
**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE
SHAREHOLDERS' MEETING OF 23 JUNE 2021 ON THE FOLLOWING ITEMS
ON THE AGENDA:**

D) Appointment of the Board of Directors and determination of the number of members, term of office and remuneration

6. Determination of the number of members of the Board of Directors

7. Determination of the term of office

8. Appointment of the Board of Directors

9. Determination of the remuneration of directors

Dear Shareholders,

You are called upon to proceed with the appointment of the members of the Board of Directors.

The members of the Board of Directors are appointed by the Shareholders' Meeting pursuant to Art. 17 of the Company Bylaws on the basis of lists presented by the Shareholders and, possibly, by the outgoing Board of Directors, on which the candidates must be listed in consecutive order. In relation to this, it should be noted that the expiring Board of Directors has decided not to present its own list of candidates, as this is not necessary given the composition of the shareholder structure.

In compliance with Recommendation No. 23 of the Corporate Governance Code, the expiring Board of Directors has prepared guidance on what it considers to be the optimal quantitative and qualitative composition of the Board, which is attached to this Report.

6. Determination of the number of members of the Board of Directors

Dear Shareholders,

With the approval of the financial statements as at 31 December 2020, the mandate granted to the Board of Directors with the shareholders' resolution of 27 June 2018 will expire.

According to the provisions of Art. 17, paragraph 1, of the Company Bylaws, the Company is managed by a Board of Directors composed of a minimum of 7 to a maximum of 15 members, according to the determination made by the Shareholders' Meeting, taking into account legal provisions on the presence of independent directors and on gender balance.

Given that participation in the Shareholders' Meeting is envisaged exclusively through the Designated Representative, those who have the right to vote are recommended to submit, pursuant to Art. 126-bis, paragraph 1, penultimate sentence, of the Consolidated Law on Finance, proposals regarding the determination of the number of

members of the Board of Directors by 7 June 2021, in the manner provided for in the notice convening the Shareholders' Meeting.

7. Determination of the term of office

Dear Shareholders,

Art. 17, paragraph 2, of the Company Bylaws provides that the Board of Directors of the Company is appointed for a period, determined by the Shareholders' Meeting, in compliance with the legal time limits.

Given that participation in the Shareholders' Meeting is envisaged exclusively through the Designated Representative, those who have the right to vote are recommended to submit, pursuant to Art. 126-bis, paragraph 1, penultimate sentence, of the Consolidated Law on Finance, proposals regarding the term of office of the Board of Directors by 7 June 2021, in the manner provided for in the notice convening the Shareholders' Meeting.

8. Appointment of the Board of Directors

Dear Shareholders,

Pursuant to the law and the Company Bylaws, renewal takes place on the basis of lists filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting, presented by shareholders who represent, alone or together with other shareholders, at least 1% of the share capital consisting of shares with voting rights in ordinary Shareholders' Meetings (shareholding identified by Consob with executive decision No. 44 of 29 January 2021).

For the methods and terms for submitting lists for the appointment of the Board of Directors, please refer to the notice convening the Shareholders' Meeting and the provisions of Art. 17 of the Company Bylaws.

The Board of Directors, in view of the renewal of the administrative body, in compliance with the Corporate Governance Code, taking into account (i) the assessments made at the outcome of the annual board review referring to 2020, (ii) the "Policy on the diversity of the Board of Directors" adopted, with the positive opinion of the Governance and Appointments Committee, by the Board of Directors on 19 April 2021, has drawn up guidance on what it considers to be the optimal quantitative and qualitative composition of the Board, to be given to the Company's shareholders in view of the renewal of the body submitted to the Shareholders' Meeting called for 23 June 2021, which is included in an Annex to this Report.

9. Determination of the remuneration of the directors

Dear Shareholders,

Art. 26 of the Company Bylaws establishes that the Shareholders' Meeting determines the amount of remuneration for all directors. The remuneration of directors vested

with particular offices is established by the Board of Directors, after consulting the Board of Statutory Auditors.

The Board of Directors, taking into account what emerged during the board review and in consideration of the outcome of the market analyses carried out by the Remuneration Committee and the final considerations of the same, hopes that the Shareholders will define a remuneration appropriate for the role of Director in line with the market.

