

**CODE OF CORPORATE GOVERNANCE  
MEDIASET S.p.A.**

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## Article 1 – Role of the board of directors

1.1 The board of directors is the collegiate body which governs the company. It meets at regular intervals and is organised and operates in such a way as to perform its functions in an effective and efficient manner.

The directors act and pass resolutions independently and with full knowledge of the facts, pursuing the priority of creating value for the shareholders.

Pursuant to the provisions of the company bylaws in effect, the broadest possible powers of ordinary and extraordinary management of the company are conferred upon the board of directors, which is granted authority to perform all the actions held to be most appropriate in the pursuit of the company objects.

The board of directors may appoint one or more Vice Chairmen and grant authority to one or more of its members, also with the qualification of Managing Director, to perform all or some of its powers, without prejudice to the provisions of article 2381 of the Italian Civil Code and article 23 of the Company Bylaws. It may also appoint an Executive Committee, to which to delegate some or all of its powers, except for those reserved by law for the board of directors.

The board of directors may establish other committees, also comprising members who are not board directors, establishing their duties, powers and any remuneration, in addition to their composition and method of operation.

Delegated activities form the subject of reports to the board of directors during board meetings. Article 20 of the bylaws makes provision that the directors and the audit board be informed at least every quarter, by the board's delegated committees or officers or by others, about the company's general performance and foreseeable prospects, and about any significant transactions in terms of its profitability, finances, assets and liabilities, as well as any transactions in which the any director has a personal or representative interest or which have been influenced by any person in a position to exercise control and coordination over the company. The corresponding information shall also be provided in relation to the company's controlled subsidiaries. Where required for reasons of urgency or convenience, this information may also be given to its proper recipients by letter.

1.2 In detail the board of directors:

- a) examines and approves the company's strategic, operating and financial plans, in addition to the corporate structure of the group it heads;
- b) evaluates the adequacy of the organizational, administrative and accounting structure of the company and its strategically significant subsidiaries, with particular regard to the internal control system and the management of conflicts of interest;
- c) delegates and revokes the powers of the Chairman, the Vice Chairman, the Managing Director and the Executive Committee, specifying limitations and the manner in which they must be exercised;
- d) establishes, after examining the proposal of the special committee and consulting the audit board, the remuneration of the directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determines the total amount to which the board directors are entitled;
- e) evaluates the general performance of the company, with special regard to the information received from the Executive Committee, the Chairman, the Vice Chairman, the Managing Director and the Internal Control Committee, and periodically verifies the results achieved against those planned;
- f) examines and approves in advance transactions carried out by the company and its subsidiaries with a significant impact on the company's profitability, assets and liabilities or financial position, with special regard to transactions in which one or more directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying these transactions;
- g) evaluates, at least once a year, the size, composition and performance of the board of directors and its committees, identifying where necessary new professional figures whose presence on the board is considered to be appropriate;
- h) provides information, in the annual report on corporate governance, on the application of this article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the percentage attendance of each director.

1.3 Directors accept directorships when they deem that they can devote the necessary time to the diligent performance of their duties, also in consideration of the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets), as well as in financial companies, banks, insurance companies or companies of considerable size.

On the basis of the information received from the directors, the board annually records the positions of director or auditor held by the directors in the aforementioned companies and discloses them in the annual report on corporate governance.

1.4. The board issues guidelines regarding the maximum number of engagements as director or auditor in the types of companies referred to in the above paragraph that may be considered compatible with the effective performance of a director's duties. To this end, the board establishes the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), in addition to the nature and size of the companies in which the positions are held, plus whether or not the companies form part of the group; it may also take into account the participation of the directors in committees established within the ranks of the board.

1.5 If for organisational reasons the shareholders' meeting authorises departures, on a general and preventive basis, from the rule prohibiting competition, pursuant to Article 2390 of the Italian Civil Code, the board of directors assesses each such departure, reporting on any critical issues at the next shareholders' meeting. To this end, directors inform the board on accepting their appointment of any activities exercised in competition with the company and of any effective modifications that ensue.

## **Article 2 – Composition of the board of directors**

2.1 The board of directors is made up of executive and non-executive directors.

The following are executive directors:

- the directors to whom the board of directors has granted individual management powers, as well as directors with management duties within the company or in one of its strategically significant subsidiaries, or in the controlling company when the directorship also concerns the company;
- the Chairman, Vice Chairman and Managing Director of the company or of a strategically significant subsidiary;
- directors who are members of the executive committee.

