

**ANNUAL CORPORATE GOVERNANCE REPORT  
(LISTED COMPANIES)**

**ISSUER'S DETAILS**

**YEAR-END:** 31 December 2017

**TAX IDENTIFICATION NUMBER:** A- 78839271

**COMPANY NAME:**  
ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.

**REGISTERED OFFICE:**  
Avda. Isla Graciosa 13, San Sebastián de los Reyes, 28703 MADRID

## A OWNERSHIP STRUCTURE

A.1 Complete the table below on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
25/04/2012	169,299,600	225,732,800	225,732,800

Indicate whether there are different share classes carrying different rights:

Yes No X

A.2 Identify the direct and indirect owners of significant shareholdings in the company at year-end, excluding directors:

Name / company name of shareholder	Number of direct voting rights	Indirect voting rights		% total voting rights
		Direct owner of the shareholding	Number of voting rights	
GRUPO PLANETA DE AGOSTINI, S.L.	-	GRUPO PASA CARTERA, S.A.U.	94,123,471	41.70
RTL GROUP, S.A.	-	UFA FILM UND FERNSEH, GMBH	42,099,153	18.65

Disclose the most significant changes in shareholder structure arising in the year:

Name / company name of shareholder	Transaction date	Description

A.3 Complete the tables below on company directors who hold voting rights attached to company shares:

Name / company name of director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of the shareholding	Number of voting rights	
IMAGINA MEDIA AUDIOVISUAL, S.L.	8,075,658	MEDIAPRODUCCIÓN, S.L.	1,462,575	4.23
Nicolas de Tavernost	82			0
% total voting rights held by directors				4.23

Complete the tables below on company directors who hold rights over company shares:

A.4 Disclose any family, commercial, contractual or corporate relations among significant shareholders that are known to the company, unless immaterial or arising in the usual course of business.

Name / company name of related parties	Nature of relations	Brief description
IMAGINA MEDIA AUDIOVISUAL, S.L.	Corporate	MEDIAPRODUCCION, S.L.U. is a wholly owned subsidiary of IMAGINA.
MEDIAPRODUCCIÓN, S.L.U.		

A.5 Disclose any commercial, contractual or corporate relations between significant shareholders and the company or its company group, unless immaterial or arising in the usual course of business:

Name / company name of related parties	Nature of relations	Brief description

A.6 Indicate whether the company has been notified of shareholder agreements that affect the company within the scope of articles 530 and 531 of the *Ley de Sociedades de Capital* ("Spanish Companies Act"). If so, outline the agreements and identify the parties:

Yes ☒

No ☐

Parties to the shareholder agreement
PLANETA CORPORACION, S.R.L.
DE AGOSTINI COMMUNICATION, S.A.

% of share capital affected

41.70

Outline of the agreement

On 25 May 2005 Grupo Planeta de Agostini, S.L. (Kort Geding, S.L.) disclosed an agreement to restructure its company group. Under the agreement, the parties: (i) ratify the agreement entered into in May 2003 with RTL (UFA Film); (ii) state their intention not to alter their representation on the Board of Atresmedia unilaterally by buying new shares; and (iii) stipulate rules for passing resolutions (proposed appointments, non-competition agreement, steps to be taken to resolve any dispute between the parties, etc).

On 20 December 2005, De Agostini Communications, S.A. disclosed that De Agostini Invest, S.A. had been spun off and dissolved. Title to the Grupo Planeta-De Agostini, S.L. shares was transferred to De Agostini Communications, S.A.

From 27 December 2016 onwards, commitments originally acquired by Grupo Planeta de Agostini, S.L. have been assumed by its wholly owned subsidiary Grupo Pasa Cartera, S.A.U.

Parties to the shareholder agreement
UFA FILM UND FERNSEH, GMBH (wholly owned subsidiary)
GRUPO PLANETA- DE AGOSTINI, S.L.

% of share capital affected

60.34

Outline of the agreement

On 29 October 2003 Grupo Planeta - de Agostini, S.L (Kort Geding, S.L.) disclosed its shareholder agreement with RTL Group Communications, S.R.L. (UFA FILMS) and RTL Group, S.A. concerning: (i) shareholder stability of Atresmedia; (ii) granting of reciprocal rights to acquire shares/equity units; (iii) covenants as to control or otherwise of the company by third parties; (iv) management, and variable pay scheme and executive talent retention. On 27 June 2007, the parties signed an addendum, under which they: (i) rendered the shareholder agreement between them of unlimited

duration, although either party may terminate from 30 June 2009 onwards, and (ii) ratified the content of the shareholder agreement, except clauses that no longer apply by reason of lapse of time or changes in the circumstances originally warranting their insertion.

From 27 December 2016 onwards, commitments originally acquired by Grupo Planeta de Agostini, S.L. have been assumed by its wholly owned subsidiary Grupo Pasa Cartera, S.A.U.

Indicate whether the company is aware of any concerted action among its shareholders. If so, provide a brief description:

Yes ☐

No ☒

Parties to concerted action	% of share capital affected	Outline of concerted action

Expressly disclose any change to or termination of shareholder agreements or concerted actions during the year:

- A.7 Identify any individual or corporation who does or might control the company within the meaning of article 4 of the *Ley del Mercado de Valores* ("Securities Market Act").

Yes ☐

No ☒

Name / company name

Remarks

- A.8 Complete the tables below on the company's treasury shares

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% total share capital
791,880	0	0.35

(\*) Through:

Name/company name of direct shareholder	Number of shares held directly
-	0
Total:	0

Explain any significant changes arising in the year within the scope of Royal Decree 1362/2007.

- A.9 Disclose the terms and conditions and term of effect of the current mandate given at the general meeting to the board of directors for the issue, repurchase or transfer of own shares.

The resolution now in effect on this matter was passed at the General Meeting of 2015 and applies until 2020. The resolution reads as follows:

"Authorisation for the Company to buy own shares.

To authorise the Company so that, directly or through any of its subsidiaries, it may acquire shares in Atresmedia Corporación de Medios de Comunicación, S.A. by any means allowed by law, including by means of a charge to profit for the year and/or to unrestricted reserves; and so that it may later dispose of such shares in accordance with articles 146, 509 and related items of the

Spanish Companies Act ("LSC"). Delegation is made to the Board of Directors of the powers required to implement the resolutions adopted by the General Meeting in this respect.

The rules on acquisition of own shares are:

- The par value of shares acquired, combined with shares already held by Atresmedia Corporación de Medios de Comunicación, S.A. and its subsidiaries, may not exceed the statutory ceiling at the given time.
- No acquisition, comprising shares acquired earlier by the Company or by a person acting in his/her/its own name but on behalf of the Company, may bring equity to a figure below the sum of share capital and the legal reserve or reserves that are restricted under the Company's articles. For these purposes, "equity" is the amount characterised as equity under the criteria applied to produce the financial statements, less profit taken directly to equity, and increased by share capital subscribed for but not paid in or called upon, and the par value and share premium on share capital subscribed for and carried on the books as a liability.
- Acquired shares must be fully paid in.
- The acquisition price must be not less than par value or more than twenty percent (20%) of the listed share price. Acquisition transactions must be compliant with the rules and practices of securities markets.

It is expressly authorised that shares acquired by the Company or its subsidiaries using this authority may be used, wholly or in part, as payment to beneficiaries of future remuneration schemes or as a result of the exercise of options for the benefit of staff, employees or directors of the Company. The purpose of this authorisation is stated expressly in accordance with article 146(1)(a) of the Spanish Companies Act.

The Board is given a power in the broadest terms to use the authority under this resolution and perform and implement it in full. The Board may delegate these powers to the Executive Committee, the Chief Executive Officer or any other person expressly authorised by the Board for that purpose, with such breadth as it thinks fit. Wherever appropriate, the Company's Internal Code of Conduct on Matters Relating to Securities Markets must apply.

The duration of this authorisation is five years from the date of this General Meeting. The unperformed portion of the authorisation granted to the Board by the General Meeting of 24 March 2010 is left without effect."

#### A.9 *bis* Estimated free float

	%
Estimated free float	35.07

A.10 Disclose any restriction on the transfer of securities and/or on voting rights. Specifically, disclose any restriction that might obstruct the taking of control of the company by means of acquiring shares in the company on the market.

Yes ☐

No ☒

#### Description of restrictions

The Company's articles contain no such restriction. However, article 36 of the *Ley General de la Comunicación Audiovisual (Ley 7/2010 de 31 de marzo)* ("Audiovisual Media Act") sets limits on ownership interests in more than one provider of audiovisual communication services so as to safeguard neutrality in the television market.

A.11 Indicate whether the general meeting has resolved to take steps to neutralise a public takeover bid in accordance with *Ley 6/2007*, the statute reforming the Spanish Securities Market Act.

Yes ☐

No ☒

If so, explain the measures adopted and how the restrictions might be lifted:

- A.12 Indicate whether the company has issued securities that are not traded on an organised exchange within the European Union.

Yes ☐

No ☒

If there are different share classes, identify each share class and describe the rights and obligations attaching to it.

## B GENERAL MEETING

- B.1 Disclose any difference with respect to the Spanish Companies Act as to quorum requirements for the general meeting to be validly constituted.

Yes ☐

No ☒

- B.2 Disclose any difference with respect to the Spanish Companies Act as to adoption of company resolutions.

Yes ☐

No ☒

- B.3 Disclose the rules on alteration of the Company's articles. Specify the majorities required for alteration of the Company's articles and any rules safeguarding shareholders' rights on the occasion of such alteration.

The Company's articles may be altered only at the General Meeting (item 19 of the Company's articles). Alteration of the articles is governed by the Spanish Companies Act only; no special terms have been introduced.

The Spanish Companies Act imposes these requirements for alteration:

- The directors or shareholders proposing the alteration must submit a paper stating the reasons for it.
- The notice convening the relevant general meeting must clearly state what is to be altered.
- The notice of meeting must make reference to the right of any shareholder to inspect, at the registered office, the full text of the proposed alteration and the statement of reasons for it, and to demand that such documents be delivered to him or her free of charge.
- The resolution must be passed at the general meeting in accordance with articles 194 and 201 of the Spanish Companies Act.

The resolution must be memorialised in a notarial act in public form, which in turn must be entered in the Registro Mercantil, Spain's Mercantile Register. After registration, the resolution will be published in the *Boletín Oficial del Registro Mercantil*, the gazette of the Mercantile Register.

- B.4 Disclose the figures on attendance at general meetings held this year and in the previous year:

Date of general meeting	% physical presence	% present by proxy	% remote voting		Total
			Electronic voting	Other	
19/04/2017	0.04	61.05	0.00	18.71	79.8

- B.5 Disclose any restriction under the company's articles of association as to the minimum number of shares that must be held to attract entitlement to attend a general meeting:

Yes ☒

No ☐

Number of shares required to attend a general meeting	400
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B.6 (Repealed)

B.7 State the URL of the company website and explain how to access it. Explain how to find corporate governance details and other information about general meetings that must be made available to shareholders on the website.

[www.atresmediacorporacion.com](http://www.atresmediacorporacion.com)

The website is accessible directly via [www.atresmediacorporación.com](http://www.atresmediacorporación.com), and indirectly via the television content websites [www.antena3.com](http://www.antena3.com) and [www.lasexta.com](http://www.lasexta.com) or [www.atresmedia.com](http://www.atresmedia.com).

## C COMPANY MANAGEMENT STRUCTURE

### C.1 Board of directors

#### C.1.1 Maximum and minimum number of directors under the company's articles:

Maximum number of directors	15
Minimum number of directors	5

#### C.1.2 Complete the table below on directors:

Name / company name of director	Representative	Director class	Position the board	First appointed	Last appointed	Election procedure
José Creuheras Margenat		Executive	Chairman	16/06/2003	22/04/2015	General Meeting
Maurizio Carlotti		Other non-executive	Vice Chairman	16/06/2003	22/04/2015	General Meeting
Silvio González Moreno		Executive	Chief Executive Officer	25/04/2007	24/04/2013	General Meeting
Patricia Estany Puig		Independent	Lead independent director	22/04/2015	-	General Meeting
Imagina Media Audiovisual, S.L.	Josep M. Benet Ferrán	Proprietary	Director	25/04/2012	-	General Meeting
		Proprietary	Director	25/03/2009	22/04/2015	General Meeting
Aurora Catá Sala		Independent	Director	25/03/2009	22/04/2015	General Meeting
Marco Drago		Proprietary	Director	16/06/2003	22/04/2015	General Meeting
María Entrecañales Franco		Independent	Director	25/03/2009	22/04/2015	General Meeting
Elmar Heggen		Proprietary	Director	21/12/2005	25/04/2012	General Meeting
José Manuel Lara García		Proprietary	Director	25/02/2015	-	Co-optation

Mónica Ribé Salat		Independent	Director	20/04/2016	-	General Meeting
Nicolas de Tavernost		Proprietary	Director	29/10/2003	22/04/2015	General Meeting
Total number of directors						13

Disclose any departures from the board during the reporting period:

Name / company name of director	Status of director upon departure	Departure date

C.1.3 Complete the following tables on directors and their statuses:

#### EXECUTIVE DIRECTORS

Name / company name of director	Position
José Creuheras Margenat	Chairman
Silvio González Moreno	Chief Executive Officer

Total number of executive directors	2
% total board	15.38

#### PROPRIETARY NON-EXECUTIVE DIRECTORS

Name / company name of director	Name/company name of major shareholder represented by the director or proposing his/her appointment
Imagina Media Audiovisual, S.L.	IMAGINA MEDIA AUDIOVISUAL, S.L.
Mauricio Casals Aldama	GRUPO PLANETA DE AGOSTINI, S.L.
Marco Drago	GRUPO PLANETA DE AGOSTINI, S.L.
Elmar Heggen	RTL GROUP, S.A.
José Manuel Lara García	GRUPO PLANETA DE AGOSTINI, S.L.
Nicolas de Tavernost	RTL GROUP, S.A.

Total number of proprietary non-executive directors	6
% total board	46.15

#### OTHER NON-EXECUTIVE

Name / company name of director	Position
Maurizio Carlotti	Vice Chairman

Total number of other non-executive directors	1
% total board	7.69



State the reasons why these directors cannot be treated as proprietary or independent, and disclose any relations with the company, its executives or its shareholders:

Maurizio Carlotti is not, and does not represent, a major shareholder, and is therefore not a proprietary director. Up until 27 July 2017 he was an executive director, and therefore cannot be classed as an independent director. Therefore, under article 529 *duodecies* of the Spanish Companies Act, he is classed as “other non-executive”.

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Name / company name of director
Aurora Catá Sala
Profile
<p>She joined Seeliger y Conde in 2008 as a partner, and headed up the technology, media and telecommunications (TMT) and pharmaceutical industry practices.</p> <p>She began her career in the financial services sector, first at Bank of America and later as Finance Director at Nissan Motor Ibérica until 1996, when she was appointed managing director of RTVE, Spain's state broadcasting corporation, in the Catalonia region. Next, she became CEO of Planeta in 2010, and was the managing director of Recoletos Grupo de Comunicación from 2003 until the firm was taken over by RCS, at which point she was appointed managing director of Unidad Editorial Sociedad de Revistas, and headed the RCS Group's development area in Latin America.</p> <p>Today she is an independent director on the boards of Atresmedia Corporación and Banc Sabadell.</p> <p>Aurora Catá holds a degree in industrial engineering, and was awarded an MBA by IESE.</p>

Name / company name of director
María Entrecañales Franco
Profile
<p>Co-founder and honorary chair of the Fundación Balia por la Infancia, which in 2011 was awarded the IMPULSA prize by the Fundación Príncipe de Girona, and the UNICEF Spain prize in 2010 for successfully building a volunteer network. She graduated in law from the Universidad Complutense, and was awarded a master's degree in international law by the London School of Economics (with honours) and a masters' degree in charity management by ESADE in 2000. She combines her work at Fundación Balia with business initiatives, and is the co-founder and head of the corporate image area for the Lateral restaurant chain. She has served as a director at Atresmedia Corporación since March 2009. She is a trustee of the Museo de Arte Contemporáneo de Barcelona and sits on the advisory board of the Fundación ARCO. In 2011 she was awarded the national woman executive prize in the “solidarity and humanitarian action” category.</p>

Name / company name of director
Patricia Estany Puig
Profile
<p>She holds bachelor's and master's degrees in business administration from ESADE and is a graduate of the international management programme of HEC Paris and the advanced management program of Harvard Business School.</p> <p>She started her career at the Paris office of Andersen Consulting in 1985. From 1997 to 2004, she led the internationalisation and restructuring of a range of family owned businesses. She has more than 20 years of international experience in finance, having held senior positions at Lombard Odier (2008-2010), Consulnor Catalunya (2005-2008) and Credit Lyonnais in New York and London (1988-1993). She was vice chair (2003-2007) and member of the management board (2000-2007) of ESADE Alumni, and a trustee of Fundacion ESADE (2013-2017).</p>

Today, she is a managing director at JP Morgan International Ltd, where she joined the Spanish office in 2010 to bolster the private banking business, having formerly worked at JP Morgan's capital markets division in London (1993-1996). She is a member of the board of Foment del Treball.

