POLICY ON DIRECTORS´ REMUNERATION OF TELEPIZZA GROUP, S.A.

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1. Introduction

Article 529 *novodecies* of the Spanish Capital Companies Law (*Ley de Sociedades de Capital*, "**LSC**") establishes, inter alia, that listed capital companies must have remuneration policies for their directors and must submit such policies for approval through a binding vote at their shareholders' meetings, at least every three years.

In connection with the procedure for approving such policies, article 529.2 *novodecies* provides that proposed remuneration policies must be duly substantiated and must be accompanied by a report issued specifically to this end by the appointments and remuneration committee (the "**Report**").

In that regard, the Board of Directors of the Telepizza Group, S.A. ("**Telepizza**" or the "**Company**"), at the proposal of the Appointments and Remuneration Committee ("**ARC**") and taking into account the changes implemented in the Company since its shares were listed for trading, has decided to submit the new policy on remuneration of Company directors (the "**Director Remuneration Policy**," the "**Remuneration Policy**" or the "**Policy**") to its Shareholders' Meeting for approval, with the content established in the LSC, prior to the expiry of the current policy approved in 2016.

Considering, in fact, the new situation of the Company and the greater complexity of the business, in light of the recent strategic agreements that extend the international scope of Telepizza's activity, ARC has considered advisable to submit to its Shareholders' Meeting for approval a new Policy valid for 2018, 2019 and 2020. This Policy therefore replaces the previous policy which initially was in force for 2018, to substitute and improve it by this new Policy.

The ARC considers it essential to periodically review the directors' remuneration policy, pursuant to the best corporate governance practices adopted by institutional shareholders and the recommendations of the main proxy advisors. In this regard, the ARC regularly carries out an analysis of the external competitiveness of the remuneration of the executive director, with the support of an independent consultant.

Specifically, in the benchmarking performed in 2017 for the chief executive officer, a comparison group was identified, formed according to the following selection criteria:

- Spanish multi-sectorial companies with a comparable billing range to that of Telepizza.

- Mostly listed companies.

- Companies with an international/global scope.

The companies included in the comparison group are the following: Almirall, CLH, Enagás, Ezentis, Ferrer, Grupo Antolin, Grupo Prisa, Grupo Sigla, Meliá Hotels, Natra, NH Hotel Group, Red Eléctrica de España and Vocento.

The new Policy takes also into account director remuneration recommendations issued by Spanish and international bodies, in order the further adapt the Company's practice to market standards and the best practices of Spanish listed companies.

This proposed Remuneration Policy is accompanied by a substantiated report by the ARC. As stipulated in article 529.2 *novodecies* of the LSC, both documents will be available to the shareholders on the Company's website as from the call notice for the Shareholders' Meeting to be held on June 27 and 28, 2018, on first and second call, respectively.

The Appointments and Remuneration Committee had the advice of Willis Towers Watson to obtain remuneration market references and Garrigues for the preparation of this Remuneration Policy.

2. Term of the remuneration policy

Notwithstanding the provisions of the LSC regarding director remuneration policies, the policies and procedures set out in this document will be valid for 2018, 2019 and 2020, except where amended, adapted, updated or replaced at any time, subject to approval at Telepizza's Shareholders' Meeting.

3. Principles and foundations of Telepizza's director remuneration policy

Directors' remuneration at Telepizza is determined pursuant to the legislation governing capital companies, the Company's Bylaws, the Company's Board of Directors Regulations and the resolutions adopted at its Shareholders' Meetings.

Telepizza's Bylaws (article 11) and Board of Directors' Regulations (article 34) establish the principles and foundations on which the director remuneration policy is based.

Under Telepizza's Director Remuneration Policy, directors' compensation is: (i) appropriate for the dedication and responsibilities assumed by directors; (ii) compatible and in line with the business strategy, values and long-term interests of the Company and its shareholders; (iii) geared toward supporting the Company's long-term sustainability and profitability; and (iv) in accordance with market compensation in comparable companies both in Spain and abroad, taking into account the long-term interests of the shareholders as a whole.

In particular, the Telepizza Remuneration Policy is based on a compensation system that allows the Company to attract, retain and motivate high-profile professionals, thereby allowing the Company and the Telepizza Group (the "**Group**") to meet its strategic objectives in the increasingly competitive and internationalized market in which it operates.

