

2.3. INTERNAL CONTROL PROCEDURES

2.3.1. Introduction

This report describes the internal control procedures in place within the TF1 group. It covers TF1 SA (the parent company) and subsidiaries over which it exercises exclusive or majority control.

2.3.2. Internal control environment and general principles

2.3.2.1. Organisation and operating procedures

Background

This report is based on information and analyses compiled in collaboration with the various players involved in internal control within TF1 and its subsidiaries, and gives a factual description of the control environment and the procedures in place.

The Internal Control Department co-ordinated the preparation of this report, which was validated by the Group Finance and Purchasing Division (DGAFPA) and the Legal Affairs Department (DAJ) before being submitted to the Statutory Auditors and then presented to the Audit Committee and Board of Directors for approval.

Since 2007, TF1 has analysed its internal control system and presented its internal control report in full compliance with the internal control framework published on 22 January 2007 and derived from work carried out by the task force set up by the Autorité des Marchés Financiers (AMF), the French financial markets authority. The AMF reference framework was amended in 2010 to incorporate legislative and regulatory changes in the area of risk management, and the AMF recommendation on Audit Committees.

An internal control system should also contribute to control over operations, effectiveness of transactions, and efficient use of the of the company's resources. However, such policies and systems cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

TF1 continually adapts its internal control system to reflect the nature of its operations, its evolving business model and its strategic goals.

The general internal control environment is underpinned by the Group's corporate governance principles, but also by its organisational structure and operating procedures and by dissemination of its values and rules.

The organisation, composition and operating procedures of the Board of Directors and of the specialist committees that assist the Board (the Audit Committee, the Selection and Remuneration Committee and the Ethics, CSR and Patronage Committee), as described in the chapter on corporate governance, comply with corporate governance rules and are conducive to effective internal control.

The Board, under the authority of its Chairman, determines the company's policies and, with the support of the Audit Committee, ensures that appropriate internal control systems are in place within the Group. Key commitments are subject to clear validation processes, with decisions being taken by the Executive Management based on proposals from the relevant committees. The Board of Directors is kept regularly informed of such decisions. Gilles Pélisson, as Chairman and Chief Executive Officer of TF1, has operational and functional responsibility for implementing the strategy approved by the Board of Directors for the Group's operations. In particular, he is responsible for organising the deployment of internal control. He is supported by

the Executive Committee (COMEX), which comprises the senior executives of the TF1 group and meets weekly, and by the General Management Committee (CODG), which includes the heads of each business line and support function and meets monthly. These Committees enable him to communicate the key internal control policies, and to make executives aware of their responsibility for setting up and monitoring internal control systems in their area.

Powers are delegated to meet the twin objectives of making operational staff accountable and controlling commitments at the appropriate level. On the latter point, the company's organisational structure builds in segregation of duties: operational functions are kept separate from accounting functions so as to allow for independent control.

Every year, the Strategy Division works with the COMEX members to prepare a three-year plan setting out the broad lines of the Group's medium-term strategy. The first year of the plan corresponds to the budget for the forthcoming year, and lays down the framework for commitments made by managers of Group entities.

The three-year plan is a key element of the internal control environment and is consistent with the evolving business model. As well as setting revenue and cost targets, the plan also specifies the resources, structures and organisational methods needed to meet those targets.

A summary of the TF1 group three-year plan is presented to the Chairman and CEO and then to the Board of Directors, which approves the budget.

The internal control system and its objectives

In addition to the three-year plan, the TF1 group is constantly looking to improve its internal control system, maintaining close alignment with its objectives. Since 2007, TF1 has followed an approach applied by the Bouygues group for its main business lines (which include TF1), designed to develop an internal control system based on the AMF reference framework. This process identified a number of simple, measurable principles covering the company's key businesses.

The system is organised around two components:

- accounting and financial internal control principles relating to the co-ordination, organisation and preparation of accounting and financial information;
- general internal control principles encompassing all of the company's key processes.

The approach also builds in regular, structured meetings between internal control representatives from each of the Bouygues group's business lines, to organise monitoring of internal control and manage adaptations to deal with regulatory requirements. This shared system is regularly supplemented by internal control principles specific to TF1's operations, and to changes in its business model, strategic goals and environment.

Within the TF1 group, the internal control system is assessed through annual campaigns across a scope that is representative of the challenges and risks inherent in its various activities. A partial scope is covered each year, but the scope changes from year to year so that the control principles are addressed over a three-year cycle.

