



SUSTAINABILITY
R E P O R T
2017

**Consolidated non-Finacial Statement
pursuant to Legislative Decree No. 254/2016**

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Letter to stakeholders

Dear stakeholder,

the provisions of Legislative Decree 254/2016 on the reporting of non-financial information offer Mediaset an excellent opportunity.

The following document is a chance to open a structured process for communication and sharing of the sustainable strategic, industrial and governance trajectory in our company.

A complementary and integrated trajectory relative to the information models constituted by the consolidated financial statements and the corporate governance report and the ownership structure.

Mediaset has always been strongly oriented towards earnings and the creation of value over the long term for its shareholders.

But at the same time it is well aware of the social responsibility it has accrued in decades as Italy's leading private TV broadcaster in complement to the public service.

As this role has extended it has transformed Mediaset into a key player in the Italian media environment, and a leading international player.

Throughout this trajectory the relations and dynamics between the various components and internal and external stakeholders have naturally assumed a fundamental role. And the ability to combine and balance the expectations of all has been crucial in the pursuit of the objectives of a Group that operates in a market increasingly characterized by convergence among the various media operators.

More accurately, providing maximum satisfaction to our stakeholders has always been a prerogative for a company like Mediaset, which is active in Spain as well as Italy. Countries in which our Group has become over time not just a socio-cultural benchmark but also a bellwether in the evolution of tastes and trends in the public as a whole (TV, radio, internet).

Via its own programmes, Mediaset provides a varied daily offering of entertainment, news, fiction, cinema and sports events that millions of families enjoy. A single example, related to sport: the 2018 football World Cup will be transmitted exclusively by Mediaset both in Italy and Spain.

But the global presence in every household and the major dimensions of our offering are not limited to the traditional broadcasting and distribution. Mediaset content is always multi-platform (TV, radio, internet) and conceived according to the innovative standards of high definition, interactivity and non-linear consumption.

On the sales front, a business model based primarily on advertising sales - which has allowed companies to access TV and thereby grow - sees Mediaset at the vanguard as a driver of communication opportunity for hundreds and hundreds of Italian companies.

Mediaset now offers a unique advertising platform in terms of complementarity and coverage of the various platforms. And our sales agencies - historically market leaders - are also distinguished for innovation and international partnerships: alliances with the principal European broadcasters which generate development of resources and internal competencies in modernization and the launch of advanced advertising solutions for free-to-air TV.

But none of this could have happened without the know-how, loyalty and shared values of thousands of professionals, employees and collaborators who have enabled the Group to develop in technology, content and creativity, and who form the basis for our model as an integrated TV content provider. A value which is all the more important nowadays, with the digital transformation of key corporate processes where human resources constitute a key asset.

This is why Mediaset intends to keep valuing and preserving this heritage of know-how built over time, guaranteeing the highest standards of safety and wellbeing in the workplace.

We were one of the first companies in Italy to invest in the wellbeing of our employees with services such as crèche, medical centre, gym, beauty salon, bookshop, pharmacy, and to keep high levels of corporate welfare.

The same sense of responsibility has always characterized our relations with the majors and with producers of serial content.

Thanks to Mediaset, major international and Italian films have found their way into viewers' homes and our support for the creative industry has borne fruit in recent years with Oscars for Italian (*La Grande Bellezza*) and Spanish (*Il Labirinto del Fauno*) productions.

In terms of commitment, Mediaset makes a special effort to constant and scrupulously respect regulations and laws. A responsibility which extends from our policy on outsourcing to the instruments and rules which inspire our Corporate Governance system, which ensures maximum transparency and managerial correctness in relation to the market.

We are proud of our many communication and social campaign initiatives at the service of the community. An area for which we created a non-profit company, Mediafriends, whose job is to collect funds to support the underprivileged and the victims of emergencies and natural catastrophes.

With this spirit and in full awareness of our duties as a responsible company, we hereby present our first Sustainability Report, an instrument prepared with the contribution of our primary corporate functions in their everyday commitment to the activities mentioned above.

This periodical report will have two positive effects.

On the one hand it will allow us to constantly monitor our performance in terms of sustainability, improving our actions in a perspective of dialogue and the contribution of our stakeholders.

On the other, it represents a further opportunity to monitor the dynamics and relations with the many interlocutors with whom we operate. And at the same time to improve our awareness and perception, both internal and external.

**For the Board of Directors
The Chairman**



Note on methodology

This document is the first consolidated non-financial declaration (hereinafter “Sustainability Report” or “Report”) issued by the Mediaset Group (also “Mediaset”, “Mediaset Group” or “Group”) describing the initiatives pursued by the Group in the economic, social and environmental spheres in 2017 (from 1 January to 31 December) and their respective outcomes. This document is issued in compliance with Italian legislation (Legislative Decree of 30 December 2016, no. 254, hereinafter “Decree 254”) on the reporting of information of a non-financial nature, to which the Group is subject.

The Sustainability Report 2017 has been drawn up in accordance with the GRI Sustainability Reporting Standards (2016) and Media Sector Disclosures (2014), both published by the Global Reporting Initiative (GRI), under the “Core” option.

The present document, taking into account the expectations of stakeholders and the impacts generated by business activities, offers a full and accurate representation of the management models, the policies implemented by the company, the results obtained and the principal risks - generated or suffered - associated with the issues

expressly addressed in Art. 3 of Decree 254 (environmental, social, labour relations, respect for human rights, the fight against corruption).

In particular, the principal risks identified by the Group in regard to these issues are: Risks connected with reputation and relations with stakeholders; risks connected with the management of human resources; risks connected with policy on partnerships and alliances; risks connected with environmental policy; and risks connected with governance.

For more details, see “The internal control and risk management system” section in this document.

In particular regard to respect for human rights, and given the regulatory environment in which Mediaset operates, this topic is addressed as part of the management of relations with employees and suppliers, in respect for the principles and values embodied in the Code of Ethics of the Group. In view of the specific nature of the business sector in which the Group operates, note that the Group does not consume significant amounts of water or emit atmospheric pollutants other than greenhouse gases. For this reason, and

without detracting from the full comprehension of the Group’s activities, information on these topics (addressed in article 3 paragraph 2 of Decree 254) is not included in the present Report.

The contents of the present document are arranged by issues of relevance to the Group and its stakeholders, as identified by the materiality analysis. In particular, the process whereby the contents were defined is based on the principles of relevance, inclusiveness of stakeholders, completeness and operating context. The principles of balance, accuracy, verifiability and comparability have been observed in regard to the quality of the information reported. The GRI Content Index containing the GRI indicators associated with each material topic can be found in the appendix to this document.

The scope of the economic and financial data reported is the same as for the 2017 Consolidated Financial Statement of the Mediaset Group. The scope of social and environmental data and information includes the companies which were members of the Mediaset Group on 31 December 2017 and fully consolidated in the Consolidated

Financial Statements. Exceptions to the scope of reporting indicated above shall be identified in the relevant section.

To enable the comparability over time of the data presented and thereby allow evaluation of the Group's performance, data is presented alongside the corresponding figures for the previous year, where this is possible. Also included is information on actions undertaken in previous years and which continue to be applied in the policies currently pursued by the Group.

To guarantee the reliability of data, estimates have been used as little as possible. Where used, they are identified appropriately and based on the best methods available.

¹ For a list of the companies included under the full consolidation method, see "List of equity investments included in the Group's consolidated financial statements at 31 December 2017" in the explanatory note to the Consolidated Financial Statements of 31 December 2017 of Mediaset S.p.A.

Note that during 2017 Subasio and Radio Aut entered the perimeter of consolidation, as did certain companies acquired by the El Towers Group. Taken as a whole these companies do not exhibit sufficient materiality or significance to alter the comparability or comprehension of the issues addressed in the present Report.

The following designations are used in the text:

- El Towers for El Towers S.p.A.
- Mediaset Premium for Mediaset Premium S.p.A.
- R.T.I. for R.T.I. S.p.A.
- Taodue for Taodue S.r.l.
- Publieurope for Publieurope Ltd.
- Publitalia '80 for Publitalia '80 S.p.A
- Digitalia '08 for Digitalia '08 S.r.l.
- Mediaset España for Mediaset España Comunicacion S.A.

In its endeavours to improve its sustainability model, the Group identified the following areas for improvement, which will be

explored and developed in the coming years:

- Definition and implementation of stakeholder engagement activities;
- Definition of objectives connected to material issues and respective monitoring methods;
- Formalization and updating of policies.

Note too that the Group has already taken the following action in the sphere of sustainability:

- in response to the new regulatory requirements introduced with the application of EU Regulation 679/2016 (a.k.a. GDPR), implementation of the new "organizational and privacy management model" is now underway;
- in health and safety, renewal of OHSAS 18001 certification for the health and safety management system for the Group's Italian companies is now nearing completion.

This document was approved by the Board of Directors of Mediaset S.p.A. on 24 April 2018.

The present Report was subjected to a conformity assessment (“limited assurance engagement” under the criteria articulated in ISAE 3000 Revised) by Deloitte & Touche S.p.A.. The assessment was conducted according to the procedures indicated in the “Independent Auditor’s Report” included in the present document.

The Sustainability Report is published annually. For further information on the Sustainability Report, please write to: direzione.affarisocietari@mediaset.it

The Sustainability Report is also available on the [Mediaset website](#) (Corporate/Sustainability section).



1 ■ The Mediaset Group

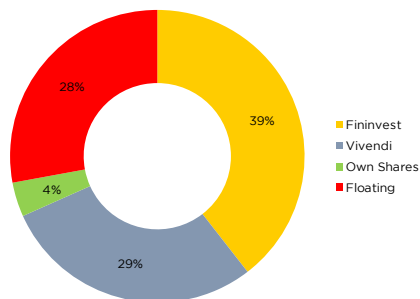
1.1 PROFILE AND ACTIVITY

SHAREHOLDING STRUCTURE

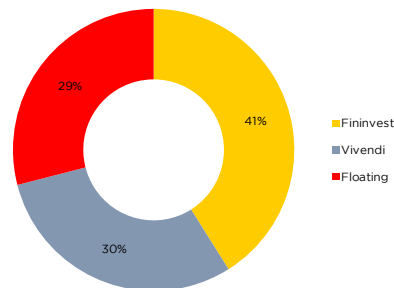
Mediaset S.p.A.² is the holding company of the Mediaset Group. It has been listed on the Milan stock exchange since 1996 and is mainly active in the TV sector in Italy and Spain.

On 31 December 2107,³ the shareholding structure of the Group was as follows:

Mediaset Shareholders



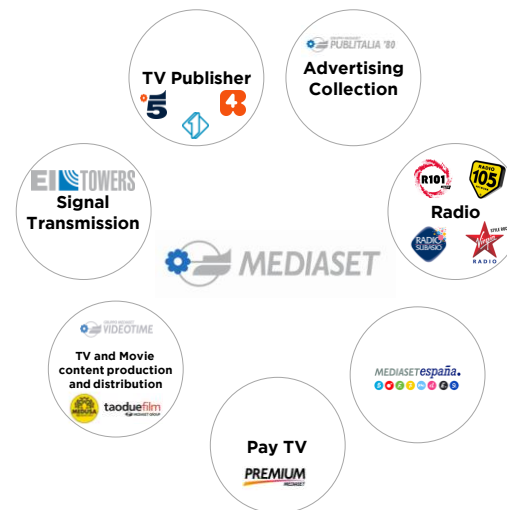
Voting Rights



² Its head office is at Viale Europa 44/46/48, Cologno Monzese. Its registered office is in Via Paleocapa, 3, Milan.

³ On 12 April 2018 Vivendi S.A. announced, as required by Art. 120 of the Consolidation Act and in compliance with the Italian Media Authority Decision No. 178/17/CONS, that it had signed a consulting agreement with Simon Fiduciaria S.p.A. and its sole shareholder Ersel Sim S.p.A., relating to the exercise of voting rights for the shares held by the fiduciary company according to the instructions given by Ersel Sim, through its Chairman. Vivendi S.A. has kept its right to instruct the fiduciary company on the exercise of voting rights at the shareholders' meeting of Mediaset S.p.A. on matters for which the shareholders who did not take part in the decision are authorised to exercise their right of withdrawal.

THE MEDIASET GROUP - BUSINESS ACTIVITIES



In Italy, the Mediaset Group is mainly active on two fronts:

- **Integrated television services** consisting of commercial television broadcasting over three of Italy's biggest general interest networks and an extensive portfolio of thematic free-to-air and pay TV channels (linear, non-linear and OTTV), with a broad range of content as well as content centred on soccer, cinema, TV series, documentaries and children's television channels. Over the last two years, Mediaset has also created a radio broadcasting wing comprising three of Italy's biggest broadcasters.

The Group draws on the expertise of two of its subsidiaries, Medusa and Taodue, in film distribution and the production of films and TV drama series, and also purchases sports, film and TV series content from third parties.

To secure its position in a market increasingly dominated by cross-platform solutions, the Group has launched a web business oriented towards TV based on free online video content combining new products with

premium on-demand video-streaming services.

In Italy, the Mediaset Group operates via two advertising sales agencies in which it holds 100% interests: Publitalia '80, the exclusive sales agency for the free-to-air Mediaset networks; and Digitalia '08, which handles advertising sales for the pay TV platform.

Both agencies are managed by another subsidiary, Publieurope.

With Mondadori, the Group participates in a joint-venture, Mediamond, which sells advertising space on Mediaset's online and radio platforms, the websites of newspapers in the Mondadori Group, and third-party publishers.

- **Network infrastructure services and management** with its 40.0% holding in **EI Towers** (equivalent to an equity interest of 42,03 % minus its own shares), a leading Italian independent operator in network infrastructure management and the provision of electronic communications services for television, radio and mobile transmissions.

EI Towers is listed on the Star segment of the Milan stock exchange.

In Spain, Mediaset is the main shareholder of Mediaset España, with an interest of 50.2% on 31 December 2017 (equivalent to an equity interest of 51,63 % minus its own shares). Mediaset España is Spain's leading commercial television broadcaster, with two general interest channels (Telecinco and Cuatro) and a bouquet of six free-to-air thematic channels.

Mediaset España is listed on the stock exchanges of Madrid (Ibex 35), Barcelona, Bilbao and Valencia, and on the Spanish electronic stock market.

1.2 HISTORY

Before 1996 The origins of the Mediaset Group lie in the late 1970s, when Milan-based entrepreneur Silvio Berlusconi founded a local cable TV channel, Telemilano, broadcasting from its purpose-built headquarters.

Two years later, in 1980, Telemilano was re-baptized as Canale 5. Due to a change in the regulations, Canale 5 began transmitting all over Italy, something hitherto prohibited under Italian law.

The new channel was a breath of fresh air for the Italian viewing public, for until then the only national broadcaster was the state-controlled Rai, whose three channels constituted a monopoly.

To compete on equal terms with the public service broadcaster, the new private broadcaster put together its own 3-network offering: Canale 5 was joined by Italia 1 (acquired from Rusconi in 1982) and Retequattro (acquired from Arnoldo Mondadori Editore in 1984).

The new broadcaster was named Rti (Reti televisive italiane) and was assisted by an exclusive advertising sales agency, Publitalia '80, and two other companies: Videotime, which was in charge of technology and TV production, and Elettronica Industriale, which managed the transmission network infrastructure.

Together, Rti, Publitalia, Videotime and Elettronica Industriale were placed under the control of a new company, Mediaset. And so the Mediaset Group was born.

1996 Mediaset is floated on the Milan stock exchange, opening its stock to institutional investors and small shareholders (around 300,000).

1997 Mediaset's international expansion begins with its acquisition of a 25% stake in private Spanish broadcaster Telecinco.

1999 The Group enters the online world with Mediaset.it (a website dedicated to Canale 5, Italia 1 and Retequattro) and Mediaset Online (renamed TgCom in 2001), a news site available over multiple platforms (internet, television, radio, Mediavideo teletext and mobile phone).

2003 Mediaset increases its stake in Telecinco, gaining a controlling interest in the company with 50.1% of its shares. Telecinco is floated on the Madrid stock exchange the following year.

2004 Digital terrestrial television launches in Italy. The new technology allows many more channels to be broadcast than with the existing analog system. Mediaset launches Boing, a channel directed exclusively at children, and Mediashopping, a secure telesales channel.

2005 The Group launches Mediaset Premium, a digital terrestrial channel offering live coverage of Serie A football via smartcards, with no need for subscription. Mediaset Premium also offers TV movie premieres, theatre and live events in the pay-per-view format.

2006 *Il labirinto del fauno*, a film produced by Gruppo Telecinco, wins 3 Oscars.

2007 In a consortium with Cyrte Fund and Goldman Sachs, Mediaset relieves Telefonica of control of Endemol, a Dutch TV production company and the world's leading format producer.

- Mediaset also acquires Medusa, Italy's leading cinema production and distribution company
- Mediaset launches a new free-to-air digital terrestrial channel: Iris. The new channel specializes in classic movies, music, and adaptations from literature and theatre.

2008 Mediaset signs an agreement for the acquisition of Taodue, a leading Italian producer of quality fiction and drama series

- Mediaset launches Premium Gallery, a new premium content service available over digital terrestrial TV, using the smartcard format. Gallery has exclusive broadcasting rights in Italy for the best US films and series by Time Warner and NBC-Universal.
- Disney Channel and Premium Calcio 24 launch.

2009 Publitalia '80 and Mondadori Pubblicità reach an agreement on online advertising sales and found a new company owned in equal proportions, Mediamond.

- TivùSat, Italy's first free digital satellite platform, launches. Its owner, Tivù s.r.l., is jointly owned by Rai (48.25%), Mediaset (48.25%) and Telecom Italia Media (3.5%). TivùSat operates as a complement to digital terrestrial TV, serving areas the terrestrial signal is unable to reach.
- In Spain, Mediaset S.p.A., Gestevisión Telecinco S.A. and Promotora de Informaciones S.A. (Prisa Group) announce the acquisition by Telecinco of a new company whose assets include Cuatro (a free-to-air Spanish TV station owned by Sogecable S.A.), and a 22% interest in Digital Plus. The deal makes the Mediaset Group the leading TV operator in Spain.
- Taodue produces Checco Zalone's *Cado dalle nubi* (distributor: Medusa Film), the 2009/2010 season's biggest box office hit.

2010 video.mediaset.it, a catch-up service allowing viewers to watch recently-broadcast Mediaset TV programmes, goes live.

- NewsMediaset, an "in house" agency providing images, news and services to the entire Mediaset structure, is created.
- 12 May: Mediaset launches La5, a free-to-air digital terrestrial channel broadcasting female-oriented content 24 hours a day.
- 26 November: Mediaset Extra, a new free channel specializing in reruns of the most popular Mediaset entertainment programmes, launches.

2011 Premium Net Tv, a new non-linear TV format offering up to 6000 titles on demand, launches.

- July: Mediaset enriches its Mediaset Premium digital terrestrial offering with two new pay channels: Premium Crime, for aficionados of detective films and thrillers, and Premium Cinema Comedy, a showcase for the best of Italian and US comedy.

- Mediaset Italia 2, a new free-to-air digital terrestrial channel, begins transmission. The new channel offers movies, TV films, documentaries, cartoons, sports and entertainment shows directed at a young, predominantly male, audience.
 - Cartoonito, a free-to-air digital terrestrial channel for children aged 6 and under, launches. Like Boing, Cartoonito is the fruit of a joint venture by Mediaset and Turner Broadcasting System Europe Limited, and enriches Mediaset's free content offering for children and teenagers.
 - Plans to merge EI Towers with DMT are approved.
 - In 2012, on completion of the financial restructuring of the Endemol Group, Mediaset reduces and then sells its holding in Endemol.
 - Premium Play, conceived as the successor to Premium Net Tv, is launched. With its advanced technology, ease of use, quality and innovative content, Premium Play breaks new ground in the Italian multimedia sector.
 - TgCom24 is repurposed as a free-to-air news channel available over DTT (slot 51) and satellite (slot 24), continuing to operate online via TgCom24.it and now available for smartphone and tablet with free-to-download apps.
 - Taodue repeats the success of *Cado dalle nubi* with a new film production, *Che bella giornata* (distributor: Medusa Film), which outstrips the former in terms of viewer figures and box office receipts.
- 2013** Paolo Sorrentino's film *La grande bellezza* (producer: Medusa Film) wins the Oscar for best foreign picture and the Golden Globe for best film. A new Checco Zalone film produced by Taodue, *Sole a catinelle*, is the year's biggest box office hit with receipts of 51.8 million euros, and the most-viewed Italian film since Cinetel records began.
- Mediaset España secures "free" transmission rights for 25 matches - including those featuring the national team, Spain - at the football World Cup in Brazil, which runs from 12 June to 13 July 2014.
 - Mediaset and Fox International Channels Italy sign an agreement for the inclusion of the Fox Sports channel in the Mediaset Premium roster. The new channel has exclusive rights for the live transmission of leading European football matches.
 - Mediaset signs an agreement with Eurosport for the inclusion of two channels, Eurosport and Eurosport2, in its Mediaset Premium roster. The deal extends the non-football pay-per-view offering of Mediaset to include the leading tennis tournaments, cycling tours, winter sports, motor sports, athletics, swimming, basketball, handball, hockey and numerous emerging disciplines.
 - Mediaset launches Infinity, Italy's first OTT (streaming television) service. The new platform offers subscribers access to a catalogue of over 6000 titles including films, TV series, and drama and entertainment shows.

2014 Mediaset wins the exclusive, all-platforms Italian broadcasting rights for all Champions League live matches and highlights for the three-year period spanning 2015-18.

2015 Spanish operator Telefonica acquires 11.1% of the shares in Mediaset Premium for a price of 100 million euros.

- Mediaset signs an agreement with Warner and Universal awarding it exclusive Italian rights over the films and TV series distributed by the two US giants for the periods spanning 2016-20 and 2016-18 respectively.
- Mediaset demands that Sky pay a retransmission fee for the unauthorized inclusion of the Group's free-to-air TV channels on its satellite platform. Sky contests the requested fee and Mediaset decides to encrypt its satellite channels, effective from 2400 on 7 September 2015.

2016 Mediaset and French group Vivendi sign a strategic alliance under which Mediaset would acquire 3.5% of the share capital of Vivendi, with Vivendi acquiring 100% of Mediaset Premium and 3.5% of

Mediaset. On the eve of the deal, (25 July 2016) Vivendi signals its intention to withdraw from the agreement. On 19 August, Mediaset files with the courts of Milan in an attempt to obtain the compulsory enforcement of the agreement. Vivendi reacts in hostile fashion by building its stake in its Italian rival, and on 22 December informs the markets it holds 28.8% of the ordinary share capital of Mediaset, equivalent to 29.94% of voting rights. The operation attracts the attentions of the Italian securities market regulator, Consob, the communications regulator, AgCom, and the public prosecutor in Milan, which opens an enquiry into market manipulation.

- Also in 2016, Mediaset creates Italy's leading radio broadcasting group in terms of audience and advertising revenue. The new group, RadioMediaset, includes the broadcasters R101, Radio 105 and Virgin Radio, as well as a partnership with Radio MonteCarlo.
- Checco Zalone's fourth film, *Quo Vado?* (produced by Taodue and distributed by Medusa), opens in Italy. It beats all

records with 65.4 million euros of box office sales.

2017 Mediaset acquires a 5.5% holding in Studio 71, Europe's leading multichannel network - and among the five biggest in the world - controlled by the German group ProSiebenSat.1Media. It also creates a joint venture, "Studio 71 Italia", in which Mediaset holds a 49% stake. The new joint venture is in charge of the Italian operations of Studio 71.

- The Board of Directors of Mediaset approves the Mediaset 2020 plan, which outlines the development strategy and financial targets for the period spanning 2017-20. Under this plan, Mediaset's share of the Italian advertising market will increase from 37.4% to 39.0% by 2020, with EBIT from Italian media activities increasing by 468 million euros.
- The communications regulator Agcom rules that Vivendi's holding in Mediaset and Telecom Italia is in breach of regulations, and orders the French company to reduce its holding.

- Mediaset acquires a 100% stake in free-to-air TV channels Retecapri (LCN 20), Retecapri +1 (LCN 120), and Retecapri HD (LCN 121).
 - Mediaset decides not to bid for pay TV rights for Serie A in the 2018-21 period as it holds the conditions of auction, issued by Lega Calcio, to be unacceptable. The auction is cancelled and bidding postponed.
 - Mediaset acquires an 11.1% holding in Mediaset Premium from Telefónica, regaining 100% ownership of the latter.
 - Publitalia 80 and Publiespana join TF1 (France) and ProsiebenSat1 (Germany) to create AdTech Ventures, which holds a 33% stake in European Broadcaster Exchange (EBX), a joint venture enabling advertisers to book campaigns across all member digital platforms. On 14 November, Channel 4 announces it is joining EBX.
 - RadioMediaset acquires RadioSubasio and Radio Aut, central Italy's leading radio broadcasters by coverage and audiences.
 - Mediaset's holding in El Towers rises to 41.74% as a result of a buyback of its own shares by El Towers.
 - Mediaset's holding in Mediaset España increases to 51.63% as a result of a share buyback.
 - Mediaset signs a three-year accord with the FIA for exclusive Italian television rights for Formula E, the world's leading electric auto racing championship.
 - Mediaset wins exclusive transmission rights for the 2018 football World Cup in Russia. For the first time, the Mediaset Group will be offering all matches free-to-air in both Italy and Spain.
- 2018** On 30 March, Mediaset and Sky Italia reach an agreement that includes a series of multi-year commercial commitments with the aim of an enlargement of the multi-platform tv coverage concerning Mediaset Premium channels as well as the beginning of a cooperation agreement under which Sky Italia gains access to the Premium pay platform available via DTT. The deal makes Mediaset a content provider across all platforms, pay satellite included, and enables it to create new value by allowing other companies to use its pay TV platform, in the context of Premium's digital transformation process envisaged into Mediaset Plan 2020.
- On 16 April 2018 the Court of Milan accepted Sky's urgent application to suspend the Mediapro procedure for pay-TV rights to Serie A for the 2018-2021 seasons, so that a preliminary legality check and be carried out. The court ordered the procedure to be suspended until 4 May 2018.

1.3 THE VALUES OF THE MEDIASET GROUP

The founding principles of the Mediaset Group are embodied in its Code of Ethics⁴, which defines the values cherished by the group at every level and in every area it pursues its business interests.

