



AmRest Holdings SE

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

for the year ended 31 December 2020

Data identify issuer:

Ending date of reference financial year 31/12/2020

Tax Identification Code [C.I.F] A88063979

Registered name AmRest Holdings SE

Registered office Paseo de la Castellana, 163, 10º floor, 28046 Madrid, Spain

A. OWNERSHIP STRUCTURE

A.1 Complete the table below with details of the company's share capital:

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
15/10/2018	21,955,418.30	219,554,183	219,554,183

Remarks

Indicate whether there are different classes of shares with different associated rights:

Yes ☐ No ☒

A.2 List the company's significant direct and indirect shareholders at year end, excluding directors:

Name or company name of shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Artal International SCA	5.18	0.000	0.000	0.000	5.18
AVIVA Otwarty Fundusz Emerytalny AVIVA BZWBK SA	3.12	0.000	0.000	0.000	3.12
Nationale-Nederlanden Open Pension Fund	4.26	0.000	0.000	0.000	4.26

Breakdown of the indirect holding

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights

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

Name of shareholder	Date of transaction	Description of transaction
Artal International SCA	30/03/2020	Transaction carried out in a regulated market, resulting in crossing a threshold of 5% of the Company's voting rights

Most significant movements

A.3 Complete the following tables on members of the company's Board of Directors holding voting rights on the company's shares:

Name of director	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Carlos Fernández González	0.000	67.05	0.000	0.000	67.05	0.000	0.000

Total percentage of voting rights held by the Board of Directors	67.05
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Remarks

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
FERNÁNDEZ GONZÁLEZ, CARLOS	FCAPITAL DUTCH, B.V.	41.31	0.000	41.31	0.000
FERNÁNDEZ GONZÁLEZ, CARLOS	FCAPITAL LUX, S.A.R.L.	25.74	0.000	25.74	0.000

Remarks
Carlos Fernández González owns the majority of the share capital and voting rights in Grupo Far-Luca, S.A. de C.V., which in turn controls Grupo Finaccess, S.A.P.I. de C.V. The latter owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. de C.V., which controls two direct shareholders: FCapital Dutch, B.V. (100%) and FCapital Lux S.à.r.l. (100%). Thus, the direct shareholders are controlled by an entity linked to Mr. Carlos Fernández González.

A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise

in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description

A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description

A.6 Describe the relationships, unless insignificant for both parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Luis Miguel Álvarez Pérez	FCapital Dutch, B.V.	Grupo Finaccess S.A.P.I. de C.V.	Luis Miguel Álvarez Pérez is a proprietary director of controlling shareholder Grupo Finaccess.
José Parés Gutiérrez	FCapital Dutch, B.V.	Grupo Finaccess S.A.P.I. de C.V.	José Parés was a proprietary director of controlling shareholder Grupo Finaccess until 30 November 2020, when he became an executive director.
Carlos Fernández González	FCapital Dutch, B.V.	Grupo Finaccess S.A.P.I. de C.V.	Carlos Fernández González is a proprietary director of controlling shareholder Grupo Finaccess.

Remarks

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☐ No ☒

Parties to the shareholders' agreement	% of share capital concerned	Brief description of the agreement	Expiry date of the agreement, if any

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes ☐ No ☒

Parties to the concerted action	% of share capital concerned	Brief description of the concerted action	Expiry date of the concert, if any

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes ☒ No ☐

Name or company name
CARLOS FERNÁNDEZ GONZÁLEZ

Remarks
FCapital Dutch, B.V., FCapital Lux, S.à.r.l. – being direct shareholders of AmRest – hold jointly 67.58% of the voting rights in the company. Finaccess Capital, S.A. de C.V. controls first two direct shareholders (FCapital Dutch, B.V., FCapital Lux, S.à.r.l.), and is in turn owned by Grupo Finaccess, S.A.P.I. de C.V.
Carlos Fernández González owns the majority of the share capital and voting rights in Grupo Far-Luca, S.A. de C.V., which in turn controls Grupo Finaccess, S.A.P.I. de C.V.

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
623,461	-	0,2840%

(*) Through:

Name or company name of direct shareholder	Number of direct shares
Total:	

Explain any significant changes during the year:

Explain significant changes

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

The general shareholders' meeting held on 6 June 2018 authorised the company's Board of Directors to buy back treasury shares under the following terms: (i) the acquisition may be executed in the form of a sale and purchase transaction, shares swap, shares distribution or shares in lieu of payment and, in general, via any other lawful acquisition method involving valuable consideration for shares in circulation. Such transaction may be executed once or on several occasions, provided that the acquired shares – added to those already in the company's possession – do not exceed the maximum permitted by law; (ii) the price or exchange value will range between a minimum amounting to their par value and a maximum equivalent to the closing price of the shares on the Continuous Market upon their acquisition; and (iii) the aforementioned authorisation will remain in place for five years as of the following day on which this resolution was adopted. Moreover, the resolution stipulates that the shares acquired under this authorised transaction(s) may be disposed of, used in the successful bidding process of potential corporate deals or applied to the remuneration mechanisms set forth under Article 146.1 a) of the Corporate Enterprises Act.

