ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT OF PUBLICLY TRADED COMPANIES

IDENTIFYING DATA OF ISSUER

CLOSING DATE OF THE FINANCIAL YEAR OF REFERENCE	31/12/2017

C.I.F.	A84342229

COMPANY NAME:
TELEPIZZA GROUP, S.A.

REGISTERED ADDRESS:
C/ ISLA GRACIOSA, 7 (SAN SEBASTIÁN DE LOS REYES) MADRID

ANNUAL CORPORATE GOVERNANCE

REPORT OF PUBLICLY

TRADED COMPANIES

A. OWNERSHIP STRUCTURE

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

Last modification date	Share capital (€)	Number of shares	Number of voting rights
27/04/2016	25,180,169.75	100,720,679	100,720,679

Are there different types of shares with different associated rights?

YES [ ] NO [X]

A.2 Provide details of the direct and indirect owners of significant holdings in your company at year end, excluding directors:

Name of shareholder (person or company)	Number of direct voting rights	Number of Indirect voting rights	% of total voting rights
ALLIANCE BERNSTEIN	4,611,861	0	4.58%
AXXION, S.A.	3,185,375	0	3.16%
CITIGROUP GLOBAL MARKETS LIMITED	3,870,308	0	3.84%
FIDELITY FUNDS SICAV	2,836,721	0	2.82%
FIDELITY INTERNATIONAL LIMITED	5,021,667	0	4.99 %
THREADNEEDLE ASSET MANAGEMENT LIMITED	5,029,886		4.99%
BRAN CORNELISSE	0	4,810,178	4.78%
KKR CREDIT ADVISORS (US), LLC	0	20,389,196	20.24%
CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD	0	1,934,145	1.92%
INVESCO LIMITED	0	5,036,350	5.00%
QUINCY LEE	0	5,454,513	5.42%

Name of the indirect owner of the significant holding	By: name of the direct owner of the significant holding	Number voting rights
BRAN CORNELISSE	FARRINGDON CAPITAL MANAGEMENT	4,810,178
KKR CREDIT ADVISORS (US), LLC	TASTY AGGREGATOR, S.A.R.L.	20,146,499
KKR CREDIT ADVISORS (US), LLC	OREGON PUBLIC EMPLOYEES RETIREMENT FUND	242,697
CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD	CITADEL MULTI-STRATEGY EQUITIES (IRELAND) DAC	1,934,145
INVESCO LIMITED	INVESCO ASSET MANAGEMENT LIMITED	5,036,350
QUINCY LEE	TETON CAPITAL PARTNERS, LP	5,454,513

Indicate the most significant changes in the shareholder structure during the year:

Name of shareholder (person or company)	Date of transaction	Description of transaction
PERMIRA HOLDINGS LIMITED	18/05/2017	The share capital was decreased by 3%
CAPITAL RESEARCH AND MANAGEMENT COMPANY	02/02/2017	The share capital was decreased by 3%
CYRUS CAPITAL PARTNERS	06/09/2017	The share capital was decreased by 3%
DARSANA CAPITAL PARTNERS	29/09/2017	The share capital was decreased by 1% (only tax havens)
FOODCO FINANCE, S.À.R.L.	18/05/2017	The share capital was decreased by 3%
QUANTUM PARTNERS	13/07/2017	The share capital was decreased by 1% (only tax havens)
SMALLCAP WORLD FUND, INC	31/01/2017	The share capital was decreased by 3%
CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD	20/02/2017	The share capital was decreased by 2% (only tax havens)
KKR CREDIT ADVISORS (US), LLC	24/02/2017	The share capital has been exceeded by 20%
AXXION, S.A.	09/11/2017	The share capital has been exceeded by 3%
BRAN CORNELISSE	08/02/2017	The share capital was decreased by 5%
FIDELITY FUNDS SICAV	29/09/2017	The share capital was decreased by 5%
INVESCO LIMITED	31/08/2017	The share capital has been exceeded by 5%
QUINCY LEE	18/12/2017	The share capital has been exceeded by 5%

A.3 Complete the following tables on the members of the company's board of directors who have voting rights over shares in the company:

Name of director (person or company)	Number of direct voting rights	Number of Indirect voting rights	% of total voting rights
PABLO JUANTEGUI AZPILICUETA	540,726	0	0.54%
JAVIER GASPAR PARDO DE ANDRADE	8,600	0	0.01%
MARCOS DE QUINTO ROMERO	10,000	0	0.01%

% total voting rights held by members of the board of directors	0.56%

Complete the following tables on the members of the company's board of directors who have voting rights over shares in the company:

A.4 Indicate, where applicable, any family, commercial, contractual or corporate relations between the holders of significant shareholdings, where they are known by the company, unless such relations are irrelevant or arise from normal trading activities:

A.5 Indicate, where applicable, any commercial, contractual or corporate relations between the holders of significant shareholdings, and the company and/or its group, unless such relations are irrelevant or arise from normal trading activities.

A. 6 Indicate whether any shareholder agreements have been notified to the company that affect it under Articles 530 and 531 of the Spanish Ley de Sociedades de Capital (Capital Company Act). If so, describe them briefly and specify the shareholders bound by such agreements:

Yes [ ] No [X]

Indicate whether the company is aware of the existence of any coordinated activities among its shareholders. If applicable, briefly describe these:

Yes [ ] No [X]

If there have been any changes or breakup of these covenants or agreements or coordinated activities, expressly indicate these:

As informed through relevant event no. 252316, on 22 May 2017 the shareholder agreement between Foodco Finance, S.á.r.l. and certain indirect shareholders of the Company, came to an end.

A.7 Indicate whether there is any individual person or corporate entity that exercises, or may exercise, control over the company, pursuant to Article 4 of the Spanish Ley del Mercado de Valores (Securities Market Act). If so, identify this person:

Yes [ ] No [X]

Comments

A.8 Complete the following tables on the company's treasury stock: At year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
0	0	0.00%

(*) Through:

Explain any significant changes occurring during the year, pursuant to Royal Decree 1362/2007:

Explain any significant changes

A.9 Give details of the terms and conditions corresponding to the General Meeting of Shareholders' current mandate to the board of directors to issue, acquire or assign own shares.

In the Minutes of the Decisions of the Sole Director of the Company dated 31 March 2016 it was agreed to authorize the Board of Directors for the derivative acquisition of own shares, under the following terms:

"In accordance with that provided in articles 146 et seq. and 509 of the Spanish Capital Company Act, it was decided to authorize both the Board of Directors of the Company and the management bodies of the subsidiaries so that, during a period of five years starting from the date this decision comes into effect and in accordance with the conditions and requirements envisaged in the current legal provisions, they may acquire, at any time, as many times as they deem appropriate and via any means admitted by the Law, being charged to profits of the year and/or unrestricted reserves, shares of the Company whose nominal value added to that of those already held by same or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, of the maximum amount authorized by the legislation applicable at each point in time. The minimum price and the maximum price will respectively be the nominal value and the weighted average price corresponding to the last Stock Exchange session before the operation increased by 10%.

Both the Board of Directors of the Company and the management bodies of the subsidiaries are also authorized, for the period and in accordance with the conditions established in the previous paragraph and to the extent applicable, to acquire shares of the Company by means of loans, free of charge or otherwise under conditions considered as market ones taking into account the market situation and the characteristics of the operation.

It is expressly authorized for own shares acquired by the Company or its subsidiaries using this authorization to be wholly or partly used (i) for their disposal or amortization, (ii) to apply the retribution systems considered in article 146.1 a) of the Capital Company Act, and (iii) for dividend reinvestment plans or similar instruments.

This decision will become effective from the date of Admission. This decision will automatically be rendered null and void if the Admission is not obtained before 23:59 hours on day 31st July 2016."

A. 9 bis Estimated floating capital:

	%
Estimated floating capital	37.50

A.10 Indicate, where applicable, whether there is any restriction to the transfer of securities and/or any other restriction on voting rights; in particular, any type of restrictions that may make it difficult to take control of the company by the acquisition of its shares on the market must be reported.

Yes [ ] No [X]

A.11 Indicate whether the General Meeting has agreed to adopt neutralization measures against a takeover bid by virtue of the provisions in Law 6/2007.

Yes [ ] No [X]

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes [ ] No [X]

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL MEETING

B 1. Indicate and, where applicable, list the differences with respect to the minimum regime under the Capital Company Act with regard to the quorum for establishing the Annual General Meeting.

Yes [ ] No [X]

B 2. Indicate and, where applicable, list the differences with respect to the regime under the Capital Company Act for adopting the company resolutions:

Yes [ ] No [X]

Describe how they differ from the rules established in the Capital Company Act.

B 3. Indicate the rules applicable to the modification of the company's bylaws. In particular, report the majority required to amend the bylaws and, where applicable, the rules for preserving the rights of shareholders in the amendment of the bylaws.

The system provided for in the Capital Company Act is applicable.

B 4. Indicate the attendance figures at the General Meetings held each year to which this report refers and those of the previous year:

	Attendance data				
Date of Annual General Meeting	**% physical presence**	**% representation**	**% distance vote**		**Total**
			Electronic vote	**Other**	
31/03/2016	0.00%	100.00%	0.00%	0.00%	100.00%
06/04/2016	0.00%	100.00%	0.00%	0.00%	100.00%
12/04/2016	0.00%	100.00%	0.00%	0.00%	100.00%
22/06/2017	5.29%	60.27%	0.00%	0.00%	65.56%

B 5. Indicate whether there is any restriction in the bylaws establishing a minimum number of shares needed to attend the AGM:

Yes [ ] No [X]

B 6. Repealed section.

B 7. Indicate the address and form of accessing the information on corporate governance through the company's website and other information on AGMs that should be made available to the shareholders through the Company's website.

https://www.telepizza.com/inversores/junta-general-de-accionistas/

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors set forth in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Complete the following table with the members of the board:

Name of director (person or company)	Representative	Director category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
LUIS DANIEL SANZ SUAREZ		Independent	DIRECTOR	06/04/2016	06/04/2016	SHAREHOLDERS MEETING RESOLUTION

PABLO JUANTEGUI AZPILICUETA		Executive	CHAIRMAN	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
JUAN RIVA DE ALDAMA		Independent	DIRECTOR	06/04/2016	06/04/2016	SHAREHOLDERS MEETING RESOLUTION
ALEJO VIDAL QUADRAS DE CARALT		Proprietary	DIRECTOR	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
JAVIER GASPAR PARDO DE ANDRADE		Other External	SECRETARY & DIRECTOR	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
JOHN DERKACH		Independent	DIRECTOR	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
MARCOS DE QUINTO ROMERO		Independent	DIRECTOR	22/06/2017	22/06/2017	SHAREHOLDERS MEETING RESOLUTION
MARK ALISTAIR PORTERFIELD BROWN		Proprietary	DIRECTOR	22/06/2017	22/06/2017	COOPTATION

Number of board members	8

Indicate any resignations that have taken place in the Board of Directors during the reporting period:

Name of director (person or company)	Director category at the time of the resignation	Resignation date
CARLOS MALLO ÁLVAREZ	Proprietary	27/04/2017

C.1.3 Complete the following tables on the members of the board and their status:

EXECUTIVE DIRECTORS

Name of director (person or company)	Position in the company's organization chart
PABLO JUANTEGUI AZPILICUETA	CEO

Total number of executive directors	1
% of the total board	12.50%

EXTERNAL PROPRIETARY DIRECTORS

Name of director (person or company)	Name of significant shareholder represented or proposing appointment
ALEJO VIDAL-QUADRAS DE CARALT	KKR CREDIT ADVISORS (US), LLC
MARK ALISTAIR PORTERFIELD BROWN	KKR CREDIT ADVISORS (US), LLC

Total number of proprietary directors	2
% total of the board of directors	25.00

EXTERNAL INDEPENDENT DIRECTORS

Name of director

LUIS DANIEL SANZ SUAREZ

Profile:

Luis Daniel Sanz is an Industrial Engineer by the ETSII of Madrid, specializing in Energy Techniques (1974) and has a Master's Degree in top management from the Business Institute and the London Business School (1984).

He joined the Empresa Nacional del Uranio SA (ENUSA) in 1976, performing work in the Programming Department, to then go on to Financial Management in 1980 and finally filling the post of Financial Manager in 1986.

He joined the National Industry Institute (INI) in 1988, with the post of Financial Manager up until 1999, having first-hand experience regarding the great changes for state companies in Spain: the creation of Teneo and the large industrial groups (Iberia, Endesa, Indra, Inespal etc.), together with their later privatization.

He joined the Grupo Planeta in 1999 as Managing Director responsible for all the Administrative Departments of the Group.

In 2004 he joined Dinosol Supermercados S.L. as Director and Financial Manager after its purchase from Ahold using Permira funds, where he remained until 2012, as its President in his last year there.

Apart from occupying the aforementioned executive posts, he has been a Director in many companies throughout his professional life, highlighting Banco Exterior de España, Indra, Red Eléctrica, Diario La Razón, Aerolíneas Argentinas and Musini from among others.

At present he pursues his own activities within the scope of company valuation and purchase.

