loyal to companies in Grupo Vocento.

Datos generales de antigüedad

	2017	2016
Antigüedad media	14,07	13,08
Hombres	13,78	14,57
Mujeres	14,67	11,11

Movements of the workforce in the year, including retirements, end of activity, voluntary departures and permanent and temporary hires resulted in the following profile of seniority across the organisation.

Antigüedad por intervalos

	2017	2016
Menor o igual 1 año	11,1%	10,0%
de 1 a 5	19,2%	15,5%
de 5 a 15	33,4%	35,0%
mas de 15	36,3%	39,5%

All areas of activity of the Group are important to the good performance of the business, although we consider two to be particularly critical: Editorial, and Marketing and Sales.

An analysis of the following tables shows the performance of seniority in these areas and reflects a high level of stability.

Datos generales de antigüedad por áreas

	Redacción	
	2017	2016
Antigüedad media	13,61	14,93
Hombres	15,12	16,15
Mujeres	11,16	12,88

	Mkting y Ventas	
	2017	2016
Antigüedad media	9,43	9,49
Hombres	10,39	10,47
Mujeres	8,84	8,92

Training

The end purpose of training in the Group is to optimise performance and strengthen talent in the organisation. There is obligatory technical and technological training, training for each position, and professional development of skills and abilities.

A full range of training forms are available, both internal and external, in person or online, in courses, meetings and full days, always reflecting the requirements and duration of the training.

The training plan for 2017 was designed at the end of 2016 and implemented in the first quarter of 2017. The following inputs were used to prepare the plan:

- Needs detected among the personnel in the various areas, units and companies.
- Results of surveys of requirements.
- Training actions pending from the previous year.
- Corporate training actions.

Once the requirements were analysed, taking into consideration priorities and budgets, the plan was implemented¹.

The plan is open and flexible, and in 2017 training activities were incorporated that were not initially planned for.

¹ This section is based on the training report for 2017 from Vocento's central zone.

This year, Vocento and its employees put in a major training effort, as the following data show.

Formación 2017

Tipo de formación y total de horas							Horas totales de formación	Total coste formación €	Horas de formación recibidas por mujeres
Código Ético	Técnica	Habilidades de gestión	Idiomas	Ofimática	Prevención riesgos laborales	Prevención de delitos			
545	9.344	4.273	11.228	766	3.157	2	29.315	372.418	15.325

Ratios de formación 2017

Total empleados 2017	Horas por empleado	€ Por empleado	% de formación recibida por mujeres	Horas de formación interna
2.720	10,8	136,92	52,3%	28,0%

Compared to 2016, training hours per employee increased by 57.8% and the financial investment in training rose by 163.6%.

It should be noted that Vocento's female employees, who represent 43% of the workforce, received 52% of total training hours.

As an example of training in the Sustainability and Responsibility area, we shall now focus on training at El Correo and ABC.

EL CORREO

At the Basque Institute of Women, Emakunde, the course "Gender equity in the press and advertising agencies" was provided by an external entity.

The aim of the course was to raise awareness at media companies and advertising agencies about the importance of promoting gender equality and avoiding sexist language in news and in advertisements.

15 people from editorial and sales attended the course, which was well received, with some recommendations being applied in practice at the newspaper.

ABC

Dr. Manuel Sánchez de Diego, director of information law at the faculty of information sciences of UCM in Madrid, taught two sessions on successive days under the title “Journalism and law, a complicated relationship. Is legal security possible online and in print?”

All Vocento staff could attend the sessions, but because of its content most participants were journalists and archivists from various companies.

The aim of the training sessions was to refresh knowledge about legal implications and in particular about legal security, especially as related to certain content on the Internet or in print.

Specific issues such as images of minor, images from the Internet, intellectual property, the right to be forgotten and rights over images were discussed, with a high level of participation from people attending, who could ask questions about particular doubts at any time.

The training was very well received and may be repeated in the future.

Health and Safety

Vocento’s Code of Ethics includes a specific item about the health and safety of employees, reflecting its importance to the Group. The Code commits Vocento to providing a healthy and safe workplace. The Group does not only think that the health and safety of its own employees is paramount, but it also extends its concern and responsibility to its supply chain, as detailed later in this document in the section about Vocento’s support for the compliance of health and safety legislation at its contractors and suppliers.

The Code of Conduct for Vocento Suppliers specifically governs the principles that suppliers must follow in this area, as determined by the purchasing department.

There was a major increase in the total training and in training hours per employee in 2017.

Formación en prevención de riesgos laborales

	2017	2016
Horas totales	3.157	1.272
Horas por empleado	1,2	0,46

The actions aimed at reducing the impact of accidents and at preventing risks in the workplace included:

- Continuous assessment of safety risks for each position.
- In-depth investigation of each and every accident, including minor ones.
- Continuation of road safety programmes for sales staff.
- Training in re-educating the body from the La Escuela de la Espalda.
- Training courses in prevention of risks in the workplace for all those responsible for events at all Group companies.
- Hiring a workplace safety specialist, who among other tasks oversees risk prevention at Events.
- Availability of ergonomic furniture for employees with back problems or metacarpal tunnel syndrome.

Vocento has also carried out the following actions in the area of employee health:

- Combined programmes with Sanitas: nutrition, physical activity, anti-smoking
- Flu vaccination campaign
- Campaigns were run for EPOC, cardiovascular health and prevention of glaucoma.
- Support for sporting activity, facilitating access to gyms.

The structure and organisation of Health and Safety Committees underwent no changes, with 16 committees and 12 internal anti-fire and first aid teams.

In 2017, major progress was made in the area of absenteeism, with a decrease of 1.5 p.p. from a level that was already low in 2016.

The reinforcement of the Prevention and Risks at Work department, the actions carried out in training, and the awareness of employees themselves have all contributed to this result.

Absenteeism

2017	2,60%
2016	4,10%

Organisation of employees and negotiation

There were no variations to the structure of employee organisations in the year. We have 16 companies in which Company Committees have been established and five with employee representatives.

In the other companies, there have not been requests to create groups of union representatives, or their scale does not require this.

In 2017, a total of five new collective agreements were agreed in the Group. There were no labour conflicts or formal downsizing processes.

Work-Life balance

Measures to support the work-life balance are applied locally by each publication as there is no specific corporate policy about this.

At the end of the year, there were 139 people on reduced working hours to look after children or dependents, representing 5.1% of the workforce, up from 4.8% in 2016.

There is considerable support for measures which improve the work-life balance at Group companies, in many cases reflecting the local characteristics of each publication. In general, the most frequent measures include:

- **Complement of up to 100%** of the salary in the event of temporary incapacity and maternity and paternity leave for the entire workforce.
- **Voluntary leave:** ability to request voluntary leave of six months or one year with the right to reserve the position at work.
- **Flexible work times** at most companies, except for print plants where shifts are linked to production schedules.
- **Special working hours for Fridays and July and August**, at those Vocento companies where this is possible.
- **Leave for 3 or 4 consecutive months**, partially remunerated with 20% of the gross salary.
- **Acquisition of extra vacation days** with a discount to salary in the following 12 months.
- **Leave before giving birth, from week 37 of the pregnancy.** The HR department manages the processes for employees to go on leave following week 37.

- **Parking** for pregnant women, people with temporarily or permanently reduced mobility, or people in particular situations (e.g. a family member undergoing long-term hospital treatment).

Integration

There continue to be 17 employees with a disability of higher than 33%.

	2017	2016
Total empleados	17	17
Contrato fijo	15	14
Contrato temporal	2	13

In 2017, 15 people in this group were on permanent contracts.

Vocento companies make donations to foundations and charitable associations which support the training and integration of people with an impairment. Likewise, Special Employment Centres are used for the supply of goods and services.

Performance assessment and compensation

Vocento has a procedure for assessing performance which defines the criteria and assessment methods applicable to the workforce, and which was updated in 2017.

20% of the structural workforce received a performance assessment using this procedure in 2017.

It is not currently planned to assess the performance using the system for employees other than those who have variable targets and are not bound by collective agreements.

We also have a procedure which defines the criteria for the establishment of compensation for personnel not covered by the collective agreement.

As part of this, regular external studies are carried out to compare salary ranges in the company with the market, by category and by area. This enables the updating of salary ranges and maintains competitiveness by encouraging the retention of internal talent. In 2017, the study was carried out and ranges were updated.

The conditions for employees covered by the collective agreement are governed by the applicable terms of the agreement.

Equal opportunities and gender equity

As part of the Group's DNA it is firmly established that will not tolerate any form of discrimination for any reason. This forms part of the Code of Ethics of Vocento and is also part of our day-to-day operations.

At Vocento, all our companies take special care to tolerate no form of discrimination when selecting, promoting or assessing people. There is particular focus on equal opportunities for men and women, and this is expressly stated in Vocento's Remuneration Policy.

As well as defining this principle explicitly in procedures and policies, compliance is verified in accordance with the Code of Ethics by internal supervisory areas, and our analysis of data reflects the reality of equal opportunities for men and women in our Group.

Categories and areas of activity

According to the Grant Thornton "Women in Business 2017" report, which is widely recognised in the field, the average proportion for women in management positions in the EU is 26% and in Spain 27%². At 25.3% we are not far from this level.

	2017	2016
Directivos % mujeres	25,3%	24,0%
Mandos % mujeres	33,9%	34,5%
Resto % mujeres	46,0%	46,0%

As indicated before, the proportion of women in our company is 41.13%.

	2017	
	% Plantilla	% Mujeres
Redacción	41,3%	38,2%

In a significant area, editorial, female representation is 38.2%, less than 5 p.p. below the average for the organisation.

² The Grant Thornton International Business Report (IBR). Women in Business 2017 New perspectives on risk and reward. March 2017

In other functional areas of the company, women are in the majority, as in Marketing and Sales, Human Resources and Finance. This distribution can be seen in the section about the profile of our employees.

Hiring

Altas 2017

	2017	2016
Altas fijos plantilla	146	212
Mujeres	52,7%	52,8%

Of all new joiners on permanent contracts in 2017, 52.7% were women, the same level as in 2016.

Contratos fijos a fin de año

	2017	2016
Hombres	92,8%	93,5%
Mujeres	92,2%	91,3%

Considering the full workforce, at year-end the proportion of women on permanent contracts was similar to that of male employees.

Contratos temporales a fin de año

	2017	2016
Hombres	55,2%	49,5%
Mujeres	44,8%	50,5%

At the end of 2017, 44.8% of temporary contracts were for women, a very similar level to the percentage of all female employees.

In terms of training, of the total training hours in 2017, 52.3% went to women employees, much higher than their representation in the workforce.

Compensation

All working positions governed by collective agreement are subject to the agreement and to the principle of equal pay for the same position. Differences are the result of seniority or very specific complements. At the end of 2017, 86% of positions were governed by a collective agreement.

All work positions outside the agreement are compensated according to objective levels. For each position, there are salary bands that are initially applied regardless of the person occupying the role.

We have begun to carry out studies and analysis of salary parity at the Group. This task will continue next year and will take into consideration the different regional and local realities at Vocento.

Despite the progress we have made in recent years, at Vocento we are aware that we need to continue in this direction. We achieve this by working every day to ensure equal opportunities.

Ethics Channel, whistleblowing channel

As well as the ability to use the outsourced Ethics Channel, discussed in the chapter on good governance, employees can also make their complaints and concerns known to the Human Resources department of the Group.

In 2017, there were no accusations of harassment, discrimination or any other accusation.

