



MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Independent Review Report on
The 2013 Corporate Governance Report



INDEPENDENT REVIEW REPORT ON THE 2013 ANNUAL CORPORATE GOVERNANCE REPORT OF MEDIASET ESPAÑA COMUNICACIÓN, S.A.

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

2. We have carried out the review of the adaptation of the content of the 2013 Annual Corporate Governance Report of Mediaset España Comunicación, S.A. in accordance with what is stated in the Order ECC/461/2013, 20th of March, which establish, among others, the content and the structure of the Annual Corporate Governance Report, in development of article 61 bis of the Law 24/88 of the Securities Market, in accordance with Circular 5/2013 of the National Securities Market Commission (CNMV) which establishes the kinds of the Annual Corporate Governance Report, among others, in listed companies, following the recommendations of the Special Working Group Report on corporate governance in listed companies (Unified Code on Corporate Governance), dated 19 May 2006.
3. The preparation of the Corporate Governance Report and its content are the responsibility of the Board of Directors of Mediaset España Comunicación, S.A., which is also responsible for designing, implementing and maintaining the procedures through which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.
4. We have carried out 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 work. Our review work has generally consisted of:
 - Reading and understanding the 2013 Annual Corporate Governance Report prepared by the entity and assessing whether that information encompasses the entire content required by the Order ECC/461/2013, 20th of March, which establishes, among others, the content and the structure of the Annual Corporate Governance Report, in accordance with article 61 bis of the Law 24/88 of the Securities Market, Circular 5/2013 of the National Securities Market Commission (CNMV) which establishes the kinds of the Annual Corporate Governance Report, among others, in listed companies, following the recommendations of the Special Working Group Report on corporate governance in listed companies (Unified Code on Corporate Governance), dated 19 May 2006.
 - Reading of the legal documentation, minutes of the General Shareholders' and Board of Directors' meetings, the individual and consolidated annual accounts for 2013 and other internal and external communications concerning the appropriateness of the information included in the Annual Corporate Governance Report.
 - Conducting interviews with the personnel of Mediaset España Comunicación, S.A. including members of management and other bodies responsible for areas of governance in the company covered by the Report.
 - Analysing the procedures used to compile and validate the data and information presented in the Corporate Governance Report.

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- Verifying, through review tests based on a selective sample, the quantitative information included in the Corporate Governance Report and its appropriate compilation on the basis 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 2013 provided by the management of Mediaset España Comunicación, S.A.
 - Obtainment of a letter of representation concerning the work performed, duly signed by the persons responsible for the preparation and authorization for issue of the Annual Corporate Governance Report.
5. For those recommendations of the Unified Code that have not been implemented by the company, the Directors of Mediaset España Comunicación, S.A. offers the explanations that they consider appropriate (see epigraph G) of the accompanying report). 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 described in section 3. The scope of this verification report does not include expressing value judgments on the reasonableness of such explanations.
 6. Concerning the information included in the epigraph F to the accompanied Corporate Governance Report as a description of the System of Internal Control over Financial Reporting (SICFR) of Mediaset España Comunicación, S.A., the review of the content of that Appendix is out of the scope of this verification report as it does not form part of the engagement for the review of the Corporate Governance Report.
 7. The scope of a review is substantially less than a reasonable assurance engagement. Therefore the assurance provided is also less. In no event may this report be understood as an audit report in the terms provided in the Revised Text of the Audit Law approved by Legislative Royal Decree 1/2011, of July 1st.
 8. 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).
 9. As a result of our review, and except for those aspects which exceed the scope of this report as indicated in paragraphs 4 and 5 above, no matters have come to light that may lead us to believe that the accompanying 2013 Corporate Governance Report of Mediaset España Comunicación, S.A. contains significant errors or has not been prepared in all material respects, in accordance with the range of law indicated in paragraph 1 of this report.

PricewaterhouseCoopers Auditores, S.L.

(Signed on the original in Spanish)

Fernando Torres Partner

26 February 2014

COMPANY IDENTIFICATION

YEAR ENDED 2013

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 increase/reduction	Share capital (euros)	Number of shares	Number of voting rights
12/29/2010	203,430,713	406,861,426	406,861,426

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

Yes No *

Class	Number of shares	Nominal amount per share	Nominal amount per voting right	Other rights

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
		Name of direct holder	Number of voting rights	
Silvio Berlusconi	0	Mediaset Spa	169,058,846	41.552
Promotora de Informaciones, SA	70,534,898	0	0	17.336

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

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
		Name of direct holder	Number of voting rights	
Alejandro Echevarría Busquet	47,023			0.012
Paolo Vasile	8,426			0.002
Massimo Musolino	13,936			0.003
José Ramón Álvarez-Rendueles	18,294	Alvarvil, SA	654	0.004
Angel Durández Adeva	4,237			0.001
Francisco de Borja Prado Eulate	719	Bopreu, SL	7,412	0.002

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

Name or company name of the director	Number of options held directly	Indirect options		Number of equivalent shares	% of total voting rights
		Direct holder	Number of voting rights		
Alejandro Echevarría Busquet	33,625			33,625	0.008
Paolo Vasile	235,375			235,375	0.058
Giuseppe Tringali	235,375			235,375	0.058
Massimo Musolino	106,750			106,750	0.026

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:

Related-party name or corporate name	Type of relationship	Brief description
Silvio Berlusconi	Family	Director Pier Silvio Berlusconi is the son of the indirect holder of 41.552% of the company's share capital.

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:

Related-party name or corporate name	Type of relationship	Brief description

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

Shareholders bound by agreement	% of share capital affected	Brief description of agreement
Mediaset SPA		<p>Integration Contract</p> <p>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 appoint one director for as long as it holds a minimum of 5% of Mediaset España's share capital.</p> <p>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</p>
Promotora de Informaciones, SA		
Mediaset España Comunicación, SA		

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

Yes

No *

Shareholders involved in concerted action	% of share capital affected	Brief description of concerted action

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

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
Fininvest SPA (owned by 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 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
5,563,223	0	1.37

(*)Held through:

Name or corporate name of direct shareholder	Number of shares held directly
Total:	

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

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital

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 17 April, under item 8 of the agenda, authorized the Board of Directors to acquire and transfer own shares, with a total of 335,575,221 votes representing 99.435% of share capital in favor, 1,867,535 votes representing 0.552% of share capital against, 29,603 abstentions representing 0.009% of share capital and 11,501 blank votes representing 0.003% of share capital. This mandate shall remain effective until the next General Shareholders' Meeting, slated for 2014.

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) months 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 28 March 2012.
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 *

Description of restrictions

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 regulated market of the European Union.

