



**ANNUAL CORPORATE GOVERNANCE REPORT
OF PUBLICLY TRADED COMPANIES**

IDENTIFYING DATA OF ISSUER

CLOSING DATE OF THE FINANCIAL YEAR OF REFERENCE [31/12/2018]

TAX IDENTIFICATION NUMBER: [A84342229]

COMPANY NAME:

[**TELEPIZZA GROUP, S.A.**]

REGISTERED ADDRESS:

[C/ ISLA GRACIOSA, 7 (SAN SEBASTIAN DE LOS REYE) MADRID]

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

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)	%age of voting rights attributed to the shares		%age of voting rights through financial instruments		%age of total voting rights
	Direct	Indirect	Direct	Indirect	
ALLIANCE BERNSTEIN	0.00	4.58	0.00	0.00	4.58
AXXION, S.A.	0.00	3.16	0.00	0.00	3.16
CITIGROUP GLOBAL MARKETS LIMITED	3.84	0.00	0.02	0.02	3.86
FIDELITY INTERNATIONAL LIMITED	0.00	1.89	0.00	0.00	1.89
HIGHCLERE INTERNATIONAL INVESTORS LLP	0.00	3.00	0.00	0.00	3.00
HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	3.00	0.00	0.00	0.00	3.00
IG INVESTMENT MANAGEMENT, LTD	0.00	3.21	0.00	0.00	3.21
KKR CREDIT ADVISORS (US), LLC	0.00	26.31	0.00	0.00	26.31

Name of shareholder (person or company)	%age of voting rights attributed to the shares		%age of voting rights through financial instruments		%age of total voting rights
	Direct	Indirect	Direct	Indirect	
ODDO BHF ASSET MANAGEMENT, SAS	0.00	3.03	0.00	0.00	3.03
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	0.00	5.26	0.00	0.00	5.26
SANTANDER SMALL CAPS ESPAÑA, FI	3.10	0.00	0.00	0.00	3.10
TASTY AGGREGATOR, S.A.R.L.	26.07	0.00	0.00	0.00	26.07

Detail of the indirect shareholding:

Name of indirect shareholder (person or company)	Name of direct shareholder (person or company)	%age of voting rights attributed to the shares	%age of voting rights through financial instruments	%age of total voting rights
IG INVESTMENT MANAGEMENT LTD	INVESTORS GROUP INC	3.21	0.00	3.21
AXXION S.A.	AXXION, S.A.	3.16	0.00	3.16
FIDELITY INTERNATIONAL LIMITED	FIL INVESTMENTS INTERNATIONAL	1.80	0.00	1.80
FIDELITY INTERNATIONAL LIMITED	FIL PENSIONS MANAGEMENT	1.63	0.00	1.63
HIGHCLERE INTERNATIONAL INVESTORS LLP	HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	3.00	0.00	3.00
ODDO BHF ASSET MANAGEMENT SAS	ODDO BHF ASSET MANAGEMENT SAS	3.03	0.00	3.03
KKR CREDIT ADVISORS (US) LLC	TASTY AGGREGATOR S.A. R.L.	26.07	0.00	26.07
KKR CREDIT ADVISORS (US) LLC	OREGON PUBLIC EMPLOYEES RETIREMENT FUND	0.24	0.00	0.24

Name of indirect shareholder (person or company)	Name of direct shareholder (person or company)	%age of voting rights attributed to the shares	%age of voting rights through financial instruments	%age of total voting rights
SANTANDER ASSET MANAGEMENT S.A., SGIIC	SANTANDER SMALL CAPS ESPAÑA, FI	5.26	0.00	5.26
ALLIANCE BERNSTEIN	ALLIANCE BERSTEIN HOLDING L.P	4.58	0.00	4.58

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

Most significant movements

BESTINVER GESTIÓN S.A., S.A.S.G.I.I.C.; 23/05/2018 Has been reduced to 3% of the share capital
 CITADEL MULTI-STRATEGY EQUITIES (IRELAND) DAC; 26/09/2018 Has been reduced to 1% of the share capital (only tax havens)
 FARRINGDON I BLACKWELL PARTNERS LLC; 09/03/2018 Has been reduced to 3% of the share capital
 FIL LIMITED; 28/12/2018 Has been reduced to 3% of the share capital
 HIGHCLERE INTERNATIONAL INVESTORS LLP; 07/02/2018 Has increased to 3% of the share capital
 INVESCO LTD; 21/12/2018 Has been reduced to 1% of the share capital (only tax havens)
 KKR CREDIT ADVISORS (US) LLC; 17/05/2018 Has increased to 25% of the share capital
 ODDO BHF ASSET MANAGEMENT SAS; 27/12/2018 Has increased to 3% of the share capital
 SANTANDER ASSET MANAGEMENT SA SGIIC; 25/05/2018 Has increased to 5% of the share capital
 QUINCY LEE; 21/05/2018 Has been reduced to 3% of the share capital
 THREADNEEDLE ASSET MANAGEMENT LIMITED; 13/02/2018 Has been reduced to 3% of the share capital

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 the Director (person or company)	%age of the voting rights attributed to the shares		%age of the voting rights through financial instruments		%age of total voting rights	%age of the voting rights that <u>could be transferred through</u> financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
PABLO JUANTEGUI AZPILICUETA	0.53	0.00	0.42	0.00	0.96	0.42	0.00
JAVIER GASPAR PARDO DE ANDRADE	0.01	0.00	0.00	0.00	0.01	0.00	0.00

%age of total voting rights held by members of the Board of Directors	0.97
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Detail of the indirect shareholding:

Name of the Director (person or company)	Name of the direct owner (person or company)	%age of the voting rights attributed to the shares	%age of the voting rights through financial instruments	%age of total voting rights	%age of the voting rights that <u>could be transferred through</u> financial instruments
No data					

A.4. Indicate, where applicable, any family, commercial, contractual or corporate relationships between the holders of significant shareholdings, where they are known by the company, unless such relationships are irrelevant or arise from normal trading activities, except those that are reported in Section A.6:

Connected name (person or company)	Type of relationship	Brief description
No data		

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

Connected name (person or company)	Type of relationship	Brief description
No data		

A.6. Describe the relationships, unless they are scarcely relevant to the two parties, which exist between the significant shareholders or those represented on the Board and the Directors, or their representatives, in the case of administrating legal entities.

