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AUDIT AND COMPLIANCE COMMITTEE

ANNUAL REPORT

2019

I.- Creation:

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

II.- Composition:

The Audit and Compliance Committee currently has the following members:

- Mr. Javier Díez de Polanco (Chairman – independent).
- Mr. Fedele Confalonieri (external proprietary).
- Mrs. Consuelo Crespo Bofill (independent).
- Mr. Marco Giordani (external proprietary).
- Mrs. Helena Revoredo delVechio (independent)

From a qualitative point of view, the composition of the Committee is as follows:

	5 = 100%
External Directors	
<u>Independent Directors</u>	3 = 60%

In addition, following the provisions of both the Articles of Association and the Board of Directors Regulations and in accordance with corporate governance standards, the chairman, since the date that Mediaset España Comunicación, SA, began listing, is occupied by an Independent Director.

Since its beginning, the changes in the Audit and Compliance Committee have been gradually aimed at reinforcing its independence with respect to the internal management bodies of the Company, so that not only any Internal Counsel has become part of the Board of Directors, but the presence of Independent Directors in its midst has been consolidated.

You can find the CVs of those belonging to the Committee on the following Mediaset España website:

<https://www.mediaset.es/inversores/en/board-of-directors.html>

III. Regulation:

The Audit and Compliance Committee is regulated by the Articles of Association, whose current version was approved at the Shareholders Annual General Meeting on 15th April 2015 and the Regulations of the Board of Directors and in the Regulations of the Committee, whose last amendments were approved on December 20th, 2017.

Thus, the rules that regulate the composition and functioning of the Audit and Compliance have been fully aligned with the latest regulatory amendments to the Law 31/2014, of December 3rd amending the Companies Act for the improvement of corporate governance, and with the recommendations included in the Good Governance Code for Listed Companies, adopted on 18th February 2015 by the Board of the Spanish National Stock Market Commission (CNMV) and the Technical Guide 3/2017 on Audit Committees of Public Interest Entities published on June 27th, 2017 by the National Securities Market Commission.

IV.- Functions:

The functions of the Audit and Compliance Committee are contained in the Articles of Association, the Board of Directors Regulations and primarily in its own regulatory Regulations, which include but are not limited to the generic and specific functions of the Committee:

1.- Regarding the external auditors:

The Audit and Compliance Committee shall deal with all matters related to the external Auditors of the Mediaset España Group and shall be responsible for:

- a) Proposing to the Board of Directors the appointment, renewal or substitution of the Auditors, as well as the terms under which they are to be hired, and the time period for which they are appointed, and for that purpose, it must:

- 1°. define the procedure for selection of the auditor; and

- 2°. issue a reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of re-election thereof.

In this respect, the Audit Committee shall refrain from proposing the appointment of any auditing firm when they are aware that i) The audit firm falls under any disqualifying circumstances according to the audit law and regulations, or ii) That the fees to be paid by Mediaset to such an audit firm on all accounts are foreseen to exceed five percent (5%) of the company's total income during the previous business year.

The Audit and Compliance Committee shall propose the same auditors for Mediaset and the companies in its Group.

If the Auditors resign, the Committee shall examine the reasons for the decision.

- b) Acting as a communication channel between the Board of Directors and the Auditors, evaluating the results of each audit and the response of the management team of Mediaset to the Auditors' recommendations; and mediating as well as acting as arbitrator in the event of disagreement between the management of Mediaset and the Auditors regarding the principles and policies to be applied in preparing the financial statements. In this regard, it shall ensure that no qualifications are included by the auditor in the accounts presented by the Board of Directors.
- c) Ensuring that the external auditor holds an annual meeting with the full board of directors to inform them of the work that has been carried out and the evolution of the company's accounting and risk situation.
- d) Proposing that the recommendations issued by the Auditors are complied with, unless the Committee considers that it should maintain its own criterion. In the latter case, it should explain the nature and scope of its discrepancy.
- e) Annually issuing, prior to issuance of the audit report, a report expressly stating the opinion on whether the auditor's independence is compromised, which must be published on the Company's website in sufficient time to the celebration of the Ordinary General Meeting. This report shall include, in all cases, the valuation of the provision of additional services referred to in the following point g) considered individually and collectively, distinct from the statutory audit and in connection with the rules of independence or the regulations governing the audit.
- f) Monitoring the performance of the audit agreement and ensuring that the opinion of the Auditors on the financial statements and the main part of the audit report are clearly and precisely worded.
- g) Liaising with the Auditors in order to determine any issues that may threaten the latter's independence, and any other issues related to the carrying out of the audit work; and receiving information from, as well as communicating with the Auditors on the matters foreseen in audit laws and regulations as well as in auditing standards; in all cases, they must annually receive the external auditors declaration of independence, in relation to the Company or entities related to it directly or indirectly, as well as any class information of additional services provided and the fees received from these entities by the external auditors or by persons or entities related to them in accordance with the provisions of the auditing legislation.
- h) Ensure the independence of the Auditors, paying attention to any circumstances or matters that might threaten this, as well as to any others related to the carrying out of the audit work.
- i) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.
- j) Checking that the Auditors comply with the legislation in force regarding the provision of services other than those of auditing, which limits the concentration of the auditing business, as well as any other regulation which may endanger the Auditors'

independence.