Name of director

JUAN RIVA DE ALDAMA

Profile:

He is a cum laude graduate in Business Administration and Management at the European School of Business, having a Master's Business Degree at the Stanford Postgraduate School and for Business at the Harvard School of Business.

Juan is a founder and CEO of the company Multiplatform Content (MPC) dedicated to production and distribution regarding cinema, television and social media, working with the main international firms such as Telefónica, Pernod Ricard or FNAC, developing and executing its online strategy and its digital transformation. It has offices in Spain and Latin America.

Juan is also a member of the board in several entertainment and financial companies. He also usually gives lectures regarding digital and innovation subjects, while being an investor in technology-related companies.

Previously he founded the company Aleggria Comunicación, a marketing solution firm that was sold to a group of private investors.

He was managing director of New Media belonging to Telefónica Media between 1999 and 2002, working on the creation of the largest Spanish-speaking Audiovisual Consortium in the world, belonging to its executive committee. Meanwhile, since 1997 he was a member of the executive committee of Antena 3 TV, managing corporate development and new media. He was also a member of the board in several companies such as ST Hilo, Mediapark, Movierecord, Rodven or BBVA Tickets, among others.

He developed his investment banking career working for Credit Suisse and Bankers Trust in London and New York before entering the media sector.

At a personal level, Juan attempts to contribute to society by means of the Nantik Lum Foundation which he founded and manages; this is an NGO centered on providing microcredits to women with projects in Central America and Spain.

Name of director

JOHN DERKACH

Profile:

John Derkach has wide experience in brand development and in increasing value for shareholders. He is graduated in History at the University of Cambridge and commenced his professional career at Procter & Gamble and Playtex, before joining PepsiCo, where he spent ten years, including four in Madrid as Vice-president of the company in Spain and Portugal.

After joining Whitbread (a leisure company of the UK FTSE 100) in 1994 he was appointed Managing Director of Beefeater, a brand of restaurants specializing in meat, and later of Pizza Hut and Costa, the international chain of cafeterias, which grew from 500 to 2500 positions during the six years he was in charge.

He left Whitbread and Costa in August 2012 to take charge of Tragus, a company of 300 restaurants, owned by Blackstone, which was sold to Apollo in 2014.

Mr. Derkach is currently the executive chairman of EAT, a company which is the leader in take away food in the United Kingdom, the non-executive chairman of Bistrot Pierre, a restaurant business, and member of the Board of Directors of the Telepizza Group.

Name of director:

MARCOS DE QUINTO ROMERO

Profile:

Marcos de Quinto, currently based in Atlanta (USA), is Senior Advisor to the CEO in The Coca-Cola Company. He previously occupied the position of Chief Marketing Officer and Executive Vice President at The Coca-Cola Company since 2014. Marcos de Quinto joined the marketing department of Coca-Cola Spain in 1982, occupying various positions, including regional manager, distribution and merchandising. Between 1988 and 1990, he left the position in The Coca-Cola Company to join BSB Advertising as Regional Manager, before returning to the Coca-Cola Company in 1990 as Director of Marketing for Coca-Cola Spain. In 1995 he was made Marketing Director for the region of Southeast and West Asia. He was subsequently appointed Marketing Director at CocaCola Germany and Regional Manager for Singapore and Malaysia. Before accepting his current position, Marcos de Quinto was Regional Manager for Coca-Cola Spain between 1996 and 2000, when he was made Chairman of the Iberian division of The Coca-Cola Company. Marcos de Quinto holds a BA in Economic Sciences through the Complutense University of Madrid and an MBA from the Enterprise Institute (Madrid).

Total number of independent directors	4
% of the total board	50.00%

Indicate whether any director classified as independent receives any sum or benefit from the company or from its group, for an item other than the remuneration of directors; or has or has had in the last year a business relationship with the company or with any company in its group, whether in his or her own name or as a significant shareholder, director, or senior manager of a company that has or may have had such a relationship.

Not applicable.

Where appropriate, a reasoned statement must be included from the board on the reasons why it is considered that this director may perform his or her functions as independent director.

OTHER EXTERNAL DIRECTORS

Please name any other external directors and describe the reasons why they are not proprietary or independent directors, and any links held with the company, its executives or shareholders:

Name of director:

JAVIER GASPAR PARDO DE ANDRADE

Company, executive or shareholder with whom he is linked:

TELEPIZZA GROUP, S.A.

Motives:

Javier Gaspar Pardo de Andrade had to leave the position of proprietary director as a result of the divestiture of Foodco Finance, S.á.r.l. in the share capital of Telepizza Group, S.A. As a result of this circumstance, Javier Gaspar Pardo de Andrade made his position available to the Company and was ratified as director.

Javier Gaspar Pardo de Andrade is classed as other external as he does not fit into the category of independent as he is subject to the cases set forth in sections (b) and (e) article 529(k) of the Capital Company Act. This is because Javier Gaspar Pardo de Andrade has a business relationship with a company as secretary and legal advisor of the Board of Directors, and therefore obtains amounts that are different to his remuneration as director.

Total number of external directors	1
% of the total board	12.50%

Indicate any changes that may have arisen during the reporting period, in each director's category:

Name of director	Date of change	Previous category	Current category
JAVIER GASPAR PARDO DE ANDRADE	18/05/2017	Proprietary	Other External

C.1.4 Complete the following table with information on the number and category of female directors at the closing date of the last 4 financial years:

	Number of female directors				% over the total directors in each category			
	2017	**2016**	**2015**	**2014**	**2017**	**2016**	**2015**	**2014**
Executive	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Proprietary	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Independent	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Other external	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A
Total:	0	N/A	N/A	N/A	0.00%	N/A	N/A	N/A

C.1.5 Explain the measures that may have been adopted to include a number of women on the board of directors so that there is a balanced presence of women and men.

Explanation of measures

There is an order by the Board of Directors to the Appointments and Remuneration Committee to include a number of women in the Board of Directors that allows a balanced presence of men and women to be reached.
Notwithstanding this, article 9.3. of the Board of Directors Regulations establishes that the Board will ensure the procedures for member selection favor diversity regarding gender, experience and knowledge; not being implicitly biased involving any discrimination and, in particular, enabling the selection of female directors.
The Appointments and Remuneration Committee is currently analyzing measures to ensure a balanced presence of men and women on the Board of Directors

C.1.6 Explain the measures that may have been agreed by the appointments committee so that the selection procedures do not include any implicit bias that prevent the selection of female directors, and so that the company deliberately searches for and includes women with the appropriate profile among the potential candidates:

Explanation of measures

The Appointments and Remuneration Committee is currently analyzing measures to ensure a balanced presence of men and women on the Board of Directors

If, despite the measures that may have been adopted, the number of female directors is zero or limited, explain the reasons justifying this:

Explanation of reasons

The measures have not been adopted yet as they are in the analysis phase.

C.1.6 bis Explain the conclusions reached by the Appointments Committee on verified compliance with the director's selection policy, to particularly include how this policy is working towards the target that by 2020 the number of female directors represent, at least, 30% of all the Board members.

Explanation of conclusions

The Company's Board of Directors is made up of eight male directors, four of whom are independent, which represents fifty per cent of the composition thereof.

The Appointments and Remuneration Committee's policy is for the number of independent directors never to be below thirty per cent.

During the process for recruiting candidates to cover the vacancies on the Board of Directors, the Appointments and Remuneration Committee analyzed the suitability of various female profiles to occupy these positions.

C.1.7 Explain the form of representation in the board of directors of the shareholders with significant holdings.

KKR Credit Advisors (US) LLC, as significant shareholder of Telepizza Group, S.A. has proposed the appointment of two directors:

Mr. Alejo Vidal-Quadras de Caralt, who was appointed before the company was approved to be listed, in the General Meeting held on 31 March 2016.

Mr. Mark Alistair Porterfield Brown, who was appointed by co-opted appointment on 22 June 2017.

C.1.8 Explain, where applicable, the reasons for the appointment of proprietary directors at the suggestion of shareholders whose holding is below 3% of the share capital:

Indicate whether formal petitions have been met for the presence of shareholders on the board whose holding is equal to or greater than that of others at whose request proprietary directors may have been appointed. In this case, explain the reasons why they have not been granted:

Yes [ ] No [X]

C.1.9 Indicate whether any director has resigned before the end of his or her term in office, if the said director has explained the reasons for the resignation and how, to the board, and if the resignation was in writing to all the board, explain at least the reasons given:

Name of the director:

CARLOS MALLO ÁLVAREZ

Reason for the resignation:

Personal reasons.

C.1.10 Indicate, where applicable, the delegated powers of the CEO(s):

Name of director

PABLO JUANTEGUI AZPILICUETA

Brief description:

According to the minutes of the Board of Directors meeting on 31 March 2016, the CEO, Pablo Juantegui Azpilicueta is responsible for the effective management of the company business for which he permanently has the full powers and competences of the Board, except for those which cannot be delegated by law or according to the Articles of Association. With regard to his powers on disposal of assets and engagement of the Company with third parties, these will be restricted in accordance with the policy of the group, that is to say, in a joint manner with the rest of the members of the management team.

C.1.11 Identify, where applicable, the members of the board who occupy positions as directors or executives in other companies that form part of the group of the traded company:

Name of director (person or company)	Company name of the company in the group	Position	Does he have executive functions?
PABLO JUANTEGUI AZPILICUETA	TP POLAND Sp. z.o.o.	Director	YES
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA ANDINA, S.A.C.	Director	YES
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA SWITZERLAND, Gmbh	General Manager	YES
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA GUATEMALA, S.A.	Director	YES
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA PORTUGAL - COMÉRCIO DE PRODUTOS ALIMENTARES, S.A.	Director - Chairman	YES
PABLO JUANTEGUI AZPILICUETA	COZICHARME – COMERCIO DE PRODUCTOS ALIMENTARES, LDA	General Manager	YES
PABLO JUANTEGUI AZPILICUETA	BAZIGUAL – SGPS UNIPESSOAL LDA.	General Manager	YES

PABLO JUANTEGUI AZPILICUETA	TELEPIZZA CHILE, S.A.	Director	YES
PABLO JUANTEGUI AZPILICUETA	CIRCOL, S.A.U.	Representative of the Sole Director	YES
PABLO JUANTEGUI AZPILICUETA	MIXOR, S.A.U.	Representative of the Sole Director	YES
PABLO JUANTEGUI AZPILICUETA	TELE PIZZA SAU	Representative of the Sole Director (Telepizza Group SA)	YES
PABLO JUANTEGUI AZPILICUETA	LUXTOR, S.A.U.	Representative of the Sole Director	YES
PABLO JUANTEGUI AZPILICUETA	PROCUSTO ACTIVOS, S.L.U.	Joint and Several Administrator	YES
DON JAVIER GASPAR PARDO DE ANDRADE	TELEPIZZA SWITZERLAND, Gmbh	General Manager	YES
DON JAVIER GASPAR PARDO DE ANDRADE	TELEPIZZA PORTUGAL – COMÉRCIO DE PRODUCTOS ALIMENTARES, S.A.	Director	YES

C.1.12 Identify, where applicable, the directors of the company who are members of the board of directors of companies not in your group that are traded on official stock exchanges, and that have been reported to the company:

C.1.13 Indicate, and where applicable, explain whether the company has established rules on the number of boards of directors that its directors may be members of:

Yes [X] No [ ]

Explanation of the rules

Pursuant to the provisions set forth in article 18.3 of the Regulations governing the Company's Board of Directors, the members of the Board of Directors shall not be able to form part of more than nine Boards of Directors of other companies, except those belonging to the Directors or their families and Councils or equivalent organizations for foundations, associations or similar entities.

C.1.14 Repealed section

C.1.15 Indicate the Board of Directors' global remuneration:

Remuneration of the Board of Directors (thousands of euros)	1,215
Total remuneration corresponding to the pension rights accumulated by current directors (thousands of euros)	0
Total remuneration corresponding to the pension rights accumulated by old directors (thousands of euros)	0

C.1.16 Identify the members of senior management who are not also executive directors, and indicate the total remuneration paid to them during the year:

Identity or company name	**Position**
IGOR ALBIOL GUTIÉRREZ	CHIEF FINANCIAL OFFICER
FERNANDO FRAUCA AMORENA	CHIEF OPERATION AND MARKETING OFFICER
GIORGIO MINARDI	CHIEF INTERNATIONAL OFFICER
MANUEL LORING DIAZ DE BUSTAMANTE CHIEF PRODUCTION OFFICER	CHIEF PRODUCTION OFFICER

IGNACIO GONZÁLEZ BARRAJÓN	CHIEF OPERATION OFFICER EMEA
IGNACIO GONZÁLEZ BARRAJÓN	CHIEF OPERATION OFFICER LATAM
MAR ROMERO GALÁN	CHIEF PEOPLE OFFICER
EMILIO TOVAR LAZARO	CHIEF IT OFFICER
ANA CARLA MENDES DIOGO PEREIRA	CHIEF OPERATION OFFICER LATAM
CÉSAR CONCEPCIÓN GARCÍA	HEAD OF INVESTOR RELATIONS

Total remuneration of senior management (thousands of euros)	2,411

C.1.17 List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or in group companies:

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the Board of Directors with significant shareholders and/or their group companies:

C.1.18 Indicate if any changes have taken place to the regulation of the board of directors during the year:

Yes [ ] No [X]

C.1.19 Indicate the selection, appointment, re-election, assessment and removal procedures for board members. Specify the competent bodies, the procedures to follow and the criteria to use in each of the above procedures.

a) Appointment and reelection of directors:

- The proposal for appointment and reelection of members of the Board of Directors will correspond to the Appointment and Retribution Committee whenever dealing with independent Directors and to the Board itself in all other cases.

