

**Independent Limited Assurance Report on the 2017 Annual Corporate Governance
Report**

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE ANNUAL CORPORATE GOVERNANCE REPORT

To the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Scope of work

We have performed a limited assurance engagement related to the information included in sections A, B, C, D, E, G, and H of the Annual Corporate Governance Report of Mediaset España Comunicación, S.A. corresponding to the year ended December 31, 2017, prepared in accordance with the terms outlined in Article 540 of Capital Corporates Law, Order ECC/461/2013 of March 20, which determines the minimum content and structure of the Annual Corporate Governance Report, and Circular 5/2013, of June 12, of the Spanish National Securities Market Commission (CNMV), which establishes the models of the Annual Corporate Governance Report, among others, of listed corporations, amended by Circular 7/2015, dated December 22, of the CNMV.

With regard to the contents of Section G of the Annual Corporate Governance Report, and recommendations made on the Unified Good Governance Code not implemented by the Company, the directors of Mediaset España Comunicación, S.A. provide the explanations they deem as appropriate. Due to its nature, in such cases, our work has consisted of verifying the samples obtained according that the information contained in the Report do not contradict the evidence obtained by applying the performed procedures.

Directors' responsibility

The Directors of Mediaset España Comunicación, S.A. are responsible for the preparation, the contents, and the presentation of the information contained in the accompanying Annual Corporate Governance Report. This responsibility includes the design, implementation, and maintenance of the internal control deemed necessary to ensure that the Annual Corporate Governance Report is free of any material errors resulting from fraud or error.

The Directors of Mediaset España Comunicación, S.A. are also responsible for defining, implementing, adapting, and maintaining the management systems necessary for preparing the Annual Corporate Governance Report.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures we have performed as well as evidence obtained. We have performed our assurance work in accordance with International Standard for Assurance Engagements (NIEA 3000) (Revised), "Assurance Engagements other than Audit and Review of the Financial Information Framework" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The work carried out for a limited assurance report on procedures performed varies in nature and time, and is less extensive than a reasonable assurance report, and therefore, the degree of assurance is also less extensive.

Our procedures performed for the purposes of this engagement are based on our professional judgment and consisted in making inquiries of corporate management and applying certain sample-based analytic and review procedures. Specifically, our work included the following procedures:

- Reading and understanding the information prepared by the Company and included in the Annual Corporate Governance Report, to determine whether it encompasses the entirety of the contents mandated by Article 540 of Capital Companies Law and Order ECC/461/2013 of March 20, as well as Circular 5/2013, of June 12, of the CNMV, in its redaction set forth in Circular 7/2015 of December 22, of the CNMV.
- Review of legal documentation, minutes of the General Meetings of Shareholders and Board of Directors, of the 2017 separate and consolidated financial statements, as well as any internal and external communication related to the appropriateness of the information covered by the Annual Corporate Governance Report.
- Holding meetings with Mediaset España Comunicación, S.A. personnel including members of Management as well as other parties responsible for the different Company governance areas covered in this report.
- Analysis of the Company's procedures for collecting and validating data and information presented in the Annual Corporate Governance Report.
- Using review tests based on a sample selection of the quantitative disclosures included in the Annual Corporate Governance Report, verification of the appropriate compilation of data supplied by the Management of Mediaset España Comunicación, S.A., and where necessary, the figures presented on the 2017 separate and consolidated financial statements provided by Management.
- Obtaining the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the Annual Corporate Governance Report.

Independence

We have complied with the applicable ethics codes, including those related to the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA).

Our Firm complies with guidelines in the International Standard on Quality Control (NICC 1), a global quality control system including the documented policies and procedures related to complying with ethics, professional standards, as well as applicable legal and regulatory guidelines.

Conclusions

As a result of the procedures we performed and the evidences obtained, no matters came to our attention which would lead us to conclude that clauses A, B, C, D, E, G, and H of the accompanying Annual Corporate Governance Report of Mediaset España Comunicación, S.A. corresponding to the year ended December 31, 2017 contain significant errors, or that the information has not been prepared in accordance with the principles established in Article 540 of Companies Law, Order ECC/461/2013 of March 20, and Circular 5/2013, of June 12, of the CNMV, in its redaction set forth in Circular 7/2015 of December 22, of the CNMV.

Other matters

This report in no case should be considered an audit report in the terms established under regulatory auditing standards prevailing in Spain.

The scope of this Report does not include a review of the information contained in Section F of the Annual Corporate Governance Report, which contains a description of Mediaset España Comunicación, S.A.'s Internal Control System over Financial Reporting (ICFR).

DELOITTE S.L.

February 27, 2018

APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

COMPANY IDENTIFICATION

YEAR ENDED: 12/31/2016

C.I.F. A-79075438

COMPANY NAME:

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Registered address:

CARRETERA DE FUENCARRAL A ALCOBENDAS 4 – MADRID 28049

**ANNUAL CORPORATE GOVERNANCE
REPORT FOR LISTED COMPANIES**

A SHAREHOLDER STRUCTURE

A.1 Fill in the following table on the company's share capital

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
13/14/2016	168,358,745.00	336,717,490	336,717,490

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

Yes No

A.2 Give the breakdown of those – other than directors – who directly or indirectly owned major shareholdings in the company at the close of the business year:

Shareholder's name or company name	Number of voting rights held directly	Number of voting rights held indirectly	% of total voting rights
BLACKROCK INC	0	12,884,271	3.83%
INVESCO LIMITED	0	6,691,901	1.99%
MR. SILVIO BERLUSCONI	0	169,058,846	50.21%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
BLACKROCK INC	UNIDENTIFIED	12,884,271
INVESCO LIMITED	UNIDENTIFIED	6,691,901
MR.SILVIO BERLUSCONI	MEDIASET SPA	169,058,846

Indicate the main changes in the shareholder structure seen during the year:

A.3 Fill in the following tables on the members of the company's Board of Directors who hold voting rights on company shares:

Name or company name of the director	Number of voting rights held directly	Number of voting rights held indirectly	% of total voting rights
MR. ALEJANDRO ECHEVARRÍA BUSQUET	47,023	0	0.01%
MR. MARIO RODRÍGUEZ VALDERAS	10,303	0	0.00%
MR. PAOLO VASILE	8,426	0	0.00%
MR. MASSIMO MUSOLINO	16,470	0	0.00%
MR. JAVIER DIEZ DE POLANCO	3,000	0	0.00%

% of total voting rights held by directors	0.01%
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Fill in the following tables on the members of the Board of Directors who hold

options on company shares.

Name or company name of the director	Number of voting rights held directly	Number of voting rights indirectly	Number of equivalent shares	% of total voting rights
MR. PAOLO VASILE	66,799	0	66,799	0.02%
MR. MASSIMO MUSOLINO	9,711	0	9,711	0.00%
MR. MARIO RODRÍGUEZ VALDERAS	7,891	0	7,891	0.00%
MR. ALEJANDRO ECHEVARRÍA BUSQUET	20,729	0	20,729	0.01%

A.4 Mention any family, commercial, contractual or corporate links of which the company is aware between major shareholders, other than those which are immaterial or are part of their ordinary business or trade

A.5 Mention any commercial, contractual or corporate links between major shareholders and the company and/or their group, other than those which are immaterial or are part of their ordinary business or trade:

A.6 State whether the Company has been informed of any Shareholders' Agreements affecting it pursuant to Sections 530 and 531 of the Companies Act (LSC). If yes, describe these Shareholders' Agreements briefly as well as the shareholders related there under:

Yes

No **X**

Indicate whether the company is aware of any concerted actions among its shareholders. If so, briefly describe them:

Yes

No **X**

Mention any of the above pacts, agreements or concerted actions that have been altered or cancelled during the year:

NOT APPLICABLE

A.7 Mention any natural or legal person who controls or may control the company pursuant to Section 4 of the Securities Market Act. If such a person exists, identify them:

Yes **X**

No

Name or company name
Mediaset SPA

Comments

Fininvest SPA (owned by Mr. Silvio Berlusconi) both directly and indirectly, holds 34.7% of the voting rights of Mediaset SPA (and appoints the majority of the directors), which directly owns 50.208% of the voting rights of Mediaset España.

A.8 Fill in the following tables regarding treasury stock of the company:

At year-end:

Number of directly held shares	Number of indirectly held shares (*)	% of total share capital
9,282,275	0	2.76%

(*) Held through:

Detail any material changes, pursuant to Royal Decree 1362/2007, which have taken place during the year:

Explain the material changes

01/08/2017: acquisition of 3,531,603 treasury shares. Communicated to the National Stock Exchange Commission on 03/08/2017. 11/07/2017: acquisition of 3,554,663 treasury shares. Communicated to the National Stock Exchange Commission on 14/07/2017.

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.

The General Shareholders' Meeting held on April 13, 2016, under item 8 on the agenda, authorized acquisition and transfer transactions within five years of said resolution.

The resolution was approved with a total of 267,670,006 votes representing 98.7984%, of share capital in favor, 3,238,686 votes representing 1.1954% of share capital against, 15,555 abstentions representing 0.0057% of share capital and 1,245 blank votes representing 0.0005% of share capital.

The content of the resolution adopted is as follows:

1. To authorize the Board of Directors of Mediaset España Comunicación, S.A. in accordance with the provisions of Section 146 and following of the Companies Act currently in force, to proceed, to the extent they consider this appropriate under the circumstances, to buy back shares of the company by any means, subject to the following limits and requirements:
 - a) The shares may be acquired by purchase or any other form of transfer for good and valuable consideration.
 - b) The nominal value of the company shares acquired and the shares already owned, shall not exceed 10% of the share capital, or the legally-established maximum amount.
 - c) Shares acquired shall be free of all encumbrances or charges, totally paid up and not subject to any other obligation.
 - d) The minimum purchase price of the shares shall not be less than their nominal value, and the maximum price shall not exceed one hundred and twenty per cent (120%) of their listed value on the purchase date.
 - e) Effective period of the authorization: Five (5) years starting from the date of the present agreement.
 - f) These transactions shall furthermore be carried out in compliance with the relevant rules contained on the matter in the Company's Internal Code of Conduct.
2. Void the authorization agreed regarding this matter at the General Shareholders' Meeting held on April 15, 2015 in the unused amount.

3. Authorize the Board of Directors to:

- (i) allocate, totally or partially, the own shares acquired to the execution of remuneration programs that have as their object or suppose the delivery of shares or option rights over shares, or are based in any way on the evolution of the stock price of the action, in accordance with the provisions of article 146.1. a) of the Companies Act; and/or
- (ii) sell them; and/or
- (iii) redeem them with a decrease in share capital.

The Board of Directors is delegated with the broadest powers with regards to redeeming shares acquired within the scope of this agreement, as well as the related capital decrease, to delegate all the powers necessary to any of its members and the CEO and the Board secretary to carry out the capital decrease in one or several occasions, within a maximum period of five years commencing when this agreement is approved, including but not limited to:

- a) the power to establish the exact amount of the decrease, which may never be higher than the nominal value of shares acquired with the scope of this agreement;
- b) determine the specific amount of treasury shares to be redeemed;
- c) establish the decrease date/dates;
- d) execute the capital decrease as considered appropriate, establishing applicable regulations on creditors' right of opposition as set forth in Article 335 c) of Companies Act, and carry out the necessary steps to meet applicable legislation in this regard;
- e) amend Article 5 of the Articles of Association to reflect the new share capital figure as well as number of Company shares;
- f) publish corresponding announcements;
- g) appear before the Notary of choice to issue the corresponding capital decrease, granting notary instruments, including any deeds to correct, complement, or clarify them to obtain the capital decrease inscription at the Commercial Registry, and where applicable, request partial inscription;
- h) send all pertinent announcements regarding the capital decrease to competent regulatory authorities, including notification to the CNMV to file the necessary paperwork and present any required documentation with competent authorities so that once the Company shares have been redeemed, and the capital decrease deed filed with the Commercial Registry, resulting in the exclusion from trading of the shares on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges through the Spanish Stock Market Interconnection System (Continuous Market). Cancel the corresponding accounting registers, and take any steps necessary to ensure full effectiveness of the capital decrease agreement in the eyes of any Spanish or foreign public/private bodies, including the declaration, complement, or correction of defects or omissions which might block or impede the full effectiveness of the capital decrease agreement.

A.9.bis Estimated floating capital:

	%
Estimated floating capital	47.03

A.10 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes No **X**

A.11 State if at the General Shareholders' Meeting it was agreed that neutralization measures would be taken up on a takeover bid under Law 6/2007.

Yes No **X**

If applicable, explain the measures approved and the terms under which the restrictions shall not apply:

A.12 Indicate whether the company has issued securities not traded in a regulated market

of the European Union.

Yes

No **X**

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL SHAREHOLDERS' MEETING

B.1 State and, if applicable, detail whether there are any differences from the regulations on the minimum provided for by the LSC regarding the quorum necessary to hold the General Shareholders' Meeting.

Yes **X**

No

	% of quorum different from that established in Section 193 of the LSC for general cases	% of quorum different from that established in Section 194 of the LSC for special cases under Section 194 of the LSC
Quorum required on 1st call	50.00%	0.00%
Quorum required on 2nd call	0.00%	0.00%

Description of differences

According to Mediaset's Articles of Association, the General Meeting shall be validly convened with the attendance, either personally or by proxy, of at least fifty per cent of share capital subscribed and with voting rights, rather than the twenty-five per cent required in the LSC.

The percentages required in second call in the Articles of Association are the same as in the LSC.

The quorum required on the first and second call for the General Shareholders' Meeting to validly agree on the issuance of obligations, a capital increase or reduction, transformation, merger or spin off of the Company and, in general, any modification to the Articles of Association (Section 194 of the Companies Act).

B.2 State and, if applicable, detail whether there exist differences from the provisions set forth in the LSC for the adoption of company's agreements:

Yes

No **X**

Describe any differences from the provisions set forth in the LSC.

B.3 Indicate the rules governing amendments to the company's Articles of Association. In particular, indicate the majorities required to amend the Articles of Association and, if applicable, the rules for protecting shareholders' rights when changing the Articles of Association.

To make any amendments in the Articles of Association deemed to be called and validly constituted, attendance on first call shall be necessary of shareholders, whether present or represented, possessing at least fifty-percent (50%) of the subscribed capital with voting rights. During second call, any percentage of subscribed capital will be considered valid.

Should the shareholders be called to a general meeting to discuss modifications of the Articles of Association, during first call, at least fifty (50%) percent of attendance will be necessary of shareholders of subscribed capital with voting rights. On second call, attendance of twenty-five (25%) percent of such capital shall be sufficient.

In addition, when proposals have been submitted to amend the Articles of Association, shareholders receive a report explaining the proposed amendments drawn up by the Board of Directors. No proposals to amend by the Articles of Association have been made to date that would be detrimental to any class of shares. In the event such proposals are made, the measures set out in the law to protect shareholders' rights would apply.

B.4 Provide the following figures on attendance to the General Shareholders' Meetings held during the year covered by this report and the previous year:

Date of the General Shareholders' Meeting	Attendance figures				Total
	Attended Personally (%)	Attended by Proxy (%)	% remote voting		
			Electronic means	Other	
13/04/2016	55.29%	26.79%	0.00%	1.36%	83.44%
27/04/2017	51.04%	29.11%	0.00%	1.18%	81.33%

B.5 Indicate whether there is any restriction in the Articles of Association establishing a minimum number of shares necessary to attend the General Shareholders' Meeting:

Yes

No **X**

B.6 Annulled section

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website.

All information concerning corporate governance, or General Shareholders' Meetings held or scheduled, is accessible to all shareholders on the Company's website through the following URL: <http://www.mediaset.es/inversores/es/>.

