

**MEDIASET ESPAÑA COMUNICACIÓN, S.A**

**DIRECTOR'S REMUNERATION POLICY**

**2022 - 2024**

## **I. INTRODUCTION.**

The director's remuneration policy contained in this document has been designed in accordance with the amendments introduced into the Spanish Companies Act by the Law 5/2021 dated 12th April, which modifies the text of the consolidated Spanish Companies Act ("Law 5/2021"). Thus, in application of the provisions of article 529 novodecies of the Spanish Companies Act, it is the responsibility of the General Shareholders' Meeting to approve the director's remuneration policy as a separate point on the agenda and to be applied for a maximum period of three financial years.

Following the above, and in this regard, pursuant to the provisions of Articles 56 of the Articles of Association and 28 of the Board of Directors Regulations, the Board of Directors of Mediaset España Communication, S.A. (hereinafter, Mediaset España or the Company), at the proposal of the Appointments and Remuneration Committee, agreed at its meeting held on 23rd February, 2022, to submit the present Mediaset España's director's remuneration policy for the approval of the General Shareholders' Meeting, which shall apply for the remainder of the financial year 2022 and for the financial years 2023 and 2024 (hereinafter referred to as the "Policy" or the "Remuneration Policy").

In accordance with the aforementioned Article 529 novodecies of the Spanish Companies Act, this proposed remuneration policy for the Board of Directors is accompanied by a specific report issued by the Appointments and Remuneration Committee and a reasoned proposal from the Board of Directors which will be available to shareholders on the Mediaset España website ([www.mediaset.es/inversores.es](http://www.mediaset.es/inversores.es)) from the General Meeting call, who will also be able to request a copy of the document or that it is sent free of charge.

## **II. PRINCIPLES ON WHICH THE REMUNERATION POLICY IS BASED.**

In accordance with the principles governing Mediaset España's management, in accordance with the provisions of article 28 of the Board of Directors Regulations and the best corporate governance practices, the Remuneration Policy must be:

- In accordance with the responsibilities assigned to them and the dedication employed.
- Incentive based and therefore, likely to retain the directors with the desired profile and to remunerate the dedication, qualification and responsibility that the position requires. In the case of non-executive directors, this policy also seeks to ensure that the amount of their remuneration is such as to offer incentives for their dedication and permanence in the Company, but not so high as to compromise their independence.
- Related, at all times, to the importance of the Company in the business environment and its economic situation.
- In line with the market standards of companies of similar size and activity.
- Designed to promote the long-term profitability and sustainability of the Company.
- Contain the necessary precautions to prevent excessive risk taking and rewarding for unfavourable results.

### **III. PROCESS OF ESTABLISHING THE REMUNERATION POLICY.**

The Remuneration Policy must be subject to approval at least once every three years by the General Shareholders' Meeting and its approval will require the intervention of the following corporate bodies of Mediaset España:

- (i) **The Appointments and Remuneration Committee:** The Appointments and Remuneration Committee, comprised solely of external directors and therefore no executive directors, in addition to preparing the proposal of the Remuneration Policy for submission to the Board of Directors, must approve a specific report explaining and justifying the Remuneration Policy.

The Committee also ensures the transparency of remuneration and its inclusion in the Annual Report, in the Annual Corporate Governance Report, in the Annual Directors' Remuneration Report, as well as in all information on directors' remuneration, and submits any information it considers relevant in this respect to the Board.

Likewise, the Committee reports to the Board of Directors about setting each Director's individual remuneration for the performance of their non-executive duties within the framework of the Articles of Association and the Remuneration Policy, as well as setting each Director's individual remuneration for the performance of the executive duties attributed to them within the framework of the Remuneration Policy and in accordance with the provisions of their contract.

- (ii) **Board of Directors:** The Board of Directors is the body in charge of presenting a reasoned proposal on the Remuneration Policy to the General Shareholders' Meeting. The proposal of the Board of Directors must be made available to the General Shareholders' Meeting when it is called. The Board of Directors is also the competent body, upon proposal by the Appointments and Remuneration Committee, to determine and approve the terms and conditions of the Company's Executive Directors' contracts, within the framework of the Remuneration Policy approved by the General Shareholders' Meeting (articles 249 and 529 octodecies of the Spanish Companies Act), with the Executive Directors abstaining from participating in the deliberation and voting on these resolutions.
- (iii) **The General Shareholders' Meeting:** The General Shareholders' Meeting shall approve, where appropriate, the Company's Remuneration Policy, which shall remain in force from the date of its approval and for the following two financial years.