A self-assessment campaign is used. Within each entity, the person responsible for the process being analysed prepares and justifies his or her assessment of the application of internal control principles. This is then submitted for validation by a person with a critical perspective (line manager and/or business unit manager). Since 2014, most self-assessments have been in the form of interviews between the person responsible for the process and the head of internal control. This approach helps transmit knowledge about the internal control framework. However, the person responsible for the process still determines the overall rating.

The assessment process has several components: a numerical rating on a scale from one to four, a description of operating procedures, and comments on any discrepancies between operating procedures and best practice. The assessment is supplemented by proposed action plans, to ensure that the annual assessment campaigns result in tangible improvements in the management and security of processes.

The consolidated results of these campaigns are distilled into an aggregate summary by topic, function and operating entity. This serves to alert the Executive Management to any inadequacy detected in processes, and to guide and prioritise action plans. The results are also presented regularly to the TF1 Audit Committee, which in turn informs the Board of Directors.

New businesses are incorporated into the assessment campaigns in a manner that reflects the gradual introduction within those entities of the processes, tools and methods used by the TF1 group to co-ordinate, oversee and control operations.

The 2021 assessment campaign addressed topics related to external growth investments, insurance and purchasing, as well as the accounting and finance principles used to co-ordinate

2.3.2.2. Control activities

Alongside internal control and risk management, the TF1 group also performs various controls within the operating divisions and, more directly, via the support functions.

Control over broadcasting and other vital company operations

The Technologies Division is responsible for making programmes where it has been retained as producer; for the broadcasting of programmes, and the transmission network; and for developing and operating the IT applications required for the production of information and secure transaction processing.

Applications used to help ensure that accounting and financial information complies with best practice in control are described in the section on “Financial Information Systems” below.

The Technologies Division co-ordinates the identification, control and prevention of major technological risks liable to affect broadcasting service continuity and the ongoing conduct of the Group’s vital operations.

To fulfil this remit, the Division works with the Corporate Services Division (responsible for property and facilities management) to develop security policies in two key areas:

aspects such as the organisation and management of accounting, property, plant and equipment and investments, the purchasing/supplier process and benefits granted to employees.

The majority of revenue-generating entities within the TF1 group were included in the scope of self-assessment.

Audit assignments are also carried out to check the accuracy of internal control self-assessments. Since 2014, Internal Audit and Internal Control have operated within a single Audit and Internal Control Division (DACI), helping to improve risk control and management within the TF1 group. The DACI also handles the risk mapping associated with internal control.

Identifying and managing risks

Group Risk mapping relies on feedback from regular risk Committee Meetings within the operating units and support functions of Group entities about key events that could have an adverse impact on attainment of the objectives in the three-year plan.

These committees are tasked with identifying emerging risks, systematically reviewing all risks identified during previous years, and removing any risks that no longer apply.

Each risk has an “owner” who is responsible for describing the risk, developing scenarios and assigning probabilities, so that risks can be prioritised and specific risk mitigation measures developed. A distinction is drawn between measures that reduce the probability of a risk occurring, and those that reduce the impact of a risk occurring.

The risk committees meet in late September. Monitoring is carried out in March to measure progress on the resources put in place to mitigate risk and propose additional action plans as necessary.

For a description of the principal risks and how they are managed, refer to section 2.1 (“Risk Factors”) of this Universal Registration Document, which also describes the Group’s policy on insurance. Market risks (including interest rate risk and exchange rate risk) are discussed in Note 8 to the consolidated financial statements in this document and the Annual Financial Report.

Business continuity

“Réagir”, the crisis management process in place at TF1, identifies and updates the main risk prevention scenarios, and any disaster recovery scenarios required for key processes.

A secure external backup site is in place to ensure resumption of key processes: programme transmission, the production of news bulletins, the preparation and marketing of advertising spots, and the operation of information systems (especially accounting, treasury and payroll).

In the event of a very serious incident, “backstop” arrangements handled by a specialist third-party service-provider would enable the TF1 channel to continue broadcasting autonomously for several days.

Procedures are tested regularly so that the system can be adjusted if necessary.

A website and hotline are available so that employees can keep in touch in an emergency.

A crisis management manual has been produced that describes how the crisis management unit will operate in various scenarios.