- In any case, the proposal will be accompanied by an explanatory report of the Board evaluating the competence, experience and merits of the candidate proposed, this being joined to the minutes of the General Meeting or of the Board itself.

- The proposal for appointment or reelection of any non-independent Director will also be preceded by a report by the Appointment and Retribution Committee.

- The provisions set forth herein will also be applicable to the physical persons designated as representatives of a legal person Director. The proposal of a physical person representative will be submitted to a report by the Appointment and Retribution Committee.

b) Removal:

- Directors will make their post available to the Board of Directors and formalize their resignation, whenever the Board deems this appropriate, in the following cases:

* Whenever involved in any of the cases of incompatibility or legal or statutory prohibition foreseen.
* Whenever the reasons for their appointment cease to exist, with this circumstance understood to occur, in the case of proprietary Directors, when the shareholder they represent fully transfers its shareholding or reduces this to a level demanding the reduction of the number of its proprietary Directors, or in the case of independent Directors whenever they cease to be considered as such, in accordance with that envisaged in the Law and in these Regulations.
* Whenever their permanence in the Board may jeopardize or harm the interests, credit or reputation of the Company. In particular, Directors will inform on any criminal proceedings for which they are being investigated, together with their later procedural vicissitudes.
* Whenever they are removed from the executive posts to which their appointment as Director was associated.
* Whenever the Director in question seriously fails to follow or comply with the rules established by the Law or the Articles of Association, o causes serious harm to the Company.

- Whenever any of the causes established in the previous section arises, the Board of Directors will request the resignation of the Director from his post and, where applicable, it will propose his separation to the General Meeting.

- In the case that, through resignation or due to any other reason, a Director is removed from his post before the end of his term of office, he will explain the reasons in a letter sent to all the members of the Board. Notwithstanding that such removal were communicated as a relevant fact, the reason for the removal will be recorded in the annual corporate governance report.

- The Board of Directors may only propose the removal of an independent Director before the statutory period for which he was appointed elapses when there is a just cause, acknowledged by the actual Board of Directors and after its proposal by the Appointment and Retribution Committee.

- It will be understood there is a just cause whenever the Director fails to comply with the duties inherent to his post or unexpectedly incurs in any of the impeding circumstances described in the definition of independent Director established in the regulations in force or, in it its absence, in the good corporate governance recommendations applicable to the at each moment in time.

c) Performance evaluation:

- Annually, the Board of Directors as a whole will evaluate and adopt, where applicable, an action plan that corrects the deficiencies detected regarding the following aspects:

* The quality and efficiency of the workings of the Board of Directors.
* The operation and composition of its commissions.
* The diversity in the composition and the responsibilities of the Board of Directors.
* The performance by the Chairman of the Board of Directors and of the CEOs.
* The performance and contribution of each Director, paying special attention to those responsible for the different Board commissions.

C.1.20 Explain to what extent the Board's annual evaluation has entailed relevant changes in its internal organization and procedures applicable to its activities:

Description of Changes

The 2017 Board Self-assessment process has led to the following milestones and recommendations:

- The preparation by the Appointments and Remuneration Committee of a Succession Plan for the group's first executive. The preparation of this Plan is underway.
- The Appointments and Remuneration Committee has carried out an annual assessment of senior executives, a process which shall be repeated annually.
- The Appointments and Remuneration Committee is preparing a program for searching and recruiting independent directors.
- The Appointments and Remuneration Committee is preparing a program that will enable the gender diversity target to be fulfilled on the Board of Directors.
- A procedure will be established in the coming years with the aim of conducting an external assessment of the Board's performance and its commissions

C.1.20.bis) Describe the evaluation process and the areas evaluated by the Board of Directors, with the assistance of an external consultant, as the case may be, with respect to diversity in its composition and competences, the operation and composition of its committees, performance of the Board Chairperson and Company CEO and performance/contributions made by each director.

The 2017 self-assessment procedure consisted in the Directors being asked for their opinion in writing of the level of fulfilment of the recommendations resulting from the 2016 self-assessment and regarding the proposals to be applied with regard to recommendations that were not met. Likewise, the Directors have been asked to carry out a comparison to rate the treatment by the Board of the different areas of their responsibility (economic information, budget, international development, strategy, etc.) and to submit improvement proposals. Finally, the Directors have been asked to rate both the collective intervention of the Board and the individual intervention of each Director. These results were discussed in the meeting held on 27 February 2018

C.1.20.ter) Provide a breakdown, as the case may be, of the business relations that the consultant or any group company holds with the Company or any group company.

Not applicable given the lack of attendance by the consultant.

C.1.21 Indicate the cases in which directors are compelled to resign.

- In the following cases Directors will make their post available to the Board of Directors and formalize their resignation, whenever the Board deems this appropriate:

* Whenever they are involved any of the cases of incompatibility or legal or statutory prohibition foreseen.
* Whenever the reasons for their appointment cease to exist, with this this circumstance understood to occur, in the case of proprietary Directors, when the shareholder they represent fully transfers its shareholding or reduces this to a level demanding the reduction of the number of its proprietary Directors, or in the case of independent Directors whenever they cease to be considered as such, in accordance with that envisaged in the Law and in these Regulations.
* Whenever their permanence in the Board may jeopardize or harm the interests, credit or reputation of the Company. In particular, Directors will inform on any criminal proceeding in which they face charges, together with their later procedural vicissitudes.
* Whenever they are removed from the executive posts to which their appointment as Director was associated.

Whenever the Director in question seriously fails to follow or comply with the rules established by the Law or the Articles of Association, o causes grave damage to the Company.

C.1.22 Repealed section

C.1.23 Are reinforced majorities other than those under law required for any type of decision?

Yes [ ] No [X]

If so, describe the differences.

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

Yes [ ] No [X]

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

Yes [ ] No [X]

C.1.26 Indicate whether the bylaws or the regulation of the board of directors establishes any age limit for directors:

Yes [ ] No [X]

C.1.27 Indicate whether the bylaws or regulation of the board of directors establishes a limited mandate for independent directors, other than that established by law:

Yes [ ] No [X]

C.1.28 Indicate whether the bylaws or regulation of the board of directors establishes specific rules for delegation of votes in the board of directors, the method of casting such votes, and in particular the maximum number of delegated voters that a director may hold; and whether the delegated vote must be delegated to a director of the same type. If so, give a brief outline of these rules.

Not applicable.

C.1.29 Indicate the number of meetings that the board of directors has held during the year. Also indicate the number of times, where applicable, that the board has met without the chairman being present. For the purposes of this calculation, attendance will include votes delegated with specific instructions.

Number of board meetings	11
Number of meetings of the board without the chairman being present	0

If the chairman is also the CEO, please indicate the number of meetings held, without the attendance or representation of any executive director and under the chairmanship of the coordinating director.

Number of meetings	**0**

Indicate the number of meetings held in the year by the different board committees:

Committee	Nº of Meetings
Auditing and Compliance Committee	6
Appointments and Remuneration Committee	2

C.1.30 Indicate the number of meetings that the board of directors has held during the year with all its members attending. For the purposes of this calculation, attendance will include delegated votes with specific instructions:

Number of meetings attended by all directors	11
% of attendance out of the total votes during the year	100.00%

C.1.31 Indicate whether the individual and consolidated annual accounts submitted for approval to the board have been previously certified:

Yes [ ] No [X]

Where applicable, identify the person(s) who has/have certified the company's individual and consolidated annual accounts for their preparation by the board:

C.1.32 Explain, where applicable, the mechanisms established by the board of directors to prevent the individual and consolidated accounts prepared by it to be presented to the general meeting of shareholders with qualifications in the auditor's report.

According to article 31.11 of the Regulations of the Board of Directors, the Auditing and Compliance Committee will ensure the Board of Directors presents the accounts to the General Meeting without limitations or exceptions in the audit report and that, in the exceptional cases in which there are exceptions, both the chairman of the Auditing and Compliance Committee and the auditors will clearly explain the contents and scope of such limitations or exceptions to the shareholders.

C.1.33 Is the secretary of the board a director?

Yes[X] No [ ]

If the secretary is not a director, complete the following table:

C.1.34 Repealed section

C.1.35 Indicate, where applicable, the mechanisms established by the company to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

Article 31.9 of the Regulations of the Board of Directors establishes that:

The responsibilities of the Auditing and Compliance Committee will be those established in the Law and, at the very least, the following:

(a) To inform the General Meeting of shareholders on the issues considered in relation to the matters which are the responsibility of the Committee.
(b) To supervise the efficiency of internal control in the Company, internal audits and the risk management systems, including those of a fiscal nature, together with discussing with the account auditor any significant weaknesses of the internal control system detected during the audit.
(c) To supervise the process for preparation and presentation of the financial reporting required and to present recommendations or proposals to the Board of Directors aiming to safeguard its integrity.
(d) To take to the Board of Directors the external auditor selection, appointment, reelection and substitution proposals, together with his contracting conditions while regularly collecting information from him on the audit plan and its execution, apart from maintaining his independence while exercising his functions.
(e) To establish the appropriate relationship with the external auditor to receive information on any issues which may put his independence at risk, for its examination by the Committee, and any other related to the development of the account auditing process, together with any other communications envisaged in the account auditing legislation and in the auditing standards In any case, it will annually receive form the external auditors the statement on his independence with regard to the entity or entities directly or indirectly linked to it, together with the information on any type of additional service provided and the corresponding fees received from such entities by the external auditor or by the persons or entities linked to this in accordance with that established in the legislation on account auditing.
(f) To annually issue, before issuing the account auditing report, a report stating its opinion on the independence of the account auditor. In any case, this report will include the valuation of the provision of additional services referred to in the previous point, considered individually and as a whole, other than the legal audit and regarding the rule for independence or the account auditing regulatory policy.
(g) To previously inform the Board of Directors on all the issues envisaged by the Law, the Articles of Association and these Regulations, and in particular regarding:
(i) financial reporting that must be made public periodically by the Company;
(ii) the creation or acquisition of shares in entities with a special purpose or domiciled in countries or territories considered to be tax havens; and
(iii) operations with related parties.

Likewise, article 31.10.2 of the Regulations of the Board regulates the mechanisms established to monitor the independence and other issues regarding the appointment of the internal auditor.

31.10.2 With regard to the external auditor:
(a) In the case of renunciation by the external auditor, examination of the circumstances causing this.
(b) Safeguarding that the retribution of the external auditor for his work does not compromise its quality or independence.
(c) Supervising that the Company informs as a relevant fact to the National Stock Market Commission the change of auditor and that this is accompanied by a statement on the eventual existence of disagreements with the outgoing auditor and, if there were any, on their content.
(d) Ensuring the external auditor holds a yearly meeting with the Board of Directors as a whole to inform on the work performed and on the development of the accounting situation and the risks of the Company.
(e) Ensuring that the Company and the external auditor comply with the regulations in force on the provision of services other that auditing services, the limits on business concentration of the auditor and, in general, any other regulations regarding the independence of the auditors.

The relationships with financial analysts, investment banks and rating agencies are those commonly found in the normal progression of company operations and are coordinated by the Investor Relations Department. The relationship with these entities complies with the principles of transparency and equity, providing clear, truthful and reliable information, avoiding any kind of error or confusion. The governance bodies pay special attention for its independence not to be compromised in its relationship with them.

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

Yes [ ] No [X]

Explain any disagreements with the outgoing auditor and the reasons for this:

C.1.37 Indicate whether the audit firm carries out other tasks for the company and/or its group other than those of auditing. If so, specify the amount of fees received for this work and the percentage this amount represents of the total fees invoiced to the company and/or its group:

Yes [X] No [ ]

	Company	Group	Total
Amount of other work other than those of auditing (thousands of euros)	**0**	**15**	**15**
Amount for work other than auditing / total invoiced by the audit firm (as %)	**0.00%**	**5.62%**	**5.62%**

C.1.38 Indicate whether the audit report on the annual accounts for the previous year includes any reservations or qualifications. In this case, indicate the reasons given by the chairman of the audit committee to explain the content and scope of these reservations or qualifications.

Yes [ ] No [X]

C.1.39 Indicate the number of continuous years that the current audit firm has been carrying out the audit of the company and/or its group's annual accounts. Also, indicate the percentage that the number of years audited by the current audit firm represents out of the total years in which the annual accounts have been audited:

	Company	Group
Number of continuous years	12	12
No. of years audited by the current audit firm / No. of years the company has been audited (%)	100.00%	100.00%

C.1.40 Indicate and, where applicable, specify whether there is a procedure for which directors can have external advice:

Yes [X] No [ ]

Procedure explanation

Article 17 of the Board of Directors Regulations establishes the following:

- In order to aid the Directors when performing their functions, all of them will receive adequate advice from the Company to perform their functions.
- The Directors may, likewise and whenever appropriate, request external advice at the expense of the Company.
- The request to contract external advisors at the expense of the Company will be informed to the Chairman of the Board of Directors and may be denied by the Board of Directors if (i) the external advice is not necessary for the proper performance of the functions entrusted to the Directors requesting this; (ii) its cost is unreasonable in view of the importance of the problem and regarding the assets and income of the Company; (iii) the technical assistance received can be adequately provided by the experts and technicians of the Company; or (iv) whenever it may involve a risk regarding the confidentiality of the information to be provided to the expert.