Name / company name of director
Mónica Ribé Salat
Profile
<p>She holds a degree in law from the Universidad de Barcelona and a master's degree in marketing from ESADE. A qualified insurance broker, she is now reading for a degree in business science at the Universitat Oberta de Catalunya. She has completed several postgraduate programmes, including insurance management at Universidad Pompeu Fabra and BHPB (Building a High Performance Board) at IESE.</p> <p>She has more than 25 years of experience in the insurance industry. She is the CEO of Ribé y Salat, the third largest insurance broker in Spain, a director at CBP Solutions Spain and a director and secretary to the board at CBP Protección de Pagos.</p> <p>In the economic and social domain, she is a member of the board of ADECOSE, the Spanish association of insurance brokers. She is a member of YPO – Young President's Organisation, a mentor at Mujeres con Impacto (Fundación Ship2B) and a trustee of the Fundació Catalana de l'Esport.</p>

Total number of independent non-executive directors	4
% total board	30.77

Identify any director classed as independent who receives from the company or a group company any payment or benefit other than remuneration as a director or who in the year has engaged in business relations with the company or a group company on his/her own behalf or as a significant shareholder, director or senior executive of an entity engaging in that relationship.

Identify the rest of non-executive directors and state the reasons why they cannot be treated as proprietary or independent, and disclose any relations with the company, its executives or its shareholders:

Name / company name of director	Reasons	Committee reporting on or proposing the appointment
-	-	-

Total number of other non-executive directors	-
% total board	-

Report any changes arising in the year in the classification of each director:

Name / company name of director	Date of change	Previous status	Current status
Maurizio Carlotti	17/07/2017	Executive	Other non-executive

C.1.4 Complete the table below on the number of women directors sitting on the board over the past four years, and their classification:

	Number of directors				% total directors in each class			
	Year 2017	2016	2015	2014	Year 2017	2016	2015	2014
Executive	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Independent	4	4	3	2	100	100	100	66.6
Other non-executive	-	-	-	-	-	-	-	-
Total:	4	4	3	2	30.77	30.77	25	15.38

C.1.5 Describe any steps taken to recruit to the board a number of women that would lead to a balanced presence of women and men.

#### Description of measures

The Appointments and Remuneration Committee set itself the goal of supporting the recruitment of women directors over the medium term in accordance with Recommendation 14 of the Good Governance Code. This goal was reflected in the director selection policy adopted by the Board in 2015, which set a target of 30% of the board being women directors by 2020.

In 2016, a new independent woman director was appointed to the Board. Hence, by year-end, women directors account for 30.8% of the Board, and the director selection policy target was achieved ahead of schedule.

The Company will continue to apply the policy so that selection procedures do not obstruct the appointment of women directors and qualified women candidates are properly included. No new director was appointed in 2017.

C.1.6 Describe any steps taken by the appointments committee to ensure that selection procedures are not vitiated by any implicit bias against women directors. Indicate whether the company deliberately searches for and shortlists women who fit the desired professional profile:

#### Description of measures

The Appointments and Remuneration Committee ensures that Atresmedia's selection procedures are not vitiated by implicit biases that might involve any form of discrimination and, specifically, obstruct the selection of women directors. The Committee must report to the Board on any gender diversity issue that may arise in the process of selecting new directors. No such issue has arisen so far. The latest selection was carried out in 2016 with the assistance of an external consultant.

If, despite any steps taken, there are no or very few women directors, state reasons:

Not applicable.

C.1.6 *bis* Set out the conclusions of the appointments committee on verification of compliance with the director selection policy. Specifically, explain how the policy supports the goal of having at least 30% of directorships being held by women by 2020.

Royal Decree-Law 18/2007 of 24 November on non-financial reporting and diversity amended article 540 of the Spanish Companies Act to widen the scope of the corporate governance statement as to director selection policy: description, goals, steps taken for implementation by the appointments and remuneration committee and by the board, and outcome in the reporting period.

The main goal of the policy now active at Atresmedia is that the make-up of the Board should bring together a range of different perspectives. This is decisive for shaping the optimal structure of the Board and create the best fit with the specific requirements of the company, with statutory requirements, with the company's own rules, and with corporate governance standards and

recommendations. We believe that a balance in the composition of this collegiate body is the best way to ensure that it can deliver effective management, oversight, scrutiny and debate, and thus make the best decisions for the company.

The Atresmedia policy is based on the insight that appointments to the Board should be based on the following decisive factors: shareholder structure of the company; diversity of knowledge and experience of directors, their ability to dedicate sufficient time to doing their job, and their specialisation in specific key fields (finance, law, audiovisual management, etc); absence of actual or potential conflicts of interest; and a personal commitment by each director to further the interests of the company. The policy also sets the medium-term goal to achieve a greater presence of women on the board. The steps taken are described in C.1.5 above.

In the management report attached to the financial statements for 2017 (to be approved by the Board on the same date as this report), the Company sets out a non-financial statement in accordance with the requirements of Royal Decree-Law 18/2017 on the outcome of our diversity policy, as expressed by indicators on different types of director, gender, nationality, training and skills.

The latest appointment to the Board was made in 2016. The Appointments and Remuneration Committee verified that this policy was followed in the course of the selection process, assessed the skills and expertise of selected candidates and identified the required aptitudes to fulfil specific functions. No discrimination was permitted.

The Appointments and Remuneration Committee proposed to the Board the appointment as an independent director of Mónica Ribé Salat. The Committee wrote the rationale for this nomination, which, having been approved by the Board, was laid before shareholders in conjunction with the draft text of the appointment at the general meeting of 2016, together with an account of Ms Ribé's track record and professional profile. The selection process benefited from the assistance of the firm Seeliger & Conde.

**C.1.7 Explain how major shareholders are represented on the board.**

Major shareholders are represented on the Board by proprietary directors, who are nominated by each major shareholder at the general meeting. Such nominations must first attract a favourable report produced by the Appointments and Remuneration Committee and then be approved by the Board itself.

**C.1.8 If any proprietary director has been appointed at the behest of a shareholder earning less than 3% of share capital, explain why.**

Disclose any refusal to accommodate a formal request for a presence on the board from a shareholder whose ownership interest is equal to or greater than any other shareholder who has successfully nominated a proprietary director. If that situation has arisen, state the reasons for such refusal.

Yes ☐ No ☒

**C.1.9 Disclose whether any director has departed from office before the end of his or her mandate, and, if so, whether he or she has given reasons to the board and by what means, and, if he or she did so in writing addressed to the entire board, set out at least the reasons given by the director him or herself.**

No such situation arose.

**C.1.10 Disclose any powers delegated to the chief executive officer or to executive directors.**

Name / company name of director	Brief description
Silvio González Moreno	All the powers vested in the Board except those that are non-delegable under the law or the Company's articles.

C.1.11 Identify any directors who are also directors or senior executives at other companies within the listed company's group.

Name / company name of director	Name of group company	Position	Does he/she perform executive duties?
Silvio González Moreno	ATRESMEDIA CINE, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	ANTENA 3 MULTIMEDIA, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	ANTENA 3 NOTICIAS, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	ATRES ADVERTISING, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	SMARTCLIP LATAM, S.L.	Representative of the sole director (ATRES ADVERTISING)	Yes
Silvio González Moreno	SMARTCLIP HISPANIA, S.L.U.	Representative of the sole director (ATRES ADVERTISING)	Yes
Silvio González Moreno	ATRESMEDIA FOTO, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	ATRESMEDIA MÚSICA, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	ATRESMEDIA STUDIOS, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	FLOOXPLAY, S.L.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	MÚSICA APARTE, S.A.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	UNIPREX, S.A.U.	Representative of the sole director (ATRESMEDIA CORPORACIÓN)	Yes
Silvio González Moreno	ANTENA 3 TELEVISION DIGITAL TERRESTRE DE CANARIAS, S.A.U.	Representative of the sole director (UNIPREX, S.A.U., hereinafter "UNIPREX")	Yes
Silvio González Moreno	UNIPREX TELEVISIÓN, S.L.U.	Representative of the sole director (UNIPREX)	Yes
Silvio González Moreno	UNIPREX VALENCIA TV, S.L.U.	Representative of the sole director (UNIPREX)	Yes

Silvio González Moreno	UNIPREX TELEVISIÓN DIGITAL TERRESTRE DE ANDALUCÍA, S.L.	Representative of the sole director (UNIPREX)	Yes
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C.1.12 Identify any company directors who have disclosed that they are also directors at a non-group company that is listed on an organised exchange.

Name / company name of director	Name of listed company	Position
Aurora Catá Sala	BANCO DE SABADELL, S.A.	Director
Marco Drago	DEA CAPITAL, S.P.A.	Director
Marco Drago	INFORMATION GAME TECHNOLOGY, PLC	Director
Elmar Heggen	REGUS, Plc	Director
Elmar Heggen	RTL GROUP, S.A.	Director
José Manuel Lara García	BANCO DE SABADELL, S.A.	Director
Nicolas de Tavernost	MÉTROPOLE TÉLÉVISION, S.A. (M6)	Chairman
Nicolas de Tavernost	NATIXIS, S.A.	Director
Nicolas de Tavernost	GL EVENT, S.A.	Director

C.1.13 Disclose and explain any provision made in the board regulations limiting the number of boards to which directors may belong.

Yes X

No ☐

Description of rules
<p>On 23 November 2016 the Board altered its Regulations to make the following rules in line with Recommendation 25 of the Good Governance Code.</p> <p>The rules adopted by Atresmedia are set out in article 34 of the Board Regulations, and are as follows: no director may simultaneously be a director at more than four listed companies or eight companies in total (whether or not listed) which: (i) do not belong to the Atresmedia group or (ii) to the group of the shareholder that nominated him or her as a director of Atresmedia. The rules by which the maximum number of directorships that may be held is calculated are set out in detail in paragraph (3)(a) of that article.</p> <p>However, based on a report produced by the Appointments and Remuneration Committee, the Board may authorise a director to hold additional executive positions beyond those limits if it can be shown that this does not prevent him or her from diligently performing his or her duties. The authorisation must be disclosed in the Annual Corporate Governance Report and on the Company's website.</p>

C.1.14 (Repealed.)

C.1.15 Disclose the total remuneration paid to the board.

Remuneration to the Board (thousands of euros)	4,508
Amount of total remuneration reflecting directors' accumulated pension rights (thousands of euros)	0
Total remuneration to the Board (thousands of euros)	4,508

C.1.16 Identify members of senior management who are not executive directors and disclose the total remuneration that accrued to them in the year.

Name / company name	Position(s)
Francisco Javier Bardají Hernando	Head of Atresmedia Televisión
Fernando Costi Pérez	Chief Audit Executive
Manuel de la Viuda Fernández de Heredia	Head of Legal Affairs
José Miguel García-Gasco Martínez	Head of Atresmedia Publicidad
Arturo Larraínzar Garijo	Head of Strategy
Mikel Lejarza Ortiz	Head of Atresmedia Cine
Antonio Manso Marcos	Head of Finance
Javier Nuche Sanz	Head of Atresmedia Diversificación
Ramón Osorio de Rebellón Villar	Head of Atresmedia Radio
Patricia Pérez González	Head of Corporate Affairs

  

Total remuneration to senior management (thousands of euros)	4,462
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C.1.17 Identify any directors who are also directors of major shareholders and/or their group companies.

Name / company name of director	Company name of major shareholder and/or group company	Position
José Creuheras Margenat	PLANETA CORPORACIÓN, S.R.L.	Chairman
José Creuheras Margenat	GRUPO PLANETA-DE AGOSTINI, S.L.	Director
Marco Drago	GRUPO PLANETA-DE AGOSTINI, S.L.	Vice Chairman
José Manuel Lara García	PLANETA CORPORACIÓN, S.R.L.	Director
José Manuel Lara García	GRUPO PLANETA DE AGOSTINI, S.L.	Director
José Manuel Lara García	CENTRO LIBROS PAFF, S.L.	Joint director
José Manuel Lara García	DIGICIRTEL, S.L.	Chairman
José Manuel Lara García	EDITORIAL PLANETA DE AGOSTINI, S.L.	Director
José Manuel Lara García	LYRALIA TRADE, S.L.	Joint director
José Manuel Lara García	PLANETA DE AGOSTINI FORMACIÓN, S.L.	Joint director
José Manuel Lara García	PLANETA DE AGOSTINI FORMACIÓN INTERNACIONAL, S.L.	Director
José Manuel Lara García	PLANETA INNOVACIÓN, S.A.U.	Joint director
José Manuel Lara García	PLANETA NATHAM BRASIL, S.L.	Director
José Manuel Lara García	PLANETA SISTEMAS Y OPERACIONES, S.L.	Joint director
José Manuel Lara García	PRISMA PUBLICACIONES 2002, S.R.L.	Joint director
José Manuel Lara García	TAGUS BOOK, S.L.	Chairman

Disclose any significant relationships other than those covered by the preceding section between directors and major shareholders and/or their group companies.

Name / company name of related-party director	Name / company name of related-party shareholder	Description of the relationship
Elmar Heggen	UFA FILM UND FERNSEH, GMBH UNIPERSONAL.	CEO
Elmar Heggen	MÉTROPOLE TÉLÉVISION, S.A. (M6)	Member of the supervisory board
Nicolas de Tavernost	BERTELSMANN, A.G.	Member of the executive committee
Nicolas de Tavernost	RTL GROUP, S.A.	Member of the operational management committee
IMAGINA MEDIA AUDIOVISUAL, S.L.	IMAGINA MEDIA AUDIOVISUAL, S.L.	Josep Maria Benet Ferrán, the representative on the Board of IMAGINA MEDIA AUDIOVISUAL, S.L., is also its chairman and CEO

C.1.18 Report any change to the board regulations made in the year.

Yes ☐

No ☒

Description of the changes

C.1.19 Describe the procedures of selection, appointment, re-election, assessment and removal of directors. Identify the organs concerned and describe the steps followed and criteria applied in each procedure.

Selection and appointment (article 12 of the Board Regulations)

Nominees to directorships must satisfy the requirements under the law and the Company's articles. They must be competent, skilled and reputable, and have the knowledge and expertise appropriate to the office. When selecting directors we apply the criteria set out in the director selection policy, which was adopted by the Board. The main objective of the policy is that the Board have a balanced composition in the light of detected requirements.. The selection process is designed to favour diversity as to track records, areas of expertise and gender.

Directors need not be shareholders. The office of director is barred to persons who attract any of the prohibitions or conflicts of interest set out in laws and regulations or in the Board Regulations.

Appointments to the Board rest with the shareholders at a General Meeting, in accordance with the Spanish Companies Act and the Company's articles.

If any vacancy arises, the Board may use the co-optation system to appoint a person who is to fill the vacancy until the next General Meeting is held.

A director may be an individual or a corporation. The corporation must in turn appoint a single individual for the ongoing exercise of the duties that attach to the office. That individual must satisfy the legal requirements prescribed for directors and will be subject to the same duties as, and will be jointly and severally liable with, the director that is a corporation. Nomination of an individual to represent a director that is a corporation is subject to a report to be issued by the Appointments and Remuneration Committee. Revocation of a representative will not be effective until a replacement is appointed.