Information systems security

In response to the increased risk of cyber-attack, the Technologies Division has introduced extra security measures that go beyond compliance with internal control principles on information systems security:

- extending the coverage of the Security Operations Centre (SOC) for continuous monitoring of information systems and detecting malfunctions caused by cyber-attacks;
- regular audit by external specialists to assess the resilience of systems and technical facilities to new risks, and to perform intrusion tests (including in the Broadcasting space). The division also works with the Internal Communications Department on campaigns to raise user awareness of cyber-attacks, with a special focus on the vulnerability of attachments and web links;
- systematic involvement of IT security teams, and in particular the Head of Information Systems at an early stage in the development of systems used to produce and transmit TV content. These teams ensure that the security policy is correctly applied, and that the system architecture selected is (and will remain) compatible with security imperatives;
- implementation of a Cyber-Security Assurance Program, involving periodic audits of the TF1 group's approach and action plan by an external consultant.

Programme buying and controls over programme compliance

TF1 enters into Broadcasting rights contracts to secure programming for future years. The rights buying process is subject to an investment approval procedure, in which the role of each decision-maker is defined so as to ensure the segregation of duties:

- the Rights Buying Division sets out the key features of the project, such as the unit price and the number of screenings;
- the Artistic Division checks that the programme complies with editorial policy;
- the Programming Division checks that the rights are aligned with the programming schedules of the Group's various channels, as well as with each channel's audience and inventory management targets;
- the Group Finance and Purchasing Division validates the inclusion of the acquisition in the cost of future programme schedules and the investment budget of the Programme Unit, the projected profitability of the acquisition, and the level of inventory. It also checks that the purchase price is in line with market prices and that performance clauses have been included.

At least once a year, Legal Affairs and the operational divisions agree on the contractual policy to be applied by each programme unit, with compulsory or ancillary clauses applicable to rights buying contracts.

Final approval of rights buying contracts is signed off by either the Chairman and Chief Executive Officer of the TF1 group or the Chief Executive Officer of the commissioning channel (or their proxies) in line with delegated powers.

Sports rights are usually acquired by bidding in a tendering process. Such bids are governed by domestic regulations (the French Sport Code) and by European regulations. For the most significant projects, the Board of Directors sets up a special committee to advise on the bid.

Programmes broadcast on the Group's channels are subject to control by the CSA (the French Broadcasting regulator) under agreements signed by the channels. Consequently, the TF1 group's Programme Compliance Division reviews programmes prior to broadcast on its channels, sometimes in collaboration with the Legal Affairs Department. This process also helps minimise the legal risks inherent in Broadcasting television programmes.

Programmes intended for children are submitted for advice from psychologists, who are asked to preview the most sensitive programmes.

Controls over advertising compliance

Dedicated teams at TF1 Pub ad sales house preview all the advertising spots for the channels on which they sell space (TF1, TMC, TFX, TF1 Séries Films and LCI). They also ensure that all spots have been submitted to the ARPP (the French advertising self-regulatory organisation) for pre-vetting, and passed for broadcast.

TF1 Pub monitors compliance with laws and regulations covering the Broadcasting of advertising messages on various types of media. Teams from each broadcaster check that the maximum daily and hourly broadcast times for advertising are not exceeded.

Strategy Division

The TF1 group's Strategy Division is responsible for conducting strategic studies in conjunction with the Executive Management and the members of the Executive Committee. It also analyses trends to inform strategy and align major projects with expected changes in the TF1 group's industry environment. The Executive Management team supports the operating divisions in their projects on an *ad hoc* basis (e.g., analyses of markets and key players).

Formerly the Strategy, Development and Transformation Division, the Strategy Division has refocused on strategy. Activities related to external growth, the business plan and the monitoring of financial investments are now the responsibility of the Finance and Purchasing Division (DGAFa).

Strategy Committee meetings held monthly with the Executive Management bodies of the Bouygues group and the TF1 group review the main business indicators and issues relating to strategy, partnerships and development.

Finance and Purchasing Division (DGAFa)

The DGAFa includes all of the Group's finance functions. It plays a control role by disseminating procedures, methods and guidance throughout the Group.

The DGAFa was reorganised in September 2021.

The Financial Communications and Investor Relations Department is now part of the DGAFa.

With the exception of the Audit and Internal Control Division, whose organisation and responsibilities remain unchanged, the DGAFa is now organised through an approach based on processes: Transactional, Reporting and Financial Statements, and Performance Monitoring.

The function has also initiated priority cross-functional projects under the responsibility of the four departments of the DGAFa.

These processes and cross-functional projects are detailed below.

Financial Communications and Investor Relations Department

The Financial Communications and Investor Relations Department engages with shareholders, investors and analysts. As described in more detail in the section “Process for managing published financial information” below, the Department ensures that the markets and the financial community are regularly updated to give them the clearest and most comprehensive understanding possible of the company's strategy and business environment. This requirement is followed in strict compliance with market rules and notably, the principle of equal treatment for all investors.