Channels for communicating with employees and working climate

At Vocento, the usual channels are available for communicating with our employees: meetings with management and at the level of each area, bulletin boards, newsletters, and others.

Furthermore, after test carried out in the previous year, in 2017 we completed the implementation of *selligent* email marketing for internal information such as newsletters, information about vacancies, and relevant information for employees.

Likewise, after completing its implementation last year, in 2017 we launched the SGP system for people management, in all companies in our central zone and in most companies in the northern zone. Next year the system will be installed in the southern zone.

The SGP is system for managing human capital which is able to integrate all aspects of HR management, simplify process and facilitate the administration of Group companies, as the complete process can be managed online and on one single platform.

The main objectives and functions of the SGP include:

- Visualisation of organisational charts.
- Facilitating the management of variable compensation (from setting targets to the final assessment, except for the sales bonus).
- Enhancing internal communications thank to the possibility of carrying out surveys, workflows of authorisations, a suggestions box and a space with relevant information for the employee (internal norms, latest messages, interesting links...).
- Easily locate contact for any employee using a directory.

- Provide access to all the available HR information to employees, helping to update the data.

This year, for example, the management of performance reviews took place on the SGP.

Social benefits

Vocento does not distinguish between permanent and temporary employees when it comes to the social benefits offered to group workers.

The Flex Plan continues to operate, with improvements to some financial conditions for employees. The plan includes products in the following categories:

- Health insurance
- Food tickets
- Creche tickets
- Training
- Transport card (negotiated in 2017 to be used in 2018)

More than 14% of the workforce has acquired products under the plan in 2017, acquiring an average of 1.26 products.

Locally, depending on the company, there are other advantages for workers:

- Café, dining room and/or canteen with fridge and microwave.
- Agreements with sports centres for discounts for employees and the possibility to Access various centres in a catalogue.
- Flu vaccination.
- Outplacement services when leaving a company.
- Language training.

As a social benefit at group level, it should be remembered that Vocento's general policy is for permanent hiring.

Cases opened against employees

No incidents occurred in 2017.

6.7. ENVIRONMENT

The Code of Ethics at Vocento, which must be complied with by all employees of the Group, shows a clear commitment to the environment. It states that Vocento aims to ensure full compliance with all applicable legislation in the environmental area, and says that employees must carry out their activities in a way that protects the environment, minimises any negative impact and optimises the use of resources, in all areas of activity.

As a media company, Vocento does not have a major impact on the environment, but the Group is very sensitive to the planet and its resources, and has identified the environment as a material issue in its sustainability strategy and its Responsibility and Sustainability Plan 2017-2018.

Vocento's facilities and offices are located in industrial areas or urban areas, so there is no impact on protected areas, natural spaces or biodiversity.

We do not withdraw our own water and have no impact on specific water resources. Water is supplied by various local networks.

We produce two types of aqueous waste:

- Urban waste, which is sent to public sewerage systems.
- Waste from industrial processes in print plants, which are accumulated in local deposits and then treated by authorised managers.

In 2017, none of our industrial facilities or offices reported leaks or spills of toxic or hazardous waste.

Likewise, none of our companies faced fines or legal processes, or any notification concerning environmental requirements or obligations. We are not aware of any incidents related to the environment in our supply chain.

Neither our office nor the processes in our print plants product significant emissions of gases which affect the ozone layer, or nitrous/sulphur oxides.

Our emissions of greenhouse gases are limited to CO2 from indirect, Scope 2 emissions from energy producers, which depends on the amount of energy required and the energy mix of the network which supplies the utility.

The following table shows the consumption of energy in productive centres. There has been a reduction in all areas from 2016.

Consumo de energías (Rotativas)

	2017	2016
Gas (MWh)	3.725	4.597
Agua (m3)	3.262	3.588
Electricidad (MWh)	12.598	14.460

The total electricity consumption of the Group fell by 12%.

Consumo de electricidad KWh

	2017	2016
Talleres de Impresión	12.598.000	14.460.000
Oficinas	9.895.000	10.399.000
Prod. TV	155.000	911.000
TOTAL	22.650.017	25.772.016

CO2 emissions fell by 13% , as a result of the drop in energy consumption.

Emisiones de CO2 (Tn) Alcance 2

	2017	2016
Tn CO2 equivalentes	20.553	23.493

These are the figures for product recycling at our print plants in 2017 and the volumes of waste from our activity in the same period.

Reciclaje de Materiales (Rotativas)

	2017
Papel (Tn)	4.053
Planchas (Tn)	293
Plásticos (Kg)	31.510
Cauchos (Kg)	1.295

Residuos tóxicos y/o peligrosos (Rotativas)

	2017
Líquidos de limpieza (L)	69.342
Trapos de limpieza (Kg)	23.017
Revelador de planchas (L)	49.794
Aceite usado (Kg)	4.679

7. ASSESSMENT OF SOCIAL ACTION AT VOCENTO

In 2017, we increased our measurement of our social action to cover all Group publications. We have also been able to make the contributions of these companies more visible, as we shall see later.

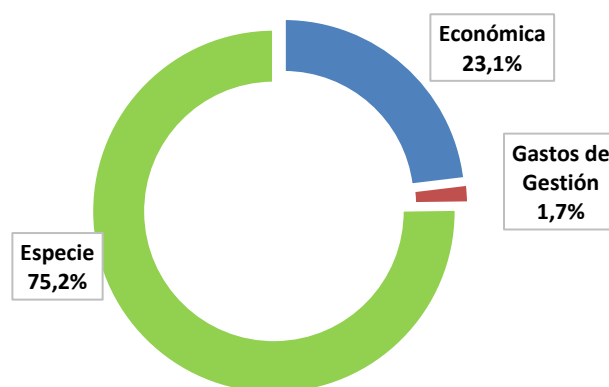
Our social action is mainly carried out locally because of our strong regional presence. This long-lasting regional presence enables a direct communication with the society where we work and an understanding of that society's needs and aspirations, enabling us to apply our contributions in areas and sectors of real concern, highlighting to citizens at first hand our commitment.

We classify our social action in three categories, depending on the type of contribution we make:

- **Financial.** Cash contributions.
- **In Kind.** Via advertising and making space available for free in our media to benefitting organisations.
- **Management expense.** The internal work of our professionals, specifically dedicated to managing these contributions.

Except for financial contributions, as criteria the internal cost of the contribution is applied.

TYPE OF CONTRIBUTION TO SOCIAL ACTION 2017



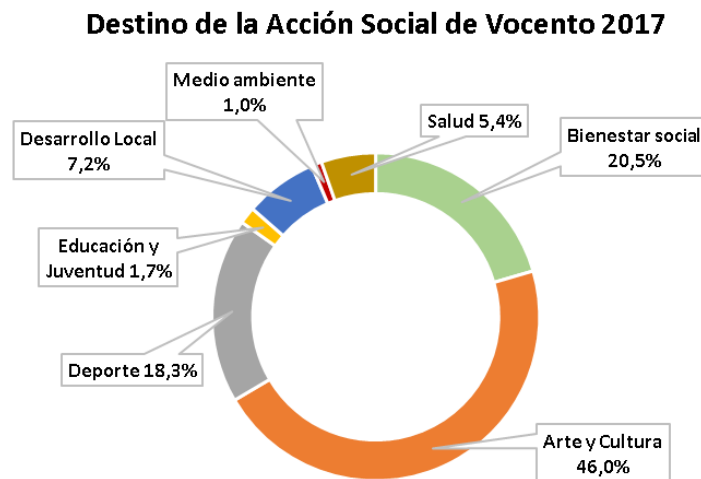
This year the value of our contribution to social action was **3.819 million euros**, well above **1.853 million euros in 2016**. While both figures cannot be directly compared, we can analyse the social action in both years by destination and type of contribution.

In absolute numerical terms, the financial contribution rose by 20% from last year. However, given the increase visibility of the “in kind” category in social action this year, the percentage of financial contribution is lower in the total. The same is true for management expenses, although the amount contributed for this category was the same in both years.

Tipo de contribución

	2017	2016
Económica	23,1%	39,5%
Gastos de Gestión	1,7%	3,5%
Especie	75,2%	57,0%

The chart below shows the destination of the Group's social action



When determining where Vocento targets its contribution, we use the following classification by target or beneficiary:

Social welfare. NGOs, foundations and local, national or international organisations with activities related:

- Charitable initiatives
- Help for underprivileged groups
- Humanitarian help, including direct aid
- Social integration
- Help to third world countries
- Protection of children and health.

Art and culture. NGOs, foundations and local organisations with activities related to the development, protection and implementation of art and culture:

- Music
- Cinema
- Theatre
- Literature
- History

- Museums
- Local culture and folklore
- Thematic lessons

Sport. Organisations, sports clubs and associations which support sport for children and youngsters, local sports and minority sports.

This category includes practically all sports, from the most popular to very local and endangered sports. It is of local character.

Education and youth. NGOs, foundations and local organisations with activities related to improving and supporting youth education.

Local development. Organisations and initiatives which support the development of local economic activity.

Environment. NGOs, organisations and initiatives which work to support the environment and fauna.

Health. NGOs, foundations and local or national associations which have the mission to support health or to help patients with serious and/or rare conditions and their families.

Destino de la acción social

	2017	2016
Bienestar social	20,5%	30,8%
Arte y Cultura	46,0%	52,2%
Deporte	18,3%	4,0%
Educación y Juventud	1,7%	3,4%
Desarrollo Local	7,2%	5,5%
Medio ambiente	1,0%	0,0%
Salud	5,4%	4,1%

When comparing the targets of our social action in the last two years, it will be seen that the composition has hardly changed. Half of our social action is dedicated to art and culture, followed by sport and social welfare.

Vocento's social action in the communities where we carry out our business represents an important contribution to their improvement and development. Our action extends beyond direct and indirect financial contributions from our companies in their business, the impact of which is covered by the chapter on the generation, distribution and retention of economic value.

In order to reach the level of social action achieved in the year, Vocento media have listened to, responded to and worked with more than 600 NGOs, foundations and organisations of all types, small and large, local and national, across Spain, each with their own characteristics and needs.

We have collected data which records how our entities have responded in each of the categories that we have classified by contribution. 37% of them are organisations related to sport, followed by art and culture and then by organisations dedicated to social welfare.

Beneficiaries of Vocento Social Action

	2017
Bienestar social	19,5%
Arte y Cultura	22,0%
Deporte	37,3%
Educación y Juventud	3,3%
Desarrollo Local	8,2%
Medio ambiente	1,3%
Salud	8,4%

8. FOUNDATIONS

8.1. ABC COLLECTION FOUNDATION

The main aim of the ABC Collection Foundation is to conserve, study and make available the artistic heritage of ABC, and to manage and administer the ABC Museum, which houses the art collection and undertakes an exhaustive programme of activities to do with drawing and illustration.

The ABC Museum of Drawing and Illustration opened its doors in 2010 to preserve and showcase the ABC Collection. Since then, it has become the leading drawing and illustration centre in Spain.

An open and plural centre, aimed at the general public as well as specialists, the museum is a creative and dynamic space that promotes culture and high level tourism.

The programme includes temporary and travelling shows, workshops, conferences, concerts, publications and competitions, among other offerings from the Museum.

As a vibrant organisation, the ABC Museum also supports research and innovation, including research into the collection and also into contemporary trends, supporting the production and distribution of contemporary drawing and illustration, with a high number of artists able to show their work to the public.

