

**ANNEX 1**

**ANNUAL REPORT ON THE REMUNERATION OF  
DIRECTORS OF LISTED COMPANIES**

**DETAILS OF THE REPORTING COMPANY**

**END DATE OF FINANCIAL YEAR OF REFERENCE** 31/12/2016

**Tax Code (CIF)**

A84342229

**COMPANY NAME**

TELEPIZZA GROUP, S.A.

**REGISTERED ADDRESS**

C/ ISLA GRACIOSA, 7 (SAN SEBASTIAN DE LOS REYES) MADRID

## MODEL ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

### A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.
- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the financial year to the terms for exercising options already granted.
- Criteria used to establish the company's remuneration policy and the composition of peer groups of companies whose remuneration policies have been examined with a view to establishing the company's remuneration policy.
- Relative significance of the variable items of remuneration as compared to fixed items and standards used to determine the various components of the director remuneration package (remunerative mix).

#### Explain the company's remuneration policy

Generally-speaking, only the independent directors and the chairman of the company board of directors receive remuneration.

At the Board of Directors Meeting held on 31 March 2016, the company approved the Director Remuneration Policy drawn up following a proposal from the Appointments and Remunerations Committee on the same date.

As regards the general principals and foundations, the director remuneration policy seeks to adapt the remuneration paid to directors to the time spent on activities and responsibilities assumed, as well as to other policies in the market at comparable companies both domestically and internationally based on the long-term interest of all shareholders.

In particular with regard to the executive directors, the fundamental criterion is to offer remuneration systems that allow the most outstanding professionals to be recruited, retained and motivated in order to ensure the company and the group can meet its strategic objectives within the competitive and internationalised growth framework in which they operate. Consequently, with regard to the executive directors, the Director Remuneration Policy aims:

- To guarantee that, in terms of its structure and overall amount, the remuneration complies with best practices and is competitive when compared with similar entities both nationally and internationally in consideration of the territories where the group operates.
- To establish remuneration based on objective criteria regarding the individual performance of the executive directors and the achievement of business targets by the company and the group.
- To include a significant annual variable component tied to performance and the achievement of specific, pre-determined and quantifiable targets aligned with social interest and the strategic targets of the company.
- To enhance and incentivise the achievement of the company's strategic targets by including long-term incentives, strengthening the ongoing competitive development of the group, its administrators and its senior management team, fostering motivation and loyalty, as well as retaining the best professionals.

Without prejudice to the above, the Director Remuneration Policy will be suitably adapted to the economic environment and international context.

As regards the significant changes since the prior financial year, these cannot be mentioned given that the company was not listed during the financial year 2015.

A.2 Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the remuneration committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate given to the remuneration committee, the composition thereof, and the identity of external advisors whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the determination of the remuneration policy

**Explain the process for determining the remuneration policy**

On 17 March 2016, the sole partner of the company amended its articles of association to define the remunerated nature of the position of director. The directors whose position is remunerated are those who are independent. The proprietary directors do not receive remuneration for their position.

The Appointments and Remunerations Committee of the company proposed the Director Remunerations Policy to the Board of Directors of the company. Although there were no external advisors, efforts were made to ensure that the remunerations established reflect the time spent on duties and responsibility assumed, and fall in line with those in place at similar companies both nationally and internationally.

The Appointments and Remunerations Committee of the company is made up by a total of three members plus a non-committee member secretary. Two members of the committee are independent directors: Mr. John Derkach (who is the Chairman) and Mr Juan Riva de Aldama (who is Coordinating Director), and a third director, Mr. Carlos Mallo Alvarez, who is a proprietary director, as well as a Committee Secretary, Mr. Javier Gaspar Pardo de Andrade, who is not a member of the committee.

A.3 State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by the executive directors of the duties of senior management, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the board and the committees thereof or other fixed remuneration as director, and an estimate of the annual fixed remuneration to which they give rise. Identify other beneficiaries that are not paid in cash and the basic parameters upon which such benefits are provided.

**Explain the fixed components of remuneration**

The three Independent Members of the Board have a total annual remuneration of 60,000 euros/year. This amount includes the sum of 40,000 euros for the condition of (independent) director plus 20,000 euros for chairing the committees (Audit Committee and Appointments and Remunerations Committee) or for the condition of Coordinating Director. The three independent directors - Mr. John Derkach, Mr. Luis Daniel Sanz Suarez and Mr. Juan Riva de Aldama - are, respectively, Chair of the Appointments and Remunerations Committee, Chair of the Audit and Compliance Committee, and Coordinating Director.