The distribution of powers among executive directors is based on the principle of the distinction of competences.

The granting of powers exclusively in cases of urgency to directors who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.

2.2 Non-executive directors bring their specific expertise to board discussions and contribute to balanced decisions being taken, with special regard to areas where conflicts of interest may exist.

The number, competence, authority and time availability of non-executive directors is such as to ensure that their judgement has a significant impact on the board's decisions.

2.3 The directors are aware of the duties and responsibilities relating to their office. The chairman of the board of directors makes his/her best efforts to encourage the directors to participate in initiatives aimed at increasing their knowledge of the real business situation and its dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.

## **Article 3 – Independent directors**

3.1 The general meeting appoints the board of directors, ensuring that there is an adequate number of independent directors.

3.2 An adequate number of non-executive directors are independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the company or persons linked to the company, of such a significance as to influence their independent judgement.

3.3 The board of directors evaluates the independence of its non-executive members with regard to the content rather than the form. Directors are not generally considered to be independent in the following cases, which are given by way of example and without limitation:

- a) if they directly or indirectly control the company, also through subsidiaries, trustees or a third party, or are able to exercise dominant influence over the company, or participate in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the company;
- b) if they are, or have in the preceding three fiscal years been a significant representative of the company, of a strategically significant subsidiary or of a company under joint control, or of an entity controlling the company or able to exercise a considerable influence over same, also jointly with others through a shareholders' agreement;
- c) if they have, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which they are significant representatives, or in their capacity as partners of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:  
with the company, one of its subsidiaries, or any of its significant representatives;  
with a subject who, jointly with others through a shareholders' agreement, controls the company or, in the case of a company or an entity, with the relevant significant representatives;  
or are, or have been in the preceding three fiscal years, an employee of the aforementioned subjects;
- d) if they receive, or have received in the preceding three fiscal years, from the company or a subsidiary or holding company, a significant additional remuneration with respect to the "fixed" remuneration of non-executive director of the company, including participation in incentive plans linked to the company's performance and stock option plans;
- e) if they have been directors of the company for more than nine years in the last twelve years;
- f) if they are directors in a subsidiary company;
- g) if they are executive directors in another company in which an executive director of the company is a director;
- h) if they are shareholders or quotaholders or directors of a legal entity belonging to the same network as the company appointed to audit the accounts of the company;
- i) if they are close relatives of a person who holds any of the positions listed in the above paragraphs.

For the purposes of the above, the legal representative, the chairman of the board of directors, the executive directors and executives with strategic responsibilities in the relevant company, must be considered as "significant representatives".

3.4 The number and competences of the independent directors shall be adequate in relation to the size of the board and the business performed by the company; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code.

3.5 With regard to their competences, independent directors are required to have sufficient knowledge of the economic and business environment and preferably possess competences in similar environments and/or sectors to those in which the company operates, such as for example:

- television (public and/or private) or cinema;
- media and telecommunications;
- advertising and marketing;
- university lecturing in Italian and/or foreign universities on subjects pertinent to the core business of the Group, or in other words, economics, finance, law, accounting and communication science and techniques;
- the financial sector.

3.6 The board of directors periodically assesses the independence of the directors, with the support of the governance committee.

After the appointment of directors who represent themselves as independent, and subsequently at least once a year, the board of directors, on the basis of the information provided by said directors, also by means of statements signed by same, evaluates those relations which could be or appear to be such as to jeopardize the independent judgement of these directors.

The board of directors notifies the result of its assessments at the first meeting after the appointment, by issuing a press release to the market and, subsequently, in the annual report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated in these criteria.

3.7 The audit board shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for assessing the independence of its members. The outcome of such controls is notified to the market in the annual report on corporate governance or in the report of the audit board to the shareholders' meeting.

3.8 The independent directors meet at least once a year without the other directors in attendance, when called by the most senior independent director.

#### **Article 4 – Chairman of the board of directors**

4.1 The Chairman holds the competences and exercises the powers conferred upon him/her by the law, the bylaws and the board of directors.

The Chairman also exercises the operating and management powers conferred upon him/her.

The Chairman also represents the company pursuant to the bylaws.

4.2 The Chairman coordinates the work of the board of directors and chairs board meetings. Board meetings are called by the Chairman or by his/her deputy.

