



**MEDIASET**

2019

# Sustainability Report

CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO  
LEGISLATIVE DECREE No. 254/2016



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2019

# Letter to Stakeholders



**D**ear stakeholder,

In 2019 too, Mediaset has worked with determination in accordance with its guidelines, focusing on two overarching themes:

- presence and strengthening of the model of commercial TV broadcaster evolving towards a new digital paradigm in both Italy and Spain
- launching a corporate restructuring project directed towards creating a European holding company to make the business model even more sustainable in the new global competitive scenario.

Let's look at the results obtained within the first overarching theme: reinforcing the core business.

We were dealing with an unstable economic context and political situations that negatively affected the advertising market in both Italy and Spain. In this context, we defended and protected our market shares,

continuing to invest in the product and in technological innovation to ensure ever increasing coverage of the main advertising targets. The quantity and quality of our broadcast offering spelt success in terms of audience figures, both conventional linear - with our generalist networks, the extensive offering of free-to-air and pay channels and varied radio offering - and through our digital on-demand offering, unrivalled in terms of original content provided online both via browser and through dedicated apps on smartphones, tablets, games consoles and internet-connected TVs.

Having completed the Digital Transformation which began with the decision in the preceding financial year, we end 2019 with positive economic results that allow us to look to 2020 with renewed confidence. Despite an economic situation which is still uncertain and recently affected by fears of further unexpected slowdown connected to the coronavirus emergency, to which our Group responded rapidly. We acted immediately to safeguard the health of our employees, collaborators and suppliers, simultaneously adopting the actions required to guarantee continuous operation. It is in precisely this extremely delicate phase,

which is now severely testing our habits and affecting the social conduct of the public, that we perceive our responsibilities all the more, both as broadcasters that inform and as an economic reality capable of stimulating the market. Generalist television is now an authoritative, balanced point of reference for communicating news and in-depth information - as well as offering entertainment and light relief - but it is also a fundamental lever for the brand's institutional communication strategies and plans.

We now come to the results for the second overarching theme: international development.

As we said, we concentrated with great determination on new international development projects: financial investment in the major German broadcaster ProSiebenSat1 and the launch of the MFE-MediaForEurope business plan, which we are planning on finalising in 2020 as the first step towards broader pan-European integration. We are sure that this integration will permit perfect alignment of interests between all shareholders and stakeholders in the new holding company, and will promote the

adoption of more efficient operating models capable of supporting investment to develop the core activities of all broadcasters within the company.

Having examined the guidelines, we would also note that the positive consolidated performance achieved in 2019 was by no means something to take for granted, in a constantly changing competitive context which is ever more crowded. The Group's sound progress boosts awareness of the strength of our values and our distinctive traits, which we once more place at the centre of this Non-Financial Statement. To recap:

- recognisability and authoritativeness in Mediaset's content produced in house, much of which is broadcast live;
- professionalism, ability in relations with the business customers of our sales houses, which are confirmed market leaders thanks to a unique cross-media offering, at the cutting edge in terms of using new technology, from addressable advertising to programmatic;
- constant focus on minors, diversity, protecting women and commitment to

defending human rights and eliminating every form of discrimination;

- increasing investment in policies to promote better working conditions for our employees in terms of health, safety, welfare and well-being, increasing our Group's attractiveness to young talents to recruit to key areas such as technology, content and advertising;
- no-profit and social communication activity;
- full compliance with material ESG (Environmental, Social and Governance) criteria for sustainable performance;
- transparent governance, directed towards controlling and managing strategic and operational risks thanks to firmly established dialogue with financial markets, institutions and authorities.

All these factors combined enable us to be included in FTSE4Good for the second year running. This basket of stocks relates to companies characterised by sustainable business management.

All this reinforces the attention that Mediaset has always assigned to the coming

generation, all the more so at this juncture marked by constant, rapid change in consumer dynamics and multi-device use of media content, lending impetus to a swift internal generational transition.

The coming generation now perfectly represents modern public opinion. They possess values connected to sustainability and are key players in changing consumption. The ruling class has a responsibility to act urgently and without delay to guarantee sustainable development, also in light of proven climate, environmental and social emergencies.

This is why we have dedicated a specific section to our commitment to and focus on young people in this year's Non-Financial Statement. This applies both to young people as the audience of our programmes, the target of awareness-raising, positive, educational and informative messages – as the social responsibility of broadcasters demands – and as professionals we wish to offer work opportunities and collaboration. It also applies to students who wish to take on the challenge of training and specialisation pathways in our Master's and internships.



In every case, we are more committed than ever to listening to and gaining the attention of the coming generation. To do so, we will continue to invest energetically in technological innovation, in new content and digital and social media languages, aware that this is one of the key challenges in ensuring sustainable development for Mediaset and the future in the coming years.

For the Board of Directors  
The Chairman





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## Methodological Note



This document is the third consolidated non-financial declaration (hereinafter “Sustainability Report” or “Report”) issued by the Mediaset Group (also “Mediaset” or “Group”) describing the initiatives pursued by the Group in the economic, social and environmental spheres in 2019 (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 2019 Sustainability Report was drawn up in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” defined by the Global Reporting Initiative (GRI) in 2016, in accordance with the “in accordance – Core” option. With respect to the specific GRI 403 (Occupational Health and Safety) Standard, the most recent version of 2018 was adopted. The “Media Services Sector Disclosures” defined by the GRI in 2014 were also taken into account.

The present document, taking into account the expectations of stakeholders and the impacts generated by business activities,

offers a description 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), including the way in which they are managed.

As part of the strategic risk assessment model (conducted by the Risk Officer, with the support of a leading consultancy company, as self-assessment with Group management - ERM model), with structural focus on exogenous and internal risk factors that can be correlated directly with its business model and guidelines defined by the Board of Directors, a process was launched to assess ESG risk areas in keeping with their materiality, expressed in the Group Materiality Matrix. This assessment involved an initial identification of material risk/opportunity factors for each of the ESG areas.

The corresponding risk profiles are assessed taking into account the general reference context (also in terms of benchmark with

leading operators in the TMT sector), monitoring of the Group's main initiatives and projects in these areas and the main results linked to feedback from the main stakeholders.

The assessment carried out as part of the 2019 ERM process highlighted the overall adequacy of the safeguards the Group has employed, given the predominance of active and positive approaches to ESG issues, in keeping with its own values, which are a reference as well as being instrumental in pursuing its business objectives.

Of particular note: the consolidation and focus on Human Resources development initiatives and monitoring of the overall broadcast offering, also with respect to greater sensitivity on the part of end users and advertising investors to ESG issues.

The current safeguards do not highlight critical situations but the emergence of sought-after opportunities (launch of assessments of initiatives to optimise consumption and reduce emissions).

For future reporting, the Group will assess supplementing its analysis - and thus its

disclosure – of the climate change impact generated and undergone by the Group. This also relates to the development of regulation in this area, in particular the guidelines from the European Commission (Communication 2019/C 209/01 “Guidelines on non-financial reporting: Supplement on reporting climate-related information”).

For further information on the initiatives of the Group, the main risks generated or undergone and the management methods for these, please refer to the paragraph “The internal control and risk management system” and the corresponding sections 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 observance of the principles and values embodied in the Code of Ethics of the Group, updated in 2019. 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 material issues for 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 for the Group. The principles of balance, accuracy, verifiability and comparability have been observed in regard to the quality of the information reported.

Specifically, in 2019 the results of the materiality analysis carried out in 2018 (materiality matrix) were shared with senior managers in the Group during the ERM strategic risk assessment interviews. Following these interviews, the Group confirmed that the issues in the materiality matrix are monitored systematically within

the corporate risk assessment process.

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 2019 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 2019 and fully consolidated in the Consolidated Financial Statements<sup>1</sup>. This scope does not differ significantly from that of the previous year; note that Mediaset España: in 2019 acquired a 60% stake in the share capital of El Desmarque Portal Deportivo SL (the parent company of sports information and content portal El Desmarque) and, starting from 2019, fully consolidates the companies Megamedia Television S.A. (from 30% to 65%) and Supersport Television SL (from 30% to 62.5%) following an increase in shares held.

<sup>1</sup> 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 2019” in the explanatory note to the consolidated financial statements of 31 December 2019 of the Mediaset Group.

Further exceptions to the scope of reporting indicated above shall be identified in the relevant section of this document.

To enable the comparability over time of the data, it is presented alongside the corresponding figures for 2018.

For this reason, please note that the 2018 data flow for the Group’s environmental and social issues also include the El Towers Group, which was deconsolidated on 30/09/2018.

Also included is information on Group 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.

The following definitions are used in the text:

- R2 for R2 S.r.l.
- R.T.I. for R.T.I. S.p.A.

- Taodue for Taodue S.r.l.
- Medusa for Medusa S.p.A.
- RMC for RMC Italia S.p.A.
- 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.

With respect to the commitments previously stated in the 2018 NFS, note that:

- With respect to health and safety issues, the companies of the Mediaset Group Radio Hub obtained 18001:2007 Certification in 2019 from the DNV-GL certification body.
- Moreover, the reporting procedure for preparing the Sustainability Report was prepared in 2019. It was approved in March 2020. This procedure defines roles, responsibilities, information flows

and time limits for drawing up the Group Sustainability Report.

The Group is launching a process, which was initially envisaged for 2019, increasingly focused on identifying and making official guidelines and objectives in the sustainability areas deemed material.

This document was approved by the Board of Directors of Mediaset S.p.A. on 10 March 2020.

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.

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<sup>2</sup> The companies of the radio hub are: Radio Mediaset S.p.A.; Radio Studio 105 S.p.A.; Virgin Radio Italy S.p.A.; Monradio S.r.l.; RMC Italia S.p.A.

The Sustainability Report is published annually. For further information on the Sustainability Report, please write to:

**[direzione.affarisocietari@mediaset.it](mailto:direzione.affarisocietari@mediaset.it)**

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





2019

# 1 ■ The Mediaset Group

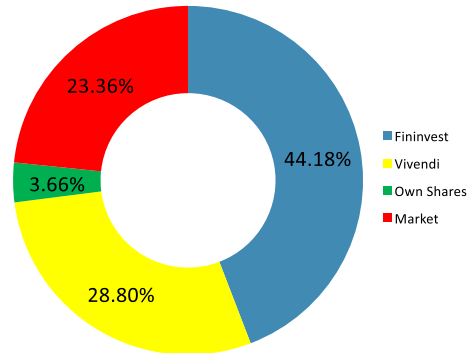
## 1.1 PROFILE AND ACTIVITY

### SHAREHOLDING STRUCTURE

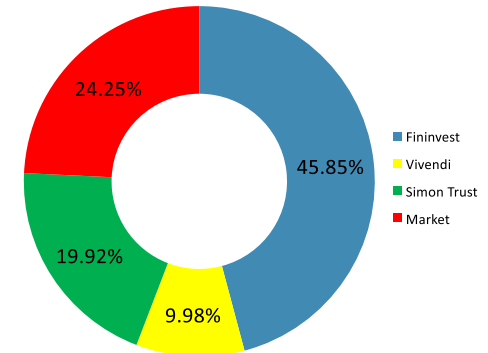
Mediaset S.p.A.<sup>3</sup> is the holding company of the Mediaset Group. It has been listed on the Milan stock exchange since 1996 and is mainly active in the TV sector in Italy and Spain.

On 31 December 2019,<sup>4</sup> the shareholding structure of the Group was as follows:

Mediaset Shareholders



Voting Rights



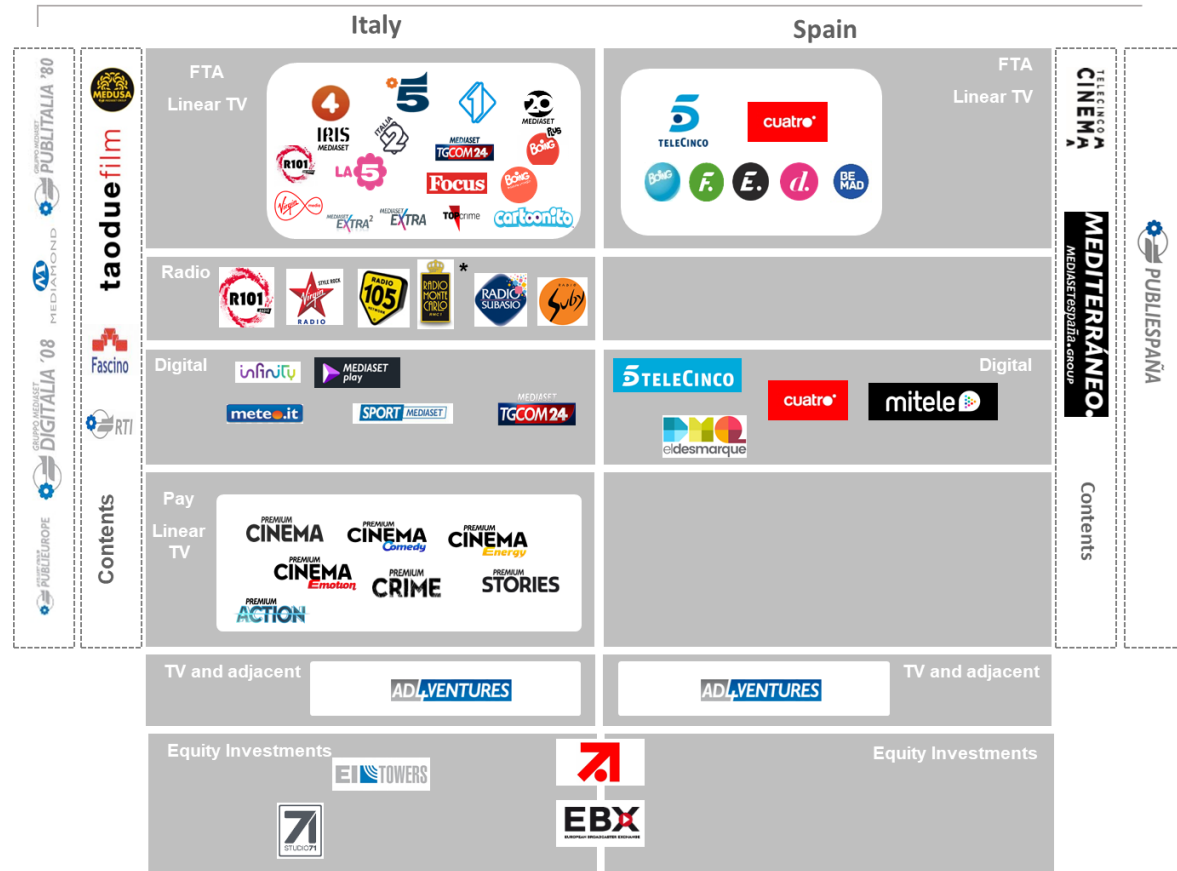
<sup>3</sup> Its head office is at Viale Europa 44/46/48, Cologno Monzese. Its registered office is in Via Paleocapa, 3, Milan.

<sup>4</sup> On 12 April 2018 Vivendi S.A. announced, as required by Art. 120 of the Consolidated Finance Law 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 has what are known as **integrated television operations** 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, including exclusive content, in cinema, TV series, documentaries and children's television channels. Over the last three years, Mediaset has also created a radio broadcasting wing comprising some 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 agencies in the Mondadori Group, and third-party publishers.

In **Spain**, Mediaset is the main shareholder of Mediaset España, with an interest of 53.26% at 31 December 2019. 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 rebaptised as Canale 5. Due to a change in the regulations, it 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, because 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 analogue system. Mediaset launches Boing, a channel directed exclusively at children, and Mediashopping, a secure teleshopping 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** *Pan's Labyrinth*, 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 specialises 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 the Cuatro business unit (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 specialising 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, the Mediaset Group 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 *The Great Beauty* (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" broadcasting 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 the Eurosport Group 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.

- The Mediaset Group 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 UEFA 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.

- The Mediaset Group 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 unauthorised 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 attention 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 broadcasting 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 Publiespaña 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 broadcasting rights for Formula E, the world's leading electric auto racing championship.
- Mediaset wins exclusive broadcasting 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 sign a commercial agreement to rebroadcast the Premium channels on the satellite platform as well.

- Also in March, Mediaset España, together with RTVE and Atresmedia, launches a web platform to create and distribute the

audiovisual content of the three groups.

- On 10 May, Mediaset reaches a commercial agreement with TIM to rebroadcast all of Mediaset's free-to-air networks on TIMVision.
- Broadcasts from Focus, the new free-to-air channel dedicated to promoting culture, begins in May, on channel number 35.
- For the first time in Italy, all 64 matches of the 2018 World Cup are broadcast live and free to air in June and July. Broadcasting was guaranteed exclusively by Mediaset, meeting with great success in terms of broadcasting and audience.
- On 31 August, RadioMediaset acquires RMC Italia S.p.A., parent of the Radio MonteCarlo network.
- After entering into a partnership with Mediaset, the infrastructure fund F2i SGR launches a takeover bid for the entire share capital of El Towers S.p.A.

## 2019

- Following an agreement with Sky Italia, as of 2 January all Mediaset's free-to-air channels are again rebroadcast among

the offering of the satellite platform.

- On 6 March, Mediaset España acquires 60% of El Desmarque Portal Deportivo SL.
- On 28 March, a deed is signed for the reverse merger of 2i Towers Holding S.p.A. (in which Mediaset holds a 40% stake) and the subsidiary 2i Towers S.p.A. into El Towers S.p.A.
- On 29 May, Mediaset communicates acquisition of a 9.6% share in the share capital of German broadcaster ProSiebenSat.1 Media SE.
- On 7 June, the Boards of Directors of Mediaset and Mediaset España resolve to propose to their respective shareholders a cross-border merger of the two companies into "MFE – MEDIAFOREUROPE", a holding company under Dutch law.
- On 10 July, transmission begins on two new channels: Boing Plus (LCN 45) and Mediaset Extra 2 (LCN 55).
- On 15 July, the Court of Rome sentences the French portal Dailymotion, part of the Vivendi Group, to pay Mediaset compensation of more than 5.5 million euros for illegally uploading hundreds of

copyrighted videos. Mediaset has another six similar cases against Dailymotion, which may result in total compensation of more than 200 million euros. On 18 July 2019, the Court of Rome also sentences the Vimeo portal to pay Mediaset compensation of around 5 million euros.

- On 5 August 2019, the Italian Ministry of Economic Development assigns Elettronica Industriale two sets of rights for broadcasting capacity (new DVB-T2 standard frequencies) on channels 36 and 38 and further user rights equivalent to half of a national multiplex.
- On 4 September 2019, the Extraordinary General Meetings of Mediaset S.p.A. and Mediaset España Comunicación S.A. approve the MFE-MEDIAFOREUROPE cross-border merger.
- On 11 November, Mediaset España acquires 5.5% of ProSiebenSat.1 Media SE. The Mediaset Group thus holds a 15.1% stake in the share capital of the main German private broadcaster.

### 1.3 THE VALUES OF THE MEDIASET GROUP

The founding principles of the Mediaset Group are embodied in its Code of Ethics<sup>5</sup>, which defines the values cherished by the group at every level and in every area it pursues its business interests.

The first draft, which dates back to 2002, was subsequently modified in 2008 and 2012.

The present version of the Code of Ethics was approved by the Board of Directors of Mediaset S.p.A. and by other Italian companies belonging to the Group in 2019. The Code was created in the conviction that ethical conduct is necessary for the success of every business venture. It is therefore a cornerstone of the Compliance Programme and internal control system of the Group, which also includes the Organisational Guidelines (OGs) 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, stressing priorities such as the health, safety and privacy of its employees.

In regard to the various categories of stakeholders, the Mediaset Group has always

<sup>5</sup> The Group's Code of Ethics is implemented by all member companies except for Mediaset España, which operates its own code based on the parent company's.

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.

## 1.4 LOOKING TO THE FUTURE: MEDIASET FOR THE COMING GENERATION

Throughout its history, the Mediaset Group has always placed the coming generation at the centre of its **broadcasting projects** and **internal policies**, as well as the **services provided to the public and communities** in the areas where the Group is based.

In Italy, while managing to involve audiences from all age groups, the Group has always paid particular attention to young people,

through the planning of its programme schedules and the selection of programmes capable of responding to the demands of the coming generation (see *Chapter 4 "Effectiveness and sustainability of the broadcasting and commercial offering"*).

A few examples: based on Auditel data, **Canale 5** and its 17.7% share in the prime time slot is the leading network in Italy for young people between 15 and 34, and also for women aged 15-44 with a 19.8% share. The **Italia 2** channel is the most popular with men in the 15-34 age group, while **Canale 20** (10.4% share) and **Italia 1** (9.6% share) are in third and fourth place. Interesting data can also be found on young women (in the 15-44 age group) for **Cartoonito** (25.8% share, above all mothers with children) and **La5** (share of 20.2%), in first and second place in Italy respectively.

Moving on to the programmes, the greatest coverage for the youth target is offered in particular by products on **Canale 5**, such as *Amici di Maria de Filippi* (30.0% for young people between 15 and 34 and 39.7% for women between 20 and 24), the series *Rosy Abate* (25.4% for the 15-34 group and 37.5%

for women between 20 and 24), *Striscia la Notizia* (21.4% share for the 15-34 group in the spring and 24.8% for men between 20 and 24). UEFA Champions League matches are also very popular with men aged 15-19 (31.3% share in the autumn).

**Italia 1** confirms its youth profile with fixtures including *Le Iene* (22% share for the 15-34 age group in the autumn, and 23.2% share for men in the 25-34 age group and 26.1% share for women between 25 and 34), the *Colorado* comedy show (12.2% share for the 15-34 age group) and episodes of *The Simpsons* (19.6% share for the 15-34 age group and 25.4% share for men aged 25-34 in the autumn).

A specific area of the company also monitors all programming to check the impact that programmes could have on minors.

Another dedicated organisational structure deals with the offering on the main connected digital platforms (desktop devices, mobile and wearable devices, tablets, smart TVs, etc.) and promoting digital extension initiatives for TV and Radio programmes as well as making its broadcasting products, like news and entertainment, accessible across all digital

platforms, consequently promoting access on the part of the coming generation.