Audit and Internal Control Division (DACI)

The TF1 group's Internal Audit function conducts financial, operational and organisational audits in Group entities (except for audits of the reliability, security and operation of information systems, which are performed by the Bouygues group's Central Audit Department).

All of these audits are conducted according to an annual plan approved by the Executive Management and Audit Committee of the TF1 group. Audit Committee Meetings include progress reports on the plan as well as presentations of key findings and recommendations of completed audits.

Audits are performed following a strict methodology aimed at meeting the standards set by the French Institute of Audit and Internal Control (IFACI). Each audit ends with a report containing recommendations, which are systematically incorporated in an action plan to be applied by the audited entity and monitored by the Internal Audit function.

“Supporting the Transformation of the DGAFAs” cross-functional project

Supplementing its regular tasks, the DACI will through end-2022 co-ordinate the “Supporting the Transformation of the DGAFAs” project. This will consist in helping employees to properly understand the new processes and objectives, identifying training for employees, contributing solutions to any potential obstacles, and monitoring the phases of the transformation and the other projects.

Transactions and Finance and Purchasing IS Division

This division groups various units:

Group Purchasing Division (other than audiovisual rights buying)

The Purchasing Division optimises the procurement process by applying a high-quality supplier referencing process and a rigorous methodology, in line with best practice.

Our commitment to Responsible Purchasing is described in section 4.3.2.2 of this Universal Registration Document.

Tools and Projects Hub

The Tools and Projects Hub is responsible for piloting the utilisation of and upgrades to the financial information system based on the financial modules of the SAP package and BI Finances and for contributing to the improvement of these tools and the ongoing transformation of DGAFAs processes and methods.

Supplier and Client Transaction Support Division (orders/payments and invoicing/recovery)

The Purchasing and Sales Transaction Support Division teams are responsible for the administrative and accounting processing of sales invoicing transactions made by Group entities and the processing of Group purchasing invoices.

They also handle payments made by Group entities, applying procedures consistent with key internal control principles (such as segregation of duties and multiple independent validation), and payment security rules established by the Treasury Department (such as authentication and tamper-proof payment media).

Treasury and Financing Department

This Department assesses the Group's funding requirements and ensures that adequate funding is available from sustainable and diversified sources.

It provides centralised treasury management services for the Group (bank accounts, cash pooling, and interest rate and forex risk management), and oversees the security of the Group's money flows while reducing associated risks, including fraud, legal and counterparty risks.

Every year, the Department works with the Strategy, Management Control and Investor Relations Departments to produce a dossier for the Standard & Poor's ratings agency and the Banque de France, with whom it liaises throughout the year.

Group Tax Division

The Group Tax Division co-ordinates and supervises the teams responsible for compliance with tax obligations at Group entities. To that end, it conducts a watch, in conjunction with the Bouygues group, on trends in tax obligations applying to the business activities of the TF1 group. It ensures that TF1 group entities fully understand all of their tax obligations and provides them with the support necessary to manage their daily work. The Division also ensures the appropriateness and consistency of the main tax options selected by the entities, in particular regarding the tax policy approved by Group governance, by annually reviewing the tax results of entities and coordinating cross-functional theme-based missions.

In addition, it oversees relations with the tax administration, monitoring and supporting the teams during tax investigations or controls and handling any litigation with the tax authorities.

The work to be carried out as part of the “Digital Invoices” project will be supervised by the Transactions and Finance and Purchasing IS Division.

Reporting, Accounts and Financial Statements Division

The Reporting, Accounts and Financial Statements Division fulfils two main tasks:

The preparation of the individual and consolidated financial statements of Group companies.

The teams in charge of this process are organised into activity units (Media and Production) and skills hubs. They keep accounting records of transactions entered into by TF1 group entities and carry out all accounting closes required for the preparation of financial statements.

The team is responsible for establishing and applying accounting policies and preparing the individual and consolidated financial statements of Group companies, the process for which is detailed in the section “Process for managing published accounting and financial information”.

An expertise unit monitors developments in international (IFRS) and French accounting standards, and ensures that appropriate accounting policies are in place. It also plays a co-ordinating and training role by drafting and distributing Group-wide rules, procedures and accounting policies.

The preparation of monthly reporting and the co-ordination of an update and re-forecasting process for Group companies.

The Reporting, Accounts and Financial Statements Division monitors delivery on the objectives set in the annual budget as approved by the Board. Key steps in this process include:

- the monthly Group reporting package, which summarises and comments on key financial and operating information relating to the various Group entities and on current or future events that may have an impact.