Given that participation in the Shareholders' Meeting is envisaged exclusively through the Designated Representative, those who have the right to vote are recommended to submit, pursuant to Art. 126-bis, paragraph 1, penultimate sentence, of the Consolidated Law on Finance, proposals regarding the remuneration to be attributed to the Board of Directors by 7 June 2021, in the manner provided for in the notice convening the Shareholders' Meeting.

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In light of the above, we invite you to appoint the members of the Board of Directors on the basis of the candidate lists for the office of members of the Board of Directors that will be presented and published in compliance with the provisions indicated in the Company Bylaws.

Cologno Monzese, 26 April 2021

For the Board of Directors

The Chairman

Annex: ***“Guidance for Shareholders on the qualitative and quantitative composition of the Board of Directors.”***



**Guidelines for Shareholders on the
qualitative and quantitative composition of the Board of
Directors**

April 2021

INTRODUCTION

This document contains the Guidelines for Shareholders (the "Guidelines"), which the Board of Directors of Mediaset S.p.A. ("Mediaset" or the "Company") has formulated in compliance with the provisions of the 2020 Corporate Governance Code for listed companies (the "Code"), with the support of the Governance and Appointments Committee. The Guidelines aim at determining the optimal quantitative and qualitative composition of the new Board of Directors on the basis of the experience of the three years that are coming to an end and the results of the 2020 Self-Evaluation Process.

The guidelines take into account the results of the self-assessment carried out on the functioning of the Board and its committees for the year 2020, which resulted in an overall positive assessment on the effectiveness of the actions carried out by the Board during its term.

Composition of the Board of Directors

Mediaset's Board of Directors believes that the current number of fifteen directors is adequate to guarantee the right balance between executive and independent directors.

Also on the basis of the several years' experience gained during the board performance evaluation, the Board hopes that its structure will include a mix of different and complementary skills and experience. To this end, the Board has identified the following diversity elements:

- (i) consolidated experience - gained as an executive director or manager with top management functions in industrial groups of significant size and/or complexity, operating in one or more of the business sectors included in the corporate purpose - and in-depth knowledge of the market in which the Company operates and its evolution, so that the management of the Company's business is entrusted to persons of great expertise, experience, capacity and strategic vision;
- (ii) consolidated experience - gained in professional firms, auditing firms, consulting companies or in an academic or institutional context - in legal, economic, financial and internal control and risk fields so as to contribute knowledge of such matters that is useful for the Company's business and complementary to managerial experience.
- (iii) international managerial or professional experience in innovation applied to the media sector and knowledge of the international market to enable the Company to benefit from such knowledge;
- (iv) the presence on the Board of at least two-fifths of directors of the less represented gender for the Company to benefit from different points of view and experiences that gender diversity entails;

- (v) majority of non-executive directors;
- (vi) the directors constituting the part of the Board of Directors determined in accordance with Recommendation No. 5 of the Corporate Governance Code, satisfy the independence requirements provided by law and by the Corporate Governance Code for the purposes specified by the Code;
- (vii) balanced combination of different seniority in office, as well as age groups, to balance the need for continuity and renewal in management and to benefit from different perspectives and experiences.

Specifically in the context of the 2020 Self-Assessment, the Board specified the following priority skills:

- managerial skills acquired at top-management level (also in other sectors);
- experience in the innovation, technology and digital field;
- with a view to making a useful contribution to Mediaset's internationalisation strategy, experience gained in multinational contexts.

Independence

In accordance with Recommendation 7 of the Code, the circumstances that compromise, or appear to compromise, the independence of a director are at least the following:

(a) being a significant shareholder of the company;

(b) being, or having been in the preceding three financial years, an executive director or an employee of:

- the company, a strategically important subsidiary of the company or a company under common control;
- a significant shareholder of the company;

c) having, or having had in the preceding three financial years, a significant commercial, financial or professional relationship, either directly or indirectly (e.g. through a subsidiary or companies where acting as an executive director, or as a partner in a professional firm or consulting company):

- with the company or its subsidiaries, or its executive directors or top management;
- with a person that, also together with others through a shareholders' agreement, controls the company; or, if the controlling party is a company or an entity, with its executive directors or top management;

d) receiving, or having received in the previous three financial years, from the company, one of its subsidiaries or the parent company, a significant remuneration in addition to the fixed remuneration for the office and to that provided for participating in the committees recommended by the Code or provided by the regulations in force;

- (e) having been a director of the company for more than nine financial years, even if not consecutive, in the last twelve financial years;
- (f) holding the office of executive director in another company in which an executive director of the company holds the office of director;
- (g) being a partner or a director of a company or an entity belonging to the network of the company appointed to carry out the statutory auditing of the company;
- (h) being a close family member of a person falling under one of the situations referred to in the points above.