In addition, a resolution was also passed at the general shareholders' meeting to delegate the authority to the Board of Directors to increase the company's share capital – including the ability to exclude pre-emptive rights (restricted in this instance to 20% of the share capital) – in accordance with the terms of the Corporate Enterprises Act.

A.11 Estimated floating capital:

	%
Estimated floating capital	20.11

Remarks
The company's working capital amounts to just above 20% once the stakes of shareholders holding at least 3% of the shares, the shares owned by the company's directors closely related to significant shareholders and the treasury stock have been discounted.

A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes ☐ No ☒

Description of restrictions

A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes ☐ No ☒

If so, explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes ☐ No ☒

If so, indicate each share class and the rights and obligations conferred.

Indicate the various share classes

B. GENERAL SHAREHOLDER'S MEETING

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details:

Yes ☒ No ☐

	% quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters	% quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions
Quorum required at 1st call	At least 40% of share capital subscribed with voting rights.	At least 60% of share capital subscribed with voting rights.

Quorum required at 2nd call	N/A	At least 40% of share capital subscribed with voting rights.
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Description of differences

B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes ☐ No ☒

Describe how it is different from the regime provided in the Spanish Corporate Enterprises Act.

	Qualified majority different from that established in Article 201.2 of the Spanish Corporate Enterprises Act for matters referred to by Article 194.1 of said Act	Other matters requiring a qualified majority
% established by the company for the adoption of resolutions		

Describe the differences

B.3 Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

Pursuant to Articles 19 and 20 of AmRest's Articles of Association and Articles 16 and 26 of the Board of Directors Regulation, where an ordinary or extraordinary general shareholders' meeting is arranged to discuss amendments to the Articles of Association, shareholders representing at least 60% of the share capital subscribed with voting rights must be in attendance at the first calling (primera convocatoria) for such meeting(s) to be considered valid. At second call (segunda convocatoria), at least 40% of the subscribed capital with voting rights is required.

With regard to the adoption of resolutions, the Articles of Association and Board Regulation refer to the terms set forth by law, i.e. resolutions adopted by way of absolute majority where the present or represented capital equals 50% (60% at the first calling). At second call, where shareholders representing less than 50% of the capital subscribed with voting rights are present, resolutions concerning amendments to the Articles of Association may only be validly adopted with a favourable vote of two-thirds of the present or represented capital at the general shareholders' meeting.

B.4 Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Date of General Meeting	Attendance data				
	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
10/06/2020	0.00%	70.32%	0.00%	0.00%	70.32%
Of which floating capital:	0.00%	4.66%	0.00%	0.00%	4.66%
14/05/2019	0.00%	79.26%	0.00%	0.00%	79.26%
Of which floating capital:	0.00%	12.18%	0.00%	0.00%	12.18%
06/06/2019	0.00%	76.50%	0.00%	8.19%	84.69%
Of which floating capital:	0.00%	1.20%	0.00%	3.14%	4.34%

Remarks

B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes ☐ No ☒

Items on the agenda not approved	% votes against (*)

(*) If the non-approval of the point was for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes ☐ No ☒

Number of shares required to attend General Meetings	
Number of shares required for voting remotely	

B.7 Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes ☐ No ☒

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law

B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The company's website address is www.amrest.eu . Information on corporate governance can be found by clicking on

the “Investors” tab and subsequently the “General Meeting of Shareholders” and “Corporate governance” subsections of the menu (among others).

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 BOARD OF DIRECTORS

C1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	7

C1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
José Parés Gutiérrez		Executive	Executive Chairman	October 5, 2017	October 5, 2017	General shareholders' meeting resolution	August 12, 1970
Luis Miguel Álvarez Pérez		Proprietary	Vice chairman	October 5, 2017	October 5, 2017	General shareholders' meeting resolution	January 31, 1970
Carlos Fernández González		Proprietary	Member	October 5, 2017	October 5, 2017	General shareholders' meeting resolution	September 29, 1966
Romana Sadurska		Independent	Vocal	May 14, 2019	June 10, 2020	General shareholders' meeting resolution	July 28, 1951
Emilio Fullaondo Botella		Independent	Vocal	May 14, 2019	June 10, 2020	General shareholders' meeting resolution	May 22, 1971
Pablo Castilla Reparaz		Independent	Member- Lead Independent Director	October 5, 2017	October 5, 2017	General shareholders' meeting resolution	December 6, 1960
Mónica Cueva Díaz		Independent	Member	July 1, 2020	July 1, 2020	Board of Directors' resolution	April 6, 1965
Total number of Directors							7

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
Mustafa Ogretici	Independent	October 5, 2017	June 30, 2020	Audit Committee, Health and Safety Committee	Yes

Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting

Resignation submitted presented by the director due to his desire to dedicate more time to other professional projects, whose management was incompatible with the proper exercise of his positions as director, member of the Audit Committee and chairman of the Health and Safety Committee.

