

REPORT ON THE COMPOSITION, FUNCTIONING AND ACTIVITY OF THE AUDIT AND COMPLIANCE COMMITTEE OF TELEPIZZA GROUP, S.A.

FISCAL YEAR 2016

1. Internal Regime

The Audit and Compliance Committee was constituted by the Board of Directors in its meeting held on 6 April 2016 prior to the admission to trading of the company's shares.

Its existence is provided in Article 16 of the Corporate Bylaws of Telepizza Group, S.A. referring to the Board of Directors' Regulations, its composition, functioning and competences, which are developed in Article 31 of the Board Regulations.

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

2. Competences

The competences of the Audit and Compliance Committee are included in Arts. 31.9 and 31.10 of the Board of Directors' Regulations and are the following:

"Art. 31.9.- The powers of the Audit and Compliance Committee shall be those stipulated in the Law and at least the following:

- (a) Inform the Shareholders General Meeting about issues raised in relation to those matters that are the competence of the Committee.*
- (b) Monitor the effectiveness of the Company's internal control, the internal audit and risk management including the tax systems, as well as to discuss with the accounts auditor the significant weakness of the system of internal control detected in the development of the audit.*
- (c) Supervise the mandatory preparation and presentation of financial information required and present recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.*

- (d) *Take to the Board of Directors proposals for selection, appointment, re-election and replacement of the external auditor, as well as the conditions of the contract and regularly gather information on the audit plan and its implementation, in addition to preserving its independence in the exercise of his/her responsibilities.*
- (e) *Establish appropriate relations with external auditors to receive information on matters that may compromise their independence, for their consideration by the Committee, and any others related to the audit process of development, as well as any other communications provided for in the accounts auditor law and the auditing standards. In any case, external auditors must submit their independence declaration annually with regard to the entity or entities related to it directly or indirectly, in addition to information on additional services of any kind provided together with the corresponding fees perceived from these entities by the external auditor or by persons or entities related to it in accordance with the provisions of the law on accounts audits.*
- (f) *Issue, on an annual basis, and prior to the issuance of the accounts audit report, a report that will provide an opinion on the independence of the accounts auditor. This report must contain, always, the valuation of the provision of additional services referred to in the above section, individually and jointly considered, different from the legal audit and in relation to the regime of independence or regulatory audit standards.*
- (g) *Report, previously, to the Board of Directors all matters stipulated by law, the bylaws and the hereby Regulations and particularly:*
 - (i) *the financial information that the Company should make public periodically;*
 - (ii) *the creation or acquisition of shares in entities with special purposes or registered offices in countries or territories which are considered as tax havens; and*
 - (iii) *transactions with related parties.*

31.10 The following will also be the responsibility of the Audit and Compliance Committee:

31.10.1 In relation to internal control and information systems:

- (a) *Supervise the preparation process and completeness of financial information with regard to the Company and, where applicable, the group, reviewing compliance with regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.*
- (b) *Ensure the independence of the department that assumes the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose its budget; adopt the guidance and approve the work plans; ensure that their activity is mainly focused on significant risks facing the Company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.*
- (c) *Establish and supervise a procedure that allows employees to confidentially communicate irregularities of potential significance, especially financial and accounting, which they observe within the Company.*

31.10.2 In relation to the external auditor:

- (a) *If the external auditor resigns, analyse the circumstances that have caused it.*
- (b) *Ensure that the remuneration for the external auditor's work does not compromise quality or independence.*
- (c) *Supervise that the Company communicates as a relevant fact to the CNMV the change of auditor accompanied by a declaration about the possible existence of disagreements with the exiting auditor and, if any, its content.*
- (d) *Ensure that the external auditor annually holds a meeting with the full Board of Directors to inform on the work carried out and the evolution of the Company's accounts and risk situation.*

- (e) *Ensure that the Company and the external auditor comply with the regulations in force regarding the rendering of any services different to auditing, the limits to the concentration of the auditor's business and, in general, any other regulations on the independence of the auditors."*

3. Composition

The members of the Audit and Compliance Committee are appointed by the Board of Directors from among its members.

According to Art. 31.1 of the Board Regulations, the Committee must be composed of a minimum of three and a maximum of five non-executive Directors. The majority of its members should be independent Directors, and at least one of them should have knowledge and experience in accounting and auditing and, as a whole, they shall all have relevant technical knowledge in relation to the Company's sector of activity.

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

Its current composition is the following:

Chairman:	Mr. Luis Sanz Suárez, Independent Director
Member:	Mr. Juan Riva de Aldama, Independent Director
Member:	Mr. Carlos Mallo Álvarez, Proprietary Director
Secretary:	Mr. Javier Gaspar Pardo de Andrade

The date of appointment of all of them was 6 April 2016.

4. Functioning

In line with the provisions of the Board's Regulations, the Chairman will call the Committee for a meeting at least every three months in order to review the financial information, and in accordance with the legislation in force which regulates the Securities Market, which the Board of Directors shall send to the Supervising Authorities together with any other approved and included in the annual public documentation.

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

During the fiscal year 2016, it met on four occasions.

All the agreements of the Committee have been adopted unanimously.

In addition to the Committee members, the Financial Director, Mr. Igor Albiol Gutiérrez, the representatives of the external auditors (KPMG) and the person responsible for the Internal Audit as of the meeting of 25 October, Mrs. Paloma Hernández Armengol, attended as guests in all the meetings held during 2016.

5. Activity

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

During 2016, the activity of the Committee mainly focussed on the following tasks within its competence and responsibility.

1. Meeting of 6 April 2016

- Distribution of posts: appointment of Chairman and Secretary of the Committee.
- Ratification of the appointment of the Company's Auditors.

2. Meeting of 27 July 2016

- Presentation of the external Auditors.
- External audit plan for fiscal year 2016.
- Summary of the most conflictive items found by the external audit.
- Quarterly information to present to the CNMV.
- Code of good tax practices.
- Status of the external Audit.

3. Meeting of 25 October 2016

- Presentation of the third quarter results for 2016.
- Presentation of the internal Audit.

4. Meeting of 21 December 2016

- Report and ratification of the decision of the sole shareholder consisting of the merger of Burmasa Delivery, SLU with Telepizza SAU.
- Capital increase of Telepizza SAU to be subscribed by its sole shareholder Telepizza Group S.A. for the sum of 87 million Euros.
- Approval of the audit charter.
- Report of the internal auditor on the activities carried out and the risk map.
- Report of the external auditor on its interim work.
- Update of the Project "Crime Prevention Programme at Telepizza".

This Report from the Audit and Compliance Committee was approved at the meeting held by this Committee on 26 April and presented to the Board of Directors in the meeting held on 27 April.

The Committee Secretary

Mr. Javier Gaspar Pardo de Andrade