

**REPORT ON THE COMPOSITION, FUNCTIONING AND ACTIVITY OF THE  
APPOINTMENTS AND REMUNERATION COMMITTEE OF**

**TELEPIZZA GROUP, S.A.**

**FISCAL YEAR 2018**

**1. Internal Regime**

The Appointments and Remuneration Committee was constituted by the Board of Directors in its meeting held on 31 March 2016 prior to the admission to trading of the shares of Telepizza Group, S.A. (the “**Company**”).

Its existence is provided in Article 16 of the Company’s Bylaws, referring to the Board of Directors’ Regulations all matters regarding its composition, functioning and competences, which are developed in Article 32 of the Board Regulations.

Both the Bylaws and the Board Regulations are registered and were duly communicated to the National Securities Market Commission (CNMV-acronym in Spanish) after their approval as provided in the current legislation and are available for consultation on the corporate website of the Company ([www.telepizza.com](http://www.telepizza.com)) and on the web page of the CNMV.

**2. Competences**

The competences of the Appointments and Remuneration Committee are included in Arts. 32.7 and 32.8 of the Board of Directors’ Regulations and are the following:

*“Art. 32.7.- The powers of the Appointments and Remuneration Committee shall be those stipulated in the Law and at least the following:*

- (a) Evaluate the competencies, knowledge and experience needed in the Board of Directors. For this purpose, it will define the functions and skills necessary for the candidates who need to fill each vacancy and evaluate the time and dedication so that they can effectively play their role.*
- (b) Set a representation goal for the under-represented gender in the Board of Directors and develop directives on how to achieve this objective.*
- (c) Present to the Board of Directors the proposals for the appointment of Independent Directors for their appointment by co-optation or for its presentation to the decision*

*of the Shareholders General Meeting, as well as proposals for re-election or separation of these Directors by the Shareholders General Meeting.*

- (d) Inform about the proposals for appointment of the remaining Directors or appointment by co-optation or for presentation to the decision of the Shareholders General Meeting, as well as proposals for re-election or separation by the Shareholders General Meeting.*
- (e) Inform about the proposals for appointment and separation of senior managers and the basic terms of their contracts.*
- (f) Examine and organize the succession of the Board of Directors Chairman and of the Managing Directors and, where appropriate, make proposals to the Board of Directors so that said succession takes place in an orderly and planned manner.*
- (g) Propose to the Board of Directors the directors and general managers' remuneration policies or those who develop the positions of senior management under the Board or CEO, as well as the individual remuneration and other contractual terms and conditions of the Executive Directors and general managers, ensuring their compliance.*
- (h) Check the remuneration policy established by the Company.*
- (i) Periodically review the remuneration policy applied to Members and senior executives, including remuneration systems and its application actions and ensure that their individual remuneration is proportionate to that received by other Members and senior executives in the Company.*
- (j) Ensure that the remuneration of the external auditor for his work does not compromise quality or independence.*
- (k) Verify information about remuneration of Members and senior management contained in the various corporate documents, including the annual report on the remuneration of directors.*
- (l) Where applicable, verify compliance with the policy for selection of the Directors and report on that verification in the annual corporate governance report.*

**Art. 32.8.-** *In addition to the functions listed in the previous paragraph, the Appointments and Remuneration Committee will monitor compliance with the rules of corporate governance and internal codes of conduct, with the following functions:*

- (a) Supervision of compliance with internal codes of conduct and corporate governance rules of the Company.*

- (b) Supervision of the communication strategy and relations with shareholders and investors, including small and medium shareholders.*
- (c) The periodic assessment of the adequacy of the system of corporate governance of the Company, in order to fulfil its mission of promoting social interests and consider, as appropriate, the legitimate interests of other stakeholders.*
- (d) Where appropriate, a review of the corporate responsibility policy of the Company ensuring that it is aimed at value creation.*
- (e) Where appropriate, supervision of strategy and corporate social responsibility practices and evaluation of their compliance.*
- (f) Supervision and evaluation of relation processes with different interest groups.*
- (g) The evaluation of all matters relating to non-financial risks of the Company, including operational, technological, legal, social, environmental, political and reputational.*
- (h) Coordination of the non-financial information and diversity report process, in accordance with the applicable regulations and international reference standards.”*

### **3. Composition**

The members of the Appointments and Remuneration Committee are appointed by the Board of Directors from among its members.

According to Art. 32.1 of the Board Regulations, the Committee must be composed of a minimum of three and a maximum of five non-executive Directors. The majority of its members should be independent Directors, and at least one of them should have knowledge, aptitudes and experience appropriate to the duties that they are called to perform.

The Chairman shall be appointed by the Committee from among its independent members for a period of four years and will attend the meetings with voice but without vote. The Secretary of the Board of Directors will also act as the Secretary of the Committee.

Its current composition is the following:

Chairman: Mr. John Derkach, Independent Director

Member: Mr. Juan Riva de Aldama, Independent. Director

Member : Mrs Esther Berrozpe Galindo

Member: Mr. Mark Brown, Proprietary Director

Secretary: Mr. Javier Gaspar Pardo de Andrade

Mrs Esther Berrozpe Galindo joint the Board of Directors and this Committee on April 2019, therefore within 2018 she didn't form part of this Committee.

#### **4. Functioning**

In line with the provisions of the Board's Regulations, the Committee will meet upon call by its Chairman at least twice a year.

The Committee will be considered validly constituted when the majority of its members attend and it will adopt the decisions by the majority of the attendees.

During the fiscal year 2018, the Committee met on five occasions.

All the agreements of the Committee have been adopted unanimously.

In addition to the Committee members, the Company's Director of Human Resources, Mrs. Mar Romero Galán, attended as a guest in all the meetings held during 2018.

#### **5. Activity**

The Chairman of the Committee punctually informs the Board of Directors of all the issues dealt with in its sessions, which were all held at the registered offices of the Company.

The activity of the Committee during 2018 was focussed mainly on the following tasks within its competence and responsibility.

##### **1.- Meeting of 22 March 2018.**

First: New Long Term incentive Plan Approval

Second : Payments to be made to the team , three-years Plan and bonus 2017

Third : Engagement of new CFO

Fourth : Reading and approval of the minute

##### **2.- Meeting of 24th May 2018.**

First : LTIP Approval and relevant report of the Board of Directors.

Second : Approbation of the new Remuneration Policy regarding 2018- 2020 and relevant BoD report.

Third : Regification of the salary of Mr . Juantegui

Fourth : Bonus Pinta Approval.

Fifth : Approval of the indemnification of Mf. Albiol .

Sixth: Reading and approval of the minute.

**3.- Meeting of 27th Septiembre 2018.**

First : Presentation of the report regarding searching and selection process of new independent Director .

Second : Reading and approval of the minute.

**4.- Meeting of 29<sup>th</sup> November 2018.**

First : Proposal to the Board of Directors on the appointment of the new independent director and Committee report on the suitability and proposal for appointment

Second : Reading and approval of the minute.

**5.- Meeting of 20 december 2018.**

First : Approval of the Company Policies regarding : (i) ESG , (ii) Invertors Relationship, (iii) Appointment for independent directors , all of the in order to be presented to the BoD for its approval.

Second: Reading and approval of the minute

This Report of the Appointments and Remuneration Committee was approved on 13<sup>th</sup> of May 2019.

The Committee Secretary

Mr. Javier Gaspar Pardo de Andrade