These are the main results of the digital activity:

- total Mediaset Properties Video Content consumption amounted to around 1.4 billion over the year, representing 68% growth on the previous year, with 213 million hours of video generated in total (Source Webtrekk);
- during 2019, the Information hub (TGCOM24, Sportmediaset and Meteo.it) recorded an average Total Audience of 2,175,000 unique daily users (Source Audiweb 2.0), positioning itself in third place in the Italian digital information market.
- Mediaset Apps, with a monthly average of 6.0 million unique users in 2019, hold the first two places on the Italian broadcasting scene (Source Audiweb 2.0 media Jan-Nov 2019);

In particular, the Tgcom24 App exceeded 6.0 million downloads, the Meteo.it forecasting service reached 11.2 million downloads with its App and finally Sportmediaset reached 4.1 million

downloads. (Source: App Annie at 31 December 2019)

In relation to **Social Media Network** presence, Mediaset confirmed itself as one of the leading European media companies: 41 million total fans on Mediaset network Facebook pages, over 8 million followers on Twitter and more than 12 million followers on Instagram.

In Spain too, the Group has a broadcast offering targeted at the coming generation; we might take the example of *Gran Hermano Vip* (39.1% share for the 13-24 age group), *Supervivientes* (38.5% share for the same group) or *La Que se avecina* (30.2% share).

In terms of digital offerings, we would highlight the introduction of the *Mitele* platform, which enables innovative interaction between the content offered and the end user.

In the area of managing human resources (see Chapter 5 "People"), categorised as stakeholders, Mediaset has launched managerial development projects through classroom sessions and individual training meetings for young graduates.

The commitment and motivation of employees are considered essential to the Group's success. Young people are also constantly offered opportunities for professional growth, capitalising on the diversity of origin, experience and competence of the new resources.

Finally, we would recall that, again taking the new social dynamics and lifestyles linked to technological evolution into account, experimentation with the Smart Working project was launched in 2019 and will be extended in 2020 through progressive phases of experimentation to all areas of the company assessed as compatible.

It should also be noted that the Mediaset Group is highly attentive in both Italy and Spain to internship opportunities that supplement and complete courses of study in collaboration with major universities. During internships, young undergraduates can approach the world of work, experiencing professional relationships and using the knowledge acquired during their studies.

On the subject of higher education initiatives (see Chapter 6 *Community and Territory*) for people not employed by the company, the

Group's commitment to promoting Master's and training courses should be stressed, for young graduates interested in a career in the world of television, marketing, e-trade marketing, sales and digital communication, in collaboration with major universities.

In Italy, we organise the Master's in Journalism: this is the training course for professional journalists, combining the communications and information expertise 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. In 2019, ten students on the IULM Master's in Journalism were welcomed to internships in Mediaset agencies (TV, website and radio): 7 for 2 months and 3 for 3 months.

The Master's in Marketing, Digital Communication and Sales Management, established in 1988 by Publitalia'80 and now in its 32nd edition, is also highly appreciated. The Master's is a 13-month (lectures and internship) postgraduate course with limited admission aimed at graduates looking to a professional future in the field of marketing, trade marketing, sales and digital

communication. In 2019 the Master's offered 75 participants 153 course days for a total of 1,071 hours of training. At the end of this internship period, all graduates were able to find a stable job.

The training activities in Spain follow.

- Master's in audiovisual content creation and management, launched in 2009 in collaboration with the European University of Madrid;
- "Showrunner-aula di fiction" course launched in October 2019 in collaboration with the Cinema and Audiovisual School of Catalonia: a workshop for young people intended to create the formats of the future;
- Internship plan for students at the CES School (image and sound studies secondary school) to enable internships within the Mediaset Group.
- Participation for the third year running at the *Meeting of Digital Talent - Employment Fair in the Digital Era (FEED)*, an event that brought together thousands of young people looking for their first work experience and which aims to be a meeting point between the

coming generation and the world of work.

The social communication campaigns that have always distinguished the Mediaset Group also continue. Awareness-raising campaigns with TV and radio commercials and digital and social media coverage aimed at the community and youth issues in particular (see Cap. 6 Community and territory).

The "Mediaset ha a cuore il futuro" initiative launched in 2019 is a part of this, a concrete way of putting Mediaset's skills and communicative power at the service of society. The project began in September with a campaign to raise awareness of school leavers, with more than 750 TV broadcasts on all of the Group's generalist and thematic networks, 23 million web impressions, reports on the subject by TG4, Studio Aperto and an in-depth report on Tgcom24. A documentary on the subject is also being produced, by the InfinityLab team. A new cross-media campaign from Mediaset called "Pensa, prima di scrivere" to raise social awareness in connection with the national Anti-Bullying and Cyberbullying Day began in the early months of 2020.

In 2019, the various radio stations of the Mediaset Group broadcast over 800 radio spots in support of those most in need. In addition to the above "Mediaset ha a cuore il tuo futuro" we would also mention "Never give up", a campaign to raise awareness around eating disorders which affect young people in particular and "Fondazione Sic" etc. with its many projects to support children and young people.

Mediaset social campaigns are also a tradition in Spain: the latest is the "Diritto a giocare" initiative for children in collaboration with the Spanish Observatory of Children's Play in collaboration with psychologists, educators and international scientists.

Finally, the activity of Mediafriends Onlus (see Cap. 6 *Community and Territory - Social utility initiatives*), a non-profit organisation, is a concrete expression of how Mediaset understands Corporate Social Responsibility.

Over the years, Mediafriends has supported numerous TV and other events to raise funds for the projects of non-profit associations. The best known of these is "Fabbrica del sorriso", which in 14 years of activity has

made it possible to finance countless charity projects in Italy and around the world, in particular for children and young people in difficult situations and poverty.

The Fabbrica del Sorriso fundraising project continued in the first part of 2019, for four charities: Amref, Mission Bambini, Comunità di Sant'Egidio and A regola d'Arte.

The innovative "A Regola d'Arte" (ARdA) project, in particular, is aimed towards disadvantaged Italian and foreign children living in the suburbs of Italian cities and seeks to promote integration and social development through music and rugby. Mediafriends supports eight ARdA centres: in Milan, two schools (in the Baggio and Via Dolci districts), church facilities (in the Giambellino district) and three youth centres (Barrios, Barona district; La Strada, Trecca district; Ermanno Olmi, Baggio district). The "A Regola d'Arte (ARdA) project expanded in the autumn of 2019 with the opening of a centre at the Murialdo church facilities in Naples, in the Luzzati district, in addition to the centres of Palermo in collaboration with Ciai Onlus and L'Aquila with Action Aid. More than 300 children are on the rugby and music courses and take part in formative activities.

The Fabbrica del Sorriso's autumn event was dedicated to an Associazione Italiana Persone Down - Livorno project aiming to provide work experience for young people, in order to help them be independent, ensure a future for themselves and become an asset to society. In addition to slots in Mediaset network programmes, SMS donations were promoted, as well as a book of children's stories, with some of the proceeds going to the project. The fundraiser closed on 31 December 2019 with the New Year's concert broadcast on Canale 5.

## 1.5 THE MEDIASET GROUP, ITS BUSINESS CONTEXT, AND SUSTAINABILITY

In a rapidly evolving national and international context where new operators and different platforms are emerging and integrating, bringing big changes to offering models and ways of accessing content, the Mediaset Group - as Italy's leading private television broadcaster - pursues its corporate objectives with the major exogenous and endogenous risk factors taken into account, which can exert a significant influence on the evolution and sustainability 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 characterised by the growing maturity of the leading markets and the rising cost of the premium content offered by operators.

In response to this context, the Group's strategy focuses on a media-company model characterised by a strong local/national quality, with a view to developing its product and video distribution strategy in a multi-device direction and the consequent adaptation of its Compliance Programme (processes, professional expertise and technological innovation) as well as the evaluation of any agreements and targeted alliances on an international basis. This is the context of the project, currently underway, to create a new holding company through the cross-border merger of Mediaset and Mediaset España into Mediaset Investment

N.V. (DutchCo), a wholly owned direct subsidiary of Mediaset under Dutch law, which will take the name "MFE - MEDIAFOREUROPE N.V." and the acquisition of a minority stake of 15.1% of the share capital of the German broadcaster ProSiebenSat.1 Media SE.

As stated above, in the pursuit of its business activities, the Group therefore 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 the Group 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.

**MAPPING OF STAKEHOLDERS AND MATERIALITY ANALYSIS**

In keeping with the reporting principles drawn up by the Global Reporting Initiative (GRI), the first Sustainability Report was drawn up, involving the principal company departments, using a structured analysis designed to identify the key stakeholders and the most material topics for the preparation of the Report.

For the purposes of sustainability reporting, topics deemed material, or significant, are those of an economic, social and environmental nature on which a business has a significant effect (positive or negative) and which may substantially affect the assessments and decisions of stakeholders. The materiality analysis therefore takes into consideration not only the perspective of the organisation but also that of the stakeholders themselves.

**STAKEHOLDERS MAP**





In 2018, in line with the methodological pathway indicated in the previous Non-Financial Statement, in order to update the materiality matrix, around 50 people representing the main categories of stakeholders (advertising investors, service and content providers, TV industry agents, financial analysts and Group employees) were involved, through Workshops and Online Surveys, in addition to representatives of the main company departments.

In 2019 the results of the materiality analysis carried out in 2018 (materiality matrix) were shared with senior managers in the Group during the ERM strategic risk assessment interviews. Following these interviews, the Group confirmed that the issues in the materiality matrix are monitored systematically within the corporate risk assessment process.

The results of the analysis were processed and presented in the following materiality matrix, which illustrates the weighted combination of relevance/critical nature of the issues for the Group and its stakeholders. The materiality analysis process and the materiality matrix were validated by the Risk, Control and Sustainability Committee of



Mediaset S.p.A. and approved by the Board of Directors which met on 25 February 2020.

The materiality matrix shows the most relevant issues, by relevance/critical nature. The graph shows the issues with relevance ranging from “high” to “very high”. These issues are linked to the following sustainability groups: “economic responsibility, responsibility with respect to human resources, product responsibility, corporate governance and compliance, responsibility towards suppliers, social and community responsibility and environmental responsibility”.

The material topics identified in this analysis are systematically monitored as part of the corporate risk assessment process.

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



This document is structured to report the relevant issues included in the materiality matrix in line with the key to the graph. To facilitate reading, below is an example scheme to allow correlation of the topics in



different chapters with the main stakeholder categories.






**MATERIAL TOPIC**  
**IMPACT BOUNDARY**

The table below summarises correlation with the GRI topics, the boundary and the type of impact for each material topic.

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

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

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

[\*] The information regarding Occupational Health and Safety and its indicators cover all the companies in the Group, with the exception of Netsonic's employees who are located outside the EU, and include all the external collaborators in Italy and temporary workers in Sp

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In this document, it was deemed appropriate to link the SDGs that could be related directly to the main topics presented, from the 17 Sustainable Development Goals defined by the United Nations in 2015 and contained in the Sustainable Development Agenda.

These objectives contain the Guidelines that commit governments and international economic actors to achieving specific environmental, social and economic targets by 2030.

These links were established by analytically comparing the 17 Sustainable Development Goals (SDGs) with the material topics and the Group's characteristic activities and services. The following 11 sustainable development objectives were identified on the basis of this analysis.



The impact of the individual material topics on the Sustainable Development Goals is summarised in the following diagram:









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## 2 ■ Economic Performance and Investor Relations



## 2.1 SUMMARY OF INCOME STATEMENT/BALANCE SHEET DATA



|   | € millions | 2019            | %   | 2018           | %   |
|---|------------|-----------------|-----|----------------|-----|
| <b>Consolidated net income</b>                        |            | <b>2,925.7</b>  |     | <b>3,401.5</b> |     |
| Italy   |            | 1,982.1         | 68% | 2,421.4        | 71% |
| Spain   |            | 946.2           | 32% | 981.6          | 29% |
| <b>Operating Result</b>                               |            | <b>354.6</b>    |     | <b>73.7</b>    |     |
| Italy   |            | 91.3            |     | -182.9         |     |
| Spain   |            | 264.9           |     | 256.9          |     |
| <b>Net Result</b>                                     |            | <b>190.3</b>    |     | <b>468.2</b>   |     |
| <b>Net Invested Capital</b>                           |            | <b>4,238.7</b>  |     | <b>3,589.6</b> |     |
| <b>Shareholders' equity (Group and third parties)</b> |            | <b>2,890.4</b>  |     | <b>2,853.1</b> |     |
| Shareholders' equity (Group)                          |            | 2,477.9         |     | 2,409.4        |     |
| Shareholders' equity (third parties)                  |            | 412.5           |     | 443.7          |     |
| <b>Net financial position</b>                         |            | <b>-1,348.3</b> |     | <b>-736.4</b>  |     |
| Italy   |            | -1,318.0        |     | -904.3         |     |
| Spain   |            | -30.2           |     | 167.8          |     |

## 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** includes:

- The *characteristic economic value* generated by the Group in terms of:
  - Revenues from sales and services
  - Other revenues and income
  - Financial income

| ECONOMIC VALUE GENERATED AND DISTRIBUTED             | 2019  | %    | 2018  | %    |
|--|---|------|---|------|
|  | From the consolidated financial statement<br>(milions of euros) |      | From the consolidated financial statement<br>(milions of euros) |      |
| Characteristic Economic Value generated by the Group | 2,991.6   |      | 3,473.9   |      |
| Net Result from Discontinued Operations              | 0.0   |      | 550.0   |      |
| Economic value generated by Group (A)                | 2,991.6   | 100% | 4,023.8   | 100% |
| Economic value distributed by Group (B)              | 2,819.8   |      | 3,493.3   |      |
| Remuneration of suppliers                            | 2,080.9   | 70%  | 2,675.8   | 66%  |
| Remuneration of financial system                     | 53.4  | 2%   | 90.7  | 2%   |
| Remuneration of employees                            | 501.3   | 17%  | 497.0   | 12%  |
| Charity  | 0.4   | 0%   | 0.7   | 0%   |
| Public administration remuneration                   | 86.3  | 3%   | 102.7   | 3%   |
| Remuneration of third party shareholders             | 97.5  | 3%   | 126.4   | 3%   |
| Difference between generated and distributed (A)-(B) | 171.8   |      | 530.5   |      |
| Other economic components (*)                        | 18.4  | 1%   | -62.3   | 2%   |
| Added value retained by company                      | 190.3   | 6%   | 468.2   | 12%  |

(\*) Depreciation, reserve funds, changes in the inventories and all the non-monetary components have been included. Refer to the 2018 Non Financial Statement, available in the "Corporate/Sustainability" section of the website [www.mediaset.it](http://www.mediaset.it), for the the previously reported data.

- The *Net Result from Discontinued Operations*, relating to the net economic contribution generated in the two years by the EI Towers Group (deconsolidated from the fourth quarter of 2018), for 2018 including the net capital gain generated following the sale of this equity investment.

The **value** is **distributed** as shown below:

- Value distributed to **external suppliers** inclusive of purchase costs, services, other costs and amortisation 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 and sponsorship of charities;
- Remuneration of minority shareholders representing the minority interests in the

results of Mediaset España (48.37%) and Monradio (20%).

The difference between the Economic value generated and the value distributed, net of non-monetary economic components, represents, in the absence of distribution to the shareholders of the parent Company, the value added retained by the Company.

## 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

*(Source: Bloomberg)*

|   | 2019           | 2018           |
|---|----------------|----------------|
| Maximum price (euros)                     | 3.0            | 3.4            |
|   | <i>20-Jun</i>  | <i>7-May</i>   |
| Minimum price (euros)                     | 2.6            | 2.5            |
|   | <i>8-Feb</i>   | <i>6-Sep</i>   |
| Opening price 1/1 (euros)                 | 2.8            | 3.2            |
| Closing price 31/12 (euros)               | 2.7            | 2.744          |
| Average volumes (m)                       | 2.2            | 4.3            |
| Max. volumes (m)                          | 12.6           | 30.8           |
|   | <i>20-Aug</i>  | <i>3-Apr</i>   |
| Min. volumes (m)                          | 0.5            | 0.9            |
|   | <i>27-Dec</i>  | <i>3-Sep</i>   |
| Number of ordinary shares (m)             | 1,137.10       | 1,137.14       |
| <b>Capitalization on 31/12 (m/euros)*</b> | <b>3,024.8</b> | <b>3,120.3</b> |

\*own shares are excluded from the calculation.

For this purpose the Chief Financial Officer is assisted by the following two departments 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 website.

The company guarantees that the market receives information which is appropriate, fit for the purpose of 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 2019 in particular, the Company participated in the leading media trade shows (especially Milan and London) and met numerous institutional investors during a roadshow organised in London and in individual meetings in its own offices and reverse roadshows over the course of the year. These activities were part of the daily work of interaction with the 22 brokers covering Mediaset stock and the numerous



FTSE4Good

investors who contact the company via its Investor Relations team.

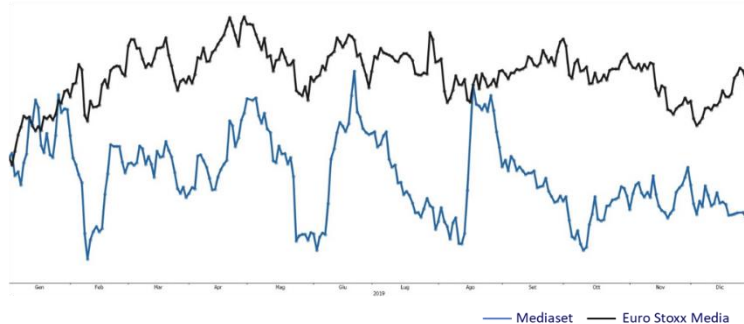
Mediaset stock was confirmed in the **FTSE4GOOD Index**, a basket of stocks representing companies with high ESG ratings, selected by FTSE

Russell, one of the first signatories and biggest promoters of the Principles for Responsible Investment (PRI).

This index is designed to allow institutional investors to identify the companies that best meet the need for responsible investment.

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

MEDIASET STOCK AND THE MAIN INDEXES



· With respect to this, Mediaset has published a calendar on the company's website and will provide a subsequent update in view of the merger of Mediaset S.p.A. and Mediaset España Comunicación S.A. into Mediaset Investment N.V., which is currently underway.







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### 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 FTSE Italia Mid Cap Index <sup>7</sup> and is a signatory to the Code of Corporate Governance for listed companies (July 2018), implementing its principles and adjusting its own Corporate Governance system to national and international best practices in this sphere.

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 Mediaset S.p.A. responsible for administration of the company. It plays a key role in the Company's organisation, overseeing functions and responsibility for its strategic and organisational 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

<sup>7</sup>Following the change in the composition of the FTSE MIB index, on close of trading on 21 December 2018, meaning that the Company has been included in the FTSE Italia Mid Cap Index since 27 December.

the activities assigned to it by the stock exchange Code.

The Board of Directors met sixteen times in 2019. Each meeting lasted on average approximately one hour and a half. The overall percentage of directors attending during 2019 was approximately 90%, while the percentage of independent directors attending was approximately 88% overall. On 31 December 2019, the Board of Directors comprised 15 members:

Fedele Confalonieri, Pier Silvio Berlusconi, Marco Giordani, Gina Nieri, Niccolò Querci, Stefano Sala, Marina Berlusconi, Marina Brogi, Andrea Canepa, Francesca Mariotti, Danilo Pellegrino, Carlo Secchi, (from majority list “2”); Raffaele Cappiello, Costanza Esclapon de Villeneuve and Giulio Gallazzi (from minority list “1”).

Note too that the Board of Directors comprises 67% men and 33% women. 14 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 Risk, Control and Sustainability 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 Legislative Decree 254/2016. On 28 June 2018, the Board of Directors confirmed the powers of the Risk, Control and Sustainability 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, in addition to the powers set down in the Corporate Governance Code for Listed Companies.

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 Legislative 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 2019, the members of the Board of Statutory Auditors were:

Mauro Lonardo, Francesca Meneghel, Ezio Maria Simonelli (regular auditors); Stefano Sarubbi, Flavia Daunia Minutillo and Riccardo Perotta (alternate auditors). 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 25 times in 2019, with total participation rate of 94%.

During the year, in line with the consolidated practice of the company, with the purpose of increasing the awareness of all the directors and the statutory auditors of the reality and the business dynamics and to favour greater

knowledge of the sector in which the company operates and of the regulatory and self-regulatory framework, different meetings are pursued directed towards close examination of specific business and corporate governance issues, through one structured program of Induction, also with the aid of external consultants 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 Report on Operations, 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](http://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 new Code of Ethics was approved in 2019, following a process of revision in 2018. This was made necessary by, among other things, the development of Mediaset Group business activities, the need to harmonise the provisions of the Code of Ethics with the Compliance Programmes (Legislative Decree 231/01) adopted by Group Companies and adaptation to regulatory changes (e.g. with respect to whistle-blowing).

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<sup>8</sup>.

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

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<sup>8</sup> Including foreign investee companies

statements, and to new recruits at the moment of recruitment.

The Code of Ethics of the Mediaset Group is also published and appropriately highlighted in the “Compliance 231” section of the Mediaset Group’s website ([www.mediaset.it](http://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 companies<sup>9</sup>. 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 parties conducting business relations with Mediaset Group companies. Contracts with third parties contain clauses with an explicit formal reference to the Code of Ethics (as well as the 231 Compliance Programmes), stating that failure to observe its provisions constitutes a breach of contractual obligations, giving rise to the right to terminate the legal relationship.

In line with Italy, 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 2019. Mediaset España also implements its own Compliance Programme, which is analogous to the programme implemented in Italy. It also implements a whistle-blowing mechanism allowing violations of the code to be reported anonymously.

## COMPLIANCE WITH REGULATORY REQUIREMENTS

As a supplier of audiovisual 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

<sup>9</sup> The companies which have implemented their own Compliance Programmes under Legislative Decree 231/01 are: Mediaset S.p.A., R.T.I. S.p.A., Publitalia '80 S.p.A., Digitalia '08 S.r.l., Medusa Film S.p.A., Taodue S.r.l., Elettronica Industriale S.p.A., R2 S.r.l., Radio Mediaset S.p.A., Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A., Radio Subasio S.r.l.

responsible for content;

- advisory and supervisory action by the Legal Affairs Department and Regulations and Corporate Compliance, both from a general perspective and addressing specific programmes or individual issues, with the purpose of identifying critical issues and taking any appropriate preventive action wherever possible.

Regulations and Corporate Compliance periodically publishes a manual summarising 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
- CMBA – Creative Media Business Alliance
- EGTA – Association of advertising sales companies
- HD Forum Italia
- Comitato Media e Minori

- Generazioni connesse (Safer Internet Centre Italia at Ministry of Education, University and Research)
- Osservatorio TuttiMedia
- HBBTV Association
- IAB Italia Interactive Advertising Bureau
- Istituto di Autodisciplina Pubblicitaria (IAP)
- Osservatorio Branded Entertainment (OBE)
- Unión de Televisiones Comerciales Asociadas (UTECA)
- Union Europea de Radiodifusores (UER)
- Observatorio de Contenidos Televisivos y Audiovisuales (OCTA)

## CONFLICTS OF INTEREST

The Code of Ethics of the Mediaset Group includes special provisions on conflicts of interest.<sup>10</sup> 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 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" 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.