Explain, where appropriate, how the significant shareholders are represented. Specifically indicated will be those Directors who have been appointed in representation of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and / or entities of their group, with specification of the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of Board Members, or representatives of Directors, of the listed company, who are, in turn, members of the Board of Directors, or its representatives, in companies that hold significant shareholdings in the listed company, or in entities of the group of such significant shareholders:

Name of the connected Director or representative (person or company)	Name of the connected significant shareholder (person or company)	Name of the group company of the significant shareholder	Description of the relationship/position
ALEJO VIDAL- QUADRAS DE CARALT	KKR CREDIT ADVISORS (US) LLC	KKR CREDIT ADVISORS (US) LLC	Alejo Vidal-Quadras de Caralt, was appointed

Name of the connected Director or representative (person or company)	Name of the connected significant shareholder (person or company)	Name of the group company of the significant shareholder	Description of the relationship/position
			Nominee Director at the request of KKR as their representative on the Board. He holds the position of Director of KKR's Madrid Office
ALISTAIR PORTERFIELD BROWN	KKR CREDIT ADVISORS (US) LLC	KKR CREDIT ADVISORS (US) LLC	Mark Alistair Porterfield was appointed Nominee Director at the request of KKR as their representative on the Board. His position within KKR is Co-head of special situations of Europe

A.7. 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

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

Yes
 No

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

NOT APPLICABLE

A.8. Indicate whether there is any individual person or corporate entity that exercises, or may exercise, control over the company, pursuant to Article 5 of the Spanish Ley del Mercado de Valores (Securities Market Act). If so, identify this person:

Yes
 No

A.9. Complete the following tables on the company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	%age of share capital
2,737,979		2.72

(*) Through:

Name of the direct owner of the shareholding (person or company)	Number of direct shares
No data	

Explain any significant variations during the financial year:

Explain the significant variations

Value Date	Operation	Bus. Centre.	Nº of shares	price
30/05/2018 TPZ.MC	Purchase	Continuous Market	49,000	5.8246
31/05/2018 TPZ.MC	Purchase	Continuous Market	50,000	5.7962
01/06/2018 TPZ.MC	Purchase	Continuous Market	52,000	5.8087
04/06/2018 TPZ.MC	Purchase	Continuous Market	53,000	5.8282
05/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.8624
06/06/2018 TPZ.MC	Purchase	Continuous Market	60,000	5.829
07/06/2018 TPZ.MC	Purchase	Continuous Market	62,000	5.8205
08/06/2018 TPZ.MC	Purchase	Continuous Market	65,000	5.7203
11/06/2018 TPZ.MC	Purchase	Continuous Market	70,000	5.7918
12/06/2018 TPZ.MC	Purchase	Continuous Market	73,000	5.8468
13/06/2018 TPZ.MC	Purchase	Continuous Market	75,000	5.808
14/06/2018 TPZ.MC	Purchase	Continuous Market	67,000	5.801
15/06/2018 TPZ.MC	Purchase	Continuous Market	60,000	5.7585
18/06/2018 TPZ.MC	Purchase	Continuous Market	59,000	5.7966
19/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.7706
20/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.7889
21/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.8043
22/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.8187
25/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.8027
26/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.7718
27/06/2018 TPZ.MC	Purchase	Continuous Market	55,000	5.8079
28/06/2018 TPZ.MC	Purchase	Continuous Market	54,000	5.7777
29/06/2018 TPZ.MC	Purchase	Continuous Market	53,000	5.8264
02/07/2018 TPZ.MC	Purchase	Continuous Market	52,000	5.7873
03/07/2018 TPZ.MC	Purchase	Continuous Market	49,000	5.7806
04/07/2018 TPZ.MC	Purchase	Continuous Market	49,000	5.8114
05/07/2018 TPZ.MC	Purchase	Continuous Market	46,000	5.7028
06/07/2018 TPZ.MC	Purchase	Continuous Market	45,000	5.7402
09/07/2018 TPZ.MC	Purchase	Continuous Market	43,000	5.7911
10/07/2018 TPZ.MC	Purchase	Continuous Market	39,000	5.7839
11/07/2018 TPZ.MC	Purchase	Continuous Market	38,000	5.7699
12/07/2018 TPZ.MC	Purchase	Continuous Market	36,000	5.766
13/07/2018 TPZ.MC	Purchase	Continuous Market	36,000	5.7124
16/07/2018 TPZ.MC	Purchase	Continuous Market	35,000	5.6695

17/07/2018 TPZ.MC	Purchase	Continuous Market	35,000	5.6995
18/07/2018 TPZ.MC	Purchase	Continuous Market	34,000	5.6741
19/07/2018 TPZ.MC	Purchase	Continuous Market	33,000	5.6676
20/07/2018 TPZ.MC	Purchase	Continuous Market	32,000	5.6752
23/07/2018 TPZ.MC	Purchase	Continuous Market	30,443	5.6797
24/07/2018 TPZ.MC	Purchase	Continuous Market	30,000	5.6472
25/07/2018 TPZ.MC	Purchase	Continuous Market	29,778	5.5625
26/07/2018 TPZ.MC	Purchase	Continuous Market	30,000	5.5339
27/07/2018 TPZ.MC	Purchase	Continuous Market	28,779	5.5684
30/07/2018 TPZ.MC	Purchase	Continuous Market	29,000	5.4953
31/07/2018 TPZ.MC	Purchase	Continuous Market	29,000	5.4587
01/08/2018 TPZ.MC	Purchase	Continuous Market	28,000	5.5563
02/08/2018 TPZ.MC	Purchase	Continuous Market	24,272	5.5632
03/08/2018 TPZ.MC	Purchase	Continuous Market	25,000	5.527
06/08/2018 TPZ.MC	Purchase	Continuous Market	23,000	5.5017
07/08/2018 TPZ.MC	Purchase	Continuous Market	22,607	5.5061
08/08/2018 TPZ.MC	Purchase	Continuous Market	22,000	5.4398
09/08/2018 TPZ.MC	Purchase	Continuous Market	19,419	5.4469
10/08/2018 TPZ.MC	Purchase	Continuous Market	19,108	5.4346
13/08/2018 TPZ.MC	Purchase	Continuous Market	17,984	5.3422
14/08/2018 TPZ.MC	Purchase	Continuous Market	17,201	5.3357
15/08/2018 TPZ.MC	Purchase	Continuous Market	18,240	5.3798
16/08/2018 TPZ.MC	Purchase	Continuous Market	18,242	5.3713
17/08/2018 TPZ.MC	Purchase	Continuous Market	16,939	5.3792
20/08/2018 TPZ.MC	Purchase	Continuous Market	14,457	5.3709
21/08/2018 TPZ.MC	Purchase	Continuous Market	16,740	5.3562
22/08/2018 TPZ.MC	Purchase	Continuous Market	16,000	5.343
23/08/2018 TPZ.MC	Purchase	Continuous Market	16,000	5.2909
24/08/2018 TPZ.MC	Purchase	Continuous Market	14,173	5.207
27/08/2018 TPZ.MC	Purchase	Continuous Market	15,000	5.2717
28/08/2018 TPZ.MC	Purchase	Continuous Market	14,727	5.3507
29/08/2018 TPZ.MC	Purchase	Continuous Market	15,000	5.3813
30/08/2018 TPZ.MC	Purchase	Continuous Market	15,000	5.3866
31/08/2018 TPZ.MC	Purchase	Continuous Market	15,000	5.2995
03/09/2018 TPZ.MC	Purchase	Continuous Market	16,000	5.3325
04/09/2018 TPZ.MC	Purchase	Continuous Market	16,000	4.9266
05/09/2018 TPZ.MC	Purchase	Continuous Market	23,000	4.9403
06/09/2018 TPZ.MC	Purchase	Continuous Market	25,000	4.9281
07/09/2019 TPZ.MC	Purchase	Continuous Market	29,000	4.9344
10/09/2018 TPZ.MC	Purchase	Continuous Market	30,000	4.951
11/09/2018 TPZ.MC	Purchase	Continuous Market	23,850	4.9498
13/09/2018 TPZ.MC	Purchase	Continuous Market	20	4.955

A.10. 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 authorise 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 authorise 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 authorised 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 authorised, 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 authorised for own shares acquired by the Company or its subsidiaries using this authorisation to be wholly or partly used (i) for their disposal or amortisation, (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 31 July 2016."