C1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile
José Parés Gutiérrez	Previously proprietary director. The Executive Chairman was delegated all of the powers that correspond to the Board of Directors except those that are non-delegable by virtue of the current legislation, the Bylaws and the Regulations of the Board of Directors of AmRest.	CEO of Finaccess Capital since 2013, in charge of portfolio management and Chairman of the Board of Restaurant Brands New Zealand Limited. He spent 19 years of his career working in various roles for Grupo Modelo and was the member of the Board of Crown Imports (Chicago, Illinois), Vice Chairman of the Board of MMI (Toronto, Canada), member of the Board of DIFA (Mexico) and a former member of the Mexican Brewers Association (Cámara de Cerveceros de México).
Total number of Executive Directors		1
Percentage of Board		14.29

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Luis Miguel Álvarez Pérez	Grupo Finaccess S.A.P.I. de C.V.	Board Member, Audit Committee Member and Investment Committee Member of Finaccess, S.A.P.I. Founder, Chairman of the Board and CEO of Compitalia, S.A. de C.V. Member of the Board of Restaurant Brands New Zealand Limited. Held several roles at Grupo Modelo. Currently a member of the board of numerous companies and NGOs.
Carlos Fernández González	Grupo Finaccess S.A.P.I. de C.V.	Chairman of the Board of Directors of Grupo Finaccess S.A.P.I. de C.V. He is also currently a non-executive director of Inmobiliaria Colonial Socimi, S.A. and member of the Board of Restaurant Brands New Zealand Limited. Previously held several roles at Grupo Modelo (the last one as Chairman of the Board and CEO) and has also served on the boards of national and international companies (such as independent Board member of Banco Santander).
Total number of proprietary directors		2
Percentage of Board		28.57

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Pablo Castilla Reparaz	Has held the roles of Director of Santander Direkt Bank (Germany), Director of Banco Mercantil (Peru), Non-member Secretary of BT Telecomunicaciones, S.A., Member Secretary of Santander Investment, S.A., Secretary of the Grupo Santander Investment Committee, Director Secretary at OpenBank and Member Secretary of Grupo Vitaldent. Mr. Castilla held the position of International and Corporate Legal Manager of Banco Santander for more than 20 years.
Mónica Cueva Díaz	She has been working with Banco Santander for more than 30 years, holding various roles in different jurisdictions, generally linked to the financial, accounting and control areas. Ms. Mónica Cueva has also led important integration processes such as the acquisition of ABN AMRO. Ms. Mónica Cueva has also been a college professor and lecturer, and a member of the European Banking Authority representing Banco Santander. Ms. Mónica Cueva has been a director in numerous companies of the Santander Group and currently holds the position of director of Banco Santander Río (Argentina).
Romana Sadurska	She has more than thirty years of experience in different positions related to the legal sector. During more than fifteen years, she was a partner and general secretary of the Spanish law firm, Uría Menéndez, and she also managed the office of the aforementioned law firm in Central and Eastern Europe. Ms. Romana Sadurska was a member of the International Advisory Board of the Instituto de Empresa Business School and the Advisory Board of Uría Menéndez. Currently, she is Executive Vice President of the Professor Uría Foundation and serves

as patron of the Aspen Institute Spain. She is also an honourably member of the Polish Academy of Gastronomy.

Emilio Fullaondo Botella

He has held senior management positions for more than twenty-three years in the beer industry, leading various departments related to the financial area of the Mexican beer group Grupo Modelo, including the position of Chief Financial Officer for a period of four years and subsequently in the Belgian company AB InBev, following the acquisition by Grupo Modelo as Chief People Officer for Middle Americas until his resignation in January 2019. He is also an independent director of the Restaurant Brands company, which is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

Number of independent directors 4

Percentage of the Board 57.14

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
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OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reason	Company, manager or shareholder to which or to whom the director is related	Profile
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Total number of other external directors

Percentage of the Board

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
José Parés Gutiérrez	30.11.2020	External Proprietary	Executive

C1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year n	Year n-1	Year n-2	Year n-3	Year n	Year n-1	Year n-2	Year n-3
Executive	0	0	0	N/A	0.00%	0.00%	0.00%	N/A
Proprietary	0	0	0	N/A	0.00%	0.00%	0.00%	N/A
Independent	2	1	0	N/A	28.57%	14.29%	0.00%	N/A
Other external	0	0	0	N/A	0.00%	0.00%	0.00%	N/A
Total	2	1	0	N/A	28.57%	14.29%	0.00%	N/A

Remarks

Information provided as from the Company's relocation to Spain in March 2018. Before the Company did not have a Board of Directors but a dual board scheme with a Supervisory Board and a Management Board.

C1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes ☒ No ☐ Partial policies ☐

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why

Description of policies, objectives, measures and how they have been applied, and results achieved

Diversity management at AmRest is based on understanding the differences between those working for the company and developing policies and programmes to create a respectful environment, making use of such differences for the good of the organisation. AmRest recognises diversity in three different ways: (i) based on race, nationality, ethnic group, gender, age, sexual orientation and disability; (ii) based on each person's level of study, place of residence, family background, etc.; (iii) organisational criteria in view of work experience, category, sector, etc.

Among the implemented measures are: (i) the creation of diverse teams with regards to gender and age; (ii) fostering respectful behaviour when it comes to diversity, which in turn encourages people to act in a kind manner; (iii) the creation of guidelines on cooperation with disabled colleagues; (iv) encouraging a healthy work-life balance; (v) actively fighting against discrimination and harassment at the workplace through the Speak Openly platform, HR audits, employee meetings, etc.; (vi) the creation of a corporate culture underpinned by fundamental values; and (vii) ensuring equality with regards to accessing benefits and employee meetings. Moreover, AmRest has an Ethics Code and Ethics Committees, an e-learning platform with access to numerous workplace anti-discrimination, sexual harassment and mobbing training courses and

recruitment process for those with a disability.