The heart of the Museum is the ABC Collection, which began in 1891. This unique legacy includes almost 200,000 works by 1,500 artists in all styles, techniques and schools of drawing, and represents a century of drawing from the end of the 19th century to the current date.

RESULTADOS 2017



2016
103.540
VISITANTES

RESULTADOS 2017



13
EXPOSICIONES
EN EL MUSEO



6
EXPOSICIONES
EN OTROS ESPACIOS



313
PRÉSTAMOS
DE OBRA



9
DONACIONES

RESULTADOS 2017



266
TALLERES



45
ACTIVIDADES



75
VISITAS GUIADAS



29
ACTIVIDADES
INFANTILES



7
VISITAS GUIADAS
A COLEGIOS



8
PUBLICACIONES

Exhibitions in the ABC Museum

CHEMA LÓPEZ

LA ILUSIÓN Y EL MIEDO

20 DIC 2017 — 01 ABR 2018

HISTORIETAS DEL TEBEO, 1917—1977

31 OCT 2017 — 25 FEB 2018

CARMEN BY BENJAMIN LACOMBE

17 NOV 2017 — 04 MAR 2018

MARTÍN MORALES

EL DIBUJO INAGOTABLE. 50 AÑOS DE CONTRIBUCIÓN AL HUMOR GRÁFICO ESPAÑOL

04 OCT 2017 — 10 DIC 2017

DIBUJAMADRID

DIBUJANDO EL MUNDO 2017

13 JUL 2017 — 30 OCT 2017

PAGE TSOU

HIDE-AND-SEEK [EL JUEGO DEL ESCONDITE]

28 JUN 2017 — 15 OCT 2017

MANUEL ANTONIO DOMÍNGUEZ

LA RELACIÓN ESTABLE

20 JUN 2017 — 24 SEP 2017

Y ESTE CUENTO NO HA ACABADO

27 ABR — 09 JUL 2017

ANA JUAN

DIBUJANDO AL OTRO LADO

16 MAR — 18 JUN 2017

ALFREDO. LA VENTANA DE ATRÁS DESMEMORIAS DE UN DIBUJANTE

30 MAR — 11 JUN 2017

JAVIER SÁEZ CASTÁN

PRODIGIOS Y CURIOSIDADES

15 DIC 2016 — 26 MAR 2017

SERNY

CELIA, CUCHIFRITÍN Y OTRAS HISTORIAS ILUSTRADAS

13 DIC 2016 — 05 MAR 2017

CONEXIONES 12. ABIGAIL LAZKOZ

PARAJES INCULTOS

30 NOV 2016 — 19 MAR 2017

8.2 VOCENTO FOUNDATION

The mission of the Vocento Foundation is to provide society with an attractive, plural and committed perspective into all the different issues that populate today's political, economic, social, historical and cultural realities in Spain, by organising many events of which the Culture Workshops are the most significant.

The various publications of Vocento lend their name to these workshops, establishing positive synergies, with the events supported by the infrastructure of the newspapers in each province and by their promotion and coverage of the conferences, while readers of the newspapers are given the chance to participate in the events.

Among the activities carried out, these conferences continue to be the most popular. The events include as speakers major personalities from the world of literature, thought, the economy and other areas of interest.

In 2017, around 260 of these events were held, attended by about 48,000 people.

9. JOURNALISM TRAINING

9.1. ABC-UCM MASTER'S IN JOURNALISM AND DIGITAL COMMUNICATIONS

Created in 1988, 28 groups of students have now graduated with this Master's in Journalism, with 479 post graduates attending the ABC lessons. 13.36% of students have come from Latin America and 83.92% hold degrees in communications.

Since 1 July 2016, with the renewal of the agreement with the Universidad Complutense de Madrid, the course was renamed the Master's in Journalism and Digital Communication, a new degree at the university. The academic director is Yolanda Martínez Solana and Manuel Marín is the director of journalism.

The concept of digital communication includes all the many variables that future journalists will need to master, such as laws, technologies, the ability to influence the public, ethics, and of course the diverse possibilities for distributing information to any part of the planet almost at once with just one click.

Over the course of the academic year, students combined technical training with practical experience. Each student was responsible for a newspaper page and had to prepare items for the website in real conditions, with the same methods and technologies as used by ABC journalists, in sessions led by the director of journalism. For the madrilanea.com website of the course, students acted as correspondents for a Madrid neighbourhood and contributed hyperlocal news every two weeks.

The tasks undertaken by a student on the Master's are the same as that carried out by a journalist in multi-vehicle print media, so that when a student completes their practical training they have the professional experience needed by new labour market. The teaching process culminates with practical experience in the editorial department of ABC.

In the last course, activities in the study plan included participation in the XVIII Congress of Digital Journalism in Huesca, and exchanges of practical courses and classes with the COPE Master's. The director of ABC, Bieito Rubido, and the UCM rector, Carlos Andradas, presided over the graduation ceremony, with a speech given by ABC editor Álvaro Martínez.

Ten students from journalism, five from translation and interpretation and two from Spanish philology, history, law are participating in the current course, which began in October 2017. Of the last seven courses, more than half of the graduates began work at ABC or Vocento, including ten of the last course. Across the group, 80 professionals come from the ABC Master's.

9.2. EL CORREO-UPV MASTER'S

On 1 June 1988, an agreement was signed between the Universidad del País Vasco and the newspaper El Correo which established the foundations for specialist courses in journalism for qualified graduates. That was the start of the Master's in Journalism, which began that October. Since then, this specialist programme has become one of the leading Master's degrees in its field in Spain, with a highly practical focus.

In the 2016-2017 UPV course, there were 16 students, including students from Colombia, Nicaragua, the Dominican Republic, Brazil, China and Italy.

At the matriculation ceremony, journalist Victoria Prego gave the opening lesson, in which she spoke about the last days of Franco.

There was very positive feedback about the summer work experience enjoyed by the students, which resulted in four one-year contracts being offered at El Correo.

Over the years, more than 800 students, now mostly communications professionals, have participated in the course's lectures and research, include students from Spanish-speaking countries and other, including: Peru, Costa Rica, Serbia, the Philippines, Mexico, Bolivia, E Salvador, Nicaragua, Cuba, Chile, Venezuela, Ecuador and Colombia.

The Master's has diversified over time and now it has a strong multimedia character, aimed at training tomorrow's professionals in the press, radio, television or in digital media.

10. VOCENTO 15th ANNIVERSARY

2017 was a special year for Vocento, marking 15 years since the merger between Grupo Correo and Prensa Española which created our group. In reality, our history dates back even longer, to 1891 for ABC and to 1854 for regional newspapers and the first edition of El Norte de Castilla.

In the last 15 years, the press sector has faced up to major challenges: the growth of the Internet and social media, propaganda and fake news, digitalisation and changes to business models. But in all this period, our commitment to offer accurate information to readers has remained unwavering, and it is this commitment that every day the 13 newspapers and five magazines of Vocento strive to represent.

To celebrate our anniversary, and defend the role of the best journalism, some of the leading journalists in Spain from various media contributed articles to group newspapers. A total of 48 journalists discussed their vision for the future of journalism and the challenges it faces, including Arturo Pérez-Reverte, Victoria Prego, Juan Luis Cebrián, Pedro J. Ramírez, Arsenio Escolar, Gloria Lomana, José Antonio Zarzalejos, Iñaki Gabilondo, Casimiro García Abadillo and Francesc de Carreras.

As a reflection of Vocento's commitment to information, the Instituto Cervantes in New York recognised the group's support for free expression with the **First Amendment Award**. These prizes, nominated by the Spanish Association for the Eisenhower Fellowships, each year recognise those people or companies who have acted in the defence and promotion of the freedom of expression and the free press. Alongside Vocento, the other people to receive the award included the journalists Manuel Alcántara, Carlos Herrera and Susanna Griso, the Mexican writer and Univision presenter Jorge Ramos and the City University of New York.

Commemorative ceremony

The King and Queen of Spain presided over a gala event in the Teatro Real of Madrid which marked the culmination of the 15th anniversary of Vocento. The event defended the contribution of high-quality journalism and was attended by Government members, authorities, ambassadors, business people and personalities from all walks of life.

In his speech, King Felipe VI said that Vocento and its 2,700 employees were a fine example of a group committed to accuracy and truth and "the loyal depository of that valuable and sensitive resource, information."

At the ceremony, a documentary was premiered which covered historic events such as the sinking of the Titanic, the Spanish Civil War, the Allied landings in Normandy, the atomic bomb in Hiroshima, the first democratic elections in Spain after Franco, and the bombings in Madrid in

2003, all of which Vocento journalists reported on with honesty, highlighting the decades-long commitment of our group to journalism and to its readers.

On the same day, all the newspapers of the group distributed a special commemorative magazine including the main news items of the last 15 years. Titled *Journalism in all its dimensions*, the 300-page report included items written and illustrated by journalists, photographers and designers of high standing, all of whom were invited to remember and show how the world, Spain, the media, and more than 25 brands of Vocento had changed over a decade and a half.

Other events:

To celebrate the 15th anniversary, we organized a series of diverse events which explored issues affecting the main sectors of our country, to analyse the values and developments that are impacting Spanish society:

- **Former Prime Ministers Forum:** Vocento organised a historic event, as three former prime ministers, Felipe González, José María Aznar and José Luis Rodríguez Zapatero, for the first time came together in a round table event to commemorate the 40 years of the first democratic elections in Spain. Bieito Rubido, director of ABC, and Julián Quirós, director of Las Provincias, moderated the debate, which covered four decades of the construction and transformation of our country.
- **Business Awards:** recognising the achievements of 16 Spanish companies in various categories in 2017. The prize winners for this event, which was presented by the economist José María Gay de Liébana included: Telefónica (in the results category), Iberdrola (work-life balance), Inditex (international expansion), Acciona (innovation), Ferrovial (social action), DKV (integration), Pascual Calidad (sustainability and the environment), El Corte Inglés (CSR), El Pozo (best family company), PSA (communications), Mutua Madrileña (sponsorship), Damm (marketing strategy), Grupo Antolín (digitalisation), Ecoalf (revelation of the year) and Job&Talent (start-up). Renfe received the Extraordinary Award.
- **Award for Business Leadership:** held in the Casino de Madrid, the following chairmen received this award, recognising their achievements over the last 15 years: Pablo Isla at Inditex, Francisco González at BBVA and Ignacio Sánchez Galán at Iberdrola. The minister for the economy, industry and competitiveness, Luis de Guindos, attended the ceremony, where there was extensive representation of Spanish businesses.

- **Journalism and Post-Truth Forum:** Vocento and the Gabriel García Márquez Foundation for New Latin American Journalism brought together representatives of media from sides of the Atlantic to discuss the intrinsic values of journalism and the threat of post-truth. As part of the Business Forum of the Spanish Future series, the event highlighted the role of journalism in contemporary society.
- **Mobility 3.0 Forum:** sector experts met at Vocento headquarters to discuss the advantages, innovation and challenges facing connected cars, electric vehicles and Smart Cities.
- **Exports Forum:** sector experts discussed the challenge of opening new markets outside the EU. They agreed that companies need to maintain their competitiveness by increasing their presence outside Europe, while managing the challenge of rising salaries. To recognise the achievements of companies overseas, as part of the event, the ABC Barcelona Free Zone award was given to the chairman of the Spanish Chambers of Commerce and of Freixenet, José Luis Bonet.