The proposal for the appointment or re-election of independent directors must be made by the Appointments and Remuneration Committee. In the remaining cases, the Board itself is tasked with making such proposals. The proposal must be accompanied by a Board report stating the grounds of its



decisions, assessing the aptitudes, experience and merits of the proposed candidate, and which will be attached to the minutes of the General Meeting or of the Board itself. The proposed appointment or re-election of any director must also be preceded by a report from the Appointments and Remuneration Committee.

Between the call of General Meeting and the date on which the meeting is held, the Company must publish, on an on-going basis, at least the following information on its website regarding the people proposed for appointment, ratification or re-election: a) identity and track record; b) other remunerated activities performed; c) the director class for which such people are proposed, highlighting, where appropriate, the shareholder they represent; d) the date of their first appointment as director, and of any subsequent re-elections; e) shares of the Company, and share options held by them, and f) the proposal and report referred to earlier. If the candidate is a corporation, the information must include these same particulars for the individual who is intended to be appointed as representative.

Re-election (Article 13(1) of the Regulations)

The directors shall exercise their duties during the period established in the Company's articles (four years), and may be re-elected one or more times for periods of equal duration.

Assessment (Article 15(2) of the Regulations)

The Chairman of the Board is responsible for organising and coordinating with the chairpersons of the related Committees the periodic assessment of the Board, and, where appropriate, that of the Chief Executive Officer or of the lead executive.

Removal (Article 14 of the Regulations)

Directors will no longer hold their offices when so decided by the General Meeting, when they tender their resignation to the Company or once their term of office has elapsed.

The directors must offer their resignation to the Board of Directors and execute the related resignation in the cases detailed in the following section C.1.21 of this Report.

The Board of Directors will refrain from proposing the dismissal of any independent director before the end of the statutory term for which he/she was appointed, unless there are justified reasons, in the opinion of the Board and subject to a prior report from the Appointments and Remuneration Committee. Just cause will be deemed to exist when the director occupies new posts or assumes new obligations preventing him/her from devoting sufficient time to performing director functions, when he/she breaches the duties inherent in his/her post or when any of the circumstances arise preventing him/her from becoming an independent director.

The Board of Directors will propose the dismissal of the remaining directors before the end of the statutory term for which they were appointed, when there are justified reasons, in the opinion of the Board, subject to a prior report from the Appointments and Remuneration Committee.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the Company's shareholder structure, in order to meet the proportionality criterion set out in the Regulations.

When a director, Secretary or Deputy Secretary to the Board of Directors leaves his/her post before the end of his/her term of office, he/she must explain the reasons in a letter submitted to all the Board members, without prejudice to the fact that this cessation is notified as a Significant Event to the CNMV, and that the reason for the cessation is explained in the Annual Corporate Governance Report. In particular, in the event that the resignation is due to the fact that the Board has adopted significant or reiterated decisions with respect to which the director, Secretary or Deputy Secretary have evidenced serious reservations which have led them to resign, such circumstances will be stated in the resignation letter addressed to the Board of Directors.

#### **C.1.20 Describe the extent to which the board's annual assessment has prompted significant changes in internal organisational structure and procedures:**

##### **Description of the changes**

The Secretary to the Board performed an analysis on the measures and proposals included in the 2017 Action Plan that formed part of the 2016 assessment report. The improvements included were: (i) in response to a favourable report issued by the Appointments and Remuneration Committee the Board has adopted a protocol for the succession of the Chairman and the Chief Executive Officer and a

protocol on the involvement of the Board's Executive Committee in especially important matters; (ii) as a matter of good governance practice, the Company will now require that the external auditor hold an annual meeting with the full Board to report on the work performed and developments in the Company's accounting and risk situations; (iv) where physical presence of directors at Board or Committee meetings is impracticable, in accordance with the provisions of the Board Regulations means have been put in place to support remote involvement by directors; (v) where the face-to-face or remote presence of a director is impracticable altogether, the Company tries to avoid concentration of proxy appointments of a single director, while abiding by the rules on this point in internal regulations, or of delegation of powers from non-executive directors to another non-executive director; (vi) the Company has included in the annual calendar of meetings of the Board and of its Committees new ordinary meetings - specifically, one Board meeting and one meeting of the Audit and Control Committee; (vii) we have increased the duration of some of the scheduled meetings of the Audit and Control Committee; (viii) we have completed the 2017 assessment process before the adoption of this report so that it would reflect the most significant steps forward.

This internal analysis concluded that there had been a very high degree of compliance with and application of the 2017 Action Plan proposals. However, they will continue to be taken into account as a frame of reference in future years.

**C.1.20.bis Describe the process of assessment and specify the areas assessed by the board of directors, with the assistance, as the case may be, of an external consultant, as to diversity of membership and skills, operation and membership of board committees, the performance of the chairman of the board and of the chief executive of the company, and the performance and contribution of each director.**

In 2016 the Board decided to engage an external consultant, Deloitte Advisory, S.L., to assist the Board in self-assessment and assessment of its own members and Committees, with the technical support of the office of the Secretary to the Board. The Board will seek this outside assistance every three years in accordance with Recommendation 36 of the Good Governance Code.

The 2017 assessment was conducted internally. The evaluation goes beyond the functioning of the Board as a collegial body to includes that of its committees, the diversity of the Board's membership and skills, the performance of the Company's Chairman, CEO and Secretary to the Board, and the performance and contribution of each director, with a special focus on the heads of the Board committees.

The following elements were considered:

- 1) 2017 Action Plan.
- 2) Documentation for 2017 (minutes, notices of meeting, proxy appointments, etc).
- 3) The results of directors' individual assessment questionnaires.
- 4) Annual reports on the structure, functioning and activity of the Board of Directors and of the Board committees, prepared and approved by the bodies to which they refer, except that of the Board, which is prepared by the Appointments and Remuneration Committee and submitted to the Board for approval.

These reports are structured as follows: internal rules, powers and duties, membership, functioning and key activities in the year. They specifically refer to the changes affecting each collective body, and to regulatory developments arising in the year.

The outcome of the assessment is published in a comprehensive report which contains an Action Plan for 2018, with specific verifiable proposed measures, supported by an earlier report by the Appointments and Remuneration Committee and adopted on the day of this report.

**C.1.20.ter Disclose any business dealings that the consultant or any of its group companies maintain with the Company or any of its group companies.**

**C.1.21 Indicate cases in which directors are obliged to resign.**

According to article 14 of the Board Regulations, directors must tender their resignation to the Board and formally step down from office, if considered appropriate by the Board:

- a) When executive directors no longer hold the executive or management offices to which their appointment as directors was linked.

- b) When the shareholder represented by a proprietary directors transfers its whole shareholding or reduces its shareholding to a threshold that requires a reduction in the number of its proprietary directors.
- c) When an independent director is affected by supervening circumstances that preclude his/her classification as an independent.
- d) When any of the conflicts of interest or prohibitions set out by the legislation in force arise.
- e) When directors are severely reprimanded by the Appointments and Remuneration Committee as a result of a breach of their duties.
- f) When the circumstances of directors might damage the Company's good standing and reputation. In such cases, the director must immediately inform the Board about the criminal proceedings in which he/she is involved as a defendant, and about the subsequent outcome.
- g) When a director is indicted or tried for any of the crimes penalised by law, the Board will examine the matter as soon as possible and, in view of the particular circumstances, decide whether or not he or she should continue in office. The Board must disclose all such information, stating appropriate reasons where necessary, in the Annual Corporate Governance Report.

As an exception, the above will not apply in the events otherwise triggering resignation set out in (a), (b) and (c) if the Board, in response to a report from the Appointments and Remuneration Committee, believes there is reason for the director to remain in office, although the supervening circumstances may have some effect on the director's classification.

C.1.22 (Repealed.)

C.1.23 Are reinforced majorities required beyond legal requirements for any type of resolution?

Yes ☐

No ☒

If so, describe the differences.

Description of differences

C.1.24 State whether there are specific requirements, other than those regarding directors, to be appointed chairman of the board of directors.

Yes ☐

No ☒

Description of the requirements

C.1.25 Indicate whether the chairman has a casting vote.

Yes ☐

No ☒

Areas in which a casting vote applies

C.1.26 Indicate whether the company's articles or board regulations set any age limit for directors.

Yes ☐

No ☒

C.1.27 Indicate whether the company's articles or board regulations set a limit the term of office of independent directors that differs from the statutory limit.

Yes ☐

No ☒

- C.1.28 Disclose whether the company's articles or board regulations make specific rules on proxy appointments for voting at board meetings, the manner of making such appointments and, in particular, the maximum number of proxy appointments a single director may hold. State whether it is mandatory to give such proxies only to a director of the same class. Describe any such rules in outline.

Under article 28 of the Board Regulations, directors must attend all meetings unless absence is justified on reasonable grounds. When a director cannot attend a meeting, he or she may give a proxy to another director, in writing and for each meeting specifically, stating voting instructions. Non-executive directors may only give proxies to other non-executive directors. One and the same director may hold more than one proxy appointment. However, the office of the Secretary to the Board endeavours to ensure that appointments are not unduly concentrated with one director if several directors are unable to attend.

- C.1.29 State the number of meetings the board of directors has held during the year. Where applicable, indicate how many times the board has met without the chairman in attendance. In calculating this number, proxies granted with specific instructions shall be considered attendance.

Number of board meetings	10
Number of board meetings not attended by the chairman	0

If the chairman is an executive director, indicate the number of meetings held without the attendance in person or by proxy of any executive director or under the chairmanship of the lead independent director.

Number of meetings	0
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State the number of meetings held by board committees in the year.

Number of meetings of the executive committee	11
Number of meetings of the audit committee	6
Number of meetings of the appointments and remuneration committee	4

- C.1.30 Disclose the number of meetings of the board in the year at which all directors were in attendance. Directors present by proxy with specific instructions attached are to be counted as having been present.

Attendance by directors	10
% of attendance with respect to total votes during the year	100

- C.1.31 Indicate whether or not the separate and consolidated financial statements submitted to the board for adoption are previously certified.

Yes ☐

No ☒

Where applicable, identify the person(s) who has (have) certified the company's separate and consolidated financial statements to be authorised for issue by the board.

Name	Position
-	-

- C.1.32 Describe any mechanisms put in place by the board so that the separate and consolidated financial statements authorised for issue by the board and laid before the general meeting do not attract a qualified opinion in the audit report.

The Board Regulations (article 23(1)(f)) entrusts the Audit and Control Committee with the duty of ensuring that the Board submits the financial statements to the General Meeting without reservations or a qualified opinion in the audit report. In exceptional cases in which reservations or qualifications arise, both the Chairman of the Audit and Control Committee and the auditors have to provide shareholders with a clear explanation of the content and scope of the qualifications.

The Audit and Control Committee is regularly attended by the Chief Finance Officer and the Chief Audit Executive who can thus directly address all queries from directors regarding matters dealt with by the Committee.

Moreover, the Committee regularly requires the presence of external auditors at some of the meetings scheduled in the year - with the adequate level of responsibility and representativeness of the audit firm - and in any case, with respect to the half-yearly review and the conclusions of the preliminary and final audit work. At these meetings, the conclusions reached by the external auditors as a consequence of their engagement are announced in advance and analysed, to take the required measures and to avoid the need to include any potential reservation, mention or qualification in the auditors' report. Members of the Audit and Control Committee receive relevant information on the auditor's findings and are able to raise questions and engage in such discussion as they think fit with the external auditor.

The Chair of the Audit and Control Committee immediately informs the Board of the content of its meetings. After the meetings, all directors receive a copy of the Committee minutes.

In addition, in 2017 the external auditor attended a Board meeting to expand upon the information provided to directors on the review work and audit they had conducted and their main findings. Directors were then able to pose questions to the external auditor and enter into discussion as they thought fit.

- C.1.33 Does the Secretary to the Board have the status of director?

Yes ☐

No ☒

Name / company name of secretary

Manuel de la Viuda Fernández de Heredia

- C.1.34 (Repealed.)

- C.1.35 Describe any mechanisms put in place by the company to preserve the independence of external auditors, financial analysts, investment banks and credit rating agencies.

In 2016, the Board of Directors resolved to amend its Regulations, specifically article 23, to adapt it to the amendment of article 529 *quaterdecies* of the Spanish Companies Act, which came into force in June 2016, and which was introduced by *Ley 22/2015* (Spain's statute on auditing).

The Audit and Control Committee is tasked with establishing appropriate relations with the external auditor in order to receive information and examine the audit plan and address all those matters that may threaten its independence, as well as any other issues related with the audit process. This Committee is also charged with granting the required authorisation, when necessary, to provide services other than prohibited services, in line with applicable independence laws and regulations, and with performing or supervising the other notifications envisaged in auditing legislation and standards, verifying that the Company's senior management takes into account its recommendations.

At all events:

- a) The Audit and Control Committee establishes relations with the external auditor to receive all the information that may potentially represent a threat to its independence.
- b) Each year, the Audit and Control Committee receives a declaration from the external auditors regarding their independence vis-à-vis the Company or entities directly or indirectly related to it, together with detailed, itemised information on additional services of any kind and the related fees

received from these entities, by the external auditor or by persons or entities related to them, in accordance with the audit laws and regulations then prevailing.

- c) The Audit and Control Committee has taken steps to ensure compliance with current rules on the provision of non-audit services, audit business concentration limits and the rest of rules in place to assure auditor independence.
- d) The Company discloses any change of auditor as price-sensitive information filed with CNMV, Spain's securities market regulator. Where applicable, the Company attaches to that filing a statement on any disagreement with the outgoing auditor.
- e) The Audit and Control Committee has the power to examine the circumstances that motivated the external auditor to resign, in the event this occurs.

On an annual basis, the Audit and Control Committee issues a report in which it expresses an opinion on whether the independence of the auditor has been compromised. The report contains a reasoned assessment of all additional services provided, considered individually and as a whole, other than statutory audit, placed in relation to the rules on independence and the laws, regulations and standards governing account auditing.

The notes to the financial statements and this Corporate Governance Report provide information on the audit and other services provided by the external auditor in the year.

C.1.36 Indicate whether the company has replaced its external auditor during the year. If so, identify the incoming and outgoing firms.

Yes ☐ No ☒

Outgoing auditor	Incoming auditor

If there were disagreements with the outgoing auditor, give reasons.

Yes ☐ No ☒

Explanation of disagreements

C.1.37 Indicate whether the audit firm performs other engagements for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees with respect to the total fees charged to the company and/or its group.

Yes ☐ No ☒

	Company	Group	Total
Non-audit engagements (thousands of euros)	0	0	0
Non-audit engagements/Total fees billed by the audit firm (%)	0	0	0

C.1.38 Indicate whether the audit report on the financial statements for the previous year contains any qualified opinion or disclaimer. If so, indicate the reasons given by the chairman of the audit committee to explain the content and scope of the qualified opinion or disclaimer.

Yes ☐ No ☒

C.1.39 Indicate the number of consecutive years for which the current audit firm has audited the financial statements of the company and/or its company group. Likewise, indicate as a percentage ratio the number of years audited by the current audit firm with respect to the total number of years in which the financial statements have been audited.

	Company	Group
Number of consecutive years	2	2

  

	Company	Group
Number of years audited by the current audit firm/ Number of years in which the company has filed audited statements (%)	10.53%	10.53%

**C.1.40 Indicate the existence of and describe any procedure in place for directors to draw upon external advice.**

Yes ☒ No ☐

**Describe procedure**

Under the procedure specified in article 33 (6) of the Board Regulations, to assist directors in the performance of their duties the Board may, at the behest of directors, engage at the Company's expense advisory services from legal, accounting, financial or other experts.

The engagement must address specific issues of considerable significance and complexity that arise in the course of performance of directors' duties.

A request to engage advisers must be submitted to the Chairman. The Board may reject the request if it believes:

- the engagement is unnecessary for the proper performance of directors' duties;
- the cost of the engagement is unreasonable in the light of the significance of the issue and the Company's assets and revenue;
- the technical assistance requested can be adequately provided by the Company's own experts and technical specialists; or
- the information that would have to be supplied to the expert would pose a confidentiality risk.