- k) Verifying that Mediaset communicates any change of Auditors to Spain's National Stock Market Commission (CNMV) by way of a Relevant Fact, accompanied if necessary by a declaration on the substance of any possible differences with the departing Auditors.
- l) Authorize the contracts between Mediaset and the auditors of accounts unrelated to the audit activity of accounts and other than those prohibited, in the terms contemplated in the applicable regulations on the independence regime.
- m) Make a final evaluation about the performance of the auditor and how it has contributed to the quality of the audit and the integrity of the financial information.

2.- Regarding the supervision of financial information:

The Audit and Compliance Committee shall ensure that the periodic and the annual financial information supplied complies with legal requirements. It is responsible for:

- a) Supervising the accounts of Mediaset España and its Group, complying with the legal requirements and the correct application of accounting standards applicable in Spain and the International Accounting Standards (IAS), and issuing opinions on any proposals by management to modify accounting standards and criteria;
- b) Reviewing any financial information regularly supplied to the markets and their regulatory bodies before the information is issued, and ensuring that the information is drawn up according to the same principles and practices as the annual account;
- c) Overseeing the correct definition of the scope of consolidation of the Mediaset España Group.
- d) Report, in advance, to the Board of Directors, on the financial information that the Company must periodically make public.
- e) Ensure that the Board of Directors seeks to present the annual accounts to the General Shareholders' Meeting without limitations or qualifications in the audit report and, in exceptional cases where there are qualifications, both the Chairman of the Audit and Compliance Committee and the auditors will clearly explain to the shareholders the content and scope of said limitations or qualifications.

3.- Regarding the Internal Control System of Financial Reporting (ICFR):

To ensure the reliability of financial information, the Audit and Compliance Committee is responsible for:

- a) Monitoring the preparation and integrity of financial information by reviewing the proper design of Mediaset's ICFR and compliance with regulatory requirements.
- b) Approve the internal audit plan for the evaluation of ICFR and receive periodic

information on the outcome of their work and the plan of action to correct the deficiencies observed.

c) Review, analyse and discuss the financial statements and other relevant financial information with senior management and internal and external auditors, to confirm that the information is reliable, understandable, and relevant and that accounting principles used are consistent with the previous year end.

d) Monitor both the process developed by senior management to make judgements, valuations and significant estimates, assessing their impact on the financial statements, as decisions on the adjustments proposed by the external auditor, and to know and, where appropriate, mediate disagreements between them.

e) Guarantee that Mediaset's ICFR assessment process has been designed in a way that achieves the objectives of the process and to validate the findings of the reports that are submitted by those involved in the assessment tasks.

f) Monitor the continuous assessment, carried out by Mediaset, the organisation of control activities to obtain reasonable assurance about the implementation and operation of ICFR.

g) Ensure that the information disclosed to the market on the rules of ICFR is clear and comprehensible and contain sufficient, accurate and necessary breakdowns.

4.- Regarding internal control and relations with the Internal Audit Department:

The Audit and Compliance Committee shall check the correct operation of the internal information and control systems and supervise the operation of Mediaset España's Internal Audit Department. In this respect, it must:

- a) Supervise the effectiveness of the internal control of the Company and Internal Audit, as well as discuss with the auditor any significant weaknesses in the internal control system detected in the course of the audit, concluding on the level of confidence and reliability of the system. For this purpose, it may submit recommendations or proposals to the Board of Directors and the corresponding deadline for follow-up.
- b) Propose the selection, appointment, re-election and dismissal of the head of Mediaset España's Internal Audit Department.
- c) Supervise the Internal Audit Department and ensure that the Internal Audit Department carries out its functions with full freedom and independence, and that the management of Mediaset España take into account any recommendations the Department may make.
- d) Periodically find out about the actions and studies carried out by the Internal Audit Department; and propose its budget.
- e) Approve the Annual Internal Audit Plan and any other additional plans which may be necessary for organisational needs. The head of the Internal Audit Department shall inform the Committee of progress and any possible incidents in its execution of the plan,

presenting an activity report at the end of each year. The Annual Plan shall be submitted for the approval of the Board of Directors, and it shall be made public to the extent considered suitable.

- f) To annually evaluate the performance of Internal Audit as well as the performance of its manager's functions, for which purpose it will obtain the opinion of the executive management.
- g) To be up to date as to the degree with which the various departments comply with the recommendations of the Internal Audit Department. In cases where there may be a threat to the interests of Mediaset España or its group, it should inform the Board of Directors.
- h) Review the compliance of any actions or measures taken as a consequence of the inspection reports or activities of the administrative supervisory and control authorities. control.

5.- With regards to policy control and risk management:

The Audit and Compliance Committee is the body responsible for supervising and controlling the risk policy of Mediaset España, identifying possible risks, managing them and ensuring there is sufficient awareness of them. Its policy should:

- a) Determine all types of risks for Mediaset España, including operational, technological, financial, legal, and taxation, as well as any other risk faced by the company including contingent liabilities and other financial or economic risks;
- b) Determine an acceptable risk level for Mediaset España;
- c) If such risks should materialize, ensure there are mechanisms that can precisely determine measures to mitigate the impact of the identified risks;
- d) Establish internal communication and control measures to control and manage any risk.

The Committee will be responsible for re-evaluating, at least annually, the list of the most significant financial and non-financial risks and evaluating their tolerance level, proposing their adjustment to the Board, if applicable.

In addition, it will maintain, at least annually, a meeting with the heads of the business units in which they explain the business trends and associated risks.

Regarding related-party transactions, until this matter is passed on to another committee, the Audit and Compliance Committee shall be responsible for proposing the policy to be pursued in these kinds of transactions and for informing the Board of Directors of this policy. The policy on related-party transactions should be made public in the Annual Corporate Governance Report.