C.1.41 Indicate and specify, where applicable, whether there is a procedure for directors to have the information needed to prepare the meetings of the management bodies in sufficient time:

Yes [X] No [ ]

Procedure explanation

All the information on the presentations is sent to the Board via email in the days previous to this being held.

C.1.42 Indicate, and specify where applicable, whether the company has established rules that oblige directors to inform or resign in cases that may damage the credit and reputation of the company:

Yes [X] No [ ]

Explain the rules

Whenever their permanence in the Board may put in risk or harm the interests, credit or reputation of the Company. In particular, Directors will inform on any criminal proceeding in which they are being investigated, together with their later procedural vicissitudes.

C.1.43 Indicate whether any member of the board of directors has informed the company that he or she has been prosecuted or legal proceedings have been initiated against him or her, for any of the offences specified in Article 213 of the Capital Company Act:

Yes [ ] No [X]

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.

C.1.44 Specify the significant agreements that the company may have concluded and that enter into force, are amended, or terminate if the control of the company changes due to a takeover bid, and its effects.

Not applicable.

C.1.45 Identify as a whole and indicate in detail the agreements between the company and its administrative and managerial positions or employees who have compensation, guarantee or golden parachute clause, when these directors resign or are dismissed unfairly, or if the contractual relationship reaches its conclusion due to a takeover bid or other types of operations.

Number of beneficiaries: 5

Type of beneficiary:

CEO and Managers reporting to the CEO (Top Management)

Description of the Agreement:

In general, there will be no golden parachutes in the case of resignation.
In the case of the CEO, the Company has awarded a golden parachute equivalent to the two years of remuneration of the previous two years.
The rest of managers whose contract includes this clause will receive the amount to one year of their fixed salary in the case of termination of their contract.

Please indicate whether these contracts need to be reported to and/or approved by the bodies of the company or its group:

	Board of Directors	General Meeting
Body authorizing the clauses	Yes	No

	Yes	No
If the General Meeting informed of the clauses?		X

C.2 Committees of the Board of Directors

C.2.1 Specify all the committees of the Board of Directors, their members and the proportion of executives, proprietary, independent and other external directors who are members of them:

Audit and Compliance Committee

Name	Post	Category
LUIS DANIEL SANZ SUAREZ	CHAIRMAN	Independent
JUAN RIVA DE ALDAMA	MEMBER	Independent
ALEJO VIDAL-QUADRAS DE CARALT	MEMBER	Proprietary

% proprietary directors	33.33%
% independent directors	66.67%
% other external directors	0.00%

Explain the tasks assigned to this committee, describe any procedures and organization/operation rules and summarize its most relevant activities during the year.

The responsibilities of the Auditing and Compliance Committee will be those established in the Law and, at the very least, the following:

(a) To inform the General Meeting of shareholders on the issues considered in relation to the matters which are the responsibility of the Committee.

(b) To supervise the efficiency of internal control in the Company, internal audits and the risk management systems, including those of a fiscal nature, together with discussing with the account auditor any significant weaknesses of the internal control system detected during the audit.

(c) To supervise the process for preparation and presentation of the financial reporting required and to present recommendations or proposals to the Board of Directors aiming to safeguard its integrity.

(d) To take to the Board of Directors the external auditor selection, appointment, reelection and substitution proposals, together with his contracting conditions, while regularly collecting information from him on the audit plan and its execution, apart from maintaining his independence while exercising his functions.

(e) To establish the appropriate relationship with the external auditor to receive information on any issues which may put his independence at risk, for its examination by the Committee, and any other related to the development of the account auditing process, together with any other communications envisaged in the account auditing legislation and in the auditing standards. In any case, it will annually receive from the external auditors the statement on his independence with regard to the entity or entities directly or indirectly linked to it, together with the information on any type of additional service provided and the corresponding fees received from such entities by the external auditor or by the persons or entities linked to this in accordance with that established in the legislation on account auditing.

(f) To annually issue, before issuing the account auditing report, a report stating its opinion on the independence of the account auditor. In any case, this report will include the valuation of the provision of additional services referred to in the previous point, considered individually and as a whole, other than the legal audit and regarding the rule for independence or the account auditing regulatory policy.

(g) To previously inform the Board of Directors on all the issues envisaged by the Law, the Articles of Association and these Regulations, and in particular regarding:

(i) financial reporting that must be made public on a regular basis by the Company;
(ii) the creation or acquisition of shares in entities with a special purpose or domiciled in countries or territories considered to be tax havens; and
(iii) operations with related parties.

Please name any director belonging to the auditing committee who was appointed based on his knowledge and experience in accounting or auditing matters, or both, and include the number of years during which the committee Chairman has held office.

Name of the experienced director	ALEJO VIDAL-QUADRAS DE CARALT
No. of years holding office as Chairman	1

APPOINTMENTS & REMUNERATION COMMITTEE

Name	Post	Category
JOHN DERKACH	CHAIRMAN	Independent
JUAN RIVA DE ALDAMA	MEMBER	Independent
MARK ALISTAIR PORTERFIELD BROWN	MEMBER	Proprietary

% of proprietary directors	33.33%
% of independent directors	66.67%
% of other external directors	0.00%

Explain the tasks assigned to this committee, describe any procedures and organization/operation rules and summarize its most relevant activities during the year.

The Appointments and Remuneration Committee shall have the responsibilities established by Law and shall include, at least, the following

(a) To assess the competencies, know-how and experience required on the Board. Accordingly, the functions and skills required and the candidates that should cover the vacancy shall be defined and the time and dedication required for efficiently carrying out the tasks shall be assessed.
(b) To establish a representation target for the gender that is least represented on the Board of Directors and to create guidelines on how to achieve this target.
(c) To submit the proposals for the appointment of independent Directors to the Board of Directors for their co-opted nomination or to submit them to the decision of the General Meeting of Shareholders, together with the proposals for re-electing or removing these Directors by the General Meeting of Shareholders.
(d) To submit the proposals for the appointment of the remaining Directors to the Board of Directors for their co-opted nomination or to submit them to the decision of the General Meeting of Shareholders, together with the proposals for re-electing or removing these Directors by the General Meeting of Shareholders.
(e) To inform of the proposals for the appointment or removal of senior executives and the basic conditions of their contracts.
(f) To study and organise the succession of the Chairman of the Board of Directors and the Managing Directors and, if applicable, submit proposals to the Board of Directors to enable said succession to take place in an orderly and planned manner.
(g) To propose to the Board of Directors the remuneration policy for Directors and senior executives or those carrying out senior management functions directly reporting to the Board of Directors or the Managing Directors, as well as individual remunerations and other contractual conditions applicable to executive Directors and senior executives, ensuring observance thereof.
(h) To ensure compliance with the remuneration policy established by the Company.
(i) To periodically review the remuneration policy applicable to the Directors and senior executives, including remuneration systems with shares and the application thereof, and guarantee that their individual remuneration is proportionate to that paid to the other Directors and senior executives in the Company.
(j) To ensure that possible conflicts of interest do not jeopardize the independence of the external advice provided to the Committee.
(k) To confirm the information regarding remunerations of Directors and senior executives included in the various corporate documents, including the annual report on Directors' remunerations.
(l) If applicable, to verify compliance with the Director selection policy and provide information regarding this verification in the annual corporate governance report.

C.2.2 Fill in the following table with information related to the number of female directors making up the Board of Directors' committees during the last four years:

Number of female directors			
2017	**2016**	**2015**	**2014**

	Number	%	Number	%	Number	%	Number	%
Appointments and Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 REPEALED SECTION

C.2.4 REPEALED SECTION

C.2.5 Indicate whether there is any regulation governing the board's committees, the place where they may be available for consultation and any modifications made during the year. Also, indicate whether any annual report has been prepared voluntarily on the activities of each committee.

The Board has two Delegate Committees on 31 December 2017: The Auditing Committee and the Appointments and Remuneration Committee.
The Regulations of the Board regulate the constitution and operation of the Committees. Specifically, article 31 regarding the Auditing and Compliance Committee and article 32 of the Regulations regarding the Appointments and Remuneration Committee.

An annual report has been voluntarily drawn up on the activities of each committee.

C.2.6 REPEALED SECTION

D. RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Where appropriate, explain the procedure for approving related-party and intra-group transactions.

Procedure for reporting approval of related-party transactions

Section (t) of Article 6 in the Regulations of the Board it is established that the Board of Directors will be responsible for:

After a previous report by the Auditing and Compliance Committee, the approval of the operations the Company or companies of its group carry out with Directors, under the legally established terms, or with shareholders, individually or in an arranged manner with others having a significant participation, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them. The only operations excluded from this approval will be those fulfilling the following three characteristics simultaneously:

(i) if they are performed by virtue of contracts whose conditions are standardized and which are applied massively to a large number of clients;
(ii) if they are performed at prices or rates generally established by the party acting as supplier of the good or service in question; and
(iii) if their amount does not exceed one percent of the annual income of the Company.

Among other functions, the auditing committee has that of previously informing on operations with related parties of the company, as stated in article 31.9 of the Regulations of the Board.

D.2 Specify any transactions that are significant due to their amount or relevant due to their content carried out between the company or entities of the group, and the company's significant shareholders:

D.3 Specify any transactions that are significant due to their amount or relevant due to their content carried out between the company or entities of the group, and the company's administrators or directors:

Name of the Managers or Top Management	Name of the Related Party	Relationship	Nature of the Operation	Amount (thousand euros)
JAVIER GASPAR PARDO DE ANDRADE	VCGH ABOGADOS, C.B.	Partner in law firm VCGH Abogados. Member of the Common Property.	Service provision	210
JOHN DERKACH	John Derkach	John Derkach is Director of Telepizza Group, S.A.	Service Provision	71
LUIS DANIEL SANZ SUAREZ	Luis Daniel Sanz Suarez	Luis Daniel Sanz Suarez is a Director of Telepizza Group, S.A.	Service provision	65
JUAN RIVA DE ALDAMA	Juan Riva de Aldama	Juan Riva de Aldama is a Director of Telepizza Group, S.A.	Service provision	62

D.4 Report of the significant transactions carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business operations of the company in terms of its purpose and conditions.

In any event, any intra-group transactions carried out with entities established in countries or territories that are considered tax havens must be reported:

D.5 Indicate the amount of the transactions carried out with other related parties.

0 (In thousands of Euros)

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

- It shall be understood a conflict of interest exists whenever there is either a direct or indirect conflict between the interest of the Company or the companies making up its group and the interest of the Director. The personal interest of the Director will exist whenever the issue affects him, or a person related to him, as defined by the Law, or, in the case of a proprietary Director, it affects the shareholder or shareholders who proposed or carried out his appointment or persons directly or indirectly related to same.

- In particular, the duty to avoid situations of conflict of interest will force the Director, unless there is legal exemption, to abstain from:
(i) Performing transactions with the Company, except when dealing with ordinary operations, performed under standard conditions for the clients and of little relevance, these being understood to be those whose information is not necessary to give a true and fair view of the net worth, financial position and results of the entity.
(ii) Using the name of the Company or invoking his position as Director to unduly influence the execution of private operations.
(iii) Making use of the corporate assets, including the confidential information of the company, for private purposes.
(iv) Taking advantage of business opportunities of the Company.
(v) Obtaining advantages or remunerations from third parties not belonging to the Company or its group associated with the performance of his post, except in the case of complimentary gestures.
(vi) Performing activities on his own behalf or on that of a third party whenever they imply effective competition, present or future, with the Company or which in any other way place him in permanent conflict with the interest of the Company.

The aforementioned provisions will also be applicable in the case that the beneficiary of the forbidden acts or activities is a person related to the Director.

- The situations of conflict of interest will be governed by the following rules:

(i) Communication: The Director will inform all other Directors and the Board of Directors, via the Chairman or the Secretary, on any direct or indirect situation of conflict of interest he or persons related to him may be in.
(ii) Abstention: The Director will abstain from participating in the deliberation and voting of agreements and decisions in which he or a person related to him has a direct or indirect conflict of interest. The agreements or decisions affecting his post as Director, such as his designation or revocation for positions in the management body or in other analogous ones, will be excluded from the aforementioned obligation to abstain. In the case of proprietary Directors, they will abstain from participating in the voting regarding issues which may involve a conflict of interest between the shareholders who proposed his appointment and the Company.

(iii) Transparency: the situations of conflict of interest incurred by managers will be informed about in the Annual Report of the Company.

- The provisions set forth in this article are subject to modification by means of the corresponding regulations that may be issued by the Board of Directors of the Company, including the Internal Code of Conduct.