Subsequently, and making use of this delegated power, on 24 May 2018, the Board of Directors of the Company agrees to carry out a temporary programme of repurchase of own shares (the "Repurchase Programme") which is reported in Relevant Fact with Registration Number: 266252

The Repurchase Programme is carried out under the provisions of Regulation 596/2014 and Delegated Regulation (EU) 2016/1052 of the Commission, of 8 March 2016, which completes Regulation (EU) No. 596/2014 on market abuse, with respect to regulatory technical standards relating to the conditions applicable to repurchase programmes and stabilisation measures. The Buy-Back Programme for own shares, whose objective, in accordance with the provisions of Article 5.2 of Regulation (EU) No. 596/2014, is to enable the Company to comply with the obligations arising from existing incentive plans for the delivery of shares, as the case may be, to the beneficiaries thereof, and will be carried out in the following terms:

1. Maximum amount. The Repurchase Programme will affect a maximum of 3,435,946 own shares, representing approximately 3.41% of the Company's capital stock, with a maximum monetary amount of 15,500,000 euros.
2. Price and volume. The shares will be purchased at market price, in accordance with the price and volume conditions established in Article 3 of Delegated Regulation (EU) 2016/1052. In particular: (a) Regarding the price, the Company will not buy shares at a higher price than the higher of the following: (i) the price of the last independent operation; or (ii) the highest independent offer at that time in the trading centres where the purchase is made.
(b) As regards volume, the Company will not buy more than 25% of the average daily volume of the shares in the trading centre where the purchase is made in the 20 trading sessions prior to the acquisition date.
3. Duration. The Buy-Back Programme will remain in effect from 30 May 2018 to 29 May 2019. However, the Buy-Back Programme may be terminated prior to that date if the maximum authorised number of shares had been acquired, the maximum monetary amount would have been exceeded, or if some other circumstance occurs that would make it advisable.
4. Communications. The interruption, termination or modification of the Repurchase Programme, as well as the purchase operations of shares made under its virtue, will be
Telepizza Group S.A., Calle Isla Graciosa 7, San Sebastián de los Reyes, 28700 Madrid. Tax Identification Number A-84342229, duly communicated to the CNMV (National Securities Market Commission) through the corresponding relevant fact, with the regularity provided for in Regulation 2016/1052.
5. Management of the Programme. The management of the Repurchase Programme has been entrusted to Santander Investment Bolsa S.V., S.A., which will carry out the acquisitions of shares on behalf of the Company and will make all purchase decisions on the Company's shares independently of this.
6. Treasury stock policy. During the validity of the Repurchase Programme, the treasury stock policy approved by the Board of Directors on 31 March 2016, is null and void.

A.11. Estimated floating capital:

	%
Estimated floating capital	33.49

A.12. Indicate, where applicable, whether there is any restriction (statutory, legislative or any kind) 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, as well as those authorisation or prior communication regimes that, on acquisitions or transfers of financial instruments of the Company, are applicable to it through sectoral regulations.

- Yes
 No

A.13. Indicate whether the General Meeting has agreed to adopt neutralisation measures against a takeover bid by virtue of the provisions in Law 6/2007.

- Yes
 No

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

A.14. Indicate whether the Company has issued securities not traded in a regulated market of the European Union.

Yes
 No

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

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

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 two previous fiscal years:

Date of Annual General Meeting	Attendance data				Total
	%age of physical presence	%age of representation	% distance vote		
			Electronic vote	Others	
31/03/2016	0.00	100.00	0.00	0.00	100.00
Floating Capital	0.00	0.00	0.00	0.00	0.00
06/04/2016	0.00	100.00	0.00	0.00	100.00
Floating Capital	0.00	0.00	0.00	0.00	0.00
12/04/2016	0.00	100.00	0.00	0.00	100.00

Date of Annual General Meeting	Attendance data				Total
	%age of physical presence	%age of representation	Electronic vote	%age of distance vote Others	
Floating Capital	0.00	0.00	0.00	0.00	0.00
22/06/2017	5.29	60.27	0.00	0.00	65.56
Floating Capital	0.00	0.00	0.00	0.00	0.00
28/06/2018	1.15	68.22	0.60	0.00	69.97
Floating Capital	0.00	0.00	0.00	0.00	0.00

Although attendance data were provided to the 2016 Board, these are not significant for the purposes of this report given that, on that date, the Company was not listed on the stock exchange and had a sole shareholder.

B.5. Indicate whether there has been any item on the agenda that, for any reason, has not been approved by the shareholders at the general meetings held during the financial year:

Yes

No

B.6. Indicate whether there is any restriction in the bylaws establishing a minimum number of shares needed to attend the AGM, or for distance voting:

Yes

No

B.7. Indicate whether it has been established that certain decisions, other than those established by Law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval to the general meeting of shareholders:

Yes

No

B.8. 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/>

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 Maximum and minimum number of Directors foreseen in the Company statutes and the number fixed by the General Meeting:

Maximum number of Directors	15
Minimum number of Directors	5
Number of Directors fixed by the General Meeting	8

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
PABLO JUANTEGUI AZPILICUETA		Executive	CHAIR-MANAGING DIRECTOR	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
ALEJO VIDAL-QUADRAS DE CARALT		Proprietary	DIRECTOR	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
JAVIER GASPARD Pardo de Andrade		Other External	COMPANY SECRETARY	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
JOHN DERKACH		Independent	DIRECTOR	31/03/2016	31/03/2016	SHAREHOLDERS MEETING RESOLUTION
MARK ALISTAIR PORTERFIELD BROWN		Proprietary	DIRECTOR	22/06/2017	28/06/2018	SHAREHOLDERS MEETING RESOLUTION
LUIS DANIEL SANZ SUAREZ		Independent	DIRECTOR	06/04/2016	06/04/2016	SHAREHOLDERS MEETING RESOLUTION

Name of Director (person or company)	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
JUAN RIVA DE ALDAMA		Independent	INDEPENDENT COORDINATING DIRECTOR	06/04/2016	06/04/2016	SHAREHOLDERS MEETING RESOLUTION

Number of Board members	7
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Indicate the losses, whether due to resignation, dismissal or for any other reason, that have occurred from the Board of Directors during the period subject to information:

Name of Director (person or company)	Director category at the time of the resignation	Date of the last appointment	Date of loss	Specialised committees of which they were a member	Indicate if the loss occurred before the end of the term of office
MARCOS DE QUINTO ROMERO	Independent	22/06/2017	18/05/2018	NONE	YES

Cause of the loss and other observations
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We refer to the detailed explanation on the reasons for the resignation of Mr de Quinto in section G.24.