On the other hand, in order to avoid possible conflicts of interest, Directors must take into account the following principles of action:

- Independence, acting at all times with professionalism and loyalty to Mediaset España regardless of their own interests or those of third parties.
- Abstention, not intervening in or influencing the decision-making process that may affect Mediaset España where there is a conflict of interest. In this regard, those Directors who, following a public request, have been appointed as proxies by a shareholder for the General Meeting, shall abstain from exercising the voting rights corresponding to the shares

represented in relation to resolutions concerning the Remuneration Policy, unless they have received voting instructions in this regard.

Any amendment or replacement of the Policy shall also require the prior approval of the General Shareholders' Meeting, notwithstanding the provisions of article 529 novodecies.5 of the Spanish Companies Act, in respect of those remunerations expressly approved by the General Shareholders' Meeting.

#### **IV. REMUNERATION OF DIRECTORS IN THEIR CAPACITY AS SUCH.**

Following the provisions of the Company's governance regulations, the Directors, in their capacity as members of the Board of Directors, will be entitled to receive remuneration from the Company that will consist of a fixed annual amount and attendance fees. In the case of the Chairmen of the Board of Directors, and of the Executive, Audit and Compliance, and Appointments and Remuneration Committees, attendance fees may be higher, if so determined by the Board of Directors.

The Ordinary General Meeting of the Company held on 15th April, 2015 agreed to set the maximum amount that the Company can pay to all of its Directors in their capacity as such in respect of (i) fixed annual remuneration and (ii) attendance fees, in the amount of 2,500,000 euros throughout each year, an amount which has not been modified since then; provided that, in the exceptional event that the number of Board or Committee meetings held in a given year reach the maximum amount indicated, the remaining sessions of the Board or its committees to be held within that year will not generate the right to receive allowances.

Furthermore, notwithstanding the fact that, in accordance with Article 56.1 of the Company's Articles of Association, the amount indicated above will be increased annually according to the Consumer Price Index the Company's Board members have so far waived such increase, thus maintaining the same amount since its approval at the Company's General Shareholders' Meeting on 15<sup>th</sup> April 2015.

The Director's remuneration does not provide for the granting of loans or advances or guarantees; likewise, their participation in social welfare systems is not provided for, nor indemnities for termination of their relationship with the Company. Also, they do not receive any remuneration for belonging to other Boards of Directors of the Group's companies.

In accordance with the provisions of the Articles of Association, the Chairman of the Board of Directors, who does not have executive functions, will receive additional remuneration for the special dedication required by the position for a maximum annual amount of two million euros. This must be approved by the Board of Directors following a prior report from the Appointments and Remuneration Committee.

## **V. EXECUTIVE DIRECTORS REMUNERATION.**

### **V.1. Retributive concepts applicable to Executive Directors**

With respect to the remuneration of executive directors for the performance of delegated or executive functions, in the latter case in their capacity as directors of the Company, in accordance with the provisions of article 56.2 of the Articles of Association they are entitled to receive the following the Remuneration concepts:

- (i) An annual fixed sum that is appropriate to the delegated services and responsibilities assumed.
- (ii) An annual variable sum correlated to the Director's or the Company performance indicators, consisting of:
  - (a) Variable remuneration referenced to budgetary and individual objectives.
  - (b) Medium-term incentive and loyalty system referenced to the market value.
- (iii) Benefits, which shall provide for the appropriate welfare and insurance systems and, where appropriate, social security.
- (iv) Remuneration in kind in accordance with the regime established by the Company for directors.
- (v) Compensation in the event of separation or any other form of termination of the legal relationship with the Company, exclusivity agreements, post-contractual non-competition and/or permanence or loyalty agreements.

The maximum amount of executive directors' annual remuneration for the concepts referred to in section V of the Remuneration Policy amounts to 5,500,000 euros, not including the executive director's remuneration as members of the Board of Directors and any possible compensation that may have to be paid to any of them. None of the executive Directors receive any remuneration for belonging to other governing bodies of Group companies.

There are currently three executive directors: Mr. Paolo Vasile (CEO), and Mr. Massimo Musolino and Mr. Mario Rodríguez Valderas (who perform management functions in the Company).

#### **(i) Fixed Remuneration.**

The executive directors of the Company receive a fixed sum of monetary remuneration established in their respective contracts, appropriate to the functions and responsibilities attributed to each director, either through delegated functions of the Board of Directors or their director's status.