The present Code of Ethics was approved by the Board of Directors of Mediaset S.p.A. and by other Italian companies belonging to the Group on 18 December 2012 (the original Code was adopted in 2002, and subsequently modified in 2008 and 2012). The Code was created in the conviction that ethical conduct is necessary for the success of every business venture. Therefore it is a cornerstone of the Organizational Model and internal control system of the Group,

which also includes the Organizational Guidelines issued for each business process.

Modifications and additions to the Code of Ethics are subject to the approval of the Boards of Directors of member companies and communicated at Group level.

In the pursuit of its business activities, the Group therefore undertakes to respect the applicable laws and regulations in all countries where it operates, in conformity with the principles of freedom and individual dignity and in respect for diversity in all its forms, rejecting all forms of discrimination based on sex, race, religion, political convictions or socio-economic conditions.

As a major presence in the social and economic context in Italy and in other countries, the Mediaset Group predicates its growth on a solid reputation for transparency and rigour in the pursuit of its business activities.

In this respect the Group is committed to promoting a working environment based on respect for others and the values of loyalty, trust, transparency and integration, and continuously stresses priorities such as the health, safety and privacy of its employees.

In regard to the various categories of stakeholders, the Mediaset Group has always made every effort to combat corruption by acting transparently in its dealings with clients, suppliers and institutions, always and without exception respecting the principle of free competition.

The Group has always valued the wealth to be found in diversity, research and innovation, caring for the young and for the environment, enabling each individual to find fulfilment in his work, the basic principles which underpin its activities, and the people who have made it successful.

⁴The Group's Code of Ethics is implemented by all member companies except for El Towers and the Mediaset Group in Spain, which operate their own codes based on the parent company's.

1.4 THE MEDIASET GROUP, ITS BUSINESS CONTEXT, AND SUSTAINABILITY

In a rapidly-evolving national and international context where new platforms are constantly emerging and integrating, with new operators launching new services and new formats, the Mediaset Group - as Italy's leading private television broadcaster - pursues its business objectives from a perspective of internal and external sustainability, thereby exerting a significant influence on the evolution of its own business model. Factors in this sustainability include:

- Socio-demographic trends (rising average age of traditional TV viewership) and new ways of consuming content among younger age groups (non-linear consumption on new devices)
- New competitors (telecoms, global internet players etc.) operating at every link in the supply chain (content control, distribution platforms, client databases and advertising) and thereby depriving traditional operators of their role as intermediaries

- Regulatory changes on the national and international levels (copyright protection, concentration of advertising etc.), changes to allocations processes, evolving distribution infrastructure (DTT, broadband)

This scenario places the Group in a context characterized by the growing maturity of the leading markets (free-to-air and pay TV) and the rising cost of the premium content offered by operators.

In such a context, the Group is focussing on the evolution of its product strategy and video distribution in multi-device format (type of content, accords/partnerships, competencies), an orientation to agreements and alliances designed to create value for Mediaset, and the definition of an organizational model defining flows of communication, competencies and technology in new competitive scenarios.

In the pursuit of its business activities, the Group maintains relations with a multiplicity of stakeholders in its efforts to protect their interests, while setting itself the target of generating a positive social impact in the territories where it operates.

For these reasons, the Mediaset Group is careful to fully comply with the applicable laws and regulations in all the countries in which it operates, undertaking to act in accordance with the principles of loyalty, propriety, responsibility and freedom of the individual, respecting diversity and rejecting discrimination in all its forms.

What this signifies in its business context is caring for its own employees and cultivating their professional advancement, safeguarding intellectual property rights and the rights of minors, developing training initiatives and promoting culture.

Working in partnership with a non-profit organization, Mediafriends, the Mediaset Group promotes and supports social projects, making significant contributions to a huge number of charity initiatives, an area in which it has established itself as a leader in Italy.

MAPPING OF STAKEHOLDERS AND MATERIALITY ANALYSIS

In the preparation of its first Sustainability Report, the Group mobilized its principal corporate functions in a structured analysis designed to identify the key stakeholders and the most relevant issues for the preparation of the Report.

To meet the expectations and information requirements of the identified stakeholders, this document is divided into chapters corresponding to the issues explored and their general impact on stakeholders. For example, chapter 5, “People” contains data and information on the employees of the Group, while chapter 6, “Community and territory” addresses issues affecting suppliers, creative resources, local communities and universities.

Stakeholders were mapped in accordance with the international principles defined in the GRI guidelines.

The analysis identified the following categories of stakeholder:



After identifying the relevant stakeholders, the Group identified the sustainability issues of relevance to Mediaset and its stakeholders. These issues were also identified in relation to the benchmarks of the Groups' principal competitors in the media sector on the national and international levels, and in light of the context in which the Group operates and its business activities. They were then further evaluated in a workshop with Group management.

This analysis provides the foundation for the subsequent evaluation of the manner of involvement of the principal stakeholders.

The results of the analysis are presented in the following materiality matrix, which illustrates the relevance of the issues for the Group and its stakeholders. The materiality analysis process and the materiality matrix were validated by the Risk and Control Committee of Mediaset S.p.A.

As the materiality matrix shows, the most relevant issues are: economic responsibility, product responsibility, responsibility with respect to human resources, environmental responsibility, corporate governance and

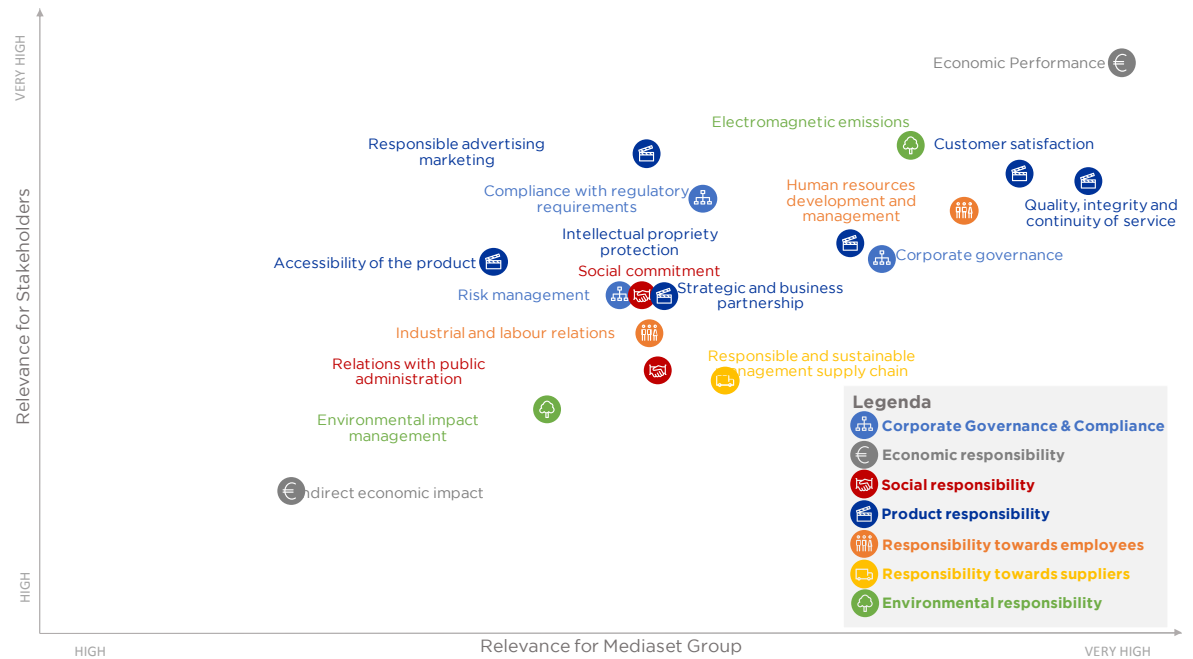
compliance, responsibility towards suppliers and social responsibility.

Subsidiary companies conducted similar analyses, framed in coherence with their own reporting objectives in terms of sustainability.

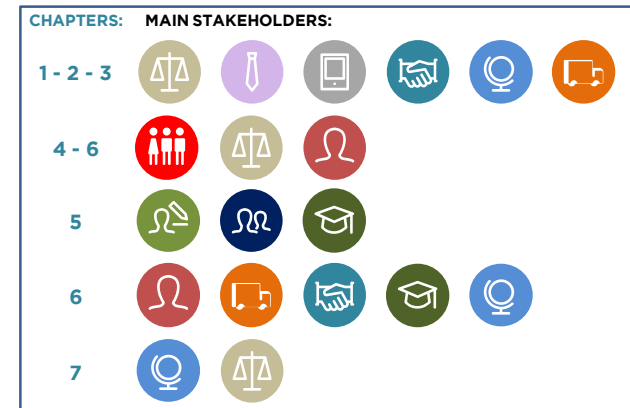
The issues identified in this analysis are systematically monitored as part of the

corporate risks assessment process.

The strategies, policies and instruments associated with individual material issues are reported in depth in the present document.





This document is structured to draw up the relevant issues included in the materiality matrix in line with the graphic's legenda. To facility reading, below exemplary scheme to allow to correlate the relevant topics in different chapters with the main stakeholders categories.






PERIMETER OF IMPACT OF RELEVANT ISSUES

The table below shows the perimeter of impact of the material issues, grouped by areas, and their reconciliation with the GRI topics.

MATERIALITY ISSUES FOR MEDIASET	GRI TOPIC RELATED STANDARDS	PERIMETER OF MATERIALITY ISSUES	
		Where impact occurs	Type of impact
Compliance with regulatory requirements Risk management Corporate governance	<ul style="list-style-type: none"> - Anti-corruption - Anti-competitive behavior - Environmental compliance - Socio-economic compliance 	Mediaset Group	Generated by Group
	n/a	Mediaset Group	Generated by Group
	n/a	Mediaset Group	Generated by Group
Economic performance Indirect economic impact	<ul style="list-style-type: none"> - Economic performance 	Mediaset Group	Generated by Group
	<ul style="list-style-type: none"> - Indirect economic impacts 	Mediaset Group	Generated by Group

MATERIALITY ISSUES FOR MEDIASET	GRI TOPIC RELATED STANDARDS	PERIMETER OF MATERIALITY ISSUES Where impact occurs	PERIMETER OF MATERIALITY ISSUES Type of impact
Responsible advertising and marketing	<ul style="list-style-type: none"> - Marketing and labelling 	Mediaset Group	Generated by Group
Quality, integrity and continuity of service	<ul style="list-style-type: none"> - Content creation - Content dissamination 	Mediaset Group Business partners, suppliers of	Generated by Group and connected with Group activities
 Customer satisfaction	<ul style="list-style-type: none"> - Customer privacy - Audience interaction 	Mediaset Group	Generated by Group
Intellectual property protection	<ul style="list-style-type: none"> - Intellectual property 	Mediaset Group	Generated by Group
Accessibility of the product	<ul style="list-style-type: none"> - Content dissamination 	Mediaset Group	Generated by Group
Strategic and business partnerships	<ul style="list-style-type: none"> - Content creation - Content dissamination 	Mediaset Group Business partners, suppliers of content	Generated by Group and connected with Group activities
 Human resources development and management	<ul style="list-style-type: none"> - Occupation - Occupational health and safety - Assessment of protection of human rights - Training and education - Content creation - Non-discrimination 	Employees[*]	Generated by Group
Industrial and labour relations	<ul style="list-style-type: none"> - Labor and management relations - Freedom of association and collective bargaining 	Employees; Trade unions	Generated by Group

MATERIALITY ISSUES FOR MEDIASET	GRI TOPIC RELATED STANDARDS	PERIMETER OF MATERIALITY ISSUES	
		Where impact occurs	Type of impact
 Responsible and sustainable management of supply chain	<ul style="list-style-type: none"> - Procurement practices - Freedom of expression - Content dissemination - Content creation 	Mediaset Group Artistic resources, business partners, content suppliers Suppliers, subcontractors Artistic resources, business partners, content suppliers	Generated by Group and connected with Group activities
 Relations with public administration Social commitment	<ul style="list-style-type: none"> - Economic performance - Indirect economic impacts 	Mediaset Group PA, governance and regulatory bodies Mediaset Group Local communities and associations	Generated by Group Generated by Group
 Environmental impact management Electromagnetic emissions	<ul style="list-style-type: none"> - Energy - Emissions - Discharges and waste n/a 	Mediaset Group Mediaset Group	Generated and connected with Group activities Generated and connected with Group activities

[*] The perimeter of information relative to health and safety and respective accident data is limited to employees of Group companies: the inclusion of data on occupational illness and accidents affecting external employees (who account for 6.7% of the total workforce) from the 2018 reporting year onwards is being evaluated.



2 - Economic performance and investor relations

2.1 SUMMARY OF INCOME STATEMENT/BALANCE SHEET DATA

	2017	%	2016	%
Consolidated net income	3,631		3,667.0	
Italy	2,636.2	73%	2,675.9	73%
Spain	996.3	27%	992.0	27%
Operating profit	316.5		-189.3	
Italy	70.9		-413.7	
Spain	245.3		224.4	
Net surplus	90.5		-294.5	
Net invested capital	3,774.6		3,698.3	
Shareholders' equity (Group and third parties)	2,382.5		2,535.9	
Shareholders' equity (Group)	1916.6		1,947.7	
Shareholders' equity (third parties)	465.9		588.2	
Net financial position	-1,392.2		-1,162.4	
Italy	-1527.5		-1,339.8	
Spain	135.3		177.4	

2.2 DISTRIBUTION OF ECONOMIC VALUE GENERATED

The following prospectus shows the distribution of economic value of the Mediaset Group in regard to the principal stakeholder categories: suppliers, human resources, financial institutions, shareholders, government and community.

The data is based on the Consolidated Income Statement.

Economic value generated is an aggregate figure comprising:

- Revenues from sales and services
- Other revenues and income
- Financial income

The value is distributed as shown below:

- Value distributed to **external suppliers** inclusive of purchase costs, services, other costs and amortization of tangible and intangible property;

- Remuneration of **personnel**, which is equivalent to personnel costs;
- Remuneration of **financial institutions**, represented by financial expenses;
- Remuneration of **government**, including costs and current taxes;
- Remuneration of the **community**, principally deriving from donations and grants for social and philanthropic

causes;

- Remuneration of **shareholders**, represented by the allocation of profits, where this occurs.

The following graph shows the values cited above, with an explanatory note on the reconciliation of the economic value identified by the Group and the final net accounting result.

ECONOMIC VALUE GENERATED AND DISTRIBUTED	2017		2016	
	From the consolidated financial statement (millions of euros)	% distributed	From the consolidated financial statement (millions of euros)	% distributed
Economic value generated by Group (A)	3,687		3,696	
Economic value generated by Group (B)	3,622		3,814	
Remuneration of suppliers	2,909	80%	3,050	80%
Remuneration of financial system	85	2%	125	3%
Remuneration of employees	532	15%	540	14%
Charity	0.5	0.01%	0.5	0.01%
Public administration remuneration	96	3%	98	3%
Difference between generated and distributed (A)	64		-117	
<i>Other economic components [*]</i>	<i>150</i>		<i>-109</i>	
Added value retained by company	214		-226	
<i>Minority earnings</i>	<i>123</i>		<i>68</i>	
Group earnings	91		-294	

[*] Including write-offs, provisions for risks, changes in inventories and every non-monetary item.

2.3 RELATIONS WITH INVESTORS

The Mediaset website publishes financial information (financial statements, interim reports and additional financial information, presentations to the financial community and the performance of Stock Exchange transactions involving financial instruments issued by the Company) as well as data and documents that are of interest to shareholders (press releases, composition of Company bodies and committees, company bylaws, regulations and minutes of Shareholders' Meetings, as well as documents and information on corporate governance and the compliance programme pursuant to Legislative Decree 231/2001)

In order to establish an ongoing relationship with the shareholders, based on an understanding of their respective roles, the Board of Directors appointed the Chief Financial Officer of the Group as the person in charge of managing relations with the shareholders.

MEDIASET SHARES ON THE STOCK MARKET	2017	2016	2015
Maximum price (euros)	4.4 <i>jan-11</i>	4.6 <i>dec-21</i>	4.9 <i>jul-16</i>
Minimum price (euros)	2.9 <i>nov-10</i>	2.2 <i>nov-28</i>	3.2 <i>jan-06</i>
Opening price 1/1 (euros)	4.2	3.7	3.4
Closing price 31/12 (euros)	3.2	4.1	3.8
Average volumes (m)	5.2	9.5	10.2
Max. volumes (m)	29.0 <i>oct-10</i>	140.0 <i>dec-13</i>	46.9 <i>01-Nov</i>
Min. volumes (m)	1.4 <i>aug-25</i>	1.3 <i>may-30</i>	2.7 <i>dec-16</i>
Number of ordinary shares (m)	1,136.4	1,136.4	1,136.4
Capitalization on 31/12 (m/euros)*	3,670.6	4,670.6	4,354.7
Average capitalization 1/1 - 31/12 (m/euro)*	4,116.1	3,784.9	5,060.1

*own shares are excluded from the calculation. Source: Bloomberg

For this purpose the Chief Financial Officer is assisted by the following two functions that report directly to him:

The Company Affairs Department, which oversees relations with retail investors and institutional entities (CONSOB, Borsa Italiana);

The Investor Relations Department, which oversees relations with the financial community (financial analysts, institutional investors and ratings agencies).

In January, the financial calendar with details of main financial events, is reported to the market and published on the Company's website.

The company guarantees that the market receives information which is appropriate, fit for purposes of a correct evaluation of the financial and revenue prospects for the Group, compliant with applicable legislation and in accordance with the principles of clarity, propriety and parity of access to information.

In particular, during 2017, the company participated in the leading media trade

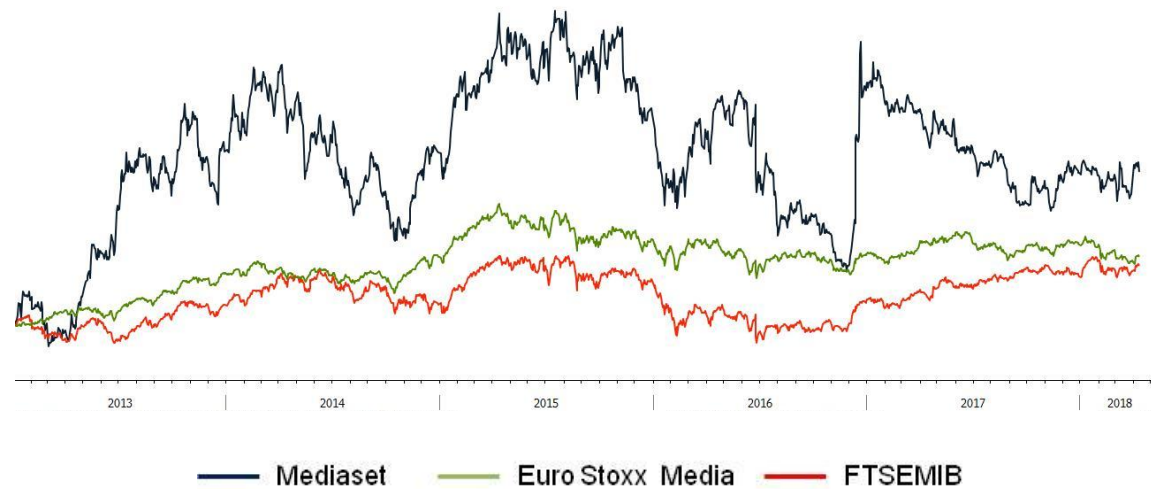
shows (especially Milan and London) and met numerous institutional investors during a roadshow which stopped at some of the leading financial centres (London, Paris, New York and Boston) and in individual meetings in its own offices over the course of the year.

These activities were part of the daily work of interaction with the 28 brokers covering Mediaset stock and the numerous investors who contact the company via its Investor

Relations team.

The contact details and telephone numbers of the Corporate Affairs Department and Investor Relations Department are also published on the Company's website.

MEDIASET STOCK AND THE MAIN INDEXES





3 ▪ Ethics, integrity and transparency in business activities

3.1 CORPORATE GOVERNANCE

Mediaset S.p.A., the holding company of the Mediaset Group, is listed on the Electronic Stock Market of the Italian stock exchange, on FTSE MIB and is a signatory to the most recent edition of the Code of Corporate Governance for listed companies (July 2015), implementing its principles and adjusting its own Corporate Governance system to national and international best practices in this sphere.

The subsidiary El Towers S.p.A., listed on the Electronic Stock Market (MTA) Star Segment of Borsa Italiana S.p.A., also adheres to the Corporate Governance Code for Listed Companies. The subsidiary Mediaset España Comunicación S.A., listed on the Madrid, Barcelona, Bilbao, and Valencia Stock Exchanges and on the Spanish electronic stock market - Ibex 35 and its subsidiaries are subject to Spanish Law and to the Spanish corporate governance system.

Mediaset has adopted a traditional administration and control system consisting of the following corporate bodies: shareholders' meeting, board of directors,

executive committee and board of statutory auditors.

The powers and operations of company bodies and committees are governed by law, by the company's articles of association, by the resolutions passed by the competent company bodies, and by the principles and criteria set down in the Stock Exchange Code.

The shareholders' meeting represents all shareholders and has powers to deliberate, in ordinary and extraordinary sessions, on matters falling under its remit by law or by the articles of association. The shareholders' meeting is chaired by the Chairman of the Board of Directors, and its decisions, taken in conformity with the law and with the articles of association, are binding. The shareholders' meetings of Mediaset are governed by regulations framed to ensure they proceed in an orderly and productive fashion, and in observance of the fundamental right of each shareholder with voting rights to take part in the meetings, to request clarifications on the items under discussion, to express their opinions and to formulate proposals. See the "Profile and activity" section of the present Report for a

breakdown of the share ownership structure.

The Board of Directors is the collective body of the Company responsible for administration of the company. It plays a key role in the Company's organization, overseeing functions and responsibility for its strategic and organizational guidelines, checking the existence of controls necessary to monitor the performance of the Company and Group. The system of delegation of powers is such that the central role of the Board is maintained within the Company's organisation. The Board of Directors is invested with the powers provided by the law and by art. 23 of the articles of association. In addition, the Board performs the activities assigned to it by the stock exchange Code.

The Board of Directors met fifteen times in 2017. Each meeting lasted on average approximately one hour. The overall percentage of directors attending during 2017 was approximately 93%, while the percentage of independent directors attending was approximately 96% overall. On 31 December 2017, the Board of Directors comprised 17 members⁵:

Fedele Confalonieri, Pier Silvio Berlusconi, Giuliano Adreani, Mauro Crippa, Marco Giordani, Gina Nieri, Niccolo' Querci, Stefano Sala, Marina Berlusconi, Bruno Ermolli, Carlo Secchi, Michele Perini (from majority list "1"); and Franco Bruni, Alessandra Piccinino, Fernando Napolitano and Wanda Ternau (from minority list "2"); Pasquale Cannatelli.

Note too that the Board of Directors comprises 76% men and 24% women. 16

⁵ Pasquale Cannatelli handed in his resignation on 25 January 2018

directors are aged over 50, and one is aged between 30 and 50.

The Board of Directors has appointed three internal committees with advisory and consultative functions: the Compensation Committee, the Internal Risk and Control Committee and the Governance and Appointments Committee.

Since 2017, the Board of Directors has been responsible for guaranteeing that the Sustainability Report is prepared and published in conformity with the requirements of Decree 254/2016. On 20 December 2016, in response to a proposal tabled by the Governance and Appointments Committee, the Board of Directors endowed the Risk and Control Committee with powers of "supervision in regard to questions of sustainability connected with the activities of the company and its dynamics of interaction with shareholders".

The Board of Statutory Auditors has the powers invested in it by law and by the articles of association, in addition to its internal control and auditing remit. In particular, the Board of Statutory Auditors oversees the financial reporting process, the

efficacy of the Internal Control and Risk Management System, the statutory audit of annual and consolidated accounts, and the independence of the statutory auditor. With the entry into effect of Decree 254/2016, the Board of Statutory Auditors is also responsible for overseeing compliance with the requirements of the Decree in regard to the preparation of the Sustainability Report, and prepared an annual statement to this effect for the Shareholders' Meeting. On 31 December 2017, the members of the Board of Statutory Auditors were:

Mauro Lonardo, Francesca Meneghel, Ezio Maria Simonelli (permanent members); and Stefano Sarubbi, Flavia Daunia Minutillo and Riccardo Perotta (deputy members). They will remain in office until the Shareholders' Meeting for the approval of the financial statements for the year ending 31 December 2019. The Chairman of the Board of Statutory Auditors is Mauro Lonardo, who was first in the minority list.

The Board of Statutory Auditors met 18 times in 2017, with total participation rate of 87.2%.

During the year, in line with the consolidated practice of the company, with the purpose

to increase the knowledge from all the administrators and the statutory auditors of the reality and the business dynamics and to favor a great knowledge of the sector in which the society operates, of the regulatory framework and self-regulate, different meetings are continued turns to a close examination of thematic specifications of business and corporate governance, through one structured program of Induction also with the aid of external advisors and the involvement of the management of the company and its subsidiaries.

The statutory auditors of the company have been invited to attend all these meetings.

For more detailed information on the company's governance structure, including the composition of the corporate governance bodies of the Mediaset Group, diversity in governance bodies and remuneration policy for the members of these bodies, the reader is referred to the Annual Report, the Report on Corporate Governance and Ownership Structure and the Compensation Report, which are all available in the Governance section of the company's website at www.mediaset.it.

3.2 ETHICS AND INTEGRITY IN BUSINESS

CODE OF ETHICS

As indicated in paragraph 1.3 above, the Code of Ethics of the Mediaset Group defines the values which the Group cherishes, accepts and shares at every level in the pursuit of its business activities.

The principles and provisions of the Code of Ethics are binding on directors, auditors, all persons holding an employment contract with Mediaset Group companies and all persons working for/with the Mediaset Group, regardless of the nature of their employment relationship, even temporary, with the company (e.g. employees, suppliers, clients etc.).

Respect for the principles and values enshrined in the Code of Ethics is of fundamental importance for the correct operation, reliable management and image of the Mediaset Group.

All activities of the Group are therefore pursued in a spirit of fair competition, in full respect for the laws and regulations of the jurisdictions of all countries in which it operates, and for the ethical principles commonly applied in the pursuit of business, such as honesty, fairness, propriety, transparency and good faith.