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 organisation	Profile
PABLO JUANTEGUI AZPILICUETA	CHAIR MANAGING DIRECTOR	Pablo Juantegui Azpilicueta (San Sebastián, 1961) is Executive Chair of Telepizza, of which he has also been Managing Director since November 2009. Under the management of Pablo Juantegui, the Company has started ambitious digitalisation and internationalisation strategies, which have decisively contributed to the success of Telepizza in recent years. Thus, at 30 June 2017, the Company had a network of 1,440 stores (469 owned and 971 franchises and master franchises). The Company has been listed on the Stock Exchange since April 2016 and is a market leader in its main markets (number one in Spain, Portugal, Chile, Peru and Colombia, and number two in Poland). Before his incorporation into Telepizza, Pablo Juantegui held the position of Managing Director of International Business for EMEA and Latin America of the Bupa Group. From July 2004 until June 2008, he was Managing Director of the Sanitas Group. Previously, he was the first executive of the Spanish subsidiary of Telefónica Publicidad e Información (TPI). From 1998 until his incorporation into

EXECUTIVE DIRECTORS		
Name of Director (person or company)	Position in the company's organisation	Profile
		TPI, he was Managing Director of the González Byass wine and liquor company, and had previously held various management positions in companies, such as the American brewer, Coors Brewing Company; Mars Inc., manufacturer of sweets and food; and the IBM computer giant. A Bachelor in Economics from CUNEF of Madrid, he has an MBA from the Instituto de Empresa (IE), and is a member of the Board of Directors of the Círculo de Empresarios and Trustee of the Sanitas Foundation and the Iter Foundation.

Total number of Executive Directors	1
%age of the total Board	14.29

EXTERNAL PROPRIETARY DIRECTORS		
Name of Director (person or company)	Name of significant shareholder represented or proposing appointment	Profile
ALEJO VIDAL-QUADRAS DE CARALT	KKR CREDIT ADVISORS (US) LLC	Alejo Vidal-Quadras de Caralt joined the Board of Directors of Telepizza in October 2015. Mr. Vidal-Quadras is the Director of the Madrid Office, responsible for the development and support of teams related to investments in Spain. Alejo Vidal-Quadras is part of the Private Equity team and, in turn, supports other investments in the Spanish market including credit, infrastructure and real estate. Prior to joining KKR in 2014, he was Director of 3i Spain, where he worked from 2005. He was responsible for investments in Spain and Portugal and represented 3i on different Boards of Directors in different companies of his portfolio. Before this, he worked at Rothschild Madrid. Mr. Vidal-Quadras holds a degree in Business Administration and M.B.A. at ESADE in Barcelona, as well as M.A. in Management CEMS from the London School of Economics and HEC Paris.
MARK ALISTAIR PORTERFIELD BROWN	KKR CREDIT ADVISORS (US) LLC	Mark Alistair Porterfield Brown is Co-Director of the Special Situations area of KKR & Co. L.P. in Europe. Before joining KKR in 2013, Mark held the position of Vice President in the Department of Distressed Products at Deutsche Bank and subsequently joined GSO Capital Partners as Managing Director. In addition to Telepizza Group S.A., Mark is a member of the Board of Directors of Selecta, Hilding Anders and Petainer. Mark Brown graduated from the University of Stellenbosch (South Africa) and holds the degrees of Financial and Accounting Analyst.

Total number of Proprietary Directors	2
%age of total of the Board of Directors	28.57

EXTERNAL INDEPENDENT DIRECTORS	
Name of Director	Profile
JOHN DERKACH	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 specialising 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 non-Executive Chair of Bistrot Pierre, a restaurant business, and member of the Board of Directors of the Telepizza Group.
JUAN RIVA DE ALDAMA	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 has been 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 centred on providing microcredits to women with projects in Central America and Spain.
LUIS DANIEL SANZ SUAREZ	Luis Daniel Sanz is an Industrial Engineer from the ETSII of Madrid, specialising 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.

EXTERNAL INDEPENDENT DIRECTORS

Name of Director	Profile
	<p>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 privatisation. 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.</p>

Total number of Independent Directors	3
%age of the total Board	42.86

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 their own name or as a significant shareholder, Director, or senior manager of a company that has or may have had such a relationship.

Where appropriate, a reasoned statement must be included from the Board on the reasons why it is considered that this Director may perform their functions as Independent Director.

Name of Director:	Description of the relationship	Reasoned statement
JOHN DERKACH	NOT APPLICABLE	NOT APPLICABLE
JUAN RIVA DE ALDAMA	<p>Juan Riva de Aldama is the owner of the company, INVERSIONES KINABALU S.L., which has provided strategic advice to TELE PIZZA S.A.U.(100% subsidiary of TELE PIZZA GROUP S.A.) for a potential investment in Mexico, which is detailed in the Annual Director Remuneration Report.</p>	<p>It is considered that said Director may perform his duties as an Independent Director, because the aforementioned commercial relationships, in addition to their limited economic entity, are of an isolated and extra-ordinary nature, having no impact on his independence when making decisions within the Board of Directors.</p>
LUIS DANIEL SANZ SUAREZ	NOT APPLICABLE	NOT APPLICABLE

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:	Motives	Company, Director or shareholder with whom they maintain the link	Profile
<p>JAVIER GASPAR PARDO DE ANDRADE</p>	<p>Javier Gaspar Pardo de Andrade had to leave the position of Proprietary Director as a result of the divestiture of Foodco Finance, S.A.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.</p> <p>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.</p>	<p>TELEPIZZA GROUP S.A.</p>	<p>Date of birth: 22.04.56 Law Degree from the Complutense University of Madrid (1978), Degree in Political Science and Sociology from the Complutense University of Madrid (1979), Diploma in Human Rights from the University of Strasbourg (1975) Joined the Illustrious Bar Association of Madrid in 1979 and lawyer practicing for said College since that date. Partner of the firm VCGH Abogados (vcghabogados.com) since 1979, Secretary and Director of TELEPIZZA S.A. from 1999 and Director of the Legal Counsel of the Telepizza Group. Director of the Legal Department of DORNA SPORTS S.L. Arbitrator of the Arbitral Court of the Official Chamber of Commerce of Madrid, Arbitrator of the European Arbitration Association (AEADE).</p> <p>Arbitrator of the Court of Arbitration of the Bar Association of Madrid. Specialist in Commercial Law, Civil Law, Real Estate Law, Franchise Law and Sports Law. Javier Gaspar joined Telepizza in 1999 as Secretary of the Board of Directors.</p>

Total number of external Directors	1
%age of the total Board	14.29

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
No data			

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				%age over the total Directors in each category			
	2018	2017	2016	2015	2018	2017	2016	2015
Executive		N/A	N/A	N/A	0.00	N/A	N/A	N/A
Proprietary		N/A	N/A	N/A	0.00	N/A	N/A	N/A
Independent		N/A	N/A	N/A	0.00	N/A	N/A	N/A
Other external		N/A	N/A	N/A	0.00	N/A	N/A	N/A
Total:		N/A	N/A	N/A	0.00	N/A	N/A	N/A

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the Company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Audit Act, will have to report, as a minimum, on the policy they have established in relation to gender diversity.