The Company's Board of Directors, after receiving the favourable opinion of the Governance and Appointments Committee, has determined the criteria for assessing the significance of the relationships specified in point c) of Recommendation 7 and the remuneration of directors as indicated in point d) of Recommendation 7 for the purpose of ascertaining the independence of directors.

With reference to the relationships indicated in point c) of Recommendation 7, the Board of Directors considers that, as a general rule and without prejudice to the principle of substance over form, a significant relationship exists when:

- a director receives, or has received in the preceding three financial years, from the persons identified in the abovementioned point (c) of Recommendation 7, for such relationship, a fee, annual remuneration or compensation which at the same time exceeds (i) 15% of the director's income (if the director is self-employed) or 15% of the director's taxable income (if the director only has income other than from self-employment) and (ii) the director's fee for holding the office of director of the Company (including both the "fixed" fee and the fee for participating in committees.

If the director is a partner of a professional firm or a consulting firm or controls a company or is an executive director of a company, the fee, remuneration or compensation for the commercial, financial or professional relationship (i) must not exceed 5% of the total turnover of the professional firm, consulting firm or company controlled by the director or where he is an executive director and (ii) the amount of the fee, remuneration or compensation must be assessed in light of the percentage held by the director in those entities;

- the director, irrespective of the economic value, has received a professional assignment that is particularly prestigious for him or that relates to transactions of the Company and its group that are particularly important, taking into account the professional activities generally carried out by the director and the extent and importance of the assignments generally received.

As regards the remuneration referred to in point d) of Recommendation 7, the Company's Board of Directors considers that, as a general rule and without prejudice to the principle of substance over form, additional remuneration is "significant" only if it exceeds by 50% the total remuneration (represented by the remuneration as director and the remuneration for participating in committees) payable to the director.

The occurrence of one of the above-described circumstances which the Corporate Governance Code defines as significant, does not automatically lead to the director's independence being compromised pursuant to Article 147-ter, paragraph 4, point c) of the Consolidated Law on Finance. Potentially losing this requirement must be specifically assessed in accordance with the law.

To detect any relations that could be capable of influencing its independent decision-making, the Board of Directors (i) after appointment, and then (ii) on a yearly basis, assesses the independence of its non-executive members on the basis of the information provided by them.

Time availability and limits on holding several positions at the same time

Accepting the office implies for all the Directors of the Company a prior assessment of their ability to devote the time actually necessary to the diligent performance of the relevant tasks entrusted to them and the consequent responsibilities. To this end, the Board of Directors has established a number of positions that is recommended to be held in other companies to ensure that each Director has the time required to perform their duties.

To this end, an executive director should NOT hold:

- I. a position of executive director in another listed company, whether Italian or foreign, or in a financial, banking or insurance company or in a large company (net assets exceeding EUR 10 billion) and
- II. a position of non-executive director or statutory auditor - or member of another supervisory body - in more than three listed companies, whether Italian or foreign, or in financial, banking or insurance companies or companies that are significant in size (net assets exceeding EUR 10 billion).

A non-executive director should NOT hold:

- I. a position of executive director in more than one listed company, whether Italian or foreign, or in financial, banking or insurance companies or of significant size (net assets exceeding EUR 10 billion) and a position of non-executive director or statutory auditor or a member of another supervisory body in more than three listed companies, whether Italian or foreign, or in financial, banking or insurance companies or of significant size (net assets exceeding EUR 10 billion), or

- II. a position of non-executive director or statutory auditor - or a member of another supervisory body - in more than five listed companies, whether Italian or foreign, or in financial, banking or insurance companies or companies of significant size (net assets exceeding EUR 10 billion). If a director holds offices in more than one company belonging to the same group, only one office held within that group is taken into account for the purposes of calculating the number of offices; this method of calculation is permitted only with reference to a single group.

Offices held in Mediaset and in Mediaset Group companies are excluded from the limit of offices that can be held simultaneously.

Accepting the office implies for all the Directors of the Company a prior assessment of their ability to devote the time actually necessary to the diligent performance of the relevant tasks entrusted to them and the consequent responsibilities. This takes into account, among other things, the number of positions of director and/or statutory auditor they hold in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or other large companies.