**C.1.41 Disclose the existence of and describe any procedure that is in place for directors to have available the necessary information to prepare for board meetings sufficiently in advance.**

Yes ☒ No ☐

**Describe procedure**

Under the procedure set out in article 27 (4) of the Board Regulations, each director receives the agenda proposed by the Chairman, with an appropriately detailed statement of the business to be dealt with. The notice of meeting must have attached the documents to be submitted at the Board meeting, except when, in the Chairman's opinion, in exceptional cases and for security reasons, it is more appropriate that such documentation be examined only at Company headquarters.

Furthermore, article 33(3) of the Board Regulations specifies that it is each director's obligation to obtain all the information that he or she deems necessary or advisable at the time for the proper performance of his/her duties. Specifically, every director must diligently keep him or herself informed about the Company's progress and affairs. For this purpose, each director is invested with extensive powers to demand information on any aspect of the Company to the extent he/she deems necessary or advisable for the proper exercise of his/her functions. This right to information extends to subsidiaries within the Atresmedia Group, and must be exercised in good faith.

For these purposes, the Company will also provide the support required for new directors to acquire prompt and sufficient knowledge of the Company and of its corporate governance rules. An orientation programme has been introduced for this purpose (see C.1.20). Likewise, the Company may establish refresher programmes aimed at directors when the circumstances so advise.

The Secretary to the Board drafts notices on regulatory developments and legal matters of interest to directors: insurance coverage, directors' liability, corporate governance, etc.

In order not to disrupt the Company's normal course of business, the right to information must be channelled through the Chairman, or the Secretary to the Board, who will deal with directors' requests

and directly provide them with information or putting them in touch with the Company officers or employees considered appropriate for each case.

Likewise, the Secretary of the Board must adopt the necessary measures to ensure that the Board is always aware of the matters dealt with and the decisions made by the Executive Committee and the other Committees. Accordingly, the Secretary must ensure that all directors receive copies of the minutes of Executive Committee and other Committee meetings.

Finally, so as to be properly informed in aid of the suitable exercise of their office, directors regularly receive information on significant changes in shareholder structure and the opinions of major shareholders, investors and credit rating agencies about the Company and its Group.

- C.1.42 Indicate the existence of and describe any rules of the company that compel directors to disclose circumstances that might harm the good standing and reputation of the company and, as the case may be, to resign.

Yes ☒

No ☐

Describe the rules

Under article 14(2)(f) of the Board Regulations, a director must tender his or her resignation to the Board and, if the Board sees fit, formally step down, if that director is involved in circumstances that might harm the good standing and reputation of the Company. In this connection the director must immediately inform the Board of any criminal proceedings in which he or she is a defendant and of any later developments in court.

- C.1.43 Disclose whether any director has notified the company that he or she has been indicted or will stand trial for any of the criminal offences set out in article 213 of the Spanish Companies Act.

Yes ☐

No ☒

Name of director	Criminal charge	Remarks

Indicate whether the board has discussed the case. If so, disclose the decision made, stating reasons, as to whether or not the director should continue in office. Disclose any steps taken by the board up to the date of this report, or that the board intends to take.

Yes ☐

No ☐

Decision made/steps taken	Statement of reasons

- C.1.44 Specify any significant arrangement entered into by the company and coming into effect, changing or terminating in the event of a change of control at the company as a result of a public takeover bid, and describe the related effects.

None.

- C.1.45 Disclose in the aggregate, and describe in detail, any arrangements between the company and its directors, senior executives and employees containing indemnities, guarantees or golden parachute clauses for the event that such persons resign or are dismissed without cause or the contractual relationship terminates by reason of a public takeover bid or other transaction.

Number of beneficiaries	2
Type of beneficiary	Description of the arrangement



DIRECTORS	<p>When executive directors are hired, indemnity clauses may be stipulated, applicable only during the first two years in which the contract is in effect, in the event of a unilateral termination by the Company.</p> <p>The maximum limit of such indemnity payment is one year's full salary.</p> <p>Indemnity clauses may also be stipulated in the event of a change in the Group's controlling shareholder, with a maximum indemnity payment equivalent to an annual payment of the director's full remuneration.</p>
SENIOR EXECUTIVES	<p>This type of clause is not widespread.</p> <p>In exceptional cases, following individual negotiation and driven by the special interest the employer might have in hiring a specific professional, a special indemnity regime may be established, that can be temporary or permanent, and in which the particular circumstances of the contract and its future termination are taken into account and assessed.</p> <p>As a rule, a public takeover bid is never in itself a ground for termination of employment, and thus does not trigger indemnities.</p>
EMPLOYEES	

Indicate whether or not such contracts must be disclosed to and/or approved by the governing and management organs of the company or its company group:

	Board of directors	General meeting
Organ authorising indemnity clauses	X	

  

	YES	NO
Are such clauses disclosed to the general meeting?		X

## C.2 Board committees

C.2.1 Describe all board committees, identifying their members and specifying the proportion of proprietary and independent directors within the membership.

### EXECUTIVE COMMITTEE

Name	Position	Director class
José Creuheras Margenat	Chairman	Executive
Maurizio Carlotti	Vice Chairman	Other non-executive
Silvio González Moreno	Member	Executive
Marco Drago	Member	Proprietary
Patricia Estany Puig	Member	Independent
Nicolas de Tavernost	Member	Proprietary

  

% executive directors	33.33
% proprietary directors	33.33
% independent directors	16.67

% other non-executive	16.67
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Describe the functions assigned to the committee and its rules of procedure. Outline the committee's key activities in the year.

The Committee was created under article 39 of the Company's articles, which also specifies the rules on the membership, functioning and powers and duties of the Committee, which are described in further detail in articles 20 and 21 of the Board Regulations. As with the remaining Board committees, where nothing is specifically prescribed for the Executive Committee, the rules of functioning of the Board apply to the extent they are compatible with its type and function.

As a general rule, the Executive Committee meets on the same day as the Board of Directors, and on a preliminary basis, since its main activity consists of preparing the Board of Directors' meetings.

Except in exceptional emergency or essential circumstances, the Committee does not exercise the powers formally delegated on a permanent basis. Accordingly, it does not usually adopt any type of resolution. When it has occasionally done so, always on an extraordinary basis and for emergency and/or essential reasons, the resolution has subsequently been expressly ratified by a meeting of the full Board of Directors.

A qualified majority of two thirds of directors is required to be appointed and dismissed as a member of the Executive Committee, under article 39 of the Company's articles and article 20 of the Board Regulations. Such members are appointed by the Board of Directors from among the Company's directors.

The Committee must be formed by no fewer than three (3) and no more than nine (9) directors, pursuant to article 20 of the Board Regulations. The exact number of members integrating this Committee at each moment will be determined by the Board, considering its size, optimum operability and the maximum effectiveness of the Executive Committee and the number of members of the remaining Committees.

Due to their position, Executive Committee members include the Chairman of the Board (who is also its Chairman, as stipulated in section 3 of article 20) and the CEO. On 14 December 2016, the independent director Patricia Estany Puig joined the Executive Committee. Since that date, she has occupied the post of Lead Director, to which she was appointed under article 15(3) of the Board Regulations and article 529 *septies* of the Spanish Companies Act, following the change of director class of the Chairman, who currently has the status of executive director (as well as being a proprietary director).

The Committee Secretary is the Secretary to the Board, or, in his/her absence, the Deputy Secretary, who does not have voting rights, unless he/she is also a director and member of the Executive Committee.

Pursuant to the Company's articles and the Board Regulations, the Executive Committee must meet, subject to notice given by its Chairman, when so required in the interests of the Company, and, regularly, once a month, unless the Chairman does not consider it necessary.

The Committee is validly constituted if a majority of members are present in person or by proxy. The Committee adopts its resolutions by a simple majority of members present in person or by proxy. Proxies may be given only to other members of the Executive Committee. In the case of a tie, the Chairman will have the casting vote.

The main task of the Executive Committee performed in 2016 was the preparation of Board meetings. In January an additional meeting was held – no Board meeting being scheduled – at which the Committee focused on examining the key features of the performance and affairs of the Group and year-end forecasts. No specific resolution was passed.

The 2017 Action Plan referred to earlier, which is part of the 2016 Board assessment report, sets out a proposal put forward by some directors regarding the Company's corporate governance system, to the effect that a new internal functioning protocol should be introduced to enable the Executive Committee to intervene in especially important matters. To implement this proposal, the Board, supported by a favourable report produced by the Appointments and Remuneration Committee on the basis of earlier analysis and review, at its meeting of 22

November 2017 adopted the protocol on the Executive Committee's intervention in especially important matters so as to enhance corporate governance of the Company. The protocol makes provision for the Executive Committee's intervention in specific matters which for a variety of reasons are of particular importance to the Group.

All directors receive copies of the approved minutes of Executive Committee meetings.

Indicate whether the membership of the executive committee reflects the proportion of membership on the board by director class.

Yes ☒ No ☐

#### AUDIT AND CONTROL COMMITTEE

Name	Position	Director class
Aurora Catá Sala	Chair	Independent
Elmar Heggen	Vice Chairman	Proprietary
María Entrecanales Franco	Member	Independent
José Manuel Lara García	Member	Proprietary
Mónica Ribé Salat	Member	Independent

% executive directors	0
% proprietary directors	40
% independent directors	60
% other non-executive	0

Describe the functions assigned to the committee and its rules of procedure. Outline the committee's key activities in the year.

Its existence is envisaged in the Company's articles (article 42), which also establish the composition, functioning and powers and duties, as further specified by the Board Regulations (article 23).

The main duties of the Committee are:

- a) to report to the shareholders at General Meeting on the matters within its scope of concern;
- b) to supervise the effectiveness of the Company's internal control, internal audit and risk management systems, and to discuss with the auditor any significant weaknesses in the internal control system identified during the performance of the audit;
- c) to supervise the functions of the internal control and risk management division;
- d) to supervise and monitor the internal audit unit;
- e) to supervise the preparation and presentation of the mandatory financial reporting on the Company and its Group;
- f) to ensure that the Board of Directors submits the accounts to the General Meeting without reservations, restrictions or qualifications in the auditors' report;
- g) to submit to the Board the selection, appointment, re-election and replacement proposals regarding the external auditor;
- h) to establish the appropriate relations with the external auditor to receive information on the audit plan and its independence;
- i) to inform the Board of all matters envisaged by law, the Company's articles and the Board Regulations and, in particular, with respect to:
  - a. Interim financial reporting

- b. Acquisition of holdings in special purpose vehicles or in tax havens
- c. Related party transactions
- d. Annual Corporate Governance Report
- j) to establish and supervise a mechanism enabling employees to notify irregularities, especially of a financial and accounting nature; and
- k) to supervise compliance with the corporate governance rules, codes of conduct and the corporate social responsibility policy.

Rules of organisation and procedure:

The Committee comprises at least three and no more than five non-executive directors, appointed by the Board, having regard to the accounting and/or auditing expertise of at least one of the directors. Most of its members must be independent.

They cease to be Committee members when they cease to be directors, or following a resolution of the Board of Directors.

The Chairman of the Audit and Control Committee is independent and his/her term of office is four years. He or she may be re-elected one year after his/her departure.

The Committee's Secretary can be the Secretary to the Board or the Deputy Secretary to the Board. In the event of absence, this role falls to the Committee member appointed by those present at the meeting.

The Committee meets when called by the Chairman once every quarter and whenever requested by three or more Committee members, by the Chairman of the Board or by the Chief Executive Officer.

The Committee is validly constituted if the number of members present in person or by proxy exceeds those absent. Resolutions are passed by a simple majority of those present. The Chairman has the casting vote.

Executive directors may attend Committee meetings when agreed by its members and any Company employee or executive may also be convened to a meeting. The Corporate Director General attends at least once a year for the approval of the Annual Corporate Responsibility Report whenever she must report on matters within her remit. Committee meetings are regularly attended by the Chief Financial Officer and the Chief Audit Executive, who brief directors on the matters within their remit. An authorised representative of the external auditor also attends the meetings, when the Committee considers it necessary and, in any case, when presenting the half-yearly results and preparing the financial statements.

The Audit and Control Committee may use external advisers, in accordance with the Board Regulations.

Minutes are drawn up of the meetings, which are submitted to the directors.

The Committee provides an account of its activity at the first full Board meeting following each of its meetings.

In 2017 the Committee focused mainly on the following tasks:

Review prior to approval by the Board of Directors of the reports on related-party transactions, the interim financial statements and reports for the CNMV, the 2016 financial statements and the management report, as well as the 2016 audit carried out by KPMG Auditores, S.L.; review of the 2016 Annual Corporate Governance Report; approval of the report on the independence of the external auditor in 2016; approval of the 2016 activity report; approval of non-audit services; monitoring of the general corporate responsibility policy and assessment of its degree of compliance; analysis of the implementation of the annual internal audit plan; approval of the 2017-2018 plan; monitoring of risk management and control projects; monitoring of application of corporate governance policy; supervision of the activities of the Regulatory Compliance Committee (report on the status of criminal proceedings in the Audiencia Nacional in relation to SGAE, review of policies and protocols within the compliance model, risk review and controls in crime prevention matters); analysis of the CNMV Technical Guide 3/2017; and approval of a plan on the Committee's concerns and activities for 2018.

Identify the audit committee member who was appointed having regard to his or her track record and expertise in accounting, auditing, or both. State number of years the committee chairman has been in office.

Name of expert director	Aurora Catá Sala
Chairman's years in office	3

#### APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Director class
Patricia Estany Puig	Chairman	Independent
Nicolas de Tavernost	Vice Chairman	Proprietary
Mauricio Casals Aldama	Member	Proprietary
Aurora Catá Sala	Member	Independent
María Entrecanales Franco	Member	Independent

% executive directors	0
% proprietary directors	40
% independent directors	60
% other non-executive	0

Describe the functions assigned to the committee and its rules of procedure. Outline the committee's key activities in the year.

The existence of the Committee is required by item 43 of the Company's articles, which prescribes the rules of membership, operation and powers and duties, as implemented by the Board Regulations (article 25).

Functions:

- Submit to the Board proposals as to appointment of independent directors and report on nominations of the rest of directors.
- Report on the Board's requirements in the direct selection policy.
- Assess aptitudes and experience with a view to appointment to the Board.
- Set a target for the underrepresented gender on the Board and create guidance on how to fulfil that target.
- Make provision for the succession of the Company's Chairman and CEO and, as appropriate, submit proposals to the Board in aid of an orderly and planned succession.
- Report on the rules and standards that govern the activities of the management organs.
- Report on proposed appointments and terminations in senior management and the respective contracts.
- Propose to the Board a policy on remuneration of directors and senior management
- Report on and propose the individual remuneration and contract terms of executive directors.
- Review the remuneration policy applicable to directors and senior executives.
- Endeavour to ensure that the external advice provided to the Committee is independent.
- Verify the information on remuneration to directors and senior executives reported in corporate documents.
- Brief the Board on the annual report on directors' remuneration.
- Select the external consultant who is to conduct an assessment of the Board.

Organisation and functioning:

- Formed by at least three and no more than five directors, all of whom must be non-executive.
- Committee members are appointed by the Board from among directors, having regard to their expertise and track record and the purposes of the Committee. A majority of Committee members are independent directors.
- The Chairman of the Committee must be an independent director, and is appointed for a term of no more than four years, although he or she may be re-elected for further four-year terms. The Secretary must be the Secretary or the Deputy Secretary to the Board.
- If the Secretary is absent from a meeting, the office falls to the Committee member appointed by those present.
- The Committee is properly constituted if the number of members present in person or by proxy is greater than those absent. The Committee passes resolutions by a simple majority of those present. The Chairman has the casting vote.
- Committee meetings may be attended by executive directors and any Company employee or executive if expressly so decided by the members. The Committee annually calls upon the Corporate Director General so that he or she may brief the members on the implementation of the policy on variable pay to executives and directors.
- The Committee meets when convened by the Chairman when he or she thinks fit, and when so demanded by at least three members, or by the Chairman of the Board, or by the CEO.
- The Chairman reports to the Board on the business dealt with at meetings. All directors receive copies of the minutes of this Committee.