The commemoration of our anniversary began with invited journalists from other media, and we concluded the celebrations also with journalism, at the **Correspondents Forum: journalism beyond the frontier**. To recognise the work of the journalists who report from around the world for Vocento's readers, we invited five correspondents from the group to discuss journalism at a time of post-truth and the impact of social media. Juan Pedro Quiñonero, Paris correspondent and moderator of the event, was joined by the ABC correspondents in New York and Beijing, Javier Ansorena and Pablo M. Díez, and by the Vocento reporters in Moscow and New York, Rafael Mañueco and Mercedes Gallego.

11. PRIZES WON AND AWARDED IN 2017

Over the course of 2017, Vocento journalists and media received 80 awards recognising their commitment to society, their professional performance and their journalistic excellence in managing information in sectors such as innovation, entrepreneurship, culture, society, the economy, gastronomy, sport and the auto industry.

Furthermore, group publications, which have a strong presence in their regions, continued to award annual prizes to people, companies and organisations in various fields.

ABC

Awards won

The design of ABC was recognised at the 19th edition of the prestigious European Newspaper Awards with a total of nine prizes. The newspaper received a special mention in five categories: information pages, photography, visual story-telling, alternative story-telling and infographics. Three pages of Enfoque, because of its unique use of photography, and two infographic pages also won Europe's leading newspaper design awards.

The deputy editor of the newspaper, **Luis Ventoso**, won the 'Jaime de Foxá' literary award for his article 'Cazadores'. The Real Club de Monteros awards the prize each year for an article which addresses the traditional values of hunting.

The **ABC Familia** section won a prize in the media category from the Misión magazine, which is the most widely read free magazine for Catholic families in Spain, in the seventh edition of the magazine's prizes. The entity believes that ABC Familia is one of the most complete spaces dedicated to family issues in the Spanish general media sector.

Laura Peraita, head of the ABC Familia section, also won the Alares Award 2017 for communications professionals, in recognition of her work in the area of the work-life balance and social responsibility. She also won the first national prize in the media category at the second edition of the DomusVi Foundation awards, which recognise the social commitment of people and institutions who work to improve the quality of life for senior citizens.

The editors of ABC Galicia, **Patricia Abet**, **Elena Pérez** and **Abraham Coco** won the José Aurelio Carracedo award for journalism from the government representative of Orense for their series of features in the Galician edition of ABC, "Las Mil Galicias".

The local police of Valencia awarded **ABC Comunidad Valenciana** its journalism award in the category integration and mediation, an award collected by newspaper head Alberto Caparrós. In the second edition of the awards, the jury highlighted a feature in the online edition about an initiative of schools in the Nazaret area of Valencia to raise the awareness of neighbours about the importance of picking up their dog waste.

The editor of ABC in the Comunidad Valenciana, **Rosana Belenguer**, won the new journalist award in the ninth edition of journalism awards of the Community of Valencia.

In the governmental authority of Castilla y León, ABC contributor **Fernando Blanco** received a special mention in the XXXII edition of the Francisco Cossío awards in the photography category.

Awards made

In 2017 ABC organised the 97th edition of its **International Journalism Awards**. Her Majesty the Queen oversaw the award ceremony: the Mariano de Cavia prize went to director José Luis Garci, for his article 'Hollywood Gil'; the Luca de Tena award went to Cristián Zegers, editor of «El Mercurio» in Chile, for his achievements at the country's leading newspaper. Andrés Rábago won the Mingote award for "El Roto", a cartoon published in «El País» which attacks social and economic inequality.

The newspaper organised the **XIII edition of the ABC Solidario Awards**, recognising the charitable work of people and institutions, with the words "charity is expressed by facts, not by words."

The **ABC Premio Taurino**, in its ninth edition, recognised José Antonio Morante de la Puebla for his highly personal and classical bullfighting style, which has delighted fans in Spain, Portugal and Mexico. His Majesty Don Juan Carlos presented the award.

In the world of the car, the newspaper named the high-tech Seat Ibiza the ABC Best Car of the Year 2018, in the 46th edition of the awards, recognised its performance and its increased comfort and space.

The VII edition of the **ABC Health** awards for healthcare professionals, institutions and companies was held in the Casa de ABC. Minister Dolors Montserrat and more than 200 people from the sector attended the event. Ángel Carracedo won the award for Doctor of the Year and the Fundación Luzón was recognised as Foundation of the Year 2017. The Intellisite Pathology Solution from Philips, a digital laboratory for pathological anatomy, won the award for health technology company of the year. The Centro Socio Sanitario Hermanas Hospitalarias in Palencia was named the best private healthcare centre, while the public hospital of the year was the Complejo Hospitalario Universitario of La Coruña. Finally, medicine of the year was Entresto, from

Novartis, which has transformed the treatment of cardiac insufficiency.

In the gastronomy sector, ABC celebrated the ninth edition of the **Premios Salsa de Chiles**. Four awards were made: in the traditional segment, Los Marinos José, of Fuengirola, won the jury prize while the Taberna Arzábal in Madrid won the prize from the public. Quique Dacosta, for his restaurant in Denia, won the jury award for creative cuisine, while Noor, run by Paco Morales in Córdoba, won the public prize. In the foreign segment, Lafayette y Tripea, a French restaurant in Madrid, was the lucky winner. The jury chose Joserra Calvo, of Mugaritz, in Rentería (Guipúzcoa) as the best restaurant staff member, while the public recognised Jorge Dávila, of Álbora and A Barra, in Madrid.

FIBABC, the Latin American festival of short films run by ABC.es, is one of the world's leading online short film competitions. In 2017, the festival, in its seventh edition, gathered major names in Latin American cinema, with actor and director Santiago Segura collected the first FIBABC Honorary Prize. The jury award for the best short film went to "Classmate", from Javier Marco; "Die Freundin" by Iván Sáinz-Pardo also won a short film award.

The newspaper organised the second edition of the **ABC StartInnova** awards, encouraging entrepreneurship at high school level and in professional training. Participants in the two categories, from 16 to 17 and over 18, worked in a demanding process to present their initiatives at the conference. In the younger category, the "Economy's Cat" team of the Corazón de María school won the top prize for a project to protect feet from sand. In the older category, a team from the Institución Javeriana won for a proposal for a chip for pets that also acts to locate them.

To encourage healthy eating among children, ABC organised the second edition of **ABC Supersanos**, a cooking competition for the young. A dish of pumpkin sauce and roe from lumpfish, created by the Peñalver family, won the top prize.

ABC SEVILLA

Awards won

The New Health Foundation, a non-profit that aims to raise the quality of life in late-stage treatment and the last stage of life, recognised **ABC de Sevilla** for its support for the compassionate city project of the Sevilla Contigo programme.

Awards made

ABC de Sevilla honoured the founder, and chairman of local company SAT Royal, José Gandía, with the ninth **Premio Simón de Rojas Clemente**. The newspaper makes the award every year,

recognising important figures in Andalusia and their success over a long career marked by excellence in business and management.

The newspaper also awarded the fifth edition **Sabino Fernández Campo Prize**, which it makes with BBVA, to the Spanish armed forces for their humanitarian work combatting the smuggling of immigrants, and former defence minister Julián García Vargas.

In the legal area, ABC de Sevilla organised the ninth edition of its **Prize for Legal Careers**, which this year went to notary Rafael Leña Fernández. In the business sector, the newspaper recognised local engineering and consulting group Ayesa, which employees more than 4,000 people in 16 countries, with the **XVI ABC de Sevilla Business Award**. The **XVII Joaquín Romero Murube Award** went to the writer Carmen Posadas.

ABC Seville also organised the second edition of the **Gurmé Sevilla Awards** for bars and restaurants, recognising 12 establishments in six different categories, with half of the votes from a professional jury and half from online public voting.

The **II Bulevar Sur Awards** recognised the work of Andalusians in the fashion, beauty and lifestyle sectors. This year the firms Antonio García and Cherubina and the fashion photographer Jesús Isnard were among the winners.

ABC also awarded its **Premios en Portada** for the sixth consecutive year, recognising the work, of people, institutions and companies with close links to Seville. Three historic companies (La Belle de Cadix de Croisi Europe, Eddea and Fernández y Roche), a sporting club (Real Club Sevilla Golf), a charity (Banco de Alimentos de Sevilla) and a local actress, Cuca Escribano, were all recognised this year.

Meanwhile, the **Web Awards of** abcde Sevilla.es, now in their sixth edition, recognised the effort and success of various digital initiatives.

CORAZÓN TVE

Awards made

The magazine oversaw the fourth edition of the **Premios Solidarios-Corazón tve**. The Premios Pablosky went to the NGO Africa Directo and its ambassador in Spain, the singer Bebe. The Premio El Corte Inglés recognised Mensajeros de la Paz and founder Padre Ángel. The Jaguar Award for charitable ambassador of the year went to Santi Millán of ASDENT. Doctor Emilio Vicente of the Hospital Universitario HM San Chinarro, and Alba Saskia, author of “Con un par de alas” won Corazón Anónimo awards.

EL COMERCIO

Awards won

Spanish charity for the blind ONCE, in its prizes for 2017, recognised El Comercio for a series of features on the spirit of overcoming adversity of various sports people, who are able to overcome impairments and achieve seemingly impossible challenges.

The newspaper received from the Federación de Asociaciones de Teatro del Principado de Asturias a prize on international theatre day for its support for amateur drama.

The local branch of the Spanish reservists association (ARES) recognised the newspaper with a prize for reporting on their activities with a high level of quality and accuracy. The Mierense del Año association also gave the newspaper an award for its support for information in the region.

The editor of El Comercio, **Chelo Tuya**, was recognised by Clece Social for her feature about abuse #CuestionDeTod@s: on the international day for the elimination of violence against women, Chelo Tuya published in El Comercio a series of features discussing various elements of this problem.

Awards made

With 20 years of history, the **Premios El Comercio** once again recognised the talents, virtues, values and visión of five major figures and entities in Asturias. The Proyección de Asturias award went to chef José Andrés, who has taken Asturian cuisine beyond the borders of Spain. Writer and film maker Gonzalo Suárez won the culture award while local NGO aim won the social action prize. The sports award went to canoeist Saúl Craviotto, one of Spain's most successful Olympians, while Proindctec won the business award.

El Comercio organised the **XIV La Voz de Avilés Awards** recognising the successes of various professionals. In 2017, winners including the R&D centre of ArcelorMittal in Avilés, for business, the Asociación Rey Pelayo, for social action, and Alfonso Menéndez Vallín and Enrique Rodríguez Cal 'Dacal' for sport.

In the food sector, the newspaper's Yantar supplement awarded the **Las Calderetas de Don Calixto Prizes** for the best chefs in Spain, this year recognising Quique Dacosta, Abel Terente and Javier Álvarez Farpón.

The newspaper organised the 10th ceremony for the **Trofeo Quini**, which bears the name of the former Sporting player and which recognised the most successful sportspeople and clubs of Gijón in the year.

In the educational area, the newspaper celebrated the fifth edition of the StartInnova **Awards**, with more than 250 students from 14 local institutions participating. The Colegio Salesianos de Avilés, with a project for hydroponic agriculture, and IES Batán de Mieres, for a skate ring, won top prizes.

EL CORREO

Awards won

The Society for News Design en España (SNDE) recognised **El Correo** with a total of nine awards for its way of presenting information, both in print and online.

Four El Correo journalists were recognised in 2017. **Mikel Iturralde**, head of social media, won the Periodismo Vasco 2017 award in the digital category for his blog 'Treneando', dedicated to the world of rail.

