



28 AUGUST 2023

REPORT OF THE AUDIT AND INTERNAL CONTROL COMMITTEE OF LALIGA

2022/2023 SEASON



Contents

1. INTRODUCTION	2
2. REGULATION OF THE AUDIT AND INTERNAL CONTROL COMMITTEE	2
3. COMPOSITION AUDIT AND INTERNAL CONTROL COMMITTEE	3
4. FUNCTIONS AND TASKS PERFORMED BY THE COMMITTEE	5
5. MEETINGS HELD BY THE COMMITTEE AND ATTENDANCE	9
6. SIGNIFICANT ACTIVITIES CARRIED OUT BY THE COMMITTEE	10
7. INFORMATION ON THE OPINION OF THE COMMITTEE ON THE INDEPENDENCE OF THE AUDITOR	14
8. INFORMATION ON THE PRACTICAL GUIDES ON AUDIT COMMITTEES FOLLOWED BY THE COMMITTEE	14
9. CONCLUSIONS	14
10. DATE OF PREPARATION AND APPROVAL OF THE REPORT	15



1. INTRODUCTION.

In accordance with the provisions of article 5 of the LALIGA Code of Good Governance, the Extraordinary General Assembly of 30 June 2021 approved the amendment to the Articles of Association consisting of the introduction of a new article, article 43 sexies "Audit and Internal Control Committee", which came into force on 14 March 2022 following its approval by the Board of Directors of the High Council for Sports.

Only a few months later, specifically on 30 December 2022, Act 39/2022 on Sport was published in the Official State Gazette, whose Articles 47.4, 57 and 58 refer to the obligation to have a committee to monitor or control the internal financial management of both federations and leagues.

As part of the normal development of the aforementioned Committee during the 2022/2023 season, this Report has been prepared taking into account the provisions of Section 79 of Technical Guide 3/2017 of the National Securities Market Commission on Audit Committees of Public Interest Entities.

2. REGULATION OF THE AUDIT AND INTERNAL CONTROL COMMITTEE.

The Audit and Internal Control Committee (hereinafter also referred to as the ACC) was created by a resolution of the Executive Committee on 24 June 2021 and subsequently submitted to the Extraordinary General Assembly on 30 June 2021, which voted by a majority to introduce a new article, 43 Sexies, into LALIGA's Articles of Association, which, among other things, comprehensively regulates its composition, functions and convening.

The ACC, an integral part of LALIGA, is tasked with overseeing the independence of the external auditor, the preparation and presentation of financial and non-financial information, internal control and risk management systems, as well as the internal audit and compliance functions of LALIGA and its subsidiaries.



3. COMPOSITION OF THE AUDIT AND INTERNAL CONTROL COMMITTEE.

The Committee consists of five members who are appointed by the Executive Committee on the proposal of the Chairman of LALIGA by simple majority. When proposing and subsequently appointing the members of the Committee, their knowledge, skills and experience in the areas of finance, accounting, auditing, compliance and internal control are taken into account so that they collectively have the necessary knowledge to properly fulfil the tasks assigned to the Committee.

The Chief Business Officer attends the meetings of the Committee and has the right to speak but not to vote for these purposes.

Two of the five members of the Committee shall be appointed from among the Public Limited Sports Companies and clubs that are members of the Executive Committee: one of them from among the members of the Executive Committee elected by the First Division Committee, and the other from among the members of the Executive Committee elected by the Second Division Committee. Public Limited Sports Companies or clubs that are members of LALIGA bodies other than the General Assembly, the Division Committees and the Executive Committee cannot be non-independent members of the Committee.

The remaining three members of the Committee have the status of independent members. Independent members are selected based on their personal and professional qualifications, enabling them to fulfil their responsibilities without any influence from their relationship with LALIGA, its subsidiaries, affiliates, directors, or the external auditor of LALIGA or any of its subsidiaries.

Under no circumstances may any of the following persons be considered independent:

- Those who have an employment relationship — ordinary or senior management — with LALIGA or have had one in the last three years, or who were employees or directors of companies dependent on LALIGA.
- Anyone who has or has had an ordinary or senior management employment relationship with LALIGA in the last three years or who was a member of the Governing Board, the Board of Directors or the Audit Committee or a corresponding body of the affiliated companies or their subsidiaries.
- They hold or have held the office of Chairman of LALIGA in the last three years.
- Any person who acts or has acted in the last three years as a representative of the affiliated companies in the bodies of LALIGA.