Main activities in 2017:

Brief to the Board on the report on directors' remuneration in 2016; report on the maintenance by independent directors of the conditions for maintaining this category; approval of its activity report and proposal for the 2016 report of the Board; approval of the results of the assessment of the Board and its committees in 2016 set out in the report prepared with the advice of Deloitte Advisory, S.L. and Action Plan for 2017; report on the results of the variable remuneration system for executives in 2016; report on the modification of the contract with the Chairman of the Board in order to incorporate the modification of his director class as executive director; report on the new Remuneration Policy for directors of the Company for 2018, 2019 and 2020; report on the change in the category of director of the Vice-Chairman of the Board; report on the proposal to amend the professional service contracts relating to the Vice-Chairman of the Board; report on the protocol on the succession of the Chairman of the Board and the Chief Executive Officer of Atresmedia Corporación, and on the Intervention Protocol of the Executive Committee on matters of special importance; analysis and report to the Board on the situation arising from the criminal investigation related to SGAE and subsequent procedural developments.

C.2.2 Fill out the following table with the information relating to the number of women directors sitting on board committees in the last four years.

	Number of women directors			
	2017 %	2016 %	2015 %	2014 %
Executive committee	16.67%	16.67%	0	0
Audit committee	60%	60%	40%	20%
Appointments and remuneration committee	60%	60%	60%	20%

C.2.3 (Repealed.)

C.2.4 (Repealed.)

C.2.5 Indicate whether regulations exist on the board committees and, if so, where they are available for inspection, and disclose any alterations made in the year. Indicate whether any annual report on the activities of each committee has been prepared voluntarily.

No specific regulations exist with respect to Board committees. Such rules are included in the Board Regulations, which establish the powers and duties, membership, etc. of such committees, and which are available for consultation on the CNMV website and on the corporate website.

In the areas relating to the organisation and functioning of the committees that are not expressly envisaged in the Board Regulations, as stated therein, the rules established in relation to the Board are applied, provided that they are compatible with the nature and function of the committee in question.

Each Board committee annually approves a report on its membership, functioning and activity during the year, and subsequently briefs the Board of Directors. The reports are published on the corporate website and are taken as reference for the Board of Directors' evaluation of the committees.

In December 2017, the Audit and Control Committee, following the recommendations of the CNMV Guide for Audit Committees, improved the planning of its activities by adopting an Annual Plan for 2018 which will allow it to monitor the fulfilment of its tasks and the performance of its duties and responsibilities.

C.2.6 (Repealed.)

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

D.1 Describe any procedure that is in place for the approval of related-party and intragroup transactions.

### **Procedure for approval of related-party transactions**

Related-party and intragroup transactions must be approved by the Board. The Audit and Control Committee produces a prior report describing the related-party transaction: the type of transaction, specific features, amount and parties involved. The prior favourable report by the Audit and Control Committee for related-party transactions must include all related-party and intragroup transactions, unless:

- the transaction is concluded under a standard contract that applies across a wide range of clients;
- the transaction is concluded at a price or rate that is fixed as a general rule by the party acting as the supplier of the goods or services involved;
- the value of the transaction does not exceed one percent (1%) of the Company's annual revenue.

The Audit and Control Committee's report is issued – and approved by the Board – on a quarterly basis, and always precedes the release of the annual and/or interim financial statements.

The Finance Division and the Internal Audit and Control Division regularly – and at least on a quarterly basis – check that all related-party and intragroup transactions are fully identified, correctly classified, and measured in accordance with prevailing laws, regulations and standards.

In 2015, a specific protocol was approved by the Regulatory Compliance Committee, which submitted the mandatory information to the Audit and Control Committee, for analysis and supervision of related-party transactions.

This protocol regulates the special procedures that must be followed in relation to related-party transactions in terms of an analysis of their arm's length conditions, and the control and monitoring mechanisms implemented at Atresmedia in this regard.

This protocol applies and is complied with by the whole Atresmedia Group. It was fully notified to all the areas affected by its effective application.

In line with the recommendations of the CNMV, a report was prepared by the Audit and Compliance Committee, approved by the Board, which is published on the website [www.atresmediacorporacion.com](http://www.atresmediacorporacion.com).

**D.2 Disclose any transaction that is significant by value or subject matter between the company or entities within its company group and major shareholders of the company.**

Name / company name of major shareholder	Name of company or entity within company group	Nature of relationship	Type of transaction	Amount (thousands of euros)
Grupo Planeta- de Agostini, S.L.	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	Contractual	RENDERING OF SERVICES	744
Grupo Planeta- de Agostini, S.L.	ATRESMEDIA CINE, S.L.U.	Contractual	RENDERING OF SERVICES	531
Grupo Planeta- de Agostini, S.L.	ATRES ADVERTISING, S.L.U.	Commercial	RENDERING OF SERVICES	177
Grupo Planeta- de Agostini, S.L.	ANTENA 3 NOTICIAS, S.L.U.	Contractual	RENDERING OF SERVICES	19
Grupo Planeta- de Agostini, S.L.	UNIPREX TELEVISIÓN, S.L.U.	Contractual	RENDERING OF SERVICES	3
Grupo Planeta- de Agostini, S.L.	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	Contractual	RECEIPT OF SERVICES	4,795
Grupo Planeta- de Agostini, S.L.	ATRES ADVERTISING, S.L.U.	Commercial	RECEIPT OF SERVICES	1,572
Grupo Planeta- de Agostini, S.L.	ATRESMEDIA CINE, S.L.U.	Contractual	RECEIPT OF SERVICES	75
Grupo Planeta- de Agostini, S.L.	FUNDACIÓN ATRESMEDIA	Contractual	RECEIPT OF SERVICES	10
RTL Group, S.A.	SMARTCLIP HISPANIA, S.L.U.	Commercial	RENDERING OF SERVICES	950
RTL Group, S.A.	ATRES ADVERTISING, S.L.U.	Commercial	RENDERING OF SERVICES	144
RTL Group, S.A.	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	Contractual	RENDERING OF SERVICES	84
RTL Group, S.A.	SMARTCLIP COMUNICAÇÃO, LTDA	Commercial	RENDERING OF SERVICES	12
RTL Group, S.A.	SMARTCLIP HISPANIA, S.L.U.	Contractual	RECEIPT OF SERVICES	548
RTL Group, S.A.	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	Contractual	RECEIPT OF SERVICES	55
RTL Group, S.A.	SMARTCLIP MÉXICO, SAPI DE C.V.	Contractual	RECEIPT OF SERVICES	4



- D.3 Disclose any transaction that is significant by value or subject matter between the company or entities within its company group and directors or senior executives of the company.

Name / company name of director or senior executive	Name / company name of related party	Relationship	Nature of the transaction	Amount (thousands of euros)
Imagina Media Audiovisual, S.L.	ATRES ADVERTISING, S.L.U.	Commercial	RENDERING OF SERVICES	130,899
Imagina Media Audiovisual, S.L.	UNIPREX, S.A.U.	Commercial	RENDERING OF SERVICES	2,952
Imagina Media Audiovisual, S.L.	SMARTCLIP HISPANIA, S.L.U.	Commercial	RENDERING OF SERVICES	2,330
Imagina Media Audiovisual, S.L.	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	Contractual	RENDERING OF SERVICES	975
Imagina Media Audiovisual, S.L.	SMARTCLIP MÉXICO, SAPI DE C.V.	Commercial	RENDERING OF SERVICES	353
Imagina Media Audiovisual, S.L.	ATRESMEDIA CINE, S.L.U.	Contractual	RENDERING OF SERVICES	26
Imagina Media Audiovisual, S.L.	UNIPREX TELEVISIÓN, S.L.U.	Contractual	RENDERING OF SERVICES	3
Imagina Media Audiovisual, S.L.	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	Contractual	RECEIPT OF SERVICES	67,072
Imagina Media Audiovisual, S.L.	ATRES ADVERTISING, S.L.U.	Contractual	RECEIPT OF SERVICES	1,984
Imagina Media Audiovisual, S.L.	UNIPREX TELEVISIÓN, S.L.U.	Contractual	RECEIPT OF SERVICES	1,025
Imagina Media Audiovisual, S.L.	ATRESMEDIA CINE, S.L.U.	Contractual	RECEIPT OF SERVICES	218

- D.4 List the significant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's ordinary activities with respect to its objects and conditions.

In any case, all intra-group transactions performed with entities located in countries or territories considered to be tax havens will be disclosed:

Not applicable.

- D.5 Disclose the value of transactions with other related parties.

217,560 thousands of euros.

- D.6 List the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, senior executives or significant shareholders.

The mechanisms relating to conflicts of interest of directors are regulated by the Board Regulations, specifically in article 34(3). The Regulations state that directors must notify the Board of any direct or indirect conflict with Company interests.

Should such conflict be the consequence of a transaction between the director and the Company, this transaction may only be performed with the prior authorisation of the Board itself, which, in turn, will have required a decision to have been made in this connection by the Appointments and Remuneration Committee.

In the event of conflict, the director involved will abstain from intervening in the deliberation and decision-making process on the transaction generating the conflict. The directors affected by the conflict of interest may not delegate their vote at the relevant Board meeting and must be absent from the meeting room when the Board votes on and discusses the matter. The Annual Corporate Governance Report will disclose all the conflicts of interest in which the Company's directors are involved.

The directors must also notify any actual or potential conflict of interest that they or their related parties (as defined in article 231 of the Spanish Companies Act) may have with the Company. This information must be included in the notes to the financial statements of each year.

If a director or any other person affected by the Internal Rule of Conduct (IRC) in the area of Security Markets is involved in a possible conflict of interest, the applicable mechanism is disclosed in such rule. In 2016, Atresmedia approved a new IRC to adapt its content to the new regulations on market abuse. The affected party must inform the Regulatory Compliance Committee as soon as possible, through a computer system installed for this purpose, of any situations that may potentially give rise to conflicts of interest as a result of his/her activities outside the Atresmedia Group, his/her family relationships, his/her personal assets or any other circumstances related with:

- (a) financial intermediaries operating with the ATRESMEDIA Group;
- (b) professional or institutional investors that have a significant relationship with the Atresmedia Group;
- (c) significant equipment or material suppliers; and
- (d) providers of professional services or external advisers, including those that provide legal, consulting or audit services.

As to major shareholders, article 8(2) of the Board Regulations gives the Board the power to approve transactions between the Company and directors, major shareholders or shareholders represented on the Board or their related parties (related-party transactions), except for related-party transactions that meet the requirements set out in section D.1 above.

Approval by the Board of a related-party transaction must be endorsed by a favourable report issued by the Audit and Control Committee, which must assess the transaction on the basis of equality of treatment of shareholders and arm's length terms. In this regard, the Audit and Control Committee prepared an annual report on related-party transactions in 2017. This report was submitted to the ratification and approval of the Board.

The annual public disclosures include a summary of the significant transactions concluded by the Company with its directors and major shareholders.

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

Yes ☐

No ☒

Identify the subsidiaries listed in Spain.

Listed subsidiaries

Indicate whether they have accurately and publicly disclosed the respective areas of activity they engage in, and any possible business dealings between them, as well as those of the listed subsidiary with other group companies.

Yes ☐

No ☐

Define the possible business relations between the Parent and the listed subsidiary, and between the latter and the other Group companies

Specify the mechanisms in place to resolve any conflict of interest between the listed subsidiary and other group companies.

Mechanisms in place to resolve conflicts of interest

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

### **E.1 Describe and specify the scope of the company's system for managing risk, including tax risk.**

The Atresmedia Group's risk management and control system is reviewed and updated regularly in response to how the Group's businesses perform and evolve, to risks that actually materialise, to changes in the law, and to how the organisation itself changes and evolves.

Our risk management system helps the management team to make the right decisions and address risk effectively. We identify and implement controls and action plans targeting known risks; this enhances our ability to create value and minimises the impact of losses that actually materialise.

Risk analysis and control touches on all the Group's activities and involves all our organisational units. This means that risk management is a corporate system in which the entire organisation is on alert. The system is headed and overseen by the Board, yet some of its functions are delegated to the Audit and Control Committee. Risk management also brings into play the coordinating role of the Compliance Committee, and input from the Legal Affairs, Internal Audit and Finance and Process Control areas.

The System's main aim is to identify risks, perform frequent assessments and to define and apply specific control procedures to mitigate such risks.

The key objectives of the Risk Management and Control System are:

1. System consistency and uniformity: ensuring uniformity when specifying, identifying and measuring risks in all the Group's businesses.
2. Corporate internal control environment: controls are applied by the officers in charge in accordance with a testing schedule and their effectiveness is measured; the outcome is documented.
3. Ongoing assessment and improvement: improve the system by evaluating the design of controls and identifying new potential risks on a scheduled basis. The controls required for the new risks are then specified and implemented.
4. Define and communicate policies, protocols and procedures: the notification and management tool for the business areas of Group companies, offering the managers and users the internal guidelines and instructions on the Group's control and governing bodies: Board of Directors, Audit and Control Committee, Compliance Committee and Internal Audit and Process Control Division.
5. Compliance: ensuring compliance with all prevailing laws, regulations and standards applicable to Group activities.

Based on the general objectives defined for Atresmedia's Risk Management and Control System, the key components are specified below:

- i. Setting targets: annually reviewing and setting new targets for the Group and for each of its business units, as well as an acceptable risk level, based on the Group's overall strategy and on internal and external events.
- ii. Internal control environment: frequently performing a re-assessment of the system to verify, on the one hand, the manner in which Group employees perceive risks, and checking the efficiency and functioning of the controls reducing the risks and the implementation of action plans and, on the other hand, reviewing the procedural environment. An assessment is performed of the effectiveness and design of the controls implemented in order to put into place new controls or mitigate impacts. The risks are frequently re-assessed to verify that they are effectively controlled.
- iii. Compliance: the Atresmedia Group has created a Compliance System that ensures compliance with all laws, regulations and standards, both internal and external. The System supervises compliance with such regulations through specific controls.

- iv. Processes: the main processes and sub-processes of the different businesses of the Atresmedia Group are specified to identify the risks having the greatest impact on each business process, the existing controls, and the improvement requirements for each of the processes and sub-processes.
- v. Organisation: risks and controls affecting the entire Group have been specified, as well as risks and controls that affect only certain organisational units. The heads of each organisational unit monitor the risks and controls specific to their organisation.

Further information on the Company's Risk Management and Control System is provided in the appendix to section H of this report.

With regard to tax risks, aside from the controls inherent in the Risk Management and Control System, in 2015, a Corporate Tax Policy was approved by the Board of Directors, subject to review and approval of the Compliance Committee and of the Audit and Control Committee, which regulates the basic principles that govern Atresmedia's corporate tax policy, as well as best practices applied to tax matters. These practices consist of compliance with all applicable regulations, collaboration with the tax authorities when required, and avoiding opaque structures and transactions or use of tax havens.

Likewise, a Procedural Protocol regarding Particularly Significant Tax Transactions was approved by the Compliance Committee and duly notified to the Audit and Control Committee. This Protocol defines the specific procedure that must be followed with respect to the transactions that, due to their type and/or amount, require an additional, itemised analysis by the Tax Area. E.2.

## E.2 Identify the company organs responsible for framing and implementing the risk management system (including tax risks).

The Risk Management and Control System is a corporate system in which the whole of the Atresmedia Group participates, with different levels of responsibility and participation. Through control assessments, all organisational and business units are actively involved in the System.

Atresmedia's key responsibilities relating to the risk management and control system are:

- BUSINESS UNITS AND CORPORATE UNITS:
  - Responsible for controls, assessment and oversight.
  - Must comply with external and internal laws, regulations, codes and standards (policies, rules and procedures).
- FINANCE DEPARTMENT:
  - Responsible for most financial controls and for the system of internal control over financial reporting (ICFR)
  - Compliance with policies and standards relating to budgets, financial statements, accounting and financial reporting
  - Responsible for controls over tax risks
- LEGAL AFFAIRS/OFFICE OF THE SECRETARY TO THE BOARD:
  - Responsible for most of the compliance and corporate governance controls
- COMPLIANCE COMMITTEE:
  - Collegial body that oversees the Group's compliance with laws and regulations
  - Responsible for overseeing the Code of Conduct, the Whistleblower Channel and the Internal Code of Conduct on the Securities Market
  - Chaired by a qualified and independent professional
- COMPLIANCE OFFICER FOR CRIME PREVENTION
  - Responsible for implementing and monitoring the Group's crime prevention compliance system.
  - Advises senior executives and directors on all matters relating to criminal liability

– INTERNAL AUDIT AND PROCESS CONTROL

- Coordinates and manages the risk management and control system.
- Regularly reviews identified risks and coordinates risk assessment by the relevant officers.
- Designs policies and procedures and identifies new controls.
- Verifies application of controls and reports to the Audit and Control Committee.