- Yes
 No
 Partial policies

In the positive case, describe these diversity policies, their objectives, the measures, and the way in which they have been applied and their results in the financial year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee should also be indicated, in order to achieve a balanced and diverse presence of Directors.

In the case the Company does not apply a diversity policy, explain the reasons why it does not.

Description of the policies, objectives, measures and ways in which they are applied, as well as the results obtained

The Regulation of the Board of Directors of the Company establishes in the Article 9.3. that the Board will ensure the procedures for member selection favouring diversity regarding gender, experience and knowledge; not being implicitly biased involving any discrimination and, in particular, enabling the selection of female Directors.

Similarly, as was pointed out in last year's report, there is a mandate from the Board of Directors to the Appointments and Remuneration Committee to include in the Board of Directors a number of women that allows for a balanced presence of women and men.

In compliance with said mandate, and in compliance with the provisions of Article 9.3 of its Regulations, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, has appointed, by co-optation procedure, Ms. Esther Berrozpe Galindo, who will be incorporated in 2019 as Independent Director. The appointment will be submitted to ratification at the next General Shareholders' Meeting of the Company. This appointment has been reported by relevant fact with registration number 272021 on 29 November 2018.

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 and which allows a balanced presence of women and men to be reached:

Explanation of measures

The Committee, due to the need to fill the vacancy of an Independent Director, proposed to the Board the hiring of an expert for the selection of various candidates, prioritising a balanced presence of men and women, and with the technical profile appropriate to the experience required for the position to be filled.

The Committee initially assessed a list of up to 18 candidates which was subsequently reduced to 5 candidates, with Esther Berrozpe Galindo being selected as the ideal candidate. In this way, it was attempted to promote, to the extent that circumstances permitted, the balanced presence of women on the Board.

In addition, the Committee approved and submitted for approval by the Board of Directors the new Policy for the Selection of Directors, the principles of which are detailed in Section C.1.7 of this Report.

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

No more vacancies have arisen that could be covered by Directors.

C.1.7 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.

In order to comply with the commitments acquired by the Appointments and Remuneration Committee in December 2018, the Appointments Committee approved the new Director selection policy, whose principles include non-discrimination and equal treatment, and the principle of diversity. Among the competences attributed to the Committee, the objective was established of obtaining representation for the less represented gender in the Board of Directors and to prepare guidelines on how to achieve this objective.

During the process of searching for candidates to fill vacancies on the Board of Directors, the Appointments and Remuneration Committee has analysed the suitability of several women's profiles, finally deciding to appoint Ms. Esther Berrozpe Galindo as Independent Director. Similarly, and with the aim of promoting that the number of female Directors represents at least 20% of the total Board Members in 2020, Ms. Esther Berrozpe Galindo will be part of the Appointments and Remuneration Committee of the Company.

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:

Name of the shareholder (person or company)	Justification
No data	

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
[v] No

C.1.9 Indicate, if any, the powers and faculties delegated by the Board of Directors to Board Members or Board Committees:

Name of Director	Brief description
PABLO JUANTEGUI AZPILICUETA	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.1.10 Identify, where appropriate, the members of the Board that assume positions of administrators, representatives of administrators or Directors in other companies that are part of the group of the listed company:

Name of Director (person or company)	Company name of the company in the group	Position	Do they have executive functions?
PABLO JUANTEGUI AZPILICUETA	TELE PIZZA S.A.U.	REPRESENTATIVE OF THE SOLE DIRECTOR (TELE PIZZA GROUP, S.A.)	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	NO
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	TELEPIZZA ANDINA S.A.C.	DIRECTOR	NO
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA SWITZERLAND GmbH	DIRECTOR	NO

Name of Director (person or company)	Company name of the company in the group	Position	Do they have executive functions?
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA GUATEMALA S.A.	DIRECTOR	NO
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA PORTUGAL COMERCIO PRODUCTOS ALIMENTARE LDA	DIRECTOR	NO
PABLO JUANTEGUI AZPILICUETA	TELEPIZZA CHILE S.A.	DIRECTOR	NO
JAVIER GASPAR PARDO DE ANDRADE	TELEPIZZA SWITZERLAND GmbH	DIRECTOR	NO
JAVIER GASPAR PARDO DE ANDRADE	TELEPIZZA PORTUGAL COMERCIO PRODUCTOS ALIMENTARE LDA	DIRECTOR	NO
PABLO JUANTEGUI AZPILICUETA	TP POLAND Sp.Z.o.o.	DIRECTOR	NO
JAVIER GASPAR PARDO DE ANDRADE	TP POLAND Sp.Z.o.o.	DIRECTOR	NO

C.1.11 List, where appropriate, the Directors or representatives of Directors who are legal persons of their company, who are Members of the Board of Directors or representatives of legal persons of other companies listed in official securities markets, other than their group, which have been communicated to the Company:

Name of Director (person or company)	Company name of the company in the group	Position
No data		

C.1.12 Indicate and, if applicable, explain if the Company has established rules on the maximum number of Boards of Directors of which its Directors can be a part, identifying, where appropriate, where it is regulated:

Yes
 No

Explication of the rules and identification of the regulatory documentation

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 organisations for foundations, associations or similar entities.

C.1.13 Indicate the amounts of the items related to the overall remuneration of the Board of Directors:

Remuneration accrued in the financial year in favour of the Board of Directors (thousands of euros)	3,120
Total remuneration corresponding to the pension rights accumulated by current Directors (thousands of euros)	448

Total remuneration corresponding to the pension rights accumulated by old Directors (thousands of euros)

The amount of 3,320 corresponding to the total remuneration accrued in favour of the Board includes the amount assigned to the Executive Director in his Savings Plan for the year 2018.

The amount of 448 (thousand euros) corresponds to the accumulated amount of the contributions made to the Executive Director Savings Plan (this figure includes the contribution in 2018 that is detailed in the Annual Report on Remuneration of Directors-IARC).

C.1.14 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
FERNANDO FRAUCA AMORENA	CHIEF OPERATION AND MARKETING OFFICER
GIORGIO MINARDI	CHIEF INTERNATIONAL OFFICER
MANUEL LORING DIAZ DE BUSTAMANTE	CHIEF PRODUCTION OFFICER
MAR ROMERO GALÁN	CHIEF PEOPLE OFFICER
MIGUEL JUSTRIBÓ FERRER	VP BRAND & COMMUNICATIONS
JAVIER VAN ENGELEN SOUSA	CHIEF FINANCIAL OFFICER
PALOMA HERNANDEZ ARMENGOL	MANAGER OF INTERNAL AUDIT
Total remuneration of senior management (thousands of euros)	
6,051	

C.1.15 Indicate if any changes have taken place to the regulation of the Board of Directors during the year:

- Yes
 No

C.1.16 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.

According to the Regulations of the Board of Directors, the members of the Board of Directors of the Company will be appointed by the General Shareholders' Meeting or, in the event of an early vacancy, by the Board itself by co-optation. The Director designated by the Board through co-option will not necessarily have to meet the status of shareholder of the Company. The proposal for the appointment or re-election of the members of the Board of Directors corresponds to the Appointments and Remuneration Committee.