- Persons who hold a stake of 10 per cent or more in the share capital of an affiliated company or its subsidiaries.
- Persons who receive amounts or benefits from LALIGA or its subsidiaries for a concept other than the remuneration to which they are entitled for the position as a member of the Audit and Internal Control Committee, unless it is not relevant to the member of the Committee.
- Anyone who is, or has been in the past three years, a partner of the external auditor of LALIGA or one of its subsidiaries.
- Those who have or have had in the past year a significant business relationship with LALIGA or its subsidiaries, whether as a provider of goods or services, including financial services, or as an advisor or consultant, either in their own name or as a significant shareholder, director or officer of an institution that has or has had such a relationship.
- Persons who are majority shareholders, executive directors or senior management of an institution that receives or has received in the last 3 years donations or other benefits in cash or in kind from LALIGA or from subsidiary companies of LALIGA.
- Persons who are spouses, persons related by an analogous relationship of affection or relatives up to the second degree of a senior manager of LALIGA, a senior manager or a member of the Governing Board, the Board of Directors or the Audit Committee or equivalent body of the affiliates, or a representative of the affiliates in the bodies of LALIGA.
- Persons who have served as independent members of the Audit and Economic Control Committee for a period of more than eight years.

Of the three independent members, at least one must have knowledge or experience in the field of accounting and/or auditing; at least one must have knowledge or experience in the field of risk management, both financial and non-financial; and at least one must have a degree in law and knowledge or experience in the field of regulatory compliance.

Under these premises, since 21 February 2023, the composition of LALIGA's Audit and Internal Control Committee is as follows:

DIRECTOR	POSITION	TYPE	APPOINTMENT DATE	EXPERIENCE ACCOUNTING-AUDITORY/RISK MANAGEMENT/ COMPLIANCE
Luis Martín	Chairman	Independent	21/02/2023	✓
Ricardo Rivas	Member	Independent	21/02/2023	✓
Pablo Mayor	Member	Independent	21/02/2023	✓
Federico Martínez Feria	Member	No Independent	21/02/2023	✓
Jon Ander Ulazia	Member	No Independent	21/02/2023	✓



The Secretary of the Audit and Control Committee is Ms María José López, Secretary of all LALIGA bodies and Director of the Legal Department.

4. FUNCTIONS AND TASKS PERFORMED BY THE COMMITTEE.

The Audit and Internal Control Committee of LALIGA shall have the following duties in accordance with the provisions of article 43 of the Articles of Association:

- (i) To report to the Ordinary General Assembly, through its Chairman, on:
 - (a) The activities of the Committee during the financial year. To this end, the Committee must submit an annual report on its activities and conclusions to the General Assembly, for which the corresponding informative agenda item must be included in the convocation of the General Assembly. This report must first be approved by the Executive Committee and is then made available to the General Assembly.
 - (b) The questions asked in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how the audit has contributed to the integrity of the financial information and the role played by the Committee in this process. In cases where the external auditor has made a qualification in its audit report on the annual financial statements, the Chairman of the Committee shall clearly explain the Committee's opinion on the content and scope of the report at the General Assembly and a summary of this opinion shall be made available to the members when the General Assembly is convened.
- (ii) Report to the Executive Committee through its Chairman on its activities on a regular basis, and in any event, at least twice per sporting season.
- (iii) However, if the Audit and Internal Control Committee identifies significant circumstances that require immediate action, it is obliged to promptly notify the Executive Committee, the Chairman of LALIGA, the Chief Business Officer, the Legal Director, the Regulatory Compliance Body, and in the case of a subsidiary of LALIGA, the directors of that subsidiary, through the Committee Chairman.
- (iv) In relation to the external audit:
 - a) To ensure the independence of the external auditor and to preserve that independence in the exercise of its functions. For these purposes:
 - 1. Monitor situations that may pose a risk to the independence of the external auditors and receive information from the external auditors on



matters that may pose a threat to their independence for consideration by the Committee, and on any other matters relating to the audit process and any other communications mandated by audit legislation and auditing standards. In particular, it shall ensure that the external auditor's remuneration for its work does not jeopardise its quality and independence.