In particular, the Board of Directors, following a report from the Appointments and Remuneration Committee, has agreed that the CEO Mr. Paolo Vasile will receive fixed annual remuneration of €929,695 in 2022. This fixed remuneration may be subject to an annual update by decision of the Board of Directors and following a report from the Appointments and

Remuneration Committee, all of which based on the performance of the Company's results, the work performed by the CEO and the remuneration observed in comparable companies.

In relation to Mr. Musolino and Mr. Rodríguez Valderas, in their capacity as directors, the fixed annual remuneration for each of them has been set at €560,000 for the former and €408,000 for the latter. This remuneration may also be subject to annual updating at the proposal of the CEO and in accordance with the applicable legal requirements, based on the evolution of the Company's results, the professional work performed and the remuneration observed in comparable companies.

The above updates of the fixed remuneration amounts in accordance with the aforementioned criteria shall be disclosed in the corresponding Annual Directors' Remuneration Report, which shall be made available to the shareholders at the time the Annual General Meeting of the Company is called.

**(ii) Variable remuneration linked to budgetary targets.**

The executive directors, in respect of both the delegated functions of the Board and the performance of their management functions within the Company, receive variable remuneration correlated to Mediaset España's performance indicators and personal performance, as shown below.

In particular, the Chief Executive Officer of the Company will receive variable remuneration on the terms set out in his contract, correlated to the following performance targets:

<b>The Chief Executive Officer's objectives</b>
<p>The targets set for the CEO are based on the following variables:</p> <ul style="list-style-type: none"><li>(i) Consolidated group EBIT (50% weighting)</li><li>(ii) Free Cash Flow (30% weighting)</li><li>(iii) Advertising revenues (20% weighting)</li></ul> <p>The sum of the weightings is 100%, the result of each objective being independent of the rest.</p>

The planned variable remuneration scheme for the Chief Executive Officer allows for the achievement of between 50% (for a target achievement rate of 85%) and 130% of the fixed remuneration (for a target achievement rate of more than 105%).

The approval and evaluation of the CEO's objectives is carried out by the Board of Directors, following a report from the Appointments and Remuneration Committee. For this purpose, the proposals, the results achieved and the resulting amount are submitted to the Appointments and Remuneration Committee beforehand.

On the other hand, Mr. Musolino and Mr. Rodríguez, in their capacity as directors, will receive variable remuneration linked, on the one hand, to individual objectives and, on the other hand, to the Company's performance objectives, as shown below:

<b>Objectives executive directors (in their capacity as directors).</b>
<ul style="list-style-type: none"><li>• Individual objectives.</li><li>• Company performance targets, including:<ul style="list-style-type: none"><li>(i) Consolidated Group EBIT.</li><li>(ii) Free Cash Flow.</li><li>(iii) Cumulative audience of the Group's channels.</li><li>(iv) Advertising revenue.</li><li>(v) Other.</li></ul></li></ul>
Each objective shall be assigned a weighting percentage, and the sum of the weightings shall be 100%, with the result of each objective being independent of the rest.

In relation to Mr. Massimo Musolino, the variable remuneration scheme established allows for a maximum achievement of 51% of the fixed remuneration. 17% depends on individual objectives, another 17% on company objectives (the achievement of which is a condition for the accrual of variable remuneration), with the remaining 17% depending on performance evaluation during the year.

In the case of Mr. Mario Rodríguez, a variable remuneration scheme has been planned that allows for a maximum of 56% of the fixed remuneration to be achieved. Twenty per cent depends on individual objectives, 20% on company objectives (the achievement of which is a condition for the accrual of variable remuneration), and 16% depends on the evaluation of his performance during the year.

The objectives of these two executives, in their capacity as directors, are established by the Chief Executive Officer, who also evaluates the achievement of these objectives, at the proposal of the Human Resources Management, although these objectives must be approved by the Board of Directors, following a prior report from the Appointments and Remuneration Committee.

In any event, when determining the variable remuneration of executive directors, any qualifications stated in the external auditor's report that reduce the Company's results shall be taken into account.

The payment of variable remuneration, both that of the Chief Executive Officer and that of the executive directors in their capacity as directors of the Company, is deferred for four months from the end of the year, after application of the internal procedures for verifying compliance with the previously established performance conditions and, in any case, after approval by the General Meeting; verification of compliance with these objectives is carried out after the end of the financial year, in accordance with the following procedure:



- (i) In the three months following the end of the financial year, the Board of Directors and/or the Chief Executive Officer, if applicable, at the time the annual accounts for the previous financial year are drawn up, carries out the evaluation of compliance with the approved objectives; it being necessary, therefore, for the annual financial year under evaluation to have been closed and the annual accounts audited and drawn up.
- (ii) In addition, once compliance with the previously established performance conditions has been verified, the actual payment of variable remuneration does not take place until four months after the end of the financial year, once the annual accounts have been approved by the General Shareholders' Meeting, which allows the Company to detect any possible non-compliance or irregularity, in which case the variable remuneration is not paid.