The Audit and Control Committee oversees the functioning of the system, the assessment of new risks, and the information to be disclosed in annual and half-yearly financial statements.

The Audit and Control Committee is also the body responsible for reporting to the Board on the risk management and control system so that, as the case may be, it may approve or alter action plans, set in motion new measures to be implemented and oversee assessment of newly identified risks.

**E.3 Identifying the main risks – including tax risks – that might affect achievement of business aims.**

The main risks that might affect the achievement of the business aims of the Atresmedia Group can be classified as follows:

**COMPLIANCE:** Compliance risks. These risks arise from regulatory changes in the market domains that affect the industries where the Group operates: mainly, regulatory changes in the audiovisual sector (advertising standards, rules on competition and new entrants, use of the radio spectrum, etc).

**STRATEGIC:** Arising from external factors which may trigger changes in the Company's aims, such as regulatory changes, shifts in competition, changes in relations with shareholders and investors, changes in financial markets and other factors.

The main impact arises from the macro economic and political environment in the markets where the Group operates, chiefly Spain. The performance of the wider economy powerfully shapes the advertising market: the sector depends on the health of the economy as a whole.

In addition, we continuously assess and analyse the competition as to number of competitors and their strategies within the segments where the Group operates.

The strategic plan, reviewed annually, examines all these risks and sets out action plans to mitigate them.

**OPERATIONAL**

- Advertising space sales: the Group has available relevant and updated information with which to analyse changes in demand in the advertising industry, and moves ahead of developments by creating comprehensive communication plans for our clients. We analyse the environment and the audiovisual sector to put in place a marketing strategy that is engaged in an ongoing interaction with the market and with programming goals and content schedules.
- Programme production: Production projects are approved and carried out in accordance with a programming strategy that relies on an analysis of expectations, viewership targets and business returns. To minimise the adverse effect of any viewership or business underperformance, we create pilots and carry out viewer and advertiser expectation surveys.
- Broadcast rights acquisition: we research general trends and programming forecasts, product suitability, broadcast capacity, estimated viewership, consistency with channel targets, price trends and authorised budgets.
- Purchasing and contracting in general: We use a procurement management tool to approve any purchase or expenditure by the Group. A Procurement Committee assesses and authorises any purchases that require oversight and authorisation.

**FINANCIAL:** Financial risk relates to changes in exchange rates, because a significant proportion of broadcast rights purchases take place in foreign currency, chiefly US dollars. The risk is mitigated by exchange rate hedges entered into by the Atresmedia Group.

**TECHNOLOGICAL:** Major technological change is taking place in the TV and film industry. Technological development is increasingly swift and intense, and users' TV viewing habits are shifting as a result. The Atresmedia Group is making a powerful effort to distribute its content through all available platforms so as to offer our products to all users.

REPUTATIONAL: The Atresmedia Group has high public exposure by reason of its wide range of corporate brands and the programmes it produces. The Group, as a media operator, reaches millions of people every day. Hence reputational risk is vital, and is closely followed and controlled by Group officers. We continuously monitor any news or information that might affect the reputation of the Atresmedia Group, any Group business and/or entity or any programme and/or presenter on such programme, so as to assess the materialisation of any reputational risk that might impair the Group image.

The Atresmedia Group has a Code of Conduct approved by the Board. The Code lends visibility to the overall conduct framework within Atresmedia, thus enabling oversight. It also specifies and guides conduct and the personal and collective commitment of all Atresmedia employees, external partners, executives and directors. The Code is mandatory for all persons within the Atresmedia Group and/or its suppliers and service providers.

INFORMATION: Atresmedia has mechanisms in place to measure the key indicators and magnitudes of the business to support agile and efficient decision-making on business processes and the quantifiable aspects of strategy, structure and financial capability.

#### E.4 Indicate whether or not the company operates a risk tolerance threshold (encompassing tax risk).

Atresmedia has defined a risk tolerance level within the Risk Management and Control System in each business, based on two main criteria:

- process potentially affected by the risk;
- level of affected operations/performance.

The system regularly assesses the extent to which specified processes and organisations are exposed to identified risks.

Risks are assessed on the following basis:

- Inherent risk: the risk that exists in the absence of any action to modify its probability or impact.
- Residual risk: the risk that remains even after adoption and implementation of a response to that risk.

We then assess all risks on the basis of estimated impact probability, having regard to two criteria:

- Impact: categorised on the basis of the adverse impact that materialisation of the risk would have on business performance or continuity.
- Probability: we assess the likelihood that the risk will materialise independently of whether or not controls are adequate and reduce the risk to acceptable levels.

Based on our regularly reviewed risk assessment criteria, risks are classified using risk matrices.

#### E.5 Disclose any risks (including tax risks) that have materialised in the year.

1) Changes in the advertising market: A material effect arose in the advertising market as a result of the loss of correlation between its behaviour and the performance of the domestic economy as a whole. This development – which is Europe-wide – has led to difficulty when framing our commercial policy. The conventional advertising market has grown significantly less than the wider economy. This factor has prompted us to review our commercial policy and our approach to capturing expenditure from operators.

Based on its information systems and its advertising market research, the Atresmedia Group has mitigated the effects of this low visibility by adapting the targets and parameters of its commercial policy. In addition, investment in a new company, SMARTCLIP LATAM, which operates in the online advertising market, is enabling us to become more familiar with advertising patterns online.

2) Rising competition and changes in linear television consumption: The past year has seen a material increase in the availability of subscription television in Spain from telecommunications operators that have enhanced and modernised their content offering and worldwide over the top subscription operators who have invested heavily in rolling out their market offer, considerably increasing their subscriber volume in Spain.

The Atresmedia Group has mitigated these effects by means of agreements and alliances with these subscription TV operators so as to be able to offer its range of content, with a competitive edge in quality and local uptake. In addition, the Atresmedia Group has enhanced its content offer in line with

viewers and users' changing interests, and has bolstered its leading position in news and entertainment segments where subscription television operators do not compete.

The content offer of subscription operators under the "VOD" (video on demand) mode has driven down consumption of linear TV measured as average consumption time per viewer (minutes/day). The fall is too limited in the case of Atresmedia to have a significant impact. Secondly, Atresmedia has followed a strategy of investing in new distribution channels for its content by investing in new platforms.

Combined measurement of television content consumption across devices and the emergence of deferred consumption has enabled the total audience of all the TV channels of the Atresmedia Group to be added together, regardless of the viewer's chosen form of consumption.

The Atresmedia Group's strategy is to continue to enhance its brands and ability to create content that can be offered over an increasing range of distribution platforms and channels to increase its viewer and user base and retain and even reinforce its leadership position.

3) Criminal proceedings relating to SGAE, Spain's music copyright society: SGAE (Sociedad General de Autores y Editores) is one of the collective copyright management entities to which Atresmedia pays royalties for use in its own programming of copyrights owned by the authors of audiovisual works. This economic relationship covers copyrights owned by the authors of music broadcast on our TV channels. The internal rules of the SGAE make provision for a procedure for settlement and payout of royalties for broadcasting, which are collected by the SGAE and distributed among the authors and publishers of music broadcast in audiovisual media. Distribution of royalties is based on a tariff system, also put in place by the management organs of the SGAE, which sets the amount payable for each broadcast work and determines the share due to the author and the publisher.

This information is set out in further detail in the appendix to section H.

#### E.6 Describe the response and supervision plans for the main risks to which the Company is exposed, including tax contingencies.

The Atresmedia Group has defined a series of response plans for the different risks identified. Risks that materialise or are more likely to materialise are covered by an additional exhaustive monitoring process by the management of the organisational or business unit and by the senior management of the Group. Existing alerts are monitored to identify any threat that might raise the criticality of identified risks.

Responses to existing risks are classified into 4 areas: +

- Avoid
- Accept
- Reduce
- Share

Based on the analysis of the risk response adopted, and on the degrees of materialisation of the risks arising, action plans are implemented that define the measures to be taken based on the scenario envisaged when the risk materialises. Action plans are undertaken by the Group's business areas, and the entire organisation is involved in managing the risks faced by the Group.

These scenarios emerge from a range of forecasts in the following domains:

- Regulatory environment
- Competition
- Advertising market
- Technology
- Business
- Trends among communities and users
- Wider economic environment

We have in place a range of operational and supervisory committees to create alerts and support close interdepartmental communication so as to identify risks promptly and create action plans immediately when more than one area is affected.

## F. RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe mechanisms of the risk management and control systems in relation to Internal Control over Financial Reporting (ICFR) at your entity.

### F.1 Control environment of the entity

Disclose the existence of and describe the main features of at least:

- F.1.1. The organs and/or functions responsible for: (i) the existence and maintenance of an adequate and effective Internal Control over Financial Reporting (ICFR) system; (ii) its implementation; and (iii) its supervision.

Atresmedia's current internal control system is applied uniformly throughout the entire organisation and encompasses a duly documented normative environment.

The body responsible for the supervision of the Internal Control over Financial Reporting (ICFR) system is the Audit and Control Committee, which has the support of the Internal Audit and Process Control Division and the Finance Department for implementation and maintenance.

In 2012, new Board Regulations were approved to adapt their content to the legal reforms in relation to the powers, duties and functioning of Board Committees. In 2016, amendment of the Regulations was approved, specifically, articles 22 and 23, to adapt them to the modification of article 529 *quaterdecies* of the Spanish Companies Act, which entered into force in June 2016, introduced by *Ley 22/2015*, Spain's statute on account auditing.

The scheme of powers, duties and structure of the Audit and Control Committee in relation to ICFR was updated. Specifically, the Audit and Control Committee's powers and duties in respect of ICFR include:

Supervision of the integrity, preparation and presentation of the regulated financial reporting relating to the Company and, where appropriate, to the Group, reviewing compliance with regulatory requirements, adequate definition of the consolidation scope and correct application of accounting policies.

Regular supervision of the internal control and risk management systems, in order that the main risks are adequately identified, managed and notified, discussing with the auditor or audit firm any significant weaknesses of the risk control system detected in the course of the audit.

Oversight of the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and removal of the internal audit service head, and the estimate for that service; receiving periodic information on its activities; and verifying whether senior management has taken into account the conclusions and recommendations of its reports.

In addition, the Compliance Committee assumes, among other functions, that of providing support and coordination in conjunction with Internal Audit and Process Control in the monitoring and supervision of Internal Control over Financial Reporting (ICFR) rules, approval in the implementation of the Code of Conduct and the implementation and monitoring of the functioning of the Whistleblowing Channel.

The Finance Department is responsible for implementing ICFR through the Accounting and Consolidation, Billing, and Management and Administration Control areas. These areas use information from other areas and management systems, and must ensure correct transfer of information among different management systems and adequate accounting record entry in the financial management system (SAP).

Likewise, the Investor Relations area specifically ensures that all information sent to the markets and to investors is clear and understandable and coincides - despite differences of presentation - with the financial information in the related financial statements.

Internal Audit works with the Financial Department on supervising the correct functioning of ICFR and on defining and implementing the controls required to ensure and guarantee the reliability of the information.

In this regard, numerous controls have been defined in Atresmedia's Risk Management and Control System relating to Internal Control over Financial Reporting (ICFR), which are regularly assessed by the organisational areas responsible for the ICFR.



F.1.2. Especially in relation to the financial reporting process, disclose whether the following elements are in place:

- Departments and/or mechanisms responsible for: (i) design and review of the organisational structure; (ii) clear definition of the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) adequate procedures for their correct implementation at the entity.

The organisational structure of the Atresmedia Group is proposed by the CEO when it affects the first executive level, and is approved by the Appointments and Remuneration Committee.

Senior officers and the heads of each organisational unit/business unit define the organisation of the remaining executive levels and resources of each unit, in coordination with the Group's Corporate Management (Human Resources area).

The lines of authority of the Atresmedia Group in the different processes for the preparation of financial reporting are shown in the organisation chart of the Group, as are the different organisational areas/business units.

The main responsibility for financial reporting rests with the Finance Department of the media Group, which is structured as follows:

Accounting, Administration and Consolidation  
Management Control  
Cash Management, Billing and Collections  
Investor Relations

The Internal Audit and Process Control and Legal Advisory areas are responsible for defining the main processes, protocols and procedural steps at the Atresmedia Group, and for notifying them, subject to the supervision and approval of the Compliance Committee, to the whole organisation for compliance.

The organisational changes and, where appropriate, new employee recruitments at top executive level are notified by Corporate Management to the whole organisation through specific email notices.

- Code of Conduct, approval body, degree of implementation and instruction, principles and values included (indicate whether specific mention is made of recording transactions and financial reporting), and body entrusted with analysing breaches and proposing corrective and disciplinary measures.

The Code of Conduct forms part of Atresmedia's corporate responsibility and good governance policies, whose determination and ultimate oversight rest with Atresmedia's Board of Directors.

The Atresmedia Group's Code of Conduct was approved by the Board, after review by the Compliance Committee and the Audit and Control Committee. The Board of Directors is responsible for directing and supervising all matters related to effective compliance with this code, as well as for the obligation to adopt and implement the measures that may be necessary to align the Code with the rest of the regulatory and procedural elements of corporate governance, with which it shares the same values and objectives.

The Code of Conduct contains the general guidelines that should be followed by all Atresmedia employees relating to basic principles of behaviour, relations with and between employees, internal control and prevention of fraud and commitment to the market, the Company and the community.

With respect to the preparation and publication of financial reporting, article 7.4.3 of the Code of Conduct stipulates Atresmedia's undertaking to provide information transparency, understood as a commitment to transmit reliable information to markets and to the Company, which enables them to form a true and fair view of its activities, strategy and economic, social and environmental

performance. Likewise, it is bound to immediately communicate any information that is relevant for investors using the channels established by the CNMV.

This regulation stipulates that Atresmedia's employees must report the information in a true, complete and understandable manner. In no case will they knowingly provide incorrect, untrue or inaccurate information that may mislead the person receiving it. Likewise, the Code of Conduct includes the obligation to reflect all Atresmedia transactions clearly and accurately in the Company's accounting records. Specifically, all accounts must be correctly reflected in these records, together with the transactions performed and all the expenses incurred. In general, the Code stipulates that Atresmedia's employees will abstain from any practice that contravenes the undertaking to clearly and accurately reflect the transactions in Atresmedia's records, and the Company will take special care in terms of the reliability of the information entered into Atresmedia's IT systems.

Likewise, in article 7.4 on Transparency and Confidentiality, it is stated that the obligations and rigour in the processing of personal and business data constitutes necessary support to obtain a climate of mutual trust through the adequate protection and safekeeping of the information held and the permanent commitment to inform customers, employees and external partners, the market and the Company in a complete, objective and true manner. It also states that the deliberate falsification, manipulation or use of false information constitutes fraud.

The ultimate responsibility with regard to the interpretation and application of the Code of Conduct rests with the Compliance Committee. This Committee is, inter alia, responsible for managing and supervising compliance, for supporting Internal Audit in the management of the Internal Control over Financial Reporting (ICFR) system, and for coordinating management of the specific communication channel that was implemented at Atresmedia to receive the communications of employees in the areas relating to the effective and correct comprehensive application of all these regulations within the Group: Whistleblowing Channel. Whistleblowing Channel.

In the hierarchy, the Compliance Committee is accountable to the Board of Directors, although some information is submitted to the Audit and Control Committee (for the matters that specifically relate to this Committee) or to the CEO (for matters related with management).