In view of the above, the Director Remuneration Policy seeks:

(a) To compensate directors' quality, dedication, responsibility, business knowledge and commitment to the Company.

(b) To be sustainable with the Company's medium and long-term situation and to support long-term profitability and shareholder interests.

(c) To ensure that the compensation structure and overall amount are in line with market trends and benchmarks in companies of a similar size and business, so that they reflect the best market practices and are competitive among comparable companies both in Spain and abroad, taking into account the situation in the regions in which the Group operates.

(d) To include, exclusively for executive directors, one or more short, medium and long-term variable components linked to performance and to the achievement of specific, predetermined, quantifiable targets in line with the Company's strategic objectives and corporate interest. These variable components could include ordinary or extraordinary annual variable compensation to recognize the achievement of exceptional objectives to the benefit of the Company and its shareholders, as well as the implementation of long-term incentives to further the Group's competitive edge, as a way to motivate, create loyalty and retain the best professionals.

The remuneration system established, particularly in the case of executive directors, includes the necessary safeguards to prevent excessive risk-taking and rewards for poor results.

4. Competent bodies

The Board of Directors, at the proposal by the Appointments and Remuneration Committee, is entrusted with establishing director remuneration in accordance with prevailing legislation, except for any systems entailing the delivery of Company shares, options on such shares or other share-based compensation, which must be specifically approved at the Shareholders' Meeting in accordance with article 219 of the LSC.

5. Remuneration system applicable to directors for membership on the Board

Remuneration for membership on the Board comprises a cash amount established on the basis of each director's post and responsibilities, with greater weighting given to the function of Chairman of the Board. Remuneration may include attendance fees for effectively attending Board and Board committees meetings.

The upper limit on annual director remuneration for membership on the Board will be that approved at the Shareholders' Meeting at any time. The new maximum limit of annual remuneration of directors for membership on the Board, set at € 520,000, has been submitted for approval at the Shareholders' Meeting at which this Remuneration Policy will be put to vote.

In the Board's opinion, this amount is justified by (i) the potential increase in the number of members on the Board (currently set at 8 and subject to increase to 15 pursuant to the prevailing Bylaws) and (ii) the increase in the average number of meetings of the Board and of its different committees.

The Board is entrusted with distributing remuneration for membership on the Board among the different directors, based on their posts and responsibilities. The Board of Directors has decided that dominical directors should not receive remuneration for their membership of the Board of Directors.

The aforementioned amount of € 520,000 will be the maximum limit applicable to fiscal year 2018 and thereafter, until any new amount is approved at the Shareholders' Meeting.

A yearly breakdown of remuneration will be provided in the corresponding Annual Report on Director Remuneration ("**ARDR**").

The Company will pay premiums for the director liability insurance policies it takes out with certain insurance companies.

6. Remuneration system applicable to directors for performance of executive functions

Remuneration to be received by the executive director for performing executive functions in the Company (which are therefore different from the functions as member of the Board) is structured as follows.

6.1 Fixed remuneration

6.1.1 Fixed remuneration in cash

The purpose of fixed remuneration is to reward the performance of executive functions. Fixed annual remuneration for the Company's only executive director at the date of approval of this Remuneration Policy has been set at € 750,000 for 2018, 2019 and 2020.

This remuneration will remain in force throughout the term of this Policy, unless the Board of Directors resolves to update the amount to take into account specific features and responsibilities of the functions performed by the director and any market analysis and studies prepared by independent experts. Any such updates will be disclosed in the ARDR to be presented for approval at the Shareholders' Meeting.

6.1.2 Remuneration in kind

The executive director's fixed remuneration will also include certain compensation in kind, in line with the market practice of companies with comparable capitalization, size, ownership structure and international presence. This includes a life insurance policy covering death for any reason and full permanent disability, health insurance and savings insurance, and the use of a company vehicle pursuant to the related Company policy. All these components will be duly disclosed in the corresponding ARDR. For each of the years of validity of the Policy, the contributions to savings insurance will amount to € 190,570. The amount of the remuneration in kind corresponding to life insurance, health insurance and company vehicle will amount to € 18,000.

6.2 Variable remuneration

6.2.1 Short-term variable remuneration

Within the Board, annual variable remuneration applies only to the executive director and is determined as a percentage of his fixed remuneration.