6.- Regarding shareholders:

The Audit and Compliance Committee should maintain an ongoing channel of communication with the shareholders and in this regard inform the General Shareholders' Meeting of any matters which may be raised by the shareholders which are within the Committee's remit; in particular, on the result of the audit explaining how this has contributed to the integrity of the financial information and the role that the Committee has played in that process, it should also be aware of and if necessary respond to the initiatives, suggestions or complaints raised by the shareholders with respect to the scope of the Committee's functions when such questions are submitted to it by the Board of Directors.

7.- Regarding transparency and the rules of corporate governance.

The Audit and Compliance Committee should ensure compliance with the rules of transparency and proper implementation of the rules of corporate governance and corporate social responsibility. It shall be responsible for:

- a) Following up on the observance of the rules on transparency and reporting to the Board of Directors on the subject.
- b) Checking timely compliance with the rules in force relating to communicating Relevant Facts.
- c) Informing the Board of Directors in advance of the creation or acquisition of shareholdings in special purpose entities or those domiciled in countries or territories which are considered tax havens, as well as any other transactions or operations of a similar nature which could, because of their complex nature, threaten the transparency of the Group.
- d) Report, prior to the Board of Directors Meeting, on the operations of structural and corporate changes planned by the Company, its economic conditions and its accounting impact and, especially, where applicable, on the proposed exchange ratio.
- e) Establish and supervise the mechanism that allows employees to report, confidentially and, if deemed appropriate, anonymously, of potentially significant irregularities, financial, accounting or otherwise, which they may detect in the Mediaset Group, receiving periodic information about its operation and being able to propose the opportune actions for its improvement and the reduction of the risk of irregularities in the future.
- f) Summon any employee or Director of the Mediaset España Group to require accountability for the matters which the Committee deems appropriate.
- g) Supervise adherence to the recommendations on corporate governance and corporate social responsibility, and in this regard:
 - (i) Supervise compliance with the internal codes of conduct, in particular, the Internal Code of Conduct in securities markets and, in general, the rules of governance and make the necessary proposals for improvement. Likewise, the Committee will inform the Board prior to the approval and modifications of the internal codes of conduct of the Company and its Group, in particular, the Internal Code of Conduct in the Securities Market as well as the development of

the internal rules are submitted for the approval of the Board of Directors.

The internal body responsible for regulatory compliance functions shall report regularly to the Audit and Compliance Committee on the performance of its functions. Likewise, the Audit and Compliance Committee shall inform the Board of Directors in advance of any internal rules, procedures or programmes for the control of regulatory compliance risks that the internal body responsible for regulatory compliance functions proposes or approves within the framework of its powers.

- (ii) Supervise the communication strategy and relationship with shareholders and investors, including small and medium shareholders;
- (iii) Periodically assess the adequacy of the Company's corporate governance system, in order to fulfil its mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of the other stakeholders;
- (iv) Review the Company's corporate responsibility policy, ensuring that it is aimed towards value creation;
- (v) The monitoring of corporate social responsibility strategy and practices and the evaluation of its degree of compliance;
- (vi) Monitor and evaluate processes associated with different stakeholders;
- (vii) Evaluate everything related to the non-financial risks of the Company (including operational, technological, legal, social, environmental, political and reputational risks); and
- (viii) Coordinate the process of reporting non-financial and diversity information, in accordance with applicable regulations and international reference standards.

The report issued, if applicable, by the Audit and Compliance Committee regarding the corporate social responsibility policy, will be published on the Company's website in advance of the Ordinary General Meeting.

V.- Meetings

During 2019, the Audit and Compliance Committee has met five (5) times, which are detailed as follows, listing the issues discussed in each:

1.- Meeting held on February 27th, 2019.

This meeting was attended by the 5 members of the Audit and Compliance Committee, and attended by the Corporate General Manager, the Director of Internal Audit and the team of external auditors of "DELOITTE, S.L"

The topics discussed at that meeting were as follows:

- 1) Proposal for the formulation of the Annual Accounts of the Company, both Individual and Consolidated, for the financial year 2018, including the Management Report.
- 2) Statement of Non-Financial Information 2018
- 3) Report on the independence of the external auditor. Authorisation of transactions
- 4) Annual Corporate Governance Report 2018.
- 5) Annual Activity Report of the Committee 2018.
- 6) Report on Related-Party Transactions 2018.
- 7) Internal Audit Activity Report:
 - Risk Map 2019.
 - Monitoring of the effectiveness of internal control over financial reporting (ICFR) and results of the review of Law 262 (Italy).
 - Annual Activity Report of the Compliance and Crime Prevention Unit.
 - Tax planning and strategy 2019.
- 8) Questions and Answers.
- 9) Drafting and, if appropriate, approval of the Minutes of the Meeting.

2.- Meeting held on 8th May 2019.

This meeting was attended by the 5 members of the Audit and Compliance Committee, and attended by the Corporate General Manager and the Director of Internal Audit. The topics discussed at that meeting were as follows:

- 1) Proposal of the Financial Statements for the first quarter of the financial year 2019 for the purposes of their approval by the Board of Directors and subsequent communication to the CNMV (National Securities Market Commission)..
- 2) Activity Report of the Internal Audit Department.
- 3) Related-party transactions.
- 4) Compliance and Crime Prevention Unit.
- 5) Risk Indicator Report

- 6) Questions and Answers.
- 7) Drafting and, if appropriate, approval of the Minutes of the Meeting.