The Mediaset Group is therefore committed to taking all measures necessary for avoiding situations which may present conflicts of interest.<sup>11</sup>

Mediaset also establishes the necessary measures to ensure observance of the regulations concerning equal access of political entities to television and radio in

application of the principles of pluralism of information. In overly simple terms, this activity takes the form of sending internal company circulars to its broadcasting structures, including news directors, precisely indicating the requirement to observe regulations concerning equal access of political entities to television and to implement the measures issued by the Authority.

With respect to Inside Information, on 13 November 2018, with the favourable opinion of the Risk, Control and Sustainability Committee, an update to the corresponding

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<sup>10</sup> Art. 6 of the Group Code of Ethics. The new Code of Ethics adopted by the Mediaset Group and its subsidiaries in 2019 contains a revised and strengthened Article 6 (Conflict of interest): "1. The Mediaset Group requests that Addressees, in their relations with the Group, adhere scrupulously to the laws and regulations that govern conflict of interest. 2. Addressees must pursue the objectives and general interests of the Mediaset Group in the performance of their business activities and their own duties/functions and must therefore abstain from activities, conduct and action incompatible with their obligations in connection with their relations with the Group. Purely by way of example, the following situations may constitute conflicts of interest: (i) having economic or financial interests, including through family members, in Suppliers, Clients or competitors; (ii) using one's role within the Mediaset Group or the information or data acquired in the performance of one's business activities and/or own duties or functions to one's own advantage or that of third parties contrary to the interests of the Group; (iii) performing business activities or any kind (including services or intellectual work) for Suppliers, Clients, competitors and/or for third parties contrary to the interests of the Group; (iv) initiating negotiations and/or entering into agreements - in the name of and/or on behalf of the Group - with family members or partners as counterparties, or with counterparties of which the Addressee is, in any capacity, owner or in which they are in any case an interested party. 3. Addressees must without delay, taking the circumstances into account, inform their superior or, if applicable to the specific case, the person to whom they are obliged to report situations in which they may, directly or due to third parties, have interests (even only potentially) in conflict with those of the Mediaset Group. Addressees shall respect the decisions taken by the Mediaset Group on these matters. These decisions are communicated to the Supervisory and Control Bodies, where established by individual bodies, for the adoption of any measures by such Bodies."

<sup>11</sup> 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).



Procedure<sup>12</sup> was approved, integrated with the Material Information management process, in keeping with the Consob guideline issued in October 2017, making official the existing practice already controlled by the relevant departments with respect to the Material Information.

The Inside Information Procedure governs the internal management and communication to the public of inside information concerning the parent company and its subsidiaries, as well as the operation of the “Register of persons with access to inside information”. The Inside Information Procedure is an essential component of the Mediaset internal control and risk management system and part of the rules and prescriptions adopted by Mediaset in accordance with Legislative Decree 231/01 for the purpose of preventing offences.

The Inside Information Procedure applies to the directors, statutory auditors and employees of the parent Company and Subsidiaries as well as the external

persons/entities who act in the name of and on behalf of the companies and subsidiaries – with the exception of the listed subsidiary **Mediaset España Comunicación S.A.** – obliged to keep their own Insider Register, to fulfil related requirements and to notify the reference market.

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.

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

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

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<sup>12</sup>The parent company has carried out the assessment, gap analysis and material information flow mapping activities with the aim of identifying any opportunities to improve the inside information management process. The analysis carried out identified effective control of the process of managing and communicating inside information, structured correctly and formalised in a process/procedure that clearly identifies roles and responsibilities, in observance of the EU Regulation and Consob Issuers’ Regulation.

### 3.3 THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

As an integral part of its Internal Control and Risk 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 Control and Risk 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 audiovisual 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 the present competitive context characterised 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 focused on the aspects of recruiting, training and cultivation of human resources. Special emphasis is also placed on identifying talent and the need to create career development trajectories which reinforce expertise in areas of key importance to the Group, particularly technology and the conception and creation of broadcasting products, 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 intranet project, Office 365 and instant messaging services for all company employees), as well as introducing innovative and flexible ways of working (smart working).

### **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 internationalisation 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 authorisations, 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 widespread 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 enables monitoring of the risks of exposure to electromagnetic 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;

|                   | 2019                                   |  |  |
|-------------------|--|--|--|
|                   | Intensity of electric field<br>E (V/m) | Intensity of magnetic field<br>H (A/m) | Power density<br>D (W/m <sup>2</sup> ) |
| Exposure limit    | 20                                     | 0.050                                  | 1.0                                    |
| Warning threshold | 6                                      | 0.016                                  | 0.1                                    |
| Quality objective | 6                                      | 0.016                                  | 0.1                                    |

- the proximity of housing to transmitters or the issue by municipalities of new building permits for the construction of housing close to plants;
- 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 minimising 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 authorisation 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 departments 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, implemented in 2007 and regularly updated each year, 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 departments evaluate the specific risks to which the Mediaset Group in Spain is exposed, assessing the likelihood of occurrence and extent of impact and directly involving the various corporate departments 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 Organisational 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 cybersecurity; 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 unauthorised 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 creation of a Security Operation Centre (SOC). The duties of the SOC 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 (unauthorised exploration of the network,

access to systems, spreading of viruses, general attacks).

On 25 May 2018, European Regulation 679/2016 (a.k.a. the GDPR) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data took effect. The Mediaset Group – in observance of the regulations in force (especially the European Regulation, Legislative Decree No. 196 of 30 June 2003 “Personal Data Protection Code” and national privacy regulations) – has adopted a compliance programme for privacy management (“Privacy Compliance Programme”) with the aim of optimising company processes linked to personal data protection.

Mediaset has also issued an Organisational Guideline on data breaches that accidentally or unlawfully result in destruction, loss, alteration, unauthorised disclosure or access to personal data. The data breach management plan was prepared in order to implement, where necessary, the action plan and any notification of the Supervisory Authority within 72 hours of identification of the breach and communicate the breach to the data subject should the rights and

freedoms of the individual potentially be at risk.

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 organisation. 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 conformity analysis in light of the General Data Protection Regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, which came into 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, organisational and legal nature.

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 Group 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.

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 the "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 was developed in 2018 as a technological support 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.

With respect to data protection, in 2018 Mediaset España participated in the Cyber Crisis Management exercises and the Multisector Cybersecurity Exercises organised by the ISMS Forum Spain and the National Department of Security.

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.

Mediaset España has centralised data protection management in the *Data Protection Unit*, which reports directly to the

Group's Senior Management and is responsible for data protection for all Group Companies. At the head of this unit is the Data Protection Officer, responsible for the relationship with the Data Protection Agency, as well as the areas of legal advice, internal control and IT security.

In 2019, the Personal Data Policy and the relevant internal procedures were updated in order to adapt them to the requirements introduced by the GDPR. In addition, two new protocols have been implemented to ensure compliance around the protection and guarantee of digital rights.

These reference documents establish the guidelines for optimal, responsible management of privacy and data protection as well as the corrective actions to be taken in the event of violations relating to correct personal data processing by the Mediaset Group.

During 2019, there were 1,070 requests to exercise ARCO rights (access, rectification, cancellation and opposition) received and managed by the interested parties, relating to the cancellation of users registered on the

Group's digital channels and the deletion of images published on the websites.



### 3.5 RELATIONS WITH THE PUBLIC ADMINISTRATION

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.<sup>13</sup>

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 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 R.T.I., participating in European projects financed by the European Commission which include collaborations with international partner companies.

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.).

In 2019, collaboration with the European Commission was renewed and gave rise to a series of evening programmes entitled "Giovane Europa", broadcast on the TGCOM24 channel. The rights for the format created were granted to the European Commission for its own communication

platforms. The same year saw the production of the project resulting from the European Parliament's 2018 Call for Proposals. It developed three formats, one in collaboration with Mediaset España, broadcast during the year:

-Cavoletti da Bruxelles - 30 episodes - TGCOM24

-Insieme Juntos - 8 episodes - TGCOM24 / Canal4 (Spain)

-Dov'è l'Europa? - 4 episodes - FOCUS

In 2019, R.T.I. received a total of 209,402 euros for the above activities, following the public call for proposals, and 14,800 euros from the European Commission for the rights to the content produced.

Through the company Medusa, the Mediaset Group also operates in the cinema industry, receiving contributions through support instruments from public bodies, mainly national, and the rest from European bodies.

The primary and most important source of contributions relates to Medusa in its

<sup>13</sup> 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.

capacity as 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 these contributions were therefore automatically calculated as a percentage of the revenue measured by the SIAE in the first 18 months after the first public projection.

Law No. 220 of 14 November 2016, with “cinema and audiovisual regulations”, introduced new cinema and audiovisual support instruments. As of 1 January 2017, it also abrogated the system of incentives envisaged and governed by Legislative Decree No. 28 of 22 January 2004 and subsequent amendments.

The new support instruments still include automatic contributions for the production and distribution of cinematographic works, but the amount of these contributions is calculated on the basis of the financial, cultural and artistic results and public distribution of the work nationally and internationally. The Decree of the Director General, issued on 29 May 2019, established the amount of automatic contributions due to each company for each work in the

reference year, with respect to the films produced by Medusa and released in 2017.

With respect to the reinvestment of these contributions, the Decree of the Director General was issued on 13 December 2019 with a description of the reinvestment methods for these contributions, and since 27 January 2020 the forms have been available on the platform dedicated to submitting applications.

For films produced and released in the 2018 calendar year, the window for initiating the formal application procedure to the Ministry of Cultural Heritage and Activities opened at the end of December 2019 and will close on 17 February 2020. There is still no window available for films produced and released in the 2019 calendar year.

Another support instrument 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 Heritage and Tourism offers tax credits, applying variable percentages to costs incurred.

| Financial assistance received from government [*]             | Public body   | € millions |             |
|---|---|------------|-------------|
|   |   | 2019       | 2018        |
|   | Ministry for Culture and Tourism - Cinema Department            | 5.4        | 10.6        |
| Public contributions (collection of government contributions) | Instituto de la cinematografía y de las artes audiovisuales[**] | 0.0        | 0.3         |
|   | Fundación Tripartita  | 0.1        |             |
|   | Direction Générale des Finances Publiques                       | 0.0        | 0.8         |
| Tax relief (Answer 1^ tax credit for distribution)            | MIBACT  | 2.3        | 2.7         |
| Local network contribution                                    | MISE  | 0.3        | 0.3         |
| Other public contribution                                     | European Union  | 0.2        | 0.2         |
| Assistance received from non-government bodies[***]           |   |            |             |
| <b>Total</b>  |   | <b>8.3</b> | <b>14.9</b> |

[\*] Data reflect cashed-in amounts during the period

[\*\*] 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 prevent offences under Legislative Decree 231/2001 as amended.

**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 España Code of Ethics and aim to guarantee that the legitimate interests of Mediaset España are represented before the Spanish Authorities.

Membership in the main media industry associations such as:

- Asociación para la autorregulación de la comunicación comercial (AUTOCONTROL)

- Comité de Autorregulación y Comisión Mixta de Seguimiento sobre contenidos televisivos e infancia
- Association of Commercial Television in Europe (ACT)
- Asociación Europea de Comercio de Marketing de Soluciones de Publicidad (EGTA)
- RMF Responsible Media Forum
- Clúster de Cambio Climático de Forética
- Cluster de Transparencia, Buen Gobierno e Integridad de Forética
- Asociación de Emisores Españoles
- Fundación Seres

allows the company to defend and represent the common interests of commercial television organisations nationally, in Europe and worldwide.

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

Throughout the year, the Mediaset Group 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;
- Application of a new “system of classification by age range in relation to the use of audiovisual products” (signed by free-to-air TV operators in 2015 under the supervision of CNMC)<sup>14</sup>.

This rating system was launched with the aim to establish a more objective and systematic framework 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 audiovisual programme may contain;

- Application of the rules on gambling and

responsible implementation of new online gambling games. Mediaset España 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 an open and transparent television service directed towards the public interest with control and compliance mechanisms, particularly with regard to the advertising market.
- Participation in the process of transposing EU Directive 2018/1808 of 14 November 2018 on audiovisual media services into national law.

<sup>14</sup> Comisión Nacional de los Mercados y la Competencia

## **ANTI-CORRUPTION 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.<sup>15</sup>

Furthermore, considering the constant strengthening of the fight against public and private corruption, both internationally and nationally, in view of 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 Anti-corruption Guidelines" 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 anti-corruption as well as the principles and values in the Code of 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. This refers to 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 in relation to prevention and fighting corrupt practices. Regarding these areas identified as being "at risk", each Mediaset Group company has defined designated controls (general and specific), adopting, when necessary,

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<sup>15</sup> The Group's Code of Ethics is implemented by all Group companies except for the Mediaset Group in Spain, which operates its own code based on the parent Company's.

The new Code of Ethics, adopted by Mediaset S.p.A. and its subsidiaries in 2019, has a specific new article dedicated to preventing corruption with the aim of setting out a systematic reference system for preventing corrupt practices for Mediaset Group companies. Specifically, it provides for a summary of the ethical and conduct rules that Addressees must strictly adhere to in order to follow the provisions set forth by the current regulations. Article 20 (Protection of competition) sets out: "The Mediaset Group recognises fair, free and honest competition as a decisive factor for market growth as well as constant improvement of the business. It therefore abstains from conduct that encourages dealings to its own advantage in violation of current regulations. The Mediaset Group promotes training activity to encourage competition, standards and regulations to protect competition and ensure that they are observed."

corporate Organisational Guidelines (“OGs”) 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 specific auditing activity to identify “areas of at-risk activity” with respect to crime, also for corrupt practices and also as instructed by the Supervisory and Control Bodies appointed by the Group companies in accordance with Legislative Decree 231/01. There is also constant monitoring on regulatory changes concerning corruption, also with a view to updating the Compliance Programmes adopted by Mediaset Group companies in accordance with Legislative Decree 231/01. With this in mind, the Internal Auditing Department carried out risk analysis activity in this reporting period concerning the predicate crime of influence peddling, introduced as part of Legislative Decree 231/01 by Law No 3/2019.

Moreover, regarding the topic of competition, the Group Code of Ethics (See also par. 1.3 and 3.2) contains a specific provision<sup>16</sup> which states that the Mediaset Group recognises fair, free and honest competition as 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.

We would also highlight the fact that, in 2019, Mediaset decided to initiate a process with the aim of adopting a specific antitrust compliance programme, understood as a system of rules predominantly directed towards preventing potentially significant conduct in terms of antitrust offences.

This activity is taking place following antitrust compliance Guidelines issued by the Antitrust Authority. The intent of the Authority was to set out rules of conduct that companies must implement for effective

compliance, confirming the advisability that they equip themselves with an Antitrust Compliance Programme.

The adoption of an adequate Compliance Programme is recognised as a mitigating circumstance in the event that penalties are determined for antitrust offences.

The process described above will be completed in 2020.

Lastly, the foreign company Publieurope has also adopted an “anti-corruption policy” in order to prevent any corrupt practices, beyond the Group Code of Ethics, binding for all employees and those who have relations with the company. 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 for the corruption prevention system. Publieurope underwent a

<sup>16</sup> Article 18 of the Group Code of Ethics. The Group’s Code of Ethics is implemented by all Group companies except for the Mediaset Group in Spain, which operates its own code based on the parent Company’s.

The new Code of Ethics adopted by Mediaset S.p.A. and its subsidiaries in 2019 has a specific new provision concerning competition. Article 20 (Protection of competition): “The Mediaset Group recognises fair, free and honest competition as a decisive factor for market growth as well as constant improvement of the business. It therefore abstains from conduct that encourages dealings to its own advantage in violation of current regulations. The Mediaset Group promotes training activity to encourage competition, standards and regulations to protect competition and ensure that they are observed.”

risk assessment conducted by the Group's Internal Auditing Department.

The Code of Ethics, as well as the control procedures implemented and the protocol for the identification and prevention of crimes adopted by the Spanish companies of the **Mediaset Group in Spain** establish measures to monitor and combat the risk of corrupt practices.

Every year, the audit function performs risk analyses linked to corruption within the most important business lines of the Group. These activities are an integral part of the Annual Audit Plan. To this regard, in 2019 all the corporate structures of the Group were examined. Specifically, the Internal Audit function performed various audits on the most significant processes whose results did not reveal any issues. In 2019, just like in 2018, there were no episodes of corruption that involved the Group, and it was not therefore necessary to undertake any action in this field.

On the subject of competition, we would highlight that on 12 November 2019 the National Council for Free Competition and Markets identified Mediaset España conduct

contrary to free competition with regard to certain commercial practices.

A penalty of 38.9 million euros was therefore imposed, against which the Mediaset Group immediately appealed.







## 4 ■ Effectiveness and sustainability of the broadcasting and commercial offering



## 4.1 QUALITY OF THE PRODUCT AND SERVICE

### FREE TV

#### Entertainment

The Mediaset Group's free-to-air offering currently consists of 18 channels covering all major targets for advertisers, including three long-standing generalist channels (Canale 5, Italia 1 and Rete 4), and the thematic and semi-generalist channels Boing, Boing Plus, Cartoonito, Iris, La5, Mediaset Extra, Mediaset Italia 2, Top Crime, Canale 20, Tgcom24, Focus, Mediaset Extra 2, R101TV and Virgin Radio TV.

The all-Italian cinema channel CINE34 was added on 20 January 2020.

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 drama to news.
- **Italia 1**, the leading Italian channel among younger viewers, with particular emphasis on American products, upcoming trends and fashion. 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.

During 2019, the image of Rete 4 was consolidated in two major time slots, early evening and prime time.

The new Rete 4 is distinguished by new news and current events programmes, more in keeping with the tastes of the public. These can convey the most important current events in modern language and with faces from both the internet and from Mediaset.

The graphics for the channel have also been updated in keeping with the overall changes to the channel.

We wish to note that, as of 2015, Rete4 has always brought certain issues, deemed essential in forming the collective conscience

| AUDIENCE SHARES (medium figures)<br>ITALY 2019                    | INDIVIDUAL   |              |              | COMMERCIAL TARGET |              |              |
|---|--------------|--------------|--------------|-------------------|--------------|--------------|
|   | 24 hours     | Prime Time   | Day Time     | 24 hours          | Prime Time   | Day Time     |
| Canale 5  | 15.5%        | 14.9%        | 15.9%        | 16.0%             | 16.6%        | 16.1%        |
| Italia 1  | 4.8%         | 5.4%         | 4.8%         | 6.8%              | 7.2%         | 6.8%         |
| Retequattro   | 3.9%         | 4.7%         | 3.8%         | 2.9%              | 3.2%         | 2.8%         |
| <b>TOTAL GENERALISTIC CHANNELS</b>                                | <b>24.2%</b> | <b>25.0%</b> | <b>24.5%</b> | <b>25.7%</b>      | <b>27.0%</b> | <b>25.7%</b> |
| <b>TOTAL MULTI CHANNEL, PREMIUM CINEMA CHANNELS AND TV SERIES</b> | <b>7.4%</b>  | <b>7.5%</b>  | <b>7.2%</b>  | <b>8.3%</b>       | <b>8.1%</b>  | <b>8.1%</b>  |
| <b>TOTAL MEDIASET ITALY</b>                                       | <b>31.6%</b> | <b>32.5%</b> | <b>31.7%</b> | <b>34.0%</b>      | <b>35.1%</b> | <b>33.8%</b> |

and preserving a shared historical memory, to public attention.

Holocaust Memorial Day, 8 March, 25 April, 2 June and 25 November have therefore become components in a calendar of communication based on historic transitions and social achievements. Alongside this, a decision was made to present a position on environmental issues, the horror of contemporary genocide and war, gender equality and on the values of social connection and mutual respect.

Rete4 believes that part of a TV channel's responsibility is to express a world view and build a community, above all by employing its own voice.

The Mediaset Group in Italy has managed to attract audiences from every age group – with a particular focus on the coming generation – and social class, thanks to its television programme scheduling and selection of programmes capable of meeting all 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 departments 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 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 are defined.

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 users.

To further demonstrate the quality of the entertainment product, some examples are programmes like "*Striscia la Notizia*", "*Le Iene*" 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 department 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 department chooses and develops stories that celebrate the principles and positive values of the company today and consequently also reflect the ethical principles 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.

The Mediaset Group's TV series department 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 deemed sufficient to fully satisfy Mediaset's needs.

The 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.

In 2019 the first experiments began in co-financing agreements with SVOD operators (Amazon and Netflix) on original productions. Specifically, the agreements involved partial financing by the Mediaset

Group and availability of the product after an exclusive initial window for the SVOD operators.

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

For the creative line of Taodue and Medset, this is conceived by the Chief Executive Officer, who through continuous exchange with Mediaset Group broadcasting line managers, guarantees the alignment of content creation activities with the values and policies established by the organisation itself.

Likewise, the alignment of the Mediaset Group's ethical principles and the quality of content are guaranteed through the Company Leaders' and Mediaset Group broadcasting line managers' constant monitoring of the production and creation of artistic content. Even if not official, this process is expressed in the modus operandi employed for products created both internally and externally.

The distribution of the multimedia and television content produced by Medset is managed by a third-party company, as well as through the Group's internal channels, through specific distribution licences that satisfy the legal requirements (e.g. film classification).

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. 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 - demonstrate the extreme emphasis on a type of film that has always shaped the history of our cinema.

2019 was also marked by films which can't be considered as representing the comedy genre alone, however: dramas such as

*Domani è un altro giorno*, by Simone Spada with Marco Giallini and Valerio Mastandrea; mystery/thrillers like *Into the Labyrinth* by Donato Carrisi with Tony Servillo and Dustin Hoffman; comedy/horrors such as *Sono solo fantasmi* with Christian De Sica; these all represent a constant search for new inspiration, able to attract an increasingly demanding audience.

The thread that runs through all of them remains Medusa's mission for Italian cinema, which simultaneously means guaranteed selection, production and distribution of the best products, in an attempt to promote national and local artistic and professional excellence. In order to face up to the competition of foreign products, this commitment must always be ensured according to top industry standards.

The value of the decisions taken was demonstrated by the highest takings of the year in the Italian film category: *Once Upon a Time in Bethlehem* with Ficarra and Picone (EUR 13.4 mil. in the year; 15.3 in total), which marked the return of the famous Sicilian comedy duo. Another great result, the extent of which was fairly unpredictable, was *When Mom Is Away* by Alessandro Genovesi,

with Fabio De Luigi (EUR 7.5 mil.), with the third highest takings among international films.