Without prejudice to the provisions of the Regulations of the Board, whose Articles 13 to 15 establish the procedure for the appointment, re-election and removal of Directors, the recent Director selection policy approved last December establishes the basis for the selection thereof, establishing the requirements and conditions that candidates must show, as well as the regime of incompatibilities.

C.1.17 Explain to what extent the Board's annual evaluation has entailed relevant changes in its internal organisation and procedures applicable to its activities:

Description of Changes

Given the results of the 2017 self-assessment, changes were made in 2018 to establish a search and selection programme for Independent Directors that has resulted in the presentation and approval of the Director selection policy.

Similarly, the Board is committed to the annual evaluation of Senior Managers which is intended to be imposed on an annual basis.

Describe the evaluation process and the areas evaluated by the Board of Directors assisted, where applicable, by an external consultant, regarding the operation and composition of the Board and its Committees and any other area or aspect that has been subject to evaluation.

Description of the evaluation process and areas evaluated

The 2018 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 2017 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 in matters that have been of special importance in the life of the Company. These results were discussed in the meeting held on 28 February 2019

C.1.18 Breakdown, in those financial years in which the evaluation has been assisted by an external consultant, the business relationships that the consultant, or any company of its group, maintains with the company or any company of its group.

Not applicable given the lack of attendance of an external consultant.

C.1.19 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 formalise their resignation, whenever the Board deems this appropriate:

- * Whenever any of the foreseen cases of incompatibility or legal or statutory prohibition are involved.
- * 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 their 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 jeopardise 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, or causes grave damage to the Company.

C.1.20 Are reinforced majorities other than those under law required for any type of decision?

- Yes
 No

If so, describe the differences.

C.1.21 Indicate whether there are specific requirements other than those relating to Directors, to be appointed Chair of the Board of Directors:

- Yes
 No

C.1.22 Indicate whether the bylaws or the regulation of the Board of Directors establishes any age limit for Directors:

- Yes
 No

C.1.23 Indicate whether the statutes or regulations of the Board establish a limited mandate, or other additional requirements more stringent than those legally provided for Independent Directors, different from that established in the regulations:

- Yes
 No

C.1.24 Indicate whether the bylaws or regulation of the Board of Directors establishes specific rules for delegation of votes in the Board of Directors in favour of other 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, there are no specific rules for the delegation of the vote.

C.1.25 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 Chair being present. For the purposes of this calculation, attendance will include votes delegated with specific instructions.

Number of Board meetings	15
Number of meetings of the Board without the Chair being present	0

Indicate the number of meetings between the Coordinating Director and the other Directors, without the attendance or representation of any Executive Director:

Number of meetings	0
--------------------	---

Indicate the number of meetings of the different Committees of the Board in the financial year:

Number of meetings of the AUDITING AND COMPLIANCE COMMITTEE	7
Number of meetings of the APPOINTMENTS AND REMUNERATION COMMITTEE	6

C.1.26 Indicate the number of meetings that the Board of Directors has held during the year with all its members attending:

Number of meetings with the attendance of at least 80% of the Directors	15
%age of attendance out of the total votes during the year	100.00
Number of meetings with the attendance, or representations held	

with specific instructions of all the Directors	
%age of votes cast with attendance and representations made with specific instructions, of the total votes during the financial year	0.00

C.1.27 Indicate whether the individual and consolidated annual accounts submitted for approval to the Board have been previously certified:

- Yes
 No

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.1.28 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 Chair 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.1.29 Is the Secretary of the Board a Director?

- Yes
 No

If the Secretary is not a Director, complete the following table:

C.1.30 Indicate the specific mechanisms established by the Company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of the financial analysts, the investment banks and the rating agencies, including how the legal provisions have been implemented in practice.

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:

- To inform the General Meeting of shareholders on the issues considered in relation to the matters which are the responsibility of the Committee.
- 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.
- 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.
- To take to the Board of Directors the external auditor selection, appointment, re-election and substitution proposals, together with his contracting conditions while regularly collecting information from them on the audit plan and its execution, apart from maintaining his independence while exercising his functions.
- 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.
- 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.
- 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:
 - financial reporting that must be made public periodically by the Company;
 - the creation or acquisition of shares in entities with a special purpose or domiciled in countries or territories considered to be tax havens; and
 - 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 external 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 than 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.1.31 Indicate whether during the year the company has changed its external auditor. If so, identify the incoming and outgoing auditors:

Yes

No

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

Yes

No

C.1.32 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

No

	Company	Companies of the group	Total
Amount of work other than those of auditing (thousands of euros)	5	275	280
Amount of work other than those of auditing / Amount of auditing work (as a %age)	0.73	39.91	40.64

C.1.33 Indicate whether the audit report on the annual accounts for the previous year includes any reservations or qualifications. Where applicable, indicate the reasons given to the shareholders in the General Meeting by the Chair of the Audit Committee to explain the content and scope of said reservations or qualifications.

Yes

No

C.1.34 Indicate the number of continuous years that the current audit firm has been carrying out the audit of the individual and / or consolidated annual accounts of the company. 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:

	Individual	Consolidated
Number of continuous years	13	13

	Individual	Consolidated
No. of years audited by the current audit firm / No. of years the company has been audited (%)	100.00	100.00

C.1.35 Indicate and, if applicable, detail, if there is a procedure for Directors to have the necessary information to prepare for the meetings of the management bodies with sufficient time:

- Yes
 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.1.36 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
 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.1.37 Indicate whether any member of the Board of Directors has informed the company that they have been prosecuted or legal proceedings have been initiated against them, for any of the offences specified in Article 213 of the Capital Company Act:

- Yes
 No

C.1.38 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.

During 2018, the Company entered into a strategic alliance with Pizza Hut International, which establishes certain consequences in the event of a change of control, in principle, a transfer fee to Pizza Hut for an amount of 2.5 million US Dollars or, if greater, 0.25% of the enterprise value of Telepizza.

The power to terminate, in advance, a master franchise contract in the case of change of control, without the consent of Pizza Hut, is established in favour of Pizza Hut. In this case, the latter will be empowered to terminate master franchise agreements and the effects will be similar to termination due to a breach by Telepizza.

The definition of the change in control as a reason for termination was explained in the report of the Board presented on the occasion of the approval of the 2018 General Meeting, to which we refer, especially in Section 2.2.5, in which it is detailed.

<https://www.telepizza.com/wp-content/uploads/2016/04/Informe-Consejo-de-Administracio%CC%81n--Punto-quinto-Orden-del-di%CC%81a..pdf>

C.1.39 Identify, individually, when referring to Directors, and in aggregate form in other cases and indicate, in detail, the agreements between the Company and its management, and Directors or employees, which provide indemnities, guarantee or redundancy clauses, when these resign or be unfairly dismissed, or if the contractual relationship comes to an end as a result of a takeover bid or other type of transaction.

Number of beneficiaries	5
Type of beneficiary	Description of the Agreement
Managing Director and Managers who report to the Managing Director (Top Management)	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, when the Company terminates the contract without serious breach of their functions. 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.