The Executive Director, Mr. Pablo Juantegui Azpilicueta, is, in turn, Chairman of the Company Board of Directors, receiving a fixed remuneration as Chairman. By agreement at the company Board of Directors Meeting held on 31 March 2016, following a proposal from the Appointments and Remunerations Committee, the amount of the fixed component received by Mr. Juantegui for his position as Chairman of the Board of Directors is 100,000 euros, by virtue of performing said role.

In addition to his remuneration as Chairman of the Board of Directors, Mr. Juantegui Azpilicueta, under a mercantile contract signed to this effect and also approved at the same Board of Directors Meeting and following a proposal from the Audit Committee, receives a fixed annual remuneration of 510,000 euros/year.

A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration plans of which the directors are beneficiaries, the scope thereof, the date of approval thereof, the date of implementation thereof, the date of effectiveness thereof, and the main features thereof. In the case of share option plans and other financial instruments, the general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan.
- State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof.
- Explain the fundamental parameters and rationale for any annual bonus plan.
- The classes of directors (executive directors, proprietary external directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.
- The rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and the components and methods of evaluation to determine whether or not such evaluation standards have been met, and an estimate of the absolute amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with the assumption or goals used as the benchmark.
- If applicable, information shall be provided regarding any payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments.

<b>Explain the variable components of the remuneration systems</b>
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The only director that is a beneficiary of remuneration systems or plans that include variable remuneration is the Chairman of the Board of Directors, in his condition of executive director.

Said remuneration is defined in the mercantile services contract signed with Mr. Juantegui, approved by the Company Board of Directors Meeting on 31 March 2016, with abstention by and in the absence of the managing director himself and following a proposal from the Appointments and Remunerations Committee.

In this regard, it is reported that, besides the Fixed Remuneration, Mr. Juantegui shall also be entitled to participate in the annual variable remuneration programme for members of the company steering committee, which may amount to a maximum of 366,000 euros/year.

The specific amount of the bonus will be decided at the discretion of the Company Board of Directors based on the level of compliance with qualitative and quantitative targets set for each year by the Appointments and Remunerations Committee of the Board.

Hence, the Board of Directors shall be responsible for defining the targets (following a proposal by its Appointments and Remunerations Committee), the level of achievement and, consequently, the final amount corresponding to the Bonus, which shall be paid under the terms and conditions defined in the annual variable remuneration policy that the company may have approved for its members of the steering committee at any given time.

The bonus will not lead to any vested rights under any circumstances, neither in terms of the amount nor its system of definition, payment or calculation. One of them is linked to the company's listing on the stock exchange, meaning it became applicable in the year 2016 following compliance with the requirement for application and payment.

Mr. Juantegui participates in the variable remuneration system, on a tri-annual basis, currently applicable to the members of the steering committee of the company for the years 2015, 2016 and 2017 (the "Tri-annual Bonus 2015, 2016 and 2017") linked to the achievement of the EBITDA established in the company's business plan for said period.

**A.5 Explain the main features of the long-term saving systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or**

cost thereof, stating the type of plan, whether it is a defined-contribution or -benefit plan, the conditions for the vesting of economic rights in favour of the directors, and the compatibility thereof with any kind of indemnity for advanced or early termination of the labour relationship between the company and the director.

Also state the contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans.

**Explain the long-term savings plans**

Solely and exclusively, as the most senior executive of the company, the Executive Director is given, as part of its remunerations, a savings plan that consists of an annual contribution corresponding to 22.42% of its annual fixed remuneration.

**A.6 State any termination benefits agreed to or paid in case of termination of duties as a director.**

**Explain the termination benefits**

There are no termination benefits provided for the termination or cessation of duties as director, whether independent, proprietary or the Chairman of the Board of Directors.

As regards the latter, a position held by the managing director and most senior executive of the company, the termination benefits provided are listed as part of its benefits as member of senior management but not stemming from its status as director.

