

**MEDIASET ESPAÑA COMUNICACIÓN, S.A.**

Independent Review Report on  
the 2014 Corporate Governance Report



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

## **INDEPENDENT REVIEW REPORT ON THE ANNUAL CORPORATE GOVERNANCE REPORT 2014 OF MEDIASET ESPAÑA COMUNICACIÓN, S.A.**

To the Board of Directors of Mediaset España Comunicación, S.A.,

### **SCOPE OF THE WORK**

We have reviewed the Annual Corporate Governance Report 2014 of Mediaset España Comunicación, S.A., with respect to sections A, B,C,D,E,G and H, prepared in accordance with Order ECC/461/2013, which lays down, inter alia, the minimum content and structure of the Annual Corporate Governance Report, and Circular 5/2013, of the National Securities Market Commission (CNMV), which sets out the model Annual Corporate Governance Reports, inter alia, of listed companies.

Concerning the content of section G) of the Annual Corporate Governance Report and for those recommendations of the Unified Code which have not been implemented by the Company, the Directors offer the explanations which they consider appropriate. Due to its nature, in such cases our work has consisted solely of verifying that the assertions contained in the Report do not contradict the evidence obtained from the application of the procedures carried out in our review. The scope of this verification report does not include expressing an opinion on the reasonableness of such explanations .

Concerning the content of section F) of the accompanying Corporate Governance Report, which contains the description of the Financial Information Internal Control System of Mediaset España Comunicación, S.A., the review of the content of that section exceeds the scope of this report since it does not form part of the engagement of the review of the Annual Corporate Governance Report.

### **Directors' Responsibility for the Annual Corporate Governance Report**

The preparation of the Annual Corporate Governance Report and its content are the responsibility of the Board of Directors of Mediaset España Comunicación, S.A., that is also responsible for designing, implementing and maintaining the procedures through which information is obtained.

### **Our Responsibility**

Our responsibility is to issue an independent assurance report based on the procedures applied in our review in accordance with Standard ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with respect to limited assurance engagements.

A review is substantially less in scope than work designed to obtain reasonable assurance. Accordingly, a lower level of assurance is provided. In no event may this report be understood as an audit report in the terms provided in the Audit Law approved by Legislative Royal Decree 1/2011.



## **Procedures performed**

For the purposes of the issue of this report, we have applied the following procedures, inter alia:

- Reading and understanding of the information prepared by the Company and included in the Annual Corporate Governance Report 2014 and assessing whether such information addresses the entire content required under Order ECC/461/2013 and Circular 5/2013 of the National Securities Market Commission (CNMV).
- Reading of the legal documentation, minutes of the General Shareholders' Meeting and Board of Directors' meetings, the individual and consolidated annual accounts for 2014 and other internal and external correspondence concerning the appropriateness of the information included in the Annual Corporate Governance Report.
- Conducting of interviews with the personnel of Mediaset España Comunicación, S.A. including members of management and other bodies responsible for the areas of Company governance covered by the Report.
- Analysis of the procedures used to compile and validate the data and information presented in the Annual Corporate Governance Report.
- Verification, through review tests based on sampling, of the quantitative information included in the Annual Corporate Governance Report and its appropriate compilation based on the data provided by the Management of Mediaset España Comunicación, S.A. and, if appropriate, against the figures included in the individual and consolidated annual accounts for 2014 provided by the management of Mediaset España Comunicación, S.A.
- Obtention of a letter of representation concerning the work performed, duly signed by the persons responsible for the preparation and drawing up of the Annual Corporate Governance Report.

## **Independence and Quality Control**

We have carried out our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).

In accordance with *International Standard on Quality Control 1* (ISQC 1), our firm has an overall system of quality control which includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable regulations.

## **Conclusion**

As a result of our review and taking into account the scope of the work mentioned above, no matters have come to light which lead us to believe that the accompanying 2014 Annual Corporate Governance Report of Mediaset España Comunicación, S.A. contains significant errors or has not been prepared, in all material respects, in accordance with Order ECC/461/2013 and Circular 5/2013 of the National Securities Market Commission (CNMV).

PricewaterhouseCoopers Auditores, S.L.

Fernando Torres

25 February 2015

## ANNEX I

### ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

#### COMPANY IDENTIFICATION

YEAR ENDED: 12/31/2014

C.I.F. A-79075438

Company name:  
MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Registered address:

CARRETERA DE FUENCARRAL A ALCOBENDAS 4 – MADRID 28049

**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
12/29/2010	203,430,713.00	406,861,426	406,861,426

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
MR. SILVIO BERLUSCONI	0	169,058,846	41.55%
PROMOTORA DE INFORMACIONES, SA	14,891,677	0	3.66%
MEDIASET SPA	169,058,846	0	41.55%
LAZARD ASSET MANAGEMENT LLC	0	12,247,763	3.01%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
MR. SILVIO BERLUSCONI	MEDIASET SPA	169,058,846
PROMOTORA DE INFORMACIONES SA		0
MEDIASET SPA		0
LAZARD ASSET MANAGEMENT LLC	UNKNOWN	12,247,763

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
PROMOTORA DE INFORMACIONES SA	09/02/2014	Stake reduced to less than 5%
LAZARD ASSET MANAGEMENT LLC	06/10/2014	Stake higher than 3%
INVESCO LIMITED	11/17/2014	Stake reduced to less than 3%

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. JOSÉ RAMÓN ÁLVAREZ RENDUELES	17,640	654	0.00%
MR. ANGEL DURÁNDEZ ADEVA	4,237	0	0.00%
MR. ALEJANDRO ECHEVARRÍA BUSQUET	47,023	0	0.01%
MR. FRANCISCO DE BORJA PRADO EULATE	719	7,412	0.00%
MR. PAOLO VASILE	8,426	0	0.00%
MR. MASSIMO MUSOLINO	15,361	0	0.00%
MR. MARIO RODRÍGUEZ VALDERAS	10,303	0	0.00%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	ALVARVIL, SA	654
MR. FRANCISCO DE BORJA PRADO EULATE	BOPREU, SL	7,412

<b>% of total voting rights held by directors</b>	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 held indirectly	Number of equivalent shares	% of total voting rights
MR. PAOLO VASILE	201,750	0	201,750	0.05%
MR. MASSIMO MUSOLINO	91,500	0	91,500	0.02%
MR. MARIO RODRÍGUEZ VALDERAS	60,400	0	60,400	0.02%

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 Corporate Enterprises Act (LSC). If yes, describe these Shareholders' Agreements briefly as well as the shareholders related there under

Yes \*

No

Members of shareholder pact
MEDIASET SPA MEDIASET ESPAÑA COMUNICACIÓN, S.A. PROMOTORA DE INFORMACIONES SA

**% of share capital affected:** 0.00%

**Brief description of agreement:**

Integration Contract

In accordance with Clause 3.4 of the Integration Agreement and as described in the Prospectus dated 18 November 2010, Promotora de Informaciones, S.A. (formerly Prisa Televisión) is entitled to appoint two members to Mediaset España's Board of Directors and will be entitled to keep one director for as long as it holds a minimum of 5% of Mediaset España's share capital. In addition, whilst Promotora de Informaciones, S.A. holds 10% of Mediaset España's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee and a member of the Remuneration and Nomination Committee

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

Yes

No \*

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

During 2014, the abovementioned shareholder pact was rendered null and void.

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 \*

No

Name or company name
Mediaset SPA

Comments
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Fininvest SPA (owned by Mr. Silvio Berlusconi) holds 38.98% (38.62% directly and 0.36% indirectly) of the voting rights and appoints the majority of the directors of Mediaset SPA, which owns directly 41.552% of the voting rights of Mediaset España Comunicación, S.A.