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

### **News and Sports**

In 2019, Mediaset developed and consolidated its integrated system model for News and Sports across its networks and multimedia platforms.

The system is based on several elements.

The first of these is the three national news networks: Tg5, Tg4, Studio Aperto and the Sport Mediaset agency; each of them has specific characteristics and is geared towards a certain type of audience:

- *Tg5* is characterised by its leading position, completeness and impartiality in its way of making news across the board;
- *Studio Aperto* is a news network for

young people, agile and brief which emphasises the main stories and current events;

- *Tg4*, with a complete restyling of the evening news as of September 2018, attracts Rete 4's typical audience (older viewers).
- *Sport Mediaset* covers sports events and commentary and was set up in August 2018 after the Premium Sport offer came to an end.

Studio Aperto, Tg4 and Sport Mediaset all reference the News Mediaset agency for supply of content. The agency was set up in March 2010 and guarantees uniformity and completeness of information.

A new transition occurred in June 2019: six agencies (TG4, Studio Aperto, Tgcom24, Sport Mediaset, Pagina 101 and RMC) were closed and converted into brands. The Agency ceased merely to be a provider of reports for the agencies and became a producer and distributor of multi-platform content through its brands.

The infotainment and in-depth news analysis productions represent another key element

in the Mediaset network information structure, from the *Videonews* agency, which has its own staff of journalists that may sometimes be supplemented through collaboration with journalists from News Mediaset (see specials or election evenings).

The main infotainment and journalistic analysis productions from 2019 are indicated below:

- Canale 5 daytime with *Mattino 5*, *Pomeriggio 5*, *Verissimo* and *Domenica Live*, leaders for their own commercial target audiences;
- “Live – Non è la D’Urso” came to the early evening slot on the flagship channel precisely in 2019;
- Rete 4 in prime time, a new strategic challenge in terms of Group Information, which gave rise to many successful programmes: “Quarta repubblica”, “CR4 - La repubblica delle donne”, “Dritto e Rovescio”, “Fuori dal coro”, as well as the evergreen “Quarto grado”, which has always been a leading product for the network;

- late evening on Canale 5 with the productive partnership of Supercinema, X-style, #Hype and Confessione Reporter on Rete 4;

The *Meteo.it* Mediaset brand represents a significant presence in multimedia content. It's the leading Italian weather forecasting system, spread across TV, the web, mobile and radio, and is completely free of charge.

*Meteo.it* is a highly renowned and authoritative national scientific leader, made up of a staff of specialists, journalists and meteorologists, as shown by over 10 million users who follow the Mediaset brand's forecasts each day across the various multimedia platforms.

The service offers 25 different television productions per day, 365 days a year, to meet all the needs of the different TV channels in the Mediaset Group broadcast offering, totalling about 9,200 productions per year.

In particular, special live reports are broadcast during exceptional bad weather events, providing a public service:

- around 8 million<sup>17</sup> viewers every day (unique users, unique contacts) receive the TV information from meteo.it;
- daily radio broadcasts, including Mediaset group radio and other national and regional radio stations;
- the digital traffic<sup>18</sup> for meteo.it on web and mobile in 2019 was 262,465 unique daily users with 612,000 daily page views, making a total of 31.5 million unique users between web and app<sup>19</sup>;
- as far as social media traffic is concerned, there are more than 1,300,000 active fans, representing growth with respect to the previous year;

With respect to sports news in 2019, football events in the international UEFA Nations League and European Qualifiers were broadcast, and Mediaset's offering was enhanced with the most prestigious event starting from the autumn: the UEFA Champions League. Broadcasting rights

were acquired for a weekly match thanks to an agreement with Sky: the new formula, with four Italian teams qualifying, means that the most important matches can be broadcast. All the main events related to the world of football were monitored, processed and analysed by Mediaset's news, commentary and in-depth programmes. Football is joined by a great deal of content related to the motoring world: the second broadcast season of Formula E in 2019 saw its consolidation.

We would also highlight all the different forms assumed by the TGCOM24 all-news system: the television network, breaking news on the free generalist and thematic networks, on the RadioMediaset radio network and on the main national private radio stations, the website TGCOM24.it, apps for smartphones and tablets and official accounts on social media networks (Facebook, Twitter and Instagram) and a dedicated channel on the YouTube platform.

The multimedia performance of News and Sports information should be noted,

indicated by the video views (VOD) for TGCOM24.it on web and mobile (340 million in 2019). The multimedia offering of TGCOM24 is followed by approximately 30 million unique browsers per month.

In relation to mobile use, there were over 6 million downloads of the TGCOM24 app, with an increase of 3.6% compared to the previous year (data updated to December 2019) and SportMediaset app downloads amounted to 4,061,162 (December 2019) with an increase of 3.4% compared to December 2018.

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 contemporary quality 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

17: cumulated data derived from the meteo.it windows on Mediaset networks

18: daily average on a monthly basis - source: Audiweb -

19: source: Webtrekk



channels, but also for the world of infotainment. These products also fall under the Videonews agency.

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 in order to guarantee the audience a useful and up-to-date service.

To this end, Mediaset as a company encourages the fight against the phenomenon of fake news and celebrates International Fact-Checking Day, which was held on 2 April in 2019.

The creation of the services follows all the regulations in the area of occupational health and safety. This is first and foremost to guarantee the safety of all employees and collaborators of the Mediaset Group, and in the specific case of 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 TV 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 agencies, 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 proved fundamental to implement a convergence between television and the different online media.

The agency editors have a function of coordination, but with absolute respect for the freedom and autonomy of the individual broadcasts, written, conducted and organised by independent and autonomous writing and editorial working groups. The broadcasts deal with current events, but

always with attention, which is also ensured by the coordination of the editors, to the following: issues of social inclusion of the most vulnerable (at the centre of public, and televisual, debate as never before), protecting the environment, the risks of climate change and the opportunities offered by a transition to a green economy.

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 fraud perpetrated against society's more vulnerable 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 active audience participation, at the same time demonstrating a broad consensus and a growing awareness of these topics.

In 2019, collaboration with the European Commission was renewed and gave rise to a series of evening programmes entitled "Giovane Europa", broadcast on the TGCOM24 channel. The rights for the format

created were granted to the European Commission for its own communication platforms. The same year saw the production of the project resulting from the European Parliament's 2018 Call for Proposals. It developed three formats, one in collaboration with Mediaset España, broadcast during the year:

-Cavoletti da Bruxelles - 30 episodes - TGCOM24

-Insieme Juntos - 8 episodes - TGCOM24 / Canal4 (Spain)

-Dov'è l'Europa? - 4 episodes - FOCUS

With a view to optimising the Group's news products in terms of both creation and use, it has progressively implemented an agency and commentary digitisation project by introducing technology based on the DALET GALAXY platform. This allows sharing, management and broadcasting of all content produced by the agency in the format of files, eliminating tape cassettes. The digital newsroom thus allows for a better, faster and cheaper way to use all the materials that are made directly or found online.

In 2019, the Dalet system came to be fully up and running on the News in the Cologno

Monzese and Rome Palatino production centres and in the 9 regional agencies. The newsrooms of the 2 production centres are synchronised, allowing all users to access the same content, regardless of location.

The project to digitise productions by Videonews, including Mattino5, Pomeriggio5, DomenicaLive and Fuori dal Coro, began in the final quarter of 2018. The first release in this project occurred in May 2019.

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 stay informed of what is going on in the world. Specifically, TG5, in its main edition at 8 PM provides a subtitling service for the hearing impaired in order to make accessing the content easier.

### **Radio**

The Mediaset Group has again expanded its commercial radio wing through the acquisition of Radio Montecarlo in 2018,

which joins R101, Radio 105, Virgin Radio Italy and Radio Subasio.

Each of these radio stations is characterised by its own line expressed through radio programs/formats (for example radio of young target programmes -Radio105-; "flow" (like format) radio -R101-, "vertical" radio - Virgin Radio; "elite" radio with high-profile target-RMC; "family" radio with distinctive elements from Italian tradition-Radio Subasio).

In relation to this line, 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 as well as the advertising content aired.

The Mediaset Group undertakes to maximise 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 smartphones, 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; with respect to the content users make themselves, a disclaimer is filled out, which for minors must be signed by the individual with custody over them.

To guarantee users' privacy, the messaging systems used hide the mobile telephone numbers of listeners, who can only be

contacted by the people employed in the company for that purpose.

### ***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 create services and content deployable across all the main connected digital platforms (desktop devices, mobile and wearable devices, tablets, smart TVs, etc.) and to promote digital extension initiatives for free-to-air programmes (TV and Radio) as well as to make its broadcasting products, like news and entertainment, accessible across all digital platforms, consequently improving advertising revenue.

The Mediaset digital product range is divided into two main thematic areas:

- **Video Hub:** the chosen location for video content consumption is the revamped **Mediaset Play** platform.

Online since June 2018, the platform has been completely redesigned and is

available on its own website, through its mobile apps (iOS and Android) and through an innovative TV app for hbbtv/mhp devices. The offering allows live streaming of TV channels, including the possibility to watch live programmes from the start (the Live Restart function), and catch-up on demand for most free-to-air television programming. Users can watch entire episodes or choose from hundreds of clips taken daily from TV programmes and ad hoc content created for mobile use. The integration of the Digital Content Factory with editorial programme offices has made it possible to achieve a wide range of various formats on the different digital platforms, fully in line with the editorial approach.

Total Mediaset Properties Video Content consumption amounted to around 1.4 billion over the year, representing 68% growth on the previous year, with 213 million hours of video generated in total (Source Webtrekk).

- **Information Hub:** the Information hub, under the **TGCOM24** brand, is internally divided into News (under the *TGCOM24* heading), Sports Information (under the

Sportmediaset heading) and Weather Information (under the *Meteo.it* brand).

During the year, the Information hub audience saw significant growth, reaching an average Total Audience of 2,175,000 unique daily users in 2019 (Source Audiweb 2.0, overall perimeter with TAL), positioning itself under the TGC24 brand in third place in the Italian digital information market.

In addition, the series of **Mediaset Apps**, with a monthly average of **6.0 million unique users** recorded in 2019, ranks in the first two places on the Italian broadcasting scene (Source Audiweb 2.0 media Jan-Nov 2019). In this context, the free Tgcom24 App exceeded 6.0 million downloads, the weather forecasting service (Meteo.it) reached 11.2 million downloads with its App and finally the Sportmediaset App reached 4.1 million downloads. (Source: App Annie at 31 December 2019)

Distribution agreements were confirmed with all main partners in 2019: IOL (which combines the top 2 portals Libero and Virgilio), with Microsoft (msn.it) Citynews (Today.it and all vertical websites), Fanpage

(Ciaopeople publishing group) and SuperguidaTV, the most important Italian digital TV guide.

These agreements make the best use of and promote the content chosen by R.T.I., allowing another audience to be reached, available according to the different needs of the broadcaster or sales house. Taking external distribution into account as well, the video view total exceeds 1.5 billion videos for the year.

Note that Auditel measurement of digital audience on different devices began in 2019. This measurement will lead to Auditel identifying the Total Audience in 2021.

As far as **Radio** is concerned, 2019 saw further revamping of some of our stations' main digital destinations, with the creation in particular of the new RMC and Radio Subasio websites as well as the release of the new United Music App, which has one of the biggest free music offerings.

In relation to **Social Media Network** presence, Mediaset confirmed itself as one of the leading European media companies in creating engagement with its communities: 41 million total likes on Mediaset network

Facebook pages, over 8 million followers on Twitter accounts and more than 12 million followers on Instagram accounts.

Social Media Network activity allows the attention of the active audience to be captured on various channels, differing by age and composition.

The distribution of exclusive content, previews and live streaming promotes the TV schedule and expands programme awareness to a digital audience, creating interaction opportunities. Short programme extracts accompanied by a direct link to our websites attract traffic to Mediaset Play, increasing the viewing numbers of videos on the platform.

2019 saw the creation of the first synergies between **Mediaset Play's** AVOD and **Infinity's** SVOD. This will generate new sources of revenue connected to the free-to-air networks' digital business, but also and above all in terms of organisation, to create a shared customer journey aiming to identify free-to-air/pay users as individual Mediaset customers.

| AUDIENCE SHARES (medium figures)<br>SPAIN 2019    | INDIVIDUAL   |              |              | COMMERCIAL TARGET |              |              |
|---|--------------|--------------|--------------|-------------------|--------------|--------------|
|   | 24 hours     | Prime Time   | Day Time     | 24 hours          | Prime Time   | Day Time     |
| Telecinco   | 14.8%        | 14.8%        | 14.8%        | 14.1%             | 13.7%        | 14.3%        |
| Cuatro  | 5.3%         | 5.8%         | 5.1%         | 6.4%              | 7.0%         | 6.2%         |
| <b>TOTAL GENERALISTIC CHANNELS</b>                | <b>20.2%</b> | <b>20.6%</b> | <b>19.9%</b> | <b>20.5%</b>      | <b>20.7%</b> | <b>20.5%</b> |
| <b>TOTAL SEMI-GENERALISTIC AND THEME CHANNELS</b> | <b>8.8%</b>  | <b>7.8%</b>  | <b>9.2%</b>  | <b>10.1%</b>      | <b>8.4%</b>  | <b>10.9%</b> |
| <b>TOTAL MEDIASET ESPAÑA</b>                      | <b>28.9%</b> | <b>28.4%</b> | <b>29.2%</b> | <b>30.6%</b>      | <b>29.1%</b> | <b>31.3%</b> |

### ***The group's offering in Spain***

The Mediaset Group in Spain carefully and meticulously oversees the production and distribution of its content to offer a qualitatively valid product capable of representing excellence on the market.

Both the entertainment and news content refer to “Ley 7/2010, de 31 de marzo, General de la Comunicación Audiovisual” which regulates the audiovisual sector, internal procedures and regulations as well as the Group Code of Ethics.

Indeed, constantly living up to principles like plurality and diversity of information sources, freedom of expression and journalistic independence, impartiality, non-discrimination and accurate information,

creation of content in line with corporate values as well as the application of ethical rules that pervade all company activities is ensured. This way, independent broadcasting is guaranteed, also through internal mechanisms so as not to meet with any external 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 España integrates various tendencies and opinion into its information and entertainment programs to offer quality audiovisual 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 executive 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.

Innovation in creation of content is yet another fundamental factor for maintaining

leadership in the audiovisual industry. That's why the New Project Area is always in contact with the producers and distributors to stay abreast of what's new nationally and 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 España. 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, the 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, the Mediaset Group in Spain can broadcast and transmit its signal with a coverage of 98% of the Spanish population through 2,916 transmission or broadcasting centres.

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

Finally, given the immediacy of the information delivered with increasing frequency through social networking sites,

the Mediaset España agency checks its sources thoroughly. 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 España 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.

We would highlight that, in 2019, Mediaset España broadcast 43,569 hours of subtitled programmes, about 1,476 hours of broadcast translated with sign language and 2,426 hours with audio description.

## 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 specialised 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: 40-60-90-second videos created for the client and aiming to explain the product in greater depth than a classic commercial;
- Short format characterised 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 organised 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 the "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 (also) the broadcaster.

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, legal cannabis, dating sites for sexual purposes) or in relation to the content of the message itself (e.g. vulgarity, violence, etc.).

This editorial judgement varies depending on the characteristics of the medium and

therefore also of the target audience for which the advertising is intended.

Note that, on 8 January 2018, Agcom closed proceedings, with a warning against proceeding with the practice challenged, concerning advertising overcrowding brought against Italia1, Canale 5 and Rete 4 in September 2017 with reference to exceeding the crowding limit for Group radio (Radio 101) self-promotion messages.

These resolutions were promptly appealed and an application for interim relief was filed by R.T.I. with the competent administrative judge.

R.T.I. promptly took it upon itself to bring its conduct in line with the new stance of Agcom outlined in the above-mentioned resolutions. Specifically, R.T.I. began to bring its conduct into line on 7 February 2018 (in the absence of a deadline set by the resolutions themselves), thus complying with the time limits for processing the application for interim relief. Nevertheless, in April 2018 Agcom challenged Italia1, Canale5 and Rete4 with regard to their advertising overcrowding during the months of January and February 2018 (despite the Council

Chamber having met after those dates) for the tally of the Group's radio self-advertising spots (Radio 105).

In November 2018, Agcom brought the proceedings to an end, imposing penalties of EUR 20,658 to Canale5, EUR 20,658 to Italia1 and EUR 20,658 to Rete4. The penalties were appealed with the Regional Administrative Court (TAR) in January 2019.

On 16 April 2019, the Lazio Regional Administrative Court rejected the three appeals against the Agcom challenges and on 16 July 2019 the sentences were appealed with the Council of State.

The Mediaset Group is committed to broadcasting messages that have more than just a commercial purpose. To that effect, Mediaset 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 solving 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 public educational 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, Pubblica 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 enable 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 for the Self-Regulation of Commercial Communication, which the company has been part of since 1995.

In 2019 these Guidelines were enhanced, in compliance with the new European standards, with indications concerning "environmental protection" and a new Code of Ethics for the technology sector.

In recent years, Publiespaña S.A.U. undertook an internal reorganisation process to create as uniform a structure as possible with 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.

For the purposes of the internal supervisory system, a commercial policy has been implemented which allows improved monitoring of the advertising content prepared. This is examined and monitored weekly by three Directorates General (Sales, Digital Media, Marketing, Operation and Sale services), who monitor the correct broadcasting of the content.

These Directorates work in close collaboration with the Group Legal Department.

In order to avoid any proceedings for misleading advertising, Mediaset España voluntarily submits any doubtful case in advance to the Association for the Self-Regulation of Commercial Communication (Autocontrol). 1,419 requests for an opinion in advance were submitted to Autocontrol in 2019.

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.

Further compliance checks are carried out with regard to advertising spots for the gambling and betting sector.

### 4.3 PROTECTION OF MINORS

The Mediaset Group has always been attentive to the protection of minors<sup>20</sup>. 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 Concerning Television and Minors signed in November 2002, which commits the Group's networks to the monitoring of programmes offered to make sure it observes the constraints in place to protect young viewers. Through the application of art. 34 of the Audiovisual Media Services Directive, the Mediaset Group has implemented a series of organisational processes aimed at assessing, identifying and adequately

indicating any programmes "that may damage the physical, mental or moral development of minors", providing users with detailed information;

- notification of the nature and contents of the transmission, linear and non-linear, free of charge and pay per view, using coloured dots at the beginning of each fiction programme (film, series, 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). Further information on the programmes - useful for directing users' choices also in relation to the protection of minors - is provided through information tools accompanying the content (e.g. EPG for digital terrestrial, program information on the web and apps);

- the offering dedicated specifically to minors, thanks to 24-hour programming of the three free-to-air channels Boing (from 2004), Cartoonito (from 2011) and Boing Plus (from July 2019).

The Mediaset Group is also committed to promoting responsible TV consumption by users, planning periodic campaigns on the use of parental control, in which the viewer is reminded of the possibility of activating the blocking device through the decoder settings to prevent the viewing of V.M.14 content potentially harmful to minors (the latest was broadcast on all networks from September 2018 to the start of 2019).

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 web pages - available to users on the Mediaset Group website ([www.mediasetplay.it](http://www.mediasetplay.it)).

Appropriate corporate structures (Directorate for Documentation and Institutional Analysis and Directorate for

<sup>20</sup> The Group's Code of Ethics is implemented by all Group companies except for the Mediaset Group in Spain, which operates its own code based on the parent Company's. The new Code of Ethics adopted by Mediaset S.p.A. and its subsidiaries in 2019 retains a specific article (Article 8 "Integrity and protection of the person") with provisions dedicated to protecting minors. It states: "The Mediaset Group rejects child labour and assigns primary importance to protecting minors and suppressing their exploitation in any form whatsoever, including through electronic and computer systems."

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 Concerning Television and Minors (November 2002), the Mediaset Group has always participated via its own representative (as Vice Chairman) to help the Committee implement the Code.

This year, the Committee instituted 9 cases of proceedings against Mediaset programmes. In two of these cases, determining violations of the Code: one episode of Verissimo (interview with F. Corona) and one episode of Pomeriggio Cinque, in which certain content connected with the sexual sphere was challenged. (Another case of proceedings against Pomeriggio Cinque, pending in 2019, was closed in recognition of the violation in January 2020.)

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.

In March 2019, the proposal to revise the Code was submitted to the Italian Ministry of Economic Development, to initiate the procedure envisaged in Article 34 paragraph 6 of Legislative Decree No. 177/2005 as amended.

In anticipation of definitive approval of the text, Mediaset has promoted exchange with other Broadcasters that aims to find common ground with a view to defining television content classification criteria.

Also in 2019, Mediaset took part in the technical discussions on the “classification of audiovisual works for the web and video games” arranged by Agcom within the co-regulation monitoring body, and in approving the definitive guidelines.

The Regulation on classifying audiovisual works for the web and video games applies to audiovisual works primarily intended for distribution on electronic communication services or networks.

This new classification system is currently in the process of being adopted (The

Regulation is to be adopted by February 2020).

In 2019, Agcom did not initiate any proceedings concerning the protection of minors according to Article 34 of the Audiovisual Media Services Directive.

In April 2019, the penalties imposed by Agcom in 2019 for the transmission of content unsuited to an audience of minors during certain episodes of Grande Fratello 15 were contested at the Lazio Regional Administrative Court.

In addition to the general principles, Mediaset and the Italian subsidiaries within the Group Code of Ethics (see also paragraph 1.3 and 3.2) have also adopted a provision explicitly on the protection of minors.

Then there is a specific procedure, applicable to the company R.T.I., the O.G. “Preliminary checks for the issue and publication of content”, aimed at preventing the dissemination of images not suitable for minors.

Lastly, the Group has confirmed its commitment to make the web a safer place for minors, also at European level. The

“YouRateIt” system was successfully tested on Mediaset’s [16mm.it](http://16mm.it) platform. “YouRateIt” is a classification tool for user-generated content produced between 2013 and 2015, in collaboration with the British BBFC and Dutch Nicam (two of the leading organisations assessing audiovisual content in Europe). Following this testing, the European Commission decided to introduce content classification tools - Art. 28 ter 3. letter g) - among the measures in the proposed revision of the Audiovisual Media Services Directive (Directive (EU) 2018/1808 of 14 November 2018, effective from 19 December 2018). These measures, deemed appropriate for the protection of minors on video sharing platforms, may include the mechanisms applied by “YouRateIt”. The European Commission explicitly cited the experience of the “YouRateIt” pilot in Mediaset among the interventions to protect minors from harmful content on Internet platforms, as part of the Impact Assessment document which accompanied the proposal to revise the Directive.

