

ANNUAL REPORT
OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
2017

I.- Creation:

The Appointments and Remuneration Committee was created by agreement of the Board of Directors of Mediaset España Comunicación, S.A.. in its meeting held on the 20th May 2004 and came into force after Mediaset España Comunicación, S.A. began listing on the stock market, on the 24th June 2004. The company joined the IBEX 35 on 3rd January 2005.

II.- Composition:

The Appointments and Remuneration Committee consists of (4) members, who are also members of the Board of Directors, all external directors and appointed by the Board of Directors. Since its creation in 2004, the Commission has had two Independent Directors.

In addition, following that which is established in both the Articles of Association and the Board of Directors Regulations, and in accordance with the corporate governance rules, since the listing date of Mediaset España Comunicación, S.A., an Independent Director has occupied the position of Chairman.

The last modification to the composition of the Appointments Committee, was in December 2017 as a result of the resignations presented as members of the Board of Directors, by Mr. Angel Durández Adeva, Mr. José Ramón Alvarez Rendueles and Mr. Borja Prado Eulate of which the last two had been forming part of the Committee.

Said Directors have resigned due to the expiration of the legally established term so that they could continue to be considered Independent Directors, a position they had been holding, and with the purpose of allowing the Board and the Committees of the Company to maintain their structure and composition in accordance with the different categories of directors legally established and, in particular, in relation to the presence of independent directors.

These vacancies have been filled through the appointment, by co-option, as new directors of Mediaset España, with the status of independent directors, of Ms. Consuelo Crespo Bofill, Ms. Cristina Garmendia Mendizábal and Mr. Javier Diez de Polanco.

Since then, the Appointments and Remuneration Committee has the following composition:

Ms. Consuelo Crespo Bofill	President	Independent Director
Ms. Cristina Garmendia Mendizábal	Member	Independent Director
Mr. Fedele Confalonieri	Member	External Dominical Director
Mr. Giuliano Adreani	Member	External Dominical Director

Since its creation, the changes to the Audit and Compliance Committee have been aimed at gradually strengthening its independence with regards to the internal management of the Company, as a consequence, no Internal Director has become part of the committee, but it has established the presence of independent directors within it. Therefore, the Appointments and Remuneration Committee's composition in percentage is as follows:

Executive Directors	0 %
External proprietary Directors	50 %
Independent Directors	50 %

The current composition of the Board of Directors and the Companies' other Committees are as follows:

Board of Directors:

- 1) Mr. Alejandro Echevarría (Chairman).
- 2) Mr. Fedele Confalonieri (Vice-chairman)
- 3) Mr. Giuliano Adreani.
- 4) Mr. Alfredo Messina.
- 5) Mr. Marco Giordani.
- 6) Mr. Paolo Vasile (CEO).
- 7) Mr. Giuseppe Tringali (Vice-chairman).
- 8) Mr. Javier Díez de Polanco
- 9) Ms. Helena Revoredo.
- 10) Ms. Consuelo Crespo Bofill
- 11) Ms. Cristina Garmendia Mendizábal
- 12) Mr. Massimo Musolino.
- 13) Mr. Mario Rodríguez Valderas (Secretary).

Executive Committee:

- 1) Mr. Alejandro Echevarría (Chairman).
- 2) Mr. Fedele Confalonieri.
- 3) Mr. Giuliano Adreani.
- 4) Mr. Paolo Vasile.

Audit Committee:

- 1) Mr. Javier Díez de Polanco (Presidente).
- 2) Ms. Consuelo Crespo Bofill.
- 3) Ms. Helena Revoredo.
- 4) Mr. Fedele Confalonieri.
- 5) Mr. Marco Giordani.

III. Regulation:

The Appointments and Remuneration Committee is regulated by the Articles of Association, whose current version was approved at the Shareholders Annual General Meeting on 15th April 2015, and the Regulations of the Board of Directors and in the Regulations of the Committee, whose last amendments were approved on December 27th, 2017.