The Mediaset Group propagates the principles and values enshrined in its Code of Ethics via targeted information campaigns, especially with regard to its corporate bodies, staff and employees, encouraging them to apply and strictly observe these principles and values.

The Code of Ethics is issued to all employees of the Group together with their salary statements, and to new recruits at the moment of recruitment.

The Code of Ethics of the Mediaset Group is published in the "Sustainability" section of

the Mediaset Group's website (www.mediaset.it), in English and Italian, and in the "Portale 231" section of the corporate intranet system.

The Mediaset Group also implements training activities addressing its Code of Ethics, as required under the administrative liability provisions of Legislative Decree 231/01) and in reference to the "231 Compliance Programmes" implemented by Group companies⁶. According to circumstances and requirements, training plans are administered in classroom courses or via special e-learning modules.

Following its adoption and subsequent amendments, the Code of Ethics was

distributed to its different recipients including signatories to employment and supply contracts and, more generally, to all external parties conducting business relations with the companies of the Mediaset Group. With regard to the latter, the agreements have been modified to incorporate a formal reference to the Code of Ethics (and to the 231 Compliance Programme of Mediaset S.p.A.), indicating that violation of the rules of the Code may constitute a breach of contractual obligations.

In line with its Italian counterpart, the **Mediaset Group in Spain** implements its own Code of Ethics, which applies both to the parent company and its subsidiaries. Its latest version was approved by the Board of Directors in December 2016. Mediaset Spain also implements its own Compliance Programme, which is analogous to the programme implemented in Italy. It also implements a whistleblowing mechanism allowing violations of the code to be anonymously reported.

COMPLIANCE WITH REGULATORY REQUIREMENTS

As a supplier of audio-visual services and a radio broadcaster, the Group scrupulously observes Italian law in the pursuit of its business activities, including requirements of a regulatory and self-regulatory nature.

To prevent violations of applicable legislation, the Mediaset Group scrupulously observes the requirements on air time and the protection of minors in the advertising content carried in its radio and television broadcasts. The following requirements apply in regard to these issues:

- training of personnel responsible for programming, production and broadcasting;
- general oversight of programming activities, using a delegation system conferring the necessary powers on those responsible for content;
- advisory and supervisory action by the Legal Affairs Department and the Regulations and Corporate Compliance Department, both from a general

⁶ The companies which have implemented their own Compliance Programmes under Decree 231/01 are: Mediaset S.p.A., Medusa Film S.p.A., Publitalia '80 S.p.A., Taodue S.r.l., Digitalia '08 S.r.l., Videotime S.p.A., R.T.I. S.p.A., Elettronica Industriale S.p.A., Mediaset Premium S.p.A., Monradio S.r.l., Radio Mediaset S.p.A., Radio Engineering Co. S.r.l., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Ei Towers S.p.A., and TowerTel S.p.A.

perspective and addressing specific programmes or individual issues, with the purpose of identifying critical issues and taking the appropriate preventive action.

The Regulations and Corporate Compliance Department periodically publishes a manual summarizing the regulations governing the TV and radio programming activities of private Italian broadcasters.

The **manual** is designed for everyday use, and is also valuable as a guide for programmers to identify critical issues.

Programmers receive training on correct programming procedure in a series of meetings, including issues specifically connected with regulations on programming.

The Mediaset Group operates in an intensively-regulated sector, and its relations with regulatory bodies and industry associations are of primary importance. The Group defends its legitimate interests before local and international administrative powers.

To do so, Mediaset is a member of various industry associations created to promote

the shared interests of commercial TV stations on the national, EU and international levels:

- Anica Ass. Naz. Industrie cinematografiche
- Association of Commercial Television in Europe (ACT)
- Associazioni Produttori Televisivi
- BNE Broadcast Network Europe
- DVB Digital Video Broadcasting
- Confindustria Radio Televisioni
- FAPAV Fed. per la tutela dei contenuti televisivi
- Fedoweb
- HBBTV Association
- IAB Italia Interactive Advertising Bureau
- Osservatorio Branded Entertainment (OBE)
- Unión de Televisiones Comerciales Asociadas (UTECA)

CONFLICTS OF INTEREST

The Code of Ethics of the Mediaset Group includes special provisions on conflicts of interest.⁷ All recipients of the Code of Ethics must scrupulously observe the laws and regulations on conflicts of interest, especially with regard to the pursuit of their business activities and their own duties/functions. In pursuing the interests and general objectives of the Group, they must abstain from conduct and action incompatible with their obligations in connection with their relations with Mediaset.

Consequently, in the occurrence of situations or activities in which the recipients of the Code of Ethics may have interests (directly or via third parties) which are or could be in conflict with those of the

⁷ Art. 6 of the Code of Ethics of the Mediaset Group

Mediaset Group, these recipients must immediately inform their superiors or the designated bodies, i.e. supervisory and control bodies, where these exist, and to respect the decisions taken by the Mediaset Group in this regard.

Mediaset implements a "related parties procedure"⁸ taking into account the dictates of the regulations containing provisions on the subject of related transactions adopted by Consob, the provisions of the Civil Code, and the recommendations of the Corporate Governance Code.

⁸ The EI Towers Group implements its own related parties procedure.

The Mediaset Group is therefore committed to taking all measures necessary for avoiding situations which may present conflicts of interest.⁹

Via its regulatory compliance department, the **Mediaset Group in Spain** works to detect and monitor potential conflicts of interest between the company and its directors. This matter is regulated by the Code of Ethics and by the Group's internal code of conduct, which both provide mechanisms for identifying and resolving potential conflicts of interest, thereby preventing conduct liable to damage the company or its shareholders.

⁹ The Group undertakes to guarantee, in all possible circumstances, compliance with the Law of 20 July 2004 no. 215 "Requirements on the resolution of conflicts of interest", and with Agcom ruling no. 417/04/CONS "Regulations on the resolution of conflicts of interest" (amended by ruling no. 392/05/CONS 682/11/CONS).

Under the regulations of the Board of Directors, related-party transactions between Mediaset España and its directors are subject to the authorization of the Board of Directors.

To avoid potential conflicts of interest in the creation and dissemination of content, all content creation commissions are subject to the review, analysis and approval of the Group's Acquisitions Committee.

3.3 THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As an integral part of its Internal Controls and Risks Management System, the Mediaset Group has adopted a Risk Management model, both in Italy and in Spain, in order to be able to respond better to the risks to which it is structurally exposed. The Group has adopted the Enterprise Risk Management (ERM) methodology, already identified as the benchmark methodology in the Guidelines for the Internal Controls and Risks Management System issued by the Board of Directors, with effect from 2008 and

regularly updated by the Board of Directors. It was last updated at the meeting of 20 December 2016.

The ERM model identifies the following types of risk factors which may be important from a perspective of sustainability over the medium and long terms:

1. External and industry sector risks, which are linked to the economic cycle, to the evolution of the intermediate and end markets of reference (consisting of the demand for the consumption of audio-visual content and entertainment and demand for advertising slots) and to the evolution of the competition and regulatory environment.
2. The risks connected with the strategic approaches and policies adopted and the management of the main “operational” processes linked to the management, also on a progressive basis (for example through partnerships and alliances) of the broadcasting, commercial, technical and infrastructure models used to coordinate and manage production inputs and strategic assets (managerial

personnel, content and distribution network) employed in the core business of producing and broadcasting the television offering, also in relation to aspects of risk linked to the Company's reputation and social responsibility;

3. Financial risks connected to the management of financing needs and interest and exchange rate fluctuations;
4. Risks connected to the management of legal disputes;
5. Risks related to environmental policies
6. Risks connected to Corporate Governance

The principal sources of risk and uncertainty in the ESG (Environmental, Social and Governance) spheres and of relevance to the Group are indicated below, together with a description of their nature and the management/mitigation measures implemented by management.

Risks connected with reputation and relations with stakeholders

One of the Mediaset Group's key strategic objectives is the ability to maintain and

increase content innovation and brand value perception over time in keeping with the development of its business model. In relation to this objective, there is a risk of establishing broadcasting and communications strategies and initiatives aimed at the financial market and the public that could have an adverse impact on the perception of the Mediaset brand. This risk is primarily monitored via constant supervision designed to ensure full oversight of certain processes, and in particular:

- programme scheduling, monitored through daily analysis of television viewer behaviour, both in terms of audience share and rating of broadcast programmes, and, consequently, of viewer perception of the editorial approach adopted by the networks, as well as through ongoing initiatives designed to ensure the protection and respect of minors and attention to issues of social responsibility;
- reporting processes to the financial market and to the public;

- production processes and their ability to generate high-quality innovative products.

Risks connected to the management of human resources

With regard to the risks associated with the management of human resources, the Group acknowledges the vital role played by human resources and the importance of cultivating transparent relations based on reciprocal loyalty and trust, and the application of the rules of conduct dictated by the Code of Ethics.

Management and cooperation in working relations is based on respect for the rights of employees and the full recognition of their contributions in a perspective of promoting their professional growth and development.

In particular, in a competitive context characterized by profound change driven by digital transformation processes, triggered by advances in technology which are significantly impacting the sectors in which the Group conducts its business (creation and distribution of video content, sale of

advertising space), the Group is increasingly focussed on aspects such as recruiting, training and cultivation of human resources, with a special emphasis on identifying talent and the need to create career development trajectories which strengthen know-how in areas of key importance to the Group, particularly technology and the conceiving and realization of editorial product, issue-specific training, the definition and development of career trajectories and the definition of incentives plans.

In pursuit of these objectives, the Group implements systems for evaluating annual performances based on a clear definition of shared objectives which can be measured in numeric, financial and economic terms as well as individually and qualitatively.

Also, to promote a positive corporate culture and climate, the Group constantly strives to improve internal communication flows via advanced, market-standard collaboration tools (new corporate website project, Office 365 and instant messaging services for all company employees).

Risks related to the policy on partnerships and alliances

Historically, the Group has pursued a strategy of external growth based on a policy centred on the establishment of highly targeted partnerships and alliances, with the objective of ensuring that the business integration and/or internationalization opportunities identified are consistent with objectives of financial return on the initial investment. These types of operation expose the Group to approval risks relating to authorizations, the implementation of business models and associated business plans, as well as the risk of changes in the political and regulatory scenarios in industry sectors and/or geographical areas other than the usual ones, and deterioration of the know-how of the participants in partnerships and alliances, with resulting potential risk of loss in value of the investments made.

Risks related to environmental policies

In Italy, exposure to electrical, magnetic and electromagnetic fields is governed by Italian Framework Law no. 36 of 2001 and Italian Presidential Decree of the Council of

Ministers of 8/7/2003, which set limits on exposure of the population to electrical, magnetic and electromagnetic fields with a frequency ranging from between 100 kHz to 300 GHz.

The exposure limit is the value of the electrical, magnetic and electromagnetic field, regarded as the emission value, set to protect health against severe effects, which must not be exceeded under any condition of exposure of the population and workers.

The attention value is the value of the electrical, magnetic and electromagnetic field, regarded as the emission value, which must not be exceeded in residential areas, schools and places of extended stay.

The quality goals are:

location criteria, urban planning standards,

requirements and incentives for the use of the best available technologies, as indicated in regional laws;

the electrical, magnetic and electromagnetic field values, set by the government for the progressive mitigation of exposure to those fields.

Despite extensive concerns among the population linked to the effects of electromagnetic fields, the World Health Organization and the latest scientific literature have concluded that current evidence provides no proof of health damage resulting from exposure to weak electromagnetic fields. Therefore compliance with the exposure limits recommended by domestic and international guidelines enable monitoring of the risks of exposure to electromagnetic

	Intensity of electric field E (V/m)	Intensity of magnetic field H (A/m)	Power density D (W/m²)
Exposure limit	20	0.050	1.0
Warning threshold	6	0.016	0.1
Quality objective	6	0.016	0.1

fields which may be harmful to health.

Moreover, the limits under Italian regulations are up to 100 times lower than those set by the International Commission on Non Ionizing Radiation Protection (ICNIRP) and applied in the rest of Europe.

The critical factors for constructing transmission equipment and adhering to legal limits are:

- the need to emit high power levels;
- the difficulty of erecting tall towers for the installation of transmission antennas;
- the proximity of residential properties to transmitters or the issue by municipalities of new building permits for the construction of residential units close to the plant;

the presence on the same site of other broadcasters (particularly radio broadcasters), which can result in the limits being exceeded when emissions are aggregated.

Mediaset's installations are designed, developed and operated in compliance with Italian law. In accordance with the Group's

operating practices, all necessary measures are taken, when designing new sites or modifying existing ones, to keep the electromagnetic field levels within the parameters set by the regulations. In particular:

- the construction of tall towers for transmission antennas in order to keep them as far as possible from areas accessible to the population;
- improved orientation of transmission antennas, to concentrate the signal on the area to be served and use less power minimizing the electromagnetic radiation detectable at ground level (areas accessible to the population);
- identification, where possible, of installation sites far from residential areas;
- submission of the project for prior assessment and authorization by local authorities and regional environmental protection agencies, as required by the Code of Electronic Communications (Italian Legislative Decree 259/03

In addition, specific company functions are responsible for mapping installations with a risk of exceeding the electromagnetic field limits and establishing monitoring plans as well as, where necessary, the use of internal and external resources (certified external advisors).

Risks connected to Corporate Governance

The typical corporate governance-related risks, such as the risk of non-compliance with laws and regulations, improper assignment of powers and authorities, or inappropriate remuneration policies, are mitigated through the implementation of a strong system of Corporate Governance. Since 2000, Mediaset has adopted the provisions of the Corporate Governance Code for Listed Companies and, over the years, it has continued to bring its own Corporate Governance system into line with applicable domestic and international best practices, the recommendations of the Corporate Governance Code of the Italian Stock Exchange and applicable regulatory provisions.

Using the same risk management model, the **Mediaset Group in Spain** implements an

assessment process designed to identify risks in its own industrial context. Every year, the Board of Directors of Mediaset España assesses the risks the Mediaset Group in Spain is exposed to, and evaluates the internal control systems implemented, identifying possible areas for improvement. In particular, the Internal Audit and Compliance functions evaluate the specific risks to which the Mediaset Group in Spain is exposed, assessing the likelihood of occurrence and magnitude of impact and directly involving the various corporate functions in the evaluation process. The Risk Committee, whose members are the managing directors of companies belonging to the Mediaset Group in Spain, is responsible for managing executive risk management functions in everyday business activities.

3.4 DATA PROTECTION AND PRIVACY

The protection of privacy and the data and information pertaining to clients and subscribers is one of the principal concerns of the Mediaset Group.

The Group has prepared a special set of Guidelines on Information Security Policy, management of personal data and the protection of data. These activities observe the following principles:

- compliance with national and international legal requirements, with particular reference to Legislative Decree 231/2001, L.262/2005 on the protection of savings and financial markets regulations, and the European Regulation (EU) 2016/679 on the processing of personal data.
- safeguards on adequate measures of protection of data against threats, including cyber security; these measures are identified in accordance with the level of risk associated with the loss of confidentiality, integrity and availability of information. This protection must also

be guaranteed in regard to relations with third parties.

- protection of data against unauthorized access, while ensuring accessibility for legitimate purposes, with a suitable degree of traceability.

A cyber risk assessment process has also been implemented, and has recently identified the principal areas of IT risk for the Mediaset Group as well as the measures best suited to resisting threats and mitigating residual risk.

Among the most important initiatives undertaken is the future creation of a Security Operation Centre (SOC). The duties of the SOC will include an early warning mechanism which analyses the correlation between accesses to information systems and the respective alarms so that security can be managed preventively, identifying vulnerabilities in network components and tracing anomalous or dangerous activity (unauthorized operation of the network, access to systems, spreading of virus, general attacks).

On 25 May 2018, European Regulation 679/2016 (a.k.a. the GDPR Regulation) on

the protection of natural persons with regard to the processing of personal data and on the free movement of such data takes effect. The Mediaset Group is defining a “compliance programme for privacy management” incorporating the new rules established by the European Union.

The Mediaset Group in Spain is scrupulously implementing the protection of personal data and content in the sphere of corporate management. The primary instrument of implementation is the Code of Ethics, which addresses aspects relating to cybersecurity, data protection and confidentiality. Using the Code of Ethics as their guide, the data protection unit, the Internal Auditing Department and the technology division will develop other mechanisms determining the company's conduct in regard to data security.

The Group also implements a corporate security policy which imposes procedures and regulations for the processing of personal data and confidentiality within the organization. These procedures regulate access to and the processing of personal data in all departments, areas and management units of companies belonging

to the Group, while also defining the security measures to be applied during the compilation of personal data to ensure the confidentiality of the latter.

The Group has also implemented a series of operating procedures for managing initiatives requiring the use of personal data: identification and authentication, remote access, access to applications and use of personal data files. These procedures are regularly updated to ensure their compliance with applicable legislation.

In 2016, the Group underwent a conformity analysis in light of the General Data Protection Regulations on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, which will enter effect on 25 May 2018.

This analysis revealed the need for more work to bring the current management model up to standard and for the introduction of specific measures of a technical, organizational and legal nature.

In the 2016, this includes the development of the procedure for the management of cloud-based procurement services, which involves the creation of a special organizational unit dedicated to this area (data development department).

With regard to relations between company and citizens in terms of data protection, the Mediaset Group in Spain has defined and implemented an action protocol for guaranteeing the exercise of the rights of access, modification, cancellation and objection.

This protocol describes in detail the areas affected by such rights, the channels through which users can exercise them, the procedure for replying to requests, special cases for the exercise of rights, and notification of users of the successful outcome of their requests.

In the **Mediaset Group in Spain**, the Technology Division is in charge of coordinating and managing the technical aspects of information system security, following the corporate security policy and the internal action procedures, which apply to all employees and managers.

As part of this policy, and as a method for guaranteeing control over access to corporate applications and services, a set of guidelines addressing specific topics such as "Procedure for controlling access to applications" and "Procedure for managing media" has been prepared. The latter procedure defines the cases in which corporate data must be encrypted.

A procedure has also been developed for establishing mechanisms for managing and sending sensitive corporate data. A project for implementing an instrument for the

management of access and information rights has been developed as a technological foundation for the procedure. This solution involves the application of security rules and policies and the monitoring of the distribution of corporate data.

The purpose of information system security management is to ensure the availability, integrity and confidentiality of corporate data, to control access to it, and to ensure the data is adequately protected in conformity with all laws, standards and regulations on data protection.

Mediaset España constantly monitors its mission-critical information systems via periodic reviews and audits. Monitoring of the systems considered to be most vulnerable also covers the activities of users.

3.5 RELATIONS WITH GOVERNMENTS

When carrying out its business - one well-established throughout the entire Italian territory - the Mediaset Group in Italy entertains relationships with a great many private and public parties.

Precisely in the relations with the aforementioned parties the group has added an ad hoc article to its Code Of Ethics (also see par. 1.3 and 3.2) in order to govern the related activities.¹⁰

In addition to prohibiting any illicit conduct that may involve the Group in its relations with public bodies, the Code of Ethics also covers the activities that see the Group involved in partnerships with public institutions.

In this case, the Group may support programmes of public institutions or bodies aimed at creating public benefit as well as

¹⁰ Art. 21 "Relations with Public Institutions" requires the Mediaset Group to maintain a collaborative and transparent relationship with the national, community and international public institutions to facilitate dialogue on topics of specific interest. The relations must be maintained fully in compliance with the current regulations, the principles in the Code of Ethics and the corporate procedures, on the basis of the general criteria of propriety, transparency and loyalty.

projects of foundations and associations. These activities must be performed in full compliance with the applicable regulations, the principles set out in the Code of Ethics and the corporate procedures.

In this area, Mediaset Group is proactive through the company RTI, participating in European projects financed by the European Commission which include collaborations with international partner companies.

In the month of July 2016, in the Media category, RTI participated in the European Parliament Tender for the creation of projects aimed at promoting the spread of EU identity principles, gaining admission to the 2016/2019 subsidies programme and the relative partnership.

Also during 2016, RTI participated in the MPAT Project and, starting in December 2016, in the “Producer Project” as well. The MPAT project includes development of a modular platform for creating multi-screen applications that can interact with TV programmes, video on-demand, and Web content within interactive TV (so-called Hbbtv). The role of RTI S.p.A in the MPAT project consists in designing the application

scenarios, defining the business model, as well as piloting, dissemination and exploitation.

On December 22, 2017, the Mediaset Group adopted ad hoc Organisational Guidelines that govern the attainment and management of financial assistance issued by European public institutions to back the development of research and innovation projects (for example on the topic of emerging or future technologies, saving the environment, etc.).

Through the company **Medusa**, Mediaset also works in the cinema industry, receiving financial assistance from public bodies, mainly national, and the rest from European bodies.

The primary and most important source of financial assistance is that obtained by Medusa in its capacity of producer. Thanks to its title, the company was able to apply to obtain percentage contributions on the general national box office revenue admitted to “legal benefits”. Up until 31/12/2016 contributions were automatically calculated as a percentage of the revenue

measured by the SIAE in the first 18 months after the first public projection.

The second source of financial assistance is bound up with Medusa’s business itself, i.e. the distribution of films in cinemas and the activity of advertising them. This considered, the Ministry for Cultural and Tourism Assets offers tax credits applying variable percentages to costs incurred within an overall annual limit of 2 million euros.

A remaining amount of financial assistance comes from European bodies with participation in the “Automatic Support Distribution Media Programme”, conceived to promote investment in European film distribution in territories other than that of the distributor. Medusa’s almost exclusive focus on Italian cinema makes this opportunity not very significant.

Financial assistance received from government [*]	Public body	€ millions	
		2017	2016
Public contributions (collection of government contributions)	Ministry for Culture and Tourism - Cinema Department	5.8	6.0
	Instituto de la cinematografía y de las artes audiovisuales[**]	0.6	0.3
Tax relief (Answer 1^ tax credit for distribution)	MIBACT	0.7	5.0
Assistance received from non-government bodies[***]		0.01	0.02
Total		7.1	11.3

[*] I dati riportano i valori incassati nel corso del periodo di rendicontazione.

[**] Subsidies received from Telecinco Cinema as assistance for amortization of film and feature productions.

[***] Subsidies received from Fondazione Biodiversidad for promotion of environmental information.

The company **Publitalia'80**, despite not having benefited from any public contributions, decided to implement certain organisational guidelines in order to avoid offences under Legislative Decree 231/2001 as amended.

Among the “extraordinary” collaboration activities with the Governments was the “naming and branding” agreement signed by **Mediaset Premium** with underground rail operator Metro 5 Spa for the “San Siro Stadium Mediaset Premium” underground stop in Milan. The agreement was launched in 2015 and is still valid.

One thing that stands out in the scope of the ordinary relations with governments is the constant effort to combat piracy and the defence of the content broadcasted by Mediaset Premium thanks to the collaboration of the Security Management Department and Mediaset’s legal structures with AGCOM and law enforcement bodies (Postal Police and Finance Police).

Mediaset Group in Spain, through its public institutional relations, promotes and guarantees the representation of its legitimate interests before public authorities in general, and specifically, before both national and European parliaments and governments.

These activities are governed by the Mediaset Spain Code of Ethics and aim to guarantee that the legitimate interests of Mediaset Spain are represented before the Spanish Authority for Competition and Markets (CNMC), the office for the regulation of gambling, the Office of the President and Ministries (Ministry of Culture, Ministry of Industry and Ministry of Economy and Competition) the Institute of Cinema and the Audiovisual Arts, the

Spanish Parliament and the Senate as well as the European Commission.

Membership in the main media industry associations like the Union of Associated Commercial Televisions (UTECA) and the Association of Commercial Televisions in Europe (ACT) led the company to defend and represent the common interests of the commercial television organisations nationally, in Europe and worldwide.

Thanks to its active participation in the Audit and Control of Information Systems Association (ISACA), Mediaset Spain is directly involved internationally in the development of standards, methods and certification for the audit and control of information systems.

Throughout the year, Mediaset in Spain backed the following national and international projects, interacting with public bodies and institutions:

- Application of the General Law on Audiovisual Communication and its regulatory development, with particular emphasis on strengthening the protection of minors and proper

implementation of the provisions applicable to TV commercials;

- In the field of self-government, application of a new “system of classification by age range in relation to the use of audio-visual products” (signed by the free-to-air TV operators in 2015 under the supervision of CNMC).¹¹
- This rating system was launched with the aim to establish a more objective and systematic picture for classifying content, and as a tool that provides information to guardians, the children themselves and society on the whole, on potentially harmful content that a certain audio-visual programme can show;
- Application of the rules on gambling and responsible implementation of new

¹¹ Comisión Nacional de los Mercados y la Competencia

online gambling games. Mediaset Spain is on the Board Of Directors of the Responsible Gambling Advisory, formed by the Office for the Regulation of Gambling and by the Code of Conduct Monitoring Committee on business communication for gambling.

- Defence of a transparent and rational public television, with a real approach to public service in determining its content, subject to mechanisms of real control and rigorously compliant with the current regulations with particular emphasis on advertising.
- Defence of a transparent and fair system for the management of intellectual property by applying fair and proportionate fees based on effective use of the repertoire that they represent.
- Participation in the process of review of the European Directive on Audiovisual Communication Services currently underway (Directive 2010/13 / EU).
- Through UTECA has collaborated to the public consultation, aimed from the public administration in particular referred to 5G and to digital agenda.

- Participation through UTECA, in collaboration with Television Abierta, that in 2017 has prepared a report about DTT in the social and environmental aspects.

ANTICORRUPTION AND UNFAIR COMPETITION

The topic of active and passive corruption is first and foremost overseen within the scope of the Code of Ethics of the Mediaset Group through specific provisions that define general principles on the topic.¹²

Furthermore, considering the constant strengthening of the fight against public and private corruption, both internationally and in view of Italian legislators' particular focus on combating corruptive practices, the Mediaset Group has decided to align itself with industry best practices to combat corruption, adopting a group policy in Italy called "General Anticorruption Guidelines"

¹² The Code of Ethics, paragraph III (Business Conduct), art.17 (Business Relationships), art.19 (Relationships with Family Members), art. 20 (Relationships with Customers), and art. 21 (Relations with Public Institutions)

which is included in the Compliance Programmes pursuant to Legislative Decree 231 of the companies that have them.