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.

Mediaset TV news and public service and in-depth information programmes focused continuously on the issue of cyberbullying and the potential risks connected with the Internet.

Regarding commercial communication, the advertising sales house Publitalia ‘80 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.

Regarding the participation of minors in the content produced, the **Mediaset Group in Spain**, in addition to following the procedures issued by the Community of Madrid Labour Department, 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 characterised as prostitution or corruption of minors”.

As for the impact of the content transmitted to minors, the Spanish regulation requires the classification of the audiovisual 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 (CNCM). 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).

For these purposes, the Department of Institutional Relations works continuously in close contact with the Antenna Department in order to clarify and qualify any content

that may have an impact on regulations for minors.

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.

Please note that there were five sentences from the CNCM in 2019 that resulted in

penalties for the Company due to non-compliance with marketing communication regulations, a total amount of 1.02 million euros.

#### **4.4 PROTECTION OF INTELLECTUAL PROPERTY**

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

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

both to prevent offences and to obtain compensation.

These actions have resulted in judges taking measures with significant compensatory obligations which, although pending further stages, confirm the legal direction of copyright protection. Particular attention was also paid to anti-piracy activity for Group-owned films in cinemas.

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<sup>21</sup> has a specific article on this

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<sup>21</sup> The Group's Code of Ethics is implemented by all Group companies except for the Mediaset Group in Spain, which operates its own code based on the parent Company's. The new Code of Ethics adopted by Mediaset S.p.A. and its subsidiaries in 2019 contains Article 12 (Intellectual property), which states: "1. The Mediaset Group holds important intellectual and industrial property rights, deeming their correct management fundamental. All Addressees whose activities, duties or functions in any way involve processing data, information or documents regarding intellectual and/or industrial property rights within Mediaset Group companies are therefore obliged to protect them with the utmost diligence, accuracy and confidentiality. 2. The intellectual and/or industrial property rights to products, works and/or knowledge developed in the context of work belong to Mediaset Group companies, who have the right to make use of them, according to the methods and time frames deemed most suitable, in compliance with the regulations applicable in each instance. 3. At the same time, the Mediaset Group respects and protects the intellectual and industrial property rights of others, ensuring that company activities (in both production and commerce) use solely original products and works, regularly licensed by the legitimate owners and used

subject stating that anyone processing data, information or documents regarding intellectual and/or industrial property rights within Mediaset Group companies must do so with the utmost diligence, accuracy and confidentiality.

In the case of foreign subsidiaries such as Medset, external legal firms meeting the local regulatory requirements act to protect intellectual property and copyright.

For R.T.I., there is a specific O.G. in place which regulates this case: "Procurement of television productions and purchase of formats and licences".

With respect to reporting and shutting down pirate websites who transmit sports, cinema or series content, 35 portals were identified in 2019 that were transmitting cinema and series content to which the Mediaset Group holds the usage rights. 34 cases closed with the sites disabled, whereas one was dismissed because the portal took action spontaneously.

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.

Mediaset España has always been at the forefront of all initiatives aimed at combating piracy and protecting intellectual property.

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

broadcasting rights in the contract with the producer in question.

Mediaset España has adopted a contractual monitoring system for films produced by Telecinco Cinema which combats illegal access to content produced while the film is shown in cinemas (from film release until viewing on DVD/Blu-ray).

It should be noted that the Mediaset España Code of Ethics also regulates all aspects relating to the defence of intellectual property.

## 4.5 AUDIENCE INTERACTION AND CUSTOMER SATISFACTION

### FREE TV

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

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in compliance with the authorisation received."

television audience continuously throughout the day; it is also able to detect the number of people watching television in each time slot, which channel/programme is viewed and for how long. Each viewer is classified according to socio-demographic variables such as sex, age, geographical area and level of education.

Consequently, both the quantitative and qualitative appreciation of each individual transmission are known. This analysis also allows the individual items of content offered to be assessed at a quantitative level.

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 media activity that is managed by a dedicated company structure, which constantly interfaces with the programme lines for sharing content to be published.

Every individual Videonews programme has an inbox to which viewers can send reports.

For TgCom24 in particular, there is a constant upgrading of social media activity by agency 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 2 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; agency staff moderate the comments. From January 1

to December 31, 2019, there was a significant increase in traffic on TgCom24 social media platforms. Specifically, the official Facebook page has over 2.2 million followers (up 3.8% compared to 2018. Data source: Facebook Insights), the official Twitter profile has 988,000 followers and Instagram 577,000 followers (Data source: Twitter Insights).

The LinkedIn profile was also launched at the end of 2019.

Finally, note that Auditel measurement of digital audience on different devices began in 2019. This measurement will lead to Auditel identifying the Total Audience in 2021.

The main television ratings are analysed to determine the visibility and following of news products.

These quantitative research instruments permit analysis of their reception, which in turn allows the handling of the content on offer to be optimised and assessment of different deviations from the broadcasting objectives. Quantitative analysis is a valid tool on which to lay the foundations for wide-ranging investigations as well, enhanced by



qualitative assessments and assessments of the competitive context, with the aim of offering the best product to the end user.

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, Facebook, Instagram, Twitter, voice mail, direct contact via the radio channel phone number) and in some cases users are even 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 has surveys on public appreciation, through TER (Tavolo editori radio) and in collaboration with Gfk, Ipsos

and Doxa. The surveys consider the listening figures (on an average day, seven days and average quarter of an hour).

### **ADVERTISING SALES HOUSE**

Publitalia '80 and the Group's other sales houses implement many types of survey 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

Complete analysis of the Mediaset offering with:

- Target analysis
- Multimedia plan development
- Performance measurement

Ad hoc research, with:

- Efficiency and effectiveness of the medium
- Awareness monitoring: phone surveys to monitor what people remember, whether spontaneously or with assistance, about campaigns/products/companies. These surveys are carried out pre-campaign and post-campaign.
- Qualitative assessment of the audience

### **TECHNOLOGICAL INNOVATION FOR USER INTERACTION**

The Mediaset Group has always been in line with the most recent technological

developments; it has adopted one of the leading and most innovative B2C interaction tools, Zendesk, and the Mapp and Accengage solutions for handling outbound communication.

The tool was already active on Infinity from the launch of the service itself, and has enabled a relationship with users that both enhances the experience of using the services and allows the reporting and management of technical issues.

It allows various touchpoints to be activated, including live chat, e-mail and SMS. These channels are already active on Infinity and will soon be extended to the other platforms as well.

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.

Another major user interaction tool introduced is the Chat Bot. Chat Bots are programs that simulate a conversation between a robot and a human being, incorporating 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.

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

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).

With particular reference to paid services, Mediaset constantly monitors customer

satisfaction through such tools as NPS (Net Promoter Score) and surveys of the entire customer and ex-customer base, aiming to identify the main actions for correcting and developing the service and ensuring the highest standards of quality for customers.

In line with the Italian companies of the Mediaset Group, **Mediaset España** is in constant contact with its users via various applications, as well as through the standard audimetric measurement methodologies<sup>22</sup>. In this way users can take part in the programmes broadcast and make their voices heard, thus influencing and making major decisions for programmes in the early evening slot. Moreover, the use of dedicated spaces on the web platform has led to the launch of competitions or initiatives to collect possible content offerings from the public such as photos or videos. All content is viewed before publication. In the same way, users can send their opinions, complaints, suggestions or questions to the various addresses of Mediaset España S.A., through the applications created for specific individual programmes or through the new PlayBuzz platform which allows users to

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<sup>22</sup> We would also highlight that targeted qualitative audience studies were carried out in 2019 in collaboration with leading research and measurement companies.

interact anonymously. On each website, there's also a contact form through which users can provide a further indication of their opinions, complaints or suggestions. 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 item of content.

In 2019 dedicated working groups were created, under the supervision of the Antenna Director, in collaboration with the Self-Promotion Department and Marketing and Programming Department, in order to develop cross-sectional product promotion strategies for all Mediaset España media.





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5 ■ People





**4,984** Mediaset Group's workers



**49,973** hours of training during the year



**96%** permanent contracts



**48** of female workforce

## 5.1 PEOPLE IN THE MEDIASET GROUP

Group employees are mainly concentrated in Italy and Spain: approx. 68% in Italy while approx. 31% in Spain. A lower share of approx. 1% is employed in offices located in France, the United Kingdom, Germany and South America, hereinafter grouped under the "Other Countries"<sup>23</sup> category.

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

|                        | 2019         |              |              | 2018         |              |              |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                        | Men          | Women        | Total        | Men          | Women        | Total        |
| <b>ITALY</b>           |              |              |              |              |              |              |
| Permanent contract     | 1,684        | 1,633        | <b>3,317</b> | 1,708        | 1,644        | <b>3,352</b> |
| Temporary contract     | 70           | 20           | <b>90</b>    | 77           | 46           | <b>123</b>   |
| <b>Total</b>           | <b>1,754</b> | <b>1,653</b> | <b>3,407</b> | <b>1,785</b> | <b>1,690</b> | <b>3,475</b> |
|                        |              |              |              |              |              |              |
| <b>SPAIN</b>           |              |              |              |              |              |              |
| Permanent contract     | 748          | 703          | <b>1,451</b> | 606          | 626          | <b>1,232</b> |
| Temporary contract     | 62           | 34           | <b>96</b>    | 6            | 5            | <b>11</b>    |
| <b>Total</b>           | <b>810</b>   | <b>737</b>   | <b>1,547</b> | <b>612</b>   | <b>631</b>   | <b>1,243</b> |
|                        |              |              |              |              |              |              |
| <b>OTHER COUNTRIES</b> |              |              |              |              |              |              |
| Permanent contract     | 17           | 12           | <b>29</b>    | 21           | 20           | <b>41</b>    |
| Temporary contract     | 1            | -            | <b>1</b>     | 1            | -            | <b>1</b>     |
| <b>Total</b>           | <b>18</b>    | <b>12</b>    | <b>30</b>    | <b>22</b>    | <b>20</b>    | <b>42</b>    |



<sup>23</sup> The 4 employees operating in the overseas branches of Netsonic in Mexico, Colombia and the United States are included in the 2019 figures for the "Other Countries" geographical area.

As at 31 December 2019, and in line with the previous year, 96% 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.

As at 31 December 2019, the Mediaset Group consisted of 4,984 people, an increase with respect to 2018 connected to changes in scope of consolidation recorded during the year, mainly in Spain. The main organisational roles are held by employees: in fact, recourse is made to external contract workers<sup>24</sup> only for the performance of specific activities of a professional nature or to meet temporary needs. As at 31 December 2019, there were 397 external collaborators in Italy, including 89 interns, and approximately 1,108<sup>25</sup> in Spain.

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

| MEDIASET GROUP   | 2019         |              |              | 2018         |              |              |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                  | Men          | Women        | Total        | Men          | Women        | Total        |
| Executives       | 243          | 104          | <b>347</b>   | 242          | 107          | <b>349</b>   |
| Journalists      | 332          | 322          | <b>654</b>   | 233          | 258          | <b>491</b>   |
| Middle managers  | 405          | 414          | <b>819</b>   | 414          | 393          | <b>807</b>   |
| Office workers   | 1,578        | 1,559        | <b>3,137</b> | 1,501        | 1,579        | <b>3,080</b> |
| Industry workers | 24           | 3            | <b>27</b>    | 29           | 4            | <b>33</b>    |
| <b>Total</b>     | <b>2,582</b> | <b>2,402</b> | <b>4,984</b> | <b>2,419</b> | <b>2,341</b> | <b>4,760</b> |

<sup>24</sup> 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.

<sup>25</sup> The figure for external temporary workers in Spain is expressed as a cumulative data in the course of 2019.



## 5.2 DIVERSITY AND EQUAL OPPORTUNITIES

Through the Group Code of Ethics, which was updated in 2019, Mediaset 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 opportunities in terms of training, development and professional growth. Finally, the Group guarantees fair treatment and promotes constant dialogue with the social partners.

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

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

| MEDIASET GROUP   | 2019       |              |              |              | 2018       |              |              |              |
|------------------|------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|
|                  | <30        | 30-50        | >50          | Total        | <30        | 30-50        | >50          | Total        |
| Executives       | -          | 135          | 212          | 347          | -          | 143          | 206          | 349          |
| Journalists      | 76         | 354          | 224          | 654          | 10         | 278          | 203          | 491          |
| Middle managers  | 1          | 373          | 445          | 819          | 1          | 369          | 437          | 807          |
| Office workers   | 175        | 1,527        | 1,435        | 3,137        | 138        | 1,571        | 1,371        | 3,080        |
| Industry workers | -          | 19           | 8            | 27           | -          | 24           | 9            | 33           |
| <b>Total</b>     | <b>252</b> | <b>2,408</b> | <b>2,324</b> | <b>4,984</b> | <b>149</b> | <b>2,385</b> | <b>2,226</b> | <b>4,760</b> |

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

| MEDIASET GROUP  | 2019      |            |            | 2018      |            |            |
|-----------------|-----------|------------|------------|-----------|------------|------------|
|                 | Men       | Women      | Total      | Men       | Women      | Total      |
| Executives      | 1         | -          | 1          | 1         | -          | 1          |
| Journalists     | 1         | 1          | 2          | 1         | -          | 1          |
| Middle managers | 7         | 5          | 12         | 7         | 7          | 14         |
| Office workers  | 84        | 98         | 182        | 87        | 96         | 183        |
| <b>Total</b>    | <b>93</b> | <b>104</b> | <b>197</b> | <b>96</b> | <b>103</b> | <b>199</b> |

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.

The data presented provides a traditional breakdown of employees by the various professional categories, including that of "Journalists", typical of the particular business. Around 63% of the Group's employees belong to the white collar category, in keeping with the 2018 figures, with a balanced gender distribution.

As can be seen from the tables above, approx. 48% of Group employees are between 30 and 50 years of age, approx.

47% are over 50 years of age, while approx. 5% are below 30 years of age.

Within the Group, 197 people belonging to protected categories are employed in various corporate roles, with an essentially equal distribution between men and women. These represent about 4% 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 policies***<sup>26</sup>

The Group has always enjoyed great visibility on the job market and attractiveness, as demonstrated by around 24,000 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 relationships with the leading recruitment companies make it possible to actively seek and identify the best profiles on the market in relation to specific needs.

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 master's courses, through the many lectures and company testimonies in the classroom by its managers

<sup>26</sup> 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.

and offering 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 750 interviews were carried out during 2019, for both profiles with professional experience and 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;
- 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 order to guarantee new recruits an effective start-up of their work activity, the departments involved supervise all phases in the resource's induction, from activation of

the welcome and induction plan to tutoring and coaching.

In 2019, 94 people were recruited with open-ended contracts in the Mediaset Group in Italy, in keeping with the previous year. The new recruits entered the Digital, Technology and Advertising Sales areas in particular, where it was deemed necessary to facilitate the entry of new specific skills, as well as in the Operations area, where a major generational transition is underway.

58% of those recruited in the year are aged between 30 and 50 and 37% are less than 30 years old. As at 31/12/2019 specifically, around 24% of personnel under 30 were new recruits.

There was also the opportunity for 289 young people to have an internship experience in Italy lasting around 4.5 months on average.

In 2019, there was a recruitment rate of approx. 3% in Italy and approx. 4% in Spain, where 26 people were recruited below 30 years of age.

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

|                                  | 2019         |              |             |               |                   | 2018         |              |             |               |                   |
|----------------------------------|--------------|--------------|-------------|---------------|-------------------|--------------|--------------|-------------|---------------|-------------------|
|                                  | <30          | 30-50        | >50         | Total         | % Turnover        | <30          | 30-50        | >50         | Total         | % Turnover        |
| <b>ITALY</b>                     |              |              |             |               |                   |              |              |             |               |                   |
| <b>NEW EMPLOYEE HIRES</b>        |              |              |             |               |                   |              |              |             |               |                   |
| Men                              | 16           | 41           | 5           | 62            | 3.6%              | 16           | 30           | 4           | 50            | 2.3%              |
| Women                            | 12           | 19           | 1           | 32            | 2.0%              | 21           | 27           | 3           | 51            | 3.0%              |
| <b>Total</b>                     | <b>28</b>    | <b>60</b>    | <b>6</b>    | <b>94</b>     | <b>2.9%</b>       | <b>37</b>    | <b>57</b>    | <b>7</b>    | <b>101</b>    | <b>2.6%</b>       |
| <b>New employee hires Rate %</b> | <b>50.9%</b> | <b>4.9%</b>  | <b>0.3%</b> | <b>2.9%</b>   |                   | <b>75.6%</b> | <b>3.7%</b>  | <b>0.3%</b> | <b>2.6%</b>   |                   |
| <b>EMPLOYEE TURNOVER</b>         |              |              |             |               |                   |              |              |             |               |                   |
| Men                              | 1            | 11           | 82          | 94            | 5.5%              | -            | 15           | 86          | 101           | 4.6%              |
| Women                            | 5            | 12           | 29          | 46            | 2.9%              | 1            | 11           | 37          | 49            | 2.8%              |
| <b>Total</b>                     | <b>6</b>     | <b>23</b>    | <b>111</b>  | <b>140</b>    | <b>4.3%</b>       | <b>1</b>     | <b>26</b>    | <b>123</b>  | <b>150</b>    | <b>3.8%</b>       |
| <b>Turnover rate %</b>           | <b>10.9%</b> | <b>1.9%</b>  | <b>5.5%</b> | <b>4.3%</b>   |                   | <b>2.0%</b>  | <b>1.7%</b>  | <b>5.2%</b> | <b>3.8%</b>   |                   |
| <b>SPAIN</b>                     |              |              |             |               |                   |              |              |             |               |                   |
|                                  |              |              |             | <b>Totale</b> | <b>Turnover %</b> |              |              |             | <b>Totale</b> | <b>Turnover %</b> |
| <b>NEW EMPLOYEE HIRES</b>        |              |              |             |               |                   |              |              |             |               |                   |
| Men                              | 19           | 21           | 1           | 41            | 5.5%              | 6            | 12           | -           | 18            | 2.9%              |
| Women                            | 7            | 9            | 1           | 17            | 2.4%              | 5            | 17           | -           | 22            | 3.5%              |
| <b>Total</b>                     | <b>26</b>    | <b>30</b>    | <b>2</b>    | <b>58</b>     | <b>4.0%</b>       | <b>11</b>    | <b>29</b>    | <b>-</b>    | <b>40</b>     | <b>3.2%</b>       |
| <b>New employee hires Rate %</b> | <b>34.1%</b> | <b>3.2%</b>  | <b>0.5%</b> | <b>4.0%</b>   |                   | <b>53.7%</b> | <b>3.4%</b>  | <b>0.0%</b> | <b>3.2%</b>   |                   |
| <b>EMPLOYEE TURNOVER</b>         |              |              |             |               |                   |              |              |             |               |                   |
| Men                              | 7            | 24           | 12          | 43            | 5.8%              | -            | 13           | 15          | 28            | 4.6%              |
| Women                            | 4            | 20           | 4           | 28            | 3.9%              | 3            | 12           | 6           | 21            | 3.4%              |
| <b>Total</b>                     | <b>11</b>    | <b>44</b>    | <b>16</b>   | <b>71</b>     | <b>4.9%</b>       | <b>3</b>     | <b>25</b>    | <b>21</b>   | <b>49</b>     | <b>4.0%</b>       |
| <b>Turnover rate %</b>           | <b>14.4%</b> | <b>4.7%</b>  | <b>3.7%</b> | <b>4.9%</b>   |                   | <b>14.6%</b> | <b>3.0%</b>  | <b>5.7%</b> | <b>4.0%</b>   |                   |
| <b>OTHER COUNTRIES</b>           |              |              |             |               |                   |              |              |             |               |                   |
|                                  |              |              |             | <b>Totale</b> | <b>Turnover %</b> |              |              |             | <b>Totale</b> | <b>Turnover %</b> |
| <b>NEW EMPLOYEE HIRES</b>        |              |              |             |               |                   |              |              |             |               |                   |
| Men                              | 4            | -            | -           | 4             | 21.4%             | 2            | 4            | -           | 6             | 27.7%             |
| Women                            | 2            | 4            | -           | 6             | 31.2%             | 3            | 5            | -           | 8             | 38.3%             |
| <b>Total</b>                     | <b>6</b>     | <b>4</b>     | <b>-</b>    | <b>10</b>     | <b>26.4%</b>      | <b>5</b>     | <b>9</b>     | <b>-</b>    | <b>14</b>     | <b>32.9%</b>      |
| <b>New employee hires Rate %</b> | <b>63.8%</b> | <b>20.5%</b> | <b>0.0%</b> | <b>26.4%</b>  |                   | <b>81.2%</b> | <b>29.6%</b> | <b>0.0%</b> | <b>32.9%</b>  |                   |
| <b>EMPLOYEE TURNOVER</b>         |              |              |             |               |                   |              |              |             |               |                   |
| Men                              | 3            | 3            | -           | 6             | 32.2%             | 2            | 8            | 1           | 11            | 50.8%             |
| Women                            | 3            | 11           | -           | 14            | 72.7%             | 2            | 4            | -           | 6             | 28.7%             |
| <b>Total</b>                     | <b>6</b>     | <b>14</b>    | <b>-</b>    | <b>20</b>     | <b>52.8%</b>      | <b>4</b>     | <b>12</b>    | <b>1</b>    | <b>17</b>     | <b>39.9%</b>      |
| <b>Turnover rate %</b>           | <b>64%</b>   | <b>72%</b>   | <b>0%</b>   | <b>52.8%</b>  |                   | <b>65%</b>   | <b>39%</b>   | <b>17%</b>  | <b>40%</b>    |                   |

NOTE: In order to provide a realistic depiction of Mediaset's Group turnover rate, the calculation methodology includes only the permanent employees by age and gender in the numerator. New employee hire rates and turnover rates are calculated on the total of new hires and terminations of permanent employees for the same age groups. The total number of new hires and terminations does not take into account the variations of the perimeter due to acquisitions and terminations during the reporting period.

## **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, irrespective of the sex of employees, 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.<sup>27</sup> 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.

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<sup>27</sup>In particular, the remuneration policy applied to the Group's top management is detailed in the 2019 Remuneration Report.

## **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 department in the organisational development processes and in analysing the business development scenarios, in constant coordination with the requesting departments and heads of the various areas of the company. 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, content and the specific requirements of the recipients in order to maximise the effectiveness and efficiency of the training activity.