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

**At year-end:**

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
39,284,862	0	9.66%

**(\*) Held through:**

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

<b>Date of notification</b>	<b>Total number of direct shares acquired</b>	<b>Total number of indirect shares acquired</b>	<b>% of total share capital</b>
07/25/2014	34,583,221	0	8.50%

**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 9, 2014, under item 8 of the agenda, authorized the Board of Directors to acquire and transfer own shares, with a total of 287,327,805 votes representing 82.774% of share capital in favor, 59,320,333 votes representing 17.0830% of share capital against, 596,888 abstentions representing 0.1719% of share capital and 3,903 blank votes representing 0.0011% of share capital. This mandate shall remain effective until the next General Shareholders' Meeting, slated for 2015.

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 Corporate Enterprises Act currently in effect, to proceed to buy back shares of the company by any means, directly or through companies owned by it, subject to the following limits and requirements:
  - The shares may be acquired by purchase or any other form of transfer for good and valuable consideration.
  - The maximum number of shares to be acquired, in addition to those already in the name of Mediaset España Comunicación, S.A. or any of its acquired companies, shall not exceed ten per cent (10%) of the share capital.
  - Shares acquired shall be free of all encumbrances or charges, totally paid and not subject to any other obligation.
  - 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.
  - Effective period of the authorization: Five (5) years starting from the date of the present agreement.
  - 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 17, 2013.
3. To authorize the Board of Directors to use either all or part of the treasury shares acquired to execute remuneration plans whose purpose is or which entails the delivery of shares or share options, or which are based in any way on the performance of the shares on the stock market, as established in Paragraph 1a of Section 146.1.a) of the Corporate Enterprise Act.
4. To authorize the Board of Directors to fund, upon resolving to acquire own shares, a non-distributable reserve for an amount equal to the acquisition cost of the shares.



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 \*

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 \*

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 common regulated market.

Yes  No \*

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 \* No

	<b>% of quorum different from that established in Section 193 of the LSC for general cases</b>	<b>% of quorum different from that established in Section 194 of the LSC for special cases under Section 194 of the LSC</b>
Quorum required on 1st call	50.00%	0%
Quorum required on 2nd call	0%	0%

### Description of differences

According to Mediaset's Bylaws, 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 Bylaws 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 the Company and, in general, any modification to the Bylaws (Section 194 of the Corporate Enterprises 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 \*

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

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

To amend articles in the Bylaws, the following percentages are required: minimum quorum of attendees: 50% is necessary for a vote in favor by more than half of the voting shares present or represented in the shareholders meeting, unless legal regulations or the company's governance guidelines stipulates a higher majority.

In addition, when proposals have been submitted to amend the Bylaws, shareholders receive a report explaining the proposed amendments drawn up by the Board of Directors. No proposals to amend by the Bylaws 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	
04/09/2014	45.50%	41.13%	0%	0%	86.63%

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

Yes  No

- B.6 Indicate whether decisions involving a fundamental corporate change ("subsidiarization", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company law.

Yes  No

- 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.

Any 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 Bylaws:

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	Position on the Board	Date of first appointment	Date of last appointment	Method of appointment
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES		Director	07/28/2004	04/14/2010	Agreement General Shareholders' Meeting
MR. ANGEL DURÁNDEZ ADEVA		Director	05/20/2004	04/14/2010	Agreement General Shareholders' Meeting
MR. ALEJANDRO ECHEVARRÍA BUSQUET		Chairman	05/15/1996	04/09/2014	Agreement General Shareholders' Meeting
MS. HELENA REVOREDO DELVECCHIO		Director	04/01/2009	04/09/2014	Agreement General Shareholders' Meeting
MR. FRANCISCO DE BORJA PRADO EULATE		Director	07/28/2004	04/14/2010	Agreement General Shareholders' Meeting
MR. GIUSEPPE TRINGALI		Director	03/29/2004	04/09/2014	Agreement General Shareholders' Meeting
MR. GIULIANO ADREANI		Director	09/26/2001	04/09/2014	Agreement General Shareholders' Meeting
MR. ALFREDO MESSINA		Director	06/30/1995	04/09/2014	Agreement General Shareholders' Meeting
MR. FEDELE CONFALONIERI		Vice president	12/21/2000	04/09/2014	Agreement General Shareholders' Meeting
MR. MARCO GIORDANI		Director	05/07/2003	04/09/2014	Agreement General Shareholders' Meeting
MR. PAOLO VASILE		Chief Executive Officer	03/29/1999	04/09/2014	Agreement General Shareholders' Meeting
MR. MASSIMO MUSOLINO		Director	04/09/2008	04/17/2013	Agreement General Shareholders' Meeting
MR. MARIO RODRÍGUEZ VALDERAS		Secretary Board Member	04/09/2014	04/09/2014	Agreement General Shareholders' Meeting

<b>Total number of directors</b>	<b>13</b>
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Indicate any board members who left during this period:

Name or corporate name of director	Status of the director at the time	Leaving date
MR. MANUEL POLANCO MORENO	External proprietary	10/29/2014
MR. JUAN LUIS CEBRIÁN ECHARRI	External proprietary	10/29/2014

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

#### **EXECUTIVE DIRECTORS**

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

<b>Total number of executive directors</b>	3
<b>Total % of the Board</b>	23.08%

#### **EXTERNAL PROPRIETARY DIRECTORS**

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

<b>Total number of external proprietary directors</b>	5
<b>Total % of the Board</b>	38.46%

## **INDEPENDENT EXTERNAL DIRECTORS**

### **Name or company name of the director:**

MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES

#### **Profile:**

University Professor, PhD in Economics and Law Degree, President of Peugeot España, S.A., and Peugeot Citroen Automóviles España, S.A., President of Sanitas, Member of the Board of Directors of Arcelor Mittal España, S.A., Sareb, and Assicurazioni Generali España.

### **Name or company name of the director:**

MR. ANGEL DURÁNDEZ ADEVA

#### **Profile:**

Economy degree, Professor of Commerce, registered Auditor, and founding member of the Official Register of Auditors. He joined Arthur Andersen in 1965 and was a partner in the firm from 1976 to 2000. Until March 2004, he directed the Euroamerica Foundation, of which he was the founding sponsor; the entity is devoted to fostering business, political, and cultural relationships within the European Union and other Latin American countries. He is currently on the Repsol S.A. Board of Directors, as well as those of Quántica Producciones, S.L., and Ideas4all, S.L., member of the FRIDE (Fundación para las Relaciones Internacionales y el Desarrollo Exterior) Advisory Committee, President of Arcadia Capital, S.L. and Información y Control de Publicaciones, S.A., member of the Fundación Germán Sánchez Ruipérez Advisory Committee and Vice President of the Fundación Euroamérica.

### **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. FRANCISCO DE BORJA PRADO EULATE

**Profile:**

Degree in Law.  
Chairman of Endesa, SA  
Executive Chairman of Mediobanca in Spain, Portugal and South America  
Vice-president of Enersis, SA  
Member of the Spanish group of the Trilateral Commission

<b>Total number of independent directors</b>	4
<b>Total % of the Board</b>	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**

<b>Name or corporate name of director</b>	<b>Committee notifying or proposing appointment</b>
MR. ALEJANDRO ECHEVARRÍA BUSQUET	Appointments Remuneration Committee

<b>Total number of other external directors</b>	1
<b>% of the board</b>	7.69%

Explain why these cannot be considered 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**

NOT APPLICABLE

**Reasons:**

Having fulfilled the role of member of the Company's board for a period of over 12 years, Mr. Echevarria may not continue as an independent director.

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

Name or corporate name of director	Date of change	Previous category	Current category
MR. GIUSEPPE TRINGALI	04/09/2014	Executive	External proprietary
MR. ALEJANDRO ECHEVARRÍA BUSQUET	04/09/2014	Independent	Other External

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 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	0	0	0	0	0%	0%	0%	0%
Independent	1	1	1	1	25%	20%	20%	20%
Other external	0	0	0	0	0%	0%	0%	0%
Total	1	1	1	1	7.69%	6.67%	6.67%	6.67%

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**

As indicated previously, 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.”

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, having performed the pertinent analysis. Any appointment would be studied appropriately at such time as the opportunity arises.