The directors are notified of the call to meet, pursuant to the bylaws, in such a way as to allow them to gain full knowledge about the items on the agenda and gather the useful information needed for them to participate effectively in the work of the board.

For these purposes the directors are provided with information regarding the items on the agenda a suitable period in advance of board meetings. In any case, during board meetings they are provided with a detailed, wide-ranging and comprehensive presentation of all matters, in such a way as to allow them to take informed decisions on the matters to discuss.

#### **Article 5 – Treatment of corporate information**

5.1 All the directors and members of the audit board shall keep the documents and information acquired in the performance of their duties confidential and comply with the procedure adopted by the company for the internal handling and disclosure to third parties of such documents and information.

5.2 Communications to the authorities and the public are made pursuant to the terms and in the manner stipulated by current legislation, consistently with the principle of parity of information.

5.3 The Chairman, the Vice Chairman and the Managing Director liaise to ensure that corporate information is handled correctly; to this end they submit proposals for approval to the board of directors regarding a procedure for the internal handling and disclosure to third parties of documents and information concerning the company, with special regard to price sensitive information.

#### **Article 6 – Establishment and operation of internal committees of the board of directors**

6.1 The board of directors establishes one or more committees among its members to act in a consulting role and make proposals as set out in the articles below.

6.2 The establishment and operation of board directors' committees comply with the following criteria:

- a) committees are made up of at least three members;
- b) the duties of individual committees are specified in the resolution which established them and may be supplemented or amended by a subsequent resolution of the board of directors;
- c) the minutes are taken of the meetings of each committee;
- d) in the performance of their duties, internal committees have the right to access the necessary company information and functions, according to the procedures established by the board of directors, as well as to avail themselves of external advisers. The company makes adequate financial resources available to the committees to perform their duties, within the limits of the budget approved by the board;
- e) persons who are not members of the committee may participate in the meetings of each committee, at the invitation of same with regard to individual items on the agenda;
- f) the board of directors provides comprehensive information, in the annual report on corporate governance, on the establishment and composition of committees, on the duties and authority conferred upon them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage participation of each member.

### **Article 7 – Appointment of directors**

7.1 Directors are appointed by means of a transparent procedure, which provides, inter alia, timely and adequate information on the personal and professional qualifications of the candidates.

7.2 Lists of candidates, accompanied by exhaustive information on their personal characteristics and professional qualifications and indicating where appropriate their eligibility to qualify as independent directors as defined in Article 3, are lodged at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting at first call. The lists, complete with information on the qualifications of the candidates, are published promptly on the company website.

### **Article 8 – Remuneration committee and remuneration of directors**

8.1 The remuneration of directors is fixed at a sufficient level to attract, maintain and motivate directors endowed with the professional skills needed to manage the company successfully.

8.2 The remuneration of executive directors is specified in such a way as to align their interests with the priority objective of creating value for shareholders in the medium-long term.

8.3 The remuneration of non-executive directors is proportional to the commitment required from each of them, taking into account their possible participation in one or more committees. Non-executive directors may not be beneficiaries of equity based remuneration plans, unless so decided by the shareholders' meeting, which shall also give the relevant reasons.

8.4 The board of directors shall establish among its members a remuneration committee, made up of non-executive directors, the majority of whom are independent.

8.5 The Remuneration Committee presents proposals to the board of directors and performs periodic assessments of:

- the remuneration of directors holding specific positions in Mediaset SpA, with the provision that a part of this remuneration is linked to the economic results reported by the company and/or the achievement of other specific objectives;
- the general remuneration criteria applied to Mediaset Group directors (fixed/variable portion, mbo reference criteria, assessment and regulation criteria for emoluments/remuneration with regard to offices in Group companies);
- the criteria, categories of beneficiary, amount, terms, conditions and manner of application of stock option plans.

8.6 The Chairman of the audit board or another auditor assigned by the chairman participates in the work of the committee.

8.7 No directors shall participate in meetings of the remuneration committee in which proposals are submitted to the board of directors regarding their own remuneration.

### **Article 9 - Governance committee**

9.1 The board of directors establishes a governance committee on which non-executive and independent directors sit.

9.2 The Governance Committee:

- assesses the company's Code of Corporate Governance, containing the corporate governance principles followed by the board of directors in the performance of its duties, and formulates proposals;

- performs the duties assigned to it by the board of directors, with special regard to the review of the Code of Corporate Governance adopted by the company;
- supports the board in its assessment of the continuing independence of independent directors.