The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee in a bid to achieve a more balanced and diverse Board are reflected by the Director Selection Policy detailed in the following sections.

C1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
<p>Board members are selected and appointed based on the company's needs and in compliance with the requirements set out in the AmRest Director Selection Policy. The Board of Directors and Appointments Committee seek candidates who bring a wealth of diverse knowledge, abilities, experience and profile within the company. Searches are essentially based on the notion that the chosen candidates provide experience, know-how and professional merit, as well as demonstrating conduct and a background aligned to AmRest's values. Any male or female who meets these requirements can be included in the selection process.</p> <p>In the last two years, Ms Romana Sadurska and Ms Mónica Cueva Díaz have been appointed as directors. The Group strives to ensure that senior management has the necessary diversity of knowledge, skills, experience and gender, although there is no specific policy to this effect.</p>

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons

C1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

AmRest Director Selection Policy specifically states that all possible efforts shall be made so that within five years from approval of the policy (December 2018), female directors would represent at least 30% of the Board members. The Company shall encourage females to apply for director roles during selection and Board member re-appointment processes. To fulfil with this commitment, the first female member of AmRest Board of Directors, Ms. Romana Sadurska, was appointed in May 2019, followed by the second female director of the Company, Ms Mónica Cueva Díaz, appointed in July 2020.

C1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason
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Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes ☐ No ☒

Name or company name of shareholder	Explanation
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C.1.9 Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:

Name or company name of director or committee	Brief description
EXECUTIVE COMMITTEE	The Executive Committee has been delegated all of the Board's faculties, aside from those which may not be delegated according to the law, the Articles of Association and the Board of Directors Regulation.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
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C.1.11 List any directors or representatives of legal-person directors of your company who are members of the Board of Directors or representatives of legal-person directors of other companies listed on regulated markets other than group companies of which the company has been informed:

Name or company name of director	Company name of the listed entity	Position
Carlos Fernández González	Inmobiliaria Colonial Socimi, S.A.	Board Member
Carlos Fernández González	Restaurant Brands New Zealand Limited.	Board Member
José Parés Gutiérrez	Restaurant Brands New Zealand Limited.	Chairman of the Board
Luis Miguel Álvarez Pérez	Restaurant Brands New Zealand Limited.	Board Member
Emilio Fullaondo Botella	Restaurant Brands New Zealand Limited.	Board Member

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes ☒ No ☐

Explanation of the rules and identification of the document where this is regulated

Pursuant to Article 22 of the AmRest Board of Directors Regulation, directors shall not form part of more than four other listed companies' boards of directors. In this regard, all of the companies' boards of directors belonging to the same group will be considered to have one single mandate as well as those holding board memberships as proprietary directors proposed by a company of the same group even if the stock held in the company, or the level of control, may not qualify that company to be considered as part of the group.

Exceptionally, and provided there is just cause, the Company's Board may exempt directors from this prohibition. In addition, directors shall inform the Appointments and Remuneration Committee of any material changes to their professional situation and any that may affect the nature or condition by virtue of which they have been appointed as a director.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	363
Amount of pension rights accumulated by directors currently in office (thousands of euros)	0
Amount of pension rights accumulated by former directors (thousands of euros)	0

Remarks

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
Mark Chandler	Chief Executive Officer
Eduardo Zamarripa	Chief Financial Officer
Olgierd Danielewicz	Chief Operations Officer
María Elena Pato-Castel Tadeo	Equity Brands President
Adam Mularuk	Equity Brands President
Oksana Staniszevska	Chief People Officer
Ismael Sanchez	Chief People Officer
Jerzy Tymofiejew	Chief Development Officer
Peter Kaineder	Chief Strategy Officer
Ramanurup Sen	Food Services President
Robert Žuk	Chief Information Officer
Number of women in senior management	0
Percentage of total senior management	0
Total remuneration of senior management (thousands of euros)	4,071

Remarks
Ms. Oksana Staniszevska left AmRest in February 2020, Ms. María Elena Pato-Castel Tadeo in September 2020 and Mr. Adam Mularuk in December 2020.

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes ☐ No ☒

Description of amendment(s)

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

Pursuant to Article 14 of the AmRest Articles of Association and Article 7 of the General Shareholders' Meeting Regulation, said shareholders' meeting shall be responsible for appointing and removing directors, as well as ratifying directors appointed by co-optation. Nevertheless, in accordance with Article 6 of the Board of Directors Regulation, the Board is responsible for appointing directors in the event of vacancies, until the general shareholders' meeting next meets.

The Appointments and Remuneration Committee assesses the capabilities, knowledge and experience required for a place on the Board. In this regard, the Committee is tasked with defining the duties and suitability of the candidates needed to fill each vacancy, as well as gauging the specific time and dedication required for them to properly perform such duties.