C COMPANY GOVERNING BODIES

C.1 Board of Directors

C.1.1 List the maximum and minimum number of directors included in the Articles of Association:

Maximum number of directors	19
Minimum number of directors	11

C.1.2 Fill in the following table on Board members:

Name or company name of the director	Proxy	Board member category	Position on the Board	Date of first appointment	Date of last appointment	Method of appointment
MR. ALEJANDRO ECHEVARRÍA BUSQUET		Other external	Chairman	15/05/1996	09/04/2014	Agreement General Shareholders' Meeting
MS. HELENA REVOREDO DELVECCHIO		Independent	Director	01/04/2009	09/04/2014	Agreement General Shareholders' Meeting
MR. MARIO RODRÍGUEZ VALDERAS		Executive	Secretary Board Member	09/04/2014	09/04/2014	Agreement General Shareholders' Meeting
MR. GIUSEPPE TRINGALI		Proprietary	Vice - president	29/03/2004	09/04/2014	Agreement General Shareholders' Meeting
MR. GIULIANO ADREANI		Proprietary	Director	26/09/2001	09/04/2014	Agreement General Shareholders' Meeting
MR. ALFREDO MESSINA		Proprietary	Director	30/06/1995	09/04/2014	Agreement General Shareholders' Meeting
MR. FEDELE CONFALONIERI		Proprietary	Vice - president	21/12/2000	09/04/2014	Agreement General Shareholders' Meeting
MR. MARCO GIORDANI		Proprietary	Director	05/07/2003	04/09/2014	Agreement General Shareholders' Meeting
MR. PAOLO VASILE		Executive	Chief Executive Officer	03/29/1999	04/09/2014	Agreement General Shareholders' Meeting
MR. MASSIMO MUSOLINO		Executive	Director	04/09/2008	04/17/2013	Agreement General Shareholders' Meeting
DOÑA CONSUELO CRESPO BOFILL		Independent	Director	20/12/2017	20/12/2017	COOPTATION
DOÑA CRISTINA GARMENDIA MENDIZÁBAL		Independent	Director	20/12/2017	20/12/2017	COOPTATION
DON JAVIER DIEZ DE POLANCO		Independent	Director	20/12/2017	20/12/2017	COOPTATION
Total number of directors						13

Indicate any board members who left during this period:

Name or company name of the director	Board member category at the moment of termination	Discharge date
MR ANGEL DURÁNDEZ ADEVA	Independent	20/12/2017
MR FRANCISCO DE BORJA PRADO EULATE	Independent	20/12/2017
MR JOSÉ RAMÓN ÁLVAREZ RENDUELES	Independent	20/12/2017

C.1.3 Fill in the following tables on the members of the Board and the different category in which they serve:

EXECUTIVE DIRECTORS

Name or company name of the director	Position within the organization
MR. MARIO RODRIGUEZ VALDERAS	Secretary and Managing Director
MR. PAOLO VASILE	Chief Executive Officer
MR. MASSIMO MUSOLINO	General and Transaction Manager

Total number of executive directors	3
Total % of the Board	23.08%

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of the director	Name of the individual or company who is a major shareholder and is represented by or has proposed the appointment of the external director
MR. GIUSEPPE TRINGALI	MEDIASET SPA
MR. GIULIANO ADREANI	MEDIASET SPA
MR. ALFREDO MESSINA	MEDIASET SPA
MR. FEDELE CONFALONIERI	MEDIASET SPA
MR. MARCO GIORDANI	MEDIASET SPA

Total number of external proprietary directors	5
Total % of the Board	38.46%

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director:

MS. HELENA REVOREDO DELVECCHIO

Profile:

Degree in Business Administration from Catholic University of Buenos Aires Senior Manager Program at IESE Business School

Chairman of Prosegur since 2004 and Director since 1997 Chairman of Foundation Prosegur since 1997

President of Euroforum since 2004

Director of Banco Popular Español since 2007 Director of Endesa S.A. since 2014

Name or company name of the director:

MR JAVIER DIEZ DE POLANCO

Profile:

Law Degree from the Complutense University of Madrid and Master in Legal Advice and Business Management (Instituto de Empresas BS), currently a Director and Chairman of the Audit and Compliance Committee of Iberdrola

México, Board Member of Willis Towers Watson Iberia, of the company Timón, SL as well as Tropical Hoteles, SL

Name or company name of the director:

MS CRISTINA GARMENDIA MENDIZÁBAL

Profile:

PhD in Molecular Biology, Severo Ochoa National Center for Molecular Biology. She completed her academic training with an MBA from the IESE Business School of the University of Navarra. She has been Assistant Professor at the Autonomous University of Madrid. Executive Vice President and Financial Director of the Amasua Group, President of the Association of Biotechnology Companies (ASEBIO) and member of the Board of Directors of the Spanish Confederation of Business Organizations (GEOE). From 2008 to 2011 she was Minister of Science and Innovation in the IX Legislature of Spain. After leaving the Government, she resumed her responsibilities in the companies she founded or recently founded, such as Ysios Capital Partnes, SGCR, the Spanish-German biotechnology Sygnis, the Spanish-American company Satlantis Microsats, and Science & Innovation Link Office, SL.

She is the president of the COTEC Foundation and patron of foundations such as Fundación Pelayo and Fundación SEPI. She is also part of the Board of Directors of non-listed companies as Pelayo Mutua de Seguros and Everis.

Currently, she is a consultant to the European Commission as a member of the High Level Group (HLG), which has formulated the recommendations for the design of the IX Framework Program (2021-2027) of the European Union.

She has been a speaker on numerous occasions in Universities, business schools and business conventions, on subjects of her competence, and Jury at the Princess of Asturias Awards for Scientific and Technical Research and Rey Jaime I.

Her work and entrepreneurial vision have been recognized on several occasions with awards for research and business innovation.

Name or company name of the director:

MS CONSUELO CRESPO BOFILL

Profile:

Biological Sciences Studies UB

Master in International Cooperation within the framework of UN. UPV

President UNICEF PV 1993-2005

Member of the Governing Council UD 2001-2017 Speaker at the Masters in International Cooperation UB, UPV, U. COMPLUTENSE, 2000-2016

Member of different juries Awards RSC 2003-16 President UNICEF Spain 2005-2014

Jury Member Prince of Asturias Awards for International Cooperation 2007-2010

Independent Board Member of Acciona and member of the Sustainability Committee 2008-2014 Independent Board Member Tubacex and member of the NYR committee since 2009

Tribute Foundation TUBACEX since 2016 Counselor of the Deusto Business School since 2014 Patron Oxfam Intermon since 2014

Patron of the Boscana Foundation since 2015

Founder and Vice President of the Circulo de Orellana Association since 2015

Member of the Advisory Board of the Princess of Girona Foundation since 2017

Independent Member of Mediaset Spain since 2017

From 2010 to 2014, she was among the TOP 100 leading women in Spain and among the top 100 directors of the Merco Report on Corporate Reputation.

Total number of independent directors	4
Total % of the Board	30.77%

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

None of the independent board members earns any sum or benefit from the company or own group for any item other than the remuneration for being a director, or maintains, or has maintained in the last year, a business relationship with the company or any company in its group.

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

OTHER EXTERNAL DIRECTORS

Other board members will be identified and will explain why they cannot be considered as independent directors or proprietary directors and their links, whether with the company and its senior management or with its shareholders.

Name or company name of the director:

MR. ALEJANDRO ECHEVARRÍA BUSQUET

Company, executive, or shareholder with whom the relationship is maintained

MR. ALEJANDRO ECHEVARRÍA BUSQUET - NOT APPLICABLE

Reasons:

Chairman of the Mediaset España Comunicación, S.A. Board since May of 1996, Alejandro Echevarría was born in Bilbao in 1942. He is a graduate in Business Studies from Escuela Superior de Técnicos de Empresa de San Sebastián (Universidad de Deusto).

He was CEO of El Correo Español–El Pueblo Vasco, the origins of Grupo Correo, subsequently Grupo Correo-Prensa Española and currently Grupo Vocento. He is currently a Board member of the newspapers El Diario Vasco, El Diario Montañés, and Diario El Correo, as well as companies such as Endesa, Consulnor, CVNE, and Willis.

President of the Unión de Televisiones Comerciales Asociadas (UTECA), Vice President of the Deusto Business School, Jury Member of the Príncipe de Asturias Communications and Humanities Award, Patron of the Novia Salcedo Ayuda contra la Drogadicción Foundations, Vice President of the Foro para la Contratación Pública Socialmente Responsable.

He has also been awarded the following: Best Basque Businessman (1998), Best Business Management ("Future" magazine 1998), Business in Media Values Award, as well as many others.

Total number of other external directors	1
% of the board	7.69%

Mention any changes that have taken place in the category of individual directors during the period:

C.1.4 Complete the following table on the number of female directors over the

past four years and their category:

	Number of female directors				% of total directors of each type			
	Year 2017	Year 2016	Year 2015	Year 2014	Year 2017	Year 2016	Year 2015	Year 2014
Executive	0	0	0	0	0.00%	0%	0%	0%
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	3	1	1	1	75.00	25.00	25.00	25.00
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	1	1	1	23.08	7.69%	7.69%	7.69%

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

Explanation of measures

According to Article 5 of the Rules of the Appointments and Remuneration Committee, the functions of this Committee are:

“To inform the Board of Directors about questions relating to gender diversity, ensuring that the selection procedures for filling new vacancies do not result an obstacle for the selection of female directors. At the same time, the Committee shall encourage the Company to search for and include women in the list of candidates meeting the required professional profile.”

In application of said article and in view of the 3 vacancies produced within the Board of Directors during fiscal year 2017, the good governance bodies of the company have encouraged the selection of female directors for such positions, with the selection of two new female directors.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile:

Explanation of measures

The Appointments and Remuneration Committee already has a list of women who meet all the requirements for appointment to the Board of Directors of the Company, whose designation as such has been valued in 2017 to cover two of the three vacancies produced during the year

When, despite the measures taken, there are few or no female directors, explain the reasons:

Explanation of reasons

As we have commented, the management and good governance bodies of the company have promoted the selection of female directors during 2017, going from one to three female directors with the status of independent, thus following the policy and with the intention expressed by the company to increase the female presence on the Board of Directors.

C.1.6 bis Explain the conclusions reached by the appointment committee on the verification of compliance with this board member appointment process. Specifically, indicate how these policies will assist in reaching the 2020 goal that at least 30% of Board members be female.

Explanation of the conclusions

The Appointments and Remuneration Committee formulates and promotes the application of the director selection policy since its approval. The goal of the company has been to reach, in 2020, a number of female directors representing at least 30% of the total members of the Board of Directors. Following the last appointments approved in 2017, the presence of female directors is 23%.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

The composition of Mediaset's Board of Directors reflects its shareholder structure, in which the majority shareholder, Mediaset Spa, is represented on the Board of five members.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained:

Yes

No **X**

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director:

Name of the director:

MR ANGEL DURÁNDEZ ADEVA

Reason for resignation:

Mr. Durández resigned as a director of Mediaset España on December 20 by a letter sent to the Board of Directors after having exceeded the term of 12 years established for independent directors to be able to perform their duties as directors, following the indications of the Appointments and Remuneration Committee.

Name of the director:

MR FRANCISCO DE BORJA PRADO EULATE

Reason for resignation:

Mr. Prado resigned as a director of Mediaset España on December 20 by a letter sent to the Board of Directors after having exceeded the term of 12 years established for independent directors to perform their duties as directors, following the indications of the Appointments and Remuneration Committee.

Name of the director:

MR JOSÉ RAMÓN ÁLVAREZ RENDUELES

Reason for resignation:

Mr. Álvarez-Rendueles resigned as a director of Mediaset España on December 20 by a letter sent to the Board of Directors after having exceeded the term of 12 years established for independent directors to perform their duties as directors, following the indications of the Appointments and Remuneration Committee.

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s):

Name or company name of the director:

MR. PAOLO VASILE

Brief description:

Joint and several CEO: delegated all powers that can be delegated by law or the Articles of Association.

C.1.11 Mention any members of the Board who hold the position of directors or senior managers of other companies that form part of the same group as the listed company:

Name or company name of the director	Company name of the group member company	Position	Does it involve executive functions?
MR MARIO RODRÍGUEZ VALDERAS	Publiespaña, SAU	Secretary of the Board	NO
MR MARIO RODRÍGUEZ VALDERAS	Grupo Editorial Tele5, SAU	Secretary of the Board	NO
MR MARIO RODRÍGUEZ VALDERAS	Advertisement 4 Adventure, SLU	Secretary of the Board	NO
MR MARIO RODRÍGUEZ VALDERAS	Mediacinco Cartera, SLU	Secretary of the Board	NO
MR PAOLO VASILE	Publiespaña, SAU	President and CEO	SI
MR PAOLO VASILE	Grupo Editorial Tele5, SAU	President	NO
MR PAOLO VASILE	Telecinco Cinema, SAU	President	NO
MR PAOLO VASILE	Conecta 5 Telecinco, SAU	President	NO
MR MASSIMO MUSOLINO	Publiespaña, SAU	Board Member	NO
MR MASSIMO MUSOLINO	Grupo Editorial Tele5, SAU	Board Member	SI
MR MASSIMO MUSOLINO	Telecinco Cinema, SAU	CEO	SI
MR MASSIMO MUSOLINO	Concursos Multiplataformas, SAU	Sole Administrator	SI
MR MASSIMO MUSOLINO	Conecta 5 Telecinco, SAU	Board Member	NO
MR MASSIMO MUSOLINO	Advertisement 4 Adventure, SLU	President	NO
MR MASSIMO MUSOLINO	Mediacinco Cartera, SLU	President and CEO	SI
MR MARIO RODRÍGUEZ VALDERAS	Publiespaña, SAU	Secretary of the Board	NO
MR MARIO RODRÍGUEZ VALDERAS	Grupo Editorial Tele5, SAU	Secretary of the Board	NO
MR MARIO RODRÍGUEZ VALDERAS	Advertisement 4 Adventure, SLU	Secretary of the Board	NO
MR MARIO RODRÍGUEZ VALDERAS	Mediacinco Cartera, SLU	Secretary of the Board	NO

C.1.12 Mention any directors of the company of who the company is aware

of being members of the Boards of Directors of non-Group companies listed on official Spanish stock markets:

Name or company name of the director	Company name of the listed company	Position
MR ALEJANDRO ECHEVARRÍA BUSQUET	Endesa, SA	BOARD MEMBER
MS HELENA REVOREDO DELVECCHIO	Prosegur Compañía de Seguridad, SA	PRESIDENTE
MS HELENA REVOREDO DELVECCHIO	Endesa, SA	BOARD MEMBER
MS CONSUELO CRESPO BOFILL	Tubacex, SA	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	Compañía de Distribución Integral Logista Holdings,	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	Corporación Financiera Alba, SA	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	Gas Natural Fenosa SDG, S.A.	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	Sygnis AG	BOARD MEMBER

C.1.13 State and explain whether the company has established rules on the number of Boards of Directors in which its directors may participate:

Yes No

Explanation of rules

In compliance with the recommendations of the Spanish National Securities Commission (Comisión del Mercado de Valores) included in the Unified Good Governance Code, the Board of Directors of Mediaset España has certain rules regarding the number of directorships its board members can hold to ensure that they dedicate the appropriate amount of time and effort to discharge their duties effectively.

In this respect, the Board of Directors has different rules according to the type and characteristics of each category of director. The rules are more restrictive for executive and proprietary directors. The number of directorships they can hold is lower than that of other classes of directors, as is the number of directorships they can hold in other Mediaset Group companies.

Limits to the number of directorships independent directors can hold varies depending on whether they are proprietary, executive or other independent directors.

Directors undertake to apprise Mediaset España of any appointment or change in information previously notified to the Company as soon as possible.