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

**Explanation of measures**

There are no specific reasons behind the current number of female directors on Board.

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 by 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 5% 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 \*

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 or company name of the director:**

MR. MANUEL POLANCO MORENO

**Reason for resignation:**

Mr. Polanco communicated his wish to step down as a member of the Company's Board of Directors and as a member of the Executive and Appointments and Remuneration Committees, as the significant shareholding interest in Promotora de Informaciones, SA he represented on the Board decreased to below 5%, once the shareholder pact mentioned in section A.6. ended.

**Name or company name of the director:**

MR. JUAN LUIS CEBRIÁN ECHARRI

**Reason for resignation:**

Mr. Cebrián communicated his wish to step down as a member of the Company's Board of Directors and as a member of the Executive and Appointments and Remuneration Committees, as the significant shareholding interest in Promotora de Informaciones, SA he represented on the Board decreased to below 5%, once the shareholder pact mentioned in section A.6. ended.

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

Name or corporate name of director	Brief description
Mr. Paolo Vasile	Joint and several CEO: delegated all powers that can be delegated by law or the Bylaws.



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
MR. GIUSEPPE TRINGALI	Sogecable Media, SAU	Joint and Several Director
MR. PAOLO VASILE	Grupo Editorial Tele5, SAU	Chairman
MR. PAOLO VASILE	Telecinco Cinema, SAU	Chairman
MR. PAOLO VASILE	Conecta 5 Telecinco, SAU	Chairman
MR. MASSIMO MUSOLINO	Publiespaña, SAU	Director
MR. MASSIMO MUSOLINO	Grupo Editorial Tele5, SAU	Chief Executive Officer
MR. MASSIMO MUSOLINO	Telecinco Cinema, SAU	Chief Executive Officer
MR. MASSIMO MUSOLINO	Premiere Megaplex, SAU	Chairman and Chief Executive Officer
MR. MASSIMO MUSOLINO	Conecta 5 Telecinco, SAU	Chief Executive Officer
MR. MASSIMO MUSOLINO	Mediacinco Cartera, SL	Chairman and Chief Executive Officer
MR. PAOLO VASILE	Publiespaña, SAU	Chairman and Chief Executive Officer
MR. MARIO RODRÍGUEZ VALDERAS	Publiespaña, SAU	Secretary - Board Member
MR. MARIO RODRÍGUEZ VALDERAS	Grupo Editorial Tele5, SAU	Secretary - Board Member
MR. MARIO RODRÍGUEZ VALDERAS	Premiere Megaplex, SAU	Chief Executive Officer, Secretary
MR. MARIO RODRÍGUEZ VALDERAS	Sogecable Media, SLU	Joint and Several Director
MR. MARIO RODRÍGUEZ VALDERAS	Sogecable Editorial, SLU	Sole Director

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. ANGEL DURÁNDEZ ADEVA	Repsol SA	DIRECTOR
MR. ALEJANDRO ECHEVARRÍA BUSQUET	Endesa, SA	DIRECTOR
MR. ALEJANDRO ECHEVARRÍA BUSQUET	Compañía Vinícola del Norte de España	DIRECTOR
MS. HELENA REVOREDO DELVECCHIO	Banco Popular, SA	DIRECTOR
MS. HELENA REVOREDO DELVECCHIO	Prosegur, SA	CHAIRMAN
MR. FRANCISCO DE BORJA PRADO EULATE	Enersis, SA	VICE-PRESIDENT
MR. FRANCISCO DE BORJA PRADO EULATE	Endesa, SA	CHAIRMAN
MS. HELENA REVOREDO DELVECCHIO	Endesa, SA	DIRECTOR

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
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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. Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session:

	Yes	No
<b>Investment and financing policy</b>	*	
<b>Design of the structure of the corporate group</b>	*	
<b>Corporate governance policy</b>	*	
<b>Corporate social responsibility policy</b>	*	
<b>The strategic or business plan, management targets and annual budgets</b>	*	
<b>Remuneration and evaluation of senior officers</b>	*	
<b>Risk control and management, and the periodic monitoring of internal information and control systems</b>	*	
<b>Dividend policy, as well as the policies and limits applying to treasury stock.</b>	*	

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

<b>Board remuneration (thousands of euros)</b>	5,585
<b>Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)</b>	0
<b>Total board remuneration (thousands of euros)</b>	5,585

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)
MS. MIRTA DRAGOEVICH FRAERMAN	MANAGING DIRECTOR OF COMMUNICATIONS
MR. ALVARO AUGUSTIN REGAÑÓN	MANAGING DIRECTOR, TELECINCO CINEMA
MR. MANUEL VILLANUEVA DE CASTRO	MANAGING DIRECTOR, CONTENTS
MR. FRANCISCO ALÚM LÓPEZ	MANAGING DIRECTOR PUBLIESPAÑA
MR. ÁNGEL SANTAMARÍA BARRIO	DIRECTOR OF INTERNAL AUDIT
MR. SALVATORE CHIRIATTI	GENERAL MANAGER PUBLIESPAÑA
MR. GIUSEPPE SILVESTRONI	GENERAL MANAGER PUBLIESPAÑA
MR. JAVIER MEDIAVILLA PÉREZ	GENERAL MANAGER PUBLIMEDIA
MR. LUIS EXPÓSITO RODRÍGUEZ	MANAGING DIRECTOR, HR AND SERVICES DIVISION
MR. EUGENIO FERNÁNDEZ ARANDA	MANAGING DIRECTOR, TECHNOLOGY DIVISION
MR. FRANCISCO JAVIER URÍA IGLESIAS	MANAGING DIRECTOR, ECONOMIC AND FINANCE DIVISION
MS. PATRICIA MARCO JORGE	MANAGING DIRECTOR, ANTENNA DIVISION
MR. LEONARDO BALTANÁS RAMÍREZ	MANAGING DIRECTOR OF PRODUCTION
MR. GHISLAIN BARROIS	MANAGING DIRECTOR, CINEMA DIVISION AND ACQUISITION OF RIGHTS
MR. JUAN PEDRO VALENTÍN PADÍN	MANAGING DIRECTOR, NEWS PROGRAMMES
MR. PEDRO MARÍA PIQUERAS GÓMEZ	MANAGING DIRECTOR, NEWS PROGRAMMES
MR. JULIO MADRID DEL OLMO	GENERAL MANAGER PREMIERE MEGAPLEX
MR. JOSÉ LUIS VILLAGRE	COMMERCIAL DIRECTOR
MR. LÁZARO GARCÍA HERRERO	CORPORATE MARKETING DIRECTOR
MR. GASPAS MAYOR TONDA	COMMERCIAL DIRECTOR
MS. CRISTINA PANIZZA MIEZA	OPERATIONAL AND SALES SERVICES DIRECTOR PUBLIESPAÑA

<b>Total remuneration of Senior Executives (in thousands of euros)</b>	<b>7,459</b>
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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. ALFREDO MESSINA	MEDIASET SPA	Director
MR. FEDELE CONFALONIERI	MEDIASET SPA	Chairman
MR. MARCO GIORDANI	MEDIASET SPA	Director
MR. GIULIANO ADREANI	MEDIASET SPA	Chief executive officer

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

No \*

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 Bylaws, 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 15.
- 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 Bylaws 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 Bylaws 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 Indicate whether the board has evaluated its performance during the year:

Yes

No \*

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organization and the procedures applicable to its activities:

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

According to the rule established in article 14 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, as set out in article 13. 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 80 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 remaining on the Board may endanger the interests of Mediaset España or when the reasons for which he was appointed (for example when a proprietary director disposes of his shareholding in the company disappear);

(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;

The Board of Directors may propose the termination of any independent director before expiration of the term of office established under the Bylaws 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 Explain whether the Chairman of the board also performs the duties of Chief Executive Officer. If so, mention the measures taken to limit the risk of accumulation of power in a single person:

Yes

No \*

State and, where applicable, explain whether regulations have been established to allow one of the independent directors to call a Board of Directors' meeting or include new items in the agenda, to coordinate and get involved in the concerns of the external directors and to direct the evaluation by the Board of Directors.