The Committee issues proposals to the Board concerning the appointment of independent members and those to be appointed by co-optation. Said proposals, as well as those relating to the re-appointment and removal of directors, are submitted for approval to the general shareholders' meetings. Moreover, the Committee must inform the Board of the appointment, re-election and removal of directors from their roles on the Board.

The appointment, ratification and re-appointment proposals issued to the general shareholders' meeting by the Board must be preceded by the corresponding report prepared by the Appointments and Remuneration Committee for the appointment of the remaining non-independent members. Each director's performance and dedication throughout their tenure will be taken into consideration upon their re-appointment or ratification.

Board members will each exercise their office for a term of four years. They may be re-appointed on one or several occasions for periods of the same maximum duration. Once the term has expired, the tenure will be terminated upon the next general shareholders' meeting, or when the legal term for holding such meeting to approve the accounts for the preceding fiscal year has elapsed.

C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendment(s)

The annual evaluation of the Board in 2019 has not resulted in major changes to its internal organization and on the procedures applicable to its activities in 2020.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated

The Board evaluated its performance for the year 2020 at a meeting held in February 2021.

The Board assessment comprised an analysis of the following elements: (i) the quality and efficiency of its performance; (ii) the execution of the chairman and CEO's duties; (iii) the performance and composition of the committees; and (iv) the diversity in the composition and authority of the Board, as well as the performance and contribution of each member.
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No external advisors were engaged.

The conclusions were contained in a report approved by the Board that, among other aspects, analysed the structure and composition of the Board, its internal efficiency and performance, and its relationship with the senior management team; the performance of the Board and committees' duties; and the latest improvements and recommendations for the next year.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

N/A

C.1.19 Indicate the cases in which directors are obliged to resign.

Pursuant to Article 25 of the Articles of Association and Article 11 of the Board of Directors Regulation, the directors shall make their position available to the Board and execute, where deemed appropriate, the relevant resignation in the following cases: (a) when they cease to hold the executive positions to which their appointment as director was associated; (b) when they are involved in any of the situations deemed to be incompatible or prohibited according to law; (c) when they have committed a serious breach of their obligations as director; or (d) when remaining on the Board may endanger the company's interests, negatively affect the Board's credibility or reputation, or when the reasons for which they were appointed disappear (for example, when proprietary directors transfer or reduce their shareholding in the company).
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C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

Yes _ No **X**_

If so, describe the differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes ☐ No ☒

Description of requirements

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes ☐ No ☒

	Age limit
Chairman	
Managing Director/CEO	
Director	

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes ☐ No ☒

Additional requirements and/or maximum number of years of office

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Pursuant to Article 13 of the Board of Directors Regulation, directors should attend the sessions in person. Where this is not possible, they may, using any written means including email and for that session alone, delegate their representation to another director, with the appropriate instructions. This representation will be notified to the chairman or secretary of the Board. A single director may hold several representations. Non-executive directors may only delegate their representation to another non-executive director.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the

chairman gave specific proxy instructions are to be counted as attended.

Number of Board meetings	49
Number of Board meetings held without the chairman's presence	1

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	46
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Remarks
The coordinating member of the Board of Directors has attended all meetings. Until November 30, 2020, there was no executive director on the Board.

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the Executive Committee	8
Number of meetings held by the Audit Committee	6
Number of Meetings held by the Nomination and Remuneration Committee	10
Number of meetings held by the Nomination Committee	N/A
Number of meetings held by the Remuneration Committee	N/A
Number of meetings held by the Health and Safety Committee	4

Remarks

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data.

Number of meetings in which at least 80% of directors were present in person	48
Attendance in person as a % of total votes during the year	98%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	49
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100%

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes ☐ No ☒

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

Pursuant to Article 19 of the Board of Directors Regulation and Article 5 of the Audit Committee Regulation, the Audit Committee is responsible for the following, among other duties: (i) to explain the results of the audit and how it contributed to the integrity of the financial information and the Audit Committee's role in this process; and (ii) to oversee the effectiveness of the company's internal control system, the internal audit and the risk management system, and discuss with the accounts auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up.

Moreover, Article 9 of the Audit Committee Regulation stipulates that the Committee shall review the content of the audit reports and, as the case may be, the limited review of the interim accounts, as well as other reports to be prepared by the auditors prior to the issue of the former. This will help to avoid the issue of reports with reservations, allowing the Board to present the accounts to the general shareholders' meeting in an audit report without reservations or, in exceptional circumstances when such reservations do exist, for the Committee chair and the auditors to be able to explain the content and scope of the reservations to shareholders in a clear manner.

C.1.29 Is the secretary of the Board also a director?

Yes ☐ No ☒

If the secretary is not a director, please complete the following table:

Name or company name of the secretary	Representative
Eduardo Rodríguez-Rovira	

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

Pursuant to the Board of Directors Regulation, the Audit Committee is responsible for proposing motions regarding the recruitment, appointment, re-election and replacement of the accounts auditor to the Board of Directors, taking charge of the recruitment process, as well as the terms and conditions of the agreement, the scope of their professional mandate and the renewal or termination of their mandate. In accordance with Article 19 of the Board of Directors Regulation, the Audit Committee shall also liaise with the auditor to receive information on matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations.