**A.7 State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods, and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among other things, any post-contractual clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and non-competition.**

**Explain the terms of the contracts of the executive directors**

The contract of the executive director is a permanent contract and includes a clause under which said director must provide its services exclusively to the company. A period of three months' notice is required before the mercantile relations governed by said contract may be terminated. A post-contractual non-competition clause is established for the period of one year to be counted from the date on which the contract is terminated on any grounds. Similarly, compensation equivalent to its remuneration in the two previous years is established for the director in the event of termination by the company.

**A.8 Explain any supplemental remuneration accrued by the directors in consideration of services provided other than those inherent in their position.**

As stated in the section, the position of independent director receives a fixed remuneration of 40,000 euros and a supplemental remuneration of 20,000 euros for each one of the three independent directors of the company. One of them, in their position as Coordinating Director of the Board of Directors. Each of the other two receive said remuneration in consideration of their position as committee chairs, respectively.

It is also stated in this section that the Secretary of the Board and Proprietary Director, Mr. Javier Gaspar Pardo de Andrade, is a partner at the VCGH Abogados law firm, who receives remuneration as Secretary of the Board of Directors amounting to 197,664 euros/year in the financial year 2016.

A.9 State any remuneration in the form of advances, loans or guarantees provided, with an indication of the interest rate, main features, and amounts potentially returned, as well as the obligations assumed on their behalf as a guarantee.

**Explain the advances, loans and guarantees provided**

There is a loan for meeting fiscal obligations stemming from the delivery of shares to the Chairman of the Board of Directors of the company amounting to 1,336,754.57 euros.

Said loan was issued on 13 May 2016.

The loan has a term of five years and will therefore expire on 13 May 2021. The agreed interest is

EURIBOR plus one point

A.10 Explain the main features of remunerations in kind.

**Explain the remunerations in kind**

Only the Chairman of the Board of Directors receives remunerations in kind, with none of the other directors receiving remunerations in kind.

The remuneration in kind consists of a company car and medical insurance, as well as contribution to a savings plan and life insurance.

A.11 State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof in the company.

**Explain the remuneration accrued by the director by virtue of the payments made by the listed company to a third party to which the director provides services**

There is no remuneration accrued by the director by virtue of the payments made to a third party to which the director provides services, except in the case of the Secretary Director of the Board of Directors of the company.

In that case, the Secretary of the Board of Directors is remunerated for the services provided through the firm VCGH ABOGADOS, of which it is a partner.

A.12 Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

**Explain the other items of remuneration**

There are no other items of remuneration

A.13 Explain the actions taken by the company regarding the remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values, and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses

to be able to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid any conflicts of interest.

**Explain actions taken to reduce risks**

There are no recovery clauses for demanding the reimbursement of any remuneration. For this reason, the company pays no remuneration whatsoever in advance but rather when it has been demonstrated that payment is due following compliance with the requirements established for the accrual of each amount, at the close of the financial year and once the annual accounts for said year have been drawn up.

As previously stated, only the Chairman of the Board of Directors is beneficiary of remuneration based on variable components, which are due once compliance with the condition for accrual in each case has been demonstrated. Similarly, the existence of a long-term tri-annual loyalty plan for said director has been mentioned, with no obligation arising to pay any amount with regards to said plan until March 2018, provided that the targets of the business plan have been met and the EBITDA established for the period January 2015 to December 2017 has been achieved.

**B REMUNERATION POLICY FOR FUTURE YEARS**

Derogated.

**C OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE FINANCIAL YEAR JUST ENDED**

C.1 Summarise the main features of the structure and items of remuneration from the remuneration policy applied during the financial year just ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, as well as a summary of the decisions made by the board to apply such items.

**Explain the structure and items of remuneration from the remuneration policy applied during the financial**

Only the independent directors are entitled to receive annual fixed remuneration, amounting to 40,000 euros each one.

To said remuneration is added a further 20,000 euros each. One of them, in consideration of its position as Coordinating Director of the Board of Directors. Each of the other two receive said remuneration in consideration of their position as committee chairs, respectively.

The proprietary directors receive no remuneration for services rendered.

As regards the remuneration of the executive director that holds the position of Chairman of the Board of Directors of the company, we refer to the information reported above.