3.- Meeting held on 24th July 2019.

This meeting was attended by the 5 members of the Audit and Compliance Committee, and attended by the Corporate General Manager, the Director of Internal Audit and the team of external auditors of "DELOITTE" The topics discussed at that meeting were as follows:

- 1) Proposal of the Financial Statements for the first half of the financial year 2019 for the purposes of their approval by the Board of Directors and subsequent communication to the CNMV (National Securities Market Commission).
- 2) Activity Report of the Internal Audit Department
- 3) Monitoring of the effectiveness of internal control over financial reporting (ICFR) and results of the review of Law 262 (Italy).
- 4) Report on Related Party Transactions.
- 5) Report of the Compliance and Crime Prevention Unit.
- 6) Report on risk indicators.
- 7) Proposed amendment to the Company's Code of Ethics.
- 8) Proposed Regulatory Compliance Policy
- 9) Questions and Answers.
- 10) Drafting and, if appropriate, approval of the Minutes of the Meeting.

4.- Meeting held on 30th October 2019.

This meeting was attended by the 5 members of the Audit and Compliance Committee, and attended by the Corporate General Manager and the Director of Internal Audit. The topics discussed at that meeting were as follows:

- 1) Proposal of the Financial Statements for the third quarter of the financial year 2019 for the purposes of their approval by the Board of Directors and subsequent communication to the CNMV (National Securities Market Commission).
- 2) Activity Report of the Internal Audit Department.

- 3) Monitoring of the risk map.
- 4) Information on related-party transactions at 30 September 2019.
- 5) Activity Report of the Compliance and Crime Prevention Unit.
- 6) Questions and Answers.
- 7) Drafting and, if appropriate, approval of the Minutes of the Meeting.

5.- Meeting held on 18th December 2019.

This meeting was attended by the 5 members of the Audit and Compliance Committee, and attended by the Corporate General Manager, the Director of Internal Audit and the team of external auditors of "DELOITTE" The topics discussed at that meeting were as follows:

- 1) Presentation by the External Auditors (Deloitte) of their work in the preliminary phase.
- 2) Activity Report of the Internal Audit Department. Approval of the 2020 Internal Audit Plan.
- 3) 2020 Risk Map: presentation of the 2020 strategic objectives.
- 4) Proposal of the Activity Plan of the Audit and Compliance Committee for the financial year 2020.
- 5) Questions and answers.
- 6) Drafting and, if appropriate, approval of the minutes of the meeting.

VI.- Activity Report:

For a better understanding of the activities undertaken by the Audit and Compliance Committee during 2019, it has been grouped into five categories:

- A. Financial-economic information
- B. External Audit
- C. Internal Audit - Annual Plan
- D. Corporate Governance Regulations
- E. Risk Control.
- F. Compliance and Prevention System
- G. Other

A. Información económico-financiera.

Mediaset España's Audit and Compliance Committee has verified the following information during 2019:

- ✓ On a quarterly basis the Committee verified the financial information previously proposed to the Board for submission to the National Stock Market Commission (CNMV).
- ✓ This periodic financial information, together with the relevant facts communicated to the National Stock Market Commission (CNMV), are also available on the corporate website <https://www.mediaset.es/inversores/es/>
- ✓ Supervise that Mediaset España and its Group's Consolidated Annual Accounts are presented under International Accounting Standards (IASs) approved by the European Union.
- ✓ The Committee has not issued opinions on management's proposals to modify accounting principles and criteria, as the formulation of Mediaset España and its Group's financial statements complies with current regulations.
- ✓ The Committee has analysed the Internal Control System of Financial Reporting (ICFR) in accordance with the requirements of Italian Law 262.

B. External Audit.

- ✓ The Audit Committee proposed to the Board of Directors the election of the firm "DELOITTE, SL" as auditors of "MEDIASET ESPAÑA COMUNICACIÓN, SA" and its Consolidated Group of Companies, for 2017, 2018 and 2019".
- ✓ The Internal Audit and Compliance Committee have been duly informed by the auditor of Mediaset España and its Group, of the audit's progress. In this sense, there have been several meetings with the audit team in which they have informed them of the status of their work.
- ✓ Mediaset España and its subsidiaries Audit Report on the individual and consolidated annual accounts was issued without qualifications.
- ✓ In view of the above, the Committee proposed to the Board the formulation of Mediaset España's individual and consolidated annual accounts, together with the corresponding audit reports.
- ✓ Meetings with the auditors have also been held prior to the Board of Directors approval of the interim financial accounts.
- ✓ The fees incurred with DELOITTE,S.L. during the financial year 2019 amounted to 369 thousand euros, of which those corresponding to the audit of the individual and consolidated annual accounts of Mediaset España Comunicación, S.A. amounted to 128 thousand euros, 112 thousand euros to the audits of the annual accounts of 10 of the subsidiaries fully consolidated by the Group and 65 thousand euros for the limited review of the Group's Interim Financial Statements at 30 June 2019.

The fees agreed by Mediaset España in 2019 for services other than auditing amounted to Euros 64 thousand, representing 17.3% of the total amount invoiced by the audit firm, as follows:

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-	ISAE 3000 - Annual Corporate Governance Report	€2,000.
-	ISAE 3000 - Report on Directors' Remuneration	€2,500.
-	ICFR Report - Section F Annual Corporate Governance Report	€7,000.
-	Agreed Procedures Report - 5% Cine Revenue 2018	€4,000.
-	Report on Capital Increase by offsetting credits - Telecinco Cinema	€7,000
-	Services in relation to the Audiovisual Directive -	€14,500
-	ISAE 3000 - Report on the Statement of Non-Financial Information	€27,400.