In any event, the Audit Committee must receive the following from the accounts auditor on an annual basis: written confirmation of its independence regarding the entity or those entities that it has direct or indirect links to; information on any additional services rendered of any kind and the relevant fees received by the auditor or persons, natural or legal, related to the auditor, from the abovementioned entities, pursuant to the provisions of the prevailing audit regulations.

Moreover, the Audit Committee shall issue – annually prior to the issue of the audit report – a report expressing an opinion on whether the independence of the accounts' auditor has been jeopardised. Such report must include a reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes ☐ No ☒

Outgoing auditor	Incoming auditor

If there were any disagreements with the outgoing auditor, explain their content:

Yes ☐ No ☒

Explanation of disagreements

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes ☒ No ☐

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	54.9	98.3	153.2
Amount invoiced for non-audit services/Amount for audit work (in %)	17%	13%	14%

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes ☐ No ☒

Explanation of the reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	3	3

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	100%	100%

Remarks
<p>This calculation has been made using data since the company's registered office has been relocated to Spain.</p> <p>KPMG PL audited AmRest Holdings SE when it was based in the Netherlands and in Poland. In that case, the number of years (in %) would have been 25% (individual) and 40% (consolidated).</p>

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes ☒ No ☐

Details of the procedure
<p>Article 25 of the Board of Directors Regulation sets forth the directors' right to counsel and information, insofar as they shall have access to all of the company's services and may, with the broadest powers, obtain any information and advice they may need to perform their duties. The right to information is extended to the subsidiaries, in Spain or overseas, and shall be channelled through the chairman or secretary of the Board of Directors. Said chairman or secretary will fulfil all requests from directors by supplying the information directly, putting the directors in touch with the appropriate persons or taking such measures as may be necessary for the requested examination.</p> <p>Directors shall also be entitled to propose to the Board of Directors, by way of majority, the engagement of any legal, accounting, technical, financial, commercial or other advisors as they may consider necessary for the company's interests in a bid to assist them in the performance of their functions when facing specific, important or complex problems relating to their duties.</p> <p>The secretary of the Board must notify the company's CEO of the proposal. The Board of Directors may withhold its approval if it considers the engagement unnecessary for the performance of the commissioned duties, either in view of its cost (disproportionate to the importance of the problem and the company's assets and revenues) or if it considers that the technical assistance requested could be adequately given by experts and officers within the company.</p>

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any

circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes ☒ No ☐

Explain the rules

As stated in the Articles of Association and Board of Directors Regulation, among the cases in which the directors shall make their position available to the Board and execute, where deemed appropriate, the relevant resignation, includes when remaining on the Board may endanger the company's interests, negatively affect the Board's credibility or reputation, or when the reasons for which they were appointed disappear (for example, when proprietary directors transfer or reduce their shareholding in the company).

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes ☐ No ☒

Director's name	Nature of the situation	Remarks
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Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee..

Yes ☐ No ☐

Decision/Action taken	Reasoned explanation
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C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

The Change of Control Clause is included in the agreements signed in 2017 concerning the issue of Schuldscheindarlehen („SSD“) debt instrument for the total value of EUR 101 million.

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries

0

Type of beneficiary	Description of agreement
Executives (other than Directors) and employees	Few selected officers and employees of the Company have in their contracts, specific severance clauses, which provides for higher severance payments than envisaged in applicable general labour law, in case of termination. The amount of the severance is determined on a case by case basis taking into account seniority, function and possible impact on the Company's business in case of withdrawal from office of such officer. In any case the severance payments do not exceed a maximum of two times annual salary.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting	
Body authorising the clauses	X		
		YES	NO
Are these clauses notified to the General Shareholders' Meeting?			X

C.2 COMMITTEES OF THE BOARD OF DIRECTORS

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

Name	Position	Current category
José Parés Gutiérrez	Chairman	Executive
Luis Miguel Álvarez Pérez	Member	Proprietary
Pablo Castilla Reparaz	Member	Independent
% of executive directors		33.33%
% of proprietary directors		33.33%
% of independent directors		33.33%
% of external directors		0.00%

Remarks
As of November 30, 2020, Mr. José Parés became an executive director.

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The rules regarding the Executive Committee are found under Article 18 of the Board of Directors Regulation. The Executive Committee shall consist of a minimum of three and a maximum of five directors, in similar proportions to their weight on the Board of Directors. At least two-thirds of the Board members currently in office must vote in favour to appoint members of the Executive Committee. The chairman and secretary of the Board of Directors shall be the chairman and secretary, respectively, of the Executive Committee, and may also be assisted by the deputy secretary.

The members will step down from the Executive Committee when they relinquish the role of director or whenever agreed by the Board. The Board of Directors shall promptly fill any vacancies.

The Board of Directors will permanently delegate all of its powers to the Executive Committee, aside from those which may not be delegated according to law, the Articles of Association or the Board of Directors Regulation.

The Executive Committee shall meet as and when called by the chairman or requested by the majority of its members. The secretary shall record the resolutions adopted in the meeting minutes, a copy of which shall be made available to the Board members. The Executive Committee shall inform the Board of Directors about the important matters and decisions adopted at its sessions.