2. Ensure that LALIGA and the external auditor comply with the applicable rules on the provision of audit services, the restrictions on the concentration of the external auditor's activities and, more generally, the other rules on the independence of the external auditor.
 3. To receive annually a declaration of independence from the external auditor in relation to LALIGA or companies directly or indirectly related to it, as well as detailed and individualised information on additional services of any kind that the external auditor or persons or companies related to it have provided to these companies in accordance with the provisions of the account auditing regulations, and the corresponding fees.
- b) If the non-financial information is confirmed by a third-party verification service other than the external auditor, the Committee is responsible for safeguarding the independence of the auditor and maintaining this independence when performing its duties.
 - c) To submit to the Executive Committee proposals for the selection, appointment, reappointment and replacement of the external auditor.
 - d) If the external auditor were to resign, to investigate the circumstances that led to this resignation.
 - e) To obtain information from the external auditor on the plan for the external financial audit and its implementation.
 - f) To ensure that the external auditor holds an annual meeting with the Executive Committee to report to it on the work carried out and on the progress of LALIGA's accounting, internal control and risk situation.
 - g) To issue the reports and implement measures within its remit or requested by the Executive Committee or the Chairman of LALIGA.
- (v) In relation to reporting and internal control systems:
- a) Overseeing and assessing the process of preparing and presenting financial and non-financial information related to LALIGA and its subsidiaries. This includes, but is not limited to, evaluating the accounting organisation system, reviewing the annual financial statements, and the individual and consolidated management reports. The Committee must ensure compliance with regulatory guidelines and the accurate application of accounting principles.



- b) Monitoring and evaluating the effectiveness of internal control and risk management systems, encompassing both financial and non-financial aspects. This includes evaluating operational, technological, legal, social, environmental, political, reputational, and corruption-related risks associated with LALIGA and its subsidiaries. The Committee must conduct periodic reviews to ensure that key risks are adequately identified, managed, and disclosed.
- c) Overseeing the internal audit function, which will ensure the proper functioning of reporting and internal control systems, both financial and non-financial. In particular, (i) proposing to the Executive Committee the selection, appointment and removal of the head of the internal audit function, whether this is entrusted to a specialised department or associated with some other functional area; (ii) ensuring the independence and effectiveness of the internal audit function; (iii) ensuring that the internal audit function has the material and human resources necessary to carry out its work and proposing the budget for this service; (iv) approving, or proposing for approval by the Executive Committee the direction and annual work plan of the internal audit function of LALIGA and its subsidiaries, ensuring that the internal audit activity is primarily focused on the relevant risks of LALIGA (including reputational risks); (v) receiving regular information on its activities; and reviewing the annual activity report submitted by Internal Audit to the Audit and Internal Control Committee at the end of the sports season or at the end of the financial year; (v) annual evaluation of Internal Audit; and (vi) verification that senior management takes into account the conclusions and recommendations of its reports.
- d) Ensuring the existence of a mechanism that enables employees of LALIGA and its subsidiaries and other persons associated with LALIGA and its subsidiaries, such as members of their respective governing bodies, affiliates, suppliers, contractors or subcontractors, to report irregularities of potential significance, including of a financial, accounting or other nature; monitoring this mechanism and granting authorisation for any modifications deemed necessary. This mechanism must guarantee confidentiality and, in any case, provide for cases in which reports can be made anonymously, while respecting the rights of the whistleblower and the reported party.
- e) Discussing with the external auditor any material weaknesses in the internal control system of LALIGA and its subsidiaries identified during the course of the audit.
- f) Ensuring that the internal control policies and systems implemented at LALIGA and its subsidiaries are effectively applied in practise.
- g) Proposing the internal control and risk management system of LALIGA and its subsidiaries to the Executive Committee for approval and to make proposals or recommendations to the Executive Committee on matters within its remit.



- h) Overseeing the compliance function. In particular, (i) proposing to the Executive Committee the selection, appointment and removal of the head of the Regulatory Compliance Unit; (ii) ensuring the independence and effectiveness of the compliance function; (iii) ensuring that the compliance function has the material and human resources necessary to carry out its work; (iv) authorising or proposing to the Executive Committee the approval of the direction and annual work plan of the compliance function; (v) receiving regular information on its activities and reviewing the annual activity report that the compliance function must submit to the Committee at the end of the sports season or at the end of the financial year; (vi) the annual evaluation of the compliance function; and (vii) at the proposal of the Regulatory Compliance Body, submitting proposals to the Executive Committee for the Compliance Management System as well as for the modification of the policies that make it up. Regarding the proposals made by the Audit and Compliance Committee mentioned in (vii) above, as well as any other proposals put forth by the Audit and Compliance Committee in the course of its authority, the Executive Committee will review and approve, as appropriate, the proposals within its own jurisdiction. The Executive Committee will then present the remaining proposals to the General Assembly for their approval.
- i) Monitoring compliance with LALIGA's environmental, social and corporate governance policies and rules and internal codes of conduct.