C. Internal Audit - Annual Plan

1. The Committee is responsible for overseeing the operation of the Internal Audit Department to ensure that the internal control of Mediaset España and its Group of companies is properly managed.

Continuous contact has been maintained with the Department Director and the Committee has been regularly informed of the work that has been done. In this regard:

- ✓ The Committee has approved the 2019 Annual Plan of activities, without any recommendation.
- ✓ The Committee held meetings with the Internal Audit Department's Director on a quarterly basis regarding the development of the Activities Plan for the year and the degree of compliance with its recommendations.
- ✓ The management of the internal audit department has reported to the Committee on risk control devices

2. The Internal Audit Department's Annual Plan of activities in 2019 is as follows:

MEDIASET ESPAÑA PLANNING INTERNAL AUDIT 2019

PROJECTS 1st Quarter

- 1 Law 262 Compliance Review (annual)
- 2 Risk Map 2018 (including fiscal and non-financial)
- 3 Testing for compliance with the MPDD (Crime Prevention and Detection Model).
- 4 Audit of the entertainment programme "First Dates".
- 5 Data Protection (GDPR + Organic Law) Model Update
- 6 Review of follow-up to information technology suppliers (SLA's)
- 7 Review of the implementation of audit recommendations of previous work

MEDIASET ESPAÑA PLANNING INTERNAL AUDIT 2019

PROJECTS 2nd Quarter

- 1 Testing compliance with MPDD (Crime Prevention and Detection Model)
- 2 Audit of the entertainment programme "First Dates".
- 3 Data Protection (RGPD+Organic Law) - Model Update
- 4 Audit Production of news programmes (Telecinco and Cuatro)
- 5 Review Compliance with Corporate Security Policy - Information Classification
- 6 Analysis of Cybersecurity Risks
- 7 Revision of the Policy and process of migrating information to the cloud.
- 8 Definition of Cloud Governance Model
- 9 ISO 45001 Certification Compliance Audit (Occupational Health and Safety)
- 10 Review of implementation of audit recommendations from previous work.

MEDIASET ESPAÑA PLANNING INTERNAL AUDIT 2019

PROJECTS 3rd Quarter

- 1 Testing compliance with the MPDD (Crime Prevention and Detection Model).
- 2 World Football Cup Russia 2018 Audit
- 3 Review Corporate Security Policy Compliance - Information Classification
- 4 Cybersecurity Risk Analysis
- 5 Definition of Cloud Governance Model
- 6 ISO 45001 Certification Compliance Audit (Occupational Risk Prevention)
- 7 Review of LEY 262 compliance (half-yearly)
- 8 Review of other Internet issues. Mediaset Box Office. Sale of rights, etc.)
- 9 Monitoring of the ERM of the Mediaset España Group.
- 10 Review of the implementation of audit recommendations from previous work.
- 11 Updating of the Protocol for the Detection and Prevention of Crimes.

MEDIASET ESPAÑA PLANNING INTERNAL AUDIT 2019

PROJECTS 4th Quarter

- 1 Monitoring of the ERM of the Mediaset España Group.
- 2 Review of the Parrilla Project
- 3 Review of the implementation of audit recommendations from previous audits
- 4 Certification of the Mediaset España Group's Compliance Model
- 5 Post-implementation review of the Commercial Management tool.
- 6 Expert reports for allegations on the file opened by the CNMC

The Audit and Compliance Committee has followed up on the audit recommendations reflected in all the work of the Internal Audit Department and the results are as follows:

Recommendations Summary	2016	2017	2018
Total	154	54	55

Recommendations			
Introduced	149	46	39
Degree of progress	97%	85%	71%

D. Rules of Corporate Governance

- The Committee has approved the Annual Corporate Governance Report which was submitted to the Board, approved by a majority and subsequently communicated to the National Stock Market Commission (CNMV) and made available to shareholders.

The Annual Report was prepared in accordance with the provisions of article 540 of the Capital Companies Law, Order ECC / 461/2013, of March 20 and Circular 5/2013 of June 12 of the National Market Commission of Securities modified by Circular 7/2015, of December 22, of said Commission.

- Communications of relevant facts to the National Stock Market Commission (CNMV) have been made on time and correctly. A channel of communication has also been established with Mediaset España's institutional investors through the website and the Investor Relations Department.
- The Committee has analysed all related party transactions carried out by the Mediaset España Group's companies that were outside the ordinary course of trade or their respective activity, either for qualitative or quantitative reasons.
- The Committee has monitored the changes made in the Company's governance rules: the Board of Directors Regulations and the Audit and Compliance Committee Regulations.
- The Committee has continued with the implementation of the Crime Prevention Model.

E. Risk Control.

The Risk Management System implemented by Mediaset España Comunicación, S.A. (The "RMS" hereinafter) covers a series of processes and procedures developed internally in order to provide reasonable assurance of achieving the Group's objectives.

The RMS, based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), whose main objective is to provide the highest level of security, safety and transparency to our shareholders, to the various regulatory bodies National Stock Market Commission and the Spanish Competition and Markets Authority (CNMV, CNMC, etc.), to other stakeholders and, in general, the financial markets, and increase the company's value creation through proper risk management and leveraging opportunities that arise.

The RMS allows for the evaluation (in Euros) of the impact of each risk identified and which could potentially affect the Group's companies, its probability of materialisation and degree of control over each of them.