The Chief Compliance Officer and Chairman of the Compliance Committee is appointed by the Board, on the proposal of the Audit and Control Committee. He/she must fulfil the technical, professional and personal requirements under the legislation applicable to the post and have adequate preparation and professional experience and hierarchical independence in the organisation of the Atresmedia Group.

Currently, the Atresmedia Group's Code of Conduct has been communicated to all Group employees through a specific notification for this purpose, in which all the main aspects and the obligations that must be met by all the Group employees in relation to the Code were specified and explained. The Code of Conduct was published on the corporate website, [www.atresmediacorporacion.com](http://www.atresmediacorporacion.com), and on the Group intranet within the Compliance and Control section, so that it is available for reference at any time to Group employees and related parties.

- [Whistleblowing channel allowing for communication to the audit committee of financial or accounting irregularities, breaches of the code of conduct or irregular activities within the organisation. Indicate whether communications over the channel are kept confidential.](#)

The Atresmedia Group has in place a Whistleblowing Channel that enables all Group employees to report, easily and confidentially, any action which they believe to be inappropriate in the light of the Code of Conduct or any other applicable laws, regulations or standards.

The Whistleblowing Channel can also be used if irregularities are detected in financial reporting processes or significant weaknesses come to light in the Internal Control over Financial Reporting (ICFR) system, or to report discrimination or workplace or sexual harassment or any other form of conduct that is illegal or otherwise contrary to the policies and values of Atresmedia.

The Compliance Committee is the collegial body responsible for managing the channel.

- The Chief Compliance Officer and Chairman of the Compliance Committee, who is a duly qualified professional, with professional experience and prestige, and independent from the Group's hierarchical and executive structure. This position is currently held by Pedro Ramón y Cajal Agüeras.
- Head of Corporate Affairs
- Chief Financial Officer
- Chief Audit Executive
- Head of Legal Affairs
- Head of Regulatory Affairs and Institutional Relations

The Whistleblowing Channel is monitored on an operational basis by the Chief Compliance Officer and by the Compliance Officer for Crime Prevention on a joint basis.

The Compliance Committee must report regularly to the Audit and Control Committee on issues identified and investigated by means of the Whistleblowing Channel.

- Regular training and skills update programmes for employees involved in producing and reviewing financial reporting and ICFR assessment, at least covering accounting standards, auditing, internal control and risk management.

The Atresmedia Group regularly provides the employees involved in the preparation and review of financial reporting with the necessary training for the proper performance of their duties through a series of training schemes designed for this purpose.

All employee training plans are integrated within the Atresmedia Group's Training Plan, which is prepared and reviewed annually by Human Resources, based on the general training objectives defined at Group level by each organisational area/business unit, depending on the specific training requests and needs identified.

On an annual basis the Finance Department staff members in charge of financial reporting and ICFR assessment undertake fresh training in accounting practices and standards, new developments in tax regulations, and risks and controls.

Regular communication actions are carried out facing all employees on new developments and matters of interest in connection with the Risk Management and Control System and the Compliance and Crime Prevention Model.

## F.2 Financial reporting risk management

### Disclose at least:

The main features of the risk identification process, including risks of misstatement or fraud, as to: Whether such a process exists and has been documented.

The Atresmedia Group has in place a risk identification system and a system of related controls throughout the entire process of financial information production and reporting.

The Group thus has review mechanisms in place that reduce the risk that financial information is misstated to the market. Consequently, a process does exist to identify reporting errors or fraud, but it is established with regard to each of the processes related with the Internal Control over Financial Reporting (ICFR) system. In this regard, all the processes that may have an effect on any of the Group's financial statement items were identified, establishing a scale of impacts for the most

significant items of such financial statements. The following processes have been identified as having the highest impact on ICFR:

- Advertising sales
- Outside production
- In-house production
- Billing and collections
- Procurement/payments and expenditure
- Financial management

Reporting: analysis of accounting standards and commercial and reporting rules, production of separate financial statements, consolidation and production of consolidated financial statements

Corporate affairs

Risks relating to financial reporting in connection with these processes have been identified, as have the controls put in place to mitigate them. Accordingly, Atresmedia has developed a risk identification system in financial reporting and a series of controls enabling these risks related with the ICFR to be mitigated.

*Whether the process covers all financial reporting objectives (existence and occurrence; integrity, assessment, presentation, itemised disclosure and comparability; and rights and obligations), and whether they are updated and, if so, with what frequency.*

Atresmedia has identified all the processes and organisational units that have an effect on ICFR. The risks related with ICFR are identified and assigned to the corresponding processes and organisational units.

The Internal Control over Financial Reporting system (ICFR) of Atresmedia is included within the Risk Management and Control System described in detail in section H with reference to risks and controls surrounding financial reporting.

Risks are assessed annually as to the following contingent errors:

- Cut-off
- Existence
- Completeness
- Presentation
- Records
- Validity
- Measurement

The controls identified for each of the risks related with ICFR are classified on the basis of whether they are designed to prevent or detect errors and fraud in financial reporting. The controls are regularly assessed during the year.

To determine the significance and probability of the risk of material misstatement in financial reporting, the Atresmedia Group examines the following parameters:

- Complexity of transactions and the applicable rules and standards
- Transaction volume and quantitative significance of affected items
- Complexity of calculation
- Need to use estimates or projections
- Need to use expert judgement
- Qualitative significance of the information

*The existence of a process to identify the scope of consolidation that takes account, *inter alia*, of any complex corporate structures and conduit entities or special purpose vehicles.*

In the case of the Atresmedia Group, the companies within the scope of consolidation for the consolidated financial statements of the Atresmedia Group are identified. However, a specific company identification process does not exist due to the absence of complexity in the Group's corporate organisation.

The process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements.

In the case of the Atresmedia Group, the companies within the scope of consolidation for the consolidated financial statements of the Atresmedia Group are identified.

Any change in the scope of consolidation due to an investment, disposal or alteration is known to the Finance Department, the Legal Affairs Department and Internal Audit. The information on the Atresmedia Group corporate structure is updated at each reporting date to assess whether any change has occurred.

In addition, in connection with shareholdings that are consolidated with the Atresmedia Group, a procedure is in place whereby account movements at Group companies are reported to the Finance Department:

- o For investees controlled by Atresmedia, via the reporting and consolidation processes carried out by the Finance Department.
- o For investees not controlled by Atresmedia, via the reporting and information supply processes agreed by those entities with the Group's Finance Department.

**Which governing body of the entity supervises the process.**

The ICFR system is supervised by the Audit and Control Committee. To perform such supervision, it has the assistance of the Compliance Committee and, in particular, of the Finance Department and of the Internal Audit and Process Control Department, which have performed the identification work and assessed the risks associated with ICFR.

### F.3 Control activities

Disclose the existence of at least the following procedures, and describe their main features.

F.3.1. Procedures for review and authorisation of financial reporting and description of the ICFR system to be disclosed to securities markets, with an indication of the persons responsible, and documents describing the flows of activities and controls (including those addressing fraud risk) for transactions that might materially affect the financial statements, including the accounting close procedure and specific review of any significant expert judgements, estimates, measurements and projections.

The Risk Management and Control System includes and fully identifies a series of specific ICFR controls under the responsibility of officers concerned with the production and supervision of financial reporting.

These controls ensure that each of the officers must perform a series of control actions that ensure the comprehensive and integrated correction of all information published at the given time.

The Atresmedia Group has established a series of procedures for the preparation and review of the financial statements and the accounting close. The Finance Department has established a series of steps and procedures that must be complied with by the areas concerned in order to perform the accounting close and prepare the financial statements.

In addition, a series of procedures and protocols have been defined at Group level, which aim to minimise any risk related with ICFR and ensure the published information is reliable. The main related procedures and protocols are:

- Procedure to manage the procurement of goods and services
- Customer management procedure: troubleshooting, non-performing accounts, customer blocking and unblocking
- Procurement Committee and Investment Committee procedures
- Power of attorney management procedure
- IT security procedure
- Protocol for approval and filing of price-sensitive information disclosures with the CNMV

- Protocol for filing financial reports with the CNMV
- Protocol for producing online files containing Group companies' financial statements and submitting them to the Mercantile Register

The Finance Department reviews and checks each month-end accounting close before reporting it to Senior Management and the CEO, who review and approve the figures ahead of submission to the Executive Committee and/or the Audit and Control Committee.

On a quarterly basis, with the assistance of the Finance Department and Internal Audit, the Audit and Control Committee oversees the process and sends its conclusions to the Board, which is the organ responsible for adoption of the financial statements before disclosure to the Comisión Nacional del Mercado de Valores (CNMV, Spain's securities market regulator); this process is conducted through the Secretary to the Board.

Control activities are mainly aimed at preventing, detecting, mitigating, compensating for, and correcting contingent errors or errors that have been discovered on time before the reporting and publication of the financial information.

**F.3.2. Internal control policies and procedures on reporting systems (among others, on access security, change control, the operation of the procedures, operational continuity and functional segregation) which support the entity's relevant processes in relation to the preparation and publication of financial information.**

The Atresmedia Group applies some of the controls specified to mitigate ICFR risks via the officers responsible for them and/or semi-automated controls executed on IT systems.

Many of the functions that support the relevant steps in the preparation of financial information are semi-automated in the management and reporting systems – mainly SAP R3 – implemented at the Group.

A range of procedures are in place to control and review all transfers of information among the Group's management systems so as to ensure suitable integration with the SAP transactional financial system.

On a monthly basis, all the information transfers between systems are specifically reviewed and are specifically reconciled if any incident arises in the automatic transfer of information between systems.

Controls have been designed and put in place regarding access and user profiles for the IT and communication systems that have an impact on financial reporting and accounting closes, which guarantee security of access to data and programs, control over changes, correct operation of changes and continuity. An IT security corporate policy exists which guarantees secure access to management and reporting systems and monitors any error and/or problem that may arise.

A policy involving profiles and segregation of functions has been defined, which is periodically reviewed by the Systems Department, the Finance Department and Internal Audit.

**F.3.3. Internal control policies and procedures in place to supervise the management of activities subcontracted to third parties, and to monitor the evaluation, calculation and valuation activities of independent experts which may have a material effect on the financial statements.**

The Atresmedia Group has defined a procedure to acquire goods and services, and a Procurement Committee, which regulates the arrangement of services with third parties. These controls ensure that independence exists with regard to the supplier engaged and that the service is arranged at market prices.

The Atresmedia Group has internal control policies and procedures in place to supervise the management of the activities subcontracted to third parties, and to monitor the evaluation, calculation and appraisal matters entrusted to independent experts, which may have a material effect on the financial statements.

**F.4 Reporting and communication**

**Disclose the existence of at least the following procedures, and describe their main features.**

- F.4.1. A specific function charged with defining, keeping accounting policies up to date (accounting policies area or department) and resolving doubts or conflicts arising from their interpretation, maintaining smooth communication with the organisation's heads of operations, and an updated accounting policies manual notified to the units operated by the entity.

The Audit and Control Committee is the body charged with analysing, discussing and presenting the most significant accounting policies and methods. In the Atresmedia Group, these methods are mainly related with:

- Consumption of rights and programmes
- Recognition of provisions for contingent liabilities
- Measurement of financial investments

Furthermore, all regulatory changes relating to accounting, auditing and corporate risk management are communicated to the Audit and Control Committee by Internal Audit and the Finance Department.

The external auditor, the Finance Department and Internal Audit maintain constant and smooth communication that enables any accounting, tax or other development to be analysed that may have an impact on the financial statements, as well as any potential doubts to be anticipated and dealt with regarding accounting entries arising from the interpretation of accounting policies and methods.

- F.4.2. Mechanisms to capture and prepare financial information using homogeneous formats applied and used by all the entity or group units, which support the main financial statements and notes, as well as the information provided on the Internal Control over Financial Reporting (ICFR) system.

The Atresmedia Group has at its disposal the mechanisms to capture and prepare its financial information using homogeneous formats and applications, such as the SAP-R3 (Accounting) and FRANGO (Consolidation) applications that are used by all units and subsidiaries of the Group.

Furthermore, the different business units use management systems that are integrated in SAP R3, in such a way that the upload of information is performed via interfaces and clearly defined processes - many of which are automated; the necessary controls are in place and supervisory and review processes are carried out by the Group's Finance Department.

## F.5 Oversight of the functioning of the system

Disclose the existence of and describe the main features of at least:

- F.5.1. The ICFR supervision activities undertaken by the Audit Committee and an internal audit function the concerns of which include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Also disclose the scope of the evaluation of the ICFR system performed in the year and of the procedure whereby the person in charge of performing the assessment notifies his/her results, if the entity has an action plan detailing the possible corrective measures, and if their impact on financial reporting has been considered.

As described in earlier sections, the Audit and Control Committee is the body responsible for the supervision of the policies and procedures, the preparation and completeness of the financial information, adequate determination of the consolidation scope and correct application of accounting principles. The powers and duties of the Audit and Control Committee regarding this topic are to:

- oversee the completeness of financial information and the process of production and presentation;
- regularly check internal control and risk management systems;
- oversee the independence and effectiveness of the internal audit function;
- adopt the internal audit plan, which includes ICFR review objectives;

oversee the Risk Management and Control Model and, in particular, the GRC System, the tool used by the Atresmedia Group to manage its model;

review, analyse and discuss financial reporting with internal staff in charge of producing and reviewing the information and with external auditors;

oversee the overall ICFR model and ensure that it functions properly so that the financial information reported is correct; and

oversee ongoing assessment of ICFR.

To carry out its role the Audit and Control Committee sometimes seeks the support of Internal Audit and the Finance Department.

The Internal Audit and Process Control area has been given the function of supervising the internal control system by the Audit and Control Committee. This area carries out periodic reviews of business cycles at Group and subsidiary level, and proposes corrective action plans that are communicated to the Atresmedia Group's Senior Management and to the Audit and Control Committee.

**F.5.2.** State whether a discussion procedure exists whereby the auditor (pursuant to technical auditing standards), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other engagements to the company's senior management and its audit committee or board of directors. Likewise, disclose whether an action plan exists to endeavour to correct or mitigate the weaknesses observed.

The external accounts auditor, the Finance Department and the Internal Audit and Process Control Division meet, in accordance with the meetings schedule established and/or if any relevant matter exists, with the Audit and Control Committee and informs it of the main aspects detected in the review area and of the functions commissioned to each of these departments.

The external auditor attends Audit Committee meetings at least twice a year to submit the results of its review engagement for the relevant period and to discuss with Committee members the main findings of the audit.

In 2017, the external auditor attended a Board meeting to discuss with directors the key findings of its review of financial reporting and the related recommendations and suggested improvement plans. The work done in the course of the auditing process throughout the year is also scrutinised.

The Audit and Process Control Division has periodically informed the Audit and Control Committee about the evolution and progress of the action plans to be implemented progressively in relation to the ICFR. F.6

**F.6** Other relevant information.

No.

**F.7** External auditor's report

Disclose whether:

The information on ICFR submitted to the markets was reviewed by the external auditor, in which case the entity should include the review report as an appendix. Otherwise, state why.

The ICFR information has not been submitted with respect to the external auditors' report. However, the external auditor has access to the Group's Risk and Control System and accordingly, to all the ICFR mechanisms, and may assess its functioning to the extent required for its audit work and to obtain its conclusions.

## **G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the degree to which the company complies with the recommendations set out in the *Código de buen gobierno de las sociedades cotizadas* (Spain's good governance code for listed companies).

If the company has elected not to follow a recommendation or to follow it only in part, explain the reasons for this in detail, so that shareholders, investors and the wider market have adequate information to evaluate the running of the company. Explanations of a purely general nature are unacceptable.



1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies.

2. When a dominant and subsidiary company are both listed, they should provide detailed disclosure on:
  - a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.
  - b) The mechanisms in place to resolve possible conflicts of interest.

Not applicable.

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:
  - a) Changes taking place since the previous annual general meeting.
  - b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Complies.

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies.

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies.

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:
  - a) Report on auditor independence.
  - b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
  - c) Audit committee report on related-party transactions.
  - d) Report on corporate social responsibility policy.

Complies.

7. The company should broadcast its general meetings live on the corporate website

Complies.

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Complies.

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies.