This policy offers a systematic framework of reference on the topic of prohibition of corrupt practices for Mediaset group companies, providing a summary of the ethical and conduct rules that must be strictly adhered to in order to keep illegitimate or incorrect conduct from occurring, and to follow the provisions set forth by the current regulations in the area of anticorruption as well as the principles and values in the Ethics Compliance Programmes pursuant to Legislative Decree 231 and corporate procedures currently in effect.

In this policy, the Mediaset Group companies deplore and condemn any and all corrupt behaviour or activity including, without limitation, illegitimate favouritism, collusion, solicitations – made directly and/or through third parties – for personal benefits of any kind for themselves or for others.

Moreover, it is required that any party acting in the name or on behalf of Mediaset Group

companies in business relationships with public or private entities must always and in all circumstances behave in an ethical manner according to the law and in full compliance with the aforementioned principles.

Based on the results of the activities designed to identify risks within Mediaset Group companies, this policy identifies the main areas of remotely relevant activities identified as being “at risk”, with specific reference to the possible commission of crimes of public and private corruption. In the main areas (for example management of relations with public bodies and institutions, the purchase of goods and services, management of gifts, entertainment expenses, sponsorships and donations, selection and hiring of personnel, etc.), in the sphere where it is best to pay special attention to issues concerning corporate compliance, specifically as far as prevention and fighting corrupt practices. Regarding these areas identified as being “at risk”, each Mediaset Group Company has set designated controls (general and specific), adopting, when necessary, Organisational Company Guidelines (“OGL”) which govern the processes in which corrupt practices

may occur (both in relations with governments and among private parties).

As already highlighted above, the Internal Auditing Department periodically performs a risk assessment activity to identify the areas of “at-risk” activity, also for corruptive public and private episodes, suggesting specific internal audit controls. Based on the instructions received, the Ethics Compliance Programmes pursuant to Legislative Decree 231 are drawn up or updated and the specific Organisational Guidelines are rewritten or updated.

A risk analysis activity was performed during the reporting period concerning both the type of crime regarding relations with governments and corruption among private parties.

Moreover, regarding the topic of competition, the group Code of Ethics (See

also par.1.3) contains a specific provision¹³ which states that Mediaset Group recognize that correct, free and loyal competition may constitute a decisive factor for market growth as well as constant improvement of the business.

This is why the group abstains from behaviour that encourages deals which are in violation of current regulations.

Lastly, the foreign company **Publieurope** has also adopted an “anticorruption policy” in order to prevent any corrupt practices. The document is posted on the Publieurope website. The main contracts make explicit reference to following both the Code of Ethics of Group and the “Bribery Act” (which addresses policy on corruption) The figure of the Compliance Officer has also been instated as the individual responsible

¹³Code of Ethics Art.18

for the corruption prevention system. Publieurope underwent a risk assessment conducted by the internal auditing department.

The Code of Ethics adopted by the Spanish companies of **Mediaset Group in Spain** establishes procedures that govern the instances concerning the receipt of gifts in kind or in cash from customers in order to block any possible corruption attempt.

Every year, the audit function performs risk analyses linked to corruption within the most important business lines of the Group. To this regard, in 2017 all the corporate structures of the Group were examined. Specifically, the Internal Audit function performed three audits on the procurement process whose results did not reveal any issues.

In 2017, just like in 2016, there were no episodes of corruption that involved Mediaset Spain, and therefore it was not necessary to undertake any action in this field. Furthermore, no legal proceedings were filed for causes related to monopoly practices or contrary to free competition.



4 ▪ Effectiveness and sustainability of the broadcasting and commercial offering

4.1 QUALITY OF THE PRODUCT AND SERVICE

FREE TV

Entertainment

Mediaset Group's free-to-air offering currently consists of 13 channels covering all major targets for advertisers, including three long-standing general interest channels (Canale 5, Italia 1 and Rete 4), and the thematic and semi-generalist channels Boing, Cartoonito, Iris, La 5, Mediaset Extra, Italia 2, Top Crime, Canale20, TgCom 24 and R101TV.

The three main channels of the Group have always been:

- **Canale 5**, the Group's main general interest channel and targeted at the modern Italian family. It is a channel for TV viewers between 15 and 64 years of age, with programming covering all the main television genres from entertainment to fiction to news.
- **Italia 1**, the leading Italian channel among younger viewers, with particular emphasis on music, sports and upcoming trends. It is a channel about innovation where the most innovative programmes are aired.
- **Retequattro** targets its programme schedule at a more mature audience, in terms of age and income.

Mediaset Group in Italy has managed to attract audiences from every age group and social class, thanks to its television programme scheduling and selection of programmes capable of meeting all of the TV viewers' demands.

The broadcasting strategies that have led to the success of Mediaset channels in Italy through the dissemination of products and content that the users like are the responsibility of the Programme Schedule and Distribution General Management in association with Content General Management.

These two functions together with the TV Committee approve the projects.

Once the broadcasting lines on which to build the entertainment of Mediaset channels in Italy have been decided, the relevant Product Area - in this case, the Entertainment Department - proceeds to the selection of projects of interest through an analysis of the market of reference and monitoring to make sure they are in keeping with the broadcasting lines in the codified

	INDIVIDUAL			SALES TARGET		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Canale 5	15.7%	15.3%	16.0%	15.9%	16.5%	16.0%
Italia 1	5.0%	5.3%	5.0%	6.9%	6.9%	6.9%
Retequattro	4.0%	4.2%	4.0%	3.1%	3.2%	3.1%
TOTAL GENERAL INTEREST NETWORKS	24.7%	24.8%	25.0%	25.9%	26.6%	26.0%
TOTAL SEMI-GENERAL INTEREST NETWORKS AND PREMIUM CALCIO	6.8%	7.0%	6.7%	7.4%	7.2%	7.3%
TOTAL MEDIASET ITALY	31.5%	31.8%	31.7%	33.3%	33.8%	33.3%

regulations "Manual of Audiovisual and Radiophonic Services".

This manual guides the dissemination of content following the rules for programming, protection of minors, business communication, equal treatment, privacy and radiophonic regulations.

At the same time, both qualitative (broadcasting characteristics such as type of programme, positioning on the programme schedule, listener target and cast of artists) and quantitative (for example: duration, hours of product, hourly/total cost, etc.) television product guidelines and objectives.

The Entertainment Department guarantees that the product is always in line with the values the group wishes to convey and which are included in its Code of Ethics.

Lastly, constant sharing of the project and shared selection of programming make sure that broadcast content meets the quality expectations of TV viewers.

To further demonstrate the quality of the entertainment product, some examples are programmes like "*Striscia la Notizia*", "*le*

lene" and "*Forum*" which, still with the objective of entertaining their audience, at the same time address social and contemporary topics.

Television series and films

Mediaset Group broadcasts TV series that appeal to all audiences. When it selects TV series the group adheres to the broadcasting guidelines set and shared with the company's top management, in addition to identifying products that have the potential to reach the established target audience.

When selecting products, the TV series function evaluates the products together with the content department and company top management working closely with product marketing in an attempt to find stories that continue to interest Mediaset's historic audience and at the same time try to broaden its user base.

Specifically, the TV series function chooses and develops stories that celebrate the principles and positive values of the company today and the consequently also reflect those of the Group, never opposing

them and thus guaranteeing a product that all audiences can enjoy.

The considerations on the choice of product also take into account the option to have content not suitable for an audience of minors; in this case, one opts for a shared choice with the channel that must broadcast the product.

Mediaset Group's TV series function in Italy constantly strives to improve the quality of content, broadening the selection of its suppliers and turning to an ever larger number of external production companies, not to mention various screenwriters.

This opening toward the market has led the Group to receive and assess about 400 original projects each year, a number that is still deemed insufficient to fully satisfy Mediaset's needs.

Mediaset Group also possesses the know-how and the organisation for selecting projects and developing the production of popular drama series. These products are commissioned from major national partners and, in some cases, are sold abroad or

leveraged via the web channel, thus contributing to covering production costs.

Through its subsidiaries **Medusa and Taodue**, in the field of entertainment the Group ensures production and distribution of films and TV series.

For the creative line of Taodue, this is conceived by the Chief Executive Officer, which by continuously comparing notes with Mediaset Group broadcasting line managers, guarantees the alignment of content creation activities with the values and policies set by the organisation itself.

Likewise, the alignment of Mediaset Group's ethical principles and the quality of content are guaranteed through the Taodue Chief Executive Officer's and Mediaset Group broadcasting line managers' constant monitoring of the production and creation of artistic content. This process has not been made official, but is used both for products created in-company and externally.

Medusa Film is in charge of the distribution of (mainly Italian) cinematographic works. The company produces and purchases films

exploiting the entire life cycle of the product: from the programming in cinema releases to the sale of television rights in all their various forms.

Medusa's line-up, constantly agreed upon with Mediaset Group in order to meet programming requirements, focuses on the Italian product in the "comedy" genre. With actors and directors like Paolo Genovese and Checco Zalone- who in the past few years have helped to redefine the contemporary concept of Italian comedy - demonstrates the extreme emphasis on a type of film that has always shaped the history of our cinema.

This doesn't change the fact that particular interest is also developing in genres that - although they still classify as entertainment - also convey deeper messages (like the latest film featuring Ficarra and Picone, *L'ora legale*) or that cross over into the definition of "genre" films (*La ragazza nella nebbia* by Donato Carrisi), if not even in dramatic works (*The place* by Paolo Genovese). The response of the market has been extremely positive, a sign that a quality product isn't necessarily a sign of poor commercial success.

Medusa has a genuine mission for Italian cinema that means a guarantee in the selection, production and dissemination of the best product all at once, in an attempt to enhance the local artistic and professional excellence. In order to face up to the competition of foreign products, this commitment must always be ensured at top industry standards.

As proof of the good choices made, it is important to remark that in a year that was tough for national cinema, in a market where just 9 Italian films made box office earnings in excess of 2.5 million euros, a whole five came out of Medusa, including the best earnings in the category: the aforementioned *L'ora legale* by Ficarra and Picone (10.4 million euros).

Medusa's role and results therefore are highly significant: again underscoring the correct strategic positioning of the company, which has always been a landmark in this nation's cinema.

News

Mediaset Group has a major information structure that is based on various components.

The first of these is the three national news networks: Tg5, Tg4 and Studio Aperto; each of which has specific characteristics and is geared towards a certain type of public.

- *Tg5* is characterised by its leading position, completeness and impartiality in its way of making news across the board;
- *Studio Aperto*, a news network for young people, agile and brief which emphasises crime stories and current events;
- *Tg4*, which picks up Rete 4's typical audience (older viewers). Also under the direction of Tg4 is the introduction to Rete 4's access programme *Dalla Vostra Parte*.

The three journalistic publications all reference the News Mediaset agency for supply of content. Founded in March 2010, the agency guarantees uniformity and completeness of the information.

Another pillar of the information structure of the Mediaset networks are the infotainment and more in-depth journalistic productions put together by the Videonews publication. In this case too the content is provided by the News Mediaset agency.

Lastly, the sports information on the free generalist and thematic television channels: during the year about 500 hours of news and reports, alongside the schedule of Europa League and Champions League matches.

The Group assures the quality of the information spread through its general interest and non-general interest channels, since on its own it produces about 90% of the news product disseminated and broadcast live

The genuineness and quality of the content is guaranteed by the immediacy and contemporariness of the news itself, thanks to the live broadcast of the content for the All-News (programming exclusively for the broadcast of the news) and the news channels, but also for the world of infotainment. These products also fall under the Videonews newsdesk.

This structure of the Information Area allows for a continual and necessary care in the research and development of a news story. This is guaranteed by verification of reliable and true sources while constantly keeping an eye on contemporary events, all this in order to guarantee the audience a useful and up-to-date service.

The creation of the services follows all the regulations in the area of occupational health and safety. This is foreseen first and foremost to guarantee the safety of all employees and collaborators of Media set Group, and in the specific case of area news, to ensure current, true and complete information.

Specifically, the field reporters in war zones or areas of high risk are guaranteed modulated integrative coverage based on the specific characteristics of the mission. These needs are monitored through a constant dialogue with the public institutions set in place in different countries (or bodies associated to them) that may channel and provide the information needed to fully guarantee the safety of the field reporters.

By striving for an objective and effective debate on the arguments addressed in the different television programmes, there is an attempt to develop a settlement that may be representative of freedom of expression (in any case guaranteed by the professionalism of the Editors of publications, who have a trust relationship with the Broadcaster), of the plurality of voices and the completeness of the news. To pursue these objectives and improve the qualitative performance of the products, it turned out fundamental to implement a convergence between television and the different online media.

From the standpoint of optimising the Group's news product, over the course of 2016 the project that had begun in 2015 to digitalise the TG5 newsroom, and the reports linked to it, was completed. Technology based on the DALET GALAXY platform was introduced to share, manage and air all of the content produced by the newsroom in file format, eliminating tape cassettes. Digital newsroom thus allows a better, faster and cheaper way to use all the materials that are made directly or found online.

To allow its services to be used, the Mediaset Group monitors and makes an effort to ensure that every single one of its viewers is placed in the optimal condition to be able to receive the news and keep informed of what is going on in the world. Specifically, TG5, in its main addition at 8 PM provides a subtitling service for the hearing impaired in order to make accessing the content easier.

Plus, some programmes like Quarto Grado, Mattino 5 or Pomeriggio 5 perform an ongoing support activity for social and awareness campaigns (for example, against the abuse of women or against frauds on society's weaker categories like the elderly or the disabled). In particular, the show Quarto Grado is capable of channelling important and necessary messages for the development of legal investigations. All these activities have led to proactive notice of the audience, at the same time demonstrating a broad consensus and a growing awareness on these topics.

Radio

Mediaset Group, through an acquisition in 2016, has completed the radio stations of Finelco Group (now RadioMediaset S.p.A.), the incorporation of its commercial radiophonic department that R101, Radio 105 and Virgin Radio Italy are part of.

Each of these radios is characterised by its own line-up expressed through radio programs/formats (for example radio of young target programmes -Radio105-; radio di "flusso" -R101-, radio "verticale" -Virgin Radio).

In the scope of this line-up maximum independence and plurality of expression is guaranteed following the industry regulations (Radio Television Consolidated Act) and the current company guidelines that require daily monitoring of the activity carried out by the artistic resources (radio speakers and guests), the topics addressed in the relative sources not to mention the advertising content aired.

Media set Group undertakes to maximize enjoyment of the radio product with a widespread dissemination both in geographical and target audience terms,

also through systematic maintenance and enhancement activity on the radio broadcast networks, particularly safeguarding minors by working on the language used on air and following the Radio Television Consolidated Act and the Group Code of Ethics.

Also to guarantee maximum enjoyment and access for today's listeners and with the objective to acquire new ones, not to mention to maximise the benefits arising from using advertising, the radiophonic department undertakes to constantly and progressively develop the multimedia activities, creating services and content employable through the main digital platforms and media, like smart phones, tablets and smart TV, carrying out specific control activities for these purposes.

The content to be posted on websites, including that provided directly by the listeners, is supervised in order to make sure it is suitable to be issued; as far as the content users make themselves, a disclaimer is filled out, which for minors must be signed by the individual with custody over them.

Pay TV

Mediaset Group, through the company Mediaset Premium S.p.A., provides the pay-TV offering broadcast on Digital Terrestrial Channels which complete the free-to-air offering (non-encrypted broadcast of the content) of the Group.

Mediaset Premium S.p.A. consists of two main offerings: "Cinema & TV" Series and "Football & Sport".

The quality of the product disseminated by Mediaset Premium is guaranteed by the ongoing relationship between the Broadcaster and the managers of the newsroom staff that meet periodically to plan and monitor the content broadcast.

Mediaset's Content Marketing area, conducting the qualitative and quantitative research by analysing the audience and measuring audience rating, is a further guarantor of the product's absolute quality.

Mediaset Premium make sure that the advertising broadcast is also consistent with the values expressed by Mediaset Group. Indeed a double check is done, performed both by the newsroom staff and by the

Publitalia and Digitalia agencies by cross monitoring broadcast content.

A considerable part of the Mediaset Premium product is Premium Sport content. The quality of the sports offering is guaranteed both by the broad selection of content available to the customer and by the diligence of the professionals that manage sports information.

Indeed, the reporters are ensured total broadcasting independence and absolute freedom of expression to guarantee that the Premium Sport area adheres to the Code of Ethics and the group's organisational guidelines. Another element guaranteeing this right is the trade union body which represents the reporters, and the Newsroom Committee made up of four members (three reporters and a trustee for the Roman newsroom), thanks to which there is always an opportunity to compare notes with the management.

Not only does Mediaset Premium offer high-quality content, but it combines it with the ability to reach almost the entire time population by the use of Digital Terrestrial Channels. Indeed this distribution platform

has the highest penetration in the Italian territory. Mediaset Premium also distributes its products over the broadband platform guaranteeing viewing of the content both in linear mode and on-demand on all the main devices connected.

With regard to accessibility and usability of the product, to access the Digital Terrestrial Channel offering you have to have a decoder or an enabled CAM and a SMART CARD that is activated both by subscription and prepaid.

Within the scope of broadband distribution via IP, Premium makes its OTT services (services for content offered over the Internet) available on all the following main connected devices: Smart TV (Samsung, LG, Sony, Panasonic), CAM Wi-Fi, Decoder, Chromecast, Xbox, Lettori Blu-Ray, PC/Mac, Tablet iOS, Android e Windows and Smartphone iOS, Android and Windows.

Digital Terrestrial linear channels are distributed by encrypting with DRM (Digital Rights Management) by Nagra, a world leader in the field of security.

Premium also handles IP's distribution by using DRM (file content protection systems against illegal distribution) on the market (i.e. Marlin, MS Playready, Google Widevine, Nagra PRM) to increase the level of security when accessing multimedia content.

Innovation in defining and disseminating content

In the consolidated context of multimedia video offering, the Mediaset Group is working through a dedicated organisational structure to make its broadcasting products accessible, like news and entertainment, across all digital platforms, consequently improving advertising revenue.

To this end, a new platform with the objective of expanding the options to see one's own content on the web, tablet or smartphone, but also on OTT TV (Over-The-Top Television) solutions of video on-demand offering is now being implemented.

To use certain types of content it is required to be registered in the voting and live and streaming content broadcast systems; to use sensitive content it is required to be of age.

The main strategic guidelines followed by the new organisational structure in order to reach the objectives are listed below:

- Definition of a video offering based not just on the TV content, but also on content available online;
- Planning of a new user enjoyment experience that is avant-garde, adopting a new technological platform in line with the best market standards and based on a flexible and scalable architecture;
- Use of advanced enjoyment technologies in order to guarantee taking the greatest advertising advantage of the "Total Video, Total Audience" concept.

The group's offering in Spain

Media set Group in Spain carefully and meticulously oversees the production and distribution of its content to offer a qualitatively valid product capable of standing for excellence within the market.

Indeed, constantly living up to the principles like plurality and diversity of the information sources, freedom of expression and journalism independence, impartiality, non-discrimination and accurate information, relation of content in line with corporate values not to mention the application of ethical rules that pervade all company activities is ensured. This way broadcasting independence is guaranteed also through in-company mechanisms so as not to run into any governmental interference in the generation of content.

Moreover, thanks to the plurality and diversity of the sources of information as well as involvement of individuals from various sectors of the company, Mediaset Spain integrates various tendencies and opinion into its information and entertainment programs to offer quality

audio-visual services that are representative of all TV viewers.

In any event, quality in creation of content is guaranteed by the Broadcasting Committee that defines the broadcasting strategy together with the management of the Content Department. The broadcasting strategy is then sent to the executive producers who are responsible for monitoring and implementing it.

On a weekly basis the Content Commission sees to and monitors the content of the programmes distributed on the group's different channels. Live programming is evaluated and monitored daily in meetings attended by the directors of the specific channel and producers of the programmes. Later, once the programmes have been

created and presented by the producers, they are evaluated on the basis of compliance with guidelines, Code of Ethics and respect for human rights, the rights of minors and the right to privacy. Once this evaluation has been made, the results are sent to the production companies so that they adjust the content. For children's programmes, in addition to the checks mentioned above, the programme is sent to the Child Protection Authority for approval prior to its broadcast.

The innovation in creation of content is yet another fundamental factor for maintaining leadership in the audio-visual industry. That's why New Project Area is always in contact with the producers and distributors to stay abreast of what's new nationally and

	INDIVIDUAL			SALES TARGET		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
Telecinco	13.3%	13.5%	13.2%	12.5%	12.2%	12.6%
Cuatro	6.2%	6.4%	6.0%	7.2%	8.1%	6.8%
TOTAL GENERAL INTEREST NETWORKS	19.5%	19.9%	19.2%	19.7%	20.3%	19.4%
TOTAL SEMI-GENERAL AND THEMATIC	9.3%	8.5%	9.6%	10.7%	9.2%	11.5%
TOTAL MEDIASET ESPAÑA	28.8%	28.4%	28.8%	30.4%	29.5%	30.9%

internationally.

To evaluate new projects, meetings are held where the content production team attend as well as the Production area director and General Content Director of Mediaset Spain. During the meetings the different market trends are taken into consideration in order to identify quality products and services in which all subjects representative of the audience are shown.

Once the project has been approved, the Antenna Division takes action to develop programming strategies: identifying the best premiere dates, establishing the content marketing strategy, defining the launch campaigns, setting up the communication activity being broadcast and more generally defining all the activities linked to positioning of the programme in order to get the best performances.

To ensure the creation of content is in line with company values and the Code of Ethics, Mediaset in Spain has defined and implemented a pyramid control system where the content generated is evaluated and monitored constantly.

To improve the dissemination of the content, Mediaset Group in Spain has renewed its platforms, thus managing to disseminate its products also on Smart TVs, supporting all advanced DRM formats and optimising performance for mobile devices, guaranteeing high-definition use and allowing multi-device use.

More generally, Mediaset Group in Spain manages to disseminate and transmit its signal with a coverage of 96% of the Spanish population through 1050 transmission or distribution centres.

Furthermore, programming is made available to the audience through the web platform, a tool that promotes access to audio-visual content and allows interaction monitoring of ratings of the programmes and series offered through analysis of comments.

Plus, given the immediacy of the information disseminated more and more often over social networks, the Mediaset Spain newsroom scrupulously checks its sources. For this purpose, the following activities have been put in place:

- Weekly broadcasting committee with the company's top managers to check the news.
- Daily broadcasting meetings to review the content to be broadcast as well as the content already broadcast, analysing that which had not been adapted to the set broadcasting approach in advance.
- Ongoing dialogue among journalists and area managers to update the information.
- Daily check of the broadcast of content subject to intellectual property.
- Citations of sources when they are public and allowed to quote them.
- Confidentiality of sources when required.

For accessibility to content, Mediaset Spain has maintained its commitment year after year to render its programming accessible to individuals with visual or hearing disabilities, as a tool for the social and cultural integration of these groups.

4.2 RESPONSIBLE ADVERTISING AND MARKETING

The Mediaset Group operates through two fully-owned advertising sales agencies in Italy: Publitalia '80, the sales house that exclusively serves the free-to-air Mediaset networks; and Digitalia '08, the sales house specialized in selling advertising space on the pay-TV distribution platform.

The Group also owns a 50% interest in Mediamond, a joint-venture with Mondadori, which sells advertising space on the Mediaset Group websites and radio, on Mondadori websites, and via third-party publishers.

The Group's advertising is based on the strategies and commercial policies from various periods of the year which define the sales methods to investors for all advertising spaces on Mediaset television channels (general-interest and specific).

Advertising sales take place through different formats:

- Display advertising: commercials during advertising breaks within or adjacent to programmes;
- Sponsored programmes (such as weather forecasts);
- Long video: 60-90 second videos created for the client and aimed at explaining the product more in-depth than the classic commercial;
- Short format characterized by the prestigious position and the graphics frame (Top, Best last position, Brand video);
- Animated overlays in programs (inlogo).

The main forms of display advertising sales are organized by programme and by sets of commercials (target modules), while a relative price list is created for special positions within commercial breaks (very first, first, second and last).

Another way of advertising and selling products via television is product placement. This form of advertising sales takes place through the definition and creation of projects in collaboration with the

client. There are two forms available: product insertion in programmes or the construction of programmes fully financed by the client.

From an internal control point of view, the Group takes special care to select which advertising campaigns are broadcast. To this end, the main criterion is compliance with current legislation on advertising.

Compliance verification is applied in full respect for the advertiser's autonomy in creative and communication choices and is aimed at protecting the company (as well as the advertiser) with respect to the legal status of the communication to be broadcast. This is expressed in the preliminary assessment of what might be "critical" elements of the message (as well as in the identification, where possible, of the actions necessary to ensure that the advertising complies with the rules).

These control procedures aim to avoid any complaints that could lead to the early termination of the campaign, as well as fines and civil/penal sanctions against (even) the issuer.

Refusal to broadcast the advertising message can only occur in cases where obvious critical issues in the communication of a legal nature cannot be avoided.

Another assessment criterion that would affect an advertising campaign being broadcast on Mediaset networks is the conformity of the message to the publishing policy of the networks.

With respect to its target audience, the Mediaset Group applies strict selection on advertising that relates to or belongs to certain product sectors which - even if lawful and legitimately publishable - could be considered as not compliant with the publishing policy (e.g. the Group does not advertise weapons, funeral services, dating sites), or the contents of the message (e.g. vulgarity, violence, etc.)

This editorial judgment varies depending on the characteristics of the media and therefore also of the target audience for which the advertising is intended.

With specific reference to the company's marketing and advertising communications, there were no cases of non-compliance with

the regulations, nor were any lawsuits filed by competent Authorities in the sector in 2017.

Furthermore, the Group is committed to broadcasting messages that have more than just a commercial purpose. To that effect, the Mediaset Group is a founding member of the Fondazione Pubblicità Progresso, represented by Publitalia 80 along with the major players in communication in Italy. This foundation aims to contribute to the solution of the civil, educational and moral problems of the community by placing communication at the service of society.

Pubblicità Progresso promotes training initiatives on social communication at leading Italian universities; it sponsors events, exhibitions and initiatives dedicated to important social issues; it sponsors social communication campaigns carried out by non-profit organisations; and it holds the Festival of Social Communication for training and dissemination purposes. In addition to paying a membership fee, the sponsoring members provide their work free of charge for the implementation of the Foundation's activities.

Every year, Pubblicità Progresso draws the attention of the authorities and public opinion to create greater awareness on a specific theme by implementing communication campaigns using contributions from promoting partners; by way of example, past themes have included campaigns on anti-smoking, organ donation, gender equality, anti-racism, sustainability and volunteer work.