D.7 Is more than one company of the Group traded publicly in Spain?

Yes ☐ No ☒

Identify the subsidiaries traded publicly in Spain:

Publicly traded subsidiaries

Indicate whether the respective areas of activity and possible business relations between them have been identified precisely, as well as those of the publicly traded subsidiary with other companies in the group;

Define the possible business relations between the parent company and the publicly traded subsidiary, and between the latter and the other companies in the group

Identify the mechanisms in place to resolve possible conflicts of interest between the publicly traded subsidiary and the other companies in the group:

Mechanisms to resolve possible conflicts of interest

E. CONTROL AND RISK MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System, including for tax risks.

The Control and Risk Management Policy of the Telepizza Group aims to define the basic principles and a general framework for actions to control and manage the possible risks the Group faces when achieving its main objectives, including fiscal risks.

This Policy is compulsory, and its correct application requires the involvement of all the personnel of the Company.

The Control and Risk Management System of the Telepizza Group includes any possible risks in all Group activities and at the different levels of the organization, from the business units in all the activity areas and geographical areas working comprehensively, up to corporate level support areas.

The Telepizza Group has a Corporate Risk Map consolidating all the critical risks regarding strategy, compliance, reliability and quality of financial and operational information having a potential impact on the strategic objectives of the Group. Fiscal risks are included as part of the Corporate Risk Map, evaluating and prioritizing these risks according to their probability and impact, as in the case of any other risk evaluated.

In addition, the Telepizza Group has the Corporate Fiscal Policy approved by the Board of Directors on 28 July 2016.

E.2 Identify the company's bodies responsible for preparing and executing the Risk Management System, including tax risks.

The Board of Directors is responsible for determining the Control and Risk Management Policy, including fiscal risks, and the supervision of the internal information and control systems, as established in the Board's actual Regulations.

The Board of Directors of the Telepizza Group is committed to use all its abilities for the relevant corporate risks in all Group activities and business are adequately identified, evaluated, managed and controlled, and to establish, via the general Control and Risk Management Policy, the mechanisms and basic principles for their adequate management at a risk level allowing for:

– reaching the strategic objectives determined by the Group under controlled volatility;

- contributing the maximum level of guarantees to shareholders;
- protecting the results and reputation of the Group;
- defending the interests of shareholders, clients, other groups interested in the operations of the Company and of society in general; and
- guaranteeing a sustained business stability and financial strength over time

.
The Management Committee is responsible for the management of such risks. This Committee is made up by the CEO of the Telepizza Group and the members of the Group's senior management (representing the Group's corporate areas and operational areas).

The Management Committee defines and determines the risk management procedures and, where applicable, establishes the appropriate management mechanisms to ensure the risks are maintained within the levels approved by the Board of Directors.

Article 31 of the Regulations of the Board delegate to the Auditing and Compliance Committee the supervision of efficiency of internal control, internal auditing and the risk management systems, including fiscal risks.

Within the organizational structure, the Internal Auditing Department functionally reports directly to the Auditing and Compliance Committee, guaranteeing its correct autonomy and independence in its functions and in responsibly supervising the control and risk management system. The Internal Auditing Department informs, advises and reports to the Auditing and Compliance Committee with regard to the risks of the Group in complying with its objectives. For this it executes the annual Internal Auditing work plan, reporting the activities performed in such plan and the problem found.

E.3 Explain the main risks, including tax risks that may affect the achievement of the business objectives.

In general, the risks affecting the Group are those listed as follows grouped into:

- Strategic Risks: These risks may arise as a result of choosing a specific strategy which may, directly or indirectly, significantly influence the achievement of long-term objectives of the Telepizza Group. This group includes the reputational risks, these being risks with a potential negative impact that can affect the image of the Group such as transparency and the relationship with analysts, investors and different groups of interest having expectations regarding the behavior of the Group.
- Statutory or Regulatory Compliance Risks: These include those deriving from the Corporate Governance (including, among others, those deriving from the reliability of the Financial Reporting published), litigations of the company and civil liability; risks regarding fiscal issues. and also regarding Data Protection, Occupational Risk Prevention, Equality and Environmental Risks.
- Financial Risks: These include the level of debt, liquidity risk, credit risk, risks deriving from exchange rate fluctuations, risks deriving from interest rate fluctuations.
- Operating Risks: Those corresponding to risks associated with key business processes, including the risks related to contracting suppliers, personnel, food handling, product quality, the environment, purchase and subcontracting.

E.4 Identify whether the entity has a risk tolerance level, including for tax risks.

The valuation scales for inherent and residual risks of the Telepizza Group have probability and impact parameters as references (strategic, reputational, compliance, financial or operational), allowing for a homogeneous valuation of the Group risks.

In the case of risks considered to be critical and given the impact their possible occurrence may affect the consecution of the objectives, specific tolerance levels are defined indicating action guidelines, achievement periods, persons responsible, follow-up indicators and establishing the frequency and contents of the information to be provided to the governing bodies for their follow-up and decision making.

The Management Committee reviews the risk tolerance of the Telepizza Group, this being presented to the Board for its annual review and approval.

E.5 Indicate what risks, including tax risks, have materialized during the year.

Some risks related to the activity of the Company have materialized during the year. None of these risks had a relevant impact on the business of Telepizza since the measures for their prevention and/or mitigation worked appropriately.

It is worth noting that, due to circumstances completely beyond the control of the Company, one of the Company's key providers in Spain suffered an interruption on its production chain. However, the Company's risk mitigation measures and the contingency plans worked correctly, preventing the risk from having an impact on the Company's operations or targets.

E.6 Explain the response and supervision plans for the main risks to the entity, including tax risks.

The management of the main risks for the Telepizza Group, including fiscal risks, lie directly in the areas affected and, therefore, this management is fully linked to daily management of the areas themselves, keeping totally in line with the strategy and objectives while being constantly reported to the Management Committee.

The Risk Management System establishes the definition of a series of risk indicators, this information being reported to the Management Committee. The Management Committee follows up these indicators and evaluates the response plans used by the area affected, deciding the plans to be used in the future to ensure the containment of the risks within the limits established.

The different response plans vary in terms of each type of risk considering actions such as:
- Internationalization and geographic diversification strategy.
- Product adaptation to market changes.
- Supply chain strengthening.
- Financial risk coverage management mechanisms.
- Formalization of the Corporate Fiscal Policy and adhesion to the Code of Good Tax Practices since July 2016.
- Definition of policies and procedures for risks of greater relevance.

This information is consolidated periodically in the Corporate Risk Evaluation Report which is analyzed by the Management Committee and sent to the Auditing and Compliance Committee for its supervision, together with the development of the Corporate Risk Map. Periodically, the Internal Auditing Department performs a follow-up to re-evaluate the relevance of each of the risks and the measures taken to mitigate these.

Furthermore, the Telepizza Group has set policies and procedures aimed at informing and training the employees on certain behavior principles and to prevent and detect inappropriate conduct. It should be highlighted that the Ethics Code was approved by the Board of Directors of the Telepizza Group on 22 December 2016. Telepizza considers this Code to be a commitment of all its workers and the company itself to society, clients, franchisees and collaborators of the Group, together with a set of principles for daily behavior within the organization.

The Telepizza Group makes available to its employees an Ethics Hotline to inform in a safe and confidential manner regarding any doubt which may arise in relation to the application of the aforementioned Code or to inform on any possible non-compliance with the Code, regulatory non-compliance or absence of internal control.

F INTERNAL RISK AND MANAGEMENT CONTROL SYSTEMS IN RELATION TO FINANCIAL REPORTING (ICFR)

Description of the mechanisms forming the risk and management control systems in relation to financial reporting (ICFR) of the Company.

F.1 The Company’s control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable and effective ICFR; (ii) its implementation; and (iii) its monitoring.

The Board of Directors of the Grupo Telepizza is ultimately responsible for the existence and maintenance of an adequate and effective system for internal control over financial reporting (hereinafter “ICFR”). For this purpose and in accordance with article 6.1.n of the Regulations of the Board of Directors of the Telepizza Group, it establishes that one of the non-transferrable responsibilities of this body is to determine the risk control and management policy, including fiscal risks, and the supervision of the Internal Information and Control Systems.

Likewise, the Board of Directors has formally approved the Policy of the Internal Financial Reporting Control System of the Telepizza Group, this establishing that the Management of the Economic and Financial Department is responsible for the design, implementation and operation of the Internal Financial Reporting Control System.

The Auditing and Compliance Committee will be responsible for supervising the ICFR, with the support of the Internal Auditing Department. As established in article 31.9, the Responsibilities of the Auditing Committee will include that of supervising the efficiency of the internal control of the Company, internal auditing and the risk management systems, including fiscal risks. Likewise, it will be responsible for supervising the appropriate financial preparation and presentation process and for presenting recommendations or proposals to the Board of Directors aiming to safeguard its integrity.

The Internal Auditing Department of the Group, with regard to its function of supporting the Auditing Committee when supervising the efficiency of the Internal Control System and company Risk Management, includes in its audit plan periodic revisions of the internal, financial and operational controls; the results of these revisions are summarized in the audit reports indicating the deficiencies detected and the action plans proposed by the Group Management to remedy them.

F.1.2. The existence, especially in connection with the financial reporting process, of the following components:

- **The departments and/or mechanisms in charge of: (i) designing and reviewing the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate breakdown of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company.**

El Board of Directors is responsible for defining the first level organizational structure, providing it with powers and capacities to manage, decide and represent the Telepizza Group. As a general rule, the Board entrusts ordinary management to the delegated management bodies concentrates on its supervision function.

The Economic and Financial Management of the Telepizza Group is in charge of determining the actions having a significant influence on the behavior of the organization in relation to drawing up the financial information.

Likewise, it is responsible for the maintenance of the organizational structure, one clearly defining the responsibilities and authority serving as a basis for the development of internal policies to guarantee the generation of financial reporting in a reliable manner.

The ICFR documentation, which is drawn up and updated by the Economic-Financial Department includes risk and control matrices in which the different persons responsible within the organization are identified, in charge of executing the controls related to the financial reporting preparation process, together with the managers of the departments involved for their supervision.

Furthermore, the Telepizza Group has an organizational chart, which indicates, by describing the positions and those responsible for these, the hierarchal relationships within the Company.

- **Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

In December 2016, the Board of Directors of Telepizza approved the first Ethics Code of the Telepizza Group (hereinafter the Code), putting into practice a compliance policy that starts with the Top Management and guiding employees by means of a series of conduct and behavior guidelines.

There are five principles the Telepizza Group is committed to fulfil in the new Ethics Code: Commitment to society, the company, the work environment, clients and franchisees, together with collaborators.

Among the values considered in these principles are compliance with the law applicable to the Group, implementation of anticorruption measures, issue of reliable information, competition in a free market, responsibility regarding the resources of firms, safety at work, personal data protection, transparent and impartial selection and contracting of suppliers, etc.

As stated in the Code regarding financial reporting, the Telepizza Group is committed to fulfil a series of legal and ethical responsibilities to guarantee the transparency and integrity of financial reporting. For this, the Group will always provide truthful, clear, useful and accurate information both when commercializing the products and services and when issuing corporate information to third parties, investors and shareholders, at all times maintaining the principles of information truthfulness, transparency and equity in communiqués.

The Code is applicable to all employees of the Telepizza Group regardless of their hierarchical level, in the same way as the rest of the regulations of the Group, which are freely available to all employees of the Group. Telepizza has an Ethics Code training plan in place to include a certificate on the comprehension of the Code and the commitment of all employees to comply with this.

- **‘Whistle-blowing’ channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating whether reports made through this channel are confidential.**

The Telepizza Group has a channel to inform in a safe and confidential manner on financial and accounting irregularities or any other non-compliance with the Ethics Code or the regulations in force, while also to resolve any doubts which may arise regarding the application of the Ethics Code.

This whistleblowing channel, called the Ethics Hotline, has two possible communication paths: via email or via mail to a postal address. These communication paths are known by the entire Organization as they are included in the Ethics Code itself.

This channel is managed by the person responsible for Internal Auditing of the Group, reporting to the Auditing and Compliance Committee. The person responsible for Internal Auditing is responsible for guaranteeing the confidentiality of communications and impartiality in their analysis.

The operation of the Ethics Hotline, together with any possible investigation carried out, is regulated in the Action Protocol established by Telepizza and approved by the Auditing and Compliance Committee.

This Protocol envisages the constitution of an Ethics Committee to provide an adequate response to the communications received. This Protocol also defines the reporting on the operation of the Ethics Hotline to the Auditing and Compliance Committee (in compliance with article 31.10.1.c of the Regulations of the Board).

• Training and refresher courses for personnel involved in preparing and reviewing financial reporting or assessing ICFR, addressing, at least, accounting standards, auditing, internal control and risk management.

The preparation and presentation of the financial reporting will require periodic training of the personnel involved regarding aspects of the accounting standards, auditing, control activities and the risks associated with the financial reporting.

The training of the employees involved in the preparation and revision of the financial reporting is considered in the Telepizza Group training plan prepared by the Human Resources Department in accordance with the training needs detected by the Economic and Financial Management.