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

	% of quorum different from that established in Section 193 of the LSC for general cases	% of quorum different from that established in Section 194 of the LSC for special cases under Section 194 of the LSC
Quorum required on 1st call	50.00	0
Quorum required on 2nd call	0	
Description of differences		
<p>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.</p> <p>The percentages required in second call in the Bylaws are the same as in the LSC.</p> <p>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, before was section 103).</p>		

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.

	Qualified majority other than that established in Section 201.2 of the LSC for general cases described in Section 194.1 of the LSC	Other cases requiring a qualified majority
% set by company for adopting corporate resolutions		
Describe the differences		

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%, with majority vote in favor to adopt the resolution.

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	
11/17/2013	41.47	41.48	0.01	0.21	82.95

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 *

Number of shares necessary to attend the General Shareholders’ Meeting	
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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
Alejandro Echevarría Busquet		Chairman	15/05/1996	01/04/2009	General Shareholders' Meeting
Paolo Vasile		Joint and several director	29/03/1999	01/04/2009	General Shareholders' Meeting
Giuseppe Tringali		Joint and several director	29/03/2004	01/04/2009	General Shareholders' Meeting
Fedele Confalonieri		Vice - president	21/12/2000	01/04/2009	General Shareholders' Meeting
Manuel Polanco Moreno		Vice - president	24/12/2010	24/12/2010	General Shareholders' Meeting
Massimo Musolino		Director	09/04/2008	17/04/2013	General Shareholders' Meeting
Juan Luis Cebrián Echarri		Director	24/12/2010	24/12/2010	General Shareholders' Meeting
Giuliano Adreani		Director	26/09/2001	01/04/2009	General Shareholders' Meeting
Marco Giordani		Director	07/05/2003	01/04/2009	General Shareholders' Meeting
Pier Silvio Berlusconi		Director	07/05/2003	01/04/2009	General Shareholders' Meeting
Alfredo Messina		Director	30/06/1995	01/04/2009	General Shareholders' Meeting
Angel Durández Adeva		Director	20/05/2004	14/04/2010	General Shareholders' Meeting
Francisco de Borja Prado de Eulate		Director	28/07/2004	14/04/2010	General Shareholders' Meeting
José Ramón Alvarez-Rendueles		Director	28/07/2004	14/04/2010	General Shareholders' Meeting
Helena Revoredo Delvecchio		Director	01/04/2009	01/04/2009	General Shareholders' Meeting

Total number of directors	15
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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
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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
Paolo Vasile	Appointments and Remuneration Committee	Chief Executive Officer
Giuseppe Tringali	Appointments and Remuneration Committee	Chief Executive Officer
Massimo Musolino	Appointments and Remuneration Committee	General and Transaction Manager

Total number of executive directors	3
Total % of the Board	20

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of the director	Committee that proposed appointing the director	Name of the individual or company who is a major shareholder and is represented by or has proposed the appointment of the external director
Fedele Confalonieri	Appointments Remuneration Committee	Mediaset SPA
Giuliano Adreani	Appointments and Remuneration Committee	Mediaset SPA
Marco Giordani	Appointments and Remuneration Committee	Mediaset SPA
Pier Silvio Berlusconi	Appointments and Remuneration Committee	Mediaset SPA
Alfredo Messina	Appointments and Remuneration Committee	Mediaset SPA
Manuel Polanco Moreno	Appointments and Remuneration Committee	Promotora de Informaciones, SA
Juan Luis Cebrián Echarri	Appointments and Remuneration Committee	Promotora de Informaciones, SA

Total number of proprietary directors	7
Total % of the Board	46.667

INDEPENDENT EXTERNAL DIRECTORS

Name or company name of the director	Profile
Alejandro Echevarría Busquet	Member of the Board of Directors of Consulnor, CVNE, Endesa and El Correo; Director of Willis Iberia; Vice-president of Deusto Business School and Council of the Novia Salcedo Foundation and FAD; Vice-president of CONR, Foro para la Contratación Pública Socialmente Responsable.
Angel Durández Adeva	BA in Economics President of Información y Control de Publicaciones, SA President of Arcadia Capital, SL Director of Quántica Producciones, SL Member of the Board of Repsol, SA Director of Ideas4all, SL Vice-president of Foundation Euroamérica
Francisco de Borja Prado de Eulate	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
José Ramón Alvarez-Rendueles	Chairman of Peugeot España, SA and Peugeot Citroen Automóviles España, SA, Chairman of Sanitas, member of the Board of Directors of Arcelor Mittal España, SA, Sareb and Assicurazioni Generali España.
Helena Revoredo Delvecchio	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. Director of Banco Popular Español since 2007 and President of Euroforum since 2004.
Total number of independent directors	5
Total % of the Board	33.333

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.

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

Name or corporate name of director	Description of the relationship	Reasons

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee notifying or proposing appointment

Total number of other external directors	
% of the board	

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 corporate name of director	Reasons	Company, executive or shareholder with whom the relationship is maintained

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

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 t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Ejecutive								
Proprietary								
Independent	1	1	1	1	20	20	20	20
Other external								
Total								

- 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; its two largest shareholders are represented in proportion to the shares they hold. Mediaset Spa, which owns 41.552% of the company's share capital, is represented by eight directors, while Promotora de Informaciones, SA, which owns 17.336% of the share capital, has appointed two directors representing its interests on the Board of Directors.

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:

Name or corporate name of shareholder	Reason

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

Name or corporate name of shareholder	Explanation

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

Name of director	Reasons for resignation

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
Paolo Vasile	Joint and several CEO: delegated all powers that can be delegated by law or the Bylaws.
Giuseppe Tringali	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
Giuseppe Tringali	Publiespaña SAU	Chairman and Chief Executive Officer
Giuseppe Tringali	Sogecable Media, SLU	Joint and Several Director
Paolo Vasile	Conecta 5 Telecinco, SAU	Chairman
Paolo Vasile	Grupo Editorial Tele5, SAU	Chairman
Paolo Vasile	Telecinco Cinema, SAU	Chairman
Massimo Musolino	Conecta 5 Telecinco, SAU	Chief Executive Officer
Massimo Musolino	Grupo Editorial Tele5, SAU	Chief Executive Officer
Massimo Musolino	DTS Distribuidora de Televisión Digital SAU	Vice-president

Name or company name of the director	Company name of the group member company	Position
Massimo Musolino	Mediacinco Cartera, SL	Chairman and Chief Executive Officer
Massimo Musolino	Premiere Megaplex, SAU	Chairman and Chief Executive Officer
Massimo Musolino	Publiespaña, SAU	Director
Massimo Musolino	Telecinco Cinema, SAU	Chief Executive Officer
Manuel Polanco Moreno	DTS Distribuidora de Televisión Digital SAU	Chairman