Annual variable remuneration is based on objective criteria used to assess the director's contribution, in performing his executive duties, to the business targets of the Company and of the Telepizza Group.

The Board of Directors will determine the executive director's targets for annual variable remuneration. These targets may include the following:

(i) Quantitative targets relating to evolution of sales performance or income statement indicators (e.g., evolution in EBITDA, in EBIT, in net profit, etc.) and quantitative targets measuring any of the foregoing variables against competitors (e.g., market share). The weight of these targets on total annual variable remuneration will be decided by the Board of Directors each year and will be duly disclosed in the corresponding ARDR. Annual variable remuneration objectives of 2018 are 70% corporate objectives (40% Sales and 30% EBITDA) and 30% strategic objectives (Management by Objectives).

(ii) Qualitative targets the Board of Directors deems to be priority indicators for business development, such as in connection with corporate governance, corporate social responsibility and client satisfaction, etc. The determination of any such targets and their weight on total annual variable remuneration will be decided by the Board of Directors each year and duly disclosed in the corresponding ARDR.

The Board of Directors is entrusted with establishing the percentage that annual variable remuneration represents of fixed remuneration, determining the targets and assessing performance, as well as subsequently identifying the degree of achievement of the business targets used as reference and the assessment of the individual targets.

The executive director's annual variable remuneration may range between 0% and 100% of director's annual fixed remuneration.

The executive directors may also receive, exceptionally, a variable compensation in the event that, in the opinion of the Board of Directors, that directors play a decisive role in significant transactions for the Telepizza Group that substantially and positively affect the Company and its shareholders. The terms and conditions of this extraordinary compensation must be established by the Board of Directors, at a proposal by the Appointments and Remuneration Committee, and will not exceed the 150% of his annual fixed remuneration. The main features and amounts of this compensation will be disclosed in the corresponding ARDR. In 2018, the Board of Directors is expected to approve payment of extraordinary variable remuneration for the current executive director in the amount of € 1,125,000, thus fulfilling the limit referred below, to recognize work performed in connection with the corporate operation announced on May 16, 2018 that culminated in an international strategic alliance with Pizza Hut. By signing this agreement - once it has been approved by the competent authorities and by the Shareholders' Meeting - the Telepizza Group will become a world leader among pizza operators, and the world's largest Pizza Hut master franchisee in terms of number of establishments.

6.2.2 Medium and long-term deferred variable remuneration

The executive director may take part in medium and long-term incentive plans linked to strategic conditions and targets, payable in cash or in shares, that the Company has established for its senior executives. Such plans may feature annual award cycles, with a minimum goal measurement period of three years.

These plans will be linked to the Company's strategic metrics and to the creation of value for its shareholders. The plans may include metrics related to total shareholder return, Group EBITDA, sales or any other metric established by the Board of Directors upon a proposal from the ARC. In the event any such system includes the delivery of shares or is linked to the value of the Company's shares, specific approval of the details of these plans must be put to a vote at the Shareholders' Meeting.

Each metric will have an associated scale with a threshold below which no incentive will be paid and an associated maximum limit above which no additional incentive will be paid.

If comparison groups are used to determine the targets to be achieved, the Board of Directors, following a report from the ARC, will identify the peer companies or indexes to be taken into account, determining the weight of each metric for each plan and its corresponding cycles.

These plans will recur over time, with the Board of Directors proposing the successive plan approvals to the Shareholders' Meeting.

At the Shareholders' Meeting at which the Policy will be submitted for approval, the shareholders will also vote on the current executive director's participation in a medium and long-term incentive plan aimed at the Company's management team. This plan could entail the delivery of Company shares after a minimum three-year period, providing certain requirements are met in connection with an increase in the Company's share value.

6.2.3 Clawback clause

In compliance with good governance recommendations, the Company can claim reimbursement of amounts paid to the executive director as short and medium and long-term variable remuneration if, in the two years following calculation and payment of the remuneration, the Company becomes aware that the calculation was partly or fully based on information subsequently and manifestly proven to be false or inaccurate, or if risks or other unexpected circumstances arise that were not assumed or foreseen by the Company and that have a material adverse effect on the Company's income statement.

7. Basic conditions of the executive director's contract

The Board of Directors determines the remuneration payable to the executive director for performing executive functions, along with other basic contract conditions, in accordance with article 249 of the LSC. These conditions are set out below.