**D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS**

Name	Class	2016 Accrual Period
PABLO JUANTEGUI AZPILICUETA	Executive	From 31/03/2016 to 31/12/2016.
CARLOS MALLO ALVAREZ	Proprietary	From 31/03/2016 to 31/12/2016.
ALEJO VIDAL-QUADRAS DE CARALT	Proprietary	From 31/03/2016 to 31/12/2016.
JOHN DERKACH	Independent	From 31/03/2016 to 31/12/2016.
JUAN RIVA DE ALDAMA	Independent	From 06/04/2016 to 31/12/2016.
LUIS DANIEL SANZ SUAREZ	Independent	From 31/03/2016 to 31/12/2016.
JAVIER GASPAR PARDO DE ANDRADE	Proprietary	From 31/03/2016 to 31/12/2016.

D.1 Complete the following tables regarding the individualised remuneration of each of the directors (including the remuneration for the financial year for executive duties) accrued during the financial year.

**a) Accrued remuneration at the company covered by this report:****i) Cash remuneration (€ thousands)**

Name	Salary	Fixed Remuneration	Attendance Fees	Short-term Variable Remuneration	Long-term Variable Remuneration	Remuneration for belonging to Board Committees	Termination Benefits	Other Remuneration	Total 2016	Total 2015
CARLOS MALLO ALVAREZ	0	0	0	0	0	0	0	0	0	0
ALEJO VIDAL-QUADRAS DE CARALT	0	0	0	0	0	0	0	0	0	0
JAVIER GASPAR PARDO DE ANDRADE	0	0	0	0	0	0	0	0	0	0
JUAN RIVA DE ALDAMA	0	47	0	0	0	0	0	0	47	0
LUIS DANIEL SANZ SUAREZ	0	48	0	0	0	0	0	0	48	0
JOHN DERKACH	0	48	0	0	0	0	0	0	48	30
PABLO JUANTEGUI AZPILICUETA	0	585	0	4,766	0	0	0	0	5,351	0

## ii) Share-based remuneration systems

JAVIER GASPAR PARDO DE ANDRADE N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	N° options	Shares affected	Exer. Price (€)	Exercise period			N° Options	Shares Affected	Exer. Price (€)	Exercise period		
	Shares Options Affected	0		N/A								
31/03/2016	0	0	0.00				0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				
N° of Shares	Price	Amount	Exer. Price (€)	N° Options	Shares Affected	Gross Profit (thousands of euros)	N° Options	N° Options	Shares Affected	Exer. Price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	N/A	
Other requirements for exercise: N/A												

CARLOS MALLO ALVAREZ N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	N° options	Shares affected	Exer. Price (€)	Exercise period			N° Options	Shares Affected	Exer. Price (€)	Exercise period		
	Shares Options Affected	0		N/A								
31/03/2016	0	0	0.00				0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				

<b>N° of Shares</b>	<b>Price</b>	<b>Amount</b>	<b>Exer. Price (€)</b>	<b>N° Options</b>	<b>Shares Affected</b>	<b>Gross Profit (thousands of euros)</b>	<b>N° Options</b>	<b>N° Options</b>	<b>Shares Affected</b>	<b>Exer. Price (€)</b>	<b>Exercise period</b>
0	0.00	0	0.00	0	0	0	0	0	0	0.00	N/A
Other requirements for exercise: N/A											

ALEJO VIDAL-QUADRAS DE CARALT N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	Nº options	Shares affected	Exer. Price (€)	Exercise period			Nº Options	Shares Affected	Exer. Price (€)	Exercise period		
	Shares Options Affected	0		N/A								
31/03/2016	0	0	0.00				0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				
Nº of Shares	Price	Amount	Exer. Price (€)	Nº Options	Shares Affected	Gross Profit (thousands of euros)	Nº Options	Nº Options	Shares Affected	Exer. Price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	N/A	
Other requirements for exercise: N/A												

JUAN RIVA DE ALDAMA N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	Nº options	Shares affected	Exer. Price (€)	Exercise period			Nº Options	Shares Affected	Exer. Price (€)	Exercise period		
	Shares Options Affected	0		N/A								
31/03/2016	0	0	0.00				0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				
Nº of Shares	Price	Amount	Exer. Price (€)	Nº Options	Shares Affected	Gross Profit (thousands of euros)	Nº Options	Nº Options	Shares Affected	Exer. Price (€)	Exercise period	