The Integral Management of Corporate Risk Policy is part of the said System and represents the framework on which the Integral Management of Corporate Risk Model (ERM) is based, which has the following principles:

- Ensure the effectiveness and efficiency of operations.
- Protect the assets owned by the Group.
- Ensure the reliability and integrity of financial information.
- Comply with the laws, regulations and applicable contracts.

With regards to the management bodies of Mediaset España Comunicación, S.A, the Board of Directors has been assigned the task of identifying the Group's main risks as well as implementing and following up on the information and internal control systems and suitable information. The Board of Directors of Mediaset España Comunicación, S.A is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance and monitoring of an adequate internal control system, as well as the development of improvements to that system. During 2019 the Audit Committee has reviewed the updated risk map of the company in which it has included tax and criminal, financial and non-financial risks.

Additionally, one of the Audit and Compliance Committee's fundamental responsibilities is to know, check and monitor the adequacy and integrity of the financial information preparation processes and risk management systems.

The Internal Audit Management is responsible for:

- promoting and supporting risk management;
- guaranteeing the Board of Directors the effective supervision of the Internal Control System, through the exercise of an independent and objective corporate function of assurance and consultation designed to add value and improve Mediaset España's operations;
- evaluate, control and monitor the business risks identified and managed by each of the different areas and departments of the companies of the Mediaset España Group;
- Supervising and coordinating activities related to IT security and to continuously develop and review the internal procedures in risk areas.

As a tool for carrying out these functions, the Internal Audit Department prepares the Annual Audit Plan based on the evaluation of the risks and suggestions received from both the Audit and Compliance Committee, and the various General Managements. This plan is presented for discussion and approval to the Audit Committee and Compliance.

In this Plan, the Internal Audit Management specifies:

- The Internal Audit Department's annual objectives.
- List of activities to be carried out (review procedures, compliance audits, development of procedures, special assignments, etc.)

- The calendar for when these activities will take place.
- Work teams assigned to each activity.
- Number of hours scheduled for each job and total number of hours of the Plan.
- Estimated budget for the cost of carrying out the Annual Audit Plan.

In relation to the time dedicated by the Internal Audit Department during 2019, 61.1% of the hours were dedicated to carrying out operational and compliance audits, 22.4% of the hours were dedicated to consultancy work, 12.8% to risk assessment and review and 3.7% to training.

In support of the audit of the annual accounts of Mediaset España Comunicación, S.A., during the second half of the year, the Internal Audit Department and a team of specialists from the external audit firm Deloitte carried out a review of the control environment and the security of the information systems related to the financial processes and the computer applications that support them. During this work, the level of control and the security processes applied for each of the business cycles were reviewed.

On the other hand, in addition to the controls established in each of the processes related to financial reporting and operational procedures, the Mediaset España Group has the following control units, as well as the Internal Audit Department:

- The Risk Committee, formed by the General Managers of Mediaset España Comunicación, Publiespaña and Publimedia Gestión and the Internal Audit Director, is a forum for common responses to the needs of management regarding risks, taking advantage of the synergies that may exist to efficiently carry out the minimization and control of the Group's risks. It facilitates the implementation of procedures that involve various General Managers and helps them in the daily operations of risk management. Finally, the Risk Committee is responsible for communicating to the Internal Audit Department, the need for procedures to satisfy the Risk control in its unit.
- The Control Units dependent on the General Operations' Management, carrying out controls related to budget management, expenses, meeting objectives and performance.
- The Purchases and Sales Committee supervises purchase transactions whose amount exceeds 20,000 euros. During 2019 the Committee met on 33 occasions.
- The IT Security Department conduct audits and periodic controls on existing systems and IT applications in Mediaset España's Group of companies.
- The Compliance and Prevention Unit, under the Audit and Compliance Committee and is formed by the Corporate General Director, the General Director of Management and Operations, Publiespaña's General Director and the General Director of Contents. The Internal Audit Director acts as Secretary of the same. Amongst its functions are the obligations related to the prevention of crimes and fraud Policy, the obligations related to the Code of Ethics and the obligations related to the Internal Code of Conduct in the Stock Markets. During 2018 the Committee met on 4 occasions.

During 2019 the following risks affecting the Company and / or its group have materialized:

1) Proceedings brought before Madrid Court of First Instance No. 6: ordinary proceedings No. 1181/10 Mediaset/ITV.

On 19 November 2010, the Company filed an ordinary lawsuit against ITV, seeking a declaration that the contract under which it obtained the licence to use the PASAPALABRA format was null and void, as well as two other related contracts: one for the provision of bookshop programmes and another for the development of television formats.

ITV contested the claim, requesting that it be dismissed in its entirety and filed a counterclaim, requesting that the Company be ordered to pay the consideration provided for in the three aforementioned contracts, and to be compensated for the damages caused.

On 3 February 2014, the Court issued a judgment dismissing the claim and partially upholding the counterclaim, declaring that the Company had breached the three agreements entered into with ITV and that it had infringed certain rights of that company, ordering the Company to pay the amounts claimed in the counterclaim, which were subsequently paid (around fifteen million euros, of which 5.4 million euros corresponded to the Pasapalabra format contract).

Subsequently, the Madrid Provincial Court, by judgment dated 20 September 2016, partially upheld the appeal filed by the Company, reducing by approximately half the compensation to which it was sentenced at first instance, considering that the termination of the two contracts signed together with that relating to the Pasapalabra format had not been breached; the compensation to be paid by the Company for continuing with the post-contractual use of the format on which the programme is based remains to be determined.