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
Angel Duráñez Adeva	Repsol SA	Independent director
Alejandro Echevarría Busquet	Compañía Vinícola del Norte de España, SA	Director
Alejandro Echevarría Busquet	Endesa, SA	Director
Francisco de Borja Prado de Eulate	Endesa, SA	Chairman
Francisco de Borja Prado de Eulate	Enersis, SA	Vice-president
Manuel Polanco Moreno	Promotora de Informaciones, SA	Vice-president
Manuel Polanco Moreno	Grupo Media Capital SGPS, SA	Director
Juan Luis Cebrián Echarri	Promotora de Informaciones, SA	Executive Chairman
Helena Revoredo Delvecchio	Prosegur, SA	Chairman
Helena Revoredo Delvecchio	Banco Popular, 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
<p>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.</p> <p>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.</p> <p>Limits to the number of directorships independent directors can hold varies depending on whether they are proprietary, executive or other independent directors.</p> <p>Directors undertake to apprise Mediaset España of any appointment or change in information previously notified to the Company as soon as possible.</p>

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
Investment and financing policy	*	
Design of the structure of the corporate group	*	
Corporate governance policy	*	
Corporate social responsibility policy	*	
The strategic or business plan, management targets and annual budgets	*	
Remuneration and evaluation of senior officers	*	
Risk control and management, and the periodic monitoring of internal information and control systems	*	
Dividend policy, as well as the policies and limits applying to treasury stock.	*	

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

Board remuneration (thousands of euros)	5,959
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	0
Total board remuneration (thousands of euros)	5,959

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)
Villanueva de Castro, Manuel	Managing Director, Contents
Rodríguez Valderas, Mario	Corporate General Manager
Expósito Rodríguez, Luis	Managing Director, HR and Services Division
Fernández Aranda, Eugenio	Managing Director, Technology División
Uría Iglesias, Javier	Managing Director, Economic and Finance Division
Marco Jorge, Patricia	Managing Director, Antenna Division
Baltanás Ramírez, Leonardo	Managing Director of Contents Production
Barrois, Ghislain	Managing Director, Cinema Division and Acquisition of Rights
Dragoevich Fraerman, Mirta	Managing Director of Communications and External Relations
Valentín Padín, Juan Pedro	Managing Director, News Division
Piqueras Gómez, Pedro María	Managing Director, News Programmes
Santamaría Barrio, Angel	Director of Internal Audit
Agustín Regañón, Álvaro	Managing Director, Telecinco Cinema
Madrid Del Olmo, Julio	Commercial Director of Publiespaña
Marco Seniga	Chief Executive Officer
Chiriatti, Salvatore	General Manager
Alum López, Francisco	Managing Director, Marketing and Operation
Villa Alegre, José Luis	Commercial Director
García Herrero, Lázaro	Corporate Marketing Director
Mayor Tonda, Gaspar	Commercial Director of Publiespaña
Panizza Mieza, Cristina	Operational and Sales Services Director Publiespaña
Silvestroni, Giuseppe	General Manager
Mediavilla Pérez, Javier	Commercial Director, Publimedia

Total remuneration of Senior Executives (in thousands of euros)	9,176
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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
Juan Luis Cebrián Echarri	Promotora de Informaciones, SA	Executive Chairman
Manuel Polanco Moreno	Promotora de Informaciones, SA	Vice-president
Fedele Confalonieri	Mediaset SPA	Chairman
Marco Giordani	Mediaset SPA	Director
Alfredo Messina	Mediaset SPA	Director

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

Name or company name of director	Name of company name of significant shareholder	Description of relationship

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

Yes

No *

Description of amendments

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.
- 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.

Accordingly, the Committee proposed that Helena Revoredo Delvecchio be named a director as she met the established requirements on equal terms.

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.

Proposals to remove independent directors before their tenure expires may only be made when the directors fail to meet the requirements of the Unified Code to act as such. When this occurs their office should be terminated.

Where directors are removed before their tenure expires, Mediaset España shall publicly state the reasons for the removal.

Evaluation of directors:

The Appointments and Remuneration Committee initiates and coordinates the evaluation of directors; hence all pertinent requests and comments should be directed to the Committee (article 5 of the Rules of the Appointments and Remuneration Committee).

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:

Description of amendments

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 *

Measures for limiting risk

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

Explanation of rules
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 2013.

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.

Description of 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 *

Description of requirements

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

Yes No *

Matters where the Chairman has the casting vote

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

Maximum number of years in office	12
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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.

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

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

Number of meetings of the Executive or Delegate Committee	4
Number of meetings of the Audit Committee	5
Number of meetings of the Appointments and Remuneration Committee	1
Number of meetings of the Appointments Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the _____ Committee	

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.

Directors' attendance	0
% of attendances of the total votes cast during the year	90

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:

Name	Position

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 2013.

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 five meetings in 2013, 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

Appointment and termination procedure
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
Did the Appointments Committee announce the appointment?	*	
Did the Appointments Committee announce the termination?	*	
Did the Board meeting approve the appointment?	*	
Did the Board meeting approve the termination?	*	

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

Yes * No

Remarks
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 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 *

Outgoing auditor	Incoming auditor

In the event of disagreements with the outgoing auditor, explain them:

Yes No

Explanation of the disagreements

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
Fees paid for non-audit work (in thousands of euros)	91	0	91
Fees paid for non-audit work as a percentage of the total fees charged by the audit firm (%)	30.5		30.5

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 *

Explanation of reasons

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

	Company	Group
Number of consecutive years	6	6

	Company	Group
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	0.35	0.35

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
<p>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.</p> <p>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's cost.</p> <p>The assistance requested shall only deal with specific problems of a given relevance and complexity.</p> <p>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:</p> <p>(a) If the request for and assistance from experts are not necessary for the proper performance of duties entrusted to directors.</p> <p>(b) If the associated cost of expert assistance is unreasonable considering the importance of the problem and Mediaset's financial situation.</p> <p>(c) If the technical assistance which could be offered can be adequately provided by experts and specialists within Mediaset.</p> <p>(d) If for reasons of confidentiality it is not advisable that the expert in question have access to sensitive information.</p>

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

Explanation of the procedure
<p>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.</p> <p>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.</p> <p>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's management at any time is also included.</p> <p>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.</p> <p>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.</p>

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

Explanation of the rules
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> (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. <p>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</p>

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 *

Name of director	Criminal proceedings	Remarks

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.