The Real Automóvil Club Vasco Navarro and the city council of Bilbao awarded their prize for journalism about mobility to Iturralde, for his feature 'Bilbao sobre ruedas', while **Erlantz Gude** was recognised for his feature 'El peor tramo de carreras del país'. Both features were published in El Correo de Vizcaya.

David Olabarri, another journalist of the newspaper, was recognised by the Fundación Europea por las Personas Desaparecidas (QSDglobal) for the quality of his features.

El Correo journalist **Florencio Domínguez** won the Premio Francisco Cerecedo from the Association of European Journalists for his long career investigating ETA terrorism. **Fernando Aramburu** won the national narrative award from the Ministry of Education, Culture and Sport for his novel 'Patria'.

Awards made

El Correo recognised leading Basque sportsmen and women with its annual gala for the **Best Sportspeople of Vizcaya**. The awards celebrate the achievements of the most outstanding sportspeople of the last year.

With the Universidad del País Vasco (UPV), the newspaper organised a competition for opinion pieces from universities, which was won by third-year UPV journalism newspaper student Yolanda Segura Menéndez for an article inspired by George Orwell.

In the fifth edition of the **StartInnova Awards**, the newspaper gave educational institutions the opportunity to include apprenticeships in its student teaching.

EL DIARIO MONTAÑÉS

Awards won

Our **supplement Sotileza** won a bronze medal at the NH awards for journalism design in Spain and Portugal, in the supplements category, for cover dedicated to poet Gloria Fuertes, created by designer Marc G. Sala.

Leticia Mena, a journalist from El Diario Montañés, won the Rotary Award for the Press for her article “Letters from Greece.” The jury highlighted the values of charity, service, altruism and support for goodwill and peace.

Her colleague **Álvaro Machín** was recognised with a Solidarios award for the media sector, organised by ONCE in Cantabria. The charity for the blind singled out a feature written by Machín.

Awards made

El Diario Montañés recognised entrepreneurship, experience, innovation and products from Cantabria by organising food awards for the region. Local and regional authorities and numerous representatives from all sectors of society attended the gala event. Winners this year included Grupo Deluz (award for food and drink and for the promotion of products from Cantabria); Grupo Ibiolimusin (entrepreneurship); Herederos de Tomás Ruiz-Quesería La Pasiega de Peña Pelada (agro-food); Quesería Los Tiemblos (ecological product); Delicatessen La Ermita (best track record in the agro-food sector) and Siderit (prize for innovation and internationalisation).

In the hostelry sector, El Diario Montañés organised its fifth competition for local chefs and its fourth award for maitres d’hotel. The two competitions aim to emphasise the value of training future professionals.

In the area of innovation, the newspaper held the second edition of its awards for entrepreneurs, which this year recognised local companies TedCas, Faed and Textil Santanderina in categories for entrepreneur of the year, female entrepreneur and track record in business.

El Diario Montañés celebrated the 10th edition of its **Digital Cantabria Awards**. Winners included: ‘Wine to you’ (best professional website), ‘Aprendizaje Viajero’ (best personal website), ‘Woorker’ (best mobile app) and ‘Buscando sonrisas’ (best digital communication).

In the educational sector, the newspaper held the fourth edition of the **StartInnova Awards**. 32 companies in Cantabria mentored 32 educational centres, enabling e-learning in entrepreneurship. This year, about 700 students participated, as well as 32 heads, 66 tutors and 22 e-learning students.

EL DIARIO VASCO

Awards won

El Diario Vasco received an extraordinary award from the Basque Academy of Gastronomy, recognising the newspaper's interest in the world of cuisine, as seen at the annual Gastronomika food fair in San Sebastián.

The Chapel Gorri sports association recognised the newspaper for its support for the events organised by the association (the Clásica de Ordizia and the Clásica Marino Lejarreta).

The 'Hirukide' association of large families, which recognises the work of people or entities which make the federation more visible, named El Diario Vasco as a winner of the eighth edition of its award, which was collected by head of editorial Lourdes Pérez.

The hostelry association also recognised the newspaper for its continuous support for the gastronomy of Gipuzkoa. The Fundación Sueskola recognised El Diario Vasco for supporting its campaign to reduce the number of fires.

Awards made

El Diario Vasco organised the 37th editions of its **DV Oro Awards**, recognising Asier Illarramendi as the best footballer of the season at Real Sociedad and Sergi Enrich as the best player for Eibar.

For another year, the newspaper celebrated the prestigious **BMW Awards** for gastronomy, one of the leading showcases for hostelry in the region. Actor and lover of Basque cuisine Juan Echanove and local restaurant Alameda won top prizes. Other awards went to the owner of the restaurant Rekondo, Txomin Rekondo, for best handling of wine, and to Iñigo Garasa, from the Ardanbera, winery. Restaurante Zezilionea (best cuisine of the year), Familia Martínez (business achievement), Hotel Monte Igueldo (best restaurant for banquets), and Alameda (restaurant of the year) all won awards. The 2017 promise prize went to Paul Arrillaga from Bar Zazpi, while three local producers received a special award, five chefs won a prize, and Fernando Bárcena was recognised for his professional career.

The newspaper organised the second edition of the **STARTInnova Summit**, a day dedicated to innovation and entrepreneurship in the world of business and education. The event gathered hundreds of people from the business, education and learning who discussed ways to move society forward.

In the area of education, El Diario Vasco was involved in the fifth edition of the **StartInnova Awards**, supporting entrepreneurship among young people in Gipuzkoa.

The Protagonistas de Teledonosti, now in their 10th year, celebrated the traditional **Premios Protagonistas Gipuzkoa 2017**. In total 11 awards were handed out in recognition of major achievements in the year.

EL NORTE DE CASTILLA

Awards won

A photographer from El Norte de Castilla, **Gabriel Villamil**, won the Premio Cossío de Fotografía 2017 for a photograph taken of a desperate neighbour during the fire at La Cabrera. The same image won a bronze medal in the local and regional newspaper category of the ÑH Awards 2017.

Another photographer, **Henar Sastre**, won the local prize in a competition organised by the sporting press association of Valladolid for a photograph he titled 'Capacidad en el Deporte'.

El Norte de Castilla also received an award from the bakers' association of Palencia for its commitment to artisanal baking.

Awards made

El Norte de Castilla organised the eighth edition of the **Castilla y León Emprende Awards**, recognising the achievements of three business people in the digital era: Elena Becoechea, manager of Cilindros y Cromados Palentinos, won the award for best female entrepreneur; José Miguel Isidro, chairman of Europac, was recognised as Entrepreneur of the Year; and José Nicolás-Correa, chairman of Grupo Nicolás Correa, won a special lifetime achievement award.

With its **E-volución Awards**, the newspaper recognised best practice and innovation in the world of new technologies. Winners this year included Epinium, for best digital business initiative; Erasyou, for best sharing economy proposal; FIV Recoletos, for best multi-channel communications; Drivies, for best mobile solution; and Padel Solution, for best web UX. Special awards were also made: the audience award went to Traceus and the award commemorating 20 years of elnortedecastilla.es went to INCIBE, for its contribution to the digital society and in particular cybersecurity.

With the fourth edition of the **Premios del Campo**, El Norte de Castilla once again celebrated the role of women and young people in the agricultural sector. The oldest newspaper in Spain recognised Emiliano Revilla with the Miguel Delibes Award for rural development and handed over to Bodegas Protos a special prize celebrating its 90th year. Cheese manufacturer Cynara won the award for best woman entrepreneur, María Ferrero won the youth prize and Eduardo Gómez received a special mention.

As part of the 25 anniversary of the edition of El Norte de Castilla in Segovia, the newspaper recognised a local folklore group, Nuevo Mester de Juglaría, with a special prize for its achievements since it was founded in 1969.

With the third edition of the **StartInnova Awards**, the newspaper supported entrepreneurialships among young students at high schools and training institutions in Castilla y León.

HOY

Awards won

Our journalist **Antonio Armero** won the Tiflos prize from ONCE for his article 'El sueño cumplido de Javi'. In the XIX edition of these prizes, the organisation again recognised journalistic work that promotes the integration and normalisation of people with an impairment or at risk of exclusion.

Another Hoy journalist, **Álvaro Rubio**, won the 'Dionisio Acedo' journalism award for a feature illustrated with photographs of Andy Solé.

Awards made

Hoy awarded its traditional **Extremeños de Hoy** prizes, now in their 29th year. Awards went to those distinguished by their professional performance and to people who helped raise the profile of the region. This year, awards went to Javier García, the first deaf and blind student in Europe to win an Erasmus grant, Atlético de Madrid footballer Carmen Menayo and actor Juan Margallo.

In the educational area, the newspaper organised the XIV edition of its **Premio Concurso Escolar**, 132 groups from 24 educational centres participated, or more than 700 school children. Top prize went to 'The Newspaper' from the school of El Tomillar.

IDEAL

Awards won

Talking About Twitter, the most important global event about the social network, organised by Ideal, was recognised for its work in finding missing people with one of the 9 March Awards from the Quién Sabe Dónde Global Foundation.

On Constitution Day, government representatives in Granada recognised Ideal with an award for its defence of constitutional values.

Furthermore, Ideal journalist **Miguel Ángel Contreras** received a local journalism and communications prize in the print category, from the provincial government representatives, for the originality and quality of his coverage of local personalities. The journalist also won the Luis Portero award from the local ministry of health for his work in raising awareness about donation.

Awards made

The minister of employment and social security Fátima Báñez presided over the latest ceremony for the **Premios Ideales**, with which each year the newspaper recognises the work of people, companies and entities in helping Granada flourish in socially, economically, culturally and in sport. Winners were the municipal band of music, footballer Laura Pérez, NGO Movimiento por la Paz, Antonio Mingorance, for his professional achievements, and the company Seven Solutions, for its commitment to innovation.

The newspaper also awarded its **Premios Ideales Jaén** to singer Carmen Linares, the ALES group, Singer and writer Zahara, local academic Francisco Herrera, the local company Condado Mariscos Castellar and the players of Jaén FS Paraiso Interior. In **Almería**, Premios Ideales went to a railway defence group, the ONCE theatre group 'Las Catatúas Parlantes', Unión Rugby Almería, Premios Macael and Francisco Molina.

Ideal awarded its fifth **Premios Los Mejores del Levante** and its second **Premios Los Mejores del Almanzora** in recognition of the work made and example set by people, companies and groups in this region.

Furthermore, in the fourth edition of the **Premios Ideal a los Mejores de Berja**, the counties of Adra and la Alpujarra received recognition for the values of their people, as did the inhabitants of El Ejido with the **Premios Ideal a los Mejores de El Ejido**.

Ideal celebrated the first edition of its **Premios Andalucía Gourmet**, celebrating the culinary art of the region. Also in this area, the newspaper organised its **Premios Almería Gourmet** and **Granada Gourmet**, recognising the work of companies, initiatives and people in maximising the value of fruit and vegetable products, whether in the productive, commercial, or gastronomic sectors.

The newspaper also organised the second edition of **Jaén Chef**. Alejo Pérez de la Torre, of Tapería El Rastro de Úbeda, won the first prize in the second young Jaén chef award. The newspaper ran the fourth **Granada Chef** competition, won by Luis Miguel.

LAS PROVINCIAS

Awards won

The deputy director of Las Provincias, **María José Grimaldo**, and the editor, **Alberto González**, received the journalism awards from the Comunidad Valenciana, organised by the CSI-F union, for her achievements in her career and as best journalist in 2016 respectively.