During the year, in line with the development of the business perimeter, specific cross-sectional training initiatives were designed and delivered which involved all areas of the company, with a view to developing vertical and horizontal integration skills within the Group.

The most important initiatives implemented in Italy in 2019 are briefly described below:

- For managers, the development project which began in recent years, focused on identifying key managerial competencies, continued through classroom sessions and one-on-one meetings involving

young graduates. In keeping with training objectives of continuous development and consolidation of management skills, cross-sectional projects were launched for company middle managers around communication and team management skills which aim to make people increasingly aware of their own communicative and interpersonal potential, with confidence about their own personal growth. Two dedicated projects were provided for a large number of Advertising Sales personnel. One was on the development of Sales Performance, with a view to offering more tools for defining sales strategy and improving personal effectiveness in dealing with customers. The other aimed to boost and refine ability in creating and communicating content in advertising product presentations. Senior managers were involved in an innovative project to combine modern discoveries in neuroscience with some specific leadership issues. The content of the project met the need to offer new ideas and ways of understanding managerial conduct at a time when it's important to know how to deal with complex situations

and demand for innovation and flexibility. An initiative was also launched for new senior managers in collaboration with the Politecnico di Milano business school. The managers took part in a series of five seminars spread over the year which aimed to support the enhancement of specific professional and management skills. In light of particular requirements in specific areas, some projects were run involving entire teams, connected with teamwork and team building. The aim was to re-establish or consolidate work processes as well as relationships within the group.

- With regard to professional activities, initiatives to develop technological skills were undertaken, with the aim of enabling people to use the new work tools effectively. Various projects were launched in connection with the need to use graphics and editing software. This is an area where personnel required upskilling or reskilling. Courses ran in parallel to keep personnel up to date and informed on specialised matters in individual areas, with special attention to those that require constant adaptation to external situations or legislation. Two

courses were designed for new recruits and those in specific roles in broadcasting, including internal teaching. Their aim was to share knowledge about the logic and development of television products and they were directed towards producing manuals describing some specific processes connected to the production sector. Language skills training continued with dedicated blended courses involving the use of a dedicated online portal with digital teaching materials, exercises and telephone lessons. A further online portal was also introduced for senior managers offering the possibility of remote video lessons with teachers who are native speakers, also with a view to spreading the use of modern digital training tools. Finally, there were activities connected to developing project management skills due to the requirements arising from the many ongoing tech projects.

- With regard to statutory compliance, the initiatives envisaged by legislation were carried out, paying attention to the specific issues of the company. In particular, Health and Safety training was delivered for new recruits and people with

roles envisaged by the Group's Safety Management System, including the Workers Refresher activity launched in the last two-year period. In compliance with Legislative Decree 231/01 and in keeping with the updated Group Code of Ethics and Compliance Programmes, a specific new course on the fundamental concepts of the Decree, on the new Code of Ethics, on the whistle-blowing procedure and on cybersecurity has been designed and released. A specific "Managing procurement of goods and services" course was also released in order to consolidate personal skills in performing a sensitive activity which is based on the ethical principles expressed in the Code of Ethics. Following the introduction of the new GDPR, a new online course on the General Data Protection Regulation was released for all personnel for training in connection with the changed regulations and compliance programme adopted within the Group. Specific in-depth sessions with content in the classroom were organised for particular people, significant with respect to the Privacy compliance programme adopted by the Group.

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 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 2019, to fund a considerable portion of the Group's training activities.



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

| MEDIASET GROUP              | Men           |                  | Women         |                  | Total 2019    |                  | Men           |                  | Women         |                  | Total 2018    |                  |
|-----------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|
|                             | No. of hours  | Hours per capita | No. of hours  | Hours per capita | Total hours   | Hours per capita | No. of hours  | Hours per capita | No. of hours  | Hours per capita | Total hours   | Hours per capita |
| Executives                  | 2,828         | 12               | 1,971         | 19               | 4,799         | 14               | 2,487         | 10               | 1,818         | 17               | 4,305         | 12               |
| Journalists                 | 1,537         | 5                | 2,721         | 8                | 4,258         | 6                | 963           | 4                | 1,062         | 4                | 2,025         | 4                |
| Middle managers             | 5,768         | 14               | 5,290         | 13               | 11,058        | 13               | 7,199         | 16               | 4,027         | 10               | 11,226        | 13               |
| Office and Industry workers | 14,991        | 10               | 14,867        | 10               | 29,858        | 10               | 18,828        | 12               | 12,316        | 8                | 31,144        | 10               |
| <b>Total</b>                | <b>25,124</b> | <b>10</b>        | <b>24,849</b> | <b>10</b>        | <b>49,973</b> | <b>10</b>        | <b>29,476</b> | <b>12</b>        | <b>19,224</b> | <b>8</b>         | <b>48,700</b> | <b>10</b>        |

NOTE: Hours of training per capita use the average of workers by category and gender as denominator. Moreover, the hours of training for industry workers have been included in the average hours of training for office workers.

**NUMBER OF HOURS OF ANTI-CORRUPTION TRAINING BY PROFESSIONAL CATEGORY**

| MEDIASET GROUP   | 2019         | %          | 2018       | %          |
|------------------|--------------|------------|------------|------------|
| Executives       | 193          | 55%        | 182        | 48%        |
| Journalists      | 287          | 44%        | 131        | 27%        |
| Middle managers  | 718          | 88%        | 116        | 13%        |
| Office workers   | 2172         | 69%        | 103        | 3%         |
| Industry workers | 0            | -          | -          | 0%         |
| <b>Total</b>     | <b>3,370</b> | <b>68%</b> | <b>532</b> | <b>10%</b> |

- almost all personnel involved

In 2019, training on issues related to **human rights** involved, throughout the Mediaset Group, 3,154 people in Italy and 6,600 hours of training were delivered.

Furthermore, in 2019, ad hoc training on anti-corruption practices was provided in Italy to the corporate structures considered most sensitive to risk. Over the year, 3,140 people in Italy were involved, to complete a wide-ranging project that began in 2017.

In 2019, the **Mediaset Group in Spain** provided training on human rights, freedom of expression and intellectual property to 8 people and 230 people for anti-corruption issues.

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 compliance

programme. Finally, all employees can access this documentation at any time on the company intranet.

For 2019 overall, the Group provided around 49,973 hours of training, an increase of approximately 3% with respect to 2018.

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.

More than 15,800 hours of training were provided in the course of 2019. Among the main initiatives were training courses on accidents and risk prevention with respect to health and safety, training courses on leadership development programmes, coaching for senior managers and managerial development courses dedicated exclusively to female personnel. Of particular note in 2019 are the Master's in the creation and management of Audiovisual Content and the Digital Marketing and Digital Advertising Sales courses.

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, 2019 saw the ninth edition of the Master's in Audiovisual Content, with 16 students taking part and three of these recruited by the Group.

An agreement was also signed in 2019 with the CES School (image and sound studies secondary school) to enable an internship programme for students within the Mediaset Group.

## 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 personal 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 personal 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.

As in the previous year, in 2019 Mediaset took part in the WHP (Workplace Health Promotion) programme promoted by the Lombardy Region, allowing the Group to obtain the workplace health promotion (ENWHP) certificate thanks to all the initiatives listed above.

### **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 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.

We would highlight the 2019 renewal of the employee and family member healthcare policy for 2020-2022 with improved services and reimbursement of healthcare expenses.

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) and mandatory and/or optional medical check-ups.

There are also one-time bonuses linked to the Company's results.

### **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

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

| MEDIASET GROUP | 2019         |              |              | 2018         |              |              |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                | Men          | Women        | Total        | Men          | Women        | Total        |
| Full-time      | 2,534        | 2,129        | <b>4,663</b> | 2,372        | 2,056        | <b>4,428</b> |
| Part-time      | 48           | 273          | <b>321</b>   | 47           | 285          | <b>332</b>   |
| <b>Total</b>   | <b>2,582</b> | <b>2,402</b> | <b>4,984</b> | <b>2,419</b> | <b>2,341</b> | <b>4,760</b> |

needs and opportunities that characterise the television business.

With this in mind, a variety of working hours has been contractually defined with the trade unions which flexibly meets the needs of both the company and its workers. Specifically and for most employees, with various specific exceptions for the operational needs of the various organisational structures, it is possible to clock in flexibly between 9.00 and 10.30 am. The remaining workers, engaged in production activity, benefit from a 7-hour work day, rather than 8.

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, 321 people in the entire Mediaset Group benefit from a part-time contract, 85% 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.

Experimentation with the Smart Working project began in 2019. It started with an initial 3-month pilot phase involving around 175 people in Human Resources, Technology and Procurement.

At the end of the pilot, the usage data collected and quality feedback from employees and managers led to institutional confirmation for all employees involved and the decision to extend the project. A second experimental phase for all remaining staff areas (around 215 employees) was launched and will end in February 2020. The project will extend still further in 2020, to all areas of the company deemed compatible, through progressive experimental phases.

## 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 all of their employees, regulating 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 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.

An agreement was reached in 2018 with the Italian trade unions to renew the supplementary company agreement applied to Middle Managers and White-Collar Workers in the broadcasting area of the Group. In particular, this agreement introduced new provisions on the classification of personnel (introducing new professional figures to match technological development) and working hours (redefined for flexibility and greater simplicity) for a more competitive model of production. Dedicated Bilateral Committees were also established for meetings and exchange concerning the addition of new professional figures or updating of existing profiles, welfare and any extraordinary projects that may affect the scope of the Group. Finally, to promote generational transition, the Group undertook to bring in at least 100 new people during the effective period of the AIA.

Finally, the agreement signed incorporates the regulatory provisions established upon renewal of the National Private Radio and Television Work Contract (signed with the Trade Unions in December 2017 and

approved by the workers' meetings in January 2018), together with the Confindustria RadioTV delegation.

The 2018-2021 renewal of the supplementary company agreement for the **Mediaset Group in Spain** was signed in 2018. This agreement improves on some of the regulatory conditions and governs aspects related to planning production requirements, internal mobility and notice periods.

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

- Mediaset España Collective Agreement (this was renewed in 2018, valid until 2021);
- 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

## 5.6 HEALTH AND SAFETY OF WORKERS

The Mediaset Group in Italy and Spain<sup>28</sup> has adopted, implemented and effectively deployed an Occupational Health and Safety Management System (OHSMS), compliant with the OHSAS 18001:2007 standard. After UNI ISO 45001:2018 comes into force, a new corporate OHSMS compliant with the new standard will be implemented in 2020. 11 Group companies have signed up to this Management System, including<sup>29</sup>: 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., Radiomediaset S.p.A, Radio Studio 105 S.p.A., Virgin Radio Italy S.p.A., Monradio S.r.l., RMC Italia S.p.A.

In 2019, in addition to Mediaset S.p.A., R.T.I. S.p.A, Elettronica Industriale S.p.A., Medusa Film S.p.A., Publitalia'80 S.p.A., Digitalia'08 S.r.l. and Taodue S.r.l., the companies of the Mediaset Group Radio Hub (except Radio Subasio and Radio Aut) also obtained

18001:2007 certification from the DNV-GL certification body.

The application of the OHSMS concerns all workers operating in all offices of the above companies and their activity as well as management of contracted work.

With reference to the new acquisitions, the Radio Subasio and Radio Aut companies have not adopted the Mediaset OHSMS in view of their limited dimensions and logistic independence of other Group companies. Assessment of bringing these companies under the OHSMS of Mediaset as well is underway.

<sup>28</sup> The occupational health and safety management system for the Mediaset Group in Spain does not cover employees in foreign offices. The foreign companies MedSet and Publieurope do not come under the Mediaset OHSMS either, but refer to local legislation.

<sup>29</sup> The Taodue company adopts a version similar to the Mediaset OHSMS and employs an external OH&S service.

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 ones aimed at identifying and preventing risks and training programmes on health and safety issues<sup>30</sup> (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 certified company of the Mediaset Group, a "Meeting" is convened which constitutes the "Management Review" referred to in paragraph 4.6 of OHSAS 18001:2007.

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

| <b>MEDIASET GROUP</b>  | <b>2019<br/>Total</b> | <b>2018<br/>Total</b> |
|--|-----------------------|-----------------------|
| Injuries (no.)   | 35                    | 28                    |
| Fatal Injuries (no.)   | -                     | -                     |
| High-consequence work-related injuries (excluding fatalities)                | -                     | -                     |
| Working hours  | 8,114,900             | 8,728,051             |
| Cases of occupational illness (no.)  | -                     | -                     |
| <b>Rate of recordable work-related injuries</b>                              | <b>4</b>              | <b>3</b>              |
| <b>Rate of fatalities as a result of work-related injury</b>                 | <b>-</b>              | <b>-</b>              |
| <b>Rate of high-consequence work-related injuries (excluding fatalities)</b> | <b>0.0%</b>           | <b>0.0%</b>           |

NOTE: The number of working hours is partly derived from estimates.

<sup>30</sup> The PG SIC procedure 05 "Information, education and training of workers in health and safety in the workplace" governs the process of informing, educating and training personnel on health and safety in the workplace.



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

In the case of critical events that may involve employees during business trips abroad, 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 "at risk".

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<sup>31</sup>.

There are also specific clauses that cover health and safety issues in contracts<sup>32</sup> 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.<sup>33</sup>

For 2019, confirming the Group's attention to the occupational health and safety of its employees, there were no serious injuries (duration of more than 6 months) nor cases of occupational illness or cases of injuries for external collaborators. There were three

accidents with a number of days' absence greater than 70 (95, 112 and 172) according to INAIL, and they occurred outside of the company workplace and were not caused by work (road accidents, etc.).

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 18001:2007 for the prevention of standard occupational risks.

31 On 30 November 2018 (published on 5/12/2018) two Organisational Guidelines - O.G. MD/HO 105 and 106 - were issued, defining the organisational and operating models adopted by the Mediaset Group to manage any crisis situations (CRISIS Management Compliance Programme), in order to reduce negative impact on the business, limit damage to property and harm to persons and take advantage of any opportunities for the Group, contributing to improving company resilience and its value in time, also for the purposes of preventing the offences envisaged by Legislative Decree 231/2001 as amended.

The O.G. states that the "Group's priority goal" is to safeguard life and health for all in the company (covering employees, external staff, suppliers, guests...), protecting the company's reputation, supporting business continuity in areas and processes considered critical for the business in various safety and security risk scenarios.

32 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,

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

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. 3 cases of accidents involving external personnel were identified in 2019, resulting in an occupational rate of injury of 8.8.

In 2019, as in the two previous years, there were no cases of injuries or cases of occupational illness in other foreign Mediaset Group companies.



2019

## 6 ■ Community and Territory



## 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 rights to use audiovisual content.<sup>34</sup>

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.



<sup>34</sup> This item refers to operating costs (costs for acquisitions, services rendered, leasing and rentals and other management charges) reported on the income statement on an accrual basis, net of inventory changes, increases of internal work capitalised and provision for risk.

### PERCENTAGE EXPENDITURE BY TYPE OF GOOD - LOCAL SUPPLIERS <sup>(\*)</sup>

(values in € million)

|   | 2019         |       |                 | 2018         |       |                 |
|---|--------------|-------|-----------------|--------------|-------|-----------------|
|   | Tot          | Italy | Other countries | Tot          | Italy | Other countries |
| <b>ITALY <sup>(**)</sup></b>                        |              |       |                 |              |       |                 |
| Purchasing costs for goods and services             | <b>1,091</b> | 1,062 | 29              | <b>1,278</b> | 1,000 | 277             |
| Investments in movie and TV rights <sup>(***)</sup> | <b>355</b>   | 245   | 111             | <b>426</b>   | 264   | 163             |
| Investments in other fixed assets <sup>(***)</sup>  | <b>63</b>    | 63    | 0               | <b>69</b>    | 68    | 1               |

|   | 2019       |       |                 | 2018       |       |                 |
|---|------------|-------|-----------------|------------|-------|-----------------|
|   | Tot        | Spain | Other countries | Tot        | Spain | Other countries |
| <b>SPAIN</b>  |            |       |                 |            |       |                 |
| Purchasing costs for goods and services             | <b>387</b> | 358   | 29              | <b>427</b> | 367   | 60              |
| Investments in movie and TV rights <sup>(***)</sup> | <b>173</b> | 85    | 88              | <b>127</b> | 73    | 53              |
| Investments in other fixed assets <sup>(***)</sup>  | <b>15</b>  | 14    | 1               | <b>10</b>  | 10    | 0               |

(\*) 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 for relevance reasons.

(\*\*) 2018 figures include the first 9 months of El Towers Group results

(\*\*\*) Item refers to the increase of the relevant categories of tangible and intangible assets.

As for the purchase of multi-year broadcasting rights, it is necessary to underline the high incidence of expenses towards the main American majors and towards the holders of sports broadcasting rights in the total investments of the Group. As can be seen from the tables, in 2019, about 95% of Mediaset Group purchases of goods and services in Italy were from Italian suppliers, while 79% of Mediaset Group purchases of goods and services in Spain were from Spanish suppliers.

### **FAIRNESS IN SUPPLIER RELATIONSHIPS**

Collaboration, supply and contracts regarding third-party business relationships with Mediaset Group companies in general contain an explicit reference to the Code of Ethics (see also paragraphs 1.3 and 3.2 and the Corporate 231 Compliance Programmes) 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 2019 were 60-90 days and relative payment dates were duly complied with.

Note that the selection<sup>35</sup> 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 into 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 (OGs), 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.

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.

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<sup>35</sup> Art.19 of the Group Code of Ethics.

In addition, the Group aims to oversee the certification activities of the various categories of suppliers with a single organisational 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 broadcasting rights (films, series and sporting events);
- Acquisition of content (entertainment, news, drama) for the various distribution platforms;
- Acquisition of goods and services to support televised production and cross-production.

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 **R.T.I. S.p.A.**: serial content (TV series), films (also through the subsidiary **Medusa**), documentaries and sports, 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 broadcasting rights.

The Vendor list for the selection of suppliers is prepared, updated and submitted to the Risk, Control and Sustainability Committee every six months, and annually to the Executive Committee and the Board of Directors of Mediaset S.p.a., in compliance with the corporate organisational 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 broadcasting rights on free and pay TV, and to European majors almost exclusively for free TV only.

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. There are currently two volume deals, one with Warner and a second with Universal.

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 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 budget is then allocated to exclusive purchases for each of these.

The following key events occurred in 2019-2020:

- as part of a renewed commitment to acquire sports broadcasting rights, some of the agreements reached relate to the UEFA Champions League for the 2019-2020 and 2020-2021 seasons as well as the second year of three for the UEFA Nations League;
- as far as films and TV series are concerned, the second year of the agreement with Fox, and the agreement with Paramount (including the FBI spin-off, FBI MOST WANTED), is in progress. Together with the Warner and Universal volume deals, these agreements guarantee us free-to-air TV film and series premieres and the best evergreen film and serial catalogue titles. An agreement was also reached with Sony for the purchase of the series based on the film *The Bone Collector*, entitled LINCOLN RHYME.
- a focus on recent Italian cinema

continues, both in terms of films produced within the Group and those created by third-party partners, with the acquisition of broadcasting rights for films distributed by Medusa Film and Vision Distribution respectively in the 2018 season

- acquisition of free TV broadcasting rights for independently produced or European series such as: *Cathedral of the Sea* (Endemol), *Time is a Killer* (Federation), *Olivia* (TF1), *At home in the mountain* (Beta).

The owned film library was boosted during the year with the definitive purchase of 100% ownership shares in films produced by Massimo Troisi, including *Il Postino*, *Pensavo fosse Amore*, *invece era un calesse* and *Le vie del signore sono finite*. A prestigious transaction was also completed with Melampo concerning the TV broadcasting licence for the masterpieces of Roberto Benigni, including *Life Is Beautiful*, *Nothing Left to Do but Cry* and *Pinocchio*.

This commitment towards focusing on national products is justified by their greater



appeal, especially in prime time, compared to international series and films.

Part of the investment in film production is made by the subsidiary **Medusa Film**. All works are characterised by a complete broadcasting rights chain, starting from those relating to cinema.

The latter is the starting point for the exploitation of the product, as well as 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 and products of greatest interest (at international and local level) and to gather useful information in general to guide the broadcast offering.

The movie rights acquired in 2019 come from Italian producers, since the publishing line established by the Group for Medusa envisages a focus on Italian cinema, typically comedy. In 2019, 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 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 Organisational Guideline on the planning, acquisition and management of movie 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 movie 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.

### **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, documentalists, directors, costume designers, set designers, directors of photography, choreographers, commentators, hosts or guests. The entertainment area together with the artistic collaborations area (for non-VIPs) and artistic resources area (for VIPs) provide for the research and stipulation of contracts with

the various artistic resources employed by the various Group companies. In particular, there are around 25 long-term contracts with artistic resources (hosts and commentators) linked to the most important broadcasting products in the programme schedule. 2019 saw the involvement of 16,167 collaborating artists and 600 musicians across all areas.

Around 350 contracts with the biggest content production and distribution companies in Italy and the world were also signed in 2019 to acquire formats and licences, award contracts and co-produce broadcasting products as well as collaborate with entertainment professionals.

**News** - The journalism and infotainment area of the Mediaset Group refers to the Videonews agency, 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 specialising in the provision of sector content broadcast on the TgCom24 programming schedule.

The suppliers of goods and services in the news area, in 2019, are almost entirely Italian or European, 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.

**Drama** - The drama products featured in the Mediaset Group's broadcast offering are created 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 programming.

In 2019, the drama line continued to be reviewed, which will have an increasing effect in the coming years both in terms of volumes and new titles.

Almost all of the suppliers for this activity are Italian.

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

project examined and the broadcasting line of the Group.

Historically, drama productions are solely Italian in origin.

In 2019 initial experiments began in co-financing agreements with SVOD operators (Amazon and Netflix) on original productions. The innovative arrangement specifically involves partial financing by the Group and availability of the product after an exclusive initial window for the SVOD operators.

Furthermore, remaining on the topic of changes in the supply chain, it should be noted that the contractual templates predominantly used in the past, or the contracting templates, have gradually been replaced by co-production and pre-purchase templates due to the new legislation on tax credits for audiovisual production, thus entering a residual category.

Almost all Taodue suppliers are Italian. In general, the main categories of suppliers used by Taodue for the creation of their drama 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 organisational 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 agencies and productions.

The total number of suppliers involved throughout the year for the various activities

is about 123, 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 stations** 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, R101, RMC and Radio Subasio. These include 135 Italian freelancers, most of whom are known within the radio and television scene. Most collaborators are Italian, but a limited number of foreign resources are also contracted.