Yes

No *

Decision/action taken	Justified explanation

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	14
Type of beneficiary	Description of the resolution
Senior executive	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.
Senior executive	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
Senior executive	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)
Senior executive	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.
Area Manager	Termination of contract by the Company (except in case of just cause):

	120,000 euros for the term of the contract (including legal compensation)
Area Manager	Until May 20, 2014 (7 years from the employment start date): 1 year of fixed salary plus variable salary, including legal compensation.
Area Manager	- 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).
Area Manager	During the first 3 years (up to 12/31/2013): 4 months of fixed salary (legal compensation included).
Director	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.
Director	Unilateral termination of contract by the Company (except in case of just cause): • During the first 3 years of the contract: (until 06/26/2014): compensation equal to 4.5 months of gross fixed annual salary (as described in Clause 2-2.1 of the contract) received up to the date of termination, in addition to any legally prescribed severance. • From the 4th year of the contract: (from 06/27/2014): any legally prescribed severance.
Other	First 3 years: 1.5 months of fixed salary + legal compensation - From the 4th year and after: 1 year of salary + legal compensation.
Other	Termination of employment for any reason attributable to the Company: During the first 3 years of the contract (from 09/1/2010 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 1/9/2013): compensation equal to 1 year of fixed salary + any legally prescribed severance.
Other	Unilateral termination of contract by the Company giving rise to a legal right to an amount of compensation: a start date of February 1, 2006 is recognized for calculation of the severance.
Assistant manager	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
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
Alejandro Echevarría Busquet	Chairman	Independent director
Paolo Vasile	Member	Executive director
Giuseppe Tringali	Member	Executive director
Fedele Confalonieri	Member	Proprietary director
Giuliano Adreani	Member	Proprietary director
Manuel Polanco Moreno	Member	Proprietary director
Francisco de Borja Prado Eulate	Member	Independent director
José Ramón Álvarez-Rendueles	Member	Independent director

% of executive directors	25
% of proprietary directors	37.5
% of independent directors	37.5
% of other external directors	0

AUDIT COMMITTEE

Name	Position	Type
José Ramón Álvarez-Rendueles	Chairman	Independent director
Angel Durández Adeva	Member	Independent director
Fedele Confalonieri	Member	Proprietary director
Giuliano Adreani	Member	Proprietary director
Marco Giordani	Member	Proprietary director
Alfredo Messina	Member	Proprietary director
Juan Luis Cebrián Echarri	Member	Proprietary director

% of executive directors	0
% of proprietary directors	71.42
% of independent directors	28.57
% of other external directors	0

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Francisco de Borja Prado Eulate	Chairman	Independent director
Angel Durández Adeva	Member	Independent director
Fedele Confalonieri	Member	Proprietary director
Giuliano Adreani	Member	Proprietary director
Manuel Polanco Moreno	Member	Proprietary director

% of executive directors	0
% of proprietary directors	60
% of independent directors	40
% of other external directors	0

APPOINTMENTS COMMITTEE

Name	Position	Type

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

REMUNERATION COMMITTEE

Name	Position	Type

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

_____ COMMITTEE

Name	Position	Type

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

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 t		Year t-1		Year t-2		Year t-3	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0		0		0		0	
Audit Committee	0		0		0		0	
Nomination and Remuneration Committee	0		0		0		0	
Nomination Committee								
Remuneration Committee								
_____ Committee								

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

	Yes	No
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.	*	
Periodically review internal risk management and control systems so as to identify, manage and properly inform the main risks.	*	
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.	*	
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.	*	
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.	*	
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.	*	
Ensure the independence of the external auditor.	*	

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.

EXECUTIVE COMMITTEE

Despite its nature, endeavors were made to maintain the composition of the Executive Committee so that the majority would be external directors. Consequently, of its eight members, three are independent, two are executive and three are proprietary directors

The Chairman is an independent director.

There are eight (8) members of the Committee, all Mediaset directors appointed by the Board of Directors with a favorable vote of the majority of its members.

In any case, the Chairman of the Board of Directors and the Chief Executive Officers shall be members of the Committee, being the Secretary the Secretary of the Board of Directors. Members shall be renewed in the time, form and number decided on by the Board.

Functioning:

The Committee shall meet at least four (4) times per year and as many other times as the chairman considers appropriate. The chairman may also decide to suspend any of the ordinary meetings when he considers it appropriate. The Executive Committee shall have the powers inherent to the Board, except those which cannot be delegated. Resolutions adopted by the Executive Committee are referred to the Board of Directors at its first meeting.

The Bylaws and the Regulations of the Board shall apply to the Executive Committee, insofar as they are not incompatible with its specific nature.

Sphere of influence:

The Executive Committees shall have at the powers inherent to the Board, except those which pursuant to law or the Bylaws cannot be delegated.

Audit and Compliance Committee

The Audit and Compliance Committee is governed by the Regulations of the Board of Directors and its own rules, which include the recommendations of the Unified Code.

Noteworthy were the efforts made to reduce the number of proprietary directors and increase that of independent directors.

This, too, complies with good governance recommendations, with the Chairman also an independent director.

How the Committee functions, its organization and responsibilities are outlined below:

Composition:

The Committee is comprised of seven (7) external directors, all appointed by the Board of Directors.

The Chairman of the Committee is appointed by the Board from among its independent members, and shall be substituted every four years. He may be re-elected after one year has passed from his removal.

The independent director acting as chairman shall be an accredited expert in accounting, auditing and risk management.

The Committee also has a Secretary who is not a member, appointed by the Committee.

Functioning:

The Audit and Compliance Committee shall meet at least once per quarter and whenever deemed appropriate, upon notice from the Chairman, on its own decision, or in response to three (3) of its members, members of the Executive Committee or the Board of Directors. It shall in any case meet when the Board of Directors requires it to do so to issue reports, present proposals or adopt agreements.

One of its meetings shall be dedicated to evaluating the efficiency of and compliance with the Mediaset rules of governance and procedures and to prepare the information to be approved by the Board of Directors and included as part of the annual public documentation.

Notice shall be given maximum seven (7) days in advance, and in any case minimum forty eight (48) hours in advance and may be sent by fax, telegram or e-mail.

Without prejudice to the foregoing, the Audit and Compliance Committee shall be constituted with no need for notice if all the members are present either personally or by representation, and unanimously accept that the meeting beheld and the points listed on the agenda heard.

When circumstances justify, the Chairman may call a meeting of the Audit and Compliance Committee by telephone and the advance notice and other requirements indicated above shall not apply.

Meetings of the Audit and Compliance Committee shall be held in the legal offices of the company, or in any other place decided on by the Chairman and stated in the notice.