Indicate whether, beyond the cases stipulated in the regulations, these contracts have to be communicated and / or approved by the bodies of the Company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or for their communication:

	Board of Directors	General Meeting
Body authorising the clauses	√	
	Yes	No
Is the General Meeting informed of the clauses?		√

The General Shareholders' Meeting was only informed to the extent that it approved the Directors Remuneration policy, in particular, regarding the conditions of the Executive Director's contract relative to compensation or redundancy payments in the event of their termination at the insistence of the Company.

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

AUDIT AND COMPLIANCE COMMITTEE		
Name	Post	Category
JUAN RIVA DE ALDAMA	MEMBER	Independent
ALEJO VIDAL-QUADRAS DE CARALT	MEMBER	Proprietary
JAVIER GASPAR PARDO DE ANDRADE	SECRETARY	Other External

%age of Executive Directors	0.00
%age of Proprietary Directors	25.00
%age of Independent Directors	50.00
%age of other external Directors	25.00

Explain the functions, including, where appropriate, those attributed to this Committee which are additional to those legally foreseen, and describe the procedures and rules of organisation and operation of the same. For each of these functions, indicate its most important actions during the financial year, and how it has exercised each of the functions attributed to it, in practice, either within the Law or in the Statutes or other Company agreements.

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 them 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 Audit 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 Chair has held office.

Name of the experienced Directors	LUIS DANIEL SANZ SUAREZ / JUAN RIVA DE ALDAMA / ALEJO VIDAL-QUADRAS DE CARALT
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Date of appointment of the Chair to the position	31/03/2016
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APPOINTMENTS & REMUNERATION COMMITTEE		
Name	Post	Category
JOHN DERKACH	CHAIRMAN	Independent
MARK ALISTAIR PORTERFIELD BROWN	MEMBER	Proprietary
JUAN RIVA DE ALDAMA	MEMBER	Independent
JAVIER GASPAR PARDO DE ANDRADE	SECRETARY	Other External

%age of Executive Directors	0.00
%age of Proprietary Directors	25.00
%age of Independent Directors	50.00
%age of other external Directors	25.00

Explain the functions, including, where appropriate, those attributed to this Committee which are additional to those legally foreseen, and describe the procedures and rules of organisation and operation of the same. For each of these functions, indicate its most important actions during the financial year and how it has exercised each of the functions attributed to it in practice, either within the Law or in the Statutes or other Company agreements

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

- 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.
- 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.
- 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.
- 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.
- To inform of the proposals for the appointment or removal of senior executives and the basic conditions of their contracts.
- To study and organise the succession of the Chair 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.
- 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.
- To ensure compliance with the remuneration policy established by the Company.
- 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.
- To ensure that possible conflicts of interest do not jeopardise the independence of the external advice provided to the Committee.
- To confirm the information regarding remunerations of Directors and senior executives included in the various corporate documents, including the annual report on Directors' remunerations.
- 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							
2018		2017		2016		2015	
Number	%	Number	%	Number	%	Number	%
No data							

C.2.3 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.

As of 31 December 2018, the Board has two delegated Committees, the Audit and Compliance Committee and the Appointments and Remuneration Committee.

The composition, responsibilities and rules of the Audit and Compliance Committee are regulated in Article 31 of the Regulations of the Board, which can be consulted on the Company's website: <https://www.telepizza.com/inversores/reglamento-del- consejo/>. The Chair of the Audit and Compliance Committee is appointed from among its independent members for a maximum term of four years. The Secretary of the Board of Directors will act as Secretary of the Committee. There has been no change in the regulation of the Audit and Compliance Committee during the financial year 2018. An annual report on the activities of the Committee has been voluntarily prepared.

The composition, responsibilities and rules of the Appointments and Remuneration Committee are regulated in Article 32 of the Regulations of the Board which can be consulted on the Company's website: <https://www.telepizza.com/inversores/reglamento-del- Consejo/>. The Chair of the Appointments and Remuneration Committee is appointed from among its independent members. The Secretary of the Board of Directors will act as Secretary of the Committee. There has been no change in the regulation of the Appointments and Remuneration Committee during the financial year 2018. An annual report on the activities of the Committee has been prepared voluntarily.

D. RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1. Explain, where appropriate, the procedure and competent bodies for the approval of transactions with linked and intra-group parties.

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 standardised 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 goods 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 Audit 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:

Name of the significant shareholder (person or company)	Name of the company or entity of its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
No data				N/A

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 CB	PARTNER IN LAW FIRM VCGH ABOGADOS. MEMBER OF THE COMMON PROPERTY.	Service provision	600

The services provided by the firm VCGH Abogados, CB, consisted of the services it provides on an annual basis as Secretary of the Board, as well the extra-ordinary legal advice on the occasion of the agreement signed between the Company and Pizza Hut Internacional.

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:

Company name of the group entity	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

D.5. Detail the significant transactions made between the Company or its group entities and with other linked parties, which have not been reported in previous sections:

Company name of the linked party	Brief description of the transaction	Amount (thousands of euros)
No data		N/A

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 them, or a person related to them, 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 them 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 Chair or the Secretary, on any direct or indirect situation of conflict of interest they or persons related to them may be in.
 - (ii) Abstention: The Director will abstain from participating in the deliberation and voting of agreements and decisions in which they or a person related to them 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

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 organisation, 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 prioritising 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 organisational 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. Indicate the main risks, including tax risks and to what extent those derived from corruption are significant (understanding the latter within the scope of Royal Decree Law 18/2017), which may affect the achievement of 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 26 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 behaviour 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 attainment 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 materialised during the year:

Some risks related to the activity of the Company have materialised 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.

E.6. Explain the response and supervision plans for the main risks to the entity, including tax risks, as well as the procedures followed by the Company to ensure that the Board of Directors responds to the new challenges that arise:

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:

- Internationalisation and geographic diversification strategy.
- Product adaptation to market changes.
- Supply chain strengthening.
- Financial risk coverage management mechanisms.
- Formalisation of the Corporate Fiscal Policy and adherence 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 analysed 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 behaviour 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 behaviour within the organisation.



ANNUAL CORPORATE GOVERNANCE REPORT OF PUBLICLY TRADED COMPANIES

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 Telepizza Group 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 Audit 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 Audit 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 summarised 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 organisational 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:

The Board of Directors is responsible for defining the first level organisational 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 behaviour of the organisation in relation to drawing up the financial information.

Likewise, it is responsible for the maintenance of the organisational 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 organisation 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 organisational 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), the 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 behaviour 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 commercialising 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 communications.

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 organisation, 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 Organisation 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 formalised 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 backed by the Audit 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 authorising the financial information and the description of the SCIF (System of Internal Control of Financial Information), to be published in the securities markets, indicating their responsible parties, as well as descriptive documentation of the flows of activities and controls (including those related to the risk of fraud) of the different types of transactions that may materially affect the financial statements, including the accounting closing procedure and the specific revision of the relevant judgments, estimates, valuations and projections.

The Economic and Financial Management of the Telepizza Group is responsible for reviewing and authorising 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 they are 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 2018, 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 analysed 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 organisation'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 responsible persons 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 standardised and facilitating the consolidation thereof.