It is also important to point out that the Committee has the necessary material and human resources to carry out its work, in accordance with the aforementioned article 43 Sexies of LALIGA's Articles of Association. To this end, it has an annual budget.



5. MEETINGS HELD BY THE COMMITTEE AND ATTENDANCE.

The meetings held by the ACC during the 2022/2023 season and its attendees were as follows:

- 1) Meeting of 22 May 2023 at 3.30 pm. In person.
Attendees:

The members of the Committee:

- Luis Martín
- Ricardo Rivas
- Pablo Mayor
- Federico Martínez
- Jon Ander Ulazia

Mr Javier Gómez, Chief Business Officer of LALIGA, attends with the right to speak but not to vote.

- 2) Meeting of 22 June 2023 at 3.30 pm. In person and remotely.
Attendees:

The members of the Committee:

- Luis Martín
- Ricardo Rivas (remotely, via Teams)
- Pablo Mayor
- Federico Martínez
- Jon Ander Ulazia

Mr Javier Gómez, Chief Business Officer of LALIGA, attends with the right to speak but not to vote.

- 3) Meeting of 2 August 2023 at 4.00 p.m. In person and remotely.
Attendees:

The members of the Committee:

- Luis Martín
- Ricardo Rivas
- Pablo Mayor (remotely, via Teams)



- Federico Martínez (remotely, via Teams)
- Jon Ander Ulazia (remotely, via Teams)

Mr Javier Gómez, Chief Business Officer of LALIGA, attends with the right to speak but not to vote.

At all meetings, the Secretary has been Ms María José López, Secretary of all LALIGA bodies and Director of the Legal Department.

The average duration of above meetings has ranged from three to four hours, which the members deemed sufficient for the thorough examination of matters and the adoption of decisions.

Attendance was verified at the start of each meeting and documented in the corresponding minutes.

In addition, members of the Finance (Miguel Ángel González de la Fuente and Rafael Cardín), Corporate Social Responsibility (David Baixauli), Compliance & Internal Control (Esperanza Bernal-Quirós, Raúl Gómez, Enrique Pelоче and Alejandro López) and Legal (María José López) departments took part in these meetings.

The auditor, represented by its partners, PriceWaterhouseCoopers Auditores, S.L. (hereinafter PwC), also appeared before the ACC at the meetings on 22 June and 2 August 2023 to explain its audit plan, its independence and the results of its audit work.

6. SIGNIFICANT ACTIVITIES CARRIED OUT BY THE COMMITTEE.

The Audit Committee began its operations on 22 May 2023 with the holding of its first meeting, the appointment of its Chairman, Mr Luis Martín, and the approval of the proposed agenda presented at that meeting.

The planning of the Committee's activity for the 2022/2023 season and a proposal for the following season were also presented.

Its activity during the short period in which it has been in operation are summarised below, essentially under the three main competences conferred on it by the Articles of Association: (i) overseeing the independence of the external auditor and the preparation and presentation of financial information; (ii) overseeing the preparation and presentation of non-financial information; and (iii) overseeing internal control and risk management systems, internal audit and regulatory compliance. The foregoing is without prejudice to other possible appearances, such as that of the Legal department.



6.1. Finance Department, financial statements and audit of annual accounts.



Finance Department, financial statements and audit of annual accounts.

(1) Meeting of 22 May 2023:

In summary, with regard to these matters, this meeting presented the Financial Management of the organisation and its organisational structure, the activity of LALIGA in the 2021/2022 season and its budget for the 2022/2023 season, the audit plan of the external auditor, ratifying the appointment of the same, and the process of preparation and presentation of the financial information.

(2) Meeting of 22 June 2023:

At this meeting, the team that PwC has appointed to audit the LALIGA organisation was presented, as well as the evidence and analysis of its independence. The team then explained the main implications of considering LALIGA as a public interest entity on the basis of Act 39/2022 on Sports for the purposes of the audit, the Audit Plan for the 2022/2023 season and the degree of progress of the work already carried out on this plan.

(3) Meeting of 2 August 2023:

At this meeting, the members of the Committee received the presentation of the draft audit report and the annual financial statements for the 2022/2023 season by the members responsible for the work carried out by the PWC team. With regard to the draft audit report, the scope and materiality, key audit matters, adjustments, reclassifications and other areas of focus, and finally the independence of the auditor and the conclusions of the work were discussed. The members of the Committee exchanged technical opinions at all times to clarify and consider the findings of the audit report, independently of the LALIGA executives present. The members of the PWC team stated at the meeting that an unqualified audit opinion was to be expected based on the work carried out and confirmed their independence as auditors in accordance with the provisions of Act 22/2015 on Auditing by presenting the declaration of independence to the Committee.