Sphere of influence:

Regarding the external auditor:

The Audit and Compliance Committee shall be responsible for all matters related to the external auditor of the Mediaset España Group, and specifically shall:

a) Propose that the Board of Directors appoint an accounts auditor, specifying the conditions for his hiring, length of his professional duties, and if applicable, the cancellation or non-renewal of the appointment. The Audit Committee shall abstain from proposing the appointment of any audit firm when it is aware (i) that it is incompatible pursuant to current audit legislation, or (ii) that the fees anticipated to be paid by the Company for all concepts exceed five percent (5%) of its total income during the financial year.

The Audit and Compliance Committee shall propose the same accounts auditor for Mediaset España and for companies in the Mediaset España Group.

In the event the auditor resigns, the Committee shall examine the reasons for it.

b) Act as a communications channel between the Board of Directors and the Auditor, evaluate the results of each audit and response of the Mediaset España management staff to its recommendations, and mediate and act as arbitrator in the event of discrepancies between Mediaset España's management and the auditor with regard to the principles and criteria applicable in preparing the financial statements. It shall see that the accounts prepared by the Board of Directors are not subject to any qualifications by the auditor.

c) Propose any follow up on their recommendations issued by the auditor, unless the Committee considers that it should keep its own criteria, in which case it shall explain the content and scope of its discrepancy.

d) Supervise compliance with the auditors' contract and see that the auditor's opinion on a financial statements and principal contents of the auditor's report are drafted clearly and precisely.

e) Maintain contact with the accounts auditor to receive information on any matters that may place the auditor's independence at risk, and any other matters related to the account auditing process, as well as receive information and maintain with the accounts auditor the communications specified in audit law and technical audit standards.

f) Supervise the independence of the accounts auditor, paying special attention to circumstances or matters that may present a risk to said independence and to any others related to the process carried out by the accounts auditor.

g) Verify that the accounts auditor respects current legislation regarding the provision of services other than audit service, the limits to the concentration of the auditor's business and any other standard that may represent a risk to his independence.

h) Verify that Mediaset España reports the change of the accounts auditor to the CNMV as a relevant fact, accompanying, as applicable, a declaration with any possible discrepancies with the existing auditor and their content.

i) The Audit and Compliance Committee shall authorize contracts between the company and the accounts auditor for any activities outside those of account auditing.

Regarding the financial information:

The Audit and Compliance Committee shall see that the financial information, both periodic and annual, complies with legal requirements, and is responsible for and shall:

a) Supervise the accounts of Mediaset España and its Group, in compliance with legal requirements and the correct application of accounting principles used in Spain and International Accounting Standards (IAS), and issuing opinions on management proposals to modify accounting principles and criteria;

b) Supervise periodic as well as annual financial information prior to its publication, to ensure that it is provided to the markets and their supervising bodies, and see that it is prepared in accordance with the same principles and practices as the financial statements;

c) Supervise the correct delimitation of the scope of consolidation of the Mediaset España Group.

With regard to internal control and relations with the Internal Audit Department:

The Audit and Compliance Committee shall oversee the correct functioning of the internal control and information systems, and shall supervise the functioning of the Internal Audit Department of Mediaset España. In connection with this, it shall:

a) Propose the selection, appointment and re-election and removal of the person responsible for the Mediaset España Internal Audit Department.

b) Oversee that the Internal Audit Department performs its functions with full freedom and independence, assuring that the Mediaset España management takes its recommendations into account.

c) Periodically learn of the actions and studies performed by the Internal Audit Department and propose its budget.

d) Approve the Annual Internal Audit Plan as well as any other additional plan required in response to the needs of the organization. The person responsible for the Internal Audit Department shall inform the Committee of the development and possible incidents regarding its execution, and shall present a report of its activities at the end of each financial year. The Annual Plan shall be submitted to the Board of Directors for approval, with appropriate publicity.

e) Be informed of the extent to which the different departments comply with the recommendations of the Internal Audit Department, informing the Board of Directors of cases which may present a risk to Mediaset España or its Group.

f) Review compliance with the actions and measures resulting from the reports or in section activities of the supervisory and control administrative authorities.

With regard to risk management and control policy:

The Audit and Compliance Committee is the body responsible for supervising and controlling Mediaset España policy regarding the identification, management and reporting of any possible risks.

The Committee held five meetings in 2013, attended by all its members. Throughout the year 2012 expanded the powers of the Commission extending them to establish a system of internal control of information, channel management of complaints, as well as the ability to call any company.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is composed of five (5) members, who are also members of the Board of Directors. All must be outside directors appointed by the Board of Directors. Moreover, in line with the Bylaws, the Regulations of the Board of Directors and the Company's corporate governance rules, the Chairman has been an independent director since Mediaset España was admitted to listing on the market.

As with the Audit and Compliance Committee, in addition to the Regulations of the Board of Directors, there is a set of specific rules for the Appointments and Remuneration Committee set out in a single document that includes the recommendations already existed and the new ones that came into effect following the publication of the Unified Code.

Composition:

The members of the Appointments and Remuneration Committee are appointed by the Board of Directors from among those of its members who possess the knowledge and experience required.

The Appointments and Remuneration Committee shall be composed of five (5) outside directors, and the Board of Directors shall strive to maintain a balance between directors representing groups of shareholders (proprietary) and independent directors. Without prejudice to the above, the executive directors and senior management shall attend the meetings if expressly requested to do so by the Committee.

The Chairman of the Appointments and Remuneration Committee shall be appointed by the Board of Directors from among its independent members and shall be replaced every four (4) years. He may be re-elected after a period of one (1) year has elapsed since he stepped down.

The Appointments and Remuneration Committee shall have a Secretary, who does not have to be a member of the Committee and in no case may be an executive director.

The members of the Appointments and Remuneration Committee shall be appointed and dismissed by the Board of Directors, and shall always be obliged to stand down as members of the Committee when they do so as members of the Board of Director.

If there is a vacancy for the position of Chairman, or if he is absent or ill, he shall be replaced by the oldest member present. In the case of the Secretary, the post shall be filled by the youngest of the members.

Operation:

The Appointments and Remuneration Committee shall meet as often as necessary, upon being convened by the Chairman acting on his own initiative or in response to a request by three (3) Committee members, the Executive Committee or the Board of Directors. In any case, it shall meet twice (2 times) a year to prepare the information on the remunerations of directors that is to be approved by the Board of Directors and included in its annual disclosure documents.

The notice convening the meeting shall be issued at least forty-eight (48) hours in advance.

Without prejudice to the stipulations above, the Appointments and Remuneration Committee shall be considered to be validly constituted without the need for a notice convening the meeting if all its members, whether present in person or by proxy, unanimously agree that the meeting be held and accept the points to be dealt with in the agenda.

If there are justifiable reasons for doing so, the Chairman may convene the Appointments and Remuneration Committee by telephone. In this case, the minimum notice and other requirements outlined above shall not apply.