Yes \*

No

<b>Explanation of rules</b>
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Article 24 of the Board of Directors includes the possibility of independent directors requesting a meeting or proposing to transact items not originally included in the agenda. The Chairman must call a meeting when requested by at least three directors.

Requests for meetings shall be in writing, e-mail or fax addressed to the Secretary and the Chairman of the Board of Directors. The requests must include the reasons for calling the meeting and a brief description. Once the request is processed, it is forward immediately to all directors and a date for the meeting is scheduled.

As noted in previous reports, no director has exercised this power to date. Accordingly, no request was recorded in 2014.

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

Yes

No \*

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 \*

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

Yes  No \*

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

Yes \* No

**Age limit for Chairman: 80**

**Age limit for CEO: 80**

**Age limit for directors: 80**

C.1.27 Mention whether the Bylaws 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 \*

C.1.28 Indicate whether the Bylaws 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. Also indicate whether only one director of the same category may be appointed as a proxy. If so, give brief details.

The Regulations of the Board of Directors require directors to do all in their power to attend meetings personally. Representation of directors who cannot attend the meeting must: (i) fall with another director, (ii) be granted in writing and (iii) be granted especially for each meeting. A single director can hold various representations.

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.

<b>Number of Board meetings</b>	8
<b>Number of Board meetings from which the Chairman has been absent</b>	0

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

<b>Committee</b>	<b>Number of meetings</b>
<b>Executive Committee</b>	3
<b>Audit and Compliance Committee</b>	4
<b>Appointment and Retributions Committee</b>	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.

<b>Directors' attendance</b>	0
<b>% of attendances of the total votes cast during the year</b>	90.00%

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

Yes  No \*

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. Two such preparatory meetings were held in 2014.

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 Accounting Standards (IAS) in order to anticipate any discrepancy with the statutory auditor.

In line with this procedure, the Audit and Compliance Committee held four meetings in 2014, 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 \* No

C.1.34 Explain the procedures for the appointment and termination of the Secretary of the Board, stating whether its appointment and termination have been informed by the Appointments Committee and approved by the meeting of the Board.



<b>Appointment and termination procedure</b>
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According to Article 18 of the Regulations of the Board of Directors, the appointment and termination of the Secretary must be approved by the Board of Directors based on a report by the Appointments and Remuneration Committee.

	Yes	No
<b>Did the Appointments Committee announce the appointment?</b>	*	
<b>Did the Appointments Committee announce the termination?</b>	*	
<b>Did the Board meeting approve the appointment?</b>	*	
<b>Did the Board meeting approve the termination?</b>	*	

Is the Secretary of the Board entrusted with specifically monitoring good governance recommendations?

Yes \*

No

<b>Remarks</b>
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According to the same Article 18 of the Regulations of the Board of Director, the functions of the Secretary of the Board of Directors include seeing that the acts of the Board of Directors adjust to the provisions and spirit of laws and regulations, conform to Mediaset España's governance rules and consider the recommendations on corporate governance included in the Unified Code or any other code approved by the Spanish National Securities Commission.

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 Committee is also in charge of authorizing any contracts between the auditor and Mediaset outside the scope of accounts auditing and shall not propose the appointment of any auditing firm when fees payable by Mediaset to the auditor exceed 5% of its total revenues for the previous fiscal 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 be 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  No \*

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 \* No

	Company	Group	Total
<b>Fees paid for non-audit work (in thousands of euros)</b>	76	87	163
<b>Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (%)</b>	46.06%	62.14%	47.38%

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 \*

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
<b>Number of consecutive years</b>	7	7
<b>Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)</b>	39.00%	39.00%

C.1.40 State whether there is any procedure for directors to receive external advice and, if so, describe it:

Yes \*

No

Explanation of the procedure
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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 \*

No

<b>Explanation of the procedure</b>
-------------------------------------

During the second half of the year, the Secretary sends a calendar to directors along with a list of the issues to be addressed at the Board of Directors and Board Committee meetings held the following year. The directors then initiate the procedure described in articles 16 and 29 of the Regulations of the Board of Directors. In addition, the Secretary sends the agenda with the items 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 of Mediaset, including examining its books, records, documents and other background to corporate operations. The possibility of inspecting the facilities, as well as communicating with Mediaset España's management at any time is also included.

The mechanism 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, but, apart from these mechanisms, 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 \*

No

<b>Explanation of the rules</b>
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In addition to rules governing the activity of the Board of Directors, the appointment of directors and other issues regarding their performance, Mediaset's governance rules also set out the circumstances in which directors are required to inform the Company and submit their resignations, if necessary.

In this respect, 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 may also be obliged to submit their resignation in the following cases:

- (a) When they reach 80 years of age;
- (b) Upon termination of the executive position to which their appointment as director was associated;
- (c) When the director is covered by one of the applicable incompatibility or prohibition events;

- (d) Upon being seriously sanctioned by the Appointments and Remuneration Committee for failure to comply with their duties as directors;
- (e) Where their permanence in the Board may threaten the interests of the Company or adversely affect its credibility and reputation or where the reasons for which they were appointed cease to exist (for example, when a director representing substantial shareholders disposes of such holdings in the company); and
- (f) When the represented shareholder wholly sells or reduces its participation in the company below the relevant threshold; in this case, the number of resignations shall be proportional to the reduction of the shareholding.

Regarding the question of this section, we would highlight that while it does not constitute grounds for termination, the general obligations of directors include informing of any lawsuits in which they are involved and their developments (article 31 of the Regulations of the Board of Directors) due to the potential implications for the Company and its shareholders

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 \*

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: 11**

**Type of beneficiary:**

1.- Division Director - 2.- Senior executive - 3.- Executive Director - 4.- Division Director - 5.- Area Manager - 6.- Area Manager - 7.- Manager - 8.- Other - 9.- Other - 10.- Other - 11.- Assistant manager

**Description of the resolution:**

1.-Termination of contract by the Company (except in case of just cause):  
An indemnity of one year of gross fixed salary plus legally prescribed severance.

2.-Termination of contract by the Company (except in case of just cause):  
(Replacing the legal compensation applicable, unless such compensation is higher)

Termination from 04/24/02 to 12/31/07: 24 months of salary  
Termination from 2008 to 2011: 18 months of salary  
Termination after 2011: 12 months of salary

3.- Compensation:

a) Voluntary redundancy: amount accrued per year: one year of fixed annual salary + annual bonus/13.5 times the total number of years worked.

b) Justified or unfair dismissal: legal compensation + compensation of point a)

4.- Termination of contract for reason attributable to the Company or to the suspension, modification or limitation by the Company of the functions as director/host of the "Informativos Telecinco" daily news program, with benefits calculated as the higher of:

A) Compensation starting from 1,020,000 euros, decreasing monthly by 34,000 euros over the following 30 months from the signing of the termination (01/30/2006) until it reaches 0.

B) Compensation equal to 12 months of current salary.

5.- Termination of contract by the Company (except in case of just cause): 120,000 euros for the term of the contract (including legal compensation)

6.- Date the contract commenced: 07/01/2009.

- 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)

7.- Start date: September 28, 2009

A) During the first 3 years: 12 months of fixed salary (legal compensation excluded)

B) From the 4th to the 6th year: 9 months of fixed salary (legal compensation excluded)

C) From the 7th to the 9th year: 6 months of fixed salary (legal compensation excluded)

D) From the 10th year: legal compensation.

8.- First 3 years: 1.5 months of fixed salary + legal compensation. From the 4th year and after: 1 year of salary + legal compensation.

9- Termination of employment for any reason attributable to the Company: During the first 3 years of the contract (from 09/01/2010 to 08/31/2013): compensation equal to 1.5 years of fixed salary + any legally prescribed severance.

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- 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.