The executive Directors, together with other directors of the Mediaset España Group, may receive part of the variable remuneration corresponding to them, in shares of the Company.

Therefore, the Board of Directors shall submit a proposed resolution to the General Shareholders' Meeting for approval on an annual basis to enable this initiative to be carried out, in accordance with the following conditions:

- Voluntary nature: the receipt of the variable remuneration in shares shall be voluntary on the part of the beneficiaries.
- Maximum limit: the maximum amount of shares to be received by each beneficiary is the amount resulting from applying 12,000 euros to the average share price on the day of the delivery date.
- Value of the shares: the average share price on the day of the delivery date.
- Term: the remuneration scheme shall apply until the date of delivery, which shall be verified within one month from the date of approval by the General Meeting, if applicable.

**iii. Medium-term incentive and loyalty scheme indexed to the share price.**

Upon proposal of the Appointments and Remuneration Committee, the Board of Directors may propose to the General Meeting the approval of a medium-term incentive and loyalty scheme indexed to the share price, which shall be applicable to financial years 2022 to 2024, both included. The main objectives of the aforementioned incentive scheme would be as follows:

- Reward the sustainability of the Company's results.
- Improve the composition of remuneration.
- Align the interests of "*top management*" with shareholders.

This scheme would consist of three multi-year plans, each lasting three years (2022-2024, 2023-2025 and 2024-2026), which would be comprised of a contribution by each beneficiary and a contribution by the Company, determining the amount to be invested in the purchase of shares in the Company and attributed to the beneficiary in each of the years in which each plan commences.

As indicated above, each plan would run for three years, and the accrual of the shares awarded under each plan would be dependent on the achievement of the budgetary targets set, cumulatively, for each of the three years of each plan's duration.



*(For illustrative purposes: the shares corresponding to the 2022 plan would be allocated to each beneficiary in this financial year and their accrual would be dependent on the cumulative achievement of the budgetary objectives for the financial years 2022, 2023 and 2024. It will therefore be after the approval of the annual accounts for the financial year 2023 that the degree of accrual of this plan will be known. And so on).*

The right to receive shares shall in any event be subject to employment being maintained at the end of each three-year period.

It should be borne in mind, therefore, that (i) the shares which, in compliance with the Plan, are to be allocated to each Director, may not be delivered if the conditions established for their delivery are not met; and (ii) the value attributed to the allocated shares will be their market value at the time of their allocation, which does not necessarily correspond to the value that such shares will have at the time they are delivered.

**(iv) Benefits.**

Both the Chief Executive Officer and the other two executive Directors, in their capacity as Company directors, are beneficiaries of life and accident insurance, as well as health insurance including beneficiaries.

There are no long-term savings schemes foreseen in consideration of executive Directors' retirement. However, in accordance with the contract signed with Mr. Massimo Musolino, the Company makes an annual provision consisting of one-thirteenth of the sum of the annual fixed and variable remuneration, discounted by reference to the annual Consumer Price Index, which would become effective at the time when said Director leaves the Company. Its annual cost is 57,050 euros.

**(v) Remuneration in kind.**

Both Mr. Vasile, in his capacity as CEO, and Mr. Musolino and Mr. Rodríguez Valderas, in their capacity as Company directors, receive remuneration in kind for customary and specific concepts of the Company's management team:

- CEO: (i) company car; (ii) house in Spain (Madrid) and parking space; (iii) tax payments on account paid by the employer.
- In the case of the rest of the executive directors, in their capacity as directors: (i) company car; (ii) tax payments on account paid by the employer.

**V.2. Contractual conditions of the executive Directors.**

**Duration:**

Mr. Paolo Vasile's contract as Chief Executive Officer is of a commercial nature and is linked, in terms of its duration and functions, to his position as the Company's Chief Executive Officer.

In the other two cases, the contracts are of indefinite duration as they are linked to their status as Company directors.