This judgment was appealed by both parties before the Supreme Court, which only admitted the appeal lodged by Mediaset, dismissing the appeal lodged by ITV's representatives.

Subsequently, by judgment dated 30 September 2019, the Supreme Court dismissed the appeal filed by Mediaset, and the aforementioned judgment of the Madrid Provincial Court of 20 September 2016 became final.

The Supreme Court considers that the criterion to be followed for the purposes of calculating the compensation payable by Mediaset to ITV for the post-contractual use of the Pasapalabra format is the profit obtained by Mediaset for the use of that format and not the hypothetical royalty that ITV should have received for the grant of a licence to use it.

This compensation must be established in the execution phase of the judgement, by means of a specific procedure, the commencement of which is not yet known. Taking into account the amounts already accounted for during the legal proceedings, the Company considers that the compensation to be paid to ITV is already covered in its Consolidated Statement of Financial Position.

2) Sanctioning proceedings initiated by the CNMC against Mediaset-Atresmedia for possible infringement of Articles 1 of the Law on the Defence of Competition and 101 of the Treaty on the Functioning of the European Union.

On 21 February 2018, the Comisión Nacional de los Mercados y la Competencia (CNMC) notified Mediaset España of the initiation of disciplinary proceedings (S/DC/617/17) for allegedly infringing Article 1 of the Law on the Defence of Competition (LDC) and Article 101 of the Treaty on the Functioning of the European Union (TFEU), as it considered that certain conditions for contracting

television advertising established by Mediaset España and Atresmedia could unjustifiably restrict the functioning of the market.

On 4 January 2019, the CNMC notified Mediaset España of the Statement of Facts in the aforementioned case, which was based on a series of premises and made certain allegations that lacked any factual and legal basis, as was made clear in the Statement of Allegations submitted by the Company on 6 February 2019.

On 7 February 2019, the Competition Directorate (CD) of the CNMC, in accordance with the provisions of article 39 of the Regulation on the Defence of Competition, agreed to initiate proceedings aimed at the conventional termination of the sanctioning proceedings in question.

On 29 April 2019, the CD agreed to reject the proposals for commitments submitted by Mediaset España (and Atresmedia), putting an end to the conventional termination procedure. This resolution was the subject of an appeal for reconsideration, which was rejected by Resolution dated 23 May 2019. On 29 May 2019, Mediaset España filed a contentious-administrative appeal against this resolution, which is currently being processed.

Without waiting for the resolution of said proceedings, the CNMC continued with the sanctioning proceedings, which concluded by Resolution of 14 November 2019, in which it declared Mediaset España, as well as Atresmedia, responsible for an alleged infringement of Article 1 of the LDC and Article 101 of the TFEU for the application of television advertising contracting conditions that, allegedly, could unjustifiably restrict the functioning of the market, consequently imposing sanctions on both companies which, in the case of Mediaset España, amounted to 38. 38,979 thousand, as well as the cessation of the allegedly infringing conduct.

However, that decision to impose penalties lacks any basis or evidence, since, essentially, Mediaset España has never coordinated its commercial advertising policy with Atresmedia, nor do either of the two companies hold a dominant position in the television advertising market which they could abuse.

It is considered that the relevant market to be taken into account for the latter purposes can no longer be the television advertising market, but the audiovisual advertising market, which is undoubtedly much broader, comprising not only television operators, but all audiovisual operators, including, therefore, those operating in the digital sphere (internet, OTTs, etc.).

In addition, that decision is vitiated by other defects, including: a deficient consideration of the market structure, an erroneous legal basis, a total lack of evidence of the effects allegedly generated and an error in the characterisation of the conduct, as well as numerous basic defects in the investigation carried out by the investigating body of the competition authority.

On 13 January 2020, within the period legally established for that purpose, Mediaset España lodged a contentious administrative appeal against that decision and requested the immediate suspension of its effects, both as regards the order to cease the conduct sanctioned and the payment of the penalty imposed; all of which is currently being processed, without any decision having yet been taken either on the interim measures or on the merits of the case.

The serious defects highlighted, together with the solid factual, legal and economic grounds provided, which are supported by reports from independent experts, give rise to confidence that the appealed Resolution will be annulled in the courts, and therefore the Consolidated Statement of Financial Position does not include any provision in relation to this contingency, as the directors and

their advisors consider that the risk of this liability finally materialising is not probable.

3) The company has received several disciplinary proceedings for non-compliance due to excessive broadcasting of advertising and content rating, although the impact on Mediaset's financial statements has not been material. The Corporate General Management has developed new awareness and control channels to reduce as far as possible any possible non-compliance in terms of advertising broadcasting and content rating.

4) Inherent risks of the audiovisual business due to the fragmentation of the market with the numerous free-to-air channels, or due to the weak performance of advertising investment in 2019 compared to 2018, have been very well controlled by the high reaction capacity of the company in relation to cost containment.

5) The incidents that occurred in 2019 due to digital security breaches were not significant.

6) No tax risks materialised during 2019.

F. Compliance and Prevention System.

The Compliance and Prevention Unit was set up by the Audit and Compliance Committee of Mediaset España Comunicación, SA, at a meeting held on December 21, 2016. It is composed of the Corporate General Manager, the General Director of Management and Operations, the General Manager of Publiespaña and the General Director of Content. The Director of Internal Audit will act as Secretary of the same.