11- Termination of contract for reason attributable to the Company:  
 - Compensation = 1 year of salary (fixed + variable)  
 (unless legally prescribed severance is higher)

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' Meeting
Body authorizing clauses	Yes	No

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

## C.2. Board committees

C.2.1 Provide details of all the Committees of the Board of Directors and the proportion of proprietary and independent directors:

### EXECUTIVE OR DELEGATE 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
MR. FRANCISCO DE BORJA PRADO EULATE	MEMBER	Independent director
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	MEMBER	Independent director

% of executive directors	17.00%
% of proprietary directors	33.00%
% of independent directors	33.00%
% of other external directors	17.00%

### AUDIT COMMITTEE

Name	Position	Type
MR. ANGEL DURÁNDEZ ADEVA	CHAIRMAN	Independent
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. GIULIANO ADREANI	MEMBER	Proprietary director
MR. ALFREDO MESSINA	MEMBER	Proprietary director
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	MEMBER	Independent
MR. MARCO GIORDANI	MEMBER	Proprietary director

% of executive directors	0.00%
% of proprietary directors	67.00%
% of independent directors	33.00%
% of other external directors	0.00%

### APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
MR. FRANCISCO DE BORJA PRADO EULATE	MEMBER	Independent director
MR. GIULIANO ADREANI	MEMBER	Proprietary director
MR. FEDELE CONFALONIERI	MEMBER	Proprietary director
MR. JOSÉ RAMÓN ÁLVAREZ RENDUELES	CHAIRMAN	Independent director

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

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 2014		Year 2013		Year 2012		Year 2011	
	Number	%	Number	%	Number	%	Number	%
<b>Executive Committee</b>	0	0%	0	0%	0	0%	0	0%
<b>Audit Committee</b>	0	0%	0	0%	0	0%	0	0%
<b>Nomination and Remuneration Committee</b>	0	0%	0	0%	0	0%	0	0%

C.2.3 State whether the following functions are the Audit Committee's remit:

	Yes	No
<b>Supervise the process for the preparation and integrity of financial information on the Company and the Group and, if applicable, review compliance with statutory requirements, adequate limitation of the scope of consolidation and proper application of accounting criteria.</b>	*	
<b>Periodically review internal risk management and control systems so as to identify, manage and properly inform the main risks.</b>	*	
<b>See to the independence and effectiveness of the internal audit functions; Propose the selection, appointment, re-election and dismissal of the head of the Internal Audit Department; propose a budget for that service; receive period information on its activities; and verify that the senior management considers the conclusions and recommendations of its reports.</b>	*	
<b>Establish and supervise a mechanism allowing employees to communicate, in a confidential manner and, if applicable, anonymously, any potentially important irregularities, particularly financial and accounting irregularities, detected in the Company.</b>	*	
<b>File with the Board of Directors any proposal for the selection, appointment, re-election and replacement of the external auditor as well as the hire conditions thereof.</b>	*	
<b>Regularly receive from the external auditor information on the audit plan and the results for the year and verify that the senior management considers its recommendations.</b>	*	
<b>Ensure the independence of the external auditor.</b>	*	

C.2.4 Describe the organization and operating rules as well as the responsibilities allocated to each of the committees of the Board of Directors.

The organizational rules, functions, and responsibilities of the Commissions are regulated by the Regulations of the Board of Directors and stipulations therein; all are available on the following website: <http://www.mediaset.es/inversores/es/consejo-de-administracion.html>. For reasons of space, this section will be limited to providing a brief description of how these Commissions are organized; for further information, please visit the website.

The composition of the Executive Committee is described above; 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.

The Audit and Control Committee: It meets at least on a quarterly basis, and one meeting is devoted to evaluating the efficiency of and compliance with Mediaset España's governing rules and procedures, as well as to prepare information to be approved by the Board. Its competencies cover different supervisory areas for the company:



(i) 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) 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.

(iii) With regard to Internal Control and relationships with the Internal Audit Department: as the organ responsible for the Department's correct functioning, it must propose the selection and naming of its Head, ensure that the Audit Department carry out its functions with total independence, approve the Annual Internal Audit Plan, as well as any others which are required by organizational demands; 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.

(iv) 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.

Nomination and Remuneration Committee This committee meets as often as necessary, and at least two (2) times a year to prepare director remuneration information for approval by the Board of Directors for disclosure in the Company's annual reports. Its responsibilities include (i) oversee the process for selecting board members and top executives, (ii) inform the Board of Directors on gender diversity during election processes, (iii) ensure a transparent retribution process, and the inclusion of information regarding Board Member remuneration in the notes to the financial statements and Annual Corporate Governance Report, to therefore inform the Board in this regard; prepare Remuneration reports on members; (iv) assist the Board of Directors in evaluating the Board's President and the company's top executives on establishing remuneration paid to board members and top executives, making related proposals on the manner, procedures, and their annual retribution. (v) Advise the Board of Directors with regard to each member's status when they are named or renewed to the post, to conduct a yearly review when preparing the annual Corporate Governance Report.

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 sets of regulations are available for consultation on the Company's website at <http://www.mediaset.es/inversores/es/gobierno-corporativo.html>.

There were no changes to any of the aforementioned texts in 2014.

C.2.6 State whether the composition of the executive committee reflects the participation of the various directors in the Board according to their status:

Yes

No \*

<b>If not, describe the composition of the Executive Committee</b>
--

The composition of the Board of Directors and the Executive Committee is indicated below:

Board of directors

Executive directors – 23%  
Proprietary directors – 38.50%  
Independent directors – 30.77%  
External directors – 7.7%

Executive Committee

Executive directors – 16.66%  
Proprietary directors – 33.33%  
Independent directors – 33.33%  
External directors – 16.66%

The number of Executive Directors on the Executive Committee was reduced and therefore there are fewer than on the Board of Directors. The Chairman of the Board of Directors and of the Executive Committee is an independent director.

## **D RELATED-PARTY AND INTRAGROUP TRANSACTIONS**

D.1 Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

<b>Competent body</b>
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The Board of Directors of Mediaset España

<b>Procedures</b>
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As indicated in the preceding section, in general, the Board of Directors approves transactions with shareholders, board members or senior executives.

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. For transactions exceeding 13 million euros, a prior report by the Appointments and Remunerations Committee is also required. Transactions in the normal course of business, along with their terms and conditions, require only approval by the line manager.

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 2014.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

Please see the comments in the previous section.

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	693
MEDIASET SPA	Boing spa	Contractual	Receipt of services	35
MEDIASET SPA	Mediaset investment	Contractual	Others	477
MEDIASET SPA	Publieurope international ltd	Commercial	Receipt of services	1,298
MEDIASET SPA	Publieurope international ltd	Commercial	Provision of services	372
MEDIASET SPA	Publitalia 80	Contractual	Others	1,505
MEDIASET SPA	Random house mondadori s.a.	Commercial	Provision of services	122
MEDIASET SPA	Reti televisive italiane spa	Contractual	Purchase of goods (finished or not)	115
MEDIASET SPA	Reti televisive italiane spa	Commercial	Others	1,183
MEDIASET SPA	Reti televisive italiane spa	Commercial	Provision of services	546
MEDIASET SPA	Mediaset spa	Commercial	Receipt of services	50
PROMOTORA DE INFORMACIONES SA	Agrupación de servicios de internet y prensa, s.l.	Commercial	Provision of services	78
PROMOTORA DE INFORMACIONES SA	Compañía independiente de televisión, s.l.	Contractual	Purchase of goods (finished or not)	503
PROMOTORA DE INFORMACIONES SA	Diario as, s.l.	Commercial	Provision of services	98
PROMOTORA DE INFORMACIONES SA	Diario as, s.l.	Commercial	Receipt of services	28
PROMOTORA DE INFORMACIONES SA	Ediciones el País, s.l.	Commercial	Receipt of services	154
PROMOTORA DE INFORMACIONES SA	Ediciones el País, s.l.	Commercial	Provision of services	167
PROMOTORA DE INFORMACIONES SA	Plural Entertainment España, SL	Contractual	Purchase of goods (finished or not)	1,391
PROMOTORA DE INFORMACIONES SA	Plural Entertainment España, SL	Commercial	Receipt of services	409
PROMOTORA DE INFORMACIONES SA	Sogecable música, s.l.	Contractual	Purchase of goods (finished or not)	218
PROMOTORA DE INFORMACIONES SA	Santillana Ediciones Generales, SL	Commercial	Provision of services	32
PROMOTORA DE INFORMACIONES SA	Sociedad española de radiodifusión, s.l.	Commercial	Receipt of services	775
PROMOTORA DE INFORMACIONES SA	Televisao independiente, s.a.	Commercial	Provision of services	4
PROMOTORA DE INFORMACIONES SA	Unión radio online, s.a.	Commercial	Provision of services	14
MEDIASET SPA	Reti Televisive Italiane spa	Commercial	Receipt of services	4