Likewise, the Telepizza Group relies on the external advice of experts in specific areas related to the financial reporting, notifying the departments involved any significant changes which may affect the financial reporting prepared by the Telepizza Group.

Similarly, the personnel of the Telepizza Group are subscribed to training channels, periodically attending accounting standards update seminars.

In addition, periodic meetings are held with the external auditor in order to learn about any changes in the standards in force which may affect the company.

F.2 Risk assessment in financial reporting

Report, at least:

F.2.1. The main characteristics of the risk identification process, including risks of fraud or error, stating whether:

• The process exists and is documented.

The definition of the risk identification and evaluation procedure in the Financial Reporting of the Telepizza Group, is established under the methodological framework of reference, COSO, for risk identification and detection and for which the Internal Control System regarding the Financial Reporting of the Telepizza Group is an essential part.

The Telepizza Group, with regard to the identification of risks affecting the reliability of the financial reporting, has a formalized procedure establishing that the Economic and Financial Department is responsible for identifying and evaluating every year the risks which may lead to material errors in the financial reporting.

Likewise, this procedure defines the qualitative and quantitative criteria to determine the scope of the ICFR, including error and fraud risks.

In addition, the ICFR also takes into account the possibility of errors in certain general processes not linked directly with activity cycles of the company, but which are relevant to guarantee the reliability of the financial reporting. Among other processes, these are: The Closing, Reporting and Consolidation process, together with the general controls on technology.

• If the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

An identification of the risks is carried out for each of the processes identified as relevant based on the objectives of the financial reporting: existence and occurrence; integrity; valuation; presentation, breakdown and comparability and rights and obligations.

As a result of this, a series of Risk and Control Matrices have been prepared, with the objectives of the financial reporting covered being described for each risk, for the processes determined as being relevant for the Telepizza Group.

• A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, shell corporations or special purpose vehicles.

The identification of the consolidation perimeter of the Telepizza Group addresses the effective participation of the companies making up the Group, together with their level of influence, in accordance with the regulations applicable to the Financial Statements.

Every month, the Economic and Financial Management, in coordination with the Legal Management, performs an analysis of the variations which may have taken place in the consolidation perimeter of the Telepizza Group.

Article 6.1.s of the Regulations of the Board of Directors of the Telepizza Group, establishes that one of the non-transferrable responsibilities of this body is the creation or acquisition of shares in entities with a special purpose or domiciled in countries or territories considered to be tax havens.

Likewise, the responsibilities of the Auditing and Compliance Committee include supervising and revising an adequate delimitation of the consolidation process, as established in article 31.10.1 of the Regulations of the Board of Directors.

- **If the process addresses other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.**

The process of identifying risks which lead to errors in the financial reporting takes into account qualitative factors, together with other types of risk (operational, financial, strategic, regarding regulatory compliance) inasmuch they affect the financial statements.
These risks are assessed and managed by the different Managements, such as the Legal Management for example.

- **Which of the Company's governing bodies is responsible for overseeing the process.**

The Board of Directors reserves the power to approve the control and risk management policy, including the financial reporting and fiscal risks, and the supervision of the internal information and control systems.

In accordance with the regulations of the Board of Directors of Telepizza, the Auditing and Compliance Committee periodically reviews the efficiency of the internal control systems, internal auditing and the risk management systems, including fiscal risks, to identify the main risks and manage them appropriately. Furthermore, it has the function of supervising the preparation process and the integrity of the financial reporting relating to the Company and, where applicable, to the group, reviewing compliance with the regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of the accounting standards.

The Board of Directors is the top governing body for supervision and is baked by the Auditing Committee and the Internal Auditing Department.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorizing the financial reporting and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, measurements and projections.

The Economic and Financial Management of the Telepizza Group is responsible for reviewing and authorizing the financial reporting and the description of the ICFR, while also for documenting the description of activity flows and controls regarding the different types of transaction defined as relevant for the financial reporting. Similarly, the different department Managements will be responsible for evaluating and ensuring the correct design of the controls and their correct operation.

On a quarterly basis, the Financial Manager, the Management Control and the Investor Relations Department revise and validate the financial reporting prepared by the Economic and Financial Department. After its presentation to the Auditing and Compliance Committee, it is presented to the Board of Directors for its approval.

On the other hand, Systems Management is responsible for establishing the appropriate controls and procedures to ensure the correct operation of the systems backing the relevant processes with regard to access security, change control, their operation and operating continuity.

With regard to the segregation of duties within the Telepizza Group, Systems Management is responsible for guaranteeing the segregation of duties in the company's systems, although the management of the different areas will be responsible for defining the activities and duties which are to be segregated.

The Telepizza Group has chosen a documentation model for the ICFR with the following elements serving as control measures:

• Flow charts/Main activities: description and graphic representation of the activity flow in the process which allows for this to be understood in a general manner.
• Key risk and control matrix.
• Narrative: explanation of the processes associated with the key risks and controls.

The Telepizza Group periodically reviews the financial reporting prepared, together with the description of the ICFR according to the different hierarchical levels to ensure the quality of the financial reporting.

In accordance with the ICFR matrices, the persons responsible for the processes defined as being relevant in the risk evaluation and identification process, have identified the risks of error or fraud in the financial reporting and have documented the controls mitigating such risks.
Likewise, the processes/sub-processes covering the different types of transactions which may affect the financial statements in a real manner have been identified, for example: Sales and franchise management, purchasing, treasury and financing, stock, taxes, personnel, fixed assets, closing and consolidation, etc.

Particularly relevant is the closing, consolidation and reporting process, together with all those processes affected by relevant lawsuits, appraisals, valuations and projections. The person responsible for each control has been identified individually, together with the management for which he is responsible, aiming to achieve greater traceability regarding financial reporting processes.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and separation of duties) giving support to key company processes regarding the preparation and publication of financial reporting.

The internal control procedures associated with the financial reporting systems are defined by the IT Management, backed by the rest of the area Managers, while also by an IT System service provider via an outsourcing contract.

The main risks considered by the Telepizza Group and those triggering a response, affect the physical security (backup copies, maintenance and access to servers, etc.), logical security (access controls, inclusion/removal procedures, antivirus protection, etc.), segregation of duties, information recording and traceability for the different profiles and transactions in the system and, finally, system development and maintenance.

Likewise, throughout the year, the Systems Department, as part of the Telepizza Group's Risk Management System, has its own Risk Map, assessing the inherent risks to which the Systems Department is exposed and identifying the controls in place to mitigate risks, thus identifying their residual risk.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned to independent experts when these may materially affect the financial statements.

The Telepizza Group does not usually have activities subcontracted with third parties that have an impact on the financial statements. In any case, subcontracting will be performed following set principles to guarantee the technical capacities and competence necessary for the work to be carried out.

In 2017, the only significant activity subcontracted with third parties by the Telepizza Group and having repercussions on the financial statements was the contracting of an external provider supporting the Systems Department for infrastructure administration, hosting and Service Desk, considering the management of the capacity and availability of the computer systems.

This activity was validated by the personnel of the Group having the necessary powers, being supervised weekly by the Systems Management, which verified the development of the activities and analyzed any event which could be detected.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) up to date and settling doubts or conflicts over their interpretation, maintaining regular communication with the persons responsible for the organization's transactions, as well as an updated accounting policy manual that is provided to all the company's operating units.

The Economic and Financial Management is responsible for defining, updating and disseminating the accounting policies of the Telepizza Group. Accordingly, it has an Accounting Policy Manual adapted to the needs of the Group. These accounting policies are developed based on the International Financial Reporting Standards adopted by the European Union (IFRS).

The Accounting Policy Manual is disseminated throughout all the personnel involved in the development of the financial reporting. In the case of any significant changes affecting any of the Accounting Policies, a communication will be sent to the persons responsible concerned. Among other responsibilities, the Economic and Financial Management resolves queries or conflicts deriving from the interpretation of the Accounting Policies.

F.4.2. Mechanisms in standard format for the capture and preparation of financial reporting, which are applied and used in all units within the company or group and support its main financial statements and attached notes as well as disclosures concerning ICFR.

The Telepizza Group has the same accounting system (ERP) in the Group's main companies, enabling the financial information to be standardized and facilitating the consolidation thereof.

Likewise, it has a consolidation tool that enables standardized information to be obtained about the Group's main companies for the consolidation thereof.

Preventive controls have been defined, ensuring that data are uploaded safely from the ERP to the consolidation tool. The implementation of this tool allows for the financial statement information and the annual accounts to be unified, helping optimize resources and a homogenous availability of the information at the Group level.

F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the Company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial reporting

As established in the Regulations of the Board of Directors, the Auditing and Compliance Committee of the Telepizza Group is the body in charge of supervising the Internal Control over Financial Reporting with the support from the Internal Audit Department.

The Telepizza Group, since going public in Spain in 2016, implemented an Internal Control System for Financial Reporting at a Corporate and Spain level, incorporating its review of the Audit Plan for 2017.

The Internal Audit Department conducts independent and regular reviews of the design of the Internal Control system over Financial Reporting and the effectiveness of the identified controls.

The Audit Plan includes the analysis of operating cycles, reviewing, among other aspects:

- Key transactional controls (control design evaluation, tests of the efficient operation of the control, existence of funcito0n segregation, existence policies, procedures, regulations, etc.).
- General Controls of the entity (ethics code, budget analysis and follow-up, control indicators, etc.).
- General IT Controls of the main computer applications and programs having an impact on financial reporting.

The planning for the review of the main ICFR processes are being conducted in accordance with the recommendations of the National Securities Market Commission in relation to the frequency of the ICFR supervision.

The Internal Audit Plan is approved beforehand by the Internal Audit and Compliance Committee.

The conclusions of this assessment are submitted on a regular basis to the Audit and Compliance Committee, classifying any identified internal control weaknesses based on the severity thereof as high, intermediate or low, based on the impact which, should they materialize, they may have on the Financial Statements. The action plans and corrective measures defined by the relevant Departments are also communicated.

As a result of the ICFR reviews carried out by the internal Audit Department throughout the year, in compliance with the 2017 Audit Plan, no significant weaknesses have been identified that could have a material impact on the financial information.

The ICFR documentation is being carried out in the Group's main subsidiaries and shall therefore be incorporated into the scope of supervision conducted by the Internal Audit Department in 2018.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. State also whether the company has an action plan to correct or mitigate the weaknesses found.

The Board of Directors includes in article 38 of its regulations, the power of the Auditing and Compliance Committee to establish relationships with external auditors.

Six meetings of the Auditing and Compliance Committee took place in 2017.

Likewise, the accounting auditor annually formally informs the Auditing and Compliance Committee on significant internal control weaknesses that may be detected while performing its work.

The Internal Auditing Department periodically informs the top management and the Auditing and Compliance Committee on the result of the ICFR revision and on the rest of the internal audits carried out in the audit plan, together with the action plans to be implemented in order to mitigate the weaknesses observed.

F.6 Other relevant information

N/A

F.7 External auditor review

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The information sent by the ICFR has not been submitted for review by the external auditor as the Group continues implementing the improvements and recommendations arising from the ICFR implementation process at corporate level and in Spain and the ICFR documentation in its main subsidiaries.

G LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

Please describe the extent to which the company has complied with the recommendations of the Code of Good Governance of Publicly Traded Companies.

If any recommendation is omitted or only partly followed, a detailed explanation must be given of the reasons for this, in order to ensure that the shareholders, investors and the market in general have enough information to be able to assess the company's conduct. General explanations will not be accepted.

1. The Bylaws of listed companies do not limit the number of votes that may be issued by the same shareholder, nor do they contain any other restrictions that hinder the taking of a company's control by purchasing its shares on the market.

Compliance ☒ Explain ☐

2. If the parent company and one of its dependent companies are both listed, a public and accurate definition of the following:

a) The respective areas of activity and possible business relations between them have been identified precisely, as well as those of the publicly traded subsidiary with other companies in the group.

b) The devices foreseen to resolve any future conflicts of interest that may arise.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

3. During the General Shareholders' Meeting, as a supplement to the distribution in writing of the annual corporate governance report, the chairman of the Board of Directors informs the shareholders verbally, in sufficient detail, of the most relevant corporate governance aspects of the company, and in particular:

a) Of the changes that have occurred since the previous General Shareholders' Meeting.

b) Of the specific reasons why the company does not follow any of the recommendations of the Code of Corporate Governance and of any alternative rules that may be applicable in this matter.

Compliance ☐ Compliance in part ☒ Explain ☐

In the 2017 General Meeting, reference was made to the company going public in 2016, but an explanation was not given regarding corporate governance recommendations that are not fulfilled, since it was the first General Meeting as a public company and all the recommendations were in the analysis phase and the possibility and feasibility of the Company fulfilling these were being analyzed.

However, both chapters shall be addressed during the 2018 general shareholders meeting.

4. The company defines and promotes a policy of communication and contact with shareholders, institutional investors and proxy advisers that is fully respectful of the rules against market abuse and gives a similar treatment to shareholders that are in the same position.

The company makes this policy public through its website, including information relating to the way in which it has been implemented and identifying the contacts or those responsible for carrying it out.