This document is based on the monthly reporting packages prepared and commented on by each business unit. These include a monthly accounts close, a revised end-of-year forecast, and performance indicators. The Division checks, validates and analyses these packages and then prepares a consolidated dashboard at Group level, which is presented to the Executive Management at a set time each month.

At each monthly accounts close, the accounting and management control teams work together to ensure that all expense and income items are recorded and recognised in the correct accounting period. The financial information used in management reporting and in the financial statements all derives from a shared Enterprise Resource Planning (ERP) platform common to all the main structures within the Group, which ensures consistency and control of the data outputs;

- two updates, to allow for adjustments to year-end projections and recalibrate action plans if required;
- a process of regular re-forecasting and/or simulations to assess the impact of current events and give greater agility in high-level business management;
- monthly operating indicators reflecting short-term management objectives for the various business units. These may be used to develop action plans, and hence to measure performance;
- a digital dashboard analysing the components of programming margin for the TF1, TMC, TFX, TF1 Séries Films and LCI channels. Additional margin analyses are prepared regularly for individual programmes, dayparts or hourly slots; these are used to focus action plans.

In addition to the two tasks detailed above, two cross-functional projects were launched in 2021 with a view to improving the Group's production and analysis processes:

- *the "Accounting and analysis guidelines" project, aimed, following a review of the existing system, at developing and implementing initiatives to review and correct the analysis areas available in the Group's transactional tools, the objective being to simplify and harmonise;*
- *the "Reducing accounts close times", aimed at optimising accounts close transactions and processes to reduce the time taken to produce the Group's accounts and consolidated financial statements for first-half 2022.*

Group Performance, Business Plan and Mergers and Acquisitions Monitoring Division

The Group Division responsible for monitoring performance, mergers and acquisitions and the TF1 group's three-year business plan (Media and Production industries) is organised around four processes: the processing and control of data, support for operational teams in launching and monitoring their actions plans and M&A transactions, and the consolidated monitoring of the value created by these action plans with a view to establishing the three-year plan.

The Data and Economic Analysis team is responsible for:

- managing data, including sourcing data, both internally (including from business segment IS Departments) and externally (economic, sector and competitor data), processing data (including statistics and/or modelling), analysing data and making it available for integration in various models;
- finalising and maintaining (correcting and updating) the Group's economic modelling (Canvas Models).

Performance Heads, responsible for operational action plan scenarios and ROI, work on (i) Publisher revenue and broadcast margins, (ii) the acquisition and management of programme inventories, and (iii) production activities (including News) and the control of our fixed costs.

Their role is to:

- analyse and map, working closely with operational teams, potential value-creating mechanisms and options and identify possible economic and operational drivers, factoring in the Group's strategic objectives;
- model business activity and economically and financially forecast and assess the value-creation impact in the short and medium term of the various operational action plans;
- determine with operational staff the key resources for action, establish decision-support arguments and the financial and non-financial KPIs to follow as part of the monitoring of these action plans;
- monitor in real time with operational staff the quantified change in the results of these action plans;
- update in a quantitative and informed manner the post-mortems of the various actions plans and re-update the expected objectives.

The "Performance Management and Monitoring" team is responsible for:

- referencing, aggregating and quantitatively synthesising approved operational actions plans as part of an overall understanding of the Group;
- integrating and monitoring the impact of these action plans in terms of Profit & Loss (P&L), the balance sheet and the cash flow statement, thus enabling a consolidated and forward-looking appreciation of value creation;
- on these bases, managing the interface with the Reporting Division in charge of the TF1/Bouygues management cycle;
- co-ordinating the provision in information systems (Dataviz) of the updated results of these action plans for the various operational Business Units;
- monitoring the impact of M&A transactions in conjunction with the M&A team;
- taking account of the quantitative items generated by the consolidated monitoring of operational actions plans in the 3YP approach.

In compliance with the strategic priorities set by the Group's Executive Management, the M&A/3YP team is tasked with:

- assisting operational staff in the Media and Production sectors and co-ordinating work on external acquisitions or disposals of companies or businesses, and then regularly monitoring investments made in companies, relying on financial, legal and operational divisions, to ensure that their market plan is consistent with the objectives when acquiring the entities;
- establishing the Group's three-year plan:
 - The strategic planning approach is underpinned, with the active support of the Strategy Division, by an analysis of market trends and of the evolving relationship between industry players, consumption patterns, and the competitive environment. Risk mapping is also taken into account,

- In July of each year, once the industry analysis and strategic priorities have been approved and Executive Management has aligned with these priorities, strategic guidance notes are prepared and sent to all Group entities,
- These are used to develop a three-year plan, which incorporates the year 1 budget. That budget represents a commitment by the management of each entity to the Chairman of the TF1 group. Performance against the budget is measured by the Group Finance and Purchasing Division,
- Each company and/or entity prepares its own three-year plan, with active support from the 3YP team to ensure that business plans are compiled to consistent and uniform standards across the Group,
- The plan is approved by the Board of Directors annually.