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	Arnoldo Mondadori Editore, SPA	Commercial	Provision of services	56
MEDIASET SPA	Banco Mediolanum Spa	Commercial	Provision of services	1
PROMOTORA DE INFORMACIONES SA	Planet Evens, s.a.	Commercial	Provision of services	64
PROMOTORA DE INFORMACIONES SA	Sociedad Española de Radiodifusión, SL	Commercial	Provision of services	7
PROMOTORA DE INFORMACIONES SA	Prisa Radio, s.l.	Commercial	Provision of services	699
PROMOTORA DE INFORMACIONES SA	Alfaguara Editorial, s.l.u. Grupo	Commercial	Receipt of services	1
PROMOTORA DE INFORMACIONES SA	Alfaguara Editorial, s.l.u. Grupo	Commercial	Provision of services	17
PROMOTORA DE INFORMACIONES SA	Estructura de Grupos de Estudios Económicos, s.a.	Contractual	Provision of services	9

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:

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.

83,257 (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 2014. 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 2014, 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 2014 that had not been disclosed previously.

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

Yes

No \*

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**

## **E RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1 Describe the risk management system in place at the company.**

Mediaset España Group's risk management system has a pyramidal responsibility 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. One of its main goals is to guarantee that the Group meets its goals and objectives. The control bodies follow:

1. Board of Directors
2. Executive Committee
3. The Audit and Control Committee:
4. Risk Committee
5. The Money Laundering Prevention Committee (Premiere online gaming)
6. Internal Audit Management

Mediaset España Group's overall risk management policies are instrumental 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, 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.

Mediaset España establishes its internal control systems of financial reporting (ICFR) through its Internal Control System, Ethical Code, and Internal Conduct Regulations. In 2014, progress was made in implementing the crime prevention and detection model, including a review of behavioral controls/protocols, to also provide the financial wherewithal from a specific budgetary amount set aside. Disciplinary measures related to lack of compliance are being introduced in the procedures.

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

The Board of Directors is responsible for providing the necessary mechanisms to implement the system. The Audit and Compliance Committee carries out these functions.

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.

There is a 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.

The Internal Audit Division 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.

**E.3 Indicate the main risks which may prevent the company from achieving its targets.**

The main risks that could prevent the achievement of the business objectives established by the Board of Directors are as follows:

- a) Two fundamental regulatory changes have taken place in Spain. Companies are undergoing transformations which are inherent in the markets in which they compete, and increasingly, tax and labor regulatory modifications are being implemented, as well as others specific to the audiovisual sector. These constant regulatory changes are in and of themselves a risk which challenges stability, and therefore, compliance with strategic goals.
- b) Performance of the Spanish economy: despite data indicating that Spain is emerging from its crisis, since the TV business is directly related to economic growth, the Company must be ever vigilant.
- c) Reputational risk arising from the possibility of damage to its corporate image is another aspect over which the Company's management keeps a careful control.
- d) The recent appreciation of the dollar with respect to the euro is a financial risk which, although under control, still affects the television business, as the Company purchases audiovisual rights abroad.

#### E.4 Identify if the company has a risk tolerance level.

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. In this risk map, 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 which have occurred during the year.

Some risks materialized in 2014, which, although foreseen, still had an impact on the Mediaset España Group's financial statements. The impact was controlled thanks to the quick and agile response of risk management mechanisms, as well as excellent operational management. The main risks arising during 2014 were:

a) Measures adopted by the regulator affecting:

i. Channels Siete and Nueve ceased broadcasting in May 2014 as a result of a sentence handed down in December of 2013, in which the Supreme Court ruled that they had to go off the air, as they were not included in the Council of Ministers resolutions dated May 28 and June 11 for the transformation of the concessions into licenses for providing audiovisual communication services in application of the General Law on Audiovisual Communication.

ii. Continuous audiovisual regulatory changes and editorial inspections from the State Secretariat for Telecommunications and the Information Society (SETSI) and the Comisión Nacional de los Mercados y la Competencia (CNMC).

iii. Application of the SETSI Circular indicating that movies filmed in languages other than Spanish do not fall within the obligatory 5% annual investment in film.

b) Risks inherent 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) Reputational risk: Mediaset España is constantly subjected to risks associated with harm to its multiple brands, including both its channels and programs. As it is a communications company, it is subject to the media and public and general.

#### E.6 Explain the response and monitoring plans for the main risks the company is exposed to.

During 2014, Mediaset España Group daily monitored 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.

As regards continuous oversight by the regulator on the content broadcast on our channels, processes have been developed and appropriate precautionary measures adopted in terms of editorial control to prevent certain content from being aired during protected hours. Content is duly classified and warnings are issued for spectators appropriately. However, the criteria for evaluating the broadcasting of content are subjective. Therefore, eliminating this risk completely is difficult.



The trend of the Spanish economy is an external factor which directly influences the audiovisual business. From the beginning of the crisis, the Group has adopted cost containment measures on a business and structural level; since it was a long-lasting period, these measures will continue to be in effect for some time.

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. Mediaset España is devoted to communication, and therefore it is accustomed to managing situations which represent a threat to its image, the channels it broadcasts, and the programs it airs.

## **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.

As stated in section 6 subsection t of its bylaws, 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.

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."

The Audit and Compliance Committee delegates the responsibility of oversight of 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 Office 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 Office 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 and Reporting Department

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. Accordingly, the Group has a Crime Prevention Model, which includes, among others, the following procedures:

- 1) Implementation of the Mediaset Group's Ethics Code
- 2) Definition of an Internal Code of Conduct
- 3) The availability of a Whistle-blowing Channel
- 4) The creation of a Regulatory Compliance Department

This regulation was approved by the Board of Directors on December 17th, 2004 and amended on December 18th, 2009 in order to adapt it to the "Guide on providing inside information to third parties" published by the CNMV on March 9th, 2009; the procedures for disclosing inside information contained in Ministerial Order EHA/1421/2009, dated June 1st; and the provisions of the CNMV Circular 4/2009, dated November 4th, regarding the disclosure of significant information. This Regulation applies to all directors and a specific group of managers that may provide and/or receive confidential and inside information. The list of people is updated quarterly.

At its meeting of December 15th, 2011, the Board of Directors approved the Mediaset España Ethics Code. This code took effect on January 1st, 2012 and compliance is mandatory for all personnel and members of the Board of directors of Mediaset España, as well as other natural and legal persons related to the company. The Ethics Code is available to all personnel on the Group's intranet.

Article IV E of the Ethics Code states that, based on Mediaset España's relations with shareholders, investors, analysts and the financial market in general, information regarding its activity and financial results must be transmitted consistently and symmetrically, be complete, accurate, transparent and responsible, and always provide a faithful representation of the company. Any information on Mediaset España should be recorded and presented clearly and diligently, and must comply with prevailing regulations to ensure the correct accounting of all of the Company's assets, activities and responsibilities.