6.2. Compliance and Internal Control Department.



Compliance and Internal Control Department

(1) Meeting of 22 May 2023:

In relation to regulatory compliance, internal control, internal audit and information security, this meeting included a presentation of the structure, functions and organisation of the Compliance & Internal Control Department, which manages these matters. It also included the department's budget for the upcoming 2022/2023 season. The organisation's Compliance Management System, the annual internal audit plan, the Data Protection office headed by the organisation's Data Protection Officer with its main functions and activities and the Information Security Office (whose functions and responsibilities were also analysed, in a summary), were also presented.

(2) Meeting of 22 June 2023:

In summary, the Manual of the Criminal Compliance and Anti-Corruption Management Systems was presented at this meeting, as well as the conclusions on these Management Systems drawn up by Ernst & Young during the 2022/2023 season by the firm Ernst & Young, and the Child and Adolescent Protection System implemented in LALIGA organisation.

(3) Meeting of 2 August 2023:

The team responsible for Compliance and Internal Control presented to the Committee the management and certain projects developed in recent weeks, as well as others to be developed in the 2023/2024 season, which are listed below: (i) the new version of the LALIGA Code of Ethics to be presented at the next Assembly meeting, (ii) the new version of the Expenses Policy, (iii) the Annual Internal Audit Plan of the LALIGA organisation, (iv) the Annual Training Plan of the LALIGA organisation, (v) the new LALIGA Information System Policy, (vi) the Internal Information System Operations Manual, (vii) the Non-Retaliation Protocol, (viii) the update of the Strategic Risk Map of the LALIGA organisation and (ix) the Security Master Plan for the 2023/2024 and 2024/2025 seasons.

Information was exchanged with the members of the Committee and any doubts they might have had about the outcome of the presentation were clarified.



6.3. Non-Financial Information Statements.



(1) Meeting of 22 May 2023:

In relation to this matter, a summary of LALIGA's current situation regarding the disclosure of Non-Financial Information Statements was presented, as well as LALIGA's Sustainability Master Plan, the effects that LALIGA's status as a Public Interest Entity has on this matter, and the considerations of interest related to Directive (EU) 2022/2464 of the European Parliament and of the Council, on the presentation of information on sustainability by companies.

(2) Meeting of 22 June 2023:

The details of the information to be reported by non-financial entities as of 1 January 2023, on the 2022 data, as well as the key indicators to be included in LALIGA's Non-Financial Information Statements for the 2022/2023 season, were presented.

(3) Meeting of 2 August 2023:

At this meeting, the head of CSR presented the developments in the Non-Financial Information Statement Report for the 2022/2023 season, which relate to the impact of the organisation's performance in terms of environmental, social and human resources issues, respect for human rights and the fight against corruption and bribery. The Committee was also informed about the upcoming change to the reporting model to align it with the European Commission's reorganisation in this area.

6.4. Legal.



(1) Meeting of 22 June 2023:

At this meeting, a presentation was given on the status of the existing and most important legal proceedings of the LALIGA organisation.



7. INFORMATION ON THE OPINION OF THE COMMITTEE ON THE INDEPENDENCE OF THE AUDITOR.

The PwC partner appointed to audit the financial statements, Ms Silvia Sánchez de Pablo García, submitted a declaration of independence to the Chairman of the Committee on 2 August. This was reviewed by the Committee, which concluded in a report dated 3 August 2023 that the Auditor in question is independent of both LALIGA and its affiliated companies through a control relationship in accordance with the applicable regulations.

8. INFORMATION ON THE PRACTICAL GUIDES ON AUDIT COMMITTEES FOLLOWED BY THE COMMITTEE.

The Audit and Internal Control Committee of LALIGA has followed the Technical Guide for Audit Committees of Public Interest Entities approved by the National Securities Market Commission (CNMV) on 27 June 2017 when preparing this report.

9. CONCLUSIONS

This Report sets out the functions performed by the LALIGA Audit and Internal Control Committee in the 2022/2023 season in accordance with the provisions of article 43 Sexies of the Articles of Association.

For the 2023/2024 season, the Audit and Internal Control Committee will continue its activity in accordance with the meeting calendar and work plan approved for the new season.



10. DATE OF PREPARATION AND APPROVAL OF THE REPORT.

This Report was prepared by the Audit and Internal Control Committee of LALIGA on 28 August 2023 and approved by the Executive Committee on 4 September 2023.