To supplement this approach, a "Non-financial indicators" project has been launched. The TF1 group's financial markets, shareholders and operational teams understand performance from a global viewpoint, factoring in a number of indicators not solely based on financial aspects. These non-financial indicators are to be found in brand values and off balance sheet commitments, as well as in CSR and Group HR policy indicators. Aspects not to be found in our financial statements should usefully supplement the understanding of our financial performance through the cross-fertilisation of these two areas.

This naturally cross-functional approach also needs to involve all stakeholders, including shareholders, suppliers and employees, both internal and external. The aim is to generate KPI recommendations and the roll-out of a reporting process by autumn 2022.

Human Resources and CSR Division (DGARH and CSR)

The Human Resources and CSR Division plays a key role in selecting, deploying, and developing the human capital needed for TF1 group entities to operate effectively. It monitors compliance with the French Labour Code and changes in labour policy, in conjunction with the various employee representative bodies. To that end, it negotiates group or company agreements with the unions and organises monitoring and control systems through the implementation of special tools, monitoring committees and *ad hoc* meetings.

It also co-ordinates the Management of Jobs and Career Paths policy aimed at supporting the TF1 group's transformation by consolidating and continuing to acquire digital expertise. Through the policy, the DGARH trains employees and develops the technical, relational and managerial skills required by staff to fulfil their duties. The DGARH is attentive to transfer and retraining opportunities serving to support employees in the occupational mapping changes stemming from the Group's digital transformation. As part of this policy, an agreement was signed with the unions in March 2021 defining existing systems and specifying that, in addition to the mandatory and regular information and consultations of employee representative bodies, a monitoring committee ensures the sharing of assessments and forecasts, as well as the suitability of the resources rolled out to support changes in occupations.

As part of the management cycle, the DGARH works with the operating divisions and support functions to plan future human resources needs. These needs are formalised and form an integral part of the three-year financial and strategic planning process determined by the Executive Management. Succession

plans and support plans for the top 160 senior executives are updated annually. Any request for a new hire or internal promotion is subject to a formal approval procedure.

The Division also organises and monitors the delegation of powers relative to the representation of the company and the scope of responsibilities, as well as the delegation of powers relative to the GDPR.

The Group's Corporate Social Responsibility policy, which contributes to internal control via the reporting of social and societal information, is presented in Chapter 4.

General Counsel's Department and Legal Affairs Department (DAJ)

The General Counsel's Department of the Group leads and co-ordinates two functions:

- the General Counsel's Department, directly responsible for:
 - managing relations with external bodies and authorities such as the CSA, the French Competition Authority, the French government and parliament, and the European Commission, working in conjunction with the Group's Institutional Relations and Regulatory Affairs Division;
 - monitoring laws, rules and decrees that affect the broadcasting industry;
 - monitoring compliance with regulatory requirements (production-related obligations, reporting for the CSA, the French Competition Authority, etc.);
 - managing relations with trade bodies in the audiovisual sector such as the French copyright collection agency (SACD) and the French TV producers association (USPA), and dealing with industry-wide agreements on broadcasting and production;
- the Legal Affairs Department (DAJ), responsible for:
 - determining the contracting policy and supervising its enforcement within the Group, and more generally monitoring and negotiating key acquisition, distribution, broadcasting, technical and sales contracts in compliance with governance rules;
 - dealing with matters relating to company law (including secretarial support for Board Meetings and General Meetings of TF1 SA, as a publicly listed company), assessing legal aspects of business development proposals (corporate acquisitions and divestments, restructuring, etc.), handling notifications to the French Competition Authority, and relations with the AMF, the French financial markets authority and AFEP/MEDEF;
 - dealing with court proceedings and litigation in all jurisdictions (including the administrative courts), risks and claims are monitored in close collaboration with the Finance and Purchasing Division (DGAFPA) to ensure that they are correctly reported in the financial statements;
 - managing intellectual property such as rights, brands and domain names, and protective measures (especially against piracy);
 - monitoring management risk, insurance, and real estate assets. In particular, the DAJ ensures that there is adequate insurance cover and that premiums and deductibles are commensurate with risk exposure.