- Indefinite period

  The contract for the Company's executive director will be for an indefinite period.

- Applicable legislation

  The legislation applicable to the executive director's contract for services is that established under prevailing Spanish law.

- Compliance with the Company's corporate governance regulations

  To the extent applicable, the executive director is required to strictly comply with the rules and standards established in the Company's corporate governance regulations.

- Non-compete clause

  The executive director's contract contains a clause whereby that director is required to refrain from competing with the Company by performing similar activities or working for similar companies throughout the term of his relationship with the Company and for one year following termination of that relationship.

- Severance

  In the event the Company terminates the relationship with the executive director for causes other than serious breach of his duties, the executive director is entitled to a severance payment that, in accordance with good governance recommendations, equals that director's total remuneration during the two years prior to the termination date.

In any event, the Board of Directors will periodically review the executive director's contract conditions and will make any changes deemed necessary, within the framework of the Company's Remuneration Policy and its internal regulations.

8. Policy on the holding of shares

In accordance with good governance recommendations on director remuneration, during the five years following their appointment as director, the Company's executive directors are required to hold Company shares whereby at the end of this period the value of the shares is equivalent to two years' fixed remuneration. The executive director currently exceeds this minimum requirement.

9. Full transparency

The Company's Board of Directors undertakes to apply the principle of full transparency for all remuneration items received by all directors and, to that end, to provide sufficient, transparent information issued sufficiently in advance and in line with general good governance recommendations on directors' remuneration in international markets.

The Board of Directors has prepared this Director Remuneration Policy and ensures the transparency of director compensation.

In addition, each year the Board of Directors prepares the ARDR, providing detailed disclosures and a breakdown, by post and category, of all remuneration received by directors, both for membership on the board and for any executive functions performed, as well as for any other items, paid by either the Company or the companies within its group. The ARDR is made available to shareholders upon the call to the Shareholders' Meeting and is put to an advisory vote as a separate agenda item.

10. Overall amount of annual remuneration for all directors

In accordance with article 11 of the Company's Bylaws, the maximum overall annual remuneration for directors for membership on the Board will be that established at the Shareholders' Meeting, and will remain in force unless amended at a future Shareholders' Meeting.

The maximum annual amount to be received by directors for attendance fees, fixed monthly fees for membership on the Board, for chairing Board committees and for serving as lead independent director, will be either € 520,000 (as established in section 5 of this Policy) or the amount approved at future Shareholders' Meetings.

In order to determine the maximum overall amount of annual remuneration for all directors, on account of both executive and non-executive functions, the following remuneration items for executive directors must be added to the aforementioned amount:

1. Fixed remuneration as described in section 6.1 of this Policy.

2. Short-term variable remuneration, both ordinary and extraordinary, described in section 6.2.1 of this Remuneration Policy, determined through the pertinent indicators and with the related achievement duly disclosed in the corresponding Annual Report on Director Remuneration.

3. Medium and long-term deferred variable remuneration, where appropriate, approved at the Shareholders' Meeting, described in section 6.2.2 of this Policy, with the related achievement duly disclosed in the corresponding Annual Report on Director Remuneration.

4. Remuneration in kind described in section 6.1.2 above, with the annual amounts duly disclosed in the Annual Report on Director Remuneration.

5. In the event of termination of the relationship with the executive director, the severance payment described in section 7.5 of this Policy may be applicable.

11. Incorporation of new executive directors

The remuneration system and the basic contractual terms and conditions described above will also apply to any new executive directors appointed to the Board of Directors while this Policy is in force, taking into consideration, in particular, the functions assigned, the responsibilities assumed and the director's professional experience. In this respect, fixed remuneration commensurate with these characteristics will be established through a Board of Directors resolution, in line with the fixed remuneration corresponding to the current executive director and taking into account the competitive environment. The variable remuneration system set out in this Policy will also apply to any new executive directors.

12. Application of the policy

Without prejudice to the provisions of the LSC as regards director remuneration policies, the Board of Directors of Telepizza, subject to the relevant reports from the ARC, will adopt and periodically review the general principles of the Director Remuneration Policy and will be responsible for overseeing its application. To that end, the Board of Directors of Telepizza will review the principles and procedures set out in this document on an annual basis, to include or, where applicable, propose any required amendments, adaptations, implementing regulations or regulatory criteria.