C.1.14. Annulled section

C.1.15 List the total remuneration paid to the Board of Directors in the year:

Board remuneration (thousands of euros)	5,353
Amount of accumulated pension plan rights for directors (thousands of euros)	0
Amount of accumulated pension plan rights for former directors (thousands of euros)	0

C.1.16 Mention any senior managers who are not also executive directors and the total remuneration they have earned during the year:

Name or company name	Position(s)
MR SALVADOR FIGUEROS HERNÁNDEZ	HEAD OF MARKETING
MR ANGEL JUAN PABLO LÓPEZ	COMMERCIAL DIRECTOR PUBLIESPAÑA
MR YAGO CASTILLO DE VIVERO	COMMERCIAL DIRECTOR PUBLIESPAÑA
MR. LÁZARO GARCÍA HERRERO	CORPORATE MARKETING MANAGEMENT
MR. LUIS EXPÓSITO RODRÍGUEZ	HEAD OF HUMAN RESOURCES AND SERVICES DIVISION
MR. LEONARDO BALTANÁS RAMÍREZ	HEAD OF CONTENT PRODUCTION DIVISION
MR. JUAN PEDRO VALENTÍN PADÍN	HEAD OF NEWS DIVISION
MS. PATRICIA MARCO JORGE	HEAD OF BROADCASTING DIVISION
MR. JULIO MADRID DEL OLMO	MANAGING DIRECTOR, PREMIERE MEGAPLEX
MS. MIRTA DRAGOEVICH FRAERMAN	HEAD OF COMMUNICATIONS AND EXTERNAL RELATIONS DIVISION
MS. CRISTINA PANIZZA MIEZA	OPERATIONS AND SALES SERVICES MANAGEMENT, PUBLIESPAÑA
MR. PEDRO MARÍA PIQUERAS GÓMEZ	HEAD OF TELECINCO NEWS DIVISION
MR. ALVARO AUGUSTIN REGAÑÓN	MANAGING DIRECTOR, TELECINCO CINEMA
MR. FRANCISCO JAVIER URÍA IGLESIAS	HEAD OF ECONOMIC AND FINANCIAL DIVISION
MR. JOSÉ LUIS VILLALEGRE	HEAD OF CENTRAL DIVISION
MR. MANUEL VILLANUEVA DE CASTRO	MANAGING DIRECTOR CONTENT
MR. FRANCISCO ALÚM LÓPEZ	MANAGING DIRECTOR, PUBLIESPAÑA
MR. ÁNGEL SANTAMARÍA BARRIO	HEAD OF INTERNAL AUDIT
MR. EUGENIO FERNÁNDEZ ARANDA	HEAD OF TECHNOLOGY DIVISION
MR. GHISLAIN BARROIS	HEAD OF CINEMA AND ACQUISITION RIGHTS DIVISION
MR. GIUSEPPE SILVESTRONI	PRODUCTIONS DIVISION MANAGER
MR. JAIME GUERRA GONZÁLEZ	HEAD OF PRDUCTION DIVISION

Total remuneration of Senior Executives (in thousands of euros)	8,029
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C.1.17 Mention any directors who, at the same time, are members of boards of directors or senior managers or employees of companies that hold material shareholdings in the listed company and/or in Group member companies:

Name or company name of the director	Company name of the major shareholder	Position
MR. GIULIANO ADREANI	MEDIASET SPA	Director
MR. FEDELE CONFALONIERI	MEDIASET SPA	Chairman
MR. MARCO GIORDANI	MEDIASET SPA	Director

Mention any significant links other than those foreseen in the previous point between members of the Board of Directors and major shareholders and/or with member companies of their groups:

C.1.18 State whether there has been any modification to the Regulations of the Board of Directors during the year:

Yes **X**

No

The Board of Directors has assessed the modification of the Regulations of the Board of Directors, in order to finish adapting its texts to the latest regulatory developments and recommendations of the National Securities Market Commission, specifically: to the new features introduced in the Companies Act by Law 22/2015, of 20 of July, Audit of Accounts, by RD-law 18/2017, of November 24, on non-financial information and diversity.

Said modification proposals will be presented to the General Shareholders' Meeting scheduled for the first semester in 2018, in accordance with the applicable legislation.

In relation to the proposed amendments only affect articles 9 (Qualitative Composition of the Board of Directors), 21 (The Audit and Compliance Committee) and 22 (The Appointments and Remuneration Committee).

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.

In the procedures for selecting, appointing, re-electing, evaluating and removing directors established in the Articles of Association, the Regulations of the Board of Directors and the Rules of the

Appointments and Remuneration Committee, the competent bodies are: the General Shareholders' Meeting, the Board of Directors, and the Appointments and Remuneration Committee.

Appointment and re-election:

- A director need not be a shareholder of Mediaset España.
- Directors, including independent directors, are appointed for a maximum term of 12 years.
- The Chairman of the Audit Committee and of the Appointments and Remuneration Committee may hold office for a maximum of four (4) years.
- The number of board members is determined at the General Shareholders' Meeting and currently stands at 13.
- The following may not be appointed directors: (i) companies, either foreign or domestic, in the audiovisual sector competing with the Company and their administrators or senior managers, except where such companies are part of the same group to which Mediaset España belongs, (ii) any person falling under any other incompatibility or prohibition regulated under general provisions.
- The appointment and termination of the Secretary and Vice-secretary must be preceded by the corresponding report from the Appointments and Remuneration Committee and must comply with the definitions contained in the Articles of Association and the Regulations of the Board of Directors.
- The Appointments and Remuneration Committee is required to ensure that the selection procedures for filling new vacancies do not result in an obstacle for the selection of female directors.

The procedure for the appointment, selection, re-election and removal of Mediaset España's directors is initiated in the Appointments and Remuneration Committee. Article 5 of the Regulations establishes the obligation by the Appointments and Remuneration Committee to:

- Protect the integrity of the selection process for directors and senior executives, defining the profile (knowledge, experience and skills) of the candidates and in particular, making proposals to the Board with regard to the appointment and removal of Directors, either by co-optation, at the proposal of the Board to the General Shareholders' Meeting, and proposing to the Board which members should belong to each of the Committees. In the case of independent directors, the appointment shall be made upon proposal by the Committee.
- Advise the Board of Directors on the succession of the Chairman and Chief Executives of the company, formulating the suggestions it deems pertinent.

- Inform the Board of Directors of the appointment and termination of Mediaset España's senior managers.
- Inform the Board of Directors of matters of gender diversity, assuring that new selection procedures initiated upon the event of new vacancies do not hinder the selection of female directors. The Committee shall furthermore motivate the company to search for and include in the list of candidates women who meet the professional profile sought.
- Advise the Board of Directors on the removal and propose the appointment of the Secretary and, if applicable, the Vice Secretary.

Once the report is prepared, the Appointments and Remuneration Committee submits its proposals to the Board of Directors. As such, proposed appointments of directors submitted to the General Shareholders' Meeting by the Board of Directors and decisions adopted by the Board with regard to appointment, by virtue of its powers of co-optation, shall be preceded by the corresponding report from the Appointments and Remuneration Committee. In the event the Board decides not to follow the recommendations of the Appointments and Remuneration Committee, it shall state its reasons for this decision, leaving them recorded in the minutes.

In this regard, the Board of Directors and the Appointments and Remuneration Committee, to the extent of its competencies, shall ensure that candidates proposed to the General Shareholders' Meeting are individuals of recognized solvency, competence and experience, especially in the case of independent directors. In any event, a description of the professional experience of the candidates is required, emphasizing the circumstances that justify their appointment as independent.

The Board of Directors shall assure that external or non-executive directors represent a majority over executive directors, and further that the Board includes a reasonable number of independent directors. The Board shall likewise assure that the majority group of external directors includes independent directors and proprietary directors.

The final decision to appoint and remove directors rests with the General Shareholders' Meeting, ensuring appointment by the proportional system described in the Corporate Enterprise Act, at the proposal of the Board of Directors and subject to a report and advice from the Appointments and Remuneration Committee. Mediaset's Articles of Association do not envisage qualified majorities.

Termination of directors:

In addition to cases set by law, directors shall tender their resignation to the Board of Directors in the cases listed in section C.1.21 below of this report.

In this case, the competent bodies and procedures are similar: removal begins with the Appointments and Remuneration Committee, then the Board of Directors steps in and finally the matter is taken to the General Shareholders' Meeting.

C.1.20 Explain to what extent the annual Board evaluation has prompted significant changes in its internal organization and the procedures applicable to its activities:

Description of modifications

The Board of Directors' self-assessment procedures, Audit and Compliance Committee, and Remuneration Committees were punctually carried out in 2017. As mentioned in previous years, the self-assessment procedure was devised by the Remuneration and Appointments Committee, based on the preparation of a questionnaire responded to by the Board members.

The annual evaluation process of the Board of Directors has not led to significant changes due to the improvement process that has been carried out for several years. Yes, the possibility of implementing new computer systems for sending and receiving documentation between the directors and Mediaset España has been highlighted. This recommendation will be analyzed during the financial year 2018.

C.1.20.bis Describe the evaluation process and areas evaluated by the Board of Directors assisted, where applicable, by an external consultant on the diversity of the composition and responsibilities, functions, and membership of its committees, the performance of the Chairman and chief executive, as well as

each member's performance and contribution.

The annual evaluation of the Board of Directors and the Company's Committees is added to the one that has been carried out on Mediaset España's CEO, thus complying with the legal regulations and with the recommendations of corporate governance. All the directors participated in the evaluation.

The Appointments and Remuneration Committee supervised the preparation of a yearly self-evaluation form for the Board of Directors and its Committees.

This was proposed by the Board of Directors for approval, and subsequently, was shared with each and every board member for completion during a period granted for that purpose.

After completion, the form was sent to the Secretary to the Board of Directors who, based on the evaluations reflected in each of the forms, prepared a final report which anonymously revealed the Board member evaluations as well as comments on any issues they had deemed convenient.

In order to define the points that were to be evaluated, a selection was made of the main aspects related to the functioning of the Board of Directors, to which a valuation system has been applied. In this regard, and in relation to the Board of Directors, up to a total of 12 different points related to its operation have been evaluated.

The scheme followed for Committee evaluations is similar to that for Board meetings: key points were defined and rated with regard to how meetings are carried out and function, as well as roles performed.

As regards the evaluation of the Company's CEO, as in previous years, the Appointments and Remuneration Committee was in charge of his performance evaluation.

The evaluation carried out in the year 2017 has been carried out in collaboration with an external consultant, specialized in the matter, the law firm Ramón y Cajal.

C.1.20.ter Breakdown, where applicable, of the business relationships which the consultant or any of his/her group company maintains with any Group company.

The external consultant who has collaborated in the process of evaluation of the governing bodies of the company does not maintain or has at any time maintained a business relationship with the company or its group.

C.1.21 Mention the circumstances in which directors are required to resign.

According to the rule established in article 13 of the Board of Directors' regulations, directors must leave office when the General Shareholders' Meeting so decides, when they notify the Company of their decision to step down or resign and when they have served the term for which they were appointed. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations:

- (a) When they reach 85 years of age. Their removal as director and resignation from their position shall occur during the first meeting of the Board of Directors held after the General Shareholders' Meeting which approves the financial records for the financial year in which the director reaches said age;
- (b) When they have been removed from the executive positions associated with his appointment as director;
- (c) When they are affected by any of the applicable conflicts of interest or prohibitions;
- (d) When the Appointments and Remuneration Committee issues a serious warning for infringing their obligations as directors;
- (e) When their continuation on the Board may directly, indirectly, or through persons associated with them jeopardize the loyal and diligent exercise of their duties and might exert a negative effect on Mediaset España's credit and reputation.
- (f) Where the shareholder represented by them wholly sells or reduces its shareholding in Mediaset España below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction in the shareholding;

Should a natural person representing a legal person as Board member incur in any of the situations set forth in Section 3, he/she will be removed from the position.

The Board of Directors may propose the termination of any independent director before expiration of the term of office established under the Articles of Association only where there exists reasonable cause; reasonable cause shall be deemed to exist where a director fails to comply with the duties inherent to its position or falls under any of the grounds contemplated in the Regulations which prevent it from being appointed independent director.

C.1.22 Annulled section

C.1.23 Is there any type of decision for which a special majority is required, other than those foreseen by law?

Yes No **X**

If applicable, describe the differences.

C.1.24 State whether there are any special requirements to be met to be appointed chairman, other than those for director of the Board of Directors.

Yes No **X**

C.1.25 State whether the chairman has a casting vote:

Yes No **X**

C.1.26 Indicate whether the Articles of Association or the Board regulations set any age limit for directors:

Yes **X** No

Age limit for Chairman: 85

Age limit for CEO: 85

Age limit for directors: 85

C.1.27 Mention whether the Articles of Association or the regulations of the Board provide for any limit on the term in office of independent directors that is different to the legal limit

Yes No **X**

C.1.28 Indicate whether the Articles of Association or Board regulations stipulate specific rules on appointing a proxy to the Board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold, as well as any limits established with regard to categories which may be delegated beyond legally-imposed limitations. If so, give brief details.

Article 25 of the Board of Directors' Regulations establishes that its members must make every attempt to attend its meetings. Those who cannot do so personally must endeavor to ensure representation by another

board member. Representation must be granted in writing and specifically for each session, including the respective instructions, and be communicated to the President or Secretary by any method possible ensuring its reception; a board member may simultaneously represent several others at once. In any event, non-executive Directors may only be represented by another non-executive Director.

C.1.29 Mention the number of meetings held during the year by the Board of Directors. Also indicate, if relevant, the times that the Board has met without the presence of the Chairman. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	7
Number of Board meetings from which the Chairman has been absent	0

If the Chairman is an executive director, indicate the number of meetings held with no representation for executive directors and under the direction of the coordinating member.

Number of meetings	0
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Mention the number of meetings held during the year by the various Board committees:

Committee	Number of meetings
Executive Committee	3
Audit and Compliance Committee	5
Appointment and Retributions Committee	2

C.1.30 Indicate the number of Board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Number of meetings attended by all Board members	3
% of attendances of the total votes cast during the year	71.43%

C.1.31 Indicate whether the consolidated and separate financial statements submitted for authorization for issue by the Board are certified previously:

Yes No **X**

Identify, where applicable, the person(s) who certified the company's separate and consolidated financial statements prior to their authorization for issue by the Board:

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

Mediaset España has a number of mechanisms in place to avoid presenting a qualified audit report on the separate and consolidated financial statements that affect all levels of the Company. The Economic and Finance Division is responsible for preparing Mediaset's and the Mediaset Group's separate and consolidated annual accounts and financial statements, disclosures and individual information.

The next control mechanism entails preparatory meetings with Mediaset's external auditor to report on the status of review work if there has been an incident, if information is required, etc. These meetings are attended by the independent directors on the Audit and Compliance Committee, the Chief Operating

Officer, the Finance Director, the Consolidation Director, the Corporate General Manager and the Managing Director of Internal Audit. Five such preparatory meetings were held in 2017.

Finally, the Audit and Compliance Committee reviews and oversees all the information to ensure compliance with legal obligations and the correct application of Spanish and International Financial Reporting Standards in order to anticipate any discrepancy with the statutory auditor.

In line with this procedure, the Audit and Compliance Committee held five meetings in 2017, one each quarter for the preparation of the annual, quarterly and semi-annual financial statements.

Noteworthy, is that Mediaset España's separate and consolidated financial statements have been prepared and approved without any qualifications since they were first audited in 1996.

C.1.33 Does the Secretary of the Board have the status of director?

Yes **X**

No

If the Secretary is not a Board member, complete the following table:

C.1.34 Annulled section

C.1.35 Describe any procedures implemented by the Company to protect the independence of the auditors, financial analysts, investment bankers and rating agencies.