In terms of product innovation, Publitalia '80 has created a new internal structure for the research and development of exploiting internet-connected TVs to offer the market new advertising products. The most significant developments are based on the analysis and use of Big Data; this activity offers increasingly targeted and effective advertising products.

An example of this is the new ADD+PLUS and ADD+OVER formats which allow the segmentation of the audience and more in-depth content depending on the product advertised through mini-websites accessible via interaction with internet-connected TV; these cases will then create a report revealing the results of the campaigns in detail.

The **Mediaset Group in Spain** believes that the responsible emission and management of advertising are both fundamental elements of the business and has therefore implemented specific management and control mechanisms.

Publiespaña S.A.U. manages the Group's advertising activities in strict compliance with the applicable legislation and with the specific guidelines defined by the Association on the Self-Regulation on Commercial Communication, which the company has been part of since 1995.

In 2016, Publiespaña S.A.U. undertook an internal reorganisation process to create as uniform a structure as possible to the Directorate-General for Contents; the central figure in this reorganisation is the Director-General, who is responsible for the management and sale of advertising and constantly works in close liaison with the Chief Executive Officer.

Furthermore, the Digital Media Sales Management and the Commercial and Marketing Department were also created.

For the purposes of an internal supervisory system, a commercial policy has been implemented on a quarterly basis which allows improved supervision of the advertising contents drawn up. These are examined and monitored weekly by three Directorates General (Sales, Digital Media, Marketing, Operation and Sale services), who monitor the correct broadcasting of the content.

The internal monitoring process of advertising content also provides further verification, even after airing (in the event of disputes or claims for compensation).

The Mediaset Group in Spain performs further reviews to regulate televised content for children; this monitoring and control includes issues regarding the advertisement of certain food products (to prevent obesity), messages on the environment, advertising toys, and the promotion of medicinal products or alcoholic beverages.

4.3 PROTECTION OF MINORS

The Mediaset Group has always been increasingly attentive to the protection of minors. For this purpose, the company continuously assesses transmissions and pays close attention to the impact that these can have during a child's developmental years.

Below are a few of the commitments that the Mediaset Group has undertaken to protect minors:

- compliance with all applicable regulations, including the Self-Regulation Code for TV and Minors signed in November 2002, which engages Mediaset SpA in the monitoring of programmes offered to make sure it is respectful of the constraints in place to protect young viewers. Through the application of art. 34 of the Audio-visual Media Services Directive, the Mediaset Group has implemented a series of organisational processes aimed at assessing, identifying and adequately notifying of any programmes "that may damage the physical, mental or moral development of minors" and to provide

an indication to users with detailed information;

- willingness to dedicate a set programme that is directly aimed at this group of viewers, 24 hours a day via 2 free channels, Boing (since 2004) and Cartoonito (since 2011);
- Notification of the nature and contents of the transmission on all Mediaset Group channels, free of charge and pay per view, using coloured dots at the beginning of each fiction program (film, fiction, tv movie, etc.) and after each advertising break (green dot: suitable for everyone, yellow dot: recommended for children accompanied by an adult, flashing red dot: recommended for adults, fixed red dot: harmful for minors or prohibited for children under 14). This labelling system also extends to services available via web and mobile (such as Mediaset.it, Mediaset Premium and Infinity).

Furthermore, Mediaset also provides indications to provide information on the contents of the programmes. There are also many indications on multimedia platforms (EPGs in terrestrial digital, web, mobile) to help users choose adequately and which also highlight the suitability or not of the product for minors.

The Mediaset Group is also committed to promoting responsible TV consumption by users through periodic information campaigns aimed at sensitizing viewers to a conscious use of content. In the recent period, we would point out the sensitisation to the use of parental control (the most recent campaign was transmitted between December 2016 and June 2017, in which the viewer is reminded to activate the blocking device in the decoder settings to prevent the viewing of VM14 content and anything else considered potentially harmful to minors).

There is also a link that takes users straight to the parental control feature - and to the Committee for the Application of the Media and Minors Code - available to users on the

Mediaset Group websites: www.mediaset.it and www.mediasetpremium.it.

Appropriate corporate structures (Directorate for Documentation and Institutional Analysis and Directorate for Regulation and Institutional Requirements) - are responsible within the Mediaset Group for the dissemination and compliance with legislation for the protection of minors.

From the date of signing the Self-Regulation Code for TV and Minors, the Mediaset Group has always participated via its own representative (the Vice Chairman) to help the Committee implement the Code, which was reconstituted in December 2017 after suspension in July 2016.

In Italy, Mediaset has also been part of the technical working party that drafted the new Self-Regulation Code for Media and Minors, which aims to reformulate requests to safeguard minors in the complex reality of current mass media. This draft is now awaiting final approval, just as soon as the approval process required by law has been completed.

Moreover, in addition to the general principles, Mediaset and the Italian subsidiaries within the Group Code of Ethics (see also paragraph 1.3) have also adopted a provision explicitly on the protection of minors.¹⁴

Then there is a specific procedure, applicable to the company RTI, the organisational guideline "Preliminary checks for the issue and publication of content", aimed at preventing the dissemination of images not suitable for minors.

From a point of view of compliance with legislation aimed at protecting minors (specifically article 34 of the Audiovisual Media Services Directive), it should be noted that in 2017 Agcom, the Authority responsible for enforcing compliance with the aforementioned law, implemented two

¹⁴ Code of Ethics, art.11 "Integrity and protection of the person".

sanctions against RTI for violating the rules on the protection of minors in relation to:

- some episodes of the TV series *Shameless* (Italia 2 - 6,7,8 and February 10, 2017) due to a technical malfunction in the parental control system. This malfunction gave access to content deemed potentially harmful to the development of minors (fine of € 37,500)
- the episode of *Pomeriggio 5* on January 11, 2017, for broadcasting an interview deemed inappropriate for an audience of minors (€ 50,000).

Lastly, despite concluding the experience within the "Coalition to make the Internet a better place for kids" (an international alliance of leading companies in the communication sector promoted by the European Commission), the Group has nevertheless confirmed its commitment to make the web a safer place for minors: the pilot "You Rate It" is still successfully presented in major EU headquarters. This is a rating tool for classifying user-generated content created from 2013 to 2015 in collaboration with the British BBFC and the Dutch Nicam (two of the leading

organisations that work in the European field to assess audio-visual content). Mediaset still provides this assessment tool (as a questionnaire to be filled in by users) on the 16mm.it website, on which it was initially released. The Group has also kept its role on the Advisory Board of the Safer Internet Centre for the Italia-Generazioni Connesse project, coordinated by the Ministry of Education, University and Research.

Regarding commercial communication, the advertising sales house Publitalia S.p.A. also supervises compliance with the provisions contained in the Self-Regulatory Code of Commercial Communication.

As for product placement, with specific reference to the betting sector, the contents are shared internally with the Mediaset S.p.A. legal office before each televised broadcast.

Finally, Premium advises customers on the content of broadcasts using information on various multimedia platforms (e.g. EPG, website, app).

Regarding the participation of minors in the content produced, the **Mediaset Group in Spain**, has drawn up a manual in which all necessary information concerning the rights of minors is collected to ensure children's activities on television are suitable and to ensure that their right to education and enjoyment of their leisure is not violated. This manual is available on the intranet and is provided to all production companies who employ minors to implement the measures presented.

Furthermore, the Code of Ethics of Mediaset España states that, as a basic principle, "no one should behave in such a way as to induce, promote, favour, permit or allow acts or attitudes that could be characterized as prostitution or corruption of minors".

As for the impact of the content transmitted to minors, the Spanish regulation requires the classification of the audio-visual content to be transmitted, defined in the framework of content self-regulation, signed by the operators of free-to-air television in 2015 and under the supervision of the Spanish National Commission on Markets and Competition. According to this self-regulation framework, all televised content

must be classified, except for news and events broadcasting (sport, music, culture, politics, bullfights and bull runs).

The age classification established determines the time slot in which each programme may be broadcast.

Furthermore, prior to the transmission of programmes involving children, a preliminary approval by the Child Protection Authority is required in addition to the aforementioned verification.

Finally, thanks to the Parental Control system, the Group ensures a safe browsing environment for registered users on the Mitele platform and on all devices. On websites with specific content aimed at children and young people, the advertising used is segmented to avoid the risk of promoting unsuitable products or services that do not comply with the rules described above.

4.4 PROTECTION OF INTELLECTUAL PROPERTY

The Mediaset Group considers the respect and protection of intellectual property to be of strategic importance and, to protect its rights, prosecutes those responsible for pirated emissions of its content, regardless of the medium.

We start with careful monitoring using specialized companies and once we have identified pirated content, we proceed to the prosecution of the pirates, with the help of external legal firms where required, and file administrative actions with AGCOM via civil and criminal lawsuits in the event of repeat offenders.

The same level of attention for intellectual property is also recommended to internal production facilities, for which the Collective Management of Copyright and Related Rights provides preventative advice on request.

The Group is also present in all national and European institutions that deal with copyright legislation.

As evidence of the importance and care that Mediaset dedicates to the protection of intellectual property, the Code of Ethics of the Group has a specific article on this subject stating that anyone processing data, information or documents regarding intellectual and/or industrial property rights within the Mediaset Group must do so with the utmost diligence, accuracy and confidentiality.

For RTI, there is a specific organisational guideline in place which regulates this case: "Procurement of televised productions and purchase of formats and licences".

Since 2014, pursuant to AGCOM Resolution 680/13/CONS "Regulation on copyright protection on electronic communications networks and implementing procedures", the Mediaset Group set about launching reporting activities to shut down pirated sites that broadcast Series A football championships and cinema and drama content for which Mediaset S.p.A. holds the rights.

Football cases

In 2016, thirty-one portals were reported, and all ended with the disabling of the sites.

The recurring portals that received at least 3 disabling measures by Agcom were then prosecuted under art. 700 of the Italian Code of Civil Procedures.

This reporting activity continued in 2017, where 31 football streaming portals ended with site disabling; moreover, 18 IPTV platform football portals ended with site disabling.

Cinema cases

In 2016, eight portals were reported and seven of these ended with site disabling; one prosecution ended with dismissal due to spontaneous adaptation of the portal.

In 2017, five portals were reported, four ended with site disabling, one due to spontaneous adaptation of the portal.

The Mediaset Group is committed to maintaining a high level of supervision on the unauthorized exploitation of its content on the Internet, as well as the increase of

protection instruments established by the Authority in the hope of strengthening them.

The **Mediaset Group in Spain** has defined procedures to control the flow of content to various platforms to guarantee the exercise of its intellectual property rights, while carrying out technical audits to review their correct application. In addition, Mediaset España has an external content monitoring service on Youtube which tracks and removes all content owned by Mediaset España from this channel.

The intellectual property rights of programmes broadcast live and on-demand via online platforms are protected by specific internal control systems that the company applies before the programmes are aired. The Group examines and defines the different contractual clauses of all the contents produced and transmitted on the various channels with the support of the Legal Department.

The management of the Multi-Platform Department ensures that all content offered via various websites has the appropriate transmission rights in the contract with the producer in question.

Mediaset España has adopted a contractual monitoring system for films which combats illegal access to content produced while the film is broadcast in cinemas.

4.5 AUDIENCE INTERACTION AND CUSTOMER SATISFACTION

FREE TV AND RADIO

The Group continuously monitors customer satisfaction to improve its services and allow its viewers to enjoy excellent products. It's thanks to the Auditel panel that the Mediaset Group can track the behaviour of the television audience continuously throughout the day; it is also able to detect the number of people watching television at each time slot, which channel/programme is displayed and the geographic location of viewers (socio-demographic variables).

Consequently, monitoring over time allows both the quantitative and qualitative preferences of each individual transmission to be known. This analysis also allows the optimisation of the proposed contents as well as to simultaneously assess different divergences from the publishing objectives.

Additionally, the Group is active on social media to maintain a relationship with its users, via Facebook, Twitter and Instagram and on network sites and radio and television programs, thus establishing direct dialogue with the public to collect comments or reports, also in the event of any sudden changes to the programming schedule or sudden cancellations.

As for the world of **News**, each production has a social activity that is managed by a dedicated company structure, which constantly interfaces with the programme lines for sharing contents to be published. Every individual Videonews programme has an email box to which viewers can send reports.

For TgCom24 in particular, there is a constant upgrading of social activity by editorial staff. In addition to the 2 Facebook profiles and 1 Twitter account, TgCom24 is now also on Instagram as of 2017. TgCom24 has a live inbox (TGCom24@mediaset.it) available to viewers and readers for reports and requests for clarification.

Interaction with TGC24 readers/viewers takes place on 3 levels:

- Website: readers can comment on the news published after logging in to the Mediaset Community. Comments are moderated and inserted at the bottom of the articles; the most interesting comments are shown on the site home page. Note that TgCom24 is the only news site that puts readers' contributions on its home page.
- Social media: readers can comment on posts in relation to news, videos and photo galleries on TgCom24; editorial staff moderates the comments. From January 1 to December 31, 2017, there was a significant increase in traffic on TgCom24 social platforms. The official Facebook page has over 2 million

followers (up 18% compared to 2016. Data source: Facebook Insights) and the official Twitter profile has 945,000 followers (up 10% compared to 2016. Data source: Twitter Insights).

- All News Channel - The "Inbox" editorial space is a daily appointment of about 30 minutes during the afternoon in-depth analysis of the Channel where the most interesting comments on the topics covered in the studio and generated on the website and social media are broadcast on air and become the object of in-depth analysis with the contribution of graphics. Comments are previously selected and moderated by the editorial staff.

The same reporting is also used on a B2B level as a valid tool for advertising investors; the investors are thus able to understand the true potential of a product and its ability to speak to the target audience of the advertisers.

The Group radio channels collect feedback and comments from listeners via messaging (SMS and WhatsApp, voice mail, direct contact via the radio channel phone number) and in some cases users are contacted to give their opinions live on air. The feedback collected may concern topics discussed on the air, the selection of music tracks, or guest speaker interventions during live broadcasts. To guarantee users' privacy, the messaging systems hide the mobile telephone numbers of listeners, who can only be contacted by the people employed in the company for that purpose.

The radio sector also carries out surveys on public appreciation, in collaboration with Gfk, Ipsos and Doxa, considering the listening values on the average day, seven days and an average quarter of an hour.

ADVERTISING SALES HOUSE

Publitalia '80 implements several surveys to monitor customer satisfaction.

One of the main ways is to monitor listeners and this takes place via:

- The daily submission of an email to the entire sales force with the most significant data of the television day and a summary of the weekly listeners;
- The weekly submission to more than 10 thousand customers of the Top of the Week on Mediaset networks, which collects the best audience results of programmes broadcast via the Group's broadcast companies.

Analysis of the effectiveness of advertising campaigns is carried out through:

Marketing analysis with:

- Investment analysis
- Listener trends
- Post campaign assessment

Cross-media analysis with:

- Target analysis
- Development of cross-media plans
- Performance measurement

Ad hoc research, with:

- Efficiency and effectiveness of the medium
- Awareness monitoring (phone call surveys to understand what the public remembers and its awareness of the companies. These surveys are done pre-campaign and post-campaign)
- Qualitative assessment of the audience

PAY TV: MEDIASET PREMIUM

To respond to its customers' needs, Mediaset Premium contacts them to collect service indicators through a variety of channels: Incoming voice, Chat, Desk service, Incoming documents. The meeting between the needs of the customer and Premium can take place either by contact originating from the customer, or by contact originating from Premium (Outgoing).

Reports can be managed directly with the operator or, if they are unable to provide an immediate solution, through subsequent back office activities.

There were 37,000 complaints in 2017, of which 29,000 regarded administration, 600 regarded credit and 1,100 regarded technical issues.

Additionally, the social caring service was set up in 2016 (user care through social media) in order to offer a service closer to

the customer and this allows customers to get in touch with the parties responsible in a simple and direct way. For this purpose, eight pages/profiles are available on Facebook and Twitter for interaction (e.g. Premium Sport HD, Premium Play, Premium Cinema, etc) and two on Instagram. The average response times are 30 minutes and include both publicly via direct reply on the social media page and personalized via Messenger (Facebook private messaging) or re-routing to Live Chat on APP My Premium for ad hoc management.

Here is some of the data on this case:

Social Caring feedback number:

- Content deemed relevant since it is related to info on technical compatibility, programming schedule/content or contract management/business info and managed directly by the supplier or forwarded to MP for more complex issues: 50/60 average per week
- Content that requires moderation (offensive or irrelevant content to be hidden/deleted so that it is no longer visible): average of 300/400 per week

Finally, Premium uses various tools to monitor customer satisfaction, content preferences and purchase trends.

The following main research was performed in 2017:

- Customer Satisfaction of Premium customers and potential market monitoring (Ipsos: May 2017)
- Mapping of needs in Pay TV and OTT target audiences (GFK: April-July 2017)
- Multibrand tracking - monitoring of Brand Awareness and Brand Image on Mediaset Group brands (SWG: April-December 2017)
- Serie A rights 2018-2021: analysis of impact on CB Premium and market prospects (SWG: September-December 2017)

The level of customer satisfaction with the customer service is also constantly monitored. The measurements (3

waves/year) are performed by an external company (GnResearch).

TECHNOLOGICAL INNOVATION FOR USER INTERACTION

The Mediaset Group has always been in line with the most recent technological developments; in fact, it has one of the leading and most innovative B2C interaction tools, User Voice. This system is actively integrated on the following Apps: Tgcom24, Tg5, Mediaset on demand, Mediaset fan and Meteo.

This tool establishes a relationship with the users and provides a channel to report problems and suggest improvements. As evidence of the efficiency of this tool, it should be noted that around 17,500 reports were received in 2017.

Interaction with customers is therefore an important and effective tool, as user reports in several cases have helped solve significant problems in a short time. Use of UserVoice has therefore made it possible to

transform a dissatisfied user into a happy user who has received feedback.

Another major user interaction tool is Chat Bot. Chat Bots are programs that simulate a conversation between a robot and a human being, thus integrating artificial intelligence and machine learning. This tool interacts directly by answering user questions; it also performs pre-defined actions such as rating a character in a programme.

Another tool is Facebook Messenger, which is currently used by more than 900 million people worldwide. For the last few months, Facebook has provided the opportunity to create Chat Bots within Messenger to communicate with users in a new way.

Meteo.it is the first Italian Chat Bot dedicated to weather forecasts.

A Chat Bot was developed for Big Brother VIP to allow users to interact with the

programme and vote for the participants in the programme free of charge.

Digital Business management continuously monitors the consumption behaviour of digital users in order to measure the performance of individual contents and reference brands. This monitoring is performed using data collection tools, such as Webtrekk and Shinystat.

In order to create a more in-depth perception of preferences for different contents, continuous monitoring research is carried out on the appreciation and mood of users towards different brands. The continued adoption of new technologies will give way to a process to increase awareness possibilities and interpretation of users' consumption habits and interests, as well as proposing content that is more consistent with user interests through the use of algorithms (Content Wise).

In line with the Italian companies of the Mediaset Group, Mediaset España is in constant contact with its users via different

applications. In this way users can participate in broadcast programmes and make their voices heard, thus influencing and making important decisions in prime-time programmes such as The Voice Spain, Big Brother Spain or Survivor Spain. Moreover, the use of dedicated spaces on the web platform have launched competitions or initiatives to collect possible content proposals from the public such as photos or videos. All contents are viewed before publication. In the same way, users can send their opinions, complaints, suggestions or questions to the various email addresses of Mediaset España S.A., or use the new PlayBuzz platform which allows users to interact anonymously. Depending on the Management of the Multiplatform area, a team assesses all the comments received, responses to surveys and the ratings expressed for the different channels. Depending on the type of comment, the team decides on the replies in coordination with the producers of each content.



5 ■ People





5,470 employees of the Mediaset Group



97% permanent contract



37,821 hours of training administered during the year



46% of workforce composed of women

5.1 PEOPLE IN THE MEDIASET GROUP

The Mediaset Group considers its employees a precious and indispensable resource for the future development of the company. For this reason it continues to envisage important investment policies towards its employees to improve their well-being and development within the Group.

Mediaset has adopted various policies and tools in order to avoid the risk of failure to respect the personality of the individual. Through the Group Code of Ethics it promotes equality, non-discrimination and equal opportunities. The Mediaset Group rejects and excludes any form of exploitation of workers and discrimination based on gender, age, race, language, nationality or religion, promoting equal

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT (PERMANENT AND TEMPORARY) BY GENDER AND GEOGRAPHIC AREA AS OF 31 DECEMBER

ITALY	2017			2016		
	Men	Women	Total	Men	Women	Total
Permanent contract	2,257	1,796	4,053	2,321	1,803	4,124
Temporary contract	67	50	117	51	39	90
Total	2,324	1,846	4,170	2,372	1,842	4,214

SPAIN	2017			2016		
	Men	Women	Total	Men	Women	Total
Permanent contract	628	623	1,251	626	624	1,250
Temporary contract	9	13	22	8	16	24
Total	637	636	1,273	634	640	1,274

OTHER COUNTRIES	2017			2016		
	Men	Women	Total	Men	Women	Total
Permanent contract	14	13	27	15	14	29
Temporary contract	-	-	-	-	2	2
Total	14	13	27	15	16	31

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AS OF 31 DECEMBER

	2017			2016		
	Men	Women	Total	Men	Women	Total
Executives	273	108	381	294	110	404
Journalists	233	248	481	232	244	476
Middle managers	509	419	928	513	426	939
Office workers	1,928	1,715	3,643	1,961	1,716	3,677
Industry workers	32	5	37	21	2	23
Total	2,975	2,495	5,470	3,021	2,498	5,519

opportunities in terms of training, development and professional growth. Finally, the Group guarantees fair treatment and promotes constant dialogue with the social partners.

As at 31 December 2017, the Mediaset Group consisted of 5,470 people. The main organisational roles are held by employees: in fact, recourse is made to external

contract workers¹⁵ only for the performance of specific activities of a professional nature or to meet temporary needs. As at December 2017, there were 186 collaborators in Italy, 210 in Spain and 1 in Publieurope, approx. 6% more than in 2016.

Group employees are mainly concentrated in Italy and Spain: over 70% in Italy while approx. 20% in Spain. A lower share of approx. 10% is employed in offices located in France, the United Kingdom, Luxembourg and Germany, hereinafter grouped under the "Other Countries"¹⁶ category.

As at 31 December 2017, and in line with the previous year, 97% of employees had open-ended contracts: the high percentage in all Group offices is due to the Group's ability to retain and guarantee a high level of employment stability, to meet the needs of the different business activities.

¹⁵ The Group makes use of external collaborators such as: contract workers with VAT number, Temporary staff with fixed-term and open-ended contracts, interns. Most of these collaborators are employed in production activities.

¹⁶ The employees of Netsonic company (around 1.5% of Mediaset Group staff in Spain) operating outside were considered within the "Spain" area.

5.2 DIVERSITY AND EQUAL OPPORTUNITIES

In applying the Group's principles, therefore, any conduct or attitude that discriminates against or harms people as well as their convictions or preferences is opposed. The promotion of equal opportunities is encouraged with reference to work conditions and possibilities, training, development and professional growth, in full compliance with current legislation and the values which inspire the Group. Through the appropriate corporate structures, compliance with these principles is guaranteed and promoted in all areas of the organisation, implementing management policies aimed at guaranteeing a fair assessment of people already in the selection phase, constantly monitoring growth trajectories and designing professional and managerial training courses aimed at developing distinctive behaviours. These initiatives enhance and recognise the wealth deriving from diversity, promote integration and are an integral part of the Group's culture.

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE AS OF 31 DECEMBER

	2017				2016			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	163	218	381	-	179	225	404
Journalists	9	282	190	481	7	295	174	476
Middle managers	2	454	472	928	1	478	460	939
Office workers	131	1,939	1,573	3,643	114	2,087	1,476	3,677
Industry workers	-	25	12	37	-	17	6	23
Total	142	2,863	2,465	5,470	122	3,056	2,341	5,519

NUMBER OF EMPLOYEES IN PROTECTED CATEGORIES BY PROFESSIONAL CATEGORY AND GENDER AS OF 31 DECEMBER

No. people	2017			2016		
	Men	Women	Total	Men	Women	Total
Executives	1	-	1	1	-	1
Journalists	1	-	1	1	-	1
Middle managers	9	7	16	8	10	18
Office workers	131	104	235	137	104	241
Total	142	111	253	147	114	261

The data presented provides a traditional breakdown of employees by the various professional categories, including that of "Journalists", typical of the particular business. Over 60% of the Group's employees belong to the white collar category, with a balanced gender distribution.

As can be seen from the tables below, approx. 52% of Group employees are between 30 and 50 years of age, approx. 45% are over 50 years of age, while approx. 3% are below 30 years of age.

Within the Group, 253 people belonging to protected categories are employed in various corporate roles. These represent about 4.6% of employees.

5.3 PEOPLE MANAGEMENT, ATTRACTION AND DEVELOPMENT

The commitment and motivation of employees are fundamental elements for the Group's success. To this end, opportunities for professional growth are continually offered, exploiting the diversity of origin, experience and competence.

Internal company processes are aimed at ensuring a correct assessment of employees starting from both the selection phase and that of subsequent professional and managerial development, through constant monitoring of growth trajectories and the design of coherent training programmes.

Recruiting policies¹⁷

The Group has always enjoyed great visibility on the job market and attractiveness, as witnessed by the over 28,000 unsolicited applications received through the Working with Us section of the corporate website, which was revamped in 2016 with links to the websites of Group companies.

In parallel, the use of modern digital recruiting tools and the relationship with the leading recruitment companies make it possible to actively seek and identify the best profiles on the market in relation to specific needs.

¹⁷ Recruitment by the various Group companies, in Italy and abroad, is regulated by specific protocols drawn up in line with the Group's policies, in compliance with the provisions of Legislative Decree 231/01. These procedures also take into account the local legislation to which Group Companies are subjected, including provisions concerning termination of employment and provisions and regulations for specific remuneration treatment for "expats" in the event of secondment of personnel abroad.

Finally, the Group's constant and continuous collaboration with the leading Italian and Spanish universities makes it possible to contribute to the educational offering of numerous degree and masters courses, through the many lectures and company testimonies in the classroom by its managers, and to offer internships in the company to young undergraduates and graduates.