Its main functions are those listed below, with an enunciative and non-limiting character:

a) Powers related to the Policy for the prevention of crimes and against fraud:

- (i) Definition and updating of the criminal risk map. Annual supervision of the model according to the "Supervision Plan of the Crime Prevention and Detection Model" that the Mediaset Group has prepared for this purpose.
- (ii) Establishment and updating of the necessary controls for the prevention and detection of criminal behaviour in the organisation of the Company.
- (iii) Design of training plans regarding criminal liability, aimed at executives and employees of the Company.
- (iv) Advise Company executives in making decisions that could have consequences of criminal liability.
- (v) Organise and control a repository of documentary evidence about existing controls.
- (vi) Management of the whistleblowing channel and internal investigations..

b) Powers related to the Code of Ethics:

- (i) Promote dissemination, knowledge and compliance with the Code of Ethics, promoting training and communication actions that it deems appropriate.

- (ii) Oversee and coordinate the application of the Code of Ethics by the different Group companies.
 - (iii) Evaluate annually the degree of compliance with the Code of Ethics.
 - (iv) Inform the competent government bodies about compliance with the Code of Ethics.
 - (v) Approve procedures and action protocols in order to ensure compliance with the Code of Ethics.
- c) Powers related to the Internal Code of Conduct in the Securities Markets:
- (i) Ensure compliance with the Internal Code of Conduct by executing the functions assigned by it to this Unit.

The Compliance and Prevention Unit met 5 times during 2019. This Unit presented its Annual Report to the Audit Committee, summarising all the actions and tests carried out on the general and specific controls in place at Mediaset España to mitigate the crimes that most affect the Group in terms of risk.

In 2019 Mediaset completed the adaptation of its criminal compliance model to the UNE 19601 standard and obtained final certification from AENOR in January 2020.

VII. Functioning of the Shareholders General Meeting.

During the 2019 financial year, two General Shareholders' Meetings were held on the following dates

1.- Ordinary General Shareholders' Meeting held on 10 April 2019, at 12:00 p.m., at first call, with the attendance of 820 shareholders present and 1,262 shareholders represented, all of them holding 233,235,471 shares, representing 71.231 % of the share capital of the Company.

Prior to the meeting, the notice of meeting was published sufficiently in advance, together with the agenda and the proposed corporate resolutions, previously approved by the Board of Directors. From the moment the meeting was convened, all the documentation relating to the meeting was made available to the shareholders.

The following resolutions were passed by majority:

First.- Examination and approval of the Annual Accounts, both the individual accounts of "Mediaset España Comunicación, S.A." and the consolidated accounts of its Group of Companies, for the year ended 31 December 2018.

Second.- Examination and approval of the Statement of Non-Financial Information of "Mediaset España Comunicación, S.A." and its Consolidated Group for the year ended 31 December 2018.

Third.- Examination and approval of the proposed application of the result obtained in the 2018 financial year.

Fourth.- Examination and approval of the management and performance of the Board of Directors during the 2018 financial year.

Fifth.- Authorisation for directors with executive functions and senior management to receive part of the variable remuneration accrued in the 2018 financial year in the form of shares in the Company.

Sixth.- Authorisation to the Board of Directors so that, if appropriate, it may establish a multi-annual remuneration system for Executive Directors and Executives of the Group of Companies indexed to the value of the Company's shares.

Seventh.- Examination and approval of the Annual Report on Directors' Remuneration 2018 of "Mediaset España Comunicación, S.A."

Eighth.- Delegation of powers to formalise, interpret, correct and execute the foregoing resolutions, as well as to substitute the powers that the Board of Directors receives from the General Meeting.

Ninth.- Information on the amendments made to the Regulations of the Board of Directors approved since the last General Meeting was held".

2.- Extraordinary General Shareholders' Meeting held on 4 September 2019, at 12:00 noon on single call, with the attendance of 790 shareholders present and 1,064 shareholders represented, all of them holding 249,054,830 shares, excluding treasury shares, representing 76.062% of the share capital of the Company.

Prior to the meeting, the notice of meeting, together with the agenda and the proposed resolutions previously approved by the Board of Directors, were published sufficiently in advance. From the moment the meeting was convened, all the documentation relating to the meeting was made available to the shareholders.

The following resolutions were approved by majority:

1) Approval of the spin-off of all the assets of Mediaset España Comunicación, S.A., in favour of its subsidiary Grupo Audiovisual Mediaset España Comunicación, S.A.U., in accordance with the documents approved and signed on 7 June 2019, respectively, by the Boards of Directors of Mediaset España Comunicación, S.A., and Grupo Audiovisual Mediaset España Comunicación, S.A.U. (merger balance sheet, merger project and directors' report).

2) Approval of the tripartite cross-border merger by absorption of Mediaset España Comunicación, S.A., and Mediaset S.p.A. by Mediaset Investment N.V., in accordance with the documents approved and signed on 7 June 2019 by the members of the boards of directors of the companies participating in the merger (merger balance sheet, common

merger plan and directors' report).

3) Authorisation for the acquisition and sale of treasury shares.

4) Delegation of powers.

VIII.- Functioning of the Board of Directors.

The Board of Directors met seven (12) times, with a very high attendance of its members. All meetings were chaired by its Chairman and, the General Operations 'Manager, who is also a member of Board of Directors attended.

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

As for the other decision-making bodies, the Executive Committee met on three (3) occasions and the Appointments and Remuneration Committee met on three (3) occasions, in both cases with the attendance of the majority of its members; minutes were taken of all meetings.

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