The independence of Mediaset and its Group's auditor is guaranteed by means of the control and follow-up conducted by the Audit and Compliance Committee and ultimately by the Board of Directors.

The regulations of the Audit and Compliance Committee establish the following functions for this committee:

- Proposing to the Board of Directors the auditor's appointment, hiring conditions, duration of professional activities and termination or non-renewal of its appointment.
- The Committee is also the communications channel between the auditor and Mediaset. If necessary, it shall be in charge of receiving information on issues which may endanger its independence, though this has not occurred to date.
- The Authorize the contracts between the auditor and Mediaset España that are unrelated to the audit activity of the accounts and do not propose the appointment of any audit firm when (i) it is found to be in any case of incompatibility in accordance with the legislation on auditing or (ii) the fees Mediaset España foresees to satisfy the auditor are greater than five (5) percent of its total income during the last year.

Before issuing its report, the statutory auditor of Mediaset España and its Group issues a statement of independence relative to the company and/or related parties, along with a report on any additional services of any kind it provides. This statement of independence is signed by all members of the audit team involved in the process and is presented to the Audit and Compliance Committee.

Mechanisms to preserve the independence of financial analysts, investment banks and rating agencies.

Mediaset's relations with financial analysts, investment banks and rating agencies is centralized in the Investor Relations Department, which ensures that information disclosed to the markets is transparent and unbiased.

To do so, a number of communication channels are used to guarantee that information on the Company is disseminated promptly and without discrimination. This includes: publication on the website of quarterly earnings and any events affecting the Company's performance; personalized service by the Investor Relations Department; availability to contact the Company by phone or e-mail; on-site presentations (road shows) or via internet.

After any earnings release the Company's senior managers give a presentation, which can followed by

shareholders, institutional investors and analysts in real-time through a conference call and/or webcast. Conference calls are recorded and available on the Company's website in the investor relations section for a period of three months following the event.

All information about Mediaset España is available to anyone on the Company's website (<http://www.mediaset.es/inversores/es/>) in Spanish and English.

C.1.36 State whether, during the year, the Company has changed its external auditor. If yes, identify the outgoing and incoming auditor:

Yes **X**

No

Outgoing Auditor	Incoming Auditor
Ernst&Young, S.L.	Deloitte, S.L.

In the event that there were disagreements with the outgoing auditor, explain the content thereof:

Yes

No **X**

C.1.37 State whether the audit firm performs non-audit work for the Company and/or its Group and, if so, mention the fees paid for such work in absolute figures and as a percentage of the total fees charged to the Company and/or its Group:

Yes **X**

No

	Company	Group	Total
Fees paid for non-audit work (in thousands of euros)	66	0	66
Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (%)	34.74%	0.00%	24.26%

C.1.38 State whether the audit report on the financial statements for the previous year shows reservations or qualifications. If yes, state the reasons provided by the Chairman of the Audit Committee explaining the contents and scope of these reservations or qualifications.

Yes

No **X**

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Company	Group
Number of consecutive years	1	1
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	4.54%	4.54%

C.1.40 State whether there is any procedure for directors to receive external advice

and, if so, describe it:

Yes **X**

No

Explanation of the procedure

The Board of Directors' Regulations (art. 30) and the Audit and Compliance Committee's Regulations (art. 6) establish the mechanisms for any director to call for external audit services.

Thus, the director willing to be assisted in the exercise of its functions may request the hire of legal, accounting, technical, financial, commercial or any other kind of consultancy service at Mediaset España's cost.

The assistance requested shall only deal with specific problems of a given relevance and complexity.

The mechanism set for this started upon an application by the director filed through the Board of Directors' Chairman or Secretary. This request may only be rejected on reasonable grounds, including:

- (a) If the request for and assistance from experts are not necessary for the proper performance of duties entrusted to directors.
- (b) If the associated cost of expert assistance is unreasonable considering the importance of the problem and Mediaset España's financial situation.
- (c) If the technical assistance which could be offered can be adequately provided by experts and specialists within Mediaset España.
- (d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information.

C.1.41 State whether there is any procedure for directors to receive the information they need to prepare for meetings of the Board and its committees in good time:

Yes **X**

No

Explanation of the procedure

Prior to year end, the Secretary must send all the Board members a calendar of meetings featuring the Agendas for the Board of Directors' meetings and other Committee meetings to be held during the following year. From this point onward, Board members commence the procedures described in Article 29 of Board of Directors' Regulations. In addition, the Secretary sends the agenda with the items to be dealt with to the directors by e-mail.

The procedure, now guaranteed by the direct oversight of the Chairman, begins with the meeting notice itself: Article 24 establishes that the notice will always include the agenda for the meeting with the relevant information attached, duly prepared and summarized. The notice and relevant information will be sent at least five (5) days prior to the date of the meeting. In discharging his duties, the Chairman shall coordinate with the Secretary the preparation and dispatch of the agenda to all directors.

Article 29 further amplifies the directors' right to receive not just information referring to the agenda of the meeting of the board, but any aspect relating to Mediaset España, including examining its books, records, documents and other background to Company operations. The possibility of inspecting the facilities, as well as communicating with the Company's management at any time is also included.

The mechanisms to exercise the said powers shall be channeled through the Chairman, the chief executive officer or the Secretary of the Board of Directors, who shall satisfy the requests by directly providing the information, offering the appropriate interlocutors at the organizational level or arbitrating the measures, so that the desired examination and inspection can be performed in situ.

The procedures intended to guarantee that the directors receive information on a timely manner are clearly established in the Regulations. Additionally, the directors' general obligations include that of being aware of Mediaset's performance and adequately prepare the Board of Directors' meetings and the meetings of the committees in which they participate.

C.1.42 State and, if applicable, detail whether the Company has established rules forcing its directors to inform of and, if applicable, resign upon, events which may adversely affect the Company's credit and reputation:

Yes **X**

No

Explanation of the rules

Articles 32 and 35 of the Board of Directors' Regulations require members to inform the Company of any criminal charges brought against them, and to provide status updates.

Also, situations in which board members must step down include those in which their continuation on the Board may directly, indirectly or through persons associated with them jeopardize the loyal and diligent exercise of their duties and might exert a negative effect on Mediaset España's credit and reputation.

C.1.43 State whether any member of the Board of Directors has advised the Company of legal action or the commencement of oral proceedings against him/her for any of the crimes mentioned in Section 213 of the LSC.

Yes

No **X**

State whether the Board of Directors analyzed the case. If yes, explain in a reasonable manner the decision made on whether it is convenient or not for the director to remaining office or, if applicable, detail the actions taken or to be taken by the board.

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

There are currently no agreements regarding a change of control of Mediaset due to a takeover bid.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries: 10

Type of beneficiary:

1.- Executive Director - 2.- Executive Director - 3.- General Director - 4.- Division Director - 5.- Division Director - 6.- Dir. Director- 7.- Dir. Director - 9.- Other - 10.- Other

Description of the resolution:

1- Executive director Compensation:

- a) Voluntary departure: annual payment: fixed annual salary+ annual bonus/13.5,with total compensation the sum of years employed.
- b) Lawful or unlawful dismissal: legal indemnity + indemnity in point a)

Where any changes are made to the Company's current direct/indirect ownership/control, and in cases of unfair, collective, dismissal, or removal by the CEO due to any of the causes set forth in Articles 39, 40, 41, and 50 of the Workers' Statute: two gross annual salary payments.

2. - Executive director:

Where any changes are made to the Company's current direct/indirect ownership/control, and in cases of unfair, collective, dismissal, or removal by the CEO due to any of the causes set forth in Articles 39, 40, 41, and 50 of the Workers' Statute: two gross annual salary payments.

3 - General Director:

Where any changes are made to the Company's current direct/indirect ownership/control, and in cases of unfair, collective, dismissal, or removal by the CEO due to any of the causes set forth in Articles 39, 40, 41, and 50 of the Workers' Statute: two gross annual salary payments.

4. - Division Director

Cancellation of the contract at the Company's request (unless referring to lawful dismissal):
Indemnity comprising an annual fixed gross salary plus any legally-stipulated amounts.

5.- Division Director

- 1) During the first two years of validity of the contract (from 07/18/2017 to 07/17/2019) compensation consisting of 1 annuity of the annual fixed gross remuneration, including legal compensation.
- 2) As of 07/18/2019: compensation consisting of 6 monthly payments of the gross annual remuneration of a fixed nature, including legal compensation. In the case, or as of the moment in which the latter exceeded that amount of six months, you will be entitled to receive only the legal compensation.

6.- Dir. Director

Start date: October 10, 2009:

- A) From the 7th to the 9th year: 6 months of fixed salary (legal compensation excluded)
- B) From the 10th year: legal compensation.

7.- Dir. Director

Where the Company terminates the contract, and unless it is deemed lawful: indemnity of one hundred and thousand euros gross (120,000.00 euros), including legal dismissal amounts. Should the legally-established indemnity be higher than the agreed-upon amount, it will be the only amount payable.

8.- Other

From 2011: after the 4th year: 1 year of salary + legal compensation

During the first 3 years: 12 months of fixed salary (legal compensation included)
- From the 4th year and after: 6 months of fixed salary (legal compensation included)

9.- Other

Termination of employment for any reason attributable to the Company:
From the 4th year of the contract and after (from 01/09/2013): compensation equal to 1 year of fixed salary + any legally prescribed severance.

10.- Other

Unilateral termination of contract by the Company giving rise to a legal right to an amount of compensation: a start date of February 1, 2006 is recognized for calculation of the severance.

Indicate whether these agreements must be reported to and/or authorized by the governing bodies of the company or its group:

	Board of Directors	General Shareholders'
Body authorizing clauses	Yes	No

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		X

C.2. Board committees

C.2.1 Provide details of all the Committees of the Board of Directors and the proportion of executive, proprietary, independent, and other external directors integrating the:

EXECUTIVE COMMITTEE

Name	Position	Type
MR. ALEJANDRO ECHEVARRÍA BUSQUET	CHAIRMAN	Independent director
MR. PAOLO VASILE	MEMBER	Executive director
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. GIULIANO ADREANI	MEMBER	Proprietary director

% of executive directors	25.00%
% of proprietary directors	50.00%
% of independent directors	0.00%
% of other external directors	25.00%

Explain the committee's purpose, procedures, organizational and functional rules, and summarize its key projects during the year.

For reasons of space, this section will be limited to providing a brief description of how these Committees are organized; for further information, please visit the website: <http://www.mediaset.es/inversores/es/>

The composition of the Executive Committee is described in this section; it has all the powers inherent in the Board, apart from all legal and statutory powers which may be devolved to it. All agreements adopted are communicated to the Board of Directors.

In 2017, The Committee held three meetings were held, attended by all its members, dealing with matters related to the Company's functioning, with an update presented at each session.

Indicate whether the composition of the Delegate or Executive Committees reflects the participation on the Board of the different types of directors by category:

Yes

No

If not, explain the composition of your delegated or executive committee

The composition of the Executive Committee from January 1 to December 20, 2017, varied slightly with respect to that of the Board of Directors given its importance as a delegated body of the Board; thus, the percentage of executive directors was lower, going from 23.08% to 16.66% in the Committee, as well as that of proprietary directors, from 38.46% in the Board to 33.33% in the Executive Committee, thus increasing the percentage of independent directors.

After the resignations and appointments by co-optation approved on December 20, which will be submitted for ratification by the General Meeting, the company has postponed for 2018 the definitive changes in the composition of the Executive Committee.

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
MR. JAVIER DIEZ DE POLANCO	CHAIRMAN	Independent
MS HELENA REVOREDO DELVECCHIO	MEMBER	Independent
MS. CONSUELO CRESPO BOFILL	MEMBER	Independent
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. MARCO GIORDANI	MEMBER	Proprietary director

% of proprietary directors	40.00%
% of independent directors	60.00%
% of other external directors	0.00%

Explain the committee's purpose, procedures, organizational and functional rules, and summarize its key projects during the year.

The Audit and Compliance Committee: It meets at least once a quarter and one of its meetings is aimed at evaluating the efficiency and compliance with the rules and procedures governing Mediaset España and preparing the information to be approved by the board of directors. Its powers cover different supervisory areas for the company:

(i) Regarding the Auditor: The statutory auditor is the body in charge of proposing an audit firm, and must ensure independence, mediate as a communication channel with the governing body should discrepancies arise, verify that prevailing audit regulations are met, authorize audit contracts beyond the scope of audit activity, while also verifying that the CNMV is communicated regarding changes in auditors.

(ii) Regarding financial information: It also ensures that annual and periodical financial information complies with legal requirements, to encompass financial statements, periodical public information which must be communicated to authorities and markets.

With regard to Internal Control and relationships with the Internal Audit Department: as the organ responsible for the proper functioning of the Department it must propose the selection and naming of its Head, ensure that the Audit Department carries out its functions with total independence, approve the Annual Internal Audit Plan, as well as any other plan that is necessary for organizational needs; this also involves overseeing that the different departments comply with the different Internal Audit Department recommendations. It must inform the Board of Directors regarding areas of potential risk for Mediaset España or its Group, as well as supervise compliance with the related actions or administrative and tax authorities arising from administrative, supervisory, and control authorities.

(iii) With regard to risk control and management: this is the controlling and supervisory body. A description of Mediaset España and its Group's risk management policies are described in section E of this report.

(iv) in relation to the risk control and management policy: it is the body in charge of supervising and controlling said policy. A description of the risk management systems of Mediaset and its Group is described in section E.- of this Report

The activities carried out by the Audit and Compliance Committee during the year 2017 are grouped into five categories: (i) Economic-financial information, (ii) External Audit, (iii) Internal Audit - Annual Plan, (iv) Corporate Governance Standards , (v) Risk Control and (vi) Others.

For more information about the functions and activities carried out by the Audit and Compliance Committee, consult the Regulation at the following link: <http://www.mediaset.es/inversores/es> .

Identify the member of the audit and compliance committee appointed taking account his/her knowledge and experience regarding accounting, auditing, or both matters, and also indicate the number of years the Committee's President has held the position.

Name of Board Member with experience	MR. JAVIER DIEZ DE POLANCO
Number of years the Chairman has held the position	0

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Ms. CONSUELO CRESPO BOFILL	CHAIRMAN	Independent
MS. CRISTINA GARMENDIA MENDIZÁBAL	MEMBER	independent
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. GIULIANO ADREANI	MEMBER	Proprietary director

% of proprietary directors	50.00%
% of independent directors	50.00%
% of other external directors	0.00%

Explain the committee's purpose, procedures, organizational and functional rules, and summarize its key projects during the year.

The functions of the Appointments and Remuneration Committee are outlined generally in the Company's Articles of Association and in the Board of Directors' Regulations.

However, the Appointments and Remuneration Committee Regulations define the Committee's general and specific duties, which are not limited in nature:

- Protect the integrity of the process for selecting Board members and company's top executives, defining the candidate profile (skills, experience, and expertise), and more specifically, make proposals to the Board of Directors regarding the appointment and removal of members, indicating which members should belong to each of the Committees. The Committee should consider several potential candidates for the role, proposed by any of its members.
- Advise on the degree of dedication members should devote to performing these duties.
- Provide assistance regarding the number of Committees to which Board members may belong. The members of the Board of Directors must compile a Committee report prior to their inclusion on the Boards of third-party companies.
- Collect information on the remaining professional obligations of Board members.
- Assist the Board of Directors during the succession of the Chairman and the Company's top executives, making opportune suggestions.
- Make proposals to the Board of Directors regarding independent directors to be appointed by co-option or, if applicable, for submission to decision by the General Meeting of Shareholders, and proposals for reelection or removal of those directors by the General Meeting;
- Report to the Board of Directors of other members to be appointed by co-option or, if applicable, for submission to decision by the General Meeting of Shareholders, and proposals for reelection or removal of those directors during the General Meeting.
- Inform the Board on the appointment and removal of top Company management, and propose basic contractual conditions.
- Report to the Board on any issues related to gender diversity, ensuring that during the filling of new vacancies, the selection of female candidates is not hindered. The Committee must also support the Company in the search for and inclusion of female candidates on the list.
- Establish a gender-representation target for the Board of Directors, and prepare suggestions on how to reach it;
- Provide assistance to the Board during the appointment and removal of the Secretary.
- Ensure Board member compliance with the obligations and duties set forth in Regulations and Articles of Association.