Any dishonesty, misuse of information or leak of confidential information, internally or externally, is in breach of the Group's Ethics Code. The Internal Audit Department and the Human Resources Department are in charge of enforcing the Ethics Code. The Regulatory Compliance Department (RCD), which reports to the Audit and Compliance Committee and is composed of the Corporate General Manager of Mediaset España, the Chief Operating Officer and the Internal Audit Director, is in charge of ensuring compliance with the Internal Code of Conduct. Its responsibilities include notifying any breach to the Human Resources Department, which then takes the appropriate disciplinary measures in each case.

All current employees of the Group have expressly accepted the content of the Ethics Code and all future employees must do so. When the Ethic Codes was implemented, the Company drew up a communication plan for all Group personnel. A procedure is also in place, spearheaded by the Human Resources Department, whereby new employees are informed of the existence of, and mandatory compliance with, the Ethic Code.

- '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 and ensures 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 Audit and Compliance Committee, which makes the final assessment.

A system of fraud management alerts was set up in 2014, aimed at preventing irregular practices and detecting suspicious transactions.

- 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 2014, these groups received a total of 1,561 hours of training, of which 681 corresponded to accounting, tax, and financial regulations, and 880 hours devoted to the Prevention of Money Laundering.

The most notable technical courses carried out in 2014 included:

- Training courses on the Prevention of Money Laundering and the Financing of Terrorism given by PWC.
- A forensic analysis course provided by the Spanish Institute of Chartered Accountants.
- The control of fraud risks in new environments given by the Spanish Institute of Chartered Accountants.
- Accounting updates course provided by PWC.
- Tax updates course provided by PWC.
- Course on the prevention of workplace accidents given by Sociedad de Prevención de Fraternidad Muprespa S.L.U.

## 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 Disposal 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
- 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.

- 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.

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 Audit and Compliance Committee is in charge of overseeing the process, with the support of the Internal Audit Department.

### 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).

- 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 España takes extreme precautions regarding security of access 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 software; the person in charge of the application and the Internal Audit Department has ultimate authority for any modification, addition or deletion.

Mediaset España has a Corporate Security Policy, which was approved in 2008 and is update 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 maintaining all the systems, developing and updating all controls and implementing the established 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.

- 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 from the company, competent and operates on an arm's length basis.

Each area in charge reviews the outsourced activities.

#### 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 annually. The latest update was 31 December 2014.

- 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

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 Internal 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.

Also, during 2014 a management alert system was implemented, which makes it possible to detect unusual operations in the company's day-to-day activities.

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 España.

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.

**G DEGREE OF ADHERENCE TO THE RECOMMENDATIONS ON CORPORATE GOVERNANCE**

State the company's degree of adherence to the recommendations on good governance included in the Unified 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 Bylaws 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.

See: A.10, B.1, B.2, C.1.23 y C.1.24.

Complies \* 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.

See: D.4 y D.7

Complies  Partially complies  Explain  Not applicable \*

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:
- a) **The transformation of listed companies into holding companies through the process of subsidiarization, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;**
  - b) **Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**
  - c) **Operations that effectively add up to the company's liquidation**

See: B.6

Complies \*      Partially complies       Explain

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.

Complies \*      Explain

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) **The appointment or ratification of directors, with separate voting on each candidate;**
- b) **Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.**

Complies \*      Partially complies       Explain

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

Complies \*      Explain

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximize its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily

**Complies \***      **Partially complies**       **Explain**

8. The Board should see the core components of its mission as to approve the company's strategy and authorize the organizational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

**a) The company's general policies and strategies, and in particular:**

**i) The strategic or business plan, management targets and annual budgets;**

**ii) Investment and financing policy;**

**iii) Design of the structure of the corporate group;**

**iv) Corporate governance policy;**

**v) Corporate social responsibility policy;**

**vi) Remuneration and evaluation of senior officer's policy;**

**vii) Risk control and management policy, and the periodic monitoring of internal information and control systems;**

**viii) Dividend policy, as well as the policies and limits applying to treasury stock.**

See: C.1.14, C.1.16 y E.2

**b) The following decisions:**

**i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.**

**ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.**

**iii) The financial information listed companies must periodically disclose.**

**iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;**

**v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**

**c) Transactions which the company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").**

However, Board authorization need not be required for related-party transactions that simultaneously meet the following three conditions.

1.- They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;

2.- They go through at market rates, generally set by the person supplying the goods or services;

3.- Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favorable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See: D.1 y D.6

Complies \*      Partially Complies       Explain

9. 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

See: C.1.2

Complies \*      Explain

10. External directors, proprietary and independent, 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.

See: A.3 y C.1.3.

Complies \*      Partially Complies       Explain

11. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the company's capital.

**This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:**

**1st In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.**

**2nd In companies with a plurality of shareholders represented on the board but not otherwise related.**

See: A.2, A.3 y C.1.3

Complies \*      Explain

12. The number of independent directors should represent at least one third of all board members.

See: C.1.3

Complies \*      Explain

13. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% 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.

See: C.1.3 y C.1.8

Complies \* Partially Complies  Explain

14. When women directors are few or non-existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 y C.2.4.

Complies  Partially Complies \* Explain  Not applicable

Mediaset España partially complies with this recommendation, as although the Appointments and Remuneration Committee is responsible for ensuring that when new vacancies arise there is no implicit bias in the selection procedures which could obstruct the selection of female directors and endeavors to have women who meet the required professional profile included in the potential candidates, the number of female directors on the Board of Directors is still few.

15. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See: C.1.19 y C.1.41

Complies \* Partially Complies  Explain

16. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See: C.1.22

Complies  Partially Complies  Explain  Not applicable \*

17. The Secretary should take care to ensure that the board's actions:

- a) **Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;**

- b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;  
Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.**

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full Board meeting; the relevant appointment and removal procedures being spelled out in the board's regulations.

See: C.1.34

Complies \*      Partially Complies       Explain

18. The Board should meet with the necessary frequency to properly perform its functions, 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.

See: C.1.29

Complies \*      Partially Complies       Explain

19. 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.

See: C.1.28, C.1.29 y C.1.30

Complies \*      Partially Complies       Explain

20. 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 \*

21. The board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation.**
- b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;**
- c) The performance of its committees on the basis of the reports furnished by the same.**

See: C.1.19 y C.1.20

Complies       Partially Complies \*      Explain

In 2013, the performance of the Company's and Group's two most senior executives, who have been delegated the broadest powers, has been evaluated. As indicated previously, Mediaset España's Chairman is not an executive director.

22. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary

See: C.1.41

Complies \* Explain

23. 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.

See: C.1.40

Complies \* Explain

24. Companies should organize induction programs for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programs when circumstances so advise.

Complies \* Partially Complies  Explain

25. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) **Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;**
- b) **Companies should lay down rules about the number of directorships their board members can hold.**

See: C.1.12, C.1.13 y C.1.17

Complies \* Partially Complies  Explain

26. The proposal for the appointment or renewal of directors which the board submits by to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

- a) On the proposal of the Nomination Committee, in the case of independent directors.
- b) Subject to a report by the Nomination Committee in all other cases.

See: C.1.3

Complies \* Partially Complies  Explain

27. 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 \*      Partially Complies ☐      Explain ☐

28. 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.

See: A.2, A.3, C.1.2

Complies \*      Partially Complies ☐      Explain ☐

29. That Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds as independent director enumerated in Ministerial Order ECC/461/2013.

**The removal 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 11.**

See: C.1.2, C.1.9, C.1.19 y C.1.27

Complies \*      Explain ☐

30. Companies should establish rules obliging directors to inform the board 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 Section 213 of the LSC, 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.**

See: C.1.42, C.1.43

Complies \*      Partially Complies ☐      Explain ☐

31. All directors should express clear opposition when they feel a proposal submitted for the board's 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 \*

32. 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.

See: C.1.9

Complies \*      Partially Complies       Explain       Not applicable

33. Remuneration comprising the delivery of shares in the company or other companies in the group, 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.

**The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.**

Complies       Partially Complies \*      Explain       Not applicable

Pursuant to Article 56 of the Bylaws, in previous years, Alejandro Echevarría Busquet received share options to reward his special dedication to the Company.