Compliance ☒ Compliance in part ☐ Explain ☐

5. The Board of Directors does not submit to the General Meeting of Shareholders a proposal for delegating powers to issue shares or convertible securities, except for the right to preferential subscription, for an amount greater than 20% of the share capital at the time of delegation.

And when the Board of Directors approves any issue of shares or convertible securities, not including the right to preferential subscription, the company immediately publishes on its website the reports on this exclusion referred to by company law.

Compliance ☒ Compliance in part ☐ Explain ☐

6. Listed companies preparing the reports mentioned below, whether as an obligation or voluntarily, publish them on their websites in sufficient time before the General Meeting of Shareholders, even if their publication is not mandatory:

a) Report on the independence of the auditor.

b) Reports on the operation of the Auditing and Appointments and Remuneration Committees.

c) Auditing Committee report on related operations.

d) Report on the Corporate Social Responsibility policy.

Compliance ☒ Compliance in part ☐ Explain ☐

7. The company broadcasts the general meetings of shareholders live via its website.

Compliance ☒ Explain ☐

8. The Auditing Committee oversees the Board of Directors to ensure that if possible it presents the accounts to the General Meeting of Shareholders without any limitations or qualifications in the auditor's report; and that in the exceptional cases when there are qualifications, both the chairman of the Auditing Committee and the auditors explain clearly to the shareholders the content and scope of these limitations or qualifications.

Compliance ☒ Compliance in part ☐ Explain ☐

9. The company posts publicly and permanently on its website, the requirements and procedures that it will accept to accredit the ownership of the shares, the right of attendance to the General Meeting of Shareholders and the exercise of delegation of this voting right.

These requirements and procedures favor attendance and the exercise of voting rights by the shareholders and are applied in a non-discriminatory way.

Compliance ☒ Compliance in part ☐ Explain ☐

10. When a duly registered shareholder has exercised the right to add to the Agenda or present new proposed resolutions before the general meeting of shareholders, the company:

a) Immediately makes public these supplementary points and new proposed resolutions.

b) Makes public the model of attendance card or form of delegating the vote or distance vote, together with the precise modifications, so that the new points on the Agenda and the alternative proposed resolutions can be voted on in the same terms as those proposed by the Board of Directors.

c) Subjects all these points or alternative proposals to the vote and applies to them the same voting rules as those issued by the Board of Directors, including in particular any assumptions or deductions regarding voting intention.

d) Following the General Meeting of Shareholders, reports the breakdown of the vote on these supplementary points or alternative proposals.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

11. If the company plans to pay attendance bonuses to the General Meeting of Shareholders, it should establish in advance a general policy on such bonuses and this policy should be stable.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

12. The Board of Directors performs its duties with a single purpose and with independent criteria, treats all shareholders who are in the same position in the same way and is guided by the corporate interest, meaning the achievement of a profitable and sustainable business in the long term that promotes its continuity and the maximization of the company's economic value.

In aiming for the corporate interest, as well as respecting the laws and regulations and a good behavior based on good faith, ethics and respect for commonly accepted customs and good practices, it aims to reconcile the corporate interest with the legitimate interests of its employees, suppliers, customers, and the other stakeholders that may be affected, as appropriate, as well as the impact of the company's activities on the community as a whole and on the environment.

Compliance ☒ Compliance in part ☐ Explain ☐

13. The Board of Directors is of the right size to ensure that it operates in an effective and participative manner, which means that it is advisable for it to have between 5 and 15 members.

Compliance ☒ Explain ☐

14. The Board of Directors approves a policy on appointing directors that:

a) Is specific and verifiable.

b) Ensures that the proposals for appointment or re-election are based on a prior analysis of the needs of the Board of Directors.

c) Favors the diversity of knowledge, experiences and gender.

The result of the prior analysis of the needs of the Board of Directors is included in the justification report from the Appointments Committee published when calling the General Meeting of Shareholders to which the ratification, appointment or re-election of each director is subject to.

And the policy for selecting directors fosters the target that in 2020 the number of female directors should represent at least 30% of all the members of the Board of Directors.

The appointments committee shall check compliance with the policy for selecting directors every year and report on this in the annual Corporate Governance Report.

Compliance ☐ Compliance in part ☐ Explain ☒

The Company is analysing various measures to promote gender diversity within the Board of Directors. The Appointments and Remuneration Committee is studying, pursuant to the recommendation of the board in its 2016 self-assessment, the possibility of commissioning a program to the Committee itself to search and select Independent Directors.

15. The nominee and independent directors constitute a broad majority of the Board and that number of executive directors is the smallest possible, taking into account the complexity of the corporate group and the percentage participation held by executive directors in the company's capital stock.

Compliance ☒ Compliance in part ☐ Explain ☐

16. The percentage of proprietary directors out of the total number of non-executive directors is not greater than the proportion between the company's capital stock represented by these directors and the rest of the capital.

This criterion may be eased:

a) In companies with a high market value, when there are few shareholdings that are legally considered to be significant.

b) When it refers to companies in which there are a number of shareholders represented on the Board and there is no relation between them.

Compliance ☐ Explain ☒

There are currently two proprietary directors among the seven non-executive directors, accounting for 28.57%. Both directors were appointed by KKR Credit Advisors (US), LLC, which indirectly controls 20.24% of the Company’s share capital.

Given that one of the directors was appointed by co-opted appointment, the appointment of the proprietary director shall have to be submitted to the 2018 General Meeting of Shareholders.

17. The number of independent directors is at least half of all the directors.

However, when the company does not have a high market value, or when it does but has one shareholder or a number acting together who control more than 30% of the capital stock, the number of independent directors is at least a third of the total number of directors.

Compliance ☒ Explain ☐

18. The companies publish and keep updated the following information regarding their directors on their website:

a) Professional and personal background.

b) Other boards of directors to which they belong, whether or not these are listed companies, as well as information on other remunerated activities they engage in, whatever their nature.

c) Indication of the type of director, specifying in the case of proprietary directors, the shareholder they represent or to which they are related.

d) Date of the initial appointment as director of the company, as well as the subsequent re-elections.

e) Shares in the company, and options on such shares, that they own.

Compliance ☒ Compliance in part ☐ Explain ☐

19. The annual Corporate Governance Report, following review by the Appointments Committee, explains the reasons for the appointment of the proprietary directors at the request of shareholders whose holding is under 3% of the capital; and, where appropriate, explains the reasons for not approving formal requests for representation on the Board from shareholders whose holding is at least equal to that of the others at whose request proprietary directors have been appointed.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

20. Any nominee proprietary directors should resign if the shareholder they represent fully transfers its shareholding. They should also resign, in the necessary number, if the shareholder

reduces its shareholding down to a figure that requires a decrease in the number of nominee directors.

Compliance ☐ Compliance in part ☐ Explain ☒ Not applicable ☐

Once CARBAL resigned as shareholder, the situation was explained to the board, with the board and particularly its chairman deciding that, given Mr. Gaspar's extensive experience as director and as board secretary, his knowledge of the business throughout his time on the board, it would be advisable for him not to resign.

21. The Board of Directors does not propose the removal of any independent director before expiration of the term of appointment foreseen in the By-laws, unless there is just cause, ascertained by the Board subject to a prior report from the Appointments Committee. In particular, just cause will be deemed to exist if the director takes on a new position or undertakes new duties that prevent him or her from dedicating the time needed to perform the duties of director, infringes the duties inherent to his post or is involved in any of the circumstances entailing loss of independence under applicable law.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations, entailing a change in the company's capital structure, if such changes in the Board's structure are triggered by the proportionality principle indicated in Recommendation 16.

Compliance ☒ Explain ☐

22. The companies establish rules obliging their directors to report and resign, if necessary, in any situations that may damage the company's creditworthiness and reputation. In particular, they should be obliged to inform the Board of any criminal proceedings in which they are charged, including any subsequent procedural vicissitudes.

If a director is prosecuted or an order initiating a public trial is delivered against him, for any of the offences foreseen in Company Law, the Board should examine the case as soon as possible and, in light of specific circumstances, decide whether or not the director should remain in his post. The Board should report all of the foregoing, in a reasoned manner, in the Annual Corporate Governance Report.

Compliance ☒ Compliance in part ☐ Explain ☐

23. All directors are able to clearly expressly their disagreement if they consider that any proposed decision presented to the Board may be contrary to the corporate interest. The foregoing will also apply, in particular, in the case of independent directors and others not affected by a potential conflict of interests, for decisions that may be detrimental to shareholders not represented on the Board.

And if the Board of Directors adopts significant or reiterated decisions on which a director has made serious reservations, the latter is able to reach the necessary conclusions and, if he decides to resign, should explain his reasons in the letter referred to in the recommendation below.

This Recommendation also covers the Secretary of the Board of Directors even if he does not hold director status.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

24. If, further to a resignation or for other reasons, a director abandons his post before the end of his term, the reasons for this should be explained in a letter forwarded to all the Board members. Without prejudice to such abandonment being notified as a relevant event, the Annual Corporate Governance Report should explain the reasons for his abandonment.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

25. The Appointments Committee should ensure that non-executive directors have sufficient time available for the correct performance of their duties.

And the Regulation of the Board of Directors establishes the maximum number of boards of directors of which its directors may form part.

Compliance ☒ Compliance in part ☐ Explain ☐

26. The Board of Directors meets as frequently as necessary to perform its duties effectively, and at least eight times a year, following the schedule of dates and issues established at the start of the year. Each director can individually propose Agenda items that are not initially included.

Compliance ☒ Compliance in part ☐ Explain ☐

27. Non-attendance by directors is limited to unavoidable cases that are listed in the annual Corporate Governance Report. And when non-attendance is unavoidable, a proxy is granted with instructions.

Compliance ☒ Compliance in part ☐ Explain ☐

28. When the directors or the Secretary express concern regarding a proposal, or in the case of directors, on the performance of the company, and these concerns are not resolved by the Board of Directors, this is noted in the minutes at the request of the person who has raised the concerns.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

29. The company establishes appropriate channels allowing directors to obtain precise advice on the performance of their duties, including, if circumstances require, external advice at the company's expense.

Compliance ☒ Compliance in part ☐ Explain ☐

30. Apart from the knowledge required from the directors to perform their duties, the companies also offer their directors refresher courses to update knowledge where required by the circumstances.

Compliance ☐ Explain ☒ Not applicable ☐

The knowledge refresher programme for directors is currently in the study and preparation stage.

31. The Agenda of the meetings indicates clearly those points on which the Board of Directors have to adopt a decision or resolution so that the directors can study or gather in advance the information required for adoption.

Exceptionally, on grounds of urgency, the chairman wishes to submit decisions or resolutions to the Board of Directors for approval that are not included on the Agenda, the prior consent of the majority of directors present will be required, and due note of this will be included in the minutes.

Compliance ☒ Compliance in part ☐ Explain ☐

32. The directors are regularly informed of changes in the shareholder structure and of the opinions of significant shareholders, investors and ratings agencies on the company and its group.

Compliance ☒ Compliance in part ☐ Explain ☐

33. The chairman, as the person responsible for the efficient operation of the Board of Directors, not only performs the duties established by law and the Bylaws, but prepares and submits to the Board of Directors a schedule of dates and issues to be considered; organizes and coordinates the regular evaluation of the Board, and where appropriate, of the company's chief executive; is responsible for the management of the Board and for its effective operation; ensures that it dedicates sufficient time to discuss strategic issues, and agrees and reviews the programs for updating each director's knowledge, where advisable.

Compliance ☒ Compliance in part ☐ Explain ☐

34. When there is a coordinating director, the Bylaws or the Regulation of the Board of Directors, as well as the corresponding duties under law, establish for him the following duties: chair the Board of Directors in the absence of the Chairman and of the Deputy Chairmen, where there are such; respond to the concerns raised by the non-executive directors; maintain contacts with investors and shareholders to discover their points of view in order to form an opinion on their concerns, in particular in relation to the company's corporate governance; and coordinate the succession plan for the Chairman.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

35. The Secretary of the Board of Directors pays particular attention to ensuring that the actions and decisions of the Board of Directors take into account the recommendations on good governance included in the Code of Good Governance and applicable to the company.

Compliance ☒ Explain ☐

36. The full Board of Directors evaluates once a year and adopts, where appropriate, an action plan to correct any deficiencies identified with respect to:

a) The quality and efficiency of the operation of the Board of Directors.

b) The operation and composition of its committees.

c) The diversity in composition and competences of the Board of Directors.

d) The performance of the Chairman of the Board of Directors and the company's chief executive.

e) The performance and contribution of each director, with particular attention to those responsible for the different Board committees.

The evaluation of the different committees is based on the report that they submit to the Board of Directors, and for the evaluation of the Board of Directors, on the report submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted in carrying out the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

The business relations that the consultant and any company in his group have with the company or any company in its group must be disclosed in the annual Corporate Governance Report.

The process and the areas evaluated will be described in the annual Corporate Governance Report.

Compliance ☒ Compliance in part ☐ Explain ☐

37. When there is an Executive Committee meeting, the structure of participation by the different categories of directors is similar to that of the Board of Directors, and its Secretary is that of the Board.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

38. The Board is always informed of the matters discussed and decisions adopted by the Executive Committee, and all the Board members receive a copy of the minutes of all Executive Committee meetings.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

39. The members of the Auditing Committing and in particular its chairman, shall be appointed taking into account their knowledge and experience in matters of accounting, auditing and risk management, and most of these members should be independent directors.