- Periodically review the remuneration scheme applied to Board members and company's top executives, including share-based compensation schemes and their application, and ensure that individual remuneration is proportionate to the amounts paid to other company's top executives and directors.
- Ensure the transparency of remuneration and inclusion in the notes to the annual financial statements on Directors' remuneration and the annual Corporate Governance Report of information regarding Board member remuneration and, to that end, submit such information as may be appropriate to the Board.
- Assist the Board of Directors in evaluating the Board's Chairman and the company's top executives when establishing remuneration paid to Board members and top executives, making related proposals on the manner, procedures, and their annual retribution. Where applicable, include incentives such as share option plan, periodically reviewing remuneration plans to ensure that they are in line with the Company's results.
- Prepare and verify the Board of Directors Remuneration Policies Report, which must be approved by the Board of Directors and presented to the shareholders at the General Meeting.
- Advise the Board of Directors with regard to each member's status when they are appointed or renewed to the post, and conduct a yearly review when preparing the annual Corporate Governance Report.

C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years:

	Number of female directors							
	Year 2017		Year 2016		Year 2015		Year 2014	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	2	40.00%	0	0.00%	0	0.00%	0	0.00%
Nomination and Remuneration	2	50.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Annulled section

C.2.4 Annulled section

C.2.5 State whether the Committees of the Board of Directors have any regulations, where these may be consulted, and any changes made in the regulations during the year. Also state whether any annual reports have been voluntarily drawn up on the activities of the individual committees.

The Audit and Compliance Committee and the Appointments and Remuneration Committee are governed by the Regulations of the Board of Directors and their respective rules. Both regulations are available on our website <http://www.mediaset.es/inversores/es/gobierno-corporativo.html> .

During 2017, the Regulations of the Audit and Compliance Committee were modified. The changes introduced have been numerous although, from a substantive point of view, they do not introduce any power that was not already performed by the Committee itself in the development of its normal activity. These changes affected the following articles: Article 3, on the qualitative composition of the Commission; Article 4, on the assistance of the internal auditor and, as the case may be, of the auditor external to the meetings of the Committee, as well as the need to approve a preliminary annual work plan; Article 5.1, on the need to define a selection process for the external auditor, supervision of said process and annual evaluation of the performance and independence of the latter in the performance

of their work; Article 5.2, in relation to the supervision of financial information; 5.3, with respect to the Internal Control System of said information; 5.5, in relation to the supervision of the management and control of risks; 5.7, on transparency and corporate governance standards, review of the corporate responsibility policy, risk assessment non-financial, and coordination of the non-financial information and diversity reporting process; and article 7, on means and resources of the Committee.

The purpose of the amendment of the Regulations of the Appointments and Remuneration Committee was to introduce references to the diversity policy.

As in previous years, a report has been prepared on the activities carried out in the year 2017 by the Audit and Compliance Committee and by the Appointments and Remuneration Committee.

C.2.6 Annulled section

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain, if applicable, the procedures for approving related-party or intragroup transactions.

Procedures for approving related-party transactions

The approval of transactions related to shareholders, board members, or senior executives is granted by the Board of Directors.

The Audit and Compliance Committee must issue a report on related-party transactions, including at least the type of transaction, the amount, the parties involved and the impact on the Company. This report must include recommended actions and be submitted to the Board of Directors for its approval.

In addition, each month the Economic and Finance Division verifies that all related-party transactions are classified correctly and measured in accordance with applicable regulations. For the annual closing of accounts, all related-party transactions carried out during the year are identified, detailed and quantified. This information is disclosed in the notes to the annual financial statements.

Finally, transactions included in this report relate to the normal course of the Company's business and are carried out on an arm's length basis. The related information is also included in the annual financial report for 2017.

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:

Name of the individual or company who is a major shareholder	Name of the company or Group member company	Nature of the relation	Type of transaction	Amount (thousands of euros)
MEDIASET SPA	Banco Mediolanum	Commercial	Provision of services	427
MEDIASET SPA	Boing spa	Contractual	Receipt of services	30
MEDIASET SPA	Mediaset investment sarl	Contractual	Others	87
MEDIASET SPA	Publieurope international ltd	Commercial	Receipt of services	1,436
MEDIASET SPA	Publieurope international ltd	Commercial	Provision of services	1,119
MEDIASET SPA	Reti televisive italiane spa	Commercial	Others	1,250
MEDIASET SPA	Reti televisive italiane spa	Commercial	Provision of services	217
MEDIASET SPA	Medusa Films Spa	Contractual	Receipt of services	60
MEDIASET SPA	Mediaset Premium Spa	Commercial	Receipt of services	50

D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:

Director or executive's name or company name	Name or corporate name of significant shareholder	Relationship	Nature of the relationship	Amount (thousands of euros)
MR. GIUSEPPE TRINGALI	Publiespaña, SAU	Commercial	Others	654

D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

D.5 Indicate the amount from related-party transactions.

69,585 thousand euros.

D.6 Describe the arrangements in force for discovering, determining and settling possible conflicts of interest between the company and/or the Group and their directors, senior managers or major shareholders.

The Mediaset España Group has several mechanisms in place to detect and resolve potential conflicts of interest between the Company and its directors in order to prevent conduct that could hurt the Company or its shareholders.

According to the Regulations of the Board of Directors, related-party transactions between the Mediaset España Group and its directors must be authorized by the Board of Directors. The consideration of when a personal interest exists extends to situations that affect a related person, understood as the following:

- a) A spouse or any person with which he or she has a similar personal relationship.
- b) The parents, children and siblings of the director or of his or her spouse.
- c) The spouses of the parents, children and siblings of the director.
- d) The companies in which the director, personally or through an intermediary, has control as defined by the law.

Where the director is a legal person, the definition of related party also includes the following:

- a) Partners that have control over the legal person as defined by the law.
- b) The de facto or de jure directors, the liquidators and the legal representatives with general powers of attorney of the legal director.
- c) The companies that belong to the same group and their partners.
- d) The individuals who are classified as related parties of the representative of the legal director according to the previous paragraph.

Directors in a situation of conflict of interest must inform the Company immediately shall refrain from attending and participating in deliberations affecting businesses in which they have a personal interest, as explained above. Such situations must be approved by the Board of Directors, based on a report by the Audit and Compliance Committee. Similarly, directors, on their own behalf or through related persons, may not perform any professional or commercial transaction with the Company.

Also related to the control mechanisms, directors must submit their resignation to the Board of Directors when their permanence may threaten the interests of Mediaset España or adversely affect its credibility and reputation. Directors must also refrain from attending and participating in deliberations affecting

businesses in which they have a personal interest.

No director disclosed a situation that could pose a conflict of interest in 2017. Any conflict of interest is disclosed in the Annual Corporate Governance Report.

Regarding mechanisms to detect potential conflicts of interest between the Mediaset España Group and its shareholders, as indicated in the section on related-party transactions, any transaction between the Company and its significant shareholders should be authorized by the Board of Directors, except in those situations described in D.1. above.

The Ethics Code and the Internal Code of Conduct set out the procedures for detecting and controlling potential conflicts of interest between the Company and its directors. Situations that could possibly give rise to conflicts of interest include:

- Entering into a contract on behalf of Mediaset España with a supplier owned or managed by a friend or family member.
- Working as a consultant of a Company supplier or customer.
- Conducting business on one's own account that is similar to the business of Mediaset España.
- Having a personal or financial interest in a business with the Company.
- Obtaining personal advantage or financial gain —beyond ordinary remuneration— through an agreement or commercial relationship with a third party involving Mediaset España.

At the Mediaset España Group, the Regulatory Compliance Department oversees this type of situation. This department is composed of the Corporate General Manager, the Chief Operating Officer and the Internal Audit Director. In 2013, acceptance by the directors considered affected persons of compliance with the Internal Code of Conduct was updated. Also during the year 2017, the Internal Audit Department held specific interviews with Company directors to identify possible risks of conflicts of interest.

No situations of conflict of interest involving director were identified in 2017 that had not been disclosed previously.

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

Yes

No **X**

Identify the listed subsidiaries in Spain:

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;

Business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies
--

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms to resolve possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the risk management system in place at the company, including those which are tax-related.

Mediaset Group's Internal Control System risk management system has a hierarchical risk management

structure, and functions through a series of organs which simultaneously use different systems, policies, and procedures to identify, diagnose, and prevent each of the risks which might affect the company. The System's objectives include helping the Group meet its goals and objectives, while minimizing its associated risks (be they operational, financial, tax- or compliance-related, etc.). Based on this hierarchy, the main control bodies are:

1. Board of Directors
2. Executive Committee
3. The Audit and Compliance Committee
4. Unit of compliance and crime prevention
5. Risk Committee
6. The Money Laundering Prevention Committee (gaming business line)
7. Internal Audit Management

Mediaset Group's overall risk management policy is the key tool in assisting the Group to:

- a) Identify the risks which might stand in the way of reaching strategic goals.
- b) Protect the balance sheet, income statement and cash flow generation.
- c) Safeguard the interests of the Group's stakeholders (shareholders, customers, suppliers, etc.);
- d) Oversee the efficiency and effectiveness of operations; and
- e) Comply with applicable laws, regulations and contract

These policies involve the preparation of a Risk Map, based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), which has the following scope:

- Identification of the main strategic, corporate governance, business, credit, market, financial, tax, regulatory and compliance, reputational and, where appropriate, environmental risks.
- Analysis and assessment of each risk identified in terms of the probability of occurrence and the potential impact on the Group's financial statements and the achievement of its strategic objectives.
- Designation of specific officers for each risk identified.
- Implementation of procedures, processes and action policies, and development of IT tools to mitigate risks and generate opportunities for improvement.
- Regular monitoring of risk control for a specific risk tolerance level.
- Ongoing monitoring through financial information control systems of the correct assessment and control of potential and effective risks identified.
- Communication to the various governing, management and reporting bodies of its competencies with full transparency.
- Control of the RMS through the Internal Audit Department.

Also, Mediaset España's risk map includes and integrates a tax risk map. It analyzes risks which, due to their corporate, transactional, compliance, financial, accounting, organizational, and/or reputational nature, may have relevant tax implications for the Group.

E.2 Identify the bodies responsible for preparing and implementing the risk management system.

The Board of Directors is responsible for approval and follow-up, based on the Audit and Compliance Committee Report, of the risk management and control policy including those which are tax-related, as well as the supervision of internal information and control systems.

The Audit and Compliance Committee is the body in charge of overseeing and controlling Mediaset España's risk policy so that potential risks are identified, managed and communicated appropriately. It is responsible for ensuring that the policy:

- a) Determines the types of risk for Mediaset España; e.g. strategic, operational, compliance and reporting, technological, financial, legal or other, including contingent liabilities and other economic and financial risks.
- b) Establishes an acceptable risk tolerance level for Mediaset España.
- c) Provides mechanisms, when risks arise, to determine the precise measures required to mitigate the impact of the risks identified.
- d) Establishes the communication and internal control measures to control and manage any risk.

Where related-party transactions are attributed to another committee, the Audit and Compliance Committee is responsible for proposing the related policy and communicating the transactions to the Board of Directors. The policy regarding related-party transactions must be disclosed in the Annual Corporate Governance Report.

Risk Committee comprised of the Group's key directors in charge of preparing and validating the Risk Map and its presentation to the Audit and Compliance Committee. This body carries out the executive functions of managing daily operational risks, while also communicating them to the rest of the organization in collaboration with the Internal Audit Director. Internal Audit management analyzes, oversees, and assesses these risks, and coordinates the action plans to mitigate them. It also liaises with each Department in charge of each risk for implementation of the monitoring system.

The Economic-Financial Department draws up the map of fiscal risks, which is reviewed with the external fiscal advisor and supervised by the Internal Audit Department.

E.3 Indicate the main risks, including those which are tax-related, which may prevent the company from achieving its targets.

The Mediaset Group's main risks which could affect achieving the business objectives established by the Board of Directors are as follows:

- a) Regulatory: 2017 was a more stable year with regards to regulatory changes in the audiovisual sector. Even so Mediaset has been affected by the continuous modifications in fiscal matter that already began in 2016.
- b) Political and macroeconomic environment in Spain: Political instability in Catalonia causes general political uncertainty in the rest of the country, which contributes to increasing uncertainty in the Spanish economy. This has influenced the low visibility of advertising investment so this is a risk that the company has in constant surveillance
- c) Reputational: Mediaset España owns many brands which are corporate- and program-related. Its image is therefore exposed to harm, which is a risk requiring continuous control. The Communications Director is in charge of monitoring this through continual observation to detect any news or activities which might lead to a crisis which would affect our image. This involves coordination with all area managers, including the Multi-platform Manager, to ensure that any social network updates are monitored. The moment any sudden issues arise which might represent a possible conflict, the Communication Manager coordinates, reports, and advises the CEO to ensure that the necessary measures are taken in this regard.
- d) Financial: The appreciation of the dollar with respect to the euro is a financial risk arising from the Company's purchase of audiovisual rights abroad.
- e) Fiscal: Mediaset España maintains a conservative fiscal policy, has a continuous monitoring system of fiscal impacts on its operations and meets weekly with its external advisor with the Economic-Financial Department and the different units to deal with fiscal queries of different nature.
- f) Technological transformation: Constant and ever-changing technology affects how customers consume TV; therefore, Mediaset España has been adapting to new opportunities and continual changes arising as a result. This is a great opportunity for the Group to take advantage of.
- g) Strong competition in the audiovisual sector: There is still harsh competition in the audiovisual sector due to the difference sources of existing content. First of all, the great segmentation in open-air TV with over 18 national channels broadcasted. Second is the continuous penetration of Pay TV in Spain, chiefly with Movistar + and Vodafone. Lastly would be the growth of new internet players, such as Netflix, HBO and the appearance of Sky and Amazon in 2017.

E.4 Identify if the company has a risk tolerance level, including that which is tax-related.

The Risk Management System is based on the COSO II approach, identifies risk tolerance levels for each risk identified and included in the company's risk map. Those which are tax-related are included. Also, risks are classified as "Within the accepted tolerance level" or "Exceeds the accepted tolerance level" depending on the probability of occurrence and the impact on the Group's strategic objectives. In classifying risks, the Mediaset Group takes into consideration the expectations of investors, regulators, customers, suppliers and employees. Both top management as well as the directors of the key business areas (advertising sales, programming content, technology and systems, and finance) participate in identifying the risks affecting them. The Internal Audit Director channels all information and evaluates risks, sharing it while also periodically monitoring KRIs with each risk unit.

The Mediaset Group combines qualitative and quantitative measures to ensure comprehensive and balanced risk management. The level of risk tolerance is periodically reviewed, although Mediaset España has always been characterized by its conservative approach, focusing on controlling costs, optimizing profitability, and meeting its obligations with regulatory bodies. The above review takes place in conjunction with Mediaset España's risk management team.

E.5 Identify any risks, including those which are tax-related, which have occurred during the year.