The meetings of the Appointments and Remuneration Committee shall be held at the Company's registered office, or in any other place decided on by the Chairman and designated at the time when the meeting is convened.

Constitution and approval of resolutions

The Appointments and Remuneration Committee shall be deemed to be validly constituted when at least one half plus one of its membership are present personally or by proxy. Its resolutions shall be approved when voted for by a majority of those present.

In the event of a tie, the Chairman has the casting vote. The members of the Committee may grant proxies to other members, with a maximum of two (2) proxies being held by any one member.

Any member of the management team or of the staff of Mediaset who is asked to attend the meetings and cooperate with the Appointments and Remuneration Committee or furnish any information available to him is required to do so. At the same time, any other person not related to Mediaset España may also attend the meetings of the Committee if his presence is considered necessary.

The Secretary of the Appointments and Remuneration Committee shall take the minutes of each meeting, which shall then be reported to the Board of Directors.

Functions:

The main functions of the Committee are, but not limited to, the following:

- a) To protect the integrity of the process of hiring directors and senior executives, to ensure that the candidates meet the required profile (in terms of knowledge, experience and skills) and, in particular, to make proposals to the Board of Directors on appointing or dismissing directors, as well as to propose to the Board who the members of each of the Committees should be.

- b) To advise on the dedication required from the directors in carrying out their duties.
- c) To advise on the number of boards on which the members of the Board of Directors may sit. A report shall be issued by the Committee on members of the Board of Directors before they join the boards of directors of other companies.
- d) To obtain information defining the other professional duties of the directors.
- e) To advise the Board of Directors on replacements for the Chairman and senior executives in the Company, making any suggestions it may deem fit.
- f) To inform the Board of Directors on any appointments and dismissals of senior executives which may take place within the Company.
- g) 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.
- h) To see to it that the conflict-of-interest rules are observed.
- i) To advise the Board of Directors on the dismissal and appointment of the Secretary.
- j) To see to it that the directors perform their obligations and duties as foreseen in these Rules and in the Bylaws.
- k) To see to the transparency of remunerations and that information on the remuneration of the directors is included in the notes to the annual financial statements and in the Annual Governance Report, submitting to the Board all such information as may be in order to that effect.
- l) To assist the Board of Directors in evaluating the Chairman of the Board of Directors and the senior executives in the Company; and specifically, to assist in determining and monitoring the remuneration policy for directors and senior executives, proposing the form, procedure and amount of the annual remuneration of the directors (including any proposed incentives such as share option schemes), regularly revising the remuneration plans and seeking to ensure the remuneration of the directors meets criteria of moderation and adequacy in the light of the Company's results.
- m) To draw up a Report on the Policy of Directors' Remuneration for approval by the Board of Directors, to be presented before the General Shareholders' Meeting.
- n) To advise the Board of Directors on the status which each director should be awarded when he is appointed or renewed in his position and to revise it annually when the Annual Corporate Governance Report is drawn up.

The Appointments and Remuneration Committee held one meeting in 2013.

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 2013.

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 *

If not, describe the composition of the Executive Committee
The composition of the Board of Directors and the Executive Committee is indicated below:
Board of directors
Executive directors – 20%
Proprietary directors – 46.66%
Independent directors – 33.33% (periodic)
Executive Committee
Executive directors – 25%
Proprietary directors – 37.5%
Independent directors – 37.5%
The Executive Committee has a greater number of executive directors than the Board of Directors. Therefore, the number of independent directors has increased to balance the majority of executives. 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.

Competent body
The Board of Directors of Mediaset España is the competent body for approving related-party transactions.

Procedures
<p>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.</p> <p>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.</p> <p>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 2013.</p>

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

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	813
Mediaset spa	Boing spa	Contractual	Receipt of services	30
Mediaset spa	Mediaset investment sarl	Contractual	Other expenses	610
Mediaset spa	Publieurope international ltd	Commercial	Receipt of services	877
Mediaset spa	Publieurope international ltd	Commercial	Provision of services	277
Mediaset spa	Publitalia 80	Contractual	Other	2,164

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)
			expenses	
Mediaset spa	Random house mondadori s.a.	Commercial	Provision of services	20
Mediaset spa	Reti televisive italiane spa	Contractual	Purchase of goods (finished or in progress)	200
Mediaset spa	Reti televisive italiane spa	Contractual	Other expenses	1,183
Mediaset spa	Reti televisive italiane spa	Commercial	Provision of services	129
Mediaset spa	Mediaset spa	Commercial	Receipt of services	50
Promotora de informaciones, s.a.	Agrupación de servicios de internet y prensa, s.l.	Commercial	Provision of services	77
Promotora de informaciones, s.a.	Canal 4 navarra, s.l.	Commercial	Provision of services	0
Promotora de informaciones, s.a.	Compañía independiente de televisión, s.l.	Contractual	Purchase of goods (finished or in progress)	374
Promotora de informaciones, s.a.	Diario as, s.l.	Commercial	Provision of services	61
Promotora de informaciones, s.a.	Diario as, s.l.	Commercial	Receipt of services	20
Promotora de informaciones, s.a.	Ediciones el País, s.l.	Commercial	Receipt of services	133
Promotora de informaciones, s.a.	Ediciones el País, s.l.	Commercial	Provision of services	121
Promotora de informaciones, s.a.	Estructura grupo de estudios económicos, s.a.	Contractual	Provision of services	9
Promotora de informaciones, s.a.	Plural entertainment España, s.l.	Contractual	Purchase of goods (finished or	2,591

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)
			in progress)	
Promotora de informaciones, s.a.	Plural entertainment españa, s.l.	Commercial	Receipt of services	506
Promotora de informaciones, s.a.	Plural entertainment España, s.l.	Commercial	Provision of services	8
Promotora de informaciones, s.a.	Prisa televisión, s.a.	Commercial	Provision of services	5
Promotora de informaciones, s.a.	Sogecable música, s.l.	Contractual	Purchase of goods (finished or in progress)	194
Promotora de informaciones, s.a.	Tesela producciones cinematográficas, s.l.	Commercial	Provision of services	1
Promotora de informaciones, s.a.	Tesela producciones cinematográficas, s.l.	Contractual	Purchase of goods (finished or in progress)	4,326
Promotora de informaciones, s.a.	Tesela producciones cinematográficas, s.l.	Commercial	Receipt of services	23
Promotora de informaciones, s.a.	Itaca, s.l.	Commercial	Receipt of services	2
Promotora de informaciones, s.a.	Santillana ediciones generales	Commercial	Receipt of services	1
Promotora de informaciones, s.a.	Santillana ediciones generales	Commercial	Provision of services	27
Promotora de informaciones, s.a.	Sociedad española de radiodifusión, s.l.	Commercial	Receipt of services	401
Promotora de informaciones, s.a.	Prisa brand solutions, s.l.	Commercial	Provision of services	98
Promotora de informaciones, s.a.	Canal club de distribución de ocio	Commercial	Receipt of	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)
	y cultura, s.a.		services	
Promotora de informaciones, s.a.	Televisao independiente, s.a.	Commercial	Provision of services	1
Promotora de informaciones, s.a.	Prisa digital, s.l.	Commercial	Provision of services	91
Promotora de informaciones, s.a.	Unión radio online, s.a.	Commercial	Provision of services	14

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:

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)

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:

Corporate name of the group company	Brief description of the transaction	Amount (in thousands of euros)

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

85,265 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 2013. Any conflicts of interest are 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, 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 2013 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;

Yes

No

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.