The selection process is in any case always preceded by a careful analysis of qualitative-quantitative coherence regarding the size of the workforce, with respect to the organisational needs of the companies and also evaluating, where possible, the professional development of internal resources.

In Italy, more than 670 candidates were interviewed during 2017,¹⁸ for both profiles

with professional experience as well as internships.

The selection process is aimed at identifying the most suitable candidates, from the point of view of both technical and professional skills as well as soft skills, with the aim of seeking the key skills that the company considers a critical success factor for achieving corporate goals.

In particular, over the years the Group has consolidated a set of key distinctive skills, relating to the cognitive and relational-emotional areas, to be sought in the selection processes of figures from the external market and to identify and evaluate in planning the development trajectories for internal resources.

These soft skills in fact represent a critical success factor, common to all areas but differentiated according to the role and degree of seniority, for achievement of corporate objectives at both the group and individual growth levels and flank the professional skills necessary for the various roles in the organisation.

The observation and analysis of certain behaviours and attitudes that people tend to adopt during the selection or assessment phase allow us to estimate the following significant skills and abilities to be projected in the workplace:

- Leadership - cultivation of an appropriate style in interpersonal relationships in order to influence and involve others in the pursuit of the objectives of the group to which they belong, constituting a role model;
- Communication - ability to transmit and share ideas and information in a clear and concise manner; propensity for listening and effective discussion;
- Team working - willingness to work and collaborate with others, having the desire to build positive relationships aimed at accomplishing the assigned task;
- Social intelligence - ability to operate in a complex context taking into account one's own attitudes and those of others, consciously and objectively reflecting on one's own conduct and that of others;

¹⁸ The El Towers Group is not included in this activity.

- Emotional intelligence - ability to feel emotions, recognise them and experience them consciously, thus being able to be fully assertive and expressive in interpersonal relationships;
- Reliability - ability to carry out tasks scrupulously and with attention to content;
- Flexibility - ability to know how to adapt to changing working contexts, openness to innovation and willingness to collaborate with people with different points of view from one's own. Adaptation to different situations and changes in context, showing interest in discussing ideas different from one's own and willingness to reorganise one's thinking on the basis of new information;
- Stress resistance / emotional stability - ability to react positively to work pressure while maintaining control, remaining focused on priorities and not transferring one's tensions to others. Ability to overcome defeats and failures; attention to the way in which one's emotions are managed and impulses controlled in difficult situations;

- Self-confidence - awareness of one's value, of one's abilities and of one's ideas irrespective of the opinions of others;
- Problem solving - ability to devise alternative solutions to a problem, estimating the implications for the expected results. This is the tendency to provide concrete solutions that optimise activities in response to the constraints present;
- Life-long learning - recognition of one's deficiencies and areas of improvement, taking action to acquire and further improve knowledge and skills.

In the Mediaset Group in Italy, in 2017, 151 people were hired, a significant increase compared to 2016 (+72%), and the opportunity was offered to 279 young people for an internship with an average duration of approx. 4 months. The new recruits were in particular in the Digital area and in advertising sales, areas in which it was deemed necessary to facilitate the entry of new specific skills.

In order to guarantee new recruits an effective start-up of their work activity, the functions involved supervise all phases in

the resource's induction, from activation of the welcome and induction plan to tutoring and coaching.

Given the high professional skills required for the various businesses of Group companies, approx. 59% of the people recruited during the year were between 30 and 50 years of age. In 2017, there was a recruitment rate of approx. 3.6% in Italy and approx. 2.4% in Spain.

NUMBER AND RATE OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE, GENDER AND GEOGRAPHIC AREA [*]

	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
NEW EMPLOYEE HIRES										
Men	19	55	3	77	3.3%	2	38	15	55	2.3%
Women	39	34	1	74	4.0%	4	26	3	33	1.8%
Total	58	89	4	151	3.6%	6	64	18	88	2.1%
New employee hires Rate %	53.7%	4.6%	0.2%	3.6%		7.4%	3.0%	0.9%	2.1%	
EMPLOYEE TURNOVER										
Men	6	40	88	134	5.8%	0	23	72	95	4.0%
Women	10	34	43	87	4.7%	0	23	38	61	3.3%
Total	16	74	131	221	5.3%	0	46	110	156	3.7%
Turnover rate %	15.0%	3.8%	6.2%	5.3%		0.0%	2.2%	5.4%	3.7%	

	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
NEW EMPLOYEE HIRES										
Men	5	10	2	17	2.7%	7	23	1	31	4.9%
Women	5	8	1	14	2.0%	19	22	0	41	6.0%
Total	10	18	3	31	2.4%	26	45	1	72	5.7%
New employee hires Rate %	33.0%	2.0%	1.0%	2.4%		72.0%	5.0%	0.0%	5.7%	
EMPLOYEE TURNOVER										
Men	1	4	3	8	1.3%	4	16	3	23	3.6%
Women	0	4	3	7	1.1%	4	4	-	8	1.3%
Total	1	8	6	15	1.2%	8	20	3	31	2.4%
Turnover rate %	3.0%	1.0%	2.0%	1.2%		22.0%	2.0%	1.0%	2.4%	

	2017					2016				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
NEW EMPLOYEE HIRES										
Men	0	1	1	2	7.1%	2	1	0	3	20.0%
Women	1	0	0	1	8.0%	1	0	0	1	6.0%
Total	1	1	1	3	7.4%	3	1	0	4	12.9%
New employee hires Rate %	25.0%	5.9%	0.0%	7.4%		60.0%	5.0%	0.0%	12.9%	
EMPLOYEE TURNOVER										
Men	0	0	0	0	0.0%	0	0	1	1	6.7%
Women	1	3	0	4	30.8%	0	0	0	0	0.0%
Total	1	3	0	4	14.8%	0	0	1	1	3.2%
Turnover rate %	25.0%	17.6%	0.0%	14.8%		0.0%	0.0%	17.0%	3.2%	

[*] New employee hires and turnover rates are calculated as the ratio of total incoming and outgoing employees in the year, by age group and gender, to the total number of employees in the same age groups and gender as of 31 December

Remuneration policies

In Mediaset, the remuneration levels of employees are determined through an assessment carried out by the Human Resources Department and by the Business Managers who, with the aim of ensuring the competitiveness of internal remuneration levels with respect to market benchmarks, take into account the area of responsibility, the task performed and the principles of internal equity, as well as the need to maintain a level of attractiveness and retention for key resources. To this end, depending on the role, all modern remuneration instruments can be adopted to supplement fixed remuneration, such as non-competition agreements, short and long-term variable incentives, as well as the welfare and benefit system that Group

employees enjoy.¹⁹ To support the assessment of equity and the competitiveness of remuneration packages, Mediaset uses remuneration survey and benchmark tools provided by leading specialist consultancy companies.

Training

The Group is constantly committed to designing effective managerial and professional training activities, in addition to those related to legal compliance, in order to develop and increase the skills of its employees, considered a critical success factor to support the development of its businesses.

The design of training activities takes place in coherence with the need to align skills

related to the technological evolution processes undertaken by the Group and the need to develop personal skills in line with the new business context and new organisational models.

It is common practice to monitor training needs through the involvement of the function in the organisational development processes, in constant coordination with the requesting functions and heads of the various business areas. At the same time, monitoring the evolution of legislation makes it possible to effectively ensure the provision of training envisaged by the legal framework.

The training offering is provided through various tools, such as conferences, experiential modules, workshop activities and online courses, selected according to the specific objectives of the initiative and the specific requirements of the recipients.

During the year, in line with the expansion of the business perimeter, cross-sectional training initiatives were launched which saw the inclusion of the radio areas among the recipients of the training offer, with a view

¹⁹In particular, the remuneration policy applied to the Group's top management is detailed in the 2017 Remuneration Report.

to developing vertical and horizontal integration skills within the Group.

The most important initiatives implemented in 2017 are briefly described below:

- For managers, the self-development project started in recent years, focussed on key managerial competencies for the Group, continued with extension to the sales area of the Group, through classroom sessions and one-on-one meetings. Taking into account the new indicators emerging and with the aim of involving the entire population, following this initiative, the cycle of seminars dedicated to company Middle Managers on change management, innovation and personal engagement was redesigned. Seminars on the theme of Mindset Change were introduced with the aim of developing the ability to activate the best personal resources during times of change management. Interventions dedicated to specific groups on the theme of empowerment and effective communication were organised;
- With regard to professional activities, initiatives to develop technological skills were undertaken, implementing projects with the aim of enabling people to understand and use the new work tools that the Group is adopting. Training on the updating of digital skills in the production sector and on the specific applications of individual business areas continued, also with a view to professional requalification. At the same time, courses were held aimed at aligning the specific know-how of staff functions with specialised topics in the individual areas. Language skills training continued and was further developed with dedicated courses and a blended training project was launched, which involves the use of a dedicated online portal with digital teaching materials, tutorials and telephone lessons.
- With regard to statutory compliance, the initiatives envisaged by legislation were carried out, paying attention to the specific issues of the company. In particular, with regard to Health and Safety, in addition to training for new recruits and for those with roles envisaged by the related Management System, the Five-Year Workers Refresher Programme, called "Wellness at Work", was launched, which has a duration of six hours, delivered partially in the classroom and partially online. In addition to issues more strictly related to the legislation and its evolution, issues related to ergonomics, postural well-being, combating addictions, technostress, energy regeneration and brain agility were addressed. Finally, a specific initiative was implemented for heads of company departments with the aim of consolidating knowledge on Legislative Decree 81/08, concerning health and safety in the workplace. Following the updating of the Organisation, Management and Control Models of Group Companies and evolution of the legislation, a new online course on Legislative Decree 231/01 was

designed and issued to the entire company population, based on the fundamental concepts of the Decree, the crimes it envisages crimes and those of primary interest to the Group. With regard to Privacy - Legislative Decree 196/03, a number of specific initiatives were implemented for personnel with special responsibilities, such as systems administrators, on personal data processing.

With regard to trade union relations, within the context of an approach of discussion with workers' representatives, a Bilateral Training Committee (consisting of company and trade union representatives) has been established for many years with the task of:

- contributing to monitoring training requirements related to the need to maintain levels of professionalism appropriate to the production evolution of the company;
- formulating indications on projects and means of professional updating of human resources, with particular reference to initiatives in the field of life-long training, in relation to the increasingly rapid

technological developments and to issues concerning health and safety in the workplace;

- promoting, analysing and signing annual and periodic training projects/plans to be submitted to the inter-professional funds within the scope of funded training;
- carrying out periodic qualitative and quantitative analyses of the training

activity carried out.

Indeed, structural use continued to be made of resources from Fondi Paritetici Interprofessionali (Inter-professional Joint Funds: Fondimpresa and For.te for the training of middle managers and employees, and Fondirigenti for executives) also in 2017, to fund a considerable portion of the Group's training activities.

During the year, approx. 37,821 hours of

AVERAGE HOUR OF TRAINING PER YEAR PER EMPLOYEE BY PROFESSIONAL CATEGORY AND GENDER

	Men		Women		Total 2017		Total 2016	
	No. of hours	Average hours	No. of hours	Average hours	Total hours	Average hours	Total hours	Average hours
Executives	1,711	6	1,066	10	2,777	7	1,879	5
Journalists	449	2	309	1	758	2	3,878	8
Middle managers	4,888	10	4,431	11	9,319	10	5,644	6
Office workers	12,206	6	11,976	7	24,182	7	21,477	6
Industry workers	697	22	88	18	785	21	284	12
Total	19,951	7	17,870	7	37,821	7	33,162	6

NUMBER OF HOURS OF ANTI-CORRUPTION TRAINING BY PROFESSIONAL CATEGORY AND GENDER

	2017	2016
Executives	54	7
Journalists	52	-
Middle managers	220	9
Office workers	796	25
Industry workers	-	-
Total	1,122	41

training were delivered, approx. 4,659 hours more than in 2016.

In 2017, training on issues related to **human rights** involved, throughout the Mediaset Group, 144 people (219 in 2016), i.e. 2.6% of total employees, and 807 hours of training were delivered, 46% more than the previous year.

Furthermore, in 2017, ad hoc training on anti-corruption practices was provided to the corporate structures considered most sensitive to risk. During the year, 1,122 people were involved in Italy, or 27% of Italian personnel, a huge increase compared to the 41 people the previous year.

In 2017, the Mediaset Group in Spain provided training on anti-corruption practices to 71 people, of which 9 were senior managers, 20 middle managers, 42 office workers, equal to 6% of Spanish personnel.

Again in 2017, the foreign companies Publieurope and Mediaset Investment provided anti-corruption training to a total of 26 people, of which 4 senior managers, 7 middle managers and 15 white collars,

equivalent to almost the entire personnel of the other countries.

On issues related to regulatory compliance, and in particular on the subject of training and information on the Organisation, Management and Control Model established pursuant to Legislative Decree 231, privacy and security, specific training, usually through an online method, is provided upon recruitment of personnel. New recruits are also informed on how to consult the Code of Ethics of the Group and the organisational model. Finally, all employees can access this documentation at any time on the company intranet.

People training and talent management are critical elements for the corporate strategy of the **Mediaset Group in Spain** since they allow a rapid adaptation to the dynamic needs of the environment in which it operates.

The 2017 Training Plan focused on developing staff skills, which accounted for 30% of total training, or over 3,000 hours. The main initiatives included training courses on leadership development programmes, coaching for senior managers

and leaders for the creation and management of audio-visual content. Given the strategic role of innovation, the training plan dedicates more than 20% of training hours to IT courses and the use of new software. In continuity with previous years, the Mediaset Group in Spain offers language and occupational risk prevention courses. Finally, during the year, the fifth edition of the anti-money laundering course was held and the new cybersecurity awareness and training plan for senior managers was launched. It will be extended to employees during 2018.

5.4 WELFARE AND WELL-BEING

All **Mediaset Group** companies have defined various corporate welfare systems in line with the policies on human resources that have always put people at the centre of the corporate system.

Services and agreements

For over ten years the Mediacyber has been active at the Milan and Rome offices, the result of an important project aimed at creating an optimal context to facilitate the best balance between professional and personal life. In particular, this is an area on company premises that includes a series of useful and concrete services for improving the quality of life of those working for the Group.

With an area of 3,000 square metres, Mediacyber is considered one of the most useful and welcoming welfare stores in Italy. The services offered, managed by external operators selected for their specific experience in the areas of reference, concern people care and activities necessary for family management:

- medical centre, which provides the medical services of specialists from the San Raffaele Hospital to employees free of charge;
- fitness centre;
- mini market;
- laundry/tailoring repair services;
- bank;
- post office;
- bookshop;
- travel agency;
- parapharmacy;
- shopping area;
- catering (bar, sandwich bar and restaurant).

As well as this physical presence there is also a website offering up-to-date details of various deals negotiated by the company for its staff - with banks, insurance companies and over a hundred retailers active online or near the Mediaset Group's main offices.

The Group has also been working for many years, together with local public bodies, to offer its employees transport and mobility services through company shuttle buses that connect the Group's offices throughout the day (including public holidays for production centres) to the main nearby underground and/or railway stations. The service is the result of a detailed analysis of the home and work journeys of all Group personnel of the Milan and Rome offices, implemented in collaboration with the Department of Architecture and Planning (DIAP) of the Politecnico di Milano, aimed at optimising transport service routes and times and limiting inconvenience connected with reaching the workplace, both in terms of time optimisation and stress accumulation. The Group has put in place agreements with public and private entities for the use of parking spaces during working hours and has stipulated framework agreements with local public transport for discounted season tickets for employees with debit to the payroll.

In 2012, a company Campus was also set up at the Cologno site with specific architectural features aimed at connecting all the buildings and production sites of the

Group's headquarters with a more functional approach with respect to the use of work spaces and integration of company areas. With this in mind, an agreement was reached with the Municipality of Cologno Monzese, which transferred Via Cinelandia to the Group in exchange for redevelopment of Viale Europa, which the Mediaset headquarters overlook.

The Group safeguards maternity and return to work after the birth of children thanks to an important corporate initiative, the Nursery, which, since 2004, can accommodate the children of employees up to 3 years of age; this solution allows parents to entrust their children to specialised educators, at the workplace, during working hours, avoiding the need for employees to sacrifice time and money on the care and custody of their children during the daytime.

Benefits

The benefits envisaged for Mediaset Group employees in Italy are mainly of a social security and welfare nature. For all employees there is a supplementary health care plan, 24-hour accident insurance policy

NUMBER OF EMPLOYEES WORKING FULL-TIME/PART-TIME BY GENDER AS OF 31 DECEMBER

GROUP	2017			2016		
	Men	Women	Total	Men	Women	Total
Full-time	2,935	2,188	5,123	2,984	2,192	5,176
Part-time	40	307	347	37	306	343
Total	2,975	2,495	5,470	3,021	2,498	5,519

and the supplementary pension fund. The company also guarantees integration of the statutory remuneration provided for maternity for all its employees. For senior managers, in addition to these benefits, life and permanent disability insurance due to illness, as well as company cars depending on the role held, are also envisaged.

The **Mediaset Group in Spain** looks after its employees by guaranteeing a wide range of benefits aimed at facilitating a better balance between work and private life. These benefits range from the possibility of using a company shuttle or free parking at the workplace, to the company canteen, which benefits all workers, and health insurances for spouses and children (up to 25 years).

There are also one-time bonuses linked to the Company's results. For example, in 2016, Mediaset España, Telecinco Cinema, Premiere and Conecta 5 workers (996 in total) benefited from an exceptional voluntary bonus of a value exceeding one million euros.

Working hours

The Group has always identified and implemented specific tools that facilitate the reconciliation of time dedicated to private and professional life, facilitating the equilibrium between demand and supply of flexibility in the workplace, in line with the needs and opportunities that characterise the television business.

In this sense, a fairly wide variety of working hours has been contractually defined with

the trade unions, which responds to both the company's and workers' needs, and in any case, except for the different and specific operational needs of the various organisational structures, with the right to clock on every day in a flexible manner between 9.00 and 10.30 am.

Moreover, from an operational point of view, reductions in working hours are generally granted to personnel requesting this in all the areas of the company, in the presence of the technical and organisational conditions and where the job permits so; to date, 348 people in the entire Mediaset Group benefit from a part-time contract, 89% of whom are women. Reductions in working hours are in fact used to a large extent by female workers who, in particular after returning from maternity leave, ask for a reorganisation of their working life, benefiting from a few hours more each day to dedicate to their private life.

5.5 INDUSTRIAL RELATIONS

The Mediaset Group has established and built a consolidated and effective system of industrial and trade union relations at all levels of representation.

The topics typically subject to discussion and disclosure consist of work organisation in terms of jobs, levels and processes, the operating performance of the company, the evolution of the workforce and training issues, as well as the evolution of the business.

The companies in the Mediaset Group apply the relevant National Collective Agreements or Supplementary Company Agreements (AIA) to approximately 97% of their employees, which regulate all the typical situations of the employment relationship. In particular, for Italian companies, the following are applied: for Senior Managers, the National Collective Bargaining Agreement for Senior Managers, for Commercial Senior Managers and for Industrial Senior Managers; for Middle Managers and White-Collar Workers, the National Collective Bargaining Agreement for Private Radio and Television Companies, for Commercial Service Industries and for Engineering Workers; and for Journalists, the FNSI National Collective Journalists Bargaining Agreement. In addition, a Supplementary Company Agreement applied to Middle Managers and White-Collar Workers and a Supplementary

Company Agreement applied to journalist staff that regulate and improve on the conditions provided for by the national agreements have been historically in force for the television area of the Group.

Specific provisions that further regulate and detail working conditions, working hours and ad hoc technical-production models for individual companies are usually managed via agreements with the trade union representatives of the workers concerned.

The Group manages any structural changes to the organisational, production and logistics structure that have a material impact on the employment relationship with employees by following the union discussion procedures governed by current legislation, national collective agreements and company agreements. These activities aim to guarantee a fruitful negotiation phase that limits the impact on workers and, where possible, improves any contractual provisions.

In 2017, the Group, together with the Confindustria RadioTV delegation, took part in the negotiations for the renewal of the National Private Radio and Television Work Contract, signed in December and voted and ratified by the workers' meetings in January 2018. From the company point of view, on the other hand, no events occurred that required significant union discussions.

During 2018, negotiations for the renewal of the AIA to be applied to the personnel of the television area are envisaged.

Below are the collective agreements envisaged for the **Mediaset Group in Spain**:

- Mediaset España Collective Agreement
- Collective Agreement of the Advertising sector for employees of Publiespaña and Netsonic
- Madrid Regional Collective Agreement for Telecinco Cinema employees
- Madrid Regional Collective Agreement for Conecta 5 employees

NUMBER OF INJURY, RATE AND INDICATORS ON HEALTH AND SAFETY OF WORKERS BY GEOGRAPHIC AREA AND GENDER

ITALY	2017			2016		
	Men	Women	Total	Men	Women	Total
Injuries (no.)	37	32	69	38	32	70
Of which fatal (no.)	-	-	-	-	-	-
Occurring in the workplace (no.)	18	14	32	14	7	21
Occurring en route to/from the workplace (no.)	19	18	37	24	25	49
Cases of occupational illness (no.)	-	-	-	-	-	-
Severity index [*]	47.42	53.46	50.07	N/A	N/A	N/A
Frequency index [**]	0.98	1.02	0.99	N/A	N/A	N/A
Frequency Index for itinere injuries	1.03	1.31	1.15	N/A	N/A	N/A
Occupational disease rate (ODR) [***]	0	0	0	N/A	N/A	N/A
Absentee Rate (AR) (%) [****]	3.6%	4.3%	4.0%	N/A	N/A	N/A

The present table does not include health and safety indicators for 2016 as these are not comparable with the data for 2017, due to changes in the attendance monitoring system introduced in 2016.

Information on occupational illnesses and injuries affecting external employees is not included. Its inclusion in the 2018 reporting year is being evaluated.

[*] The severity index was calculated with the following formula: (days lost due to injuries/hours workable) * 200,000

[**] The frequency index was calculated with the following formula: (injuries in the workplace/hours worked) * 200,000.

[***] The occupational disease rate is measured as the ratio of the number of cases of occupational disease to total hours worked over the same period, multiplied by 200,000.

[****] The absentee rate was calculated with the following formula: (days of absence/workable days)* 100.

5.6 HEALTH AND SAFETY OF WORKERS

The Mediaset Group in Italy and Spain has adopted, implemented and effectively deployed an Occupational Health and Safety Management System, compliant with the OHSAS 18001:2007 standard. Seven Group companies have this certification including: Mediaset S.p.A., R.T.I. S.p.A., Medusa Film S.p.A., Publitalia '80 S.p.A., Digitalia '08 S.r.l., Elettronica Industriale S.p.A.²⁰ and Taodue S.r.l..

The System envisages the development and adoption of specific types of documents including: Policies, General Procedures, Operating Procedures, Operating Instructions and Practical Solutions. Among these there are, of course, some specific

²⁰ The company has adopted in December 2017 the OHSAS certification.

NUMBER OF ACCIDENTS AND INDICATORS ON HEALTH AND SAFETY OF WORKERS BY GEOGRAPHIC AREA AND GENDER [*]

SPAIN	2017			2016[**]		
	Men	Women	Total	Men	Women	Total
Injuries (no.)	7	12	19	5	7	12
Of which fatal	-	-	-	-	-	-
Occurring in the workplace (no.)	4	2	6	3	4	7
Occurring en route to/from the workplace (no.)	3	10	13	2	3	5
Cases of occupational illness (no.)	-	-	-	-	-	-
Severity index [**]	0.05	0.03	0.04	0.09	0.05	0.07
Frequency index [****]	3.73	1.92	2.97	2.76	3.73	3.42
Frequency Index for itinere injuries	2.8	9.59	6.45	1.84	2.79	2.44
Occupational Disease Rate (ODR) [*****]	0	0	0	0	0	0
Absentee Rate (AR) [*****] (%)	3.1%	5.5%	4.3%	1.7%	3.8%	3%

Information on occupational illnesses and injuries affecting external employees is not included. Its inclusion in the 2018 reporting year is being evaluated.

[*] The breakdown of data relative to hours worked and hours workable by gender for 2016 and 2017 is partly based on estimates using the best available methods.

[**] The severity index was calculated with the following formula: (days lost due to injuries in the workplace/hours workable) * 1,000

[***] The frequency rate was calculated with the following formula: (injuries in the workplace/hours worked) * 1,000,000.

[****] The occupational disease rate is measured as the ratio of the number of cases of occupational disease to total hours worked over the same period, multiplied by 200,000.

[*****] The absentee rate was calculated with the following formula: (days of absence/workable days)* 100.

ones aimed at identifying and preventing risks and training programmes on health and safety issues (which are defined according to the assessment of the risks to which workers are exposed in the course of their work).

Furthermore, for the purposes of the systems and rules for recording and reporting of statistics, the Mediaset Group has recourse to specific supporting IT tools, such as the Simpledo.Net platform.

At least once a year, in compliance with the provisions of art. 35 of Legislative Decree

81/08, for each company of the Mediaset Group, a "Meeting" is convened which constitutes the "Management Review" referred to in paragraph 4.6 of OHSAS 18001:2007.

The Workers' Safety Representatives (WSR) represent all workers.

In the case of critical events that may involve employees during business trips broad, the "Personnel Abroad Security Committee" has been established, consisting of:

- Central Personnel and Organisation Director
- Safety Director
- Personnel Director
- Company representative of the area to which the employee concerned belongs.

In order to guarantee safe working conditions, in May 2013 the Mediaset Group set up an "Operational Guideline" in order to guarantee the safety of its personnel on business trips in countries or areas considered "risk".

NUMBER OF ACCIDENTS AND INDICATORS ON HEALTH AND SAFETY OF WORKERS BY GEOGRAPHIC AREA AND GENDER [*]

OTHER COUNTRIES	2017			2016		
	Men	Women	Total	Men	Women	Total
Absentee Rate (AR) (%) [****]	0.07%	0.09%	0.08%	0.06%	0.32%	0.19%

Information on occupational illnesses and accidents affecting external employees is not included. Its inclusion in the 2018 reporting year is being evaluated.

[*] The breakdown of data relative to hours workable by gender for 2016 and 2017 is partly based on estimates using the best available methods.

[****] The absenteeism rate was calculated with the following formula: (days of absence/workable days)* 100).

Lastly, the Risk Management Department provides adequate insurance coverage for business trips abroad. It should be noted that no Mediaset Group employees are involved in activities with a high accident or health risk.