**Indemnities:**

In the cases of Mr. Massimo Musolino and Mr. Mario Rodríguez, in their capacity as directors: in the event of any change in the Company's ownership/control (direct or indirect), and in cases of unfair dismissal, collective, objective dismissal or termination by both directors for the causes set forth in articles 39, 40, 41, and 50 of the Workers' Statute, will be entitled to receive, in addition to the severance pay to which they would be entitled (considering, in all cases, their contractual relationship as an employment relationship) two annual payments of their full gross annual remuneration, including all concepts and items of remuneration.

Additionally, Mr. Massimo Musolino has the following indemnity regime:

- (i) Voluntary redundancy: accrual per year: Fixed salary + annual variable, divided by 13.5, the total remuneration is the sum of the amounts corresponding to the number of years worked.
- (ii) Termination by fair or unfair dismissal: legal allowance, plus indemnity provided for in point (i) above.

**Exclusivity, post-contractual non-competition, permanence or loyalty agreements:**

None of the executive directors' contracts contain any post-contractual non-competition or permanence obligations.

Notwithstanding the fact that the duty of loyalty prevents any director from engaging in activities on his own behalf or on behalf of others which involve effective, actual or potential competition with the Company, Mr. Musolino's contract, by reference to his status as a director, contains an exclusivity clause which establishes a prohibition on competition, as well as a prohibition on being linked to another company, maintaining an employment or professional relationship, directly or indirectly, with persons, companies and entities that carry out business or commercial activities that are or may be in competition with the corporate purpose of Mediaset España, or the specific activity carried out by the latter, providing that in the event of breach, Mediaset shall be entitled to deduct from the salary settlement those corresponding to the period defaulted.

**VI. HOW THE REMUNERATION POLICY CONTRIBUTES TO THE STRATEGY, INTERESTS AND LONG-TERM SUSTAINABILITY OF THE COMPANY**

As mentioned above, the profitability and sustainability of the Company and its Group is one of the principles on which Mediaset España's Remuneration Policy is based.

In this regard, and in particular, the Policy aims to encourage the sustainable achievement of results and alignment with the interests of Mediaset España's shareholders and all its stakeholders in the long term.

In this respect, the Remuneration Policy has been and will continue to be a fundamental instrument for making sustainability an integrated concept in the day-to-day work of all areas of the Company.

In accordance with the above, the remuneration of the executive Directors and the Chairman shall incentivise their performance and professional performance and reward value creation in the long-term. In particular, the variable components of executive directors' remuneration, both that of the Chief Executive Officer and that of the other two executive directors in their capacity as Company directors, are linked to predetermined and measurable criteria that consider the risk assumed to obtain a result, promote the Company's sustainability and are configured on the basis of a balance between meeting short, medium and long-term objectives in such a way that they do not derive solely from one-off, occasional or extraordinary events or from the general evolution of the markets or of the Company's sector of activity.

In addition, as indicated above, one of the main objectives of the medium-term incentive and loyalty scheme linked to the value of the Company's shares would be to reward the sustainability of the Company's results.

## **VII. HOW THE POLICY RELATES TO THE WORKERS' PAY AND EMPLOYMENT CONDITIONS AT MEDIASET ESPAÑA**

Mediaset España has established a remuneration scheme in which it offers all its professionals (including Directors, executives and other employees) a fair level of remuneration that is in line with the employment market.

With the scheme, the Company seeks to retain talent and encourage the motivation of all its professionals. The remuneration for both management and non-management employees is based on the criteria of position, functions and powers, professional worth and degree of responsibility. Based on these criteria, the Company maintains what is considered a fair and reasonable remuneration system at all levels. In this respect, in establishing the remuneration conditions of the Board members set out in this Remuneration Policy, the company has taken into consideration the remuneration and employment conditions of its employees.

In this regard, the principles set out in Mediaset España's Code of Ethics have defined the remuneration system established in this Policy, encouraging the promotion of equal opportunities in all matters relating to employment, working conditions, training, development and promotion of Mediaset España's professionals. Likewise, excellence in work and the search for constant improvement is a maxim of the Company in order to develop the talent and skills of employees and directors, maximising efficiency and the creation of long-term sustainable value.

Like the rest of Mediaset España's management team, a significant part of the total remuneration of Directors who perform executive functions in the Company is of a variable nature and their remuneration is linked to the achievement of a combination of specific, predetermined and quantifiable quantitative and qualitative objectives, aligned with the Company's interests.

**VIII. VALIDITY OF THE REMUNERATION POLICY**

If approved by the General Shareholders' Meeting to be held in the first half of the year, this policy will remain in force from the time of its approval in 2022 until the financial year 2024.

\*\*\*\*\*