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0	0.00	0	0.00	0	0	0	0	0	0	0.00	N/A
Other requirements for exercise: N/A											

JOHN DERKACH N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	N° options	Shares affected	Exer. Price (€)	Exercise period			N° Options	Shares Affected	Exer. Price (€)	Exercise period		
	Shares Options Affected	0		N/A								
31/03/2016	0	0	0.00				0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				
N° of Shares	Price	Amount	Exer. Price (€)	N° Options	Shares Affected	Gross Profit (thousands of euros)	N° Options	N° Options	Shares Affected	Exer. Price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	N/A	
Other requirements for exercise: N/A												

LUIS DANIEL SANZ SUAREZ N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	N° options	Shares affected	Exer. Price (€)	Exercise period			N° Options	Shares Affected	Exer. Price (€)	Exercise period		
	Shares Options Affected	0		N/A								
31/03/2016	0	0	0.00				0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				

<b>N° of Shares</b>	<b>Price</b>	<b>Amount</b>	<b>Exer. Price (€)</b>	<b>N° Options</b>	<b>Shares Affected</b>	<b>Gross Profit (thousands of euros)</b>	<b>N° Options</b>	<b>N° Options</b>	<b>Shares Affected</b>	<b>Exer. Price (€)</b>	<b>Exercise period</b>
0	0.00	0	0.00	0	0	0	0	0	0	0.00	N/A
Other requirements for exercise: N/A											

PABLO JUANTEGUI AZPILICUETA N/A												
Date of Implementation	Ownership of options at beginning of 2016						Options allocated in 2016					
	N° options Shares Options Affected	Shares affected	Exer. Price (€)	Exercise period			N° Options	Shares Affected	Exer. Price (€)	Exercise period		
31/03/2016	0	0	0.00	N/A			0	0	0.00	N/A		
Conditions: N/A												
Shares delivered in the year 2016			Options exercised in 2016				Options expired and not exercised	Options at the end of 2016				
N° of Shares	Price	Amount	Exer. Price (€)	N° Options	Shares Affected	Gross Profit (thousands of euros)	N° Options	N° Options	Shares Affected	Exer. Price (€)	Exercise period	
491,580	7.75	3,809	0.00	0	0	0	0	0	0	0.00	N/A	
Other requirements for exercise: N/A												

### iii) Long-term savings plans

Name	Contribution for the year by the company (€ thousands)		Amount of accumulated funds (€ thousands)	
	FY 2016	FY 2015	FY 2016	FY 2015
ALEJO VIDAL-QUADRAS DE CARALT	0	0	0	0
JOHN DERKACH	0	0	0	0
JUAN RIVA DE ALDAMA	0	0	0	0
LUIS DANIEL SANZ SUAREZ	0	0	0	0
JAVIER GASPARD PARDO DE ANDRADE	0	0	0	0
CARLOS MALLO ALVAREZ	0	0	0	0
PABLO JUANTEGUI AZPILICUETA	119,718	0	0	0



## iv) Other benefits (€ thousands)

ALEJO VIDAL-QUADRAS DE CARALT			
Remuneration in the form of advances, loans			
Interest rate for the transaction		Main features of the transaction	Amounts potentially returned
0.00		N/A	N/A
Life insurance premiums		Guarantees given by the company in favour of the directors	
FY 2016	FY 2015	FY 2016	FY 2015
0	0	N/A	N/A
0			

JAVIER GASPAR PARDO DE ANDRADE			
Remuneration in the form of advances, loans			
Interest rate for the transaction		Main features of the transaction	Amounts potentially returned
0.00		N/A	N/A
Life insurance premiums		Guarantees given by the company in favour of the directors	
FY 2016	FY 2015	FY 2016	FY 2015
0	0	N/A	N/A
0			

LUIS DANIEL SANZ SUAREZ			
Remuneration in the form of advances, loans			

Interest rate for the transaction		Main features of the transaction	Amounts potentially returned
0.00		N/A	N/A
<b>Life insurance premiums</b>		<b>Guarantees given by the company in favour of the directors</b>	
<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>
0	0	N/A	N/A
0			

<b>JUAN RIVA DE ALDAMA</b>			
<b>Remuneration in the form of advances, loans</b>			
Interest rate for the transaction		Main features of the transaction	Amounts potentially returned
0.00		N/A	N/A
<b>Life insurance premiums</b>		<b>Guarantees given by the company in favour of the directors</b>	
<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>
0	0	N/A	N/A
0			