In 2017 certain risks materialized:

a) Measures adopted by the regulator affecting:

ii. The company has received several disciplinary proceedings for non-compliance due to excess advertising and content qualification, although the impact on Mediaset's financial statements has not been material. The Corporate General Management has developed new awareness and control channels to minimize any possible breach in terms of advertising and content rating.

iii. Approval of Royal Decree Law 988/2015, of October 30, which regulated the legal regime governing the early financing of certain European audiovisual broadcasting; it states that movies filmed in languages other than Castilian Spanish are not considered Spanish films when calculating the 5% obligatory annual investment in European audiovisual releases.

b) Inherent risks in the audiovisual business, which have been quite closely controlled thanks to the Company's speedy reaction to cost containment measures (own and external production, sporting events, and news).

c) No fiscal risk has materialized during the 2017 fiscal year.

d) The growing appreciation of the dollar vs. the euro in 2017 affects foreign purchases. The impact on the Group of effective exchange rate hedges is considered to be insignificant.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to, including those which are tax-related.

Mediaset Group daily monitors possible threats which might activate or elevate their potential damage. Specifically, with regard to prevailing regulatory uncertainty, the Group created a work group in which any changes are analyzed by top management in detail, so that any unforeseen circumstances may be immediately dealt with, so that its impact on the company is as negligible as possible. Faced with the entry of new competitors, the Company is bolstering the variety of its TV products in accordance with the advertisement investment in the market.

Regarding the continuous vigilance exercised by the regulator over the contents issued by our channels, the processes have been developed and the appropriate precautionary measures have been implemented at the level of editorial control so as not to miss emissions of contents in protection schedules and they are duly cataloged with notice to the viewer. However, it must be borne in mind that the evaluation criterion for the emission of the contents is totally subjective, and therefore it is difficult to eliminate this risk completely.

The Group's adoption of cost containment measures on a business and structural level based on the extended duration of the crisis and slow materialization of economic growth was revealed to be a correct decision. These measures will continue to be implemented for some time. Spain's political situation will affect its economy, and therefore its audiovisual sector.

Mediaset España has a continuous monitoring system of fiscal impacts in its operations and meets weekly with its external advisor with the Economic-Financial Department and the different units to deal with tax queries of various kinds.

Finally, in order to mitigate reputational risk, the Group has improved its inter-departmental communication and alert activation should specific cases arise. It has also improved its coordination with the producers of programs, so as to be able to react more quickly. Daily monitoring has extended to social networks, which are often the source of potential crises affecting our corporate image.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the entity.

F.1 The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

Based on a prior Audit and Compliance Committee report, the approval, follow-up, and monitoring the control and management of risk, as well as internal information systems, are controlled by Mediaset España's Board of Directors, as indicated in Article 6, section 4, subsection xxiii of its Regulations.

The Economic and Finance Division is in charge of implementing ICFR through the Administration, Management Control and Consolidation and Reporting Departments. Each of these areas is fed information by the Business, Human Resources and Legal Advisory Departments, or any other department that could provide information with a material impact on financial information.

In addition, the Audit and Compliance Committee's responsibilities include the following:

"Article 5.3: Regarding the internal control over financial reporting (ICFR) system: To ensure the reliability of the financial information, the Audit and Compliance Committee has the following responsibilities:

1. Monitor the preparation and integrity of the financial information, review the current design of Mediaset's ICFR and compliance with regulations.
2. Approve the internal audit plan for evaluation of the ICFR and receive regular information on the findings of its work and plans to correct any control weaknesses detected.
3. Review, analyze and comment on the financial statements and other relevant financial information with senior executives and internal and external auditors to assure that the information is reliable, understandable and material, and that the same accounting policies as the preceding reporting period have been applied.
4. Supervise the process carried out by senior executives to make critical judgments, evaluations and estimates, and evaluate their impact on the financial statements, as well as on adjustments proposed by the external auditor, and be aware of and, as appropriate, mediate, in any disagreements between them.
5. Ensure the ICFR evaluation process of Mediaset is robust enough to achieve its objectives and validate the conclusions of reports submitted to it by those carrying out evaluation tasks.
6. Oversee Mediaset's continuous monitoring of control activities, so as to obtain reasonable assurance regarding the implementation and functioning of the ICFR.
7. Ensure that information disclosed to the market about ICFR is clear and understandable and contains sufficient, accurate and appropriate detail."

Finally, the Audit and Compliance Committee delegates the responsibility of overseeing the ICFR to the Internal Audit Department.

F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the Company.

The Board of Directors of Mediaset España sets the high-level organizational structure. From this level, the Chief Executive Officers, together with the Human Resources Department, deploy the procedures at all levels.

Each General Management designs an organizational structure, including job descriptions and lines of responsibility, which is overseen and validated by the Human Resources Department.

The Management and Operations General Management is mainly responsible for the preparation of financial information through the Economic and Finance Division. The Economic and Finance Division comprises the following:

- Administration Department (of Mediaset and Publiespaña).
- Management Control Department
- Consolidation, Reporting and Investees Department
- Treasury management

In this sense, there is a personnel functions and responsibilities Manual of the of the Economic-Financial Directorate.

Mediaset has an internal communication policy. According to this policy, the Management and Operations General Office, through the Human Resources and Services Department, is in charge of disclosing, through notifications on the intranet, any organizational change in the Group and/or the hiring of new managers. This information is provided to all Mediaset Group employees, who are also informed via email when any new announcements are published.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The processes of complying with the rules and regulations affecting the company are included in the "Mediaset España Ethics Code" and the "Internal Code of Conduct of Mediaset España Comunicación, S.A. and its Group of Companies Regarding Stock Market Activities" and apply to all departments that have access to privileged information.

The 2010 reform of the Spanish Criminal Code introduced criminal responsibility for legal persons, determining that companies could be found guilty of the crimes committed by directors for personal gain or by any employee for failure to exercise appropriate control. In 2015, the new Criminal Code received definitive approval, and therefore during the year the Mediaset Group has analyzed and assessed its Crime Prevention and Detention Model. As a result of the procedures, in 2016, it is currently is being updated to improve some of its procedures:

1. CLIENTS MANAGEMENT PROCEDURE.
2. PROCEDURE FOR UTILIZATION AND MANAGEMENT OF THE CORPORATE COMPLAINTS CHANNEL.
3. INTEGRAL RISK MANAGEMENT POLICY
4. PROVIDER APPROVAL PROTOCOL
5. PROCEDURE OF ACCESS TO REPORTING INFORMATION
6. PROCEDURE FOR INCIDENTS AND CLAIMS TO CUSTOMERS

The Crime Prevention and Compliance Unit as the body in charge of preventing crime within the Company. This unit analyzes infringements and proposes corrective actions and sanctions related to the Group's Code of Ethics.

All the professionals employed by the Group and those joining it in the future have accepted and will expressly agree to abide by the Code of Ethics. There are also procedures led by the Human Resources Department by virtue of which they are informed of the Code of Ethics and its obligatory compliance.

- 'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.

The Mediaset Group has a reporting procedure for any employee, manager, director or stakeholder of Mediaset España who reasonably suspects any behavior that goes against the principles and values of the Ethics Code or business ethics and good faith. This includes financial and/or accounting malpractices or practices that do not comply with IFRS or the Spanish General Accounting Plan, inappropriate or inadequate use of accounting and financial information, alteration or misuse of management, accounting and/or financial systems, falsification or concealment of accounting and financial information, fraud, offering and/or taking bribes, non-compliance with laws and regulations, and conflicts of interest.

These reports are made through the Internal Audit Department, which guarantees full protection of privacy and confidentiality of the information reported and the persons involved. It acts as a filter for the accuracy

and credibility of each procedure, assessing the appropriateness of reporting to the Compliance and Prevention Unit, and where applicable the Audit and Compliance Committee, which makes the final assessment.

During 2017, no complaints were received through the Whistleblowing Channel.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

All personnel involved in preparing and reviewing financial information or evaluating ICFR receive training each year on accounting rules, control and risk management, auditing and tax developments. As indicated previously, the training plan covers the Economic and Finance Division and the Internal Audit Department.

During 2017, these groups, 93 persons, received a total of 574 hours of training, of which 469 corresponded to internal control, accounting, tax, fraud prevention, and money laundering updating systems.

F.2 Risk assessment in financial reporting

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

The Mediaset Group has a system for controlling and identifying risks of errors or misstatements in financial information. This system is documented and a backup copy is stored in the Internal Audit Division's systems.

It has based on the Mediaset Group's Comprehensive Risk Management System (RMS). The RMS is based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II). The first step in the approach is to identify the Company's strategic objectives and risks. Once these are defined, the second step is to identify operational, compliance and reporting risks. Each risk is assessed in accordance with the probability of occurrence and the potential impact on the achievement of objectives.

The system begins with identification of the companies in the Mediaset Group's consolidation scope and the Group's business lines. It then identifies and documents both recurring and non-recurring processes that could have an impact or affect each company's financial statements; i.e. the balance sheet, income statement, state of cash flows or disclosures. Next, the risks related to the processes and the controls to mitigate them are reviewed.

There are specific controls for each process, which are subject to traceability tests. The results of these tests provide the potential errors in financial information related to the valuation of a transaction, its cut-off, registration or integrity. The results are prioritized by materiality.

The controls in place for each risk include preventing and detecting errors and fraud. The Company has policies and procedures, as well as a protocol, in its reporting systems designed to minimize this type of risk. These include:

1. Acquisition and Sales Committee procedure;
2. Acquisition of products and services procedure;
3. Contract signature procedure;
4. Authorization management procedure;
5. Corporate security policy and related procedures; and
6. Customer management procedure
7. Supplier Alignment Protocol

- The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), and whether it is updated and, if so, with what frequency.

As indicated in the preceding section, the system covers processes that could lead to a risk regarding existence, occurrence, completeness and valuation, presentation and disclosure, cut - off and recognition of transactions with a

material impact on financial information. The processes are performed with a frequency of at least every six months. In 2014, the Head of Internal Audit updated all of Mediaset España Group's policies and procedures.

Due to the approval of the new Criminal Code in 2015, during 2016 those which might be affected were updated and reviewed so as to respond to new needs and obligations arising from their application. Specifically:

- 1) The Mediaset Group Code of Ethics
- 2) Internal Rules of Conduct
- 3) Whistleblowing Channel:

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles or holding companies.

In accordance with the terms of Article 5.2.c, the Audit and Compliance Committee is in charge of ensuring the correct delimitation of the Mediaset Group's consolidation scope. To this end, any change, modification, addition or removal from the Mediaset España Group's corporate structure is controlled by the General Secretary of the Board and the Corporate General Manager. The Corporate Manager, pursuant to authorization by the Board of Directors, reports any transfers or acquisitions of shareholdings and provides the related supporting documentation to the divisions that could be affected. The Management and Operations General Office, through the Economic and Finance Division, is in charge of identifying and advising on the impact of these changes on the Group's consolidation scope. At the end of each reporting period, the Group's existing corporate structure is obtained and validated by Legal Advisory and the Economic and Finance Division.

Moreover, where the direct stakes held by the Company are also consolidated groups, there is an internal process whereby any movements therein (e.g. purchases, sales, liquidations, mergers, transfers) are reported to the Economic and Finance Division immediately, as follows:

- a. For interests where the Company has operating control, through monthly reporting processes established for this purpose and by communication from the representative of the Company to the companies' governing bodies.
- b. For companies in which the Company does not have control, the Company's representatives on these companies' governing bodies are in charge of reporting to the Finance Department.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, and so on) insofar as they may affect the financial statements.

The process for identifying risks of errors in financial information takes account of the types of risk (operational, technological, financial, legal, reputational and environment) to the extent that these could affect the different Corporate Departments. The Internal Audit Department notifies the various Corporate Departments of the risks identified and the recommended action plan.

- Which of the entity's governing bodies is responsible for overseeing the process.

The Operations General Management is in charge of overseeing the process through the Economic and Finance Division and the Corporate General Manager.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and the documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including financial closing procedures and for the separate review of critical judgments, estimates, evaluations and projections.

With each financial closing, the Economic and Finance Division reviews the transactions that impact the financial information through its Administration, Management Control and Consolidation and Reporting Departments. The procedure for the financial closing entails an initial review by the Management Control, and Administration Departments of all the individual companies. The process includes a list of review tasks, above all for each line item of information generated internally by the Department or of information from

other Group departments that could have an impact on, or be reflected in, the financial information. Then, the Consolidation and Reporting Department oversees the information validated by the two other departments and conducts its own review process. This comprises a series of automatic tests of the information systems to ensure the completeness of the data used for consolidation. Once these tests are completed, the procedure for the monthly financial closing takes place.

The separate review of critical judgments, estimates, evaluations and projections is carried out in accordance with the same review model of the reliability of the financial information.

The Consolidation and Reporting Department reports each monthly financial closing to the Managing Director of the Economic and Finance Division and the

Chief Operating Officer, which is reviewed and approved before being presented to the Chief Executive Officers and the Audit and/or Executive Committee.

The Chief Executive Officers, the Chief Operating Officer and the Finance Director ensure both the completeness of the financial information and compliance with the internal control system guaranteeing the integrity, before the Board of Directors.

The Audit and Compliance Committee, with the support of the Audit Department, oversees this process and reports its findings to the Board of Directors. Once the consolidated financial statements are approved, they may be submitted for publication to the National Securities Market Commission (CNMV) by the General Secretary of the Board.

In addition, the Audit and Compliance Committee, with the support of the Audit Department, carries out a review of the financial information each quarter. This process consists of verifying that the quarterly information is prepared using the same criteria as the information prepared in the semi-annual reports (at June 30 and December 31 of each year). The external auditors reveal items found, relevant matters, and recommendations during these two fortnightly Audit and Compliance Committee sessions.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Mediaset Group takes extreme precautions regarding security applied to the management tools used in the financial information preparation process and regarding modification controls, when applicable. There is a strict access policy covering who has access to applications in production, so that any modifications, additions, or disposals must be authorized by the person in charge of the application and the Internal Audit Department. Mediaset has a Corporate Security Policy, which was approved in 2008 and is updated annually. This Policy covers the acquisition of software and hardware, service levels and security of the systems guaranteeing the performance and continuity of operations.

There is a documented inventory of all systems involved in the preparation of financial information. Specific preventive and, as a last resort, detective controls are in place for these systems. The Technology Division is responsible for the development and maintenance of all systems, as well as the implementation of established control procedures.

The segregation of duties is established in all applications to prevent conflicts in normal and critical transactions. This precludes a single person from being responsible for several functions that could give rise to conflicts of interests resulting in errors or misappropriations. In addition, this was established by correctly defining/assigning user profiles. A specific procedure exists which oversees this aspect, including the continuous revision of user-assigned profiles.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The Mediaset Group has an Acquisitions Committee and an Acquisition of Products and Services Procedure regulating outsourced services and services performed by independent experts. This ensures that the chosen provider is independent of the Company, is competent, operates under market conditions, and is up to date with tax obligations.

Each area in charge reviews the outsourced activities.

During 2016, procedures were developed for contracting services, storage, etc. in cloud environments, which are available on the Internet. These procedures include all aspects which should be required of cloud service suppliers to comply with prevailing legislation, including data protection regulations, codes of good practice, and service level agreements.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Consolidation, Reporting and Investees Department defines the accounting policies, keeps them up to date and settles doubts or disputes that could arise over the interpretation of the accounting policies approved by the Group. It reports to the Economic and Finance Division, which is part of the Management and Operations General Office. The Reporting Department is in charge of maintaining and updating the Mediaset España Group's Manual of Accounting Policies and ensuring that it is communicated appropriately. The Accounting Manual is updated as a result of the regulatory changes, the latest version being dated December 31, 2016. The Economic-Financial Division is updating this version to transfer the latest changes due to the entry into force of NIFF 9, 15 and 16 of applicability in 2018.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The Company's financial information is captured and prepared through software tools that ensure complete security and control. From the time the information is captured (manually or through an interface), it is treated by software programs that are standard in the marketplace: SAP, Microstrategy, Deister and Meta 4. These programs are inter-connected. They treat, store and report information, minimizing the risk of errors in and manipulation of the economic and financial information.