Thus, the rules that regulate the composition and functioning of the Appointments and Remuneration Committee have been fully aligned with the latest regulatory amendments to the Law 31/2014, of December 3rd amending the Companies Act for the improvement

of corporate governance, by Royal Decree-law 18/2017, of November 24th, on non-financial information and diversity, and with the recommendations included in the Good Governance Code for Listed Companies.

IV.- Functions:

The general functions of the Appointments and Remuneration Committee are contained in the Articles of Association and the Board of Directors Regulations.

But it is the Appointments and Remuneration Committee Regulations, which includes, but is not limited to, the generic and specific functions of the Committee:

- (a) To protect the integrity of the process of hiring directors and senior executives, to ensure that the candidates meet the required profile (in terms of knowledge, experience and skills) and, in particular, to make proposals to the Board of Directors on appointing or dismissing directors, as well as to propose to the Board who the members of each of the Committees should be. The Committee will consider potential candidates to fill vacancies on the Board, proposed by any of its members.
- (b) To advise on the dedication required from the directors in carrying out their duties.
- (c) To advise on the number of boards on which the members of the Board of Directors may sit. A report shall be issued by the Committee on members of the Board of Directors before they join the boards of directors of other companies.
- (d) To obtain information defining the other professional duties of the directors.
- (e) To advise the Board of Directors on replacements for the Chairman and senior executives in the Company, making any suggestions it may deem fit.
- (f) Present the Board of Directors, with proposals for, the appointment of independent directors who are to be appointed by co-optation or, for the consideration of the General Meeting, as well as, the proposals for re-election or removal of such Directors by the General Meeting of Shareholders;
- (g) Report on appointment proposals of the remaining Directors for their appointment by co-optation or for the consideration of the General Meeting and the proposals for re-election or removal by the General Meeting;
- (h) To inform the Board of Directors on any appointments and dismissals of senior executives which may take place within the Company and propose the basic conditions of their contracts.
- (i) To advise the Board of Directors on the development and application of a Diversity Policy within its scope, in relation to issues such as training and professional experience, age, disability and gender, aimed at
 - a. including in the board of directors a number of women that allows reaching a balanced presence of women and men;

b. that the selection procedures for directors do not hinder the selection of female directors.

(j) To advise the Board of Directors on the dismissal and appointment of the Secretary.

(k) To see to it that the directors perform their obligations and duties as foreseen in these Rules and in the Articles of Association.

(l) Periodically review the remuneration policy applied to directors and senior management, including remuneration systems involving shares and its application, as well as ensuring that individual remuneration is proportionate to that of the other directors and senior executives of the Company.

(m) To see to the transparency of remunerations and that information on the remuneration of the directors is included in the Annual Report and in the Annual Governance Report, submitting to the Board all such information as may be in order to that effect.

(n) To assist the Board of Directors in evaluating the Chairman of the Committee and the senior executives in the Company; and specifically, to assist in determining and monitoring the remuneration policy for directors and senior executives, proposing the form, procedure and amount of the annual remuneration of the directors (including any proposed incentives such as share option schemes), regularly revising the remuneration plans and seeking to ensure the remuneration of the directors meets criteria of moderation and adequacy in the light of the Company's results.

(o) To draw up and verify a Report on the Policy of Directors' Remuneration for approval by the Board of Directors, to be presented before the General Shareholders' Meeting.

(p) To advise the Board of Directors on the status which each director should be awarded when he is appointed or renewed in his position, and to revise it annually when the Annual Corporate Governance Report is drawn up.

V. - Meetings

During 2017, the Appointments and Remuneration Committee has met on two occasions:

- 1) **Meeting held on February 23rd, 2017 with the following Agenda:**
 - a) Approval of the Appointments and Remuneration Committee's Annual Activity Report 2016.
 - b) Formulation of the 2016 Directors' Remuneration Report.
 - c) Board of Directors' Remuneration in 2016: Chairman, CEO and Members.
 - d) Multi-year incentive and loyalty plan for executives 2017.
 - e) Self-evaluation of the Board and its Committees: Results.