<b>JOHN DERKACH</b>			
<b>Remuneration in the form of advances, loans</b>			
Interest rate for the transaction		Main features of the transaction	Amounts potentially returned
0.00		N/A	N/A
<b>Life insurance premiums</b>		<b>Guarantees given by the company in favour of the directors</b>	

FY 2016		FY 2015	
0	0	N/A	N/A
0			

CARLOS MALLO ALVAREZ							
Remuneration in the form of advances, loans							
Interest rate for the transaction		Main features of the transaction		Amounts potentially returned			
0.00		N/A		N/A			
Life insurance premiums		Guarantees given by the company in favour of the directors					
FY 2016		FY 2015		FY 2016		FY 2015	
0	0	N/A		N/A			
0							

PABLO JUANTEGUI AZPILICUETA							
Remuneration in the form of advances, loans							
Interest rate for the transaction		Main features of the transaction		Amounts potentially returned			
0.99		Loan issued by the company at five years with an interest rate of EURIBOR plus one.		N/A			
Life insurance premiums		Guarantees given by the company in favour of the directors					
FY 2016		FY 2015		FY 2016		FY 2015	
6,750	0	N/A		N/A			
0							

**b) Remuneration accrued by directors of the company for belonging to boards at other companies of the group:****i) Cash remuneration (€ thousands)**

Name	Salary	Fixed remuneration	Attendance Fees	Short-term Variable Remuneration	Long-term Variable Remuneration	Remuneration for belonging to Board Committees	Termination Benefits	Other Remuneration	Total 2016	Total 2015
PABLO JUANTEGUI AZPILICUETA	0	0	0	0	0	0	0	0	0	0
JAVIER GASPAR PARDO DE ANDRADE	0	0	0	0	0	0	0	0	0	0

**ii) Share-based remuneration systems****iii) Long-term savings plans**

**c) Summary of remuneration (€ thousands):**

Must include in the summary the amounts for all items of remuneration included in this report that have been accrued by the director, in thousands of euros.

In the case of long-term saving systems, include contributions or funding for these types of systems:

Name	Accrued remuneration at the company				Accrued remuneration at Group companies				Total		
	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Total 2016 from the company	Total cash remuneration	Amount of shares delivered	Gross profit on options exercised	Total 2016 from the group	Total 2016	Total 2015	Contribution to savings scheme during the year
CARLOS MALLO ALVAREZ	0	0	0	0	0	0	0	0	0		0
PABLO JUANTEGUI AZPILICUETA	5,351	3,809	0	9,160	0	0	0	0	9,160	0	119
ALEJO VIDAL-QUADRAS DE CARALT	0	0	0	0	0	0	0	0	0		0
JOHN DERKACH	48	0	0	48	0	0	0	0	48	30	0
JUAN RIVA DE ALDAMA	47	0	0	47	0	0	0	0	47	0	0
LUIS DANIEL SANZ SUAREZ	48	0	0	48	0	0	0	0	48	0	0
JAVIER GASPAR PARDO DE ANDRADE	0	0	0	0	0	0	0	0	0		0
<b>TOTAL</b>	<b>5,494</b>	<b>3,809</b>	<b>0</b>	<b>9,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,303</b>	<b>30</b>	<b>119</b>

**D.2 Report the relationship between remuneration obtained by the directors and the results or other measures of the entity's performance, explaining how any changes in the company's performance may have influenced changes in the remuneration of the directors.**

Variations in company performance can only affect the remuneration received by the executive director acting as Chairman of the Board of Directors of the company, given that it is the only beneficiary of variable remuneration.

**D.3 Report the results of the consultative vote of the shareholders on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:**

	Number	% of
<b>Votes cast</b>	0	0.00%

	Number	% of total
<b>Votes against</b>	0	0.00%
<b>Votes in favour</b>	0	0.00%
<b>Abstentions</b>	0	0.00%

**E OTHER INFORMATION OF INTEREST**

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

N/A

This annual remuneration report was adopted by the company's board of directors at its meeting held on 22/02/2017.

List whether any directors voted against or abstained from voting on the approval of this report.

Yes

No