The sports editor of the newspaper, **Alberto Martínez**, won a print press award from Levante UD for an article he wrote.

In addition, the chief editor of the local section of Las Provincias, **Jesús Trelis**, received a prize in 2017 from the hostelry federation for his gastronomic journalism. A blog written by Trelis has become a leading source for information about the restaurant sector in the city, improving the visibility of hundreds of establishments.

The local editor of the newspaper, **Juan Antonio Marrahí**, won the first edition of the journalism award from the association for health law in the region, for an article he wrote. Another local contributor to Las Provincias, **Arturo Checa**, received a Clece Social award for social commitment in the journalism category, for his contribution to the fight against the abuse of women.

Awards made

Las Provincias celebrated the 17th edition of its **Valencians for the XXI Century** awards. Around 2,000 people gathered for a gala to recognise institutions and personalities of local civil society. This year, award winners included the director of the Museo del Prado, Miguel Falomir and Manuel Borja-Villel, director of the Museo Reina Sofía; footballers of Valencia CF and Levante UD; the Guardia Civil and the Policía Nacional; the Estación del Norte and academic Adela Cortina.

Las Provincias also held the 15th edition of its **Premio Junior de Empresa**, recognising innovative projects in the city. A company founded by scientist José Jiménez was recognised as the most innovative initiative, in this award organised by IMFE and Sur.

LA RIOJA

Awards won

The Spanish federation of organisations for mental handicap, FEAPS, recognised **La Rioja** for its contribution to raising awareness and understanding about the reality of people with mental impairments.

The newspaper also won an award from the subsidised restaurant of Logroño, which the institution has given since 2011 to people and institutions which help it to carry out its work.

Newspaper journalist **Luis Javier Ruiz** received the fifth José Lumbreras Pino Award for his coverage of the trial in Lérida of local Alejandro Ruiz Vidal, who stabbed five people in 2014. Meanwhile, colleague **Carmen Nevot** was recognised by the same awards for a feature she wrote about a parent reporting their daughter to the police.

Awards made

La Rioja organised the 18th edition of the **Riojanos Web Awards**, as part of the Imaginext event managed by the newspaper. 160 candidates were presented for the four main awards, which went to the Fundación Dialnet for best digital project for institutions and large companies, the local shop La Frikilería, for best personal or SME digital project, to Club Envero for best digital initiative linked to wine, and to RiojaWine for the best mobile project in the province.

The newspaper also organised the 7th photographic rally of La Rioja, at which Ángel Rubio won the top prize for a photograph which was judged to be the best of the almost 300 participating entries.

The year also saw the second edition of an urban nature photography contest. José Miguel Díez Oveja won first prize for a photograph of a mantis on a tap in a children's playground, with a drop of water about to fall.

In the educational field, the newspaper celebrated the third edition of its **School Reporter Award**, which aims to help build understanding, teamwork and critical thinking in young people. This time 14 schools, 144 teams and 635 students participated. Winners were the online newspapers 'Matalascañas Z' from IES Virgen de Vico and 'Basura y chatarra' from IES Gonzalo de Berceo.

At the fourth edition of the **StartInnova Awards**, there was a very high level of quality in the projects presented and in the presentations made by the finalists.

LA VERDAD

Awards won

La Verdad won the Premio Menina, awarded by the national government's office in Murcia, for its role in raising social awareness about violence against women.

The newspaper's portal, **laverdad.es**, was recognised with an award as the best company in the ITC sector in 2016, from the College of Telecommunications Engineers.

Awards made

The newspaper celebrated the ninth edition of its **Murcia Web Awards**, the region's leading competition for the IT and Internet sector, recognising the best content, designs and ideas on the web, from companies, institutions, associations and individuals from Murcia. This year, the edition incorporated the new category of e-commerce.

For dedicating their lives to their passion and working to turn this passion and altruism into a success that all of society benefits from, Encarnación Fernández, Pablo Artal, the Pacto por el Mar Menor and the Premio Mandarache, were all recognised as '**Los Mejores**', a prize awarded by La Verdad to people who are role models and pathfinders for the society of the region, inside and outside its borders.

In the gastronomical area, the newspaper organised the second edition of the **Región de Murcia Gastronomy Awards**, recognising the work and effort of people across the sector.

La Verdad also handed out its **Argo Awards** to companies and institutions in the agro-food sector. The Alimer cooperative, the research and innovation centres Cebas and Imida, the ecological agricultural company Camposeven, G'S España, Itum Fifteen, Grupo Alimentario Lorca, the researcher Alfredo Lacasa and the company Marín Giménez Hermano were the winners of this first edition of the awards.

LA VOZ DE CÁDIZ

Awards won

LA VOZ received the first Premio Subdelegación de Defensa en Cádiz, in recognition of the information, interviews, features and documents published about the missions and operations of the Armed Forces.

Newspaper editor **María Almagro** won the XV Cadiz Journalism Award from the Press Association of Cádiz and El Corte Inglés, in recognition of the quality of a series of features published in the newspaper about drug smuggling in the Bay of Cadiz.

Another contributor to La Voz de Cádiz, **Yolanda Vallejo**, received the Gaditano del Año award in the literary area for her weekly thoughts published in the newspaper.

María Román won second prize in the Luis Portero Journalism Awards in the print press sector, for reflecting the human side of the process of organ donation and transplants.

Awards made

For a further year, La Voz highlighted the local personalities, institutions, entities and groups who contributed most to the name of Cadiz in 2017. This year, in their 12th edition, the **La Voz Awards** went to the aviation branch of the Navy, Airbus, the livestock firm Núñez del Cuvillo and the journalist Carlos Herrera.

In the gastronomical area, the newspaper recognised the best bars and restaurants with its **Gurmé Cádiz Awards**. The Casino Gaditano was the location for the ceremony, with awards chosen by public voting on www.premiosgurmecadiz.es, and by a professional jury.

In the digital sector, La Voz awarded its **Premios Cádizés_digital** to the best local projects on the Internet, recognising entrepreneurship in these new communications channels. In its second edition, there were more than 90 candidates, more than 50% more the number of participants in last year.

MUJERHOY

Awards made

The magazine celebrated the eighth edition of the **Mujerhoy Awards**, which recognise leading women in Spain. This year, winners included: Carmen Rusalleda, the female chef with most Michelin stars in the world; architect and designer Patricia Urquiola; internationally recognised Spanish jewel designer Helena Rohner, and journalist and businesswoman Ana Rosa Quintana.

As part of the Mujerhoy awards, the magazine recognised, along with the Madrid ministry for social policies and the family, producer Ramón Campos, with the **V Mujerhoy Award for Masculine Commitment**, in recognition of his successful series which explore the roles of Spanish women.

The magazine also organised the sixth edition of its **Beauty Awards**, recognising the best cosmetic products of the year in 16 different categories, with more than 14,000 users voting online to select this year's winners.

SUR

Awards won

Sur won four design prizes at the ÑH2017 Awards for newspaper design in Spain, Portugal and Latin America, organised by the Spanish branch of the SND. The newspaper won one silver medal and three bronze medals, and was the only Andalusian brand recognised by this international organisation.

The culture editor of Sur, **Regina Sotorrío**, won the Pedro Aparicio Sánchez Award for journalism for an article about the local orchestrate. Sports editor **Sergio Cortés** was recognised by the journalism days organised each year by the local council of Alhaurín de la Torre.

On the international day against violence against women, the Partido Popular in Malaga recognised the work of three women in this field. Sur journalist **Ana Pérez-Bryan** received the award for making the problem visible. The journalist also won a regional consumer journalism prize, in the print category, for an article about the problems of senior citizens with customer attention services.

Sur editor **Juan Cano** won the Ciudad de Málaga Award in the journalism category for work about the strategy of the city, for a feature about La Palmilla.

Awards made

Sur celebrated the second edition of its **E-volución Awards**, which incentivise, highlight and give visibility to companies and projects that are leaders in technology. At the event, the head of e-commerce and digital of the non-food area for Grupo Día, Diego Manuel Puente Gascón, who also teaches at the Esic Business & Marketing School, gave a speech about the challenges of the digital economy ecosystem.

The newspaper also organised the first edition of its **Gala de Acción Solidaria**, recognising the work of five social entities in the area of social inequality: Fundación Andrés Olivares, Fundación Harena, Debra-Piel de Mariposa, Arrabal and Málaga Acoge.

More than one thousand people attended the **Malagueños del Año Awards**, in their 18th edition, recognising winners from various professional fields who have contributed to the development of the field. Winners included actor Dani Rovira; the founder of Costasol Hipermercados, Aurelio Martín; the head of brain surgery at the Carlos Haya Hospital and the chairman of the Spanish brain surgery society, Miguel Ángel Arráez; tennis players Manuel Santana and Alejandro Davidovich; inspector Flor de Torres; and the hotel Miramar.

VOCENTO

Awards won

All the **regional portals of Vocento** won a prize for best redesign of the year at the ÑH Awards. The jury, meeting in Santiago in Chile, highlighted the new, more visual, flexible and sophisticated look of the sites, awarding them a bronze medal in the digital publication category. The jury also mentioned the use of fonts designed for on-screen use, a more effective display of information, now presented in a more structured and functional design.

The journalist **Mikel Ayestaran**, Vocento correspondent in Jerusalem, was recognised by the fifth Manu Leguineche International Journalism Award for his accuracy, independence, respect for the truth and defence of the freedom of expression throughout his career.

The journalist for Vocento regional media, **Francisco Apaolaza**, received the XXXIV Unicaja Award for opinion pieces, for an article published in La Voz de Cádiz and in Sur de Málaga, in which he pays tribute to two popular personalities in Cádiz.

12. EVENTS IN 2017

As a multimedia group, Vocento believes that information is essential to progress and to increasing understanding of current affairs. It is committed to the exchange of ideas. Our publications, as well as offering accurate and independent information, organised numerous events in 2017 which reflect our commitment to building a more free and democratic society.

ABC

- **ABC Dialogues:** the first dialogue consisted of a conversation between the academic Arturo Pérez-Reverte and the painter Augusto Ferrer-Dalmau, in which they discussed art, current affairs and history. The writer Mario Vargas Llosa was another participant. The Nobel prize winner engaged in a discussion with ABC editor Bieito Rubido about literature, politics, journalism and the state of the world. At another event, bullfighter Enrique Ponce and the newspaper bullfighting critic, Andrés Amorós, discussed the state of the activity. The last dialogue in 2017 consisted of a conversation about the challenges facing Spain, between journalist Carlos Herrera and the director of ABC.
- **Sector events:** in 10 events over the course of 2017, ABC gathered experts from fields including the economy, politics, industry 4.0, nuclear energy, agriculture, climate change, water and tourism.
- **Los Acústicos de ABC:** a cycle of concerts held at the ABC Museum, showcasing new artists including Juan Carmona, María Toledo, Locomía, ELE, Materia Prima and Tennessee.
- **España en Femenino:** the newspaper organises these events to increase the visibility of the role of women in various social areas and to fight stereotypes.

ABC DE SEVILLA

- **sevillasolidaria.es ceremony:** about 200 people, all of whom are committed to charitable projects, attended the fourth edition of this event which recognised the work of volunteers and associations and NGOs.
- **Hi! Southern Tourism Meeting:** these events are dedicated to tourism in Seville. In 2017, there were two separate events. In the first, experts discussed the five challenges of Andalusian tourism and concluded that quality and promotion in distant markets are keys to success. At the second event, Jennifer Zhang, CEO of Asialink-Ctrip, analysed the profile of the Chinese tourists

who come to Seville.