SAP collects all information with an economic and financial impact on the company's accounts. Mediaset España draws up the accounts of all companies over which it has control. This speeds up and controls the necessary processes for the Group's consolidation.

Microstrategy is the reporting and consolidation tool that captures and prepares financial information for appropriate reporting to the pertinent internal and external bodies. The organizational structure of the information to be received and reported has been previously standardized in terms of format and application of criteria, ensuring the integrity of the information and facilitating its analysis.

All these systems include maintenance and yearly updates. The Technology Director ensures that everything runs in a perfect and reliable manner.

F.5 Monitoring of the system

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in

charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

As indicated in section F.1.1, the responsibilities of the Audit and Compliance Committee can be summarized as follows:

1. Overseeing the preparation and integrity of the financial information
2. Approving the internal audit plan for assessment of the ICFR
3. Reviewing, analyzing and commenting on the financial statements and other relevant information with the parties involved in its preparation and approval
4. Supervising the process of making critical judgments, evaluations and estimates and settling any related disputes
5. Ensuring that the ICFR evaluation process of the Mediaset Group has been designed to achieve the process objectives
6. Overseeing continuous monitoring of ICFR
7. Ensuring that the ICFR information disclosed is clear and understandable

The Audit and Compliance Committee carries out these activities with the support of the Audit Department. The Audit Department's main responsibilities include analyzing, evaluating and supervising the Group's internal control and risk management systems, identifying weaknesses, making recommendations and executing the proposed action plan in each case.

The Audit Department performs an in-depth review of the controls of all process that could have a material impact on the Group's financial statements twice a year with the mid-year and annual financial closing. As a result of these reviews, the Internal Audit Department prepares reports covering the process identified, the related risks and the controls tested. These reports highlight any weakness encountered and make comparisons with reviews of previous periods to monitor trends. As indicated previously, any weakness encountered in a process is reported immediately to the department affected so it can be corrected. At the last audited closure as of December 31, 2017, 198 controls associated with 28 company processes were reviewed.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Economic and Finance Division and the Internal Audit Department hold regular meetings with the external auditors to discuss material weakness in internal control. The Audit and Compliance Committee meets with the external auditors twice a year, at the closing of the Group's mid-year and annual financial statements. At these meetings, the external auditors, within the scope of their engagement, report whether there are any incidents or internal control weakness. The Economic and Finance Division and the Internal Audit Department attend these meetings and review all aspects regarding potential weaknesses in the internal control systems that could affect the financial information published by the Group Mediaset.

Any weakness encountered is subjected to immediate monitoring by the Audit and Compliance Committee, with the help of the Internal Audit Department.

F.6 Other relevant information

All this information is outlined in the above sections.

F.7 External auditor report

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain

the reasons for the absence of this review.

The ICFR information disclosed to the markets was reviewed by the external auditor of the company, Deloitte S.L..

G DEGREE OF ADHERENCE TO THE RECOMMENDATIONS ON CORPORATE GOVERNANCE

State the company's degree of adherence to the recommendations on good governance for Listed Companies included in the Code.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behavior. General explanations are not acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies X

Explain

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies

Partially complies

Explain

Not applicable X

3. During the ordinary shareholders meeting, complementary to the distribution of the annual corporate governance report, the Chairman of the Board offered a detailed verbal explanation of the more relevant aspects of the Company's corporate governance, and specifically:

a) Changes taking place since the prior general shareholders meeting.

b) Specific reasons explaining why the Company does not follow any of the Corporate Governance Code and applicable regulations in this regard, if they exist.

Complies X

Partially complies

Explain

4. The Company defines and promotes guidelines for communicating and contacting shareholders, institutional investors, and voting advisors which are fully respectful of regulations against market abuse, indicating how to treat shareholders in the same position in a similar manner.

The Company publishes these policies on its website, including information on its implementation, identifying participants and parties responsible for carrying it out.

Complies X

Partially complies

Explain

5. At general shareholders meeting, the Board will not propose the delegation of powers to issue shares or convertible bonds excluding preferential subscription rights at an amount higher than 20% of share capital at the moment of delegation.

When the Board does approve the issue of shares or convertible bonds excluding preferential subscription rights, the Company must immediately publish this information on its website regarding those referred to in mercantile legislation.

Complies X Partially complies Explain

6. Listed companies which prepare the following obligatory or voluntary reports publish them on their websites sufficiently in advance of holding their general shareholders meeting, although publishing is not mandatory:

- a. Report on auditor independence
- b. Reports on the functioning of the Audit and Appointments and remuneration committees.
- c. Audit Committee reports on related parties
- d. Corporate social responsibility policy reports

Complies X Partially complies Explain

7. The Company airs its general shareholders meetings live on its website.

Complies X Explain

8. The Audit Committee should seek to present the annual financial statements to the Board of Directors without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content

Complies X Partially complies Explain

9. The Company publishes the accepted requirements and procedures to prove share ownership, the right to attend general shareholders meetings, and the right to delegate voting rights on its website.

These requirements and procedures favor attendance and the exercise of shareholder rights, and are applied in a non-discriminatory manner.

Complies X Partially complies Explain

10. When an authorized shareholder has exercised the right to complete the Agenda or to present new proposals prior to the meeting, the Company:

- a. Immediately shares the complementary points and new proposals.
- b. Publishes an attendance card model, voting delegation form, or absentee ballot with the specific modifications to ensure voting on the new Agenda items and alternative proposals, in accordance with the same terms as the proposals made by the Board of Directors.
- c. Presents these items or alternatives proposals for voting, applying the same voting rules used in by the Board, specifically including presumptions or deductions on the intention of the vote.

d. Subsequent to the general shareholders meeting, it communicates the voting breakdown on the above complementary or alternative proposals.

Complies **Partially complies** **Explain** **Not applicable X**

11. Should the Company plan to pay fees for attendance to the general shareholders meeting, it must previously establish a basic and stable policy on fees.

Complies **Partially complies** **Explain** **Not applicable X**

12. The Board of Directors must perform its functions based on a sole purpose and independent criteria, treating all shareholders in the same manner guided by the Company's interest, which is understood as achieving a profitable and sustainable long-term business, while maximizing its economic value.

In the Company's best interest, apart from the laws and regulations based on good faith, ethical behavior, and the respect for commonly-accepted good practices, endeavors to combine the Company's interest with the legitimate interests of its employees, suppliers, clients, and other potentially-affected interest groups, with a constant focus on the impact of its activities overall and on the environment.

Complies X **Partially complies** **Explain**

13. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members

Complies X **Explain**

14. The Board of directors approves a process for selecting its member which:

a. Is specific and verifiable.

b. Ensures that appointment or reelection proposals are based on a prior analysis of the Board of Directors' needs.

c. Fosters a diversity of knowledge, experiences, and gender.

The result of prior studies of the Board's needs is outlined in a supporting appointments committee report which is published when the general shareholders meeting is called and submitted for ratification, the appointment, reelection of each of its members.

These policies will assist in reaching the 2020 goal: at least 30% of Board members be female.

The Appointments Committee will annually verify compliance with the above policies, and will inform accordingly in the Annual Corporate Governance Report.

Complies **Partially complies X** **Explain**

All the above has been complied with in its entirety, apart from the fact that it was considered unnecessary to include deadlines or female representation, as all possible efforts will be made to increase the number of female members in the short- and long-term.

Although not expressly included, one of the objectives of the company has always been to increase the number of female directors on the Board of Directors; after the last appointments this has been able to increase two, representing the board members at present 23% of the members of the Board of Directors

15. Proprietary and independent directors should occupy an ample majority of board places, while the number of executive directors should be the minimal practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies X **Partially complies** **Explain**

16. The percentage of proprietary directors in relation to the total number of non-executive directors should not exceed the proportion between the capital represented on the board by these and the remainder of the company's capital.

These criteria might be relaxed:

a. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b. In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies X **Explain**

17. The number of independent directors should represent at least half of all board members.

18.

19. However, when the company is not large cap, or although it is, has on or several shareholders working together and controlling over 30% of its share capital, it shall ensure that independent Directors make up at least one third of the total Board members.

Complies X **Explain**

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

d) The date of their first and subsequent appointments as a company director, and

e) Shares held in the company and options on the same

Complies X **Partially complies** **Explain**

19. In the year's Annual Corporate Governance Report, after verification by the Nomination Committee discloses the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies **Partially complies** **Explain** **Not applicable X**

20. Proprietary directors should resign where the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their

stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly

Complies **Partially complies** **Explain** **Not applicable X**

21. That Board of Directors should not propose the separation of independent directors before the expiry of their tenure as mandated by the Articles of Association, except where just cause is found by the board of directors, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director moves to hold new positions or take on new obligations making it impossible to devote a sufficient amount of time to carry out a Board member's function, and thereby not complying with the duties inherent to the post under applicable legislation.

The separation of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 16.

Complies X **Explain**

22. Companies should establish rules obliging directors to inform the board of directors of any circumstances that might harm the organization's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article Company Articles of Association, the Board should examine the matter and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

Complies X **Partially complies** **Explain**

23. All directors should express clear opposition when they feel a proposal submitted for the board of directors' approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

This Recommendation also covers the Secretary of the Board even in the case that this individual is not a director.

Complies **Partially complies** **Explain** **Not applicable X**

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state the reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

Complies **Partially complies** **Explain** **Not applicable X**

25. The Appointments Committee will ensure that non-executive directors have sufficient available time to carry out their functions.

Board regulations state that the maximum number of directorships their Board members can hold.

Complies X **Partially complies** **Explain**

26. The Board should meet with the necessary frequency to properly perform its functions, at least eight times a year, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

Complies X **Partially complies** **Explain**

The recommendation is partially fulfilled given that during 2017 the Board of Directors met on 7 occasions. The company considers that this number of meetings has been sufficient for the Board of Directors to perform effectively all the functions delegated to it.

27. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

Complies X **Partially complies** **Explain**

28. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company’s performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Complies **Partially complies** **Explain** **Not applicable X**

29. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company’s expense.

Complies X **Partially complies** **Explain**

30. Independent of the expertise required by the Board members to carry out their functions, companies also offer them refresher programs when the situation calls for them.

Complies X **Explain** **Not applicable**

31. Meeting Agendas must clearly indicate which items require a decision or an agreement so that members may previously study and collect the precise information necessary to do so.

When, exceptionally and due to reasons of urgency, the President chooses to submit decisions or agreements not included in the Agenda for approval, it will be necessary to obtain prior express authorization from a majority of members present, and reflect this in the Board minutes.

Complies X

Explain

Not applicable

32. Members must be periodically informed of significant movements in the shareholder structure and regarding the opinion of significant shareholders, investors, and rating agencies of the Company and the Group.

Complies X

Explain

Not applicable

33. The Chairman is responsible for the efficient functioning of the Board of directors, and therefore, apart from exercising the functions attributed by the Articles of Association, must prepare and submit the Board of directors a program including dates and items to discuss, organize and coordinate the periodic evaluation of the Board, as well as the Company's CEO, where necessary, being responsible for managing the Board and its effectiveness, ensure that sufficient time is devoted to discussing strategic functions, and agree on and review programs designed to update each member's knowledge when necessary.

Complies X

Explain

Not applicable

34. In cases in which there is a coordinating member, the Articles of Association or regulations of the Board of directors attributes the following powers apart from those granted by law: preside the Board of directors in the absence of the president and vice presidents, where applicable, reflect the concerns of the non-executive directors, keep in contact with the investors and shareholders to ascertain their points of view prior to reaching an opinion in this regard, specifically with regard to the Company's corporate governance, and coordinator the Chairman's plan of succession.

Complies

Partially complies

Explain

Not applicable X

35. The Board Secretary must be especially vigilant so that his/her actions and decisions take into account the recommendations on good governance reflected in this Good Governance Code applicable to the Company.

Complies X

Explain

36. The Board of Directors must together carry out an annual plan to adopt an action plan to correct any deficiencies regarding:

- a. The quality and efficiency of the Board's operation.
- b. The functioning and composition of its Committees.
- c. The diversity in the composition and competencies of the Board of directors.
- d. The performance of the Chairman of the Board and the Company's chief executive.
- e. Each member's performance and contribution, paying special attention to the parties responsible for each committee.

The evaluation of the different committees will be based on the report they share with the Board of directors, with the latter submitted to the Appointments Committee.

The Board of directors will be assisted to carry out the evaluation by an external consultant every three years, whose independence will be verified by the Appointments Committee.

Any of the business relationships held by the consultant or any of its Group companies must be detailed in the annual Corporate Governance Report.

The process and the areas evaluated will be described in the annual Good Governance Report.

Complies X **Partially complies** **Explain**

37. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

Complies **Partially complies X** **Explain** **Not applicable**

The composition of the Executive Committee from January 1 to December 20, 2017, varied slightly with respect to that of the Board of Directors given its importance as a delegated body of the Board; thus, the percentage of executive directors was lower, going from 23.08% to 16.66% in the Committee, as well as that of proprietary directors, from 38.46% in the Board to 33.33% in the Executive Committee, thus increasing the percentage of independent directors.

Given that the appointments by co-optation approved on December 20, 2017 must be submitted for ratification by the General Shareholders' Meeting to be held in 2018, the company has decided to postpone the appointment of independent directors who will be part of the Board of Directors. Executive Commission until the holding of said Board.

The Chairman of the Board of Directors and the Executive Committee is an External Director.

38. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Complies X **Partially complies** **Explain**

39. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters; the majority of the members must be independent directors.

Complies X **Partially complies** **Explain**

40. A unit must be created to take on the internal audit function under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems, which will report to the Non-Executive Director or the Head of the Audit Committee.

Complies X **Partially complies** **Explain**

41. The head of internal audit should present an annual work program to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies X **Partially complies** **Explain**

42. Apart from those included in legislation, the Audit Committee's role should be:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the Group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
- b) Monitor the independence of the unit assuming the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; approve its orientation and work plans, ensuring that its activity is chiefly focused on risks which are relevant to the Company, receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, where possible and considered appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect to the company's external auditors:

- a) In the event of resignation of the external auditor, reviewing the underlying reasons.
- b) Ensure that the fees paid to the external audit firm for work performed does not in any way compromise its quality or independence.
- c) See that the Company communicates any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor holds annual meetings with the Board of directors to report on work performed, the accounting situation, and company risks.
- e) Ensure that the Company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard the auditors' independence.

Complies Partially complies X Explain

The company partially complies with this Recommendation given that the external auditor does not hold an annual meeting with the full Board of Directors of the company.

In the meetings held by the Audit and Compliance Committee attended by the external auditor, the work carried out by the latter is analysed, as well as the evolution of the company's accounting and risk situation; Given that the Chairman of the aforementioned Committee duly informs the Board of Directors about such matters, the Company considers that the full Board of Directors is informed promptly of the work carried out by the external auditor.

43. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies X Partially complies Explain

44. The Audit Committee must be informed on structural and corporate modifications planned by the Company, so that it may prepare an analysis and report to be presented to the Board of Directors on its economic circumstance and its accounting impact, and specifically on the proposed exchange ratio.

Complies X Partially complies Explain Not Applicable

45. Control and risk management policy should specify at least:

- a) The different types of risk, both financial and non-financial, (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies X Partially complies Explain

46. There is an internal risk control and management function which, under the direct supervision of the Audit Committee, or a special commission set up by the Board, exercised by an internal unit or department of the Company which will be granted the following functions:

- a. Ensure the correct functioning of its risk control and management systems, and in particular, to correctly identify, manage, and quantify all the important risks affecting the Company.
- b. Participate actively in the preparation of risk management strategy, as well as the processes for making important decisions regarding its handling.
- c. Oversee the risk control and management systems sufficiently within the framework of the policies defined by the Board of Directors.