9.3 The Chairman of the audit board or another auditor assigned by the chairman participates in the work of the committee.

### **Article 10 – Internal control system**

10.1 The internal control system is the set of rules, procedures and organizational structures addressed to ensuring that the company is managed soundly, correctly and consistently with the goals established, by identifying, measuring, managing and monitoring the main risks.

10.2 An effective internal control system contributes to the protection of corporate assets, the efficiency and effectiveness of its business transactions, the reliability of financial information, and compliance with laws and regulations.

10.3 The board of directors assesses the adequacy of the internal control system with respect to the features of the company.

10.4 The board of directors ensures that its assessments and decisions regarding the internal control system, the approval of the company's balance sheets and half yearly reports, as well as the relationships between the company and the external auditor, are supported by adequate preparatory work. For these purposes, the board of directors establishes an internal control committee, made up of non-executive directors, the majority of whom are independent. At least one member of the committee must have adequate experience in accounting and finance, to be evaluated by the board of directors at the time of his/her appointment.

10.5 The board of directors, with the assistance of the internal control committee:

- a) defines guidelines for the internal control system, in such a way that the main risks to which the company and its subsidiaries are exposed are correctly identified, and adequately measured, managed and monitored, also establishing the criteria for determining whether such risks are compatible with the sound and correct management of the company;
- b) appoints an executive director in charge of supervising the functionality of the internal control system;
- c) evaluates, at least once a year, the adequacy, effectiveness and actual operation of the internal control system;
- d) describes the basic components of the internal control system and its assessment of the overall adequacy of same in the annual report on corporate governance.

10.6 The board of directors, as proposed by the executive director in charge of supervising the functionality of the internal control system and after consulting the internal control committee, appoints and revokes the person in charge of internal control.

10.7 The board of directors exercises its functions with regard to the internal control system in due consideration of the reference models and best practices adopted in Italy and internationally. Particular attention shall be addressed to the organization and management models adopted pursuant to legislative decree 231, June 8, 2001.

### **Article 11 - Internal control committee**

11.1 In addition to assisting the board of directors in the performance of its duties as set out in point 10.5, the internal control committee:

- a) assesses, on a joint basis with the executive responsible for preparing the company's accounting documents and the auditors, the correct application of the accounting principles and, in the case of groups, the consistency of same for the purposes of preparing the consolidated balance sheet;
- b) at the request of the executive director appointed for this purpose, expresses opinions on specific issues relating to the identification of the main risks to which the company is exposed, as well as on the design, implementation and management of the internal control system;
- c) reviews the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;
- d) assesses the proposals submitted by firms of auditors seeking to be engaged, in addition to the work plan prepared for the audit and the results described in the report and the letter of recommendations, if any;
- e) supervise the validity of the audit process;
- f) perform any additional duties assigned to it by the board of directors;
- g) report to the board, at least once each half year, at the time of approval of the balance sheet and the half yearly report, on the work performed and on the adequacy of the internal control system.

11.2 The chairman of the audit board or another auditor designated by the chairman of the board shall participate in the work of the committee.

## **Article 12 - Executive director in charge of supervising the functionality of the internal control system**

The executive director in charge of supervising the functionality of the internal control system:

- a) identifies the main business risks, taking into account the characteristics of the activities carried out by the company and its subsidiaries, and submits them periodically for the board of directors to review;
- b) implements the guidelines defined by the board of directors, making provision for the design, implementation and management of the internal control system, in addition to constantly monitoring its overall adequacy, effectiveness and efficiency; the executive director also makes adjustments to this system in accordance with changes in operating conditions and the legislative and regulatory framework;
- c) makes proposals to the board of directors regarding the appointment and revocation of the person in charge of internal control;
- d) fixes the remuneration of the person in charge of internal control after consulting the internal control committee.

## **Article 13 - Person in charge of internal control**

13.1 The person in charge of internal control:

- a) ensures that the internal control system is always adequate, fully operational and effective;
- b) is not responsible for any operating divisions and does not report hierarchically to any manager of operating divisions;
- c) has direct access to all useful information for the performance of his/her duties;
- d) is provided with adequate means to perform the functions assigned to him/her;
- e) reports to the internal control committee, the audit board and the executive director in charge of supervising the functionality of the internal control system. In detail, the person in charge of internal control reports on the procedures involved in risk management, on compliance with the plans defined to reduce same and formulates his/her evaluation of the internal control system to achieve an acceptable overall risk profile.