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:
  - a) Immediately circulate the supplementary items and new proposals.
  - b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
  - c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
  - d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies.

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Not applicable.

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

Complies.

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies.

14. The board of directors should approve a director selection policy that:
  - a) Is concrete and verifiable;
  - b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and
  - c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies.

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Explain.

The Company is in the situation referred to in the second paragraph of the Recommendation: there is one shareholder who controls over 30% of capital on a stable basis.

The Company's policy on appointment of directors - devised by the Appointments and Remuneration Committee and endorsed by the Board - is aimed at gradually increasing the number of independent directors, having regard to the current rules of substantive law and the Recommendations under the Code.

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complies.

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies.

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Complies.

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies.

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies.

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies.

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Complies.

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies.

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies.

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies.

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies.

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies.

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present

Complies.

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies.

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies.

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies.

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies.

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies.

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Complies.

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies.

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies.

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies.

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies.

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies.

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies.

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies.

45. Risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of identified risk events should they occur.

- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Complies.

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies.

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies.

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Not applicable.

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies.

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies.

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies.



52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:
- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
  - b) They should be chaired by independent directors.
  - c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
  - d) They may engage external advice, when they feel it necessary for the discharge of their functions.
  - e) Meeting proceedings should be minuted and a copy made available to all board members.

Not applicable.

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established *ad hoc* by the board under its powers of self-organisation, with at the least the following functions:
- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
  - b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
  - c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
  - d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
  - e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
  - f) Monitor and evaluate the company's interaction with its stakeholder groups.
  - g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
  - h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies.

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:
- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
  - b) The corporate strategy with regard to sustainability, the environment and social issues.
  - c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.

- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies.

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies.

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies.

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies.

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies.

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies.

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complies.

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies in part.

This Recommendation is partially applicable to the Company since the Share-based Remuneration Plan in force, which includes the Chairman of the Board of Directors and the CEO, does not include the allocation of options or rights over shares, rather only the delivery of a maximum and previously limited number of shares.

Accordingly, the explanation only refers to the limitation to transfer, in the period of the three years following their allocation, Company shares equivalent to two times the remuneration of the beneficiary directors, such restriction not being included in the Plan in force approved at the 2016 General Meeting.

As envisaged in the resolution adopted at the General Meeting, the own shares linked to the Plan had to be acquired, and this was hence achieved on the stock market, respecting a maximum acquisition cost, equivalent to double the amount of the fixed remuneration in 2015 of all beneficiaries. The Variable Remuneration Plan also indicates that fifty per cent of the shares acquired for its execution will be distributed among the two beneficiary directors, based on the distribution criteria agreed for this purpose by the Board of Directors.

In the Company's opinion, the method to determine the maximum cost of the Plan, together with the level of compliance with the requirements included in it - both in terms of economic targets and metrics of attainment and of the minimum time of compulsory inclusion on the part of the beneficiary, significantly limit the actual expectations regarding its full achievement and the concomitant award of the maximum number of shares possible, thereby reducing the expectation that the director will ultimately receive all shares corresponding to him/her, in the event of full compliance with the targets set. Accordingly, it is deemed unlikely that share-based remuneration will reach the threshold of double the fixed annual remuneration of the director.

However, even in that case, it is considered that the Plan's design includes requirements for compliance with targets, the execution period and recovery arrangements in favour of the Company that ensure their transparency, objectivity, limitation of costs, absence of risks for the Company and ease of supervision and control by shareholders. Moreover, the Plan's targets are focused on the medium term, maintaining a reasonable correlation between the variable remuneration possible and the results effectively obtained by the Company and its shareholders, which are the base and reference for their quantification.

As a result of the foregoing, the Company considers that the Share-based Variable Remuneration Plan fulfils the purpose envisaged by the Recommendation, at least in the most part, although it does not include it in its strictest terms.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies.

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies.

## H FURTHER INFORMATION

1. Outline any relevant issue with respect to corporate governance at the company or at group entities not included in other sections of this report, but required so as to set out more complete and properly founded information on the entity or group's governance practices and structure.

On section A.2.

UFA FILM UND FERNSEH GMBH, a direct shareholder of ATRESMEDIA CORPORACIÓN, is controlled by BERTELSMANN, A.G. through its subsidiary RTL GROUP, S.A. within the meaning of article 4 of the *Ley del Mercado de Valores*, Spain's statute on the securities market ("Securities Market Act").

PLANETA CORPORACIÓN controls GRUPO PLANETA- DE AGOSTINI, S.L. within the meaning of article 5 of the Securities Market Act, and the latter company in turn owns 100% of shares in GRUPO PASA CARTERA, S.A.U.

2. This section may also include any other disclosure, clarification or qualification in relation to the previous sections of the report, insofar as they are significant and not repeated.

Specifically, indicate whether the company is subject to legislation other than Spanish legislation in the area of corporate governance and, where appropriate, include the information that must be provided that is different from that required in this report.

The information relating to sections E.1 and E.5 is set out in further detail in the appendix to section H within this report.

The Company may also indicate whether it has voluntarily complied with other codes of ethical principles or good practices, be they international, sectoral or of another scope. Where appropriate, the code in question will be identified, together with the compliance date. In particular, state whether the Company has complied with the Best Tax Practices Code, of 20 July 2010.

ATRES ADVERTISING, S.L.U., a Group company that markets advertising in all its media (television, radio and digital) is a member of Autocontrol (Association for the Self-Regulation of Commercial Notices), which has entered into numerous agreements with government authorities and with sectoral organisations, which are adhered to and applied by its shareholders. The subject matter and date of the agreements are disclosed on that entity's website ([www.autocontrol.com](http://www.autocontrol.com))

The Company does not comply with the *Código de Buenas Prácticas Tributarias* (code of best practice in tax matters) but it has a Corporate Tax Policy that has been approved by the Board of Directors and a Procedural Protocol regarding Particularly Significant Tax Transactions, approved by the Compliance Committee, which includes the best tax practices and principles applied by Atresmedia in this area.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting of 28 February 2018.

Indicate whether any directors have voted against or abstained with respect to the approval of this Report.

Yes ☐

No ☒

## APPENDIX SECTION H

### E.1

The Atresmedia Group has in place an application that supports and manages its whole Risk Management and Control System, known as SAP “GRC” (Governance, Risks and Compliance). It is a Corporate System developed alongside its SAP transactional system which enables the monitoring of all the Group’s risks to be systematised, ordered and documented, together with the existing controls to mitigate the risks identified and to establish work flows that speed up and order the information flows of the risk and control system. The tool also evaluates the effectiveness and design of the System on an ongoing basis, both with respect to the risks identified and to the controls implemented to mitigate such risks.

In this regard, the dimensions of the Atresmedia Risk Management and Control System are as follows:

#### 1. Compliance

The Atresmedia Group has defined a regulatory compliance system, which enables all regulations to be complied with, both in relation to the sectors in which it operates and in respect of the generic manner in which they affect the Company in view of its status as a listed company or the legislation to which it is submitted (labour, tax, environmental, etc.).

The supervision of regulatory compliance, via specific controls, is one of the principles on which the Atresmedia Group’s Risk Management and Control System is based.

Additionally, a series of Internal Procedures and Protocols have been adequately defined and notified, which have been included within the Group’s Risk Management and Control System, representing additional control mechanisms to ensure compliance in order to mitigate the appearance of various associated risks. These Procedures and Protocols are supervised and approved by the Regulatory Compliance Committee and are adequately notified to the Audit and Control Committee on a frequent basis to oversee that they are effectively complied with.

#### 2. Organisational structure

All the risks and controls of the Atresmedia Group are assigned to an organisational unit, enabling the risks and controls to be adapted by organisation/business and responsibilities to be identified in the System both at corporate level and in each of the organisational units and business units.

Risks and controls exist that are assigned to the whole Group, but the System also covers other risks that are solely assigned to certain units of the organisation, insofar as they are specific to the related business or organisation.

The heads of each organisation may monitor the risks and controls specific to their organisation.

The organisations within the Atresmedia Risk Management and Control System are:

- Television division
- Radio division
- Advertising division
- Multimedia division
- Diversification division
- Film division
- Corporate Department (Systems and Human Resources)
- Finance Department
- Legal and Regulatory Affairs Department
- Audit, Processes and Quality Department
- Foundation

These organisational units have in turn defined their internal organisation (lower organisational units) for the purposes of assigning responsibilities for the implementation and design of controls and subsequent oversight.

#### 3. Processes

Via a detailed processes map, the Group’s risks and controls are associated so that at any time it is possible to identify which risks have the greatest impact on one or another business or corporate process; together with the

existing controls and the needs for improvement or redefinition thereof, to the extent that the processes are evolving on an operational and technological basis.

The key processes identified within the Risk Management and Control System are:

- Framing and specifying the corporate strategy
- Acquiring content and buying rights
- Producing content
- Designing the programming schedule and strategy
- Buying goods, services and technology
- Marketing and selling advertising
- Marketing other services
- Information systems and technology
- Managing technical infrastructure
- Operational management of general assets and infrastructure
- Human resources and occupational risk prevention
- Legal and regulatory affairs and litigation
- Administration and finance

#### 4. Risks

The System includes all the risks of the Atresmedia Group, classified by different categories and assigned to different regulations, organisations and processes. A complete map of risks has been defined, which enables all risks to be identified, both from the surroundings, and those relating to the activity and business performed and others specific to the Company.

These risks are assessed periodically with regard to their impact and probability.

Each of the risks identified has established controls and procedures that help prevent their ever materialising. If any risk materialises, it is mitigated through defined control mechanisms and risk responses established in each case.

#### 5. Controls and control tools

The System includes a full identification and description of all the controls. All the controls are associated with the risks previously identified in order to be mitigated; accordingly, the satisfactory application thereof enables the potential impact of risks materialising to be reduced.

The Atresmedia Risk Management and Control System has different tools that reinforce internal control and reduce the potential impact of existing risks:

- a. Policies, Procedures and Protocols, adequately notified through the corporate communication channels to the affected areas and people.
- b. Other IT tools for control (additional to the GRC system), the highlights being:
  - Procurement management system
  - Contractual engagement proposal management and authorisation system
  - Programme budget management and authorisation system
  - Quality system
  - IT application for compliance with the internal rules relating to securities markets
- c. Whistleblowing channel: Enables all employees to notify, in a readily usable and confidential manner, any inappropriate conduct or behaviour as specified under the Code of Conduct or any other applicable laws, regulations or standards, and especially those that do not comply with the Internal Control over Financial Reporting (ICFR) System.
- d. Control procedures relating to the Internal Control over Financial Reporting (ICFR) system:

Atresmedia, in its commitment to provide reliable, complete, true and standardised information to investors and to the market, has implemented an Internal Control over Financial Reporting (ICFR) System that guarantees the accuracy of the financial information issued.
- e. Compliance Committee

The body charged with the management, surveillance, coordination and integration of corporate policies and actions aimed at complying with all applicable legislation and regulations (both external and internal protocols and procedures), as well as supervision of compliance with the Code of Conduct. Internal conduct regulation in securities market matters.

f. Internal Code of Conduct on Matters Relating to the Securities Markets

g. Compliance Officer for Crime Prevention

This highly specific position involves providing appropriate advice to Atresmedia executives and directors on any decisions that might involve consequences as to criminal liability. Likewise, he/she is in charge of the operating coordination of the measures required to apply the Code of Conduct and to execute the decisions adopted by the Regulatory Compliance Committee. Lastly, he/she is the head of the implementation of a crime prevention programme within Atresmedia.

6. Officers

All the System risks and controls have identified the officers in charge, who in line with the assessment schedule defined in each case must periodically implement the control procedures established for each risk.

Aside from the risk and control heads, the figure of supervisor has been defined, charged with approving/rejecting the assessment of risks and controls performed by the heads at each time.

7. Testing and evidence plans

All controls included in the System have defined a test plan that must be executed and completed by the control officer on each of the control assessment dates defined.

Additionally, the System requires that the execution of the controls performed in each period be supported by documentary proof. This enables the full control assessment performed by the heads to be put in place and verified, where appropriate, and to have a documentary system of all the controls performed in each period.

## E.5.

Atresmedia, through its publishing company, which is a wholly owned subsidiary and is a member of the SGAE, is the publisher of some of the musical works broadcast on Atresmedia channels. For this reason, it is entitled to the share due to the publisher when the SGAE settles the respective royalty payments. Moreover, authors whose works are published by Atresmedia's publishing company under co-publishing contracts, which are filed with the SGAE prior to broadcast and are therefore compliant with its requirements, are entitled to the amount due to them on the basis of the tariffs and the co-publishing contracts, by way of royalties. This scheme, which is publicly known to have operated in recent years on a widespread and uncontroversial basis for television and radio alike, enables audiovisual operators to recover a portion of the royalties paid to the SGAE to the extent that they are actually involved in the creation of copyright through their publishing subsidiaries. Among musicians, the SGAE and the media, this business practice is colloquially known as "the wheel".

Against this background, some decisions of the management organs of the SGAE relating directly to the criteria applicable to the distribution of royalty proceeds, the recent request for the extraordinary involvement of an arbitral tribunal appointed by the World Intellectual Property Organization Arbitration and Mediation Center and the subsequent arbitral award have been widely challenged in the courts, where proceedings are now ongoing.

On 19 June 2017 one of the divisions of the Audiencia Nacional (National Court) made an order to enter and search the homes of several authors and other parties related to the engagement under contract for television of musical authors and works. These court proceedings at criminal law affected Atresmedia directly in the person of its musical rights management officer and indirectly in connection with Atresmedia's continuing relationship with the SGAE as to settlements for musical broadcasts on television in off-peak time slots, as mentioned earlier. Under the court ruling, the Atresmedia executive affected by the criminal proceedings is described as having close personal ties with the rest of persons charged. The criminal conduct that is alleged to have occurred is the purported influence of that executive over a specific group of authors: those whose works are broadcast over TV and who therefore defend common and legitimate interests as before the SGAE, which logically converge with certain specific interests of television operators. However, after the executive made a statement (on the same day as the police intervened), he was released without need of any further assurances. Since then, he has not been called upon to appear in court, and the court has not ordered any other proceedings affecting him. No criminal charges have been brought against Atresmedia, nor have any other proceedings been brought against it as a corporation, other than a demand that it disclose certain information to the court, as addressed to the rest of television operators on identical terms so that they provide equivalent documents, in so far as the practice under

investigation – the broadcast of music in certain off-peak time slots – has been and remains a widespread practice in the industry.

Atresmedia believes that earning income from its publishing subsidiary's business, coupled with suitable management of music programming on its channels, is a transparent and widely practised way of obtaining income from its core activity, which is entirely in accordance with the rules of the SGAE and perfectly lawful and publicly known. Atresmedia further believes that its executives are under a duty to optimise any source of income for the benefit of the company, and in this specific case have mitigated the otherwise extraordinarily heavy burden of expenditure that use of the SGAE musical repertory involves. In addition, having carried out internal action and reviews, Atresmedia believes that the Group's current risk management and control system satisfies the requirements effectively to control risks and pre-emptively detect any materialisation of risk, including criminal offences. Our exhaustive review has not detected any negligent or intentional breach of any procedure or requirement of the Atresmedia Code of Ethics.

We have verified the existence and proper functioning of a Crime Prevention Model at the Atresmedia Group, which encompasses: a Whistleblowing Channel, a Code of Conduct (which is communicated to all employees), an SAP-based risk management, control and assessment system, a crime prevention protocol, and the necessary material and human organisational structure and resources, having decision-making and supervisory powers (Compliance Committee, Compliance Officer for Crime Prevention, Corporate Governance Department, Internal Audit and Audit and Control Committee). As a result, no adverse impact on Atresmedia has occurred as a result of contingent materialisation of the risk relating to management of musical authors and the Group's relationship with the SGAE.

However, in response to these events, by a decision of the Board and under the oversight of the Audit and Control Committee Atresmedia has immediately undertaken a comprehensive review of the business area concerned. This has involved the design and implementation of new specific controls that reflect the experience acquired in the past few months. In the course of the review Atresmedia was advised by criminal law experts.