For several years, the General Counsel's Department and the DAJ have led a policy to enhance security and control over commitments. Tangible results of this process include establishing a Group-wide contractual policy, and standard contract models for all recurring commitments. The DAJ is also working to optimise and secure the insurance policies taken out by TF1 and its subsidiaries to cover against potential risks.

As Ethics Officer at the TF1 group, the General Counsel's Department relies on the DAJ in the implementation of the Code of Ethics across the TF1 group and ensures the application of rules on ethics, conduct and compliance.

Consistent with the GDPR, the TF1 group has appointed a Data Protection Officer (DPO) in the legal function tasked with co-ordinating compliance actions relative to personal data protection and informing and advising TF1 group business segments in this area. The DPO relies on a network of operational data referents and legal and IT specialists designated in each function. It also manages relations with the CNIL, the French data protection agency. Lastly, the DAJ works with DGARH to ensure that there is a consistent policy on delegation of powers. Specifically, subsidiaries over which TF1 exercises exclusive control have been delegated powers based on guidelines established at Group level. At jointly-controlled subsidiaries, internal control is organised on the basis of the TF1 group's expertise and in compliance with shareholder agreements.

2.3.2.3. Process for managing published accounting and financial information

Financial information systems

The Technologies Division, in conjunction with the Tools and Projects Hub, deploys and supervises the TF1 group's financial information systems (accounting, management, treasury and consolidation).

TF1 operates both internally-developed systems and commercial software. Finance-related applications are rigorously analysed, monitored and operated so as to ensure continuity of service, integrity, security, and legal compliance. As part of the Group's information security policy, technical support and training are provided to staff to help prevent viruses or hacking attacks. This is backed by the "Eticnet Charter", a regularly updated document designed to ensure staff take these issues seriously.

TF1 has tools in place to guarantee control over commitments and payments:

- systematic centralised controls:
 - SAP access controls, based on a user role incompatibility matrix;
 - commitment approval procedures based on internal control rules;
- centralised creation and management of databases (suppliers, inventories);
- acceptance only of invoices that relate to a commitment validly approved within the system, by a shared invoice administration department, thereby enhancing segregation of duties between checking invoices on receipt, approving them for payment, and signing off the payment.

Payments made by Group entities are issued from SAP and are subject to multiple approvals including double signature; all payments are subject to formal banking signatory powers, which are updated on a regular basis.

Transaction recording

DCF teams obtain assurance that the processes for collecting and processing financial information are reliable, especially via the SAP, Xotis and Workday applications and upstream operational applications (such as sales, purchases and payroll) that feed data into those applications. They issue sales invoices and process payments received from clients, and handle any associated recovery proceedings; they also process purchase invoices, and pay suppliers within the legal time limits.

Process for the production, consolidation and approval of the financial statements

The TF1 group has fully-documented accounting processes to ensure that transactions are accurately recorded, that all and only those transactions that actually occur are recorded, and that accounting policies are applied consistently from one period to the next.

At each accounting close, period-end adjusting entries are subject to a review.

In addition, the Reporting, Accounts and Financial Statements Division ensures that asset valuation processes are properly applied, consistent with the accounting policies set out in the notes to the financial statements:

- *Goodwill and equity holdings recognised in the balance sheet: position:* periodic review for evidence of impairment, annual impairment testing, and recognition of impairment losses as necessary;
- *Audiovisual rights and other assets:* review of valuation with reference to the relevant criteria;
- *Off balance sheet commitments:* annual review, focusing in particular on commitments to secure future programming schedules and involving the Programmes and Rights Buying divisions, the relevant channel, and the finance function;
- *Litigation and other risks:* joint review with Legal Affairs, Human Resources and the operating divisions.

These processes, and their outputs, are reviewed by the Statutory Auditors.

The TF1 group prepares monthly consolidated financial statements using SAP-BFC (the industry standard consolidation tool), which builds in rigorous analyses and controls over data processing and outputs. Year-on-year movements in financial statement line items are analysed and fully explained.

Elective accounting treatments are reviewed with the Statutory Auditors ahead of each quarterly accounting close and presented to the Audit Committee.

The consolidated financial statements are reviewed each month by the Chief Financial Officer and presented to the Chairman & Chief Executive Officer.

The Statutory Auditors issue an audit opinion on the annual parent company and consolidated financial statements of TF1, and perform a review of the interim consolidated financial statements.

The Audit Committee reviews the consolidated financial statements and the Statutory Auditors' report each quarter, before they are presented to the Board of Directors.

