

## **REPORT ON OPERATIONS WITH RELATED PARTIES**

### **I. Introduction**

The Code of Good Governance of Listed Companies, approved by the National Securities Market Commission (CNMV) on 18 February 2015, includes Recommendation 6 on the preparation of a series of reports and their publication, on the corporate website, sufficiently in advance of the holding of the Ordinary General Meeting. One of the reports that is recommended to be prepared and published is a Report of the Audit Committee on related transactions.

Consequently, the Audit and Compliance Committee of Telepizza Group, S.A. has prepared the current Annual Report on related operations, based on the information contained in the Company's annual accounts, which were prepared by the Board of Directors, on 22 February 2017, for their publication on the Web: [www.telepizza.com](http://www.telepizza.com).

### **II. Applicable regulation**

The report has been prepared in line with the following established regulations:

- Article 529 of the Capital Companies Act (LSC) and the Article 6, Section (t) of the Regulation of the Board of Directors of Telepizza Group, S.A., assign, in a non-delegable manner, to the Board of Directors, with prior report of the Audit and Compliance Committee, the approval of the operations that the Company or companies of their Group carried out with Directors, in the legally established terms, or with shareholders, individually or together with others, of a significant shareholding, including shareholders represented on the Board of Directors of the Company or of other companies that form part of the same group, or with people linked to them.

- Excepted from this obligation are those operations which fulfil the three following characteristics simultaneously:

(i) That they are made by virtue of contracts, the conditions of which are standardised and are applied *en masse* to a high number of clients.

(ii) That they are made at prices or tariffs generally established by those who act as suppliers of the goods or services in question, and

(iii) That their quantity does not exceed one percent of the annual income of the company.

- Article 16 of the Consolidated Text of the Corporate Income Tax Law (LIS) sets forth the assumptions in which it is understood that a related person or entity exists and according to which, a related operation is considered to be any transaction between individuals or entities that have a relationship, whether of participation, control or consanguinity.

- Article 31.9, Section g) of the Regulation of the Board of Directors of Telepizza Group, S.A. which includes among others, the competence of the Audit and Compliance Committee consisting of "Reporting, with prior character, to the Board of Directors on all the matters anticipated in the Law, the Company Statutes and the Regulations of the Board of Directors and in particular, on:

(i) The financial information that the Company must make public periodically;

(ii) The creation or acquisition of shares in special purpose entities or those domiciled in countries or territories considered as tax havens; and,

(iii) The operations with related parties.

### **III. Operations with related parties**

Thus, in general, and since one party is considered related to another when they can, directly or indirectly, exercise control or significantly influence the financial decision making and exploitation of the other, by reason of their position, the key personnel of the company or of its parent company are considered as related parties, such being understood as the individuals with authority and responsibility for the planning, management and control of the activities of the company, either directly or indirectly, including administrators and directors. Thus, below are detailed the transactions carried out in the 2016 financial year, which are reflected in the Company's Annual Accounts (Individual and Consolidated):

- The Secretary of the Board and Proprietary Director, Mr Javier Gaspar Pardo de Andrade, is partner of the law firm VCGH Abogados, and receives an annual remuneration for the Provision of Legal Services in the sum of 250,000€.
- The Chairman of the Board of Directors of the Company, Mr Pablo Juantegui de Azpilicueta, received a loan to attend to tax obligations derived from the delivery of shares for the sum of 1,336,754.57€. The concession date of this loan was 13 May 2016, the duration of which is for five years and the agreed interest is Euribor plus one point.