The main radio content is Italian and foreign music, which is indirectly acquired from the record companies, with repayment of

broadcasting rights via collecting companies specifically appointed for this purpose (Siae, SCF, ...).

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

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

Offers are made, suppliers selected and services contracted according to the needs identified.

In the artistic field (mainly speakers, hosts, 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 broadcasters 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

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 rationalisation of supplier data also in 2019 in order to identify subjects with whom the Group has no longer had dealings for over a year.

Further rationalisation of the supply chain was carried out based on critical issues linked to expenditure, the regulatory complexity of the merchandise sector involved in 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 compliance programme in order to be classified in the portal dedicated to them.

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 ethical and responsible management.

With regard to the types of suppliers and the main items of expenditure relating to the Mediaset Group in Spain, there is a greater concentration in the purchase of television broadcasting rights and content, 76%, followed by technological, professional and production services, which together account for around 24%.

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 education programmes for non-employees, designed to develop skills linked with the world of commercial TV, continued in 2019 as in earlier years. Collaboration between IULM University and the Mediaset Group was renewed, aimed at the development and improved organisation of the Master's Programme in Journalism, while the Publitalia '80 Master's in Marketing,

Digital Communication and Sales Management reached its thirty-second year.

The Master's 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 Master's 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. The effectiveness of the courses is validated by the Joint Scientific Committee.

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

In 2019, ten students on the IULM Master's in Journalism were welcomed to internships in Mediaset agencies (TV, website and radio): 7 for 2 months and 3 for 3 months.

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

The Master's in Marketing, Digital Communication and Sales Management is a 13-month postgraduate course with lectures and internship and limited admission, targeted at graduates who have decided to start their professional future in the field of marketing, trade marketing, sales and digital communications.

Through the two editions launched in 2019 (January-April and September-December), the Master's offered its 75 participants 153 course days for a total of 1,071 hours of training; with reference to the January-April 2019 edition, the 39 participants were able to approach the world of work through participation in a total of 140 days of internship, a total of 1,120 hours. At the end of this internship period, all graduates were able to find a stable job.

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's course always acts as an up-to-date "bridge" between Universities and the Company.

This takes place thanks to teaching staff from leading Italian and international universities and contributions from managers in key roles within Italian and multinational companies.

The Master's is the most long-lasting experiment in collaboration among the universities of Milan. From the beginning of the initiative, the Rectors of six Milanese universities signed up to it, taking part in the Chairpersons' Committee:

- Università Commerciale L. Bocconi
- Università Cattolica del Sacro Cuore
- IULM Libera Università di Lingue e Comunicazione
- Politecnico di Milano
- Università degli Studi di Milano
- Università degli Studi di Milano-Bicocca

They were joined by the main local associations and representatives of the financial and business world.

The Master's, now in its thirty-second edition, has to date educated more than 1,000 graduates, many of whom now hold top management positions.

The course is accredited by ASFOR, the Italian Association for Management Education, as a specialist Master's 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 organisational 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 agencies receive daily information on philanthropic activities, events and

initiatives by non-profit organisations and charitable associations for the protection and support of ethnic minorities, voluntary groups, and institutions of medical research.

The "Mediaset ha a cuore il futuro" (Mediaset cares about the future) initiative is a concrete way of putting Mediaset's skills and communicative power at the service of society.

Social communication campaigns that operate according to an integrated multimedia scheme featuring TV and radio advertising as well as digital and social media coverage address issues of national importance. These may relate to national emergencies or problems that are sometimes neglected. This lends continuity and power to the commitment that the company already expresses through its programmes.

The project began in September 2019 with a campaign to raise awareness of school leavers, with more than 750 TV broadcasts on all of the Group's generalist and thematic networks, 23 million web impressions, reports on the subject by TG4, Studio Aperto and an in-depth report on Tgcom24. A

documentary on the subject is also being produced, by the InfinityLab team.

October is traditionally dedicated to prevention, and this October saw a campaign to raise awareness of breast cancer prevention. There were a total of 800 TV broadcasts and 9 million web impressions, as well as mentions on Forum and Mattino Cinque, with in-depth reports on the topic and guests linked to the campaign, and reports on Studio Aperto and Tgcom24. The Mediaset Tower turned pink for the occasion, to symbolise life and prevention, and sculptor Stefano Rossetti produced a dedicated artwork which was on display for a week in Piazza Leonardo da Vinci, Milan.

Radio too plays an important role in this new institutional communication campaign from Mediaset: for the two campaigns running in 2019, all of the Group's broadcasters (Radio 105, Virgin Radio, Radio 101, Radio Monte Carlo and Radio Subasio) not only broadcast radio spots but also reserved time for in-depth exploration of the phenomenon of school leavers and promoting prevention, with contributions from many hosts within the various programmes.

We would highlight over 800 radio spots broadcast in 2019 by the various Mediaset Group radio stations to support social initiatives. Purely by way of example, we might mention the following: “Mediaset ha a cuore il tuo futuro”, “Never give up”, “A fianco del coraggio”, “AIRC Cioccolatini della ricerca”, “Assisi con il cuore”, “Fondazione Sic” etc.

On the web, a page dedicated to the project was developed within the MediasetPlay site. In addition to gathering together all the material produced for the campaigns in chronological order, the aim of the dedicated space is to publicise brand-new contributions and in-depth information produced specifically for every topic focused on. It’s a genuine archive, always up to date and open to consultation at any time, so that the contemporary nature of the problems addressed remains present.

The entire project attracted institutional attention and interest. In particular, both campaigns produced were presented to the relevant Ministries (the Ministry of Education, University and Research and Ministry of Health), which expressed a great deal of

appreciation for the initiative and its quality of execution.

But “Mediaset ha a cuore il futuro” is more than a system for raising awareness of broad-ranging national issues. It also involves concrete action for sustainability within the company. In productions with third parties, for example, all plastic material was eliminated from sets and replaced with branded metal flasks and compostable items.

This is because “caring about the future” isn’t merely a catchphrase but a way of existing, thinking and acting.

We wish to highlight a new cross-media campaign from Mediaset called “Pensa, prima di scrivere” to raise social awareness in connection with the national Anti-Bullying and Cyberbullying Day. It began in the early months of 2020.

We also wish to stress that sponsorship of fundraisers for public and private bodies (recognised by the state) is all certified by government associations (Civil Protection for Italy and AGIRE for the world). Many of these activities are also carried out through the support of Mediafriends, a non-profit

organisation 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 and Fabbrica del Sorriso through its own agencies, in daytime packages on generalist networks or on TGCOM24. Particular visibility is given to the projects to which Fabbrica del Sorriso is committed, not only upon presentation and during fundraising but also when the project is run and for the results from the initiative.

Publitalia’80 contributes to the social activities of the Mediaset Group through Mediafriends, providing advertising space that is used to promote fundraising 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.

Around 6,200 spots were broadcast in the year, with contributions free of charge from some of the main faces in the Group’s artistic landscape.



Publitalia 80 is a founding member of the Fondazione Pubblicità Progresso, along with the major players in communication in Italy. This foundation aims to contribute to solving the civil, educational and moral problems of the community by placing communication at the service of society.

In addition to paying a membership fee, the sponsoring members provide their work free of charge for the implementation of the Foundation's activities.

Pubblicità Progresso promotes training initiatives on social communication at leading Italian universities; it promotes 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 public educational purposes.

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: for example, campaigns on anti-smoking, organ

donation, gender equality, anti-racism, sustainability, volunteer work, etc.

The Group's radio stations broadcast socially themed spots free of charge. This activity comes under the sub-concession contract in force between Radiomediasset, Monradio and Subasio and the Mediamond sales house.

**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:

- Campaigns on equal working conditions for men and women;
- Campaigns on children's "right to play" in collaboration with the Spanish Observatory of Children's Play and with eminent psychologists, educators and scientists of international renown;
- Support for the *Sanfilippo Foundation* in researching rare diseases affecting the Spanish population;
  - Collaboration with the "Reina Sofia Foundation" to promote the "Lemon" campaign against marine pollution from plastic debris.

Finally, in 2019 Mediaset España guaranteed free advertising space for NGOs amounting to an estimated value of 7.5 million euros.

## 6.3 SOCIAL UTILITY INITIATIVES

### MEDIAFRIENDS

Mediafriends Onlus, a Non-Profit Organisation (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.

We would highlight that in compliance with Legislative Decree no. 117 of 3 July 2017, which implements the delegation for the reform of the third sector contained in Law no. 106 of 6 June 2016, Mediafriends has undertaken the revision of its bylaws in order to implement the provisions of the Third Sector Code updated with the amendments made by the corrective Legislative Decree 105/2018. The deadline for submission is 20 June 2020.

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 organisations which, by bylaws 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, realisation 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 third 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.

The process of identifying the Associations and projects to be supported through fundraising activities includes a series of steps, starting from the identification of a theme chosen among those envisaged by the Bylaws and of one or more Associations that have projects in progress and meet the budget, diligence and transparency requirements, verified through Mediaset's Supplier Certification Office.

The second step involves analysis of the

project estimates provided by the Association through adequacy analysis of the costs presented. At this point, if the evaluation criteria are positive, a contract is drafted between the Association and Mediafriends, which regulates the mutual obligations during the fundraising period and afterwards when Mediafriends checks the implementation of the project, in accordance with the provisions of the contract itself.

The Mediafriends bylaws also state that the money raised will be allocated to the Association through the Mediafriends Advisory Committee, with three positions expressed by the Members of Mediafriends, by Mediafriends and by a representative of the Association. The Advisory Committee distributes the funds raised, indicating the time frames and methods.

Mediafriends then checks the reports from the Association and monitors the progress of the project funded.

With regard to the process of establishing the single national register of the third sector as a new administrative obligation for bodies (Legislative Decree no. 117 of 3 July 2017, which implements the delegation for the

reform of the third sector contained in Law no. 106 of 6 June 2016), Mediafriends' lawyers are monitoring the situation of the implementation decrees that should lead to the introduction of this register.

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 14 years of activity, over 72 million euros have been raised and distributed, allowing 165 associations to implement 289 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 five Mediaset employees, who design events and coordinate with both external bodies (third sector, institutions, etc.) and the departments within the company.

Fundraising initiatives and activities follow one after another throughout the year: fundraising events including through SMS donations, field initiatives in collaboration with recipient groups and editorial events such as the "L'Ottocento - l'arte italiana tra

Hayez e Segantini" exhibition at the San Domenico museum complex in Forlì. These events were promoted on television and online with the collaboration of the various Mediaset Group structures: the presentation of programme projects with services created by journalists in the News Department, fundraising 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. On some special episodes of the "Caduta Libera" game show on Canale5, hosted by Gerry Scotti, the prize money was donated to the fundraiser. 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, the Fabbrica del Sorriso

fundraising project which began in 2018 continued in the first part of 2019, for four associations: Amref, Mission Bambini, Comunità di Sant'Egidio and A regola d'Arte. The fundraiser closed at the end of June at a total of €1,046,276.00. The projects funded relate to issues such as poverty, disadvantage and marginalisation in Italy and around the world.

The innovative "A Regola d'Arte" (ARdA) project, in particular, is aimed towards 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 continued in 2018 and has seen more extensive implementation. Currently, it entails the funding and supervision by Mediafriends of 8 ARdA centres: two schools (in the Baggio and Via Dolci districts), church facilities (in the Giambellino district) and

three youth centres (Barrios, Barona district; La Strada, Trecca district; Ermanno Olmi, Baggio district) in Milan, and the centres of Palermo in collaboration with Ciai Onlus and L'Aquila with Action Aid. The "A Regola d'Arte (ARdA) project expanded in the autumn of 2019 with the opening of a centre at the Murialdo church facilities in Naples, in the Luzzati district.

A total of more than 300 children are on the rugby and music courses and take part in healthy, formative activities. The activity at the centres in Milan was also documented in a book of photo illustrations, "Territori di Frontiera", published by Mimesis and produced by Mediafriends with the Brera Academy. The book describes the meeting of the students on the Brera photography and painting course with the young people taking part in the A Regola d'Arte project. The book is distributed online and was presented in an event at the Brera Academy.

In the spring of 2019, Mediafriends decided to support an awareness-raising and fundraising campaign organised in partnership with the TMA Group social cooperative. Mediafriends dealt with all television and radio communication and

promoted a football event in Fano together with the Italian National Singers' Team. The proceeds went to the project, which uses water as a means to stimulate emotional, sensory and motor activity in people with communication disorders and autism, to promote meaningful relationships. At the same time, TMA Group launched a charity number, which was promoted on Mediaset networks, and 11 events in different pools all over the country. More than 6600 people took part in the initiative's national events, raising a total of €141,077.

Mediafriends also dedicated the Fabbrica del Sorriso's autumn event to an Associazione Italiana Persone Down - Livorno project aiming to provide work experience for young people with disabilities, in order to help them be independent, ensure a future for themselves and become an asset to society. A plan of broadcasting slots in Mediaset network programmes was developed alongside a TV communication campaign, promoting a charity number and book of children's stories with a percentage of the proceeds and copyright fees going to the project. The fundraiser closed on 31 December 2019 in the New Year's concert broadcast on Canale 5.

With a team of academics from the IULM University of Language and Communication in Milan supervised by Prof. Guido di Fraia, Mediafriends organised the "Essere Brand, ma uscire dal trend" conference: through the "Spot e Post del Terzo Settore" research on the development of the language of social communication in Italy in the last 30 years, it offered those who work in the third sector and communication sector interesting considerations on the changes taking place in these contexts. The book "Spot e Post del terzo settore", published by Hoepli, was also presented at the conference. Some of the sales revenue went to Fabbrica del Sorriso projects.

The "Una Furtiva Nota" initiative for the elderly continued in 2019. This project is based on the idea that art, support, educational and therapeutic activity play an essential role in social care situations. The "Opera Guitta" show, a successful artistic experiment combining opera, clowning and theatre in the simplest way possible, is at the heart of the project, run in collaboration with Fondazione Don Gnocchi. The show is written and directed by internationally recognised director Antonio Vergamini and was performed in six elderly care homes in

northern Italy after preparatory sessions with the residents.

From 23 June to 15 September, Mediafriends carried out a communication campaign on Mediaset's generalist networks together with the Italian Red Cross for elderly people who are alone over the summer. A 30" spot was made featuring the unmistakable voice of Gerry Scotti, who invited elderly people in difficulty to call a free number to get assistance or even just a kind word. The number, linked to the national Red Cross switchboard, then reported the requests to the local offices so that they could act on them. 14,736 calls were recorded over 10 weeks, with a daily average of 173 requests from elderly people all over the country.

In October, Mediafriends supported the Associazione Italiana Editori campaign "#Io leggo perché", which saw more than 400,000 books donated to Italian school libraries.

In 2019, Mediafriends appointed Dr Andrea Franzoso, already an internal auditor for major companies and currently author and web content producer, to check the projects financed by Fabbrica del Sorriso in 2017. Dr

Franzoso went to the non-profits financed and drew up a written report afterwards plus four web videos demonstrating the genuine social impact of the AIL, AIRC, Make a Wish and Meyer Hospital projects.

The Mediaset News Department also used the footage to produce a 20-minute programme called "Fabbrica del Sorriso. Una storia speciale", broadcast by Rete 4, La5 and Mediaset Extra.

This analysis of the results of the project financed performed by people outside the structure and the company provides a guarantee of the impartiality and independence of the findings. The "Fabbrica del Sorriso, Una storia speciale" episode allowed viewers to see the real impact and situations in which the money donated was used.

There was also intense publishing activity developed by Mediafriends independently for both the digital platforms and for Mediaset's thematic channels and TV networks. 11 editorials were produced in 2019 for Mediafriends sites and 12 were presented within entertainment and informative programmes on Mediaset

networks. Three episodes of the "Detto e Contraddetto" series were also created and published on the web, dedicated to the conference and publication of the book on communication in the third sector. There was also an episode of "I viaggi di Stojan" dedicated to the story of the two bikers who went around the world in 2018 to report on the projects that Mediafriends has financed over the years.





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## 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<sup>36</sup>, 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 Organisational Guideline (O.G. "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 Italia<sup>37</sup> has always been committed to respecting the sector legislation on electromagnetic emissions.

Elettronica Industriale S.p.A., a subsidiary of 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 2019, 158 requests were made to modify plants, 99% of which were approved as compliant with current regulations, including compliance with the population exposure limits for electromagnetic fields.

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 authorisation request.

The Electromagnetic Impact Analysis (EIA) for larger plants are extremely thorough and include "pre-existing electromagnetic

<sup>36</sup> The specific provision has been confirmed in the new Code of Ethics adopted by Mediaset S.p.A. and its subsidiaries in 2019: Art. 26 (Environmental protection) "1. The Mediaset Group considers protecting the environment to be a key factor in the company and is inspired by the principles of respect for and protection of the environment and the local territory, due both to their intrinsic value and their impact on the health of humans and other living species. To this end, the Mediaset Group is committed to observing the regulations in force and works so that all its business activity complies with the highest standards of environmental safety and compatibility.

2. Particular attention is dedicated to the collection and disposal of waste produced by the company, which wherever possible is treated according to the principles of selective separation and recycling of waste, to reduce the impact on the environment to a minimum and as required by current laws and best operating practices."

<sup>37</sup> 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.

background” levels and the impact of that individual plant. <sup>38</sup>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.

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 S.p.A. 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.

In the next three years, following the transition to new frequencies caused by the release of the '700 band for telephones, new applications must be made to authorise all plants, which will have to comply with the new frequency allocation plan. This will result in further analysis of the electromagnetic fields envisaged by the applicants and the Regional Environmental Protection Agencies. The total number of plants envisaged by the new PNAF (national frequency allocation plan) will be lower than the current number of plants in operation, with a resulting decrease in the electromagnetic impact. The most sensitive plants have been monitored in recent years by the regional agencies (ARPAs) without penalties being imposed on Mediaset. The new PNAF means that a reduction in the number of plants results in a further overall

reduction in magnetic fields. Mediaset's plants will have an electromagnetic impact even more comfortably within the legal limits in the future.

In 2019, the Regional Environmental Protection Agencies performed two checks on critical stations in terms of high power transmission or the proximity of housing to the transmission equipment. In both cases, the Group's plants proved compliant with the current regulations on protecting the population from electromagnetic fields.

The equipment managed by the RadioMediaset company is generally housed at stations that it does not own.

The appointed RadioMediaset Office independently, or with the support of specialist companies and/or the tower operator itself, provided with the technical documentation necessary, draws up the applications to present to the local authorities for authorisation to change existing equipment and/or activate new equipment.

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<sup>38</sup> 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)

In 2019, 37 applications for authorisation were made together with the same number of assessments. These were joined by 9 inspections (post-activation checks requested by the authority) and 20 cases of ARPA monitoring (periodic checks in the area).

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 equipment (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 authorisation for installation and operation of radio equipment by the competent Municipality, subject to obtaining permission from the local ARPA;
- Continuous monitoring of the operation of Group radio equipment by dedicated department via verification of the data acquired by the equipment through telemetry. Where anomalies are detected that could cause the equipment to operate at higher energy levels than those envisaged, the department will promptly alert the competent maintenance

companies in order to resolve any anomalies found;

- Periodic check on the operation of the systems by specifically contracted companies (in 2018, transmission equipment maintenance was entrusted to 85 external companies, with a total of 1,783 stations for Radio Studio 105 s.p.a., Virgin Radio Italy S.p.a., RMC Italia S.p.a., Monradio S.r.l., Radio Subasio S.r.l. and Radio Aut S.r.l.);
- In recent years, a complete mapping of all the radio equipment managed by the Mediaset Group in Italy was performed by a specialised third-party company, aimed at assessing the risks pertaining to individual systems and preparing the related RADs (Risk Assessment Documents). Measurements were carried out on the overall level of electromagnetic emissions from the stations where radio equipment operated by the Group is 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.

In 2019, financial penalties were not imposed and 4 compliance reductions were implemented (following orders and warnings) at 8 sites. The ARPAs identified non-compliance with the envisaged attention thresholds due to multiple exposure. This involved 13 managed systems and others belonging to third parties (here resolution may mean involving the tower operator), out of a total of around 2000 systems.

The appointed RadioMediaset Office also gathers the data for drawing up the Risk Assessment Document, including the electromagnetic field levels, which allow appropriate interventions for remedying the most important issues to be identified and developed. 744 monitoring operations were performed for this purpose in 2019.

There were no risks to station 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, including foreign investee companies, 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 (Legislative Decree 152/2006) 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 authorisations 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.

The Group produced approximately 1,800 tonnes of waste in 2019. In particular, hazardous waste represents around 1% of the total waste produced, with the rest non-hazardous. An increase in non-hazardous waste was recorded compared to 2018, mostly in the "mixed packaging" and "bulky waste" categories due to organisational changes that occurred during the year.

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

#### WASTE BY TYPE AND METHOD OF DISPOSAL (TONNES) MEDIASET GROUP

|              | 2019      |               |              | 2018      |               |              |
|--------------|-----------|---------------|--------------|-----------|---------------|--------------|
|              | Hazardous | Non-hazardous | Total        | Hazardous | Non-hazardous | Total        |
| Recycle      | 8         | 65            | <b>73</b>    | 20.97     | 77.45         | <b>98.42</b> |
| Composting   | 0         | 0.12          | <b>0.12</b>  | 0         | 0.102         | <b>0.102</b> |
| Recovery[*]  | 10        | 1,611         | <b>1,621</b> | 36        | 1,358         | <b>1,394</b> |
| Dump[**]     | 0         | 116           | <b>116</b>   |           | 324           | <b>324</b>   |
| Other        | 0.23      | 1             | <b>0.98</b>  | 0         | 0             | <b>0</b>     |
| <b>Total</b> | <b>18</b> | <b>1,792</b>  | <b>1,810</b> | <b>57</b> | <b>1,759</b>  | <b>1,816</b> |

[\*] 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)

offices in Madrid, where all activities related to audiovisual production are concentrated, and involves around 97% of the workforce.

In 2019, all waste generated by the Mediaset Group España was managed appropriately, promoting recycling activities according to national legislation.

In 2019, Mediaset España continued with work to eliminate non-biodegradable plastic waste in the canteen and adjoining bar.

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 EMISSIONS

The main energy sources used by the Mediaset Group, in Italy and Spain and in the other foreign investee companies, 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 offices for lighting, both internal and external, and to power office equipment and air-conditioning machinery. Replacement of printers in Group offices due to obsolescence continued in 2019. Products were selected favouring models that provide the same performance with a lower environmental impact.