Process for managing published financial information

Only duly authorised persons may communicate financial information to the market. In addition to the Chairman & Chief Executive Officer, these include the Executive Vice President, Group Finance and Purchasing; staff of the Financial Communications & Investor Relations Department; and the Corporate Communications Division.

Procedures have been introduced to inform relevant employees regarding regulatory requirements in terms of insider information and negative windows. Employees who, by virtue of their positions, have access to insider information, are informed before each negative window of the obligation to refrain from any trade in the TF1 share as well as all confidentiality obligations.

Documents provided are drawn up using a process that involves several functional departments (the Finance Department, the Legal Affairs Department, the HR and CSR Department and the Corporate Communication Division) with final approval granted by Executive Management and/or the Statutory Auditors.

The Financial Communications & Investor Relations Department distributes and communicates financial information about the TF1 group and its strategy through, for example:

- the management reports of the Board of Directors;
- the Universal Registration Document, half-yearly financial reports and quarterly financial information;
- financial press releases;
- presentations to financial analysts and investors.

Press releases including financial information are approved by the Audit Committee and the Board of Directors. Barring exceptional circumstances, they are published outside the opening hours of the Paris Stock Exchange.

2.3.2.4. Oversight of internal control

The two first lines of defence – operational management, and control activities carried out within the support functions – must themselves be subject to further controls. This is the role of the third line of defence, consisting of Internal Audit and the Audit Committee.

Internal Audit

Internal Audit performs analyses and tests, and prepares reports, that help senior management identify, manage and control risks more effectively.

As part of its role, Internal Audit obtains assurance (in conjunction with the Internal Control function's own assessment programmes) that self-assessments are accurate and that internal controls are actually being applied. In the process, Internal Audit helps raise staff awareness of internal control principles.

In addition, Internal Audit actively monitors best practice in control implemented within the Group.

A summary of audit assignments is presented to the Audit Committee on a six-monthly basis.

The Group files its Universal Registration Document with the AMF (the French financial markets authority). Before filing, the Universal Registration Document is reviewed by the Statutory Auditors.

The CSR information contained in the Universal Registration Document is also reviewed by an independent third party, in accordance with the implementation decree of Article 225 of France's Grenelle 2 Act.

Each issue on which TF1 publishes information is accompanied by discussion and analysis that is approved by the Executive Management and updated regularly, providing robust support in the Group's relations with market players.

To guarantee investors equal access to information, all published financial information materials are made available in French and in English and distributed through the following channels:

- information intended for the general public is posted online (or sent by post on demand) on the corporate website at www.groupetf1.fr/en immediately upon publication;
- regulated information is disseminated in accordance with the European Transparency Directive via a primary information provider;
- analyst meetings are accessible in full without restriction via live or catch-up webcast or via conference call;
- foreign visits and discussions with market players are usually conducted by two representatives from TF1, to ensure that the information provided is accurate and to guarantee equal access to that information. Any documents presented on such occasions are posted immediately on the corporate website at www.groupe-TF1.fr/en.

Audit Committee

The Audit Committee was set up in 2003 and consists of three directors. To guarantee its independence, no executive officer or employee of TF1 may sit on the Committee.

The Committee reviews the quarterly, half-year and annual consolidated financial statements before they are presented to the Board of Directors, and also receives a presentation on the conclusions of the Statutory Auditors. This review includes assessing whether the accounting policies used for the preparation of the financial statements are appropriate and have been consistently applied, and verifying the procedures used to collect and check the information used.

The Audit Committee is also advised of information about how the Group is perceived by the financial markets. This information is provided to the Committee in the form of a summary of investor expectations of the Group; a description of trends in the TF1 share price; and analyst consensus estimates of current-quarter and current-financial year revenues and profits.

The Audit Committee is provided with regular updates on the deployment of the internal control system, the results of assessment campaigns, major risks identified by the risk mapping process and progress against action plans to address risks. Each year, the third-quarter Audit Committee meeting validates the Internal Audit plan for the following year. A summary report on Internal Audit assignments, highlighting the risks and degree of control for each process audited, is presented to the Audit Committee.

2.3.3. Conclusion and outlook

Throughout 2021, the TF1 group continued to reorganise its processes to make them more efficient and flexible and achieve greater cross-functionality between the entities. The participation rate in the internal control campaign was judged to be highly satisfactory.

TF1 extended the risk mapping process by updating, reassessing and prioritising risks identified in previous years, and adding new risks that could impair attainment of the Group's medium-term strategic goals.

The Audit Committee was kept informed of all these activities on a regular basis.

All of these objectives will be rolled forward to support a dynamic vision of internal control that relies above all on the skills, sense of responsibility and commitment of all Group employees.