<p>The Mediaset Group is exposed to the risks inherent to its business, the market in which it operates and the agents with which it interacts. These risks could prevent the Group from achieving its objectives and targets.</p> <p>The Group's management and governance bodies encourage implementation of mechanisms that identify, assess and mitigate potential risks through specific control mechanisms and procedures. These mechanisms are included in the Mediaset Group's Comprehensive Risk Management Policy, designed to:</p> <ol style="list-style-type: none"> a) Achieve the strategic objectives; 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 contracts. <p>The Risk Management System (RMS), based on the Enterprise Risk Management (ERM) framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), provides a hierarchy for the allocation of roles and responsibilities, procedures and tools. The scope of all these tasks includes:</p> <ul style="list-style-type: none"> • 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
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competencies with full transparency.

- Control of the RMS through the Internal Audit Department.

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

As indicated previously, the RMS derives from a Board of Directors' initiative designed to encourage the roll-out of the mechanisms necessary to implement the system. This objective was delegated to the Audit and Compliance Committee.

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.

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.

Finally, the Risk Committee, composed of the Group's General Managers, is responsible for the discharge of executive risk management duties for the company's day-to-day operations, as well as communication to the rest of the organization in conjunction with the Internal Audit Department.

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) Regulatory risk, arising from continuous changes in regulations affecting the day-to-day operation of the audiovisual industry.
- b) The economic recession in Spain, which has a direct impact on the television business through advertising.
- c) Reputational risk for the potential damage to the corporate image.

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

The RMS, 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.

The Mediaset Group combines qualitative and quantitative measures to ensure comprehensive and balanced risk management.

E.5 Identify any risks which have occurred during the year.

In 2013, the Mediaset Group's operations were affected by a number of risks related to the business environment and the markets in which the Group operates. Nevertheless, the impact on the income statement was limited thanks to the actions and control mechanisms in place and skilled management of operations. The main risks that materialized in 2013 were as follows:

- a) Measures adopted by the regulator affecting:
 - i. The Supreme Court ruling on the digital dividend.
 - ii. Ongoing editorial inspection by the Secretary of State for Telecommunications (SETSI), which resulted in disproportionate disciplinary proceedings.
 - iii. Application of the SETSI Circular under which foreign-language films (i.e. not Spanish) are not included in the mandatory 5% of annual investment in cinema.
- b) The economic recession in Spain, which has led to a continuous fall in consumption and domestic demand, in turn leading to a decline in advertising investment.
- c) Risks associated with Mediaset España's business, although these were controlled tightly thanks to the Company's strong ability to react by containing costs.
- d) Risk of damage to the corporate image. As a communication company, Mediaset España is exposed to the opinion of actors in the media and the general public. The advent of other opinion media, such as social networks, poses a risk on which the Group is focusing.

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

In 2013, the Mediaset Group showed an ability to react promptly in order to mitigate the threats from the aforementioned risks. Ongoing regulatory uncertainty is monitored closely by senior management; any unexpected decision can be mitigated immediately, limiting the impact on the Company.

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 economic recession is an external risk for the Group, but one that has a direct impact on Mediaset España's business, as this is closely related to trends in the Spanish economy. Since the crisis began, the Group has adopted measures to control both business costs and overheads.

Finally, the arrival of new technologies in general and social networks in particular has prompted the Group to design new processes and adapt the organization to address outside opinions regarding the image of the Company and its channels. Moreover, improvements have been made to the communication channels between the Group's Communication Department, Community Manager and Internet Department.

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.

Article 6 (t) of the Regulations of the Board of Directors includes the responsibility of monitoring and maintaining the risk control and management policy, as well as internal information and control systems.

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 17, 2004 and amended on December 18, 2009 in order to adapt it to the “Guide on providing inside information to third parties” published by the CNMV on March 9, 2009; the procedures for disclosing inside information contained in Ministerial Order EHA/1421/2009, dated June 1; and the provisions of the CNMV Circular 4/2009, dated November 4, 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 15, 2011, the Board of Directors approved the Mediaset España Ethics Code. This code took effect on January 1, 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.

- 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.

Employees in these areas received a total of 940 hours of training in 2013, of which 368 hours were on accounting rules, 51 hours were on control and risk management, 86 hours were on auditing and 334 hours were on tax developments, 66 hours were on money laundering and 35 hours were on information technology.

The main technical courses conducted in 2013 were:

- Auditing on Occupational Health and Safety OHSAS 18001, given by Novotec Consultores.
- Training in Anti-Money Laundering and Terrorist Financing, given by consulting firm PWC.
- Auditing of Social Networks, given by Instituto de Auditores (Spanish Institute of Auditors).
- Internal Auditing of Business Continuity Planning, given by Instituto de Auditores.
- International Financial Reporting Standards (IFRS), given by PWC.
- IT Risk 2013 New Approaches to Comprehensive Risk Management (CRM).
- Internal Auditing of the Risk Management Process as a Value-Adding Project (IAI).
- Impact of the new COSO Internal Control Framework on the Market (IAI).
- Refresher Course of Tax Developments, by PWC.

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.

- 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 is 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 in accordance with its remit.

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 Group 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 have ultimate authority for any modification, addition or deletion. Mediaset 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 2013.

- 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.

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.

- 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 Mediaset Group.

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

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 officers 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 elated thereto ("related-party transactions").

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

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

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

3rd 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;
- c) 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) 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 y 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 2012 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 – 20%
Proprietary directors – 46.66%
Independent directors – 33.33% (periodic)

Executive Committee

Executive directors – 25%
Proprietary directors – 37.5%
Independent directors – 37.5%

The Executive Committee has a greater number of executive directors than the Board of Directors. Therefore, the number of independent directors has increased to balance the majority of executives. The Chairman of the Board of Directors and of the Executive Committee is an independent 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 programme 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 composed of two independent and three proprietary directors. The Chairman is an independent director. The acquisition of a shareholding by the Prisa Group in Mediaset España required changes to the board committees, including an increase in the size of the Appointments and Remuneration Committee. As a result, there is no longer a majority of independent directors.