In 2014 and 2013, he did not receive any options on Mediaset España shares.

34. 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 \*      Explain       Not applicable

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

Complies \*      Explain       Not applicable

36. In the case of variable awards, remuneration 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.

Complies \*      Explain       Not applicable

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.

See: C.2.1 y C.2.6

Complies       Partially Complies \*      Explain       Not applicable

The composition of the Board of Directors and the Executive Committee is indicated below:

Board of directors

Executive directors – 23%  
Proprietary directors – 38.5%  
Independent directors – 30.77%  
External directors – 7.7%

Executive Committee

Executive directors – 16.66%  
Proprietary directors – 33.33%  
Independent directors – 33.33%  
External directors – 16.66%

The number of Executive Directors on the Executive Committee was reduced and therefore there are fewer than on the Board of Directors. 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 \*      Explain       Not applicable

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

**The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:**

- a) **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;**
- b) **These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.**
- c) **Committees should be chaired by an independent director.**
- d) **They may engage external advisors, when they feel this is necessary for the discharge of their duties.**
- e) **Meeting proceedings should be minuted and a copy sent to all board members.**

See: C.2.1 y C.2.4

Complies \*      Partially Complies       Explain

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See: C.2.3 y C.2.4

Complies \*      Explain

41. 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.

Complies \*      Explain

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See: C.2.3

Complies \* Explain

43. 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 \* Partially Complies  Explain

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

- a) **The different types of risk (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.**

See: E

Complies \* Partially Complies  Explain

45. The Audit Committee's role should be:

**1- With respect to internal control and reporting systems:**

- a) **Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.**
- b) **Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; 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, if necessary, 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) **Receive information from the external auditor on a regular basis regarding the audit plan and the results delivered from its execution, and verify that the senior management considers its recommendations.**

**b) Monitor the independence of the external auditor, to which end:**

**i) The company should notify 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.**

**ii) The Committee should investigate the issues giving rise to the resignation of any external auditor.**

See: C.1.36, C.2.3, C.2.4 y E.2

Complies \*      Partially Complies       Explain

46. 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 \*      Explain

47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

**a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.**

**b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**

**c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.**

See: C.2.3 y C.2.4

Complies \*      Partially Complies       Explain

48. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting 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.

See: C.1.38

Complies \*      Partially Complies       Explain

49. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See: C.2.1

Complies       Explain \*      Not applicable

The Appointments and Remuneration Committee is comprised of four members; two are Independent Directors and two are Nominee Directors, and although the majority is not independent, the composition is as close as possible.

The role of President is fulfilled by an independent director.

50. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

- a) **Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**
- b) **Examine or organize, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.**
- c) **Report on the senior officer appointments and removals which the chief executive proposes to the Board.**
- d) **Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.**

See: C.2.4

Complies \*    Partially Complies     Explain     Not applicable

51. The Nomination 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 \*    Partially Complies     Explain     Not applicable

52. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

- a) **Make proposals to the Board of Directors regarding:**
  - i) **The remuneration policy for directors and senior officers;**
  - ii) **The individual remuneration and other contractual conditions of executive directors.**
  - iii) **The standard conditions for senior officer employment contracts.**
- b) **Oversee compliance with the remuneration policy set by the company**

See: C.2.4

**Complies \*    Partially Complies     Explain     Not applicable**

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

**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.

As discussed in last year's report, during the 2014 shareholders meeting, the Annual Remuneration Report regarding board members was submitted to a binding vote, with 75.08% of the shareholders voting in favor. Mediaset España therefore applied the most recent updates in Capital Companies Law in advance, which establishes that the above decision must be submitted to a binding vote.

This year, several changes took place in the Board of Directors as a result; a proposal to reduce its number will be made during the General Meeting of Shareholders. Due to changes in legislation arising at year-end 2014, at the upcoming 2015 meeting, a number of statutory and regulatory modifications will be proposed in order to adapt Mediaset España's governance regulations.

The Company has an internal complaint process to which all Group employees have access.

Also, with regard to the Mediaset España ethics code, the Company has been a member of the United Nations Global Compact since 2004, reaching the 10-year mark this year. Since 1995, the Mediaset España Group company which manages its advertising as a partner of Autocontrol, which is a non-profit organization, in charge of managing the Spanish advertising self-regulation system. Since 2010 it has participated in the Carbon Disclosure Project, which is a channel sharing climate change data.

During 2014, internal control procedures have been reviewed and reinforced to increase the transparency and control of the activities taking place in Mediaset España and its Group, and include the following:

- (i) A Continuous Alert Management System based on 41 key process indicators (KPIs) was implemented on the Group's main processes related to income, expenses, and IT systems. These KPIs are updated on a daily basis using information registered in the main applications which support monitored processes.
- (ii) In compliance with Italian Law 262/2005 on Savings Protection, with regard to the Mediaset España Group's consolidated balance sheet, the processes affecting financial reporting and control activities are identified so as to evaluate them; this takes place on a quarterly basis and is based on testing control activities. In 2014 the scope of these processes was reviewed, with four updated and another eight new ones included.
- (iii) All of the Mediaset España Group's procedures were reviewed and updated. This encompassed all areas involved.
- (iv) To ensure maximum transparency, travel and entertainment expenses were reviewed, as well as the use of company credit cards by the Group's employees and directors.
- (v) In 2014 progress was made in implementing the crime prevention and detection model, including a review of behavioral controls/protocols, to also provide the financial wherewithal from a specific budgetary amount set aside. Disciplinary measures related to lack of compliance are being introduced in the procedures.

As in prior years, this Report was verified by the Company.

### SECTION C.1.15

The remuneration reflected in this section did not include in-kind compensation for the following board members:

Mr. Paolo Vasile: 79 thousand euros.  
Mr. Massimo Musolino: 20 thousand euros.  
Mr. Mario Rodríguez Valderas: 11 thousand euros.  
Mr. Giuseppe Tringali: 17 thousand euros.

This section does not include gross profit from options exercised during the year, based on the following amount:

Mr. Alejandro Echevarría Busquet: 149 thousand euros.  
Mr. Paolo Vasile: 130 thousand euros.  
Mr. Massimo Musolino: 58 thousand euros.  
Mr. Giuseppe Tringali: 602 thousand euros.  
Mr. Mario Rodríguez Valderas: 33 thousand euros.

### SECTION C.1.16

Section C.1.16 includes remuneration of senior management of Mediaset España and the Group's main subsidiaries. Remuneration received by Mediaset España directors in 2014, including the Internal Auditor Director, was paid to the following, and remuneration paid during 2014 to Mr. Mario Rodríguez Valderas as a member of top management prior to his appointment as Executive Director on April 9, 2014:

Managing Director of Contents	Villanueva de Castro, Manuel
Managing Corporate General Manager	Rodríguez Valderas, Mario
Managing Director, HR and Services Division	Expósito Rodríguez, Luis
Managing Director, Technology Division	Fernández Aranda, Eugenio
Managing Director, Economic and Finance Division	Uría Iglesias, Javier
Managing Director, Antenna Division	Marco Jorge, Patricia
Managing Director, Contents Productions Division	Baltanás Ramírez, Leonardo
Managing Director, Cinema Division and Acquisition of Rights	Barrois, Ghislain
Managing Director, Communications and External Relation Division	Dragoevich Fraerman, Mirta
Managing Director, News Division	Valentín Padín, Juan Pedro
Managing Director, News Program Division	Piqueras Gómez, Pedro María
Managing Director, Internal Audit	Santamaría Barrio, Angel
Total	4,437,227 euros

### SECTION D.5.

The amount from related-party transactions with other related parties is as follows: 1,841 thousand euros from the sale of goods; 74,999 thousand euros from the purchase of goods; 5,389 thousand euros from the purchase of rights; other income amounting to 940 thousand euros, and 88 thousand euros from other purchases.

The Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting of 02/25/2015.

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

Yes

No \*