Complies X Partially complies Explain

47. The members of the Appointments and remuneration committees (or each committee, if separated) must be designated based on their knowledge, experience, and skills, which should be appropriate to the role they are expected to fulfill; the majority of the members must be independent directors.

Complies Partially complies X Explain

The Appointments and Remuneration Committee is composed of four members, two of whom are independent and two are proprietary, none of them has executive status and is chaired by an independent director. All of them have been appointed in view of their knowledge, skills and experience. In the absence of a majority of independent directors, the Recommendation is therefore partially complied with by the Company.

The current composition of the Appointments and Remuneration Committee is established so that there is a reasonable balance between the Proprietary Directors and the independent Directors, based on the ownership structure of the Company, so that the relationship between one and another class of Directors reflects the relationship between stable capital and floating capital.

48. Large cap companies must have separate Appointment and Remuneration Committees.

Complies **Partially complies** **Not applicable X**

49. The Remuneration Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies X **Partially complies** **Explain**

50. The Remuneration Committee must exercise its functions observing independence and apart from those which are attributed by law, these include the following:

- a. Propose the Board of directors the standard terms for senior manager contracts.
- b. Ensure that compliance with the remuneration policy set by the Company is met.
- c. Periodically review the remuneration scheme applied to members and directors, including share-based compensation schemes and their application, and ensure that individual remuneration is proportionate to the amounts paid to other Company members and directors.
- d. Ensure that conflicts of interest do not have a negative effect on the independence of external consulting provided to the Committee.
- e. Verify that the information contained on the remuneration paid to top executives and directors in the different corporate documents is correct, including the annual report on remuneration paid to directors.

Complies X **Partially complies** **Explain**

51. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies **Partially complies X** **Explain**

The Committee consults with the Company's chief executive and the Board of Directors in full regarding matters related to executive directors and sensitive issues applicable to top management. Regarding top management, excepting these mentioned issues, are managed by the Appointments and remuneration committee.

52. The regulations governing the functioning of the supervision and control committees are defined in the Board of Directors Regulations, and are consistent with those applicable to those which are obligatory by law based on the above recommendations, including:

- a. They are exclusively comprised of non-executive directors, the majority of which are independent directors.
- b. Committees should be chaired by an independent director.
- c. The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- d. They may engage external advisors, when they feel this is necessary for the discharge of their duties.

e. Meetings must be reflected in minutes to be made available to the Board members.

Complies **Partially complies** **Explain** **Not Applicable X**

53. The supervision of and compliance with the corporate governance, internal codes of conduct, and social corporate responsibility regulations is attributed to one or divided between several Board committees which may be: the Audit, Appointments, Social corporate responsibility (where applicable), or a specialized Board committee, to exercise its rights to self-organization, and decide to create those which have the following minimum duties for the above purposes:

- a. The supervision of the compliance with the Company's internal codes of conduct and codes of good governance.
- b. The supervision of the communication strategy and the relationships with shareholders, and small- and medium-sized investors.
- c. The periodic evaluations of the appropriateness of the Company's corporate governance are designed to promote the Company's interest, and should consider the legitimate interests of other interest groups, where appropriate.
- d. The Company's corporate responsibility policies are reviewed to ensure that they are focused on creating value.
- e. The monitoring of social responsibility strategies and practices and their degree of compliance.
- f. The supervision and evaluation of processes related to the different interest groups.
- g. The evaluation of all the Company's non-financial risks - including operating, technological, legal, social, environmental, political, and reputational.
- h. The coordination of the process aimed at reporting information which is not financial, and that which covers diversity, in accordance with applicable legislation and international standards of reference.

Complies X **Partially complies** **Explain**

54. The corporate social responsibility policies will cover the principles and commitments the Company assumes voluntarily with regard to different interest groups, to identify the following, at the very least:

- a. The purposes of corporate social responsibility policies and the development of supporting measures.
- b. The corporate strategy related to sustainability, the environment, and social matters.
- c. Specific practices regarding the following: shareholders, employees, customers, suppliers, social environmental affairs, diversity, tax matters, respect for human rights, and the prevention of illegal conduct.
- d. Monitoring Methods or systems which analyze the outcome from applying the above specific practices, associated risks, and their management.
- e. Supervisory mechanisms for non-financial risk, ethics, and business conduct.
- f. Communication channels, participation, and dialog with interest groups.
- g. Responsible communication practices which hinder the manipulation of information while protecting integrity and honor.

Complies X **Partially complies** **Explain**

55. The Company uses a separate document (or its Management report) to report on matters related to corporate social responsibility, using certain internationally-accepted methodologies.

Complies X Partially complies Explain

56. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies X Explain

57. Remuneration comprising the delivery of shares in the Company, share options or other share-based instruments, payments linked to the Company's performance or membership of pension schemes should be confined to executive directors.

Compensation by way of delivery of shares is possible when it is conditioned on the outside directors holding the shares until they cease to be directors. The above is not applicable to shares a Board member needs to sell, where applicable, to pay the costs related to their acquisition.

Complies Partially complies X Explain

The Company considers that it partially complies with the recommendation, since the variable remunerations linked to the performance of the company and personal performance are not limited to executive directors.

In view of the special dedication required by the position of Chairman of the Board of Directors, which has the status of "other external", Mr. Echevarría receives a variable additional remuneration linked to the performance of the company and his personal performance.

58. In the case of variable remuneration, the related policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or circumstances of this kind.

Specifically, variable components of remuneration should:

- a. Be linked to predetermined and measurable performance criteria, and that the criteria contemplate the risk assumed for obtaining a result.
- b. They should promote the sustainability of the Company in the long term, including non-financial criteria, create long-term value, such as compliance with standards and procedures that are appropriate to the creation of long-term value in the Company.
- c. They are configured based on a balance between the compliance with short-, medium-, and long-term goals which make it possible to provide continual performance-based compensation over a sufficient period of time to be able to appreciate their contribution to sustainable value creation, so that the items which measure performance are not only focused on specific, occasional, or extraordinary events.

Complies Partially complies X Explain Not Applicable

The company considers that it partially complies with the recommendation since the variable components of the remunerations for the year 2017 do not promote the sustainability of the company and do not include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the rules and the internal procedures of the company and its policies for the control and management of risks.

The criteria considered in the variable remuneration are solely economic content related mainly to the generation of value and profitability to the shareholder. The Company does not consider necessary to

include other parameters for the calculation of the variable components of the remuneration.

59. Payment of a relevant portion of variable remuneration components differs during a minimum amount of time which is sufficient to determine that the previously-established performance criteria have been met.

Complies X Partially complies Explain Not Applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies X Partially complies Explain Not Applicable

61. A relevant percentage of executive directors' variable remuneration is linked to the delivery of shares or financial instruments referenced to their value.

Complies X Partially complies Explain Not Applicable

62. Once the shares or options or rights corresponding to the remuneration schemes have been distributed, the members may not transfer the ownership of a number of shares equivalent to twice their annual set remuneration, nor may they exercise the options or shares until at least three years have passed since they were granted.

The above is not applicable to shares a Board member needs to sell, where applicable, to pay the costs related to their acquisition.

Complies Partially complies X Explain Not Applicable

The Company partially complies with this recommendation, as its three-year medium-term incentives plan for its Board members, approved during the 2017 general shareholders meeting, establishes that assigned shares must eventually be returned subsequent to the general meeting during which the financial statements are approved during the Plan's third year, as long as it is linked to Group companies. Therefore, the attribution of shares during the final years of the Plan do not meet the three- year period established herein.

For further information, herewith follows the text of the approved agreement:

"Authorize the Board of Directors to approve the establishment of a remuneration system ("the Plan") for the consolidated Group's directors and executive directors, consisting in the delivery of Company shares with the following basic characteristics:

- Recipients: the Group's directors and executive directors of the companies determined by the Board of Directors, which totals 27 individuals, approximately.
- Maximum number of shares to be assigned: the maximum number which may be assigned during each of the three years of the Plan's duration, equivalent to 0.33% of the Company's share capital. Of the above 0.33%, a maximum total of 0.11% corresponds to the Company's executive directors. The Company will not increase its share capital to cover the Remuneration System.
- Share value: the value of the shares taken as a point of reference to assign each recipient corresponded to the average listed price of the share during the previous thirty days prior to preparing the financial statements for 2016.
- Strike price: the shares to be assigned to each recipient during the Plan will be the result from dividing the joint economic contribution made by the recipient and the Company by the "share value."
- Granting date: any date agreed upon by the Board of Directors within a 4-month period from the date

the Plan was approved.

- Duration: 2017-2019; the shares may be delivered at any time subsequent to the approval of the 2019 financial statements, as determined by the Board.

To facilitate the execution of the above agreements, the General Shareholders' Meeting will be granted full substitution powers for any of its members, including all the powers deemed necessary to define, integrate, and execute the agreement."

63. Contractual arrangements include a clause allowing the Company to claim repayment of the variable components of compensation when the payment is not in accordance with performance conditions, or when the compensation has been paid based on information the inaccuracy of which is later manifestly demonstrated.

Complies **Partially complies** **Explain X Not Applicable**

The contractual agreements with the executive directors of the Company do not include a clause that allows the company to claim reimbursement of the variable components of the remuneration when the payment has not been adjusted to the performance conditions or when they have been paid according to data whose inaccuracy is accredited later.

The Company does not consider it necessary to include the aforementioned clause because it considers that the internal procedure for verifying compliance with variable components by the Board of Directors and by the Appointments and Remuneration Committee prevents them from being paid based on inaccurate data.

64. Contract termination payments must not surpass the established amount equivalent to two years' total annual remuneration, and may not be paid until the Company is able to determine that the director has met with all the previously-established performance criteria.

Complies X **Partially complies** **Explain** **Not applicable**

H OTHER INFORMATION OF INTEREST.

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

In line with the latest corporate governance recommendations, the company has always had, among its main objectives, the progressive increase in the number of female directors in the governing bodies. Following this line and given that 3 of the independent directors had to resign their positions for having exceeded the recommended term of 12 years, the Appointments and Remuneration Committee has deliberately sought out among the potential candidates, women who would gather the profiles sought by the company. . Thus, the Commission proposed to the Board of Directors the appointment of Doña Consuelo Crespo and Mrs. Cristina Garmendia as new board members, having been approved their appointments by co-optation at the end of fiscal year 2017.

After these appointments, the percentage of female directors has gone from 7.70% to 23% close to the objective established by corporate governance recommendations. The presence of women has also increased in the governance commissions of the company, both in the Audit and Compliance and in the Appointments and Remuneration.

This advance in female representation in the governing bodies is the result of the application of the diversity and director selection policy applied by the Company. A diversity policy, approved by the Board of Directors, whose principles of action are, among others, the following:

- Comply with current legislation regarding diversity as well as the best corporate governance practices in this area, adopting the national and international standards and guidelines in this matter.
- Promote the necessary measures to ensure equal opportunities and avoid any discrimination in the selection processes of both the members of the Board of Directors and the Company's human team.
- Encourage the implementation of corporate strategies that allow the training of female talent by promoting the development of activities aimed at their development.
- Periodically review the activities carried out, in order to identify potential weaknesses and points of improvement, in order to prevent and mitigate their impact.
- Use the media of the Mediaset España Group to raise awareness and sensitize the audience about the importance of respect and compliance with diversity.
- Extend to the chain of suppliers the commitment to respect and promote diversity.

In 2017, a review of the Regulations of the Board of Directors, the Regulations of the Audit and Compliance Committee and the Appointments and Remuneration Regulations was carried out to adapt them to the best practices in good governance.

The proposal to modify the Regulations of the Board of Directors will be presented to the General Meeting held in the first semester of 2018 for its approval and will affect articles 9 "Qualitative composition of the Board", 21 "the Audit and Compliance Committee" and 22 "The Appointments and Remuneration Committee". The purpose of the amendment is to adapt article 21 of the Regulation to article 529 of the LSC and to the modification of article 529 quaterdecies LSC given by the final provision 4.20 of Law 22/2015, of July 20. Likewise, it is intended to include in articles 9.7 and 22.3 of the Regulation an express reference to the criteria for promoting diversity in the composition of the administrative body in accordance with the new wording of article 540.4c) 6th LSC, given by the Royal Decree Law 18/2017, of November 24, which modifies the Commercial Code, the consolidated text of the Capital Companies Act and the Accounts Auditing Law, regarding non-financial information and diversity.

With regard to the Regulations of the Audit and Compliance Committee, the latest amendments have been aimed at incorporating the basic provisions included in the CNMV's Technical Guide 3/2017 on the Audit and Compliance Committees, in coordination with the proposal to modify the Article 21 of the Regulations of the Board as well as the Recommendations of the Code of Good Governance that Mediaset España has been fulfilling. The modifications have been numerous, although, from a substantive point of view, they do not introduce any novelty that was not already performed by the Commission itself in the development of its normal activity. These changes affect the following articles: Article 3, on the qualitative composition of the Commission; Article 4, on the assistance of the internal auditor and, depending on the cases, on the auditor external to the meetings of the Committee, as well as the need to approve a preliminary annual work plan; Article 5.1, on the need to define a selection process for the external auditor, supervision of said process and annual evaluation of the performance and independence of the latter in the performance of their work; Article 5.2, in relation to the supervision of financial information; 5.3, with respect to the Internal Control System of said information; 5.5, in relation to the supervision of the management and control of risks; 5.7, on transparency and corporate governance standards, review of the corporate responsibility policy, evaluation of non-financial risks, and coordination of the non-financial information and diversity reporting process; and article 7, on means and resources of the Commission.

The purpose of the amendment of the Regulations of the Appointments and Remuneration Committee was to introduce references to the diversity policy.

We also want to highlight the evaluation process carried out in the year 2017 that has been carried out by an external consultant, thus complying with the recommendations of corporate governance.

During the year 2017, relations with public administrations in tax matters have been maintained, the alliance and participation of Mediaset España with the United Nations Global Compact has been renewed, with the Association of Spanish Issuers, Autocontrol, through which manages and controls the Spanish advertising

market and the Carbon Disclosure Project initiative.

The regulation and composition of our Board of Directors, its Committees, regulations applicable to governing bodies, shareholders' rights, etc. have been included in the sections of this Report and you can find more information on our website: <http://www.mediaset.es>, you can also contact us through the following address: rc@telecinco.es.

SECTION C.1.16

In section C.1.16, the remuneration of the senior management of Mediaset España and the Group's main companies was included. The remuneration received by Mediaset Spain executives in 2017, including the director of Internal Audit, is included below:

Director general content - Villanueva de Castro, Manuel
Director of Human Resources and Services Division - Expósito Rodríguez, Luis
Director of Technologies Division - Fernández Aranda, Eugenio
Director of the Economic and Financial Division - Uria Iglesias, Javier
Director of the Antena Division - Marco Jorge, Patricia
Director of Content Production Division - Baltanás, Leonardo
Director of Content Production Division - Jaime Guerra González
Director of Film and Acquisition Rights Division - Barrois, Ghislain
Director of Communication and External Relations Division - Drago, Mirta
Director of the News Division - Valentín Padín, Juan Pedro
Director of Informational Division Telecinco - Piqueras Gómez, Pedro
Director of Special Productions Division - Silvestroni, Giuseppe
Internal Audit Director - Santamaría Barrio, Angel
Total: 5,344,789 euros

Note that the number of share rights granted to Mediaset España's top management amounts to 65,207 and 91,182 the number of share rights granted to the top management of the Mediaset España Group.

Recommendation 17: For the calculation of the percentage of independent directors over the total number of directors, the current external director has not been taken into account, which has been classified as independent for 12 consecutive years, becoming an external director due to the fact that Once the maximum legal term established by the Capital Companies Act has expired, it has not had the condition of dominical or executive at any time.

The Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting of 27/02/2018.

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes No X