13.2 The company establishes an internal audit function. The person in charge of internal control is responsible for the internal audit function.

## **Article 14 – Directors' interests and transactions with related parties**

14.1 The board of directors adopts measures aimed at ensuring that the transactions in which directors have an interest, either on their own behalf or on behalf of third parties, and that the transactions carried out with related parties, are performed in a transparent manner and are substantially and formally correct.

14.2 The board of directors, after consulting the internal control committee, establishes approval and implementation procedures for the transactions carried out by the company, or its subsidiaries, with related parties. In detail, it defines the specific transactions which must be approved after consulting the internal control committee and/or with the assistance of independent experts.

14.3 The board of directors adopts operating solutions to facilitate the identification and adequate handling of those situations in which a director holds an interest on his/her behalf or on behalf of third parties.

## **Article 15 - Members of the audit board**

15.1 Auditors are appointed by means of a transparent procedure which provides, inter alia, timely and adequate information on the personal and professional characteristics of the candidates.

15.2 The auditors also act independently vis-à-vis the shareholders who elected them.

15.3 The company adopts suitable measures to ensure the effective performance of the typical duties of the audit board.

15.4 Lists of candidates, accompanied by detailed information on their personal characteristics and professional qualifications, are lodged at the company's registered office at least fifteen (15) days prior to the date fixed for the shareholders' meeting at first call. The lists, complete with information on the characteristics of the candidates, are published promptly on the company website.

15.5 The auditors are independent professionals. The audit board verifies compliance with said criteria after appointment and subsequently on an annual basis. The outcome of such verification is published promptly in the annual report on corporate governance.

15.6 The auditors accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.

15.7 Auditors who have an interest, either directly or on behalf of third parties, in a certain transaction of the company, must promptly and exhaustively inform the other auditors and the chairman of the board as to the nature, terms, origin and extent of their interest.

15.8 The audit board monitors the independence of the auditing firm, verifying both compliance with the provisions of the law and regulations governing the matter, as well as the nature and extent of services other than accounting control provided to the company and its subsidiaries by the same auditing firm and the entities belonging to the same network.

15.9 In the framework of their activities, the auditors may ask the internal audit function to assess specific operating areas or company transactions.

15.10 The audit board and the internal control committee promptly exchange material information regarding the performance of their respective duties.

#### **Article 16 - Shareholder relations**

16.1 The board of directors endeavours to engage in an ongoing dialogue with the shareholders based on an understanding of their reciprocal roles.

16.2 The board of directors makes its best efforts to ensure that significant information regarding the company is made promptly available to shareholders in an easily accessible form, to allow them to exercise their rights in an informed manner. For this purpose, the company publishes a special section on its website, in which the aforementioned information is available, with particular reference to procedures to attend shareholders' meetings and exercise voting rights at them, as well as the documentation relating to items on the agenda of shareholders' meetings, including the lists of candidates for the positions of director and auditor, complete with a description of the relevant personal characteristics and professional qualifications.

16.3 The board of directors identifies a person in charge of shareholder relations and periodically evaluates the adequacy of the business structure responsible for this function.

#### **Article 17 - General meetings**

17.1 The board of directors promotes initiatives to encourage the broadest possible attendance of shareholders at general meetings and to facilitate the process of exercising their rights.

17.2 The board of directors makes its best efforts to limit restrictions and fulfilments which make it difficult and burdensome for shareholders to attend shareholders' meetings and exercise their voting rights.

17.3 All directors usually attend shareholders' meetings. Shareholders' meetings also provide an opportunity to disclose information regarding the company to the shareholders, in compliance with the rules governing price-sensitive information. In particular, the board of directors reports to the shareholders' meeting as regards work performed and planned, as well as making its best efforts to ensure that the shareholders receive adequate information about the elements needed for them to make informed decisions on matters which are the competence of the shareholders' meeting.

17.4 The board of directors submits regulations to the shareholders' meeting for approval, setting out the procedures to be followed for ordinary and extraordinary shareholders' meetings to be held in an orderly and effective manner, without prejudice to the right of individual shareholders to express their opinions on the matters under discussion.