There are also specific clauses that cover health and safety issues in contracts²¹ in which the parties agree that the protection of health and the physical integrity of workers is a primary and constant concern for companies; also, with regard to the occupational safety and health of workers, express reference is made to the provisions of Legislative Decree 81/2008, as amended and supplemented.²²

²¹ Mention is made of Art. 20 - Protection of the health and physical integrity of the workers of the National Collective Bargaining Agreement of Employees of Private Radio and Television Companies,

²² Art. 7 - Environment and Health of the Supplementary Agreement for Mediaset Group Companies.

For all Group companies, in Italy and abroad, there were no occupational diseases or fatal injuries.

In Italy, in the course of 2017, 69 injuries were recorded, of which 46% were in the workplace and 54% during travel to and from work.

For 2017, confirming the Group's attention to the occupational health and safety of its employees, there was an injury rate of 2.15 and a severity index of 50.07.

Occupational health and safety in **Spain** are regulated and guaranteed through the occupational risk prevention plan and the provisions of the individual national collective agreements. The plan is jointly defined by the Group Health and Safety Committee and by the Prevention Service ("Servicio de Prevención Mancomunado" or SPM), which is then approved by Human Resources and Service Management and finally presented to the Risk Officer.

The occupational risk prevention plan ensures compliance of the company with the legislative provisions on the prevention of occupational risks and the requirements

of OHSAS 18.001 for the prevention of standard occupational risks.

Based on the objectives set out in the prevention plan, each year the SPM defines the activity plan. The Risk Officer has the task of approving and monitoring the plan on a quarterly basis together with the Health and Safety Committee. The committee therefore does not carry out preventive activities but rather represents all employees: the committee consists of approx. ten people belonging to the different professional categories. Moreover, the SPM can perform extraordinary activities to meet or adapt to new regulatory needs or changes in business activities.

In the course of 2017, 19 injuries were recorded (of which 7 men and 12 women).

In 2017, as in 2016, there were no cases of injuries or cases of occupational illness in the Mediaset Group's foreign companies.



6 - Community and Territory

PERCENTAGE EXPENDITURE BY TYPE OF GOOD - LOCAL SUPPLIERS € millions [*]

ITALY

	2017			2016		
	Tot	Italy	Other countries	Tot.	Italy	Other countries
Purchasing costs for goods and services	1,254	949	304	1,435	1,130	305
Investments in movie and TV rights [**]	395	219	176	464	288	176
Investments in capital assets [**]	78	73	5	64	53	11

SPAIN

	2017			2016		
	Tot	Spain	Other countries	Tot.	Spain	Other countries
Purchasing costs for goods and services	447	408	39	448	393	55
Investments in movie and TV rights [**]	173	125	48	177	137	40
Investments in capital assets [**]	15	14	1	15	13	1

[*] Local suppliers are identified on the basis of their country of origin. Expenditure with local suppliers for Group companies operating in Italy is distinguished from analogous expenditure in Spain.

[**] Item refers to the increase of the relevant categories of tangible and intangible assets.

6.1 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

In carrying out its own characteristic activities, the Group interacts with a multiplicity of suppliers for the acquisition of current goods and services as well as for investments in tangible and intangible

assets, the latter consisting mainly of multi-year exploitation rights of audio-visual content.²³

Given the peculiarities of their products and services, all Group companies use Italian and Spanish suppliers where possible to promote local business in the areas in which they operate.

As for the purchase of multi-year exploitation rights, it is necessary to underline the high incidence of expenses towards the main American majors and towards the holders of sports rights in the total investments of the Group. As can be seen from the tables, in 2017, about 76% of Mediaset Group purchases in Italy were from Italian suppliers, while more than 90% of

²³ This item refers to operating costs (costs for acquisitions, services rendered, use of third party assets and other management charges) reported on the income statement on an accrual basis, net of inventory changes and increases of internal work capitalised.

Mediaset Group purchases in Spain were from Spanish suppliers.

FAIRNESS IN SUPPLIER RELATIONSHIPS

Collaboration, supply and contracts regarding third-party business relationships with the Mediaset Group in general contain an explicit reference to the Code of Ethics (see also paragraphs 2.3 and 3.2 and the Corporate Organizational Models 231) and state that failure to comply with the rules set forth therein may constitute a breach of the contractual obligations assumed, with the consequent option of cancelling any contracts made with any company in the group.

Furthermore, Mediaset S.p.A. have joined the initiative promoted by Assolombarda (extended to the main Italian companies of the Group), which started on 27 May 2014, signing up to the Italian Responsible Payment Code, the first-ever code in Italy for responsible payments. In taking this step, Mediaset has committed to meeting the payment times agreed on with its suppliers and in general to promoting a culture of prompt, transparent payments. Mediaset is part of the first group of Italian and multinational companies founding the Code and in compliance with its provisions, it has declared that average payment times

contractually defined with its suppliers for 2017 were 60-90 days and relative payment dates were duly complied with.

Note that the selection²⁴ of suppliers and the goods or services to be acquired is based on the evaluation of various parameters, such as the quality and price of the good or service, guarantees of after-sales services, as well as promptness and efficiency. When selecting suppliers, great attention goes to verifying their reliability and seriousness in terms of compliance with current legislation and regulations governing their activity. Purchasing processes are governed by specific company procedures (LGO), which ensure the timely identification of suppliers and the traceability of supply channels, which thus helps guarantee the quality and legitimacy of the goods and services purchased.

²⁴ Art.19 of the Group Code of Ethics

Furthermore, all purchasing processes are based on the search for the maximum competitive advantage for the Mediaset Group as well as impartiality and the granting of equal opportunities towards each supplier who meets requirements.

The preparation of standard contractual texts or those with specific legal issues is assured by the Group's legal department, and by external lawyers where necessary.

In a bid to make the procurement process more efficient and standardised towards third parties, the Mediaset Group in Italy operates via specialised purchasing centres, whose processes are described in the following paragraphs.

In addition, the Group aims to oversee the certification activities of the various categories of suppliers with a single organizational unit, thus facilitating the identification of any factors that influence the selection and management of the portfolio.

Given the particular business of the companies in the Group, the main purchase activities of all companies fall into three macro areas:

- Acquisition of rights (films, series and sporting events);
- Acquisition of content (entertainment, news, fiction) for the various distribution platforms;
- Acquisition of goods and services to support televised production, cross-production and any activities relating to the Tower Company.

The related procurement processes for each of these areas are described below with evidence of their main purchase poles.

Acquisition of Rights

The Mediaset Group acquires the following through RTI SpA: serial content (TV series), films (also through the subsidiary Medusa), documentaries and sports (also through the subsidiary Mediaset Premium), third-party publisher channels for pay TV, depending on the programming needs of free-to-air and pay TV.

These acquisitions are negotiated directly with the owners of the contents or their exploitation rights.

The Vendor list for the selection of these categories of suppliers is prepared, updated and submitted to the Control and Risk Committee every six months, and annually to the Executive Committee and the Board of Directors of Mediaset Spa, in compliance with the corporate organizational guidelines.

The assessment includes the verification of any ongoing proceedings, such as liquidation, bankruptcy and mergers, and also includes the transparency of the corporate chain.

Furthermore, suppliers resident in countries with preferential taxation entered on the Black List are not considered for the purposes of this selection.

The selection of suppliers of rights takes place through the widespread coverage of the national and international content distribution market - while also participating in major sector events - giving preference to companies with consolidated experience and expertise: North American majors and

minimajors, European studios, leading Italian and international independent distributors.

In particular, the Group refers to American majors for the acquisition and distribution of cinema rights on free and pay TV, and to European majors for other television content and thematic channels.

Investments in national film products mainly supply linear free-to-air TV, while international and serial cinema is mainly intended for linear and non-linear pay TV, in line with the ever evolving use of different platforms.

Special attention is paid to Italian works and is aimed at both current and library works, through the acquisition by a Group company of cinematographic works from independent producers, and through commercial agreements with companies outside the Group who are specifically dedicated to domestic production.

The Purchasing Rights Department maintains commercial relations with all the major Italian film distributors, through multi-annual volume agreements and prompt procurement.

With regard to multi-annual agreements, the Purchasing Department envisages the purchase not just of individual contents, but stipulates "volume" agreements that include varied product categories, based on the annual production of the supplier. For this reason, the selection and acquisition of individual contents are conditioned by the contractual terms of the multi-year agreement which define the minimum volumes by product type and the methods for selection.

As for ad hoc acquisitions, selection is carried out based on the approval of the product by the market, or based on the interest stirred by that content in countries that are continuously monitored, via information that the suppliers send to the Purchasing Department and by assessing the product directly through the monitoring of satisfaction ratings in cinemas, paid channels and streaming networks.

Once interest has been established for that particular product, rights acquisition usually takes place in order to ensure that this is available on different platforms (e.g. Infinity, pay TV and free TV). Given the different needs of the platforms, a percentage of the product is then allocated to exclusive purchases for each of these.

In 2016, two major output deals were renewed with Warner Bros.²⁵ and NBC Universal, which are still the two main providers of Cinema and Series rights for all non-linear television and services.

The Group also has multi-annual contracts in place with foreign third-party publishers for the Eurosport channels (1 and 2) and Investigation Discovery (published by Discovery) and Cartoon Network (published

by Turner), all of which are distributed in the Mediaset Premium package.

Part of the investment in film production is made by the subsidiary Medusa Film through acquisitions from producers (both film and television) who provide the company with the "product/film" and all permissible rights of use, including those relating to cinema and home video.

The latter is the starting point for the exploitation of the product life cycle, as well as a basic element for the creation of value through subsequent exploitation that can be managed by the Group "non-exclusively" (for example from market practice, TV on demand, pay per view) or "exclusively" (SVOD, free).

Also, constant market monitoring is carried out on film content to identify the main trends of suppliers and products of interest (at international and local level) and to gather useful information in general to guide the broadcast offering.

²⁵ Warner Brothers transferred ownership of all film and series rights from Warner Bros International Television Distribution Inc. (US company) to Warner Bros Entertainment Italia (Italian company) as of 1 January 2016.

The film rights acquired in 2016 come from Italian producers, since the publishing line established by the Group for Medusa envisages a focus on Italian cinema, typically comedy. Given the broadcasting mission entrusted to Medusa, only 3 foreign films (USA) were acquired and distributed in 2016 under exceptional circumstances by virtue of an agreement signed with the Italian company Leone Film Group.

In 2017, given the strategic business objective of Medusa, the "core" suppliers were predominantly Italian. These suppliers, as executive producers or original producers, have an almost entirely Italian supply chain. Film shooting and all subsequent post-production processes take place in Italy.

The only exceptions in 2017 were the presence of foreign artists, a rather rare event in Italy, for an international project called "La ragazza nella nebbia", with J. Reno and G. Scacchi. Note too that Medusa Film acquired only one foreign film in 2017 (French) for distribution in cinemas.

The close relations between Medusa Film and Italian cinema is a guarantee for the

selection, production and dissemination of the best product, given the constant commitment of the Medusa Film and its suppliers to enhancing local artistic and professional excellence. This commitment must always be guaranteed to the highest standards in the industry in order to withstand competition from foreign products.

Lastly, note that the Organizational Guideline on the planning, acquisition and management of film rights states that supply contracts for the purchase of film rights from Italian counterparties must contain clauses that demand suppliers obtain approval for public programming. In the event of non-fulfilment of this clause, Medusa Film has the right to withdraw from the existing contract without jeopardy to any possible claims for damages or, alternatively, to apply further specific clauses (for example the reduction of the fee).

In the event of acquisition of film rights by foreign counterparties, the contracts drawn up must contain clauses that provide for Medusa Film's right to make the cuts necessary to obtain approval for public programming, with prior approval of the production manager and the supplier.

The Group has also acquired the rights from Lega Calcio for the paid transmission of Serie A championship matches and exclusive rights to all platforms of the UEFA Champions League based on multi-annual agreements until the end of the current season.

In June 2017, in line with the Group's strategy, Mediaset Premium did not renew its exclusive rights over the "UEFA Champions League" TV rights for the three-year period 2018-21, while the assignment of the Serie A TV rights for the same three-year period has still not been completed.

Acquisition of content

Entertainment - The creation of entertainment programmes requires the acquisition of formats, the signing of executive contracts and the contracting of artistic resources and collaborators.

About half of the suppliers of the Entertainment Area are agencies from across Italy, particularly around Rome and Milan, which ensure the services of actors, commentators, hosts or guests.

The entertainment area and the artistic collaborations area provide for the research and stipulation of contracts with the various artistic resources employed by various Group companies. In 2017, around 1,200 artistic resources were involved, with over 9,000 contracts²⁶.

News - The journalism and infotainment area of the Mediaset Group, both in 2016 and 2017, refers to the Videonews newsdesk, whose supply chain mainly consists of collaborations (about 90%) with the following professional skills:

- Journalists
- Documentalists

- Directors and authors
- Casting organiser
- Costume designers, second costume designers, make-up artists, hairdressers
- Graphic designers
- Speakers, graphic designers and studio animators
- Supply of public, participants, hostesses and stewards
- Contracts to companies for various supplies such as graphic support, translation services and surveys

In addition to these collaborations, the News area purchases licences for various types of technical materials, as well as regional suppliers of materials and lastly part of the purchases goes to press and video agencies.

Videonews has also developed a partnership with Mercati che Fare, a company specializing in the provision of sector content broadcast on the TgCom24 programming schedule.

²⁶ The number of contracts formalized during the year does not correspond to the precise number of people.

The suppliers of goods and services in the news area, both in 2016 and in 2017, are almost entirely Italian, with some exceptions for international press and video agencies.

Selection of suppliers, both for content and collaboration, is determined based on the broadcast needs of the programme while also assessing the professional characteristics and experience of the collaborator.

Fiction - The fiction product featured on the Mediaset Group's broadcast offering is carried out through the activities of the subsidiary **Taodue** and through the use of independent third-party productions; overall this activity generates about 100 hours of finished product per year, mainly for the Canale 5 early evening programme.

Almost all of the suppliers for this activity are Italian.

The selection of independent producers is fundamentally based on the projects selected by the publisher. The publisher decides based on the broadcasting potential of the identified product, or on the

congruence between the project examined and the publishing line of the Group.

Historically, fiction productions are exclusively Italian, and only recently has the Group formalised writing agreements for international co-production projects.

Since autumn 2016, a revision of the entire fiction offering has been under way, which is leading to the launch of new projects and the selection and research of new suppliers. Furthermore, still on the topic of changes in the supply chain, it should be noted that the contractual templates used hitherto, or the contracting templates, will have to be replaced by co-production and pre-purchase templates due to the new legislation on tax credit to audio-visual production.

Almost all Taodue suppliers are Italian, while the remainder are from the USA, France and the United Kingdom.

In general, the main categories of suppliers used by Taodue for the realization of their fiction include: actors, screenwriters, directors and copyrights, all selected thanks to continuous scouting in the reference

market which makes use of the experience of the Taodue founder, as well as technical production personnel and companies supplying goods and services.

In cases where the use of minors is expected in the production, the company, which is required to comply with specific provisions of the law that regulate its employment, has set up adequate organizational procedures and contractual models shared with the Group's legal support.

Digital - Acquisitions and investments provided by the Digital area of the Group focus on the following macro-areas:

- acquisitions in the development of technological products;
- investments in the production of contents;
- investments to promote the distribution of content produced internally by Mediaset newsrooms and productions.

The total number of suppliers involved throughout the year for the various activities is about 50, mainly resident in Italy, while some are from the United States.

Given the speed of changes the digital sector is particularly prone to, selection of suppliers is always up to whichever partner companies demonstrate a marked predisposition to technological and product innovation.

Radio - The core activity of the Mediaset Group's **radio station** consists in the production and issue of entertainment content and musical flows aimed at Italian radio listeners.

For the conduct of its business, it mainly relies on the service provided by speakers, hosts and authors employed for the creation and management of the programming schedule on broadcasters 105, Virgin Radio and R101. These include Italian freelancers, most of whom are known in the televised radio scene. Most suppliers are therefore national, but some purchases are also made from American suppliers.

The main radio content is Italian and foreign music, which is indirectly acquired through the payment of broadcasting rights to collecting companies specifically appointed for this purpose (Siae, SCF, ..).

The programming schedule produced and distributed by the publishers is then "marketed" by the advertising sales house Mediamond Spa, appointed on a national level by virtue of specific advertising concession agreements through the sale of space (commercials, mentions, etc.) to third party investors.

Supplier reliability is certified through a continuous accreditation process. The actual selection of suppliers takes place, first of all, through constant market monitoring and careful assessment of company needs.

The offers are assessed based on the needs identified, and then the suppliers are selected and the services required by the radios are contracted.

In the artistic field (mainly speakers, hosts, remunerated guests), where each broadcaster uses different resources depending on the specificity of the radio business, target listeners and audience response, the main factors for the selection are the individual characteristics of each artist. More generally, the direction followed would be to make the selection both using the criteria for the dynamics of the

competitive scenarios in which publishers act, and also via the parameters of adequacy and consistency of remuneration/contribution with the market prices of that particular professional category.

Procurement of goods and services

The procurement processes of products and services supporting cross-operational activities refer to the following supply categories:

- Systems and technologies
- General services - facility / cross-functional
- TV production
- Support services for television and radio

The Group operates exclusively with accredited third party suppliers registered on the Vendor list, checking preliminary personal data (company name, country of residence, address, etc.), overall corporate transparency (identification of the final beneficial owner) and the level of concentration of revenues (checking this

exceeds 50% threshold for a single customer).

In order to better manage its suppliers, the Group has carried out a review and rationalization of supplier data over the last few years in order to identify subjects with whom the Group has no longer had dealings with for over a year.

Further rationalization of the supply chain was carried out based on critical issues linked to expenditure, the regulatory complexity of the merchandise sector subject to the commercial relationship (e.g. suppliers that provide additional legal obligations), the type of contract (e.g. subcontract) and according to the employment of personnel (employees or direct contractors of the supplier or staff of third parties to whom the service is subcontracted).

It became a requirement to obtain self-certification on a monthly basis from the supplier for contracts involving work services (contracts), signed by the legal representative, stating that the personnel employed in rendering the services are regularly hired, paid and insured, and

ensuring compliance and correct fulfilment of all legal obligations regarding worker protection.

Lastly, the management of these processes aims to implement a gradual turnover of suppliers in order to diversify total expenditure over several parties, thus reducing their concentration.

Mediaset has also established that all suppliers must complete all registration phases including the approval and acceptance of the terms and conditions of the contract, the privacy rules, the Code of Ethics of the Group and the organizational model in order to be classified in the portal dedicated to them.

For the acquisition and management of Mediaset Premium customers, the Group uses a sales structure (tele-sales, web, retail) and a multi-channel system for managing relationships with the end user (call centres, website, apps, interactive voice response systems and others).

EI Towers is a Mediaset Group company specializing in the construction and management of network infrastructures and integrated services for electronic communications, for the benefit of operators in the television, radio and mobile telecommunications sector (GSM/UMTS/LTE operators), wireless (Wi-Fi/Wi-Max operators) and dedicated to public utility or institutions.

EI Towers refers to a company guideline for the procurement of its goods and services which defines the scope of responsibility of the Purchasing Department, listing the types of procurement it is responsible for and to which the category "ordinary and first-time maintenance" was added in 2016.

For all types of procurement, the EI Towers Group uses a Vendor List which includes over 3,000 suppliers. The main suppliers used are classified in order to assess their reliability according to specific parameters.

In general, procurement takes place almost exclusively among Italian suppliers, and even in the case of specific equipment produced abroad, official Italian distributors are used, though there are a few specific services requested directly abroad. Wherever possible, EI Towers also makes use of local suppliers operating in the immediate vicinity of the locations where services are required. Moreover, EI Towers assesses and uses suppliers already selected by the Mediaset Group for certain types of purchases, while for other characteristic purchases, selection and negotiation is managed and performed directly by the Purchasing and Business Development departments of EI Towers.

All suppliers used by the Purchasing Department are previously checked in relation to their financial and economic situation, and for the absence of injurious risks to the company, shareholders and members of both the Board of Directors and of Statutory Auditors. In addition to accepting the EI Towers Group Code of Ethics (which includes principles such as protection of people and the environment), all suppliers used must provide specific documentation such as the DURC (single

insurance contribution payment certificate) and the DUVRI (single document on the assessment of risk from interference).

Selection for specific procurement takes place both among suppliers already codified and certified on the EI Towers Vendor List (through a cloud platform for procurement) or those already used by the Mediaset Group, and also external sources, subject to certification.

In the management of its supply chain, **Mediaset Group España** promotes responsible practices within its sphere of influence by transmitting environmental, social and ethical standards to its supply chain. Since 2010, contracts with Mediaset España suppliers have contained a clause that establishes their commitment to carry out sustainable activities, namely: respecting workers' rights and union membership, refraining from using child labour, refusing any kind of slave labour, prohibiting any kind of discrimination, complying with the legislation on the prevention of risks at work, ensuring the safety of employees during working hours and prohibiting any conduct involving corruption, blackmail or extortion.

The contractors also declare that they will comply with environmental regulations and will promote the efficient use of limited resources such as energy, water and raw materials in the course of their activities. In this way, suppliers declare their commitment to an ethical and responsible management.

The distribution of contracts for products and services managed by the Purchasing and General Services Department, as in previous years, has a greater concentration on the bargaining of technological, professional and production services, which together account for 71% of contract products and services.

Technological services contracted are linked to the purchase of technical materials (essentially hardware, software, cameras, mixers, matrices, audio and video equipment).

Professional services consist mainly of maintenance and development of computer applications and consultancy and audit services.

Production services mainly refer to services of set design, lighting and subtitles.

Contracts with national suppliers cover the vast majority of goods and services purchases, where international suppliers correspond to the negotiation of technological services.

6.2 THE SOCIAL IMPACT OF THE GROUP

ADVANCED TRAINING INITIATIVES

The Mediaset Group continues education programmes for non-employees, designed to develop skills linked with the world of commercial TV, continued in 2017 as in earlier years. The agreement between IULM University and the Mediaset Group was renewed, aimed at the development and improved organisation of the Masters Programme in Journalism, while the Publitalia '80 Master in Marketing, Digital Communication and Sales Management reached its 30-year anniversary.

The Masters in Journalism is the training course for professional journalists, combining the communications and information capabilities of IULM University and Mediaset.

It is a professional training course which is recognised by the National Association of Journalists as the equivalent of an apprenticeship. The objective of this Masters course is to give fledgling journalists the professional armoury of cultural and multimedia skills they need to access any journalistic speciality and produce multimedia content suitable for all kinds of communication media.

There is also a technology workshop organised and run by the consortium using professionals made available by Mediaset. It stands out among Italian journalism courses as the only one of its kind.

The Mediaset Group also offers its experience and professionalism via the Masters in Marketing, Digital Communication and Sales Management, which was established in 1988 by Publitalia'80.

The Masters in Marketing, Digital Communication and Sales Management is a 13-month full-time post-graduate course with limited admission and targeted at graduates who have decided to start their professional future in the field of marketing, trade marketing, sales and digital communications.

The companies that collaborate on this initiative contribute with teaching and practical sessions and provide a reference point for the labour market as an employer, as well as elements that enable the ongoing updating of the training programme. As a result, the Master course always acts as an up-to-date "bridge" between Universities and the Company.

The course is accredited by ASFOR, the Italian Association for Management Education, as a specialist Masters course.

Furthermore, the Mediaset Group has had ongoing collaborations with leading Italian universities for some years now, offering students of the main faculties opportunities for integrated curricular internships to complete their studies. During their internship experience, the young

undergraduates are given the opportunity to experience the world of work while building professional relationships, interfacing with the organizational dynamics of the company and using the knowledge acquired during their studies to further hone the skills and experiences that will facilitate their entry into the labour market.

INITIATIVES AIMED AT THE COMMUNITY

Mediaset newspapers receive daily information on philanthropic activities, events and initiatives by non-profit organizations and charitable associations for the protection and support of ethnic minorities, voluntary groups, and institutions of medical research.

Fund-raisers are sponsored by public and private bodies (recognised by the State). All this is certified by government associations (Civil Protection for Italy and AGIRE for the world). Many of these activities are carried out through the support of Mediafriends, a non-profit organization founded in 2003 as a tangible expression of Mediaset's vision of corporate social responsibility.

It is within this scenario that the Group takes to the field alongside Mediafriends through its own newspaper headlines, providing spaces as daytime packages on generalist networks or on TGCOM24. The TGCOM24 web area specifically gave the support and visibility for some episodes of *I Viaggi di Stojan* web series, in which photographic materials and videos of charity projects carried out in Eastern Europe were collected.

Publitalia'80 contributes to the social activities of the Mediaset Group through Mediafriends, providing advertising space that is used to promote fund-raising mainly to support the identified charity initiatives. In addition to this, Publitalia'80 reserves some advertising space to initiatives that support scientific research, training and cultural activities.

Throughout the year, around 6,000 commercials were broadcast.

Mediaset España's commitment to social welfare is reflected in the 12 Meses project, which consists of a range of social welfare initiatives such as:

- “*Se Buscan Valientes*”
- “*Eres Perfecto para Otros*”
- “*Minimalmama & Minimalpapa*” an initiative aimed to the prevention of female and male cancer.
- “*La Niña Bonita*” a documentary which tackles refugees' drama by telling two parallel stories of individuals.
- The participation in collaboration to some international NGOs to the “*Juntos Salvamos Mas Vidas*” program aimed to solve some of the most urgent humanitarian crisis.
- “*Madwomenfest*” an initiative which gathers a number of artists against the gender violence.
- The sustain to *Querer* Foundation for the struggle against rare diseases.

12 Meses, which has over 18 years of experience in social responsibility projects,

also launched other awareness raising campaigns. These included infomercials broadcast on the Mediaset España networks, which concentrated on a number of extremely important social issues.

12 Meses was also the media partner, in the 2016, for “*Gestionando hijos*” (managing children), an educational event involving households, companies, public institutions and the media, focusing on the importance of having an educational project for our society and for our families, which was broadcast live in streaming on the Mitele.es channel. 12 Meses also sponsored charity food events such as the Bilbao Sanfilippo Cooking Night, whose proceeds went to the treatment of the Sanfilippo syndrome, a degenerative disease that affects children.