AUDIT COMMITTEE

Name	Position	Current category
Emilio Fullaondo Botella	Chairman	Independent
Pablo Castilla Reparaz	Member	Independent
Mónica Cueva Díaz	Member	Independent
% of proprietary directors		0.00%
% of independent directors		100%
% of external directors		0.00%

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The rules regarding the AmRest Audit Committee are found under Article 19 of the Board of Directors Regulation and the Committee's own Regulation. The Audit Committee will be made up of a minimum of three and a maximum of five directors and shall be chaired by whoever among them is appointed by the Board of Directors, as long as they are an independent director. All of the Audit Committee members will be appointed by the Board of Directors and shall be non-executive directors, the majority of whom, at least, must be independent directors. At least one of them must be appointed based on their knowledge and experience in accounting, auditing or both. The Audit Committee members, as a group, must have the relevant know-how regarding the industry that the entity subject to the audit belongs to.

The chairman of the Audit Committee will exercise their office for four years and may not be re-appointed until at least one year after stepping down.

Basic responsibilities: (i) To report, through its chairman, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit, and explain the audit results and how it contributed to the integrity of the financial information and the Audit Committee's role in this process; (ii) To oversee the effectiveness of the company's internal control system, the internal audit, and the risk management system and discuss with the accounts auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up; (iii) To oversee the process for preparing and disclosing mandatory financial information regarding the company and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information; (iv) To propose motions regarding the recruitment, appointment, re-election and replacement of the accounts auditor to the Board of Directors, taking charge of the recruitment process, as well as the terms and conditions of the agreement, the scope of their professional mandate, the renewal or termination of their mandate and where appropriate, regularly gather information about the audit plan and its implementation, while preserving its independence in the performance of its duties; (v) To liaise with the auditor to receive information on matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations; (vi) To issue – annually prior to the issue of the audit report – a report expressing an opinion on whether the independence of the accounts auditor has been jeopardised. Such report must include a reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations; (vii) To advise the company's Board of Directors, in advance, of all of the topics covered by law, the Articles of Association and this Regulation, and namely, of: (a) The financial information that the company must disclose on a regular basis; (ii) The creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens; and (iii) Any transactions with related parties.

The Audit Committee's annual report for 2020 – available to shareholders on the AmRest website – details the key activities performed by the Committee during such period, summarised as follows: (i) review of the company's individual and consolidated annual accounts for the 2019 fiscal year prior to them being put together by the Board of Directors; (ii) with regard to external auditing, the Committee monitored the actions and services provided by KPMG, their reasonableness and justification, and the quality of the contracted services; (iii) with regard to internal auditing, the Audit and Control Committee promoted a project to review and update the Company's risk map, in addition to perform the duties relating to the internal auditing of the Company as assigned thereto under the Board of Directors Regulation and Audit Committee Regulation. The project is of great importance considering the growing concern on the part of the regulators regarding the internal control and risk management systems of listed companies, but its launch has been forced to be delayed until the second half of the year due to the time and efforts required from the Audit Committee to manage the effects of the COVID-19 pandemic. However, the current situation highlights important issues related to the Group's risks and the timing of the launch is therefore considered to be the

most appropriate; (iv) in 2020, the Audit Committee oversaw compliance with the Internal Securities Market Conduct Regulation, the Board of Directors Regulation and, in general, the Company's rules on corporate governance; (v) has continued to work on improving consolidation and reporting systems for better control of information and more efficient preparation to enhance the performance of operations; (vi) review of the notifications received from the Spanish Stock Market Regulator (CNMV); and (vii) analysed and took note of the company's treasury stock balance and the transactions executed using its own shares on a quarterly basis.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Name of directors with experience	Emilio Fullaondo Botella / Pablo Castilla Reparaz / Mónica Cueva Díaz
Date of appointment of the chairperson	14 May 2019

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Current category
Pablo Castilla Reparaz	Chairman	Independent
Luis Miguel Álvarez Pérez	Member	Proprietary
Romana Sadurska	Member	Independent
Emilio Fullaondo Botella	Member	Independent
% of proprietary directors		25.00%
% of independent directors		75.00%
% of external directors		0.00%

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The rules regarding the Appointments and Remuneration Committee (ARC) are found under Article 20 of the Board of Directors Regulation. The ARC shall be made up of no less than three and no more than five non-executive directors, at least two of which must be independent directors.

The Board of Directors shall endeavour to ensure that the members, and in particular the chairman, of the ARC have the appropriate knowledge, qualifications and expertise to perform the duties entrusted to them. The ARC shall appoint the chairman from among its members.