- **II ABC Disability Forum:** for the second consecutive year, ABC and Fundación Konecta turned the spotlight onto disability. Participants analysed the challenges faced by people with an impairment, and the achievements of recent years compared to expectations. Renowned and highly qualified experts discussed success stories, using first person narratives, and talked about the involvement of companies and institutions who have a high level of awareness about the issue.

- **Sevilla Gastronómica:** ABC de Sevilla, via its gastronomical portal GURMÉ.es, organised an event which gathered in one space a selection of the best restaurants of Seville, with a wide-ranging programme of activities and exclusive culinary experiences to highlight the best gastronomy of the city.

EL COMERCIO

- **FIMP: Making the Future:** an event for gamers, start-ups and makers, organised by El Comercio, which is the most important of its type in northern Spain. With three days in total, a record of more than 16,000 people attended the event.

- **Charity walk in Avilés:** hundreds of people participated in this 6km walk. Funds raised went to Cáritas.

- **Charity walk in Gijón:** in its fifth edition, more than 2,000 people walked the 9km route. 4,200 euros were raised for the subsidised restaurant in the city.

- **EdP Gijón 10K night walk:** 1,500 participants walked the streets of the city by torchlight in this innovative event.

- **El Comercio digital day:** the head of Microsoft Latin America and corporate VP, César Cernuda, spoke at this event about the fourth industrial revolution and digital transformation.

- **El Comercio forums and El Comercio breakfasts:** several days the newspaper brought together representatives from business, politics and healthcare in Asturias to debate current issues.

- **Feminine future:** 29 professional women from various fields analysed the role of women in business and in society.

EL CORREO

- **Fun & Serious Game Festival:** for four days, Bilbao became the world capital of video gaming. Script writers, designers, editors, investors and manufacturers participated in the seventh edition of the festival, at which eSports competitions were organised, sector gurus discussed trends, and 200 gaming places were available.

Fun & Serious also hosted the awards ceremony for the Titanium Awards, the Oscars for the gaming industry. 'The Legend of Zelda: Breath of the Wild' (Nintendo) won the prize for game of the year.

- **B-Venture:** the largest start-up financing event in northern Spain, which aims to accelerate innovative projects which need financing. In its second edition, which attracted a thousand people, highlights included a training programme, the presentation of innovative projects, and a programme of workshops, discussions, networking and B2B.

- **Innova Bilbao:** the annual innovation, digital business and creativity event took place in the capital of Vizcaya. The conference, now in its fifth edition, included training with experts in many fields. Innova Bilbao is not only a unique training space but also serves as a forum for debating the future of business and serves as a meeting point for people who are constantly developing new ways of understanding business and growing their careers.

- **Gaze up:** the largest event about the employment of young people and training in northern Spain. The event served to analyse the current state of young employment from different perspectives: the crucial role of companies and institutions, the power of education and training, the experience of entrepreneurs and the contribution of companies to new talents.

- **Charitable climb to Artxanda:** thousands of people took part in the 8.5km walk to Artxanda, with money raised going to the: Futubide and Aspace foundations.

- **Green walk:** a 13km walk, in its sixth edition, which raised funds for Cáritas.

- **Economic Expectations Forum:** attended by the Minister for Development, Íñigo de la Serna, who appealed to the responsibility and intelligence of different political forces to approve the following year's Budget.

- **SME Forum:** at the sixth edition of this event, economist Ignacio Marco-Gardoqui and doctor Mario Alonso Puig discussed mistakes and challenges in the world of business and politics.

- **Real Estate Salon:** more than 30 companies participated in the 11th edition of the real

estate salon of Euskadi (SIE HOME), where visitors enjoyed the best quality-price ratios of the market of recent years.

- **Gastronomical Firm Competition:** the XXI edition of this popular competition in Alava took place in 2017, showcasing participating companies, the products of sponsors, and ways of preparing meals and dishes.

EL DIARIO MONTAÑÉS

- **115th anniversary of El Diario Montañés:** the newspaper celebrated its anniversary at an event attended by the Mayor of Santander, Gema Igual, and more than 300 people.

- **Cantabria Yearbook:** the gala for the yearbook, now in its 32nd edition, gathered a wide group of people from Cantabrian society to celebrate the publication of the book, which takes a close look at the future of the region.

- **Fair for products from Cantabria:** edition number 14 of this food fair, which showcases products from Cantabria, had a record of more than 30,000 visitors.

- **Real Estate and Decoration Fair of Cantabria:** the second edition of this event confirmed the recovery of the sector. The leading trade fair in Cantabria was visited by a large number of people, with participating companies concluded more sales and making more contacts than in the first edition.

- **Cantabria Alternativa:** this cultural event in Santander is a leading event in Spain for people interested in comics, television, literature and games. 13,500 people visited this year.

- **Agri-food fair of Cantabria:** experts in the industry discussed the challenges and strategies of the sector in the first edition of this event, attended by more than 200 people, including authorities, producers, business people, entrepreneurs, workers, cooks and distributors.

- **Automotive Dialogues:** with a packed house, the event gathered together director generals and other representatives from leading car brands. A series of debates highlighted the trends and challenges of the sector.

EL DIARIO VASCO

- **San Sebastián Gastronomika:** a food fair dedicated to high cuisine, which had record numbers of visitors last year: more than 1,500 participants and almost 14,000 visitors in this leading event in its field, which attracted the best chefs from Spain and beyond.
- **Comik D:** thousands of visitors packed out the first edition of the International Salon for Comics and Manga of San Sebastián. There were over two days of talks, workshops, competitions and exhibitions, with forty stands for comics, books and collectors' items.
- **BiciBizi:** the newspaper celebrated the first edition of an event which aims to raise awareness about the importance of bicycles as a mode of transport. An extensive programme of events enabled all users to get to know bicycles better. The event also included a space where people could donate old bicycles.
- **Company race:** the number of participating companies has increased every year. This edition, celebrating its 10th anniversary, saw 530 companies sign up, 60 more than last year.
- **Gipuzkoa Business Forum:** the event enjoyed strong representation from local society, and in its fifth edition was attended by Álvaro Nadal, Minister for Energy, Tourism and the Digital Agenda. The minister discussed the challenges facing society, especially related to new technologies.
- **Gazte up:** the second edition of the Employment and Youth Day included a wide range of guests, all specialists in this topic, who discussed challenges and offered advice about how to get ahead in the world of work.
- **Ficoauto:** the used vehicle fair, now in its 5th edition, reported an 33% increase in sales, with more than 400 vehicles sold for a total value of more than five million euros.

EL NORTE DE CASTILLA

- **E-volución Congress:** Valladolid once again became the capital of digital transformation for this event, in which digital business experts from across Spain participated. In its fifth edition, AI was the main protagonist, with speakers focusing on how machine learning will change the way of working in companies.
- **Families Underway:** more than 3,500 participants walked through central Valladolid to raise funds for a foundation which supports families of children who suffer from heart pathologies.

- **Justice Forum:** the Minister of Justice, Rafael Catalá, inaugurated the VI El Norte de Castilla-Santander Justice Cycle, which this year dedicated its sessions to the importance of specialisation of judges and inspectors in enabling them to fight crime and organised crime more effectively.
- **Valladolid Motor Vintage:** some 400 vehicles, including cars, motorbikes and industrial vehicles, participated in the fifth editions of this classic vehicles event. This year, a mobile blood donation unit was installed.
- **Divino Cigales:** a wine festival organised by El Norte de Castilla. In 2017, wines from 14 wineries of the Denominación de Origen Cigales delighted visitors with their aroma and taste.
- **25th anniversary of the El Norte de Castilla edition for Segovia:** 250 people celebrated the arrival of the newspaper in Segovia on 20 December 1992, when it cost just 150 pesetas.
- **10th anniversary of Leonoticias:** the online newspaper celebrated its first decade with a gala event attended by more than 700 guests and a wide range of people from all walks of regional and local life and of local institutions.

HOY

- **Santander Forum:** the CEO of Banco Santander, Rami Aboukhair, discussed the development of banks and the capacity of Santander to adapt to all times, now in its 160th year of history.
- **Hoy-Ibercaja Forum:** experts from various productive sectors in Extremadura discussed options for growth using new technologies.
- **Presentation of the HoySolidario portal:** this new project from Hoy offers social information. At its launch, numerous associations, business people and political representatives were present.
- **HOY Cuentas Tú:** Hoy organised its second workshop on print journalism, as part of the XII edition of the Book Fair of Cáceres

IDEAL

- **Talking about Twitter:** Ideal organised, for the fifth consecutive year, the #TATGranada event, consolidating the city as a world leader in this social network. Already the world's most importance conference about Twitter, more than 700 people were inscribed.
- **Alhambra Venture:** the fourth edition of this entrepreneurship event, the largest in southern Spain, was another success, attracting dozens of initiatives looking for financing. Entrepreneurs, investment authorities and experts in business from Spain and beyond participated in the conference. All of them contributed their own views about the world of entrepreneurship, in a full programme of talks and discussions.
- **Andalusia Gourmet Granada:** Ideal's food fair, now in its fourth edition, showcased the best of cuisine in Granada. Seven restaurants with eight Michelin stars explained their latest creations and the techniques with which they have achieved excellence. Every day the event opened with a cooking show presented by a chef, including the products, techniques and innovative dishes that they are preparing for the menus of their restaurants.
- **Almería Gourmet:** the largest gastronomical event in the province, with hundreds of people enjoying a new gastrobar and tasting zone, with workshops, tasting, talks and live cooking with famous chefs.
- **Salón del Motor:** in just three days, some 15,000 people visited the trade fair of Armilla to enjoy the car show, in which car distributors from across the province participated.

INVERSION Y FINANZAS.COM

- **Private Banking Forum:** in this annual event, now in its fourth edition, private banking professionals discussed the complex market scenario.
- **Financial Advisers Forum:** the fourth edition of this annual event gathered sector experts to discuss the strategic value of advice.
- **Patrimonia Forum:** experts at the third edition of the forum discussed topics of interest for family companies, from tax to inter-generational issues.
- **Trading Zone:** at this leading annual event for traders, professional participants discussed the trends, outlook and innovations for trading in 2018.
- **CIO Meeting:** the fourth edition of this event for investment directors served to analyse the impact of political uncertainty on the markets, on the outlook, and challenges for the future.

LAS PROVINCIAS

- **Manufacturing Talent:** eight leading professional women from different sectors participated in the eighth edition of these events, discussing female leadership.
- **Las Provincias-Sabadell Encounter:** six experts from the Comunidad Valenciana in research and medicine discussed biomedical research and human health, at the seventh edition of these events.
- **Managing Households:** for the third consecutive year, this event attracted a full house, with ten specialists in consumer issues, food, health and psychology sharing their advice about how to achieve well-being.
- **B-International Forum:** this event for companies aims to share digital strategies, so that SMEs in the region can engage in internationalisation. The forum consisted in a series of expert round tables and presentations about how to address the challenge of internationalisation.