Lastly, Mediaset España made a donation of € 106,545 to non-governmental organizations in 2017 and guarantees free advertising space to NGOs for an estimated value of € 13,341,000 million.

6.3 SOCIAL UTILITY INITIATIVES

MEDIAFRIENDS

Mediafriends Onlus, a Non-Profit Organization (NPO), was established on June 18, 2003 by Reti Televisive italiane S.p.A., Arnoldo Mondadori Editore S.p.A. and Medusa Film S.p.A..

Mediafriends is a tangible expression of Mediaset's vision of corporate social responsibility. The association focuses exclusively on achieving social solidarity and does not distribute, even indirectly, profits and advances or any funds, savings and capital throughout the duration of the Company's existence, unless the destination or distribution are required by law or in favour of other non-profit organizations which, by law or regulations, are part of the same unitary structure; it uses profits or advances to perform institutional activities and anything else directly connected to them.

Mediafriends Onlus carries out the conception, planning, realization and promotion of events, especially television,

aimed at collecting resources for the charity and financing of targeted projects in the following sectors:

- Social, health and socio-health assistance;
- Charities;
- Education and training;
- Protection, promotion and enhancement of culture, art and things of artistic and historical interest;
- Protection and enhancement of the environment;
- International cooperation

Mediafriends is responsible for identifying and promoting opportunities for exchange between the world of business and the tertiary sector, in order to promote mutual growth and the well-being of society. It also aims to better coordinate communication skills and deepen relations in the world of entertainment and culture which are expressed by the three original members in order to raise public awareness and solicit donations to fund targeted projects by third sector NGOs.

Over the years, Mediafriends has supported numerous TV and other events to raise funds for the projects of non-profit associations. The most notable of these is Fabbrica del sorriso (the smile factory). Over 13 years of activity, over EUR 70 million have been raised and distributed, allowing 150 associations to implement 264 charity projects in Italy and around the world.

To do this, Mediafriends called on the close collaboration with Mediaset. Firstly, Mediafriends relies on the continuous work of four Mediaset employees, who have designed events and coordinated with both external bodies (service sector, institutions, etc.) and the departments within the company.

Fund-raising initiatives and activities follow one after another throughout the year: fund-raising events through SMS donations, field initiatives in collaboration with recipient groups and editorial events such as the Forlì exhibition dedicated to Piero della Francesca, the international youth football championship organised in Lodi and the Babbo Running, a walking event organised in five Italian cities.

These events were promoted on television and on-line with the collaboration of the various Mediaset Group structures: the presentation of programme projects with services created by journalists in the News Department, fund-raising spaces with commercials created by the Creative Department, presence in programs with the collaboration of the production structures of the Entertainment, News, Sport and Publitalia'80 Departments.

Together with Publitalia'80, Mediafriends manages a pool of social communications, offering space free of charge for the broadcasting of social infomercials and creating times dedicated to social issues within its programme schedule.

Lastly, the Mediafriends site and Mediafriends slot on the TGCOM24 site, as well as and the Facebook Page of Fabbrica del Sorriso, hosted campaigns for charities and numerous videos produced on some of the most important social issues.

More specifically, two fund-raising projects were launched and promoted in 2017:

Fabbrica del Sorriso 2017 for children affected by oncological diseases, which raised about € 1,200,000 allocated to four different associations. The 4 beneficiary associations AIRC, AIL, Fondazione Meyer and Make a Wish.

The projects funded focus on research, the quality of hospital and home care for sick children and quality of life for children affected by cancer.

I Bambini al centro della Ricostruzione is the name of the fund-raiser dedicated to children affected by the earthquake of September, October 2016 and displaced on the Marche coast. Around € 380,000 was raised and donated in March 2017 thanks to the campaign launch on Canale 5's New Year's special. The programme, which aired live from Civitanova Marche, dedicated several moments to the project and was conceived with the fundamental contribution of the Canale 5 Department, the Artistic Resources Department, the Creative Department and the contribution of Publitalia'80. In addition, a strong social communication campaign was held in January 2017 as well as another New Year's special. Thanks to all these events,

Mediafriends has raised and donated about € 396,470 for the implementation of psychological and support projects for children in the communities most affected by the earthquake. Note that the project is still ongoing.

Mediafriends has been active with several projects, including the "A Regola d'Arte" Project (ARdA - "Doing things right"). This is an innovative project aimed at disadvantaged Italian and foreign children living in the suburbs of Italian cities and seeks to promote integration and social development through music and rugby. Rugby provides models for behaviour (unity, loyalty, respect, managing aggression), while music, in addition to building a grand Italian heritage, provides the possibility of cultural growth to those who, for reasons not linked to their merits, would not have the opportunity to access it. After consolidating and expanding this initiative in 2016, it was then continued throughout 2017. Currently, it entails the funding and supervision by Mediafriends of 6 ARdA centres: four schools (in the Baggio, Giambellino, Via Dolci districts) and two Youth Centres (Barrios, Barona district) and

La Strada (La Trecca district, via Salomone), involving around 200 children in total.



7 ■ Environment

7.1 COMMITMENT TO ENVIRONMENTAL PROTECTION

The Group's commitment to the environment is also referred to within the Group's Code of Ethics, with special reference to the conduct and provisions on environmental protection, which highlight the central role of environmental protection as a key factor in the company.

The Mediaset Group is inspired by the principles of respect and protection of the environment and the local territory, and their impact on the health of humans and other living species. To achieve this goal, all Mediaset business activity complies with the highest standards of compatibility and environmental safety.

As proof of this commitment, the Group has adopted a specific Corporate Organizational Guideline (L.G.O. "Requirements for environmental protection") which describes the activities carried out for the collection and disposal of waste produced, which is treated according to the principles of selective separation and recycling of waste

wherever possible and as required by current laws and best operating practices.

7.2 MANAGEMENT OF ELECTROMAGNETIC EMISSIONS

The Mediaset Group Italia²⁷ has always been committed to respecting the sector legislation on electromagnetic emissions.

Elettronica Industriale SpA, a company controlled by the Mediaset Group, is required to present documentation to the local authorities certifying compliance with the field limits of plants for the installation of new plants or for the modification of existing plants. In this regard, it should be noted that 63 plants were assessed in 2017 due to authorization requests.

²⁷ The issue of electromagnetism is taken into consideration only in Italy as the Mediaset Group in Spain does not directly manage the signal transmission network.

These activities allow the Group to monitor the impact produced by any changes made to the plants throughout the area and ensure the non-existence of any negative effects due to radio-television signal emissions. The applications must obligatorily contain all electromagnetic impact assessments of the plants subject to the authorization request.

The Electromagnetic Impact Analysis (EIA) for larger plants are extremely thorough and include "pre-existing electromagnetic background" levels and the impact of that individual plant. The reference standards for the Electromagnetic Impact Analysis are those reported in Law 36/2001 and include the maximum permitted levels to which the population can be subjected.²⁸

²⁸ The maximum exposure limits allowed by current legislation are 6 V/m in homes and related outbuildings and 20 V/m in public places (see also par. 3.3).

Furthermore, while complying with regulatory limits, Elettronica Industriale S.p.A. continuously assesses any specific provisions set by individual municipalities as well as any indications of any provincial, state and international location plans for transmission sites.

As regards the assessment of the overall impact of the transmission sites (within which Elettronica Industriale SpA plants also operate), the role of the ARPA departmental agencies (Regional Agency for Environment Protection) must also be taken into consideration, which is responsible for monitoring activities through periodic analysis and sampling of the plants, with particular attention to more prone units of the company.

As part of managing relations with public bodies, Elettronica Industriale S.p.A. always provides absolute availability for inspections and collaborates with the ARPA, even in a preventive manner, using comparison activities during meetings with those public bodies.

During the reference year (2017), no material or monetary sanctions were issued as a result of electromagnetic impact (e.g. compliance reductions, decommissioning orders, repercussions on the right to use, etc.)

The procedure adopted by the Group for the radio station in order to monitor electromagnetic pollution and safeguard the community is divided into the following activities:

- Execution of an Electromagnetic Impact Analysis (EIA) for each plant it intends to install ex novo or whose emission characteristics are to be modified by specialised third-party companies and personnel in possession of the qualifications required by current legislation, in order to ensure compliance with the exposure limits, attention thresholds and quality objectives for electromagnetic emissions as required by current legislation;
- Selection and contracting of the aforementioned counterparties in line with the provisions of the current company guidelines;
- Submission of the request for installation and operation of radio systems (including the aforementioned EIA) to the Single Contact Point for Productive Activity (SUAP) of the municipality responsible for that area by a company lawyer or by the company/professional who carried out the aforementioned analysis, by delegation of a company representative;

- Assessment of the EIA by the Regional Agency for Environmental Protection (ARPA) for that area. Issue of the authorization for installation and operation of radio systems by the competent Municipality, subject to obtaining permission from the local ARPA;
- Continuous monitoring of the operation of Company radio systems by dedicated function via verification of the data acquired by the systems through telemetry. Where anomalies are detected that could cause the systems to operate at higher energy levels than those envisaged, the function will promptly alert the competent maintenance companies in order to resolve any anomalies found;
- Periodic verification of the system operation by specifically contracted maintenance companies;
- In 2016 and 2017, a complete mapping of all the radio systems managed by the Mediaset Group Italia was performed by a specialised third-party company, aimed at assessing the risks pertaining to

individual plants and preparing the related RADs (Risk Assessment Document). Measurements were carried out on the overall level of electromagnetic emissions from the stations where radio systems operated by the Group are installed in Italy (these were cumulative measurements, bearing in mind that there may be several systems belonging to various radio companies at a single location) and, where necessary, measurements on the emissions level of the Group's systems (narrow measurements), in order to ensure compliance with the electromagnetic emission threshold imposed by current legislation. Where anomalies were detected, installers/maintenance technicians were promptly alerted to resolve them.

There were no risks to workers since the electromagnetic levels detected are completely within the thresholds prescribed by law.

In any case, in an effort to further reduce risk, the power of the transmitting plants is reduced during any work at height on the pylon/pole, thus keeping the exposure of

workers to electromagnetic fields to a minimum.

7.3 WASTE MANAGEMENT

In order to minimise its impact on the local territory, the Mediaset Group constantly monitors its consumption of raw materials and the waste produced by its activities.

The Group mainly produces waste connected to its specific activity, such as mixed packaging materials, toner, electrical and electronic equipment and bulky waste (e.g. sets), and hazardous waste composed of materials from ordinary maintenance activities (e.g. neon lights and batteries). Lastly, it is worth mentioning the possible production of hazardous waste due to the hospital service.

All refuse produced is managed in compliance with current regulations on the environment and waste collection is managed using appropriate bins that have been approved for hazardous waste.

The Mediaset Group also adopts oversight activities on the correct administrative and legal management of the refuse through the supervision of the transport process, in close coordination with the suppliers and in compliance with the law.

The verification of the authorizations and the administrative management of the waste for all premises that are part of the Cologno Monzese headquarters are carried out using specific software (ECOSWEB).

It should also be noted that the separate collection of urban waste has always been present within the company.

In 2017 the Group produced about 28 tonnes of hazardous waste (in line with the tonnes produced in 2016). In particular, hazardous waste accounts for about 2% of the total waste produced, while non-hazardous waste accounts for about 98%.

Given its specific business activity, the EI

Towers Group produces different types of waste such as mixed packaging materials, wooden packaging, filtering materials, plastic, paper and cardboard, wood, iron, toner printers, batteries, cables, obsolete equipment (such as computers and monitors), waste oils for engines, gears and lubrication. In 2017, there was a sharp decline in waste produced, which amounted to about 87 tonnes (of which about 16 tonnes consisted of hazardous waste and about 71 tonnes of non-hazardous waste), all disposed of in appropriate landfills. This decrease is mainly due to a substantial depletion of regional warehouses in terms of obsolete and/or out-of-use equipment, which was subsequently disposed of by the

WASTE BY TYPE AND METHOD OF DISPOSAL (TONNES) - MEDIASET GROUP

	2017			2016		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Recovery[*]	11	1,371	1,382	8	1,384	1,392
Dump[**]	16	71	87	19	241	260
Other	1	77	78	0	135	135
Total	28	1,519	1,546	28	1,759	1,787

[*] Includes recovery via energy production) R-13 - R-5 .

[**] Preliminary dumping pending one of the operations indicated in points D1 to D14 (not including temporary dumping, pending collection, in the place of production)

network (workstations) and scrapped in 2016.

In 2017, hazardous waste accounted for 18% of the total and consists of batteries, engine oils, gears and lubrication. All hazardous waste was transported outside the Group for proper disposal in landfills, in the manner laid out by the management system. For the transport of dangerous goods by road, El Towers complies with the rules set by the European Agreement concerning International Carriage of Dangerous Goods by Road (ADR), guaranteeing the requirements, such as the appropriate identification of the packaging, separation from to other waste, verification of the transporter in terms of the authorizations required (both for the means of transport and for the driver, as well as for the safety equipment required on the vehicle itself).

The **Mediaset Group España** monitors the consumption of paper, CDs and toners in all its offices. This monitoring focuses specifically on the Fuencarral and Villaviciosa offices in Madrid, where all activities related to audio-visual production are more concentrated, and involves 96.23% of the workforce.

In 2016, all waste generated by the Mediaset Group España was managed appropriately, promoting recycling activities according to national legislation.

In compliance with the regulations governing hazardous and non-hazardous waste, the Group has appointed a specialised third party company for its management.

Waste electrical and electronic equipment is managed by technical warehouse workers, while organic waste produced by the canteen is collected and separated by kitchen personnel according to the type of material.

Hazardous waste included batteries, fluorescent tubes and printer material.

7.4 MANAGEMENT OF ENERGY CONSUMPTION AND EMISSIONS²⁹

The main energy sources used by the Mediaset Group, both in Italy and in Spain, for the performance of its activities are divided into four types: electricity, natural gas, diesel and petrol.

The highest percentage of energy consumption is for electricity, used in all lighting, both internal and external, and to power office equipment. In some locations, electricity is also used to power the heating and cooling splits and for powering data centres. In 2017, around 604 TJ of electricity was consumed, approximately 8% more than in 2016. This increase is due to the new

²⁹ The Group's energy consumption does not include the company Medset Film SAS, since it has a much lower energy consumption, nor does it include the newly established Radio Subasio.

Group companies acquired during the year³⁰.

In particular, it should be noted that all electricity purchased by the Mediaset Group España (equal to about 18 GWh in 2017) is certified and comes from renewable sources through Guarantees of Origin. This consumption is mainly due to the technical equipment of the studios, including recording, transmission and post-production equipment, as well as computer equipment and air conditioning in IT rooms.

ENERGY CONSUMPTION BY GROUP, BY SOURCE (TJ)[*]

	2017	2016	Variation %
Electricity purchased	604	558	8.2%
Natural gas	43	46	-6.5%
Diesel	59	57	3.5%
Petrol	1	0.9	11.1%
Total	707	662	6.8%

[*] Lower heating value of natural gas 0.035 GJ/m³, average density of diesel 0.837 kg/litre, lower heating value of diesel 42,877 GJ/ton, average density of petrol 0.730 kg/litre, lower heating value of petrol 42,817 GJ/ton (Sources: Ministry of the Environment, Territory & Sea, table of national standard parameters 2017; Department for Environment, Food & Rural Affairs, Conversion factors 2017).

EMISSIONS OF GREENHOUSE GASES (TONNES OF CO₂) BY THE GROUP[*]

	2017	2016	Variation %
Scope 1[**]	6,844	6,836	0.1%
Scope 2[**]			
Location-based approach	61,662	56,770	8.6%
Market-based approach	69,784	63,836	9.3%

[*] Only CO₂ emissions were included in the calculation of Scope 1 and Scope 2 emissions.

[**] Natural gas emission coefficient of 0.001964 tCO₂/Sm³, diesel emission coefficient 3.155 tCO₂/ton, petrol emission coefficient 3.14 tCO₂/ton (source: Ministry of the Environment, Territory & Sea, table of national standard parameters 2017).

³⁰ The 2017 electricity consumption includes the new Radio companies of the Group: Studio 105, Virgin, RadioMediaset, Radio Engineering (with the exception of Radio Subasio).

Natural gas, which is a minor part of total energy consumption (down by about 6% compared to 2016), is used to heat offices, laboratories and warehouses only.

However, the consumption of diesel and petrol in 2017 amounted to about 60 TJ, an increase of about 4% compared to 2016, mainly due to the company car fleet and the operation of a few generators.

The Mediaset Group company fleet consists of leased cars and a car park specifically owned for the EI Towers Group and the Mediaset Group España. In particular, vehicles owned by the EI Towers Group include 37 fully equipped vans, used to control the quality of the television signal in the area and 7 owned cars used for commercial purposes by the client's staff. The increase in consumption is due to the 201 long-term hire vehicles, used by both managers and employees to move between transmission sites to carry out maintenance, restorations, activations and installations.

In 2017, the Group's activities generated greenhouse gas emissions due to direct energy consumption (natural gas, petrol and diesel) and indirect energy consumption

(electricity) of the Group itself. In particular, a high proportion of the greenhouse gas emissions are due to Scope 2 emissions, for which Mediaset is indirectly responsible, as it derives from the electricity supply purchased externally. However, the zero contribution of the Mediaset Group España to these type of emissions (according to the Market-based approach) is noteworthy, since all electricity of the Group is covered by certificates of guarantee of origin.

The reporting standard used (GRI Sustainability Reporting Standards 2016) provides for two different approaches to calculating Scope 2 emissions: "location-based" and "market-based". The "location-based" approach envisages the use of a national average emission factor related to the specific national energy mix for the production of electricity (emission coefficient used for Italy of 375 gCO₂/kWh, emission coefficient used for Spain of 301 gCO₂/kWh, Source: TERNA, International Comparisons 2015). The "Market-based" approach envisages the use of an emission factor defined on a contractual basis with the electricity supplier. Given the absence of specific contractual agreements between the companies of the Mediaset Group Italia

and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" was used for this approach (emission coefficient used in Italy of 465 gCO₂/kWh, Source: Association of Issuing Bodies, European Residual Mixes 2016, 2016). Note too that Mediaset Group companies in Spain do not use Scope 2 emissions for the "market-based" approach since they purchase electricity from renewable sources certified with Guarantees of Origin.

However, the direct emissions of Scope 1 generated directly within the Group due to the use of fuels for heating, generators and the car fleet represent a smaller proportion, which also demonstrates the profuse commitment and initiatives to protect the environment promoted during the year.

In reference to the sustainable management of greenhouse gas emissions, it should be noted that the **Mediaset Group España** identifies, measures and manages its emissions and establishes appropriate measures for their reduction. In addition to quantifying the emissions generated, the company also makes this information public, which demonstrates its degree of awareness

and transparency in this sector. The commitment of the Mediaset Group España to transparency is reflected in its participation in the Carbon Disclosure Project (CDP) initiative since 2009, with which the Group agrees to publicise its objectives and the methods implemented to reduce greenhouse gas emissions.

Furthermore, it should be noted that in order to reduce greenhouse gas emissions as much as possible and raise awareness among its employees, the Mediaset Group Italia offers its staff a shuttle service linking the company's premises with metro stations over a wide range of hours in order to encourage greater use of public transport.



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³¹ Indicators marked with "+M" have specificities dictated by the "*Media Sector Disclosures*" (2014), published by the *Global Reporting Initiative* (GRI).

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GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken		During 2017 the company has not been subjected to any legal trial or reported corruption incidents
ANTI-COMPETITIVE BEHAVIOUR			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	25-28	
103-2	The management approach and its components	22, 54-55	
103-3	Evaluation of the management approach	22, 54-55	
GRI 206: Anti-competitive Behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		In 2017, no legal actions were filed in these areas.
ENVIRONMENTAL STANDARDS			
ENERGY			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	25-28	
103-2	The management approach and its components	125-128	
103-3	Evaluation of the management approach	125-128	
GRI 302: Energy			
302-1	Energy consumption within the organization	125-128	
EMISSIONS			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	25-28	
103-2	The management approach and its components	125-128	

103-3	Evaluation of the management approach	125-128	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	126-128	
305-2	Indirect (Scope 2) GHG emissions	126-128	
EFFLUENTS AND WASTE			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	25-28	
103-2	The management approach and its components	124-125	
103-3	Evaluation of the management approach	124-125	
GRI 306: Effluents and Waste			
306-2	Waste by type and disposal method	124-125	
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	25-28	
103-2	The management approach and its components	121	
103-3	Evaluation of the management approach	121	
GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations		During 2017, no fines or penalties were imposed for non-compliance with environmental laws and regulations.
SOCIAL STANDARDS			
EMPLOYMENT			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	25-28	
103-2	The management approach and its components	86-89, 94-96	
103-3	Evaluation of the management approach	86-89, 94-96	
GRI 401: Employment			
401-1	New employee hires and employee turnover	88-89	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	94-96	
LABOUR/MANAGEMENT RELATIONS			

GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	96-97
103-3	Evaluation of the management approach	96-97
GRI 402: Labour/Management Relations		
402-1	Minimum notice periods regarding operational changes	The regulatory and remuneration aspects refer to the various Collective and National Labour Contracts and to the laws that apply within the Group.
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	98-100
103-3	Evaluation of the management approach	98-100
GRI 403: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	99
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	97-100
403-3	Workers with high incidence or high risk of diseases related to their occupation	99
TRAINING AND EDUCATION		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	90-93
103-3	Evaluation of the management approach	90-93
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	92
DIVERSITY AND EQUAL OPPORTUNITY		

GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	84-86
103-3	Evaluation of the management approach	84-86
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	40, 84-86
NON-DISCRIMINATION		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	39-40
103-3	Evaluation of the management approach	39-40
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination were brought against the Group during 2017.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	96-97
103-3	Evaluation of the management approach	96-97
GRI 407-1 Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	During 2017, no operations or suppliers were identified for which there was a limitation of the right to freedom of association and collective bargaining.
HUMAN RIGHTS ASSESSMENT		

GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	92-93
103-3	Evaluation of the management approach	92-93
GRI 412: Human Rights Assessment		
412-2	Employee training on human rights policies or procedures	92-93
FREEDOM OF EXPRESSION		
GRI 103: Management Approach		
103-1 + M	Explanation of the material topic and its Boundary	25-28
103-2 + M	The management approach and its components	59-68
103-3 + M	Evaluation of the management approach	59-68
INTELLECTUAL PROPERTY		
GRI 103: Management Approach		
103-1 + M	Explanation of the material topic and its Boundary	25-28
103-2 + M	The management approach and its components	74-75
103-3 + M	Evaluation of the management approach	74-75
MARKETING AND LABELLING		
GRI 103: Management Approach		
103-1 + M	Explanation of the material topic and its Boundary	25-28
103-2 + M	The management approach and its components	68-71
103-3 + M	Evaluation of the management approach	68-71
GRI 417: Marketing and labelling		
417-3	Incidents of non-compliance concerning marketing communications	In 2017 Mediaset España was subjected to a fine for € 69,689.40
CUSTOMER PRIVACY		
GRI 103: Management Approach		
103-1 + M	Explanation of the material topic and its Boundary	25-28
103-2 + M	The management approach and its components	47-49
103-3 + M	Evaluation of the management approach	47-49

GRI 418: Customer Privacy

418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2017, there were no complaints regarding breaches of privacy and loss of customer data.
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SOCIOECONOMIC COMPLIANCE
GRI 103: Management Approach

103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	39-43
103-3	Evaluation of the management approach	39-43

GRI 419: Socioeconomic Compliance

419-1	Non-compliance with laws and regulations in the social and economic area	39-43, 71-75
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CONTENT CREATION
GRI 103: Management Approach

103-1 + M	Explanation of the material topic and its Boundary	25-28
103-2 + M	The management approach and its components	59-68
103-3 + M	Evaluation of the management approach	59-68

Media Indicators - Content Creation

	Methodology to evaluate and monitor adherence to content creation values	59-68
	Actions taken to improve adherence to the values of content creation and the results obtained	59-68

CONTENT DISSEMINATION
GRI 103: Management Approach

103-1 + M	Explanation of the material topic and its Boundary	25-28
103-2 + M	The management approach and its components	65-68

103-3 + M	Evaluation of the management approach	65-68
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Media Indicators - Diffusion of Content Creation

	Actions taken to improve performance in relation to content disclosure issues (accessibility and protection of vulnerable audiences and informed decision-making) and results obtained	65-68
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M5	Number and nature of responses (feedback/complaints) related to content disclosure, including protection of vulnerable audiences and the creation and accessibility of processes to address these responses	65-68
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AUDIENCE INTERACTION
GRI 103: Management Approach

103-1 + M	Explanation of the material topic and its Boundary	25-28
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103-2 + M	The management approach and its components	75-80
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103-3 + M	Evaluation of the management approach	75-80
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Media Indicators - Interaction with the audience

M6	Methods and results of interaction with the audience	75-80
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ELECTROMAGNETIC EMISSIONS
GRI 103: Management Approach

103-1	Explanation of the material topic and its Boundary	25-28
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103-2	The management approach and its components	121-123
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103-3	Evaluation of the management approach	121-123
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RISK MANAGEMENT		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	43-47
103-3	Evaluation of the management approach	43-47
CORPORATE GOVERNANCE		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	25-28
103-2	The management approach and its components	37-39
103-3	Evaluation of the management approach	37-39



Report of the Independent Audit Firm

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267**

**To the Board of Directors of
Mediaset S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Mediaset Group (hereinafter the "Group") as of December 31, 2017 prepared on the basis of article 4 of the Decree, and approved by the Board of Directors on April 24, 2018 (hereinafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards", including the "Media Sector Disclosures", established respectively in 2016 and 2014 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group.
4. Understanding of the following matters:
 - Business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - Policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - Main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Mediaset S.p.A. and with the employees of EI Towers S.p.A., Elettronica Industriale S.p.A., Mediaset España Comunicación S.A., Mediaset Premium S.p.A., Medusa Film S.p.A., Publiespaña S.A.U., Publitalia '80 S.p.A., R.T.I. S.p.A., Videotime S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) With regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) With regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- For the following companies, Mediaset S.p.A., Mediaset España Comunicación S.A., EI Towers S.p.A., Publitalia '80 S.p.A., R.T.I. S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Mediaset Group as of December 31, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Other Matter

The data for the year ended December 31, 2016 presented for comparative purposes in the NFS have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
April 26, 2018

This report has been translated into the English language solely for the convenience of international readers.