Compliance ☒ Compliance in part ☐ Explain ☐

40. Under the supervision of the Auditing Committee, a unit is in place that assumes the internal audit function and ensures the correct operation of the information and internal control systems. It answers to the non-executive chairman of the Board of Directors or the Auditing Committee.

Compliance ☒ Compliance in part ☐ Explain ☐

41. The person in charge of the unit that assumes the function of internal auditing should present his annual work plan to the Auditing Committee, directly informing it of any incidents that may arise and presenting an activity report at the end of each financial year.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

42. In addition to those provided for by law, the Auditing Committee has the following duties:

1. In relation to data and internal control systems:

a) To supervise the drafting process and the integrity of the financial reporting relating to the

company, and where appropriate to the group, reviewing compliance with regulatory requirements, the appropriate specification of the scope of consolidation and the correct application of accounting criteria.

b) To ensure the independence of the unit that assumes the function of internal auditing; to propose the selection, appointment, re-election and removal of the head of the internal auditing department; to propose the budget for this department; to approve the approach and the work plans, ensuring that their activity is focused mainly on relevant risks for the company; to receive periodic information on its activity; and to check that senior management takes into account the conclusions and recommendations made in its reports.

c) To establish and supervise a device that enables employees to communicate any irregularities of potential importance, in a confidential and even anonymous manner, if deemed appropriate and possible, to particularly include financial and accounting irregularities, noticed within the company.

2. In relation to external auditors:

a) If the external auditor resigns, examine the circumstances that may have caused this.

b) Ensure that the remuneration of the external auditor for its work does not compromise its quality or independence.

c) Supervise that the company informs the CNMV of a change of auditor, as a relevant event, including a statement about the future existence of disagreements with the outgoing auditor and the content thereof, if any.

d) Ensure that the external auditor holds a meeting every year with the full Board of Directors to inform it about the work being done and changes in the accounting situation and risks in the company.

e) Ensure that the company and the external auditor respect the regulations in place on provision of services other than auditing, the limits to the auditor's business concentration, and in general other regulations on the independence of auditors.

Compliance ☒ Compliance in part ☐ Explain ☐

43. The Auditing Committee may summon any company employee or executive, and even order their declaration without the presence of any other executive.

Compliance ☒ Compliance in part ☐ Explain ☐

44. The Auditing Committee should be informed of structural and corporate modifications that the company plans in order to review them and inform the Board of Directors in advance of the financial conditions and their accounting impact, in particular of the proposed exchange ratio, where applicable.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

45. The risk control and management policy should identify at least:

a) The different types of risk, financial and non-financial (among others, operational, technological, social, environmental, political and reputational) faced by the Company. The financial or economic risks include tax risk, contingent liabilities and other off-balance-sheet risks.

b) A specific risk threshold that the Company considers acceptable.

c) The measures planned to mitigate the impact of risks identified, if they should materialize.

d) The information and internal control systems that will be used to control and manage these risks, including contingent liabilities and off-balance-sheet risks.

Compliance ☒ Compliance in part ☐ Explain ☐

46. Under the direct supervision of the Auditing Committee or, where appropriate, a specialized committee of the Board of Directors, an internal risk control and management function is exercised by an internal unit or department in the Company that has the following functions expressly

attributed to it:

a) Ensure the proper operation of the systems of risk control and management; in particular they should appropriately identify, manage and quantify all the important risks affecting the company.

b) Participate actively in preparing the risk strategy and the important decisions with respect to its management.

c) Ensure that the risk control and management functions mitigate the risks sufficiently within the framework of the policy defined by the Board of Directors.

Compliance ☒ Compliance in part ☐ Explain ☐

47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and the Remunerations Committee, if they are separate, are appointed with the idea that they should have the knowledge, skills and experience that are appropriate to the functions they are to perform and that most of these members should be independent directors.

Compliance ☒ Compliance in part ☐ Explain ☐

48. Companies with a high market value should have a separate Appointments Committee and Remunerations Committee.

Compliance ☐ Explain ☐ Not applicable ☒

49. The Appointments Committee should consult the Chairman of the Board of Directors and the Company's chief executive, particularly in the case of matters related to executive directors.

The possibility of any director being able to request that the Appointments Committee take potential candidates into account, if deemed suitable in its opinion, in order to cover director vacancies.

Compliance ☒ Compliance in part ☐ Explain ☐

50. The Remunerations Committee should exercise its functions independently and as well as the tasks attributed to it by law, it has the following duties:

a) To propose to the Board of Directors the basic conditions of the contracts of senior managers.

b) To check compliance with the remuneration policy established by the company.

c) To review periodically the remunerations policy applied to directors and senior management, including the share-based remuneration systems and their application; and to guarantee that individual remuneration is proportionate to what is paid to other directors and senior managers in the Company.

d) Ensure that possible conflicts of interest do not harm the independence of the external advice provided to the committee.

e) Check the information on the remuneration of directors and senior managers contained in the different corporate documents, including the annual report on directors' remuneration.

Compliance ☒ Compliance in part ☐ Explain ☐

51. The Remuneration Committee should consult the Company's Chairman and chief executive, particularly in the case of matters related to executive directors and senior managers.

Compliance ☒ Compliance in part ☐ Explain ☐

52. The rules on the composition and operation of the supervision and control committees appear in the Regulation of the Board of Directors and are consistent with those applicable to the legally obligatory committees in accordance with the above recommendations, including:

a) They are composed exclusively of non-executive directors, with a majority of independent directors.

b) Their chairmen are independent directors.

c) The Board of Directors appoints the members of these committees taking into account the

knowledge, skills and experience of the directors and the duties of each committee, and deliberates on their proposals and reports; and the Board reports on their activity at the first full Board of Directors meeting following its meetings, where they answer for the work done.

d) The committees may seek external advice when they consider it necessary to perform their duties.

e) Minutes are drafted of the meetings and made available to all the directors.

Compliance ☐ Compliance in part ☐ Explain ☐ Not applicable ☒

53. Supervision of compliance with the rules on corporate governance, the internal codes of conduct and the policy on corporate social responsibility is attributed to one committee or is divided between a number of committees of the Board of Directors. They may be the Auditing Committee, the Appointments Committee, the Corporate Social Responsibility Committee (if there is one), or a specialized committee that the Board of Directors, in the exercise of its faculty of self-organization, decides to create for this purpose, to which the following minimum tasks are specifically attributed:

a) Supervision of compliance with the internal codes of conduct and the rules of the company's corporate governance.

b) Supervision of the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

c) Periodic evaluation of the appropriateness of the company's system of corporate governance, with the aim of complying with its mission to promote the corporate interest and take into account the legitimate interests of the other stakeholders, as appropriate.

d) Review of the company's corporate social responsibility policy, ensuring that it is geared to creating value.

e) Monitoring of the strategy and practice of corporate social responsibility and evaluation of the level of compliance.

f) Supervision and evaluation of the processes of engagement with the different stakeholders.

g) Assessment of everything related to the Company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordination of the process of reporting non-financial information and information on diversity, in accordance with the regulations applicable and international standards in the area.

Compliance ☐ Compliance in part ☒ Explain ☐

There is not full compliance with this recommendation, insofar as any of the aforementioned policies are pending approval (such as the corporate social responsibility policy).

54. The corporate social responsibility policy includes the principles or commitments assumed by the company voluntarily in its relations with different stakeholders, and should identify at least:

a) The goals of the corporate social responsibility policy and the development of support instruments.

b) The corporate strategy related to sustainability, the environment, and social matters.

c) The specific practices on issues related to: shareholders, employees, customers, suppliers, social matters, the environment, diversity, tax responsibility, respect for human rights and prevention of illegal conduct.

d) Methods or systems for monitoring the results of the application of specific practices specified in the above point, associated risks and management thereof.

e) Mechanisms for supervising non-financial risks, ethics and business conduct.

f) Channels for communication, participation and dialogue with stakeholders.

g) Responsible communication practices that prevent the manipulation of information and protects integrity and honor.

Compliance ☐ Compliance in part ☐ Explain ☒

The Company is working on defining the Corporate Social Responsibility policy strategy and on the means necessary to give a response to the regulations in force regarding this issue. Notwithstanding this, the Company performs actions and practices based on the Ethics

Code and on the same principles that will regulate the Corporate Social Responsibility policy.

55. The company should report in a separate document or management report on the issues related to corporate social responsibility, using some of the internationally accepted methodologies for this purpose.

Compliance ☐ Compliance in part ☐ Explain ☒

This report does not exist up until now due to the fact the Company is working on this policy.

56. The remuneration of directors should be sufficient to attract and retain the directors with the required profiles and to compensate the dedication, qualification and responsibility required by the position, but not so high that it compromises the independent judgment of non-executive directors.

Compliance ☒ Explain ☐

57. Variable remuneration linked to the company's performance and personal performance should be limited to executive directors, as should remuneration based on delivery of shares, options or rights to shares, or instruments that depend on the value of the shares and the systems of long-term savings such as pension plans, retirement plans or other social insurance systems.

Delivery of shares may be used as remuneration for non-executive directors when it is conditional on them being held until their period as directors comes to an end. The above will not be applicable to the shares that the director may need to dispose of in order to pay the costs related to their acquisition.

Compliance ☒ Compliance in part ☐ Explain ☐

58. In the case of variable remuneration, the remuneration policies include limits and precise technical thresholds to ensure that the remuneration is related to the professional performance of their beneficiaries and does not only derive from the general movements of market prices or the company's sector of activity, or other similar circumstances.

And in particular, the variable component of remunerations:

a) Should be linked to predetermined and measurable performance criteria, and these criteria should consider the risk assumed to obtain a result.

b) Should promote the company's sustainability and include non-financial criteria that are appropriate for the creation of value in the long-term, such as compliance with the company's rules and internal procedures and its policies for risk control and management.

c) Should be organized on the basis of a balance between compliance with short-term, medium-term and long-term objectives, which allow remuneration of performance for continued work during a period of time that is sufficient for its contribution to the sustainable creation of value to be appreciated, so that the elements for measuring this performance do not solely involve one-off, occasional or extraordinary events.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

59. The payment of a significant part of the variable components of remuneration is deferred for a minimum period of time that is sufficient to check that the previously established conditions for performance have been complied with.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

60. The remuneration related to the company results takes into account the possible exceptions included in the external auditor's report that reduce these results.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

61. A significant percentage of the variable remuneration of the executive directors should be linked to the delivery of shares or financial instruments linked to their value.

Compliance ☐ Compliance in part ☐ Explain ☒ Not applicable ☐

There is only one executive director in the company. His contract was approved by the Board of Directors with the abstention of this director. His remuneration was made public in the annual report on directors' remuneration.

62. Once the shares or options or rights on the shares corresponding to the remuneration

systems have been allocated, the directors shall not transfer the ownership of a number of shares equivalent to twice their fixed annual remuneration, nor may they exercise the options or rights for at least three years from the time of their allocation.

The above will not be applicable to the shares that the director may need to dispose of in order to pay the costs related to their acquisition.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

63. The contractual agreements include a clause that allows the company to claim the repayment of the variable components of the remuneration when the payment has not met the performance conditions, or when payment has been based on data that is subsequently proved to be erroneous.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

64. Severance payments should not be greater than the sum equivalent to two years of total annual remuneration and should not be paid until the company has checked that the director has complied with the previously established criteria for remuneration.

Compliance ☒ Compliance in part ☐ Explain ☐ Not applicable ☐

H. OTHER INFORMATION OF INTEREST

1. If there is any relevant aspect related to corporate governance in the company or its group entities, not covered in the other sections of this report, but which should be included in order to gather full and justified information about the governance structure and practices in the company or its group, please describe briefly.

2. This section may also include any other information, clarification or specification related to the foregoing sections of this report, insofar as relevant and not repetitive.

Specifically, please indicate whether the company is subject to laws other than Spanish legislation on corporate governance and, if applicable, any other information it is obliged to provide, other than that required in this report.

3. The company may also indicate whether it has voluntarily adhered to other codes of ethics or good practice, whether international, in each sector or other. If so, please provide the code and date of adhesion.

With regard to points 1, section C.1.15, the remuneration of the board exclusively shows the sum of the amount received by directors whose position is remunerated plus the remuneration of the Chairman of the Board, who in turn is an executive director. The remuneration of the Chairman of the Board as a member in the top management, that is, as first executive, is included in the total top management remuneration, section C.1.16.

With regard to point 3, the Company adhered on 28 July 2016 to the Code of Good Tax Practices developed by the Tax Agency and the Forum of Large Companies, all this being reflected in the minutes of the Board of Directors on this date. This code aims to reinforce transparency and cooperation regarding tax practices of the Company, while also increasing the legal safety in the interpretation of tax regulations, aspects the Company complies with.

This annual corporate governance report was approved by the Company's Board of Directors at its meeting held on 27/02/2018.

Please indicate if any directors voted against or abstained, in relation to approval of this Report.

Yes ☐ No ☒