- f) Motions and questions
- g) Drafting and, where appropriate, adoption of the Minutes of the Meeting

2) **Meeting held on December 20th, 2017 with the following Agenda:**

- a) Self-evaluation Board and its internal Committees. Approval and launch of the process.
- b) Adaption of the structure and composition of the Board of Directors and its internal Committees.
- c) Modification of the Appointments and Remuneration Committee Regulations.
- d) Motions and questions.
- e) Drafting and, where appropriate, adoption of the Minutes of the Meeting.

VI. – Activity Report

For a better understanding of the activities undertaken by the Appointments and Remuneration Committee during 2017, it has been grouped into two large categories:

- A. Remuneration.
- B. Corporate Governance

A. Remuneration. The Appointments and Remuneration Committee has intervened in the following aspects during 2017:

- It proposed the fixed and variable remuneration for the CEOs and the Board of Directors Chairman
- It advised the Board of Directors on the review of remuneration.
- It proposed the Annual Report on Directors' Remuneration 2017.
- It has reported on the Multi-year Incentive and Loyalty Plan for Directors.

To that end, the Committee has been in constant contact with the Company's Chairman, CEO, General Managers and Human Resources Director, maintaining regular meetings.

B. Corporate Governance.

The Appointments and Remuneration Committee has intervened in the following aspects during 2017:

- It directed the evaluation process for the Board of Directors, the Committee's, the CEO and the Chairman.
- It participated the process of adapting the internal rules on Corporate Governance matters.
- It analysed and proposed the Annual Report on Directors' Remuneration 2017.

- It has analysed and reported on the resignation presented by three Directors who had been classified as Independent.
- It has participated in the process of selecting the possible substitutes and has issued the corresponding Report proposing their appointment, justifying their competence, experience and merits, as well as their qualification as Independent.

VII. Functioning of the Shareholders General Meeting.

The Ordinary General Shareholders Meeting of "MEDIASET ESPAÑA COMUNICACIÓN, S.A." was held on 27th April 2017, at 12:00 pm, on first call, attended by 724 shareholders present and 1,295 represented shareholders among them of 269,871,169 shares, representing 80.148% of the share capital of the Company.

Prior to the holding of the meeting, the call together with the Agenda and the proposal of resolutions previously approved by the Board of Directors was published sufficiently in advance. From the time the call was made all documentation relating to the General Meeting was available to shareholders.

The Shareholders Meeting was chaired by the Chairman of the Board and the CEOs, presidents of the Appointments and Remuneration Committee and members of the Board of Directors attended. The following resolutions were approved by a majority:

First. Examination and approval of the Annual Accounts (Balance Sheet, Profit and Loss Account, as well as the Notes to the Annual Financial Statements) and of the Management Report of both Mediaset España Comunicación, S.A. and its Consolidated Group of Companies for the year to 31st December 2016.

Second. Distribution of profit for 2016.

Third. Distribution of extraordinary dividend.

Fourth. Examination and approval of the management of the company's business by the Board of Directors during 2016.

Fifth. Awarding Company shares to Directors who perform executive duties and to Senior Managers of the Company, as part of their variable remuneration accrued in 2016.

Sixth. Authorise the Board of Directors, so that they may establish a remuneration scheme aimed at Executive Directors and Managers of the Group of Companies linked to the value of the shares of the Company.

Seventh.- Annual Remuneration of Directors Report of Mediaset España Comunicación, S.A.

Eighth.- Appointment of the auditors for Mediaset España Comunicación, S.A. and its consolidated group of companies.

Ninth.- Delegation of powers to sign, interpret, correct and execute previous resolutions, as well as to substitute the powers received by the Board of Directors from the Annual Meeting.

VIII- Functioning of the Board of Directors.

The Board of Directors met seven (7) times, with a very high attendance of its members. All meetings were chaired by its Chairman and, the General Operations ‘Manager, who is also a member of Board of Directors attended.

The call, preparation of the Agenda and provision of information have been made according to the rules established in the Articles of Association and the Board of Directors Regulations.

As for the other decision-making bodies, the Executive Committee met three (3) times and the Audit and Compliance Committee met five (5) times, in both cases the majority of their members attended; Minutes were recorded of all meetings.

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