LA RIOJA

- **Innova Forum:** a meeting for professionals which discussed the new technological horizon created by the Digital Agenda and the benefits of raising the quality of life for people in the region. As part of the event, experts also participated in the fifth Smart City meeting and discussed future urban development.
- **Imaginext:** Logroño again became the centre for wine and technology with the third edition of Imaginext, an event which showcases the advantages of technology in the wine sector and of innovation in such a strategic sector for the region. Major names in the world of wine, innovation and sales participated in the event.
- **Riojano young and stronger:** after San Sebastián, Bilbao and Santander the popular wine tasting event returned to Logroño. Some 4,000 visitors enjoyed the products of 19 wineries from La Rioja in the 11th edition of the event, accompanied as usual by tapas and snacks.
- **II La Rioja SME Forum:** under the title 'Reality and the challenges of SMEs', this economic meeting examined the business sector of the region and how it has adapted to society today and is looking to the future. Some 200 business people and professionals from the region participated.
- **Gala for weddings:** the weddings fair organised by the regional television channel offered couples a complete range of the services and products they need to celebrate their ceremonies.

- **Real Estate salon:** exhibitors in the event including four property sale stands and three decoration stands. At the second edition of the fair, visitors could find the best offers for new and used properties in the region plus numerous resources from the world of decoration.

LA VERDAD

- **Murcia Gastronómica:** the sixth edition of this event, at which the best chefs in Spain were present, included about 30 talks and workshops during the day.

- **My Digital Newspaper:** of about 150 digital editions presented, the 'Enquêtrices' group from the secondary school of Los Albares de Cieza, won the eighth edition of the competition organised by laverdad.es.

- **San Silvestre Murcia:** some 5,000 runners took place in this popular race, including athletes in costume, who completed the 6.8km course in the city centre.

- **Family Economy Congress:** more than 300 people participated in the second edition of this congress, in which an expert group offered the keys to optimal household management, in terms of saving, quality and recycling.

- **Murcia Smart:** focused on Smart cities, this event in its first intention aims to support the technologies and infrastructure needed to guarantee better quality of life for citizens. Experts from the sector analysed innovative projects, efficiency in urban development and pioneering models of smart cities.

LA VOZ DE CÁDIZ

- **An Eye on the Economy series:** a total of five events were held in 2017, gathering in Cadiz business people, representatives from local administration, directors and people responsible for communications and marketing. The issues discussed included tourism in the city, the challenges of the real estate sector, the future challenges of the general port system, the importance of corporate reputation and the fourth industrial revolution.

- **Meetings at Casa Pemán:** a cycle of conferences organised by the Fundación Cajazol in Cádiz and La Voz. Five meetings were held last year, with the presence of Andalusian diplomat Inocencio Arias; writer Ildefonso Falcones; psychologist Silvia Congost and the columnist of La Voz, Yolanda Vallejo.

MUJERHOY

- **Cancer Beauty Care Madrid:** for another year and the fifth edition of the event, Mujerhoy brought together patients, families and expert professionals to discuss how to improve the life of cancer patients before, during and after treatment. The meeting was attended by expert speakers in oncology.

- **Women Insights:** the second edition of these events for women in management took place in 2017, with three meetings in total. Expert participants discussed leadership, strategies, successes, failures and entrepreneurship. The initiative, organised by Mujerhoy and Inversión & Finanzas.com, gives a voice to the visions, reflections and experiences of all those women who innovate and inspire change.

- **Go Natural:** the first Mujerhoy event devoted to health and wellbeing. The event gave visitors the chance to explore beauty and wellbeing in a natural space where they could enjoy various activities and workshops related to nutrition, exercise and beauty.

- **Couture Brands:** the most exclusive weddings event of the season in Madrid gathered products from the best wedding fashion designers, presenting their latest designs to brides and their guests.

SUR

- **Málaga Open International Business London:** in its first international forum, Sur invited representatives from some of the main firms in London and showcased the advantages of Malaga as a location for the operations of British companies.

- **World Travel Market:** the city of Malaga returned to the World Travel Market in London with its own show, raising its profile for the 17th year. The mayor of Malaga, Francisco de la Torre, signed two agreements with Thomson Cruises and Barhead Travel to reinforce cruise tourism and the high-end segment.

- **More Women Forum:** over the course of 2017, four round tables were organised which discussed female leadership and the access of women to decision-making positions in various professional fields.

- **Presentation of Who's Who in Malaga:** the presentation of this guide, now in its sixth edition with more than 1,000 entries, was once again a leading event in the Malaga world of business. The publication includes data which enables readers to understand the importance and situation of every branch of the local economy.

- **Presentation of Who's Who in Malaga gastronomy:** Prensa Malagueña publishes this annual handbook, which includes almost 200 entries about the cuisine and wine of the province. It is the first guide of this type to be published in Spanish and English in the country.
- **Leading Malaga business forum:** the newspaper organised five events in 2017 in which sector experts discussed issues related to tourism in the province.
- **Wedding Night Sur:** the fourth edition of this event became a massive 'wedding' of 250 couples, plus sector experts and wedding companies in Malaga.
- **Sustainable Mobility Day:** sector experts discussed the future of electric cars and new forms of public transport in cities.

XLSEMANAL

- **XL Education Challenge:** XLSemanal closed this cycle of talks with one event in Barcelona and one in Seville, where experts in education, the future and technology explored new ways of developing education.
- **XL Employment Challenge:** the magazine organised the second XL Challenge event focused on employability, the future and new skills. Two series of talks were given, in Madrid and in Malaga.

VOCENTO

- **Future in Spanish:** the most important business forum about opportunities in the Spanish speaking world, developing relations between companies in Spain and Latin America, thanks to the alliance between Vocento and other leading media companies in Latin America.

In 2017, five events were held in Spain (Malaga, Madrid, Logroño, Murcia, Valladolid), one in Santiago de Chile and one in Bogotá. At the events, participating experts discussed issues related to innovation and entrepreneurship, and journalism and post-truth, also analysing the culture, politics and society of Latin America and Spain.

13. ENTITIES OF WHICH VOCENTO HAS BEEN A MEMBER

- **APD:** Asociación para el Progreso de la Dirección
- **ARI:** Asociación de editores de Revistas
- **EPC:** European Publishers Council
- **WAN-INFRA:** World Association of Newspapers and News Publishers.
- **UTECA:** Unión de Televisiones Comerciales Asociadas
- **AIMC:** Asociación para la Investigación de Medios de Comunicación
- **AMI:** Asociación de Medios de Información
- **OPA Europe.** Online Publishers Association Europe
- **DIRCOM:** Association of communication directors

14. FOUNDATIONS OR NON-PROFIT ENTITIES WITH WHICH VOCENTO HAS WORKED

- Princesa de Asturias Foundation
- ABC Collection Foundation
- Círculo de Empresarios
- Círculo de Empresarios Vascos
- Institute of Internal Auditors of Spain
- OPA: Federación de Organizaciones de Profesionales, Autónomos y Emprendedores
- Global Compact
- SERES: Fundación Sociedad y Empresa Responsable
- Guggenheim

As well as cooperation at the group level, the proximity of each newspaper to local society means that they work with most of the non-profit entities and foundations in their areas of influence.

15. ABOUT THIS SUSTAINABILITY REPORT

The current sustainability report was prepared under the coordination of the Communications Department of Vocento. In preparing and editing the content, the guidelines and recommendations of the following documents and requirements have been followed:

- Royal Decree Law 18/2017 of 24 November 2017 on non-financial information.
- Global Reporting Initiative (GRI 4) and the media sector supplement.
- Compromiso y Transparencia Foundation and its report “ Contribution and transparency, a report on online transparency of the fiscal responsibility of IBEX-35 companies.”

To complete the report, questionnaires and documentation has been generated in order to collect information by area of responsibility. When necessary, the responses have been clarified and confirmed with various members of the group.

In 2017, an anonymous survey was carried out of a significant panel of group managers and directors, in order to obtain their report about the 2016 Sustainability Report and improve the content of this year’s report and future reports.

The contribution of the people on this panel was invaluable, not only because of their objectivity, but also because of their proposals for improvement. As far as possible, we have incorporated these recommendations in this report.

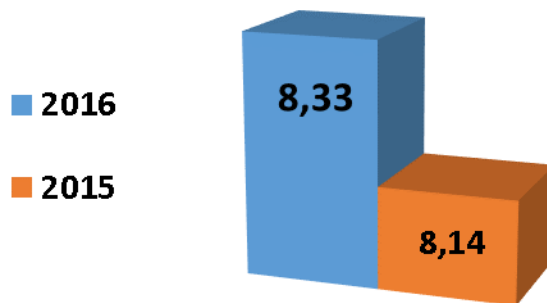
The rating of the 2016 report by members of the panel is shown in the following chart.

Overall score for 2016 Sustainability Report (from 1 to 9)



The final score of **8.33** from the panel for the 2016 report is higher than that of the 2015 report. This encourages us to continue in the same line in future sustainability reports and to improve in each publication the quality of data and the depth and detail of information, as we continue to strive to be more transparent.

TOTAL SCORE (out of 10 points) os Sustainability Reports



All the information included in this report is internal and has been collected in accordance with the procedures and practices in force at Vocento, except when an external source is indicated.

There has been no external verification of the content of this report, which because of internal norms and in accordance with group procedures has been submitted to the internal audit department for approval. Royal Decree Law 18/2017 requires the sustainability report to be approved, recorded and published in the same conditions as the Management Report of the Group.

Vocento confirms its commitment to continue with the annual publication of Sustainability Reports.

We have published an email address, managed by the communications department, which has been specifically created to receive queries about this report, as well as suggestions or proposals for improvement.

rc@vocento.com

Reference table of content and indicators in the report relating to Royal Decree (RD) Law 18/2017

Issue in RD	Aspect in RD	Information in this document	Indicators in this document
Diversity in governance bodies	Age, gender, impairment, professional experience	3.1.- Governance bodies <ul style="list-style-type: none"> • Board of Directors. 	3.1- Governance bodies <ul style="list-style-type: none"> • Board of Directors.
Environment	Impact of activity, health and safety, emissions, energy consumption, water consumption, pollution.	4.1.- Risks related to the environment and the impact of our activity on it. 6.5.- Relations with suppliers. 6.7.- Environment	6.5.- Relations with suppliers 6.7.- Environment.
Work	Gender equality, ILO conventions, working conditions, worker rights, unión rights, health and safety, dialogue with workers	4.2.- Risks related to social aspects and personnel. 6.6.- Relations with employees.	6.6.- Relations with employees.
Social	Local community dialogue and development	4.2.- Risks related to social aspects and personnel. 6.4.- Relations with readers. 7.- Valuation of the social impact of Vocento. 8.- Foundations 9.- Training in journalism.	7.- Valuation of social action of Vocento. 8.- Foundations. 9.- Training in journalism.
Human rights	Elimination of abuses	4.3.- Risks related to human rights. 6.5.- Relations with suppliers.	6.5.- Relations with suppliers.
Due diligence in the supply	Prevention, detection and mitigation of adverse effects	4.5.- Due diligence in the supply chain.	6.5.- Relations with suppliers.

chain		6.5.- Relations with suppliers.	
Anti-corruption and bribery	Mechanisms for fighting against them	<p>3.2.- Corporate Governance model.</p> <p>3.2.1.- Internal norms.</p> <p>3.2.2.- Risk management and internal control systems.</p> <p>3.2.3.- System for internal control of financial information (SCIIF)</p> <p>3.2.4.- System for preventing and responding to crime.</p> <p>3.2.5.- System for management of information security.</p> <p>3.3.- Relevant aspects of Corporate Governance in 2017.</p> <p>4.4.- Fight against corruption and bribery.</p>	<p>3.2.4.- System for preventing and responding to crime.</p> <p>3.3.- Relevant aspects of corporate governance.</p>