In some locations, electricity is also used to power the heating and cooling units and for powering data centres. In 2019, around 344 TJ of electricity was consumed, approximately 77% less compared to 2018. This substantial decrease in energy consumption is due mainly to the EI Towers

### ENERGY CONSUMPTION BY GROUP BY SOURCE (TJ)[\*]

|                       | 2019       | 2018       |
|-----------------------|------------|------------|
| Electricity purchased | 344        | 609        |
| Natural gas           | 30         | 43         |
| Diesel                | 29         | 59         |
| Petrol                | 2          | 1          |
| <b>Total</b>          | <b>406</b> | <b>712</b> |

[\*] Source: Lower heating value of natural gas 0.034 GJ/m<sup>3</sup>, average density of diesel 0.840 kg/litre. Lower heating value of petrol 42.82 GJ/ton, average density of petrol 0.74 kg/litre. Lower heating value of diesel 42,78 GJ/ton, average density of diesel 0.84 kg/litre (Sources: NIR: Italian Greenhouse Gas Inventory 1990-2017 - National Inventory Report 2019). In order to provide a more meaningful representation of Mediaset Group's energy consumption, conversion factors used for the calculation have been updated during the year. In order to ensure the comparability with previous year data, 2018 data have been restated. As far as previously disclosed data, please make reference to the Sustainability Report 2018 that has been published into the "Corporate/Sustainability" section of [www.mediaset.it](http://www.mediaset.it) website.

### EMISSIONS OF GREENHOUSE GASES (TONNES OF CO<sub>2</sub>) BY THE GROUP[\*]

|                         | 2019   | 2018   |
|-------------------------|--------|--------|
| Scope 1[**]             | 4,116  | 6,812  |
| Scope 2[***]            |        |        |
| Location-based approach | 33,249 | 59,192 |
| Market-based approach   | 37,949 | 72,913 |

[\*] Only CO<sub>2</sub> emissions were included in the calculation of Scope 1 and Scope 2 emissions.  
 [\*\*] 2019 data: Natural gas emission coefficient of 2.0268 kgCO<sub>2</sub>/Sm<sup>3</sup>, diesel emission coefficient 2.5596 kgCO<sub>2</sub>/ton, petrol emission coefficient 2.1959 kgCO<sub>2</sub>/ton (source: DEFRA 2019. UK Government - GHG Conversion Factors for Company Reporting).  
 2018 data: Natural gas emission coefficient of 2.04652 kgCO<sub>2</sub>/Sm<sup>3</sup>, diesel emission coefficient 2.62694 kgCO<sub>2</sub>/ton, petrol emission coefficient 2.20307 kgCO<sub>2</sub>/ton (source: DEFRA 2018. UK Government - GHG Conversion Factors for Company Reporting).  
 In order to provide a more meaningful representation of Mediaset Group's emissions of greenhouse gases, emission factors used for the calculation have been updated during the year. In order to ensure the comparability with previous year data, 2018 data have been restated. As far as previously disclosed data, please make reference to the Sustainability Report 2018 that has been published into the "Corporate/Sustainability" section of [www.mediaset.it](http://www.mediaset.it) website.

Group coming out of the scope of reporting. Its business is characterised by high energy consumption.

In particular, it should be noted that all electricity purchased by the **Mediaset Group in Spain** (equal to about 17.03 GWh in 2019) 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.

Activity to achieve greater efficiency in terms of the above consumption continued in 2019, above all by replacing the above equipment which is most energy inefficient and obsolete.

Natural gas is used to heat offices, laboratories and warehouses only, comprising around 7% of total energy consumption. A 26% reduction was recorded compared to 2018, due to the El Towers Group coming out of scope.

However, the consumption of diesel and petrol in 2019 amounted to about 31 TJ,

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 fleet specifically owned for the Mediaset Group in Spain.

In 2019, 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 359 gCO<sub>2</sub>/kWh, for Spain of 296 gCO<sub>2</sub>/kWh and for France of 72 gCO<sub>2</sub>/kWh - Source: TERNA, International Comparisons 2019). 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 Mediaset Group companies in Italy 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 483 gCO<sub>2</sub>/kWh and for France of 51 gCO<sub>2</sub>/kWh - Source: Association of Issuing Bodies, European Residual Mixes 2018, 2019). 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 amount to approximately 4,116 tCO<sub>2</sub>. For the latter, there was a substantial



decrease compared to 2018, demonstrating the generous 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 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.

In this context, we would highlight the fact that the car fleet owned by Mediaset España includes 4 diesel cars for transport with driver, 1 minibus for transporting employees and a fleet of cars for long-term hire, used exclusively by the group's senior managers, comprising 52 diesel cars, 11 petrol, 3 hybrid and one electric.





2019

## GRI Content Index



| GRI-STANDARDS                                      |  | SECTION /REFERENCES TO OTHER DOCUMENTS |
|--|--|--|
| <b>GRI 102: GENERAL STANDARD DISCLOSURE (2016)</b> |  |  |
| <b>ORGANIZATIONAL PROFILE</b>                      |  |  |
| 102-1  | Name of the organization                                     | 14, 47                                 |
| 102-2  | Activities, brands, products, and services                   | 15-16                                  |
| 102-3  | Location of headquarters                                     | 14                                     |
| 102-4  | Location of operations                                       | 14                                     |
| 102-5  | Ownership and legal form                                     | 14                                     |
| 102-6  | Markets served   | 14-16                                  |
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| 102-9  | Supply chain   | 121-130                                |
| 102-10   | Significant changes to the organization and its supply chain | 11, 21-22, 28, 121-130                 |
| 102-11   | Precautionary Principle or approach                          | 54-58, 65-67, 110                      |
| 102-12   | External initiatives   | 27-31, 130-138                         |
| 102-13   | Membership of associations                                   | 35-36, 51                              |
| <b>STRATEGY AND ANALYSIS</b>                       |  |  |
| 102-14   | Statement from senior decision-maker                         | 3-5                                    |
| 102-15   | Key impacts, risks, and opportunities                        | 54-58, 65-67                           |
| <b>ETHICS AND INTEGRITY</b>                        |  |  |
| 102-16 + M   | Values, principles, standards, and norms of behavior         | 22-23, 49-51                           |
| <b>GOVERNANCE</b>                                  |  |  |
| 102-18   | Governance structure   | 47-49                                  |
| <b>STAKEHOLDER ENGAGEMENT</b>                      |  |  |
| 102-40   | List of stakeholder groups                                   | 29, 31                                 |
| 102-41   | Collective bargaining agreements                             | 114-115                                |
| 102-42   | Identifying and selecting stakeholders                       | 29, 31                                 |
| 102-43   | Approach to stakeholder engagement                           | 29-31, 42-43, 92-95                    |
| 102-44   | Key topics and concerns raised                               | 9-12, 23-27, 29-36                     |

| REPORTING PRACTICES   |  |   |
|---|--|---|
| 102-45  | Entities included in the consolidated financial statements | 9-12  |
| 102-46  | Defining report content and topic Boundaries               | 9-12, 32-34   |
| 102-47  | List of material topics                                    | 29-34   |
| 102-48  | Restatements of information                                | 9-12, 147   |
| 102-49  | Changes in reporting                                       | 29-34   |
| 102-50  | Reporting period   | 9   |
| 102-51  | Date of most recent report                                 | The previous version of the NFS (Non-Financial Statement) was published in April 2019 |
| 102-52  | Reporting cycle  | 12  |
| 102-53  | Contact point for questions regarding the report           | 12  |
| 102-54  | Claims of reporting in accordance with the GRI Standards   | 9   |
| 102-55  | GRI Content Index  | 153-160   |
| 102-56  | External assurance   | 167-168   |
| [1] The indicators marked with "+M" report specific requirements of the "Media Sector Disclosures" (2014), issued by the Global Reporting Initiative (GRI). |  |   |
| SPECIFIC STANDARD DISCLOSURES   |  |   |
| ECONOMIC SERIES   |  |   |
| GRI-STANDARDS   | SECTION /REFERENCES TO OTHER DOCUMENTS                     | OMISSIONS   |
| ECONOMIC PERFORMANCE  |  |   |
| <b>GRI 103: Management Approach (2016)</b>  |  |   |
| 103-1   | Explanation of the material topic and its Boundary         | 32-34   |
| 103-2   | The management approach and its components                 | 39-43, 61-64  |
| 103-3   | Evaluation of the management approach                      | 39-43, 61-64  |
| <b>GRI 201: Performance economica (2016)</b>  |  |   |
| 201-1   | Direct economic value generated and distributed            | 40-41   |
| 201-4 + M   | Financial assistance received from government              | 61-64   |
| INDIRECT ECONOMIC IMPACT  |  |   |
| <b>GRI 103: Management Approach (2016)</b>  |  |   |
| 103-1   | Explanation of the material topic and its Boundary         | 32-34   |
| 103-2   | The management approach and its components                 | 130-138   |
| 103-3   | Evaluation of the management approach                      | 130-138   |
| <b>GRI 203: Impatti economici indiretti (2016)</b>  |  |   |
| 203-2   | Significant indirect economic impacts                      | 121, 130-138  |

| PROCUREMENT PRACTICES                            |   |   |
|--|---|---|
| <b>GRI 103: Management Approach (2016)</b>       |   |   |
| 103-1  | Explanation of the material topic and its Boundary                              | 32-34   |
| 103-2  | The management approach and its components                                      | 121-130   |
| 103-3  | Evaluation of the management approach   | 121-130   |
| <b>GRI 204: Procurement practices (2016)</b>     |   |   |
| 204-1  | Proportion of spending on local suppliers                                       | 121   |
| ANTI-CORRUPTION                                  |   |   |
| <b>GRI 103: Management Approach (2016)</b>       |   |   |
| 103-1 + M  | Explanation of the material topic and its Boundary                              | 32-34   |
| 103-2 + M  | The management approach and its components                                      | 50-51, 65-67, 109-110   |
| 103-3 + M  | Evaluation of the management approach   | 50-51, 65-67, 109-110   |
| <b>GRI 205: Anti-corruption (2016)</b>           |   |   |
| 205-3  | Confirmed incidents of corruption and actions taken                             | During the reporting year (2019), no confirmed cases of corruption have been registered |
| ANTI-COMPETITIVE BEHAVIOR                        |   |   |
| <b>GRI 103: Management Approach (2016)</b>       |   |   |
| 103-1  | Explanation of the material topic and its Boundary                              | 32-34   |
| 103-2  | The management approach and its components                                      | 22-23, 50-53, 65-67   |
| 103-3  | Evaluation of the management approach   | 22-23, 50-53, 65-67   |
| <b>GRI 206: Anti-competitive behavior (2016)</b> |   |   |
| 206-1  | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 67  |
| ENVIRONMENTAL SERIES                             |   |   |
| ENERGY   |   |   |
| <b>GRI 103: Management Approach (2016)</b>       |   |   |
| 103-1  | Explanation of the material topic and its Boundary                              | 32-34   |
| 103-2  | The management approach and its components                                      | 141, 147-149  |
| 103-3  | Evaluation of the management approach   | 141, 147-149  |
| <b>GRI 302: Energy (2016)</b>                    |   |   |
| 302-1  | Energy consumption within the organization                                      | 147-149   |

| EMISSIONS  |  |                 |
|--|--|-----------------|
| <a href="#">GRI 103: Management Approach (2016)</a>      |  |                 |
| 103-1  | Explanation of the material topic and its Boundary   | 32-34           |
| 103-2  | The management approach and its components   | 141, 147-149    |
| 103-3  | Evaluation of the management approach  | 141, 147-149    |
| <a href="#">GRI 305: Emissions (2016)</a>                |  |                 |
| 305-1  | Direct greenhouse gas (GHG) emissions (Scope 1)  | 147-149         |
| 305-2  | Energy indirect greenhouse gas (GHG) emissions (Scope 2)   | 147-149         |
| EFFLUENTS AND WASTE                                      |  |                 |
| <a href="#">GRI 103: Management Approach (2016)</a>      |  |                 |
| 103-1  | Explanation of the material topic and its Boundary   | 32-34           |
| 103-2  | The management approach and its components   | 141, 145-146    |
| 103-3  | Evaluation of the management approach  | 141, 145-146    |
| <a href="#">GRI 306: Effluents and waste (2016)</a>      |  |                 |
| 306-2  | Total weight of waste by type and disposal method  | 145-146         |
| ENVIRONMENTAL COMPLIANCE                                 |  |                 |
| <a href="#">GRI 103: Management Approach (2016)</a>      |  |                 |
| 103-1  | Explanation of the material topic and its Boundary   | 32-34           |
| 103-2  | The management approach and its components   | 141-144         |
| 103-3  | Evaluation of the management approach  | 141-144         |
| <a href="#">GRI 307: Environmental compliance (2016)</a> |  |                 |
| 307-1  | Non-compliance with environmental laws and regulations   | 143-144         |
| SOCIAL SERIES  |  |                 |
| EMPLOYMENT   |  |                 |
| <a href="#">GRI 103: Management Approach (2016)</a>      |  |                 |
| 103-1  | Explanation of the material topic and its Boundary   | 32-34           |
| 103-2  | The management approach and its components   | 99-100, 102-106 |
| 103-3  | Evaluation of the management approach  | 99-100, 102-106 |
| <a href="#">GRI 401: Employment (2016)</a>               |  |                 |
| 401-1  | New employee hires and employee turnover   | 104-105         |
| 401-2  | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 106, 111-113    |
| LABOUR/MANAGEMENT RELATIONS                              |  |                 |
| <a href="#">GRI 103: Management Approach (2016)</a>      |  |                 |
| 103-1  | Explanation of the material topic and its Boundary   | 32-34           |
| 103-2  | The management approach and its components   | 114-115         |
| 103-3  | Evaluation of the management approach  | 114-115         |



**GRI 402: Labour/Management Relations (2016)**

|       |  |   |
|-------|--|---|
| 402-1 | Minimum notice periods regarding operational changes | Salaries and legal aspects refer to the exhistent National Collective Contracts of Employment and laws which apply to the Group. The Mediaset Group's Supplementary Company Agreement, applied to 70% of Group personnel, defines the following notice terms for dismissal or resignation according to the contract level: 30 days for the 3rd level, 60 days for 4 <sup>°</sup> , 5th and 6th level, 90 days for 7th level and 150 days for 8th and 9th level. |
|-------|--|---|

**OCCUPATIONAL HEALTH AND SAFETY**
**GRI 103: Management Approach (2016)**

|       |  |         |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 32-34   |
| 103-2 | The management approach and its components         | 115-118 |
| 103-3 | Evaluation of the management approach              | 115-118 |

**GRI 403: Occupational Health and Safety (2018)**

|        |   |              |
|--------|---|--------------|
| 403-1  | Occupational health and safety management system  | 115, 117-118 |
| 403-2  | Hazard identification, risk assessment, and incident investigation  | 115-118      |
| 403-3  | Occupational health services  | 117          |
| 403-4  | Worker participation, consultation, and communication on occupational health and safety                       | 116-117      |
| 403-5  | Worker training on occupational health and safety   | 115-116, 118 |
| 403-6  | Promotion of worker health  | 115-116      |
| 403-7  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 117-118      |
| 403-8  | Workers covered by an occupational health and safety management system  | 115, 117     |
| 403-9  | Work-related injuries   | 116-118      |
| 403-10 | Work-related ill health   | 117-118      |

**TRAINING AND EDUCATION**
**GRI 103: Management Approach (2016)**

|       |  |         |
|-------|--|---------|
| 103-1 | Explanation of the material topic and its Boundary | 32-34   |
| 103-2 | The management approach and its components         | 106-108 |
| 103-3 | Evaluation of the management approach              | 106-108 |

**GRI 404: Training and education (2016)**

|       |   |     |
|-------|---|-----|
| 404-1 | Average hours of training per year per employee | 109 |
|-------|---|-----|

| DIVERSITY AND EQUAL OPPORTUNITY   |  |   |
|---|--|---|
| <a href="#">GRI 103: Management Approach (2016)</a>                               |  |   |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2   | The management approach and its components   | 101-102   |
| 103-3   | Evaluation of the management approach  | 101-102   |
| <a href="#">GRI 405: Diversity and equal opportunity (2016)</a>                   |  |   |
| 405-1   | Diversity of governance bodies and employees   | 48, 101-102   |
| NON-DISCRIMINATION  |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>                               |  |   |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2   | The management approach and its components   | 49-50, 101, 129   |
| 103-3   | Evaluation of the management approach  | 49-50, 101, 129   |
| <a href="#">GRI 406: Non-discrimination (2016)</a>                                |  |   |
| 406-1   | Incidents of discrimination and corrective actions taken   | During the reporting year (2019), no cases of discrimination have been registered   |
| FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING                                  |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>                               |  |   |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2   | The management approach and its components   | 114-115   |
| 103-3   | Evaluation of the management approach  | 114-115   |
| <a href="#">GRI 407-1 Freedom of Association and Collective Bargaining (2016)</a> |  |   |
| 407-1   | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | During the reporting year (2019), there have been no activities or suppliers which have limited the right of freedom of association or collective bargaining. |
| HUMAN RIGHTS ASSESSMENT   |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>                               |  |   |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2   | The management approach and its components   | 49-50, 110  |
| 103-3   | Evaluation of the management approach  | 49-50, 110  |
| <a href="#">GRI 412: Human rights assessment (2016)</a>                           |  |   |
| 412-2   | Employee training on human rights policies or procedures   | 110   |
| FREEDOM OF EXPRESSION   |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>                               |  |   |
| 103-1 + M   | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2 + M   | The management approach and its components   | 71-83   |
| 103-3 + M   | Evaluation of the management approach  | 71-83   |

|  |  |   |
|--|--|---|
| <b>INTELLECTUAL PROPERTY</b>                               |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>        |  |   |
| 103-1 + M  | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2 + M  | The management approach and its components   | 90-92   |
| 103-3 + M  | Evaluation of the management approach  | 90-92   |
| <b>MARKETING AND LABELING</b>                              |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>        |  |   |
| 103-1 + M  | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2 + M  | The management approach and its components   | 83-87   |
| 103-3 + M  | Evaluation of the management approach  | 83-87   |
| <a href="#">GRI 417: Marketing and labeling (2016)</a>     |  |   |
| 417-2  | Incidents of non-compliance concerning product and service information and labeling          | 83-87   |
| 417-3  | Incidents of non-compliance concerning marketing communications                              | 83-87   |
| <b>CUSTOMER PRIVACY</b>                                    |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>        |  |   |
| 103-1 + M  | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2 + M  | The management approach and its components   | 58-60   |
| 103-3 + M  | Evaluation of the management approach  | 58-60   |
| <a href="#">GRI 418: Customer privacy (2016)</a>           |  |   |
| 418-1  | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 7 reports (3 of which are still under investigation procedure) have been issued during 2019 to the Italian Privacy Authority. |
| <b>SOCIOECONOMIC COMPLIANCE</b>                            |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>        |  |   |
| 103-1  | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2  | The management approach and its components   | 50-51, 85-87  |
| 103-3  | Evaluation of the management approach  | 50-51, 85-87  |
| <a href="#">GRI 419: Socioeconomic compliance (2016)</a>   |  |   |
| 419-1  | Non-compliance with laws and regulations in the social and economic area                     | 84-87   |
| <b>GRI MEDIA SECTOR DISCLOSURE</b>                         |  |   |
| <b>CONTENT CREATION</b>                                    |  |   |
| <a href="#">GRI 103: Management Approach (2016)</a>        |  |   |
| 103-1 + M  | Explanation of the material topic and its Boundary   | 32-34   |
| 103-2 + M  | The management approach and its components   | 71-79   |
| 103-3 + M  | Evaluation of the management approach  | 71-79   |
| <a href="#">Media Indicators - Content creation (2014)</a> |  |   |
| M2   | Methodology for assessing and monitoring adherence to content creation values                | 71-79   |
| M3   | Actions taken to improve adherence to content creation values, and results obtained          | 23-27, 71-79  |

| CONTENT DISSEMINATION   |  |                  |
|---|--|------------------|
| <a href="#">GRI 103: Management Approach (2016)</a>             |  |                  |
| 103-1 + M   | Explanation of the material topic and its Boundary   | 32-34            |
| 103-2 + M   | The management approach and its components   | 71-87            |
| 103-3 + M   | Evaluation of the management approach  | 71-87            |
| <a href="#">Media Indicators - Content dissemination (2014)</a> |  |                  |
| M4  | Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision making) and results obtained  | 71-87            |
| M5  | Number and nature of responses (feedback/complaints) related to content dissemination, including protection of vulnerable audiences and informed decision making and accessibility, and processes for addressing these responses | 71-87            |
| AUDIENCE INTERACTION  |  |                  |
| <a href="#">GRI 103: Management Approach (2016)</a>             |  |                  |
| 103-1 + M   | Explanation of the material topic and its Boundary   | 32-34            |
| 103-2 + M   | The management approach and its components   | 92-95            |
| 103-3 + M   | Evaluation of the management approach  | 92-95            |
| <a href="#">Media Indicators - Audience interaction (2014)</a>  |  |                  |
| M6  | Methods to interact with audiences and results   | 92-95            |
| ELECTROMAGNETIC EMISSION  |  |                  |
| <a href="#">GRI 103: Management Approach (2016)</a>             |  |                  |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34            |
| 103-2   | The management approach and its components   | 141-144          |
| 103-3   | Evaluation of the management approach  | 141-144          |
| RISK MANAGEMET  |  |                  |
| <a href="#">GRI 103: Management Approach (2016)</a>             |  |                  |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34            |
| 103-2   | The management approach and its components   | 54-58, 65-67,110 |
| 103-3   | Evaluation of the management approach  | 54-58, 65-67,110 |
| CORPORATE GOVERNANCE  |  |                  |
| <a href="#">GRI 103: Management Approach (2016)</a>             |  |                  |
| 103-1   | Explanation of the material topic and its Boundary   | 32-34            |
| 103-2   | The management approach and its components   | 47-49            |
| 103-3   | Evaluation of the management approach  | 47-49            |



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**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. 20267/2018**

**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 "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Mediaset S.p.A. and its subsidiaries (hereinafter the "Group" or "Mediaset Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 10, 2020 (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 *Global Reporting Initiative Sustainability Reporting Standards* (hereinafter "GRI Standards") established in 2016 by *Global Reporting Initiative* (GRI), 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 art. 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 Mediaset 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) of this report.

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 Mediaset España Comunicación S.A., Publitalia '80 S.p.A., Radio Mediaset S.p.A., R.T.I. 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., Publitalia '80 S.p.A., Radio Mediaset 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, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
March 19, 2020