Likewise, it has a consolidation tool that enables standardised 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 optimise 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 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 national level, incorporating its review of the Audit Plan since 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 function segregation, existence of 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 materialise, 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 2018 Audit Plan, no significant weaknesses have been identified that could have a material impact on the financial information.

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.

NOT APPLICABLE

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 Chair 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 []

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 [X] 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) Audit Committee report on related operations.
- d) Report on the Corporate Social Responsibility policy.

Compliance [X] Compliance in part [] Explain []

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

Compliance [X] Explain []

8. The Audit 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 Chair of the Audit Committee and the auditors explain clearly to the shareholders the content and scope of these limitations or qualifications.

Compliance [X] 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 favour attendance and the exercise of voting rights by the shareholders and are applied in a non-discriminatory way.

Compliance [X] 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 maximisation of the company's economic value.

In aiming for the corporate interest, as well as respecting the laws and regulations and a good behaviour 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) Favours 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 [X] Compliance in part [] Explain []

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 [X] 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 [X] Explain []

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 []

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 them 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 them, 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 they decide to resign, should explain their reasons in the letter referred to in the recommendation below.

This Recommendation also covers the Secretary of the Board of Directors even if they do not hold Director status.

Compliance [] Compliance in part [] Explain [] Not applicable []

24. If, further to a resignation or for other reasons, a Director abandons their post before the end of their 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 their abandonment.

Compliance [] Compliance in part [] Explain [] Not applicable []

Mr. Marcos de Quinto sent a communication, on 17 May 2018, to all the Directors announcing his resignation and stating the reasons for it. The following is a complete literal transcription of the email sent by Mr. De Quinto to all members of the Board of Directors.

"My most cordial congratulations, Pablo, for your perseverance and for the completion of this operation for which you have fought so hard and what a good reception it is having. I think that at this moment it is pertinent for me to present my resignation for different reasons.

-In the first place, because it is now time to manage an operation, about which I have always had doubts, and I do not think I am the best person to be part of the team in this new stage.

-In the second place, because I believe that our Board is not especially inclined to assess the discrepancy or stimulate different points of view, even making it uncomfortable to defend a different position, as happened to me in our last meeting.

In any case, I wish you success and I thank you for the confidence you placed in me. Warmest regards to you and the other members of the Board.
Marcos"

After this communication, on 18 May, the Secretary of the Board sent him the text of the announcement of his resignation, requesting Mr. de Quinto's agreement to its content, in the following terms:

"In my capacity as Secretary of the Board, I confirm that note has been taken of the indicated resignation, with effect as of today, and that we will notify the National Securities Market Commission (CNMV), by means of a Relevant Fact, citing personal reasons. The Relevant Fact will be communicated today after market close and we will take care of the necessary procedures to register it in the Mercantile Register immediately. The content of the Relevant Fact, if you agree, will be the following:

"Mr Marcos de Quinto, Independent Director of the Board of Directors of the Company, has communicated to the Chair of the Board of Directors, and to the other Directors, his resignation as a member of the said Board of Directors, for personal reasons."

Mr de Quinto confirmed the content of the communication, on 18 May 2018, responding to the Secretary of the Board of Directors.

"Many thanks...perfect".

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 []

Having studied the need to develop programmes to update the knowledge of the Directors for the exercise of their functions, the Company considers that the circumstances that require it, have not occurred.

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 Chair 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 Chair, 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; organises 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 programmes for updating each Director's knowledge, where advisable.

Compliance [] Compliance in part [] Explain []

[The function of organisation and periodic coordination of the Board is delegated to the Secretary of the Board of Directors.]

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 the following duties for them: Chair the Board of Directors in the absence of the Chair and of the Deputy Chairs, 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 Chair.

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:
- The quality and efficiency of the operation of the Board of Directors.
 - The operation and composition of its Committees.
 - The diversity in composition and competences of the Board of Directors.
 - The performance of the Chair of the Board of Directors and the company's Chief Executive.
 - 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 their group have with the company or any company in this 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 Audit Committee and in particular its Chair, 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 Audit 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 Chair of the Board of Directors or the Audit Committee.

Compliance [] Compliance in part [] Explain []

41. The person in charge of the unit that assumes the function of internal auditing should present their annual work plan to the Audit 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 Audit 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 [X] Compliance in part [] Explain []

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

Compliance [X] Compliance in part [] Explain []

44. The Audit 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 materialise.
- 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 Audit Committee or, where appropriate, a specialised 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 Remuneration 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 Remuneration Committee.

Compliance [] Explain [] Not applicable []

49. The Appointments Committee should consult the Chair 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 Remuneration 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 Chair 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 Chairs 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 Audit Committee, the Appointments Committee, the Corporate Social Responsibility Committee (if there is one), or a specialised committee that the Board of Directors, in the exercise of its faculty of self-organisation, 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 [X] Compliance in part [] Explain []

As we published in the Annual Report on Corporate Governance (IAGC) for the financial year 2017, the approval of the Corporate Social Responsibility Policy and the selection of Directors was foreseen for 2018. These policies were approved by the Appointments and Remuneration Committee and validated by the Board of Directors in their respective meetings in December 2018.

54. The Corporate Social Responsibility Policy includes the principles or commitments assumed by the company voluntarily in its relationships 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 honour.

Compliance [] Compliance in part [] Explain []

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 []

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 judgement 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 organised 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 extra-ordinary events.

Compliance [] Compliance in part [] Explain [] Not applicable []

Identified are quantitative objectives related to the evolution of sales performance indicators, or income statement (for example, evolution in EBITDA, EBIT, net profit, etc.), and quantitative objectives that measure any of the above variables against competitors (for example, market share). The annual variable remuneration objectives of 2018 are, in equal parts, the sales and EBITDA objective approved by the Board of Directors. The Company has set the policy of MBO (Management by Objectives) which seeks that part of the variable remuneration is directly related to the professional performance of the beneficiary, although for this year, 2018, for exceptional reasons, the weights of 60% sales and 40% EBITDA have been considered. Additionally, a three-year share revaluation plan has been established, with the intention of achieving medium-term compliance.

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 []

To this end, the inclusion of the Executive Director in a share revaluation plan was requested. RSUs, which was communicated on 28 May 2018.

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 [X] 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 [X] 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 [X] 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. In particular, it will mention if the Code of Good Tax Practices, of 20 July 2010, has been adhered to:

1.- Following the instructions of the CNMV for the completion of Section C.1.14, senior management has been considered to be those managers directly dependent on the Executive Director at the end of the financial year, including the Internal Auditor, in compliance with said recommendation. This criterion may differ from the criteria used to define the senior management in the Company's report.

3.- In relation to point 3, on 28 July 2016, the Company joined the Code of Good Tax Practices developed by the Tax Agency and the Large Companies Forum, this was reflected in the Minutes of the Board of Directors on that date.
The purpose of this code is to strengthen transparency and cooperation in the tax practice of the Company, as well as to increase legal security in the interpretation of tax regulations, aspects that Company fulfils.

This annual corporate governance report was approved by the Company's Board of Directors at its meeting held on:

[28/02/2019]

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

[] Yes

[v] No