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.

Efforts in 2013 focused on increasing the participation of shareholders in the Company's decision-making and enhancing transparency of information. In this vein, to pre-empt forthcoming changes in corporate governance, the report on director remuneration at Mediaset España was submitted to a binding vote in 2013. This gave shareholders the opportunity to participate in decisions on an issue that in most listed companies is still beyond their realm.

Elsewhere, efforts were made to improve compliance with certain corporate governance recommendations, as indicated in the 2012 Annual Corporate Governance Report. In 2013, rules were established regarding the number of directorships that directors of Mediaset can hold to ensure that they dedicate the appropriate amount of time and effort to discharge their duties. The rules vary by type of director.

Internally, a review of Mediaset España's financial information control system was carried out by a renowned company, enabling the Company to reinforce its control systems, and review its accounting policy manual and its information and communication mechanisms.

All indications are that in 2014 amendments will be adopted affecting issues of corporate governance and adapting the system as quickly as possible.

SECTION C.1.15

To harmonize the data provided in this report with the figures included in the Report on Directors' Remuneration, total remuneration includes remuneration received by director Giuseppe Tringali for sitting on the board of directors of other Group companies.

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 2013, including the Internal Auditor Director, was paid to the following:

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	4,875,608 euros

SECTION C.1.17

To complete the information in Section C.1.17, the identities of the members of the Board of Directors of companies linked to significant shareholders and/or their group companies are as follows:

Name or corporate name of director	Corporate name of significant shareholder	Position
Juan Luis Cebrián Echarri	Diario El País, SL	Chairman
Juan Luis Cebrián Echarri	DTS Distribuidora de Televisión Digital, SA	Director
Juan Luis Cebrián Echarri	Ediciones El País, SL	Chairman
Juan Luis Cebrián Echarri	Promotora de Actividades América 2010 México, SA de CV	Chairman and CEO
Juan Luis Cebrián Echarri	Prisa Inc	Chairman and CEO

(*) Companies in which Promotora de Informaciones, SA holds stakes directly or indirectly.

Name or corporate name of director	Corporate name of significant shareholder	Position
Manuel Polanco Moreno	Grupo Media Capital SGPS, SA	Director
Manuel Polanco Moreno	Canal Club de Distribución de Ocio y Cultura, SA	Director
Manuel Polanco Moreno	DTS Distribuidora de Televisión Digital, SAU	Chairman
Manuel Polanco Moreno	Vertex, SGPS, SA	Chairman
Manuel Polanco Moreno	Plural Entertainment Portugal SA	Chairman
Manuel Polanco Moreno	Tvi – Televisao Independente, SA	Chairman
Manuel Polanco Moreno	Media Capital Producoes Investimentos SGPS, SA	Chairman
Manuel Polanco Moreno	MCP-Media Capital Producoes SA	Chairman
Manuel Polanco Moreno	Productora Canarias de Programas, SL	Director
Manuel Polanco Moreno	Sociedad Canaria de Televisión Regional, SA	Joint and several director
Manuel Polanco Moreno	Plural Jempsa, SL	Vice-president and Joint Chief Executive Officer
Manuel Polanco Moreno	Tesela Producciones Audiovisuales SLU	Joint and several director
Manuel Polanco Moreno	Plural Entertainment España, SLU	Joint and several director
Manuel Polanco Moreno	Plural Entertainment Canarias, SLU	Joint and several director

(*) Companies in which Promotora de Informaciones, SA holds stakes directly or indirectly.

Massimo Musolino	DTS Distribuidora de Televisión Digital SAU	Vice Chairman
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SECTION D.2.

The amount of the related-party transaction indicated in Section D.2 is as follows:

Promotora de informaciones, s.a.	Canal 4 navarra, s.l.	Commercial	Rendering of services	0.3 thousand euros
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SECTION D.5.

The amount from related-party transactions with other related parties is as follows: 3,089 thousand euros from the sale of goods; 81,889 thousand euros from the purchase of goods; 231 thousand euros from the purchase of rights; and 56 thousand euros from other purchases.

The Annual Corporate Governance Report for 2013 was approved by the Company's Board of Directors at its meeting of 02/26/2014.

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

Yes

No *

Name or corporate name of director	Reasons (voted against, abstention, non-attendance)	Explain the reasons

Auditor's report on information relating to the
Internal Control over Financial Reporting (ICFR) for 2013

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

**AUDITOR'S REPORT ON INFORMATION RELATING TO THE INTERNAL CONTROL OVER
FINANCIAL REPORTING (ICFR) OF MEDIASET ESPAÑA COMUNICACIÓN GROUP FOR 2013**

Translation of a report originally issued in Spanish. In the event of discrepancy,
the Spanish-language version prevails

To the Directors,

At the request of the Board of Directors of Mediaset España Comunicación, S.A. (hereinafter the Company), and in accordance with our proposal dated January 28, 2014, we applied certain procedures to the accompanying "ICFR-related information" included in section F of the 2013 Corporate Governance Report for Mediaset España Comunicación, S.A. and subsidiaries (hereinafter the Group), which summarizes the Group's internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the Group's internal control system as far as annual financial reporting is concerned, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the Group's internal control system was to establish the scope, nature, and timing of the audit procedures performed on its financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we do not express an opinion regarding its efficacy, design, or operational effectiveness regarding the Group's 2013 financial data described in the accompanying ICFR information. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters have been disclosed which would have been reported to you

Likewise, since this special engagement does not constitute an audit of the financial statements nor is in accordance with Royal Decree 1/2011, dated July 1, enacting the revised Audit Law, we do not express an audit opinion in the terms provided for therein.

The following procedures were applied:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is provided in the Annual Corporate Governance Report disclosure information included in the Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the IAGC model established by CNMV Circular nº 5/2013 dated June 12, 2013.
2. Make inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions (iii) gather information regarding whether the described control procedures are implemented and functioning within the Group.
3. Review the explanatory documentation supporting the information described in section 1 above, which should basically include everything directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the the Audit Committee.
4. Compare the information contained in section 1 above with the Group's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.
5. Read the minutes of the Board Meetings, Audit Committees, and other Group committees in order to evaluate the consistency between issues related to the ICFR and information discussed in section 1.
6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the information discussed in section 1.

As a result of the procedures applied on the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of Securities Market Law 24/1988 of July 28, amended by the Sustainable Economy Law 2/2011 of March 4 2011, and by Circular 5/2013 of the Spanish National Security Market, dated June 12, 2013, related to the description of the ICFR in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Antonio Vázquez Pérez

February 26, 2014