Basic responsibilities: (i) To assess the qualifications, knowledge and experience required for the Board of Directors. For such purposes, to define the functions and qualifications required from candidates who must fill each vacancy and evaluate the exact amount of time and dedication required for them to effectively perform their duties; (ii) Submit proposals on independent directors to be appointed by co-optation to the Board of Directors to be subject to decision at the General Shareholders' Meeting, as well as the proposals for the re-appointment or removal of said directors; (iii) To issue a report regarding proposals to appoint the remaining directors for their appointment by co-optation or

to be submitted to the General Shareholders' Meeting, as well as the proposals for their re-appointment or removal; (iv) To inform the Board of Directors about the appointment, re-election and removal of internal positions on the company's Board of Directors; (v) To issue a report regarding the motions to appoint and remove senior executives (including, for these purposes, the brand and area managers) and the basic terms of their contracts; (vi) To inform the Board about gender diversity matters and, particularly, to ensure that the selection procedures for directors and senior executives do not implicitly bias female candidates; (vii) To propose to the Board of Directors: (a) the remunerations policy for the directors and general managers or for those who have senior management functions and report directly to the Board of Directors, committees or the CEOs; (b) the individual remuneration for executive directors and other conditions of their contracts, ensuring that they are followed; and (c) the basic conditions of senior executive contracts; (viii) To analyse, pose and periodically review the remuneration policy applied to senior executives and the management team, including the remuneration packages with shares and their application, and ensure that it is proportionate to that paid to the other directors and members of the management team and to other personnel of the company; (ix) To ensure compliance with the remuneration policy established by the company; (x) To review and arrange for the succession of the chairman of the Board of Directors and the company's CEO and, where appropriate, to propose motions to the Board of Directors for such succession to take place in an orderly and well-planned manner; (xi) To inform the shareholders about the exercise of its functions, attending the General Shareholders' Meeting for this purpose; and (xii) To assist the Board in the preparation of the report on the remuneration policy and submit to the Board any other remuneration reports foreseen in this Regulation, verifying the information about the directors and senior executives' remuneration established in different corporate documents, including the annual report on directors' remuneration.

The ARC shall meet each time the chairman deems it necessary. The chairman will call a meeting whenever a report is issued or proposals need to be adopted and, in any case, whenever it is suitable for the successful performance of its functions.

HEALTH AND SAFETY COMMITTEE

Name	Post	Category
Romana Sadurska	Chairman	Independent
Mónica Cueva Díaz	Member	Independent
Pablo Castilla Reparaz	Member	Independent
% of proprietary directors		0.00%
% of independent directors		100.00%
% of external directors		0.00%

Explain the functions assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Health and Safety Committee must be made up of a minimum of three and a maximum of five directors, all of them non-executive and, at least two of them, must be independent directors. The Chairman must be an independent director. The Health and Safety Committee shall be validly formed when the majority of its members attended, being

present or represented by proxy. The agreements shall be adopted by a majority of concurrent members, present or represented by proxy.

The competencies of the Health and Safety Committee are: (i) to review, to supervise and to suggest to the Board of Directors the framework and policies of the Health and Safety Risk Management of the Company; (ii) to evaluate and to advise the Board of Directors on the various strategies to achieve the Health and Safety goals of the Company; (iii) to review and to suggest to the Board of Directors, the health and safety performance goals and to evaluate the performance in relation to those goals; (iv) to monitor the compliance by the Company with both, the Health and Safety policies and the applicable Health and safety laws; (v) to ensure that the systems used to identify and to manage the Health and Safety risks of the Company are adequate for the intended purposes and are applied effectively, periodically reviewed and continually improved; (vi) the Committee should ensure that the Board of Directors is kept informed and updated on issues related to Health and Safety risks; (vii) to ensure that the Company is effectively structured to manage and to prevent risks related to Health and Safety, which includes having trained employees, adequate communication proceedings and enough documentation; (viii) to examine and to advise the Board of Directors on the suitability of the resources available for the Health and Safety management systems and programmes of the Company; and (ix) to monitor and to supervise all incidents or matters related to Health and Safety, as well as the measures taken by the Board of Directors to avoid their repetitions.

The Committee was founded in July 2019 and it had its first meeting in December 2019. At that meeting the work plan for 2020 was approved to undertake the tasks entrusted, the execution of which has started to carry out during the 2020 fiscal year.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
	Year n Number %	Year n-1 Number %	Year n-2 Number %	Year n-3 Number %
Executive committee	0.00%	0.00%	0.00%	N/A
Audit committee	33.33%	0.00%	0.00%	N/A
Nomination and remuneration committee	25.00%	25.00%	0.00%	N/A
Nomination committee	N/A	N/A	N/A	N/A
Remuneration committee	N/A	N/A	N/A	N/A
Health and Safety committee	66.67%	0.00%	N/A	N/A

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

The rules regarding the committees are set out in the Articles of Association and the Board of Directors Regulation, both of which are available on the company's website at www.amrest.eu. Moreover, the Audit Committee has its own internal regulation. The company has prepared performance reports on each of the Audit and Remuneration committees, which shall also be available to shareholders on the website.

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Describe, if applicable, the procedure and competent bodies for the approval of related party and intragroup transactions.

Pursuant to Article 19 of the Board of Directors Regulation and Article 5 of the Audit Committee Regulation, the Audit Committee is responsible for advising the Board of transactions with related parties. For the approval of such transactions, any directors or related individuals with a direct or indirect conflict of interest must refrain from participating in the discussion and vote on the corresponding resolutions or decisions. Any resolutions or decisions which affect these individuals in their role as director, such as their appointment or removal from the Board and similar concepts, are excluded from the aforementioned obligation.

D.2 Describe any transactions that are significant, either because of the amount involved or the subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of the company or entity within its group	Nature of the relationship	Type of transaction	Amount (thousand of euros)

D.3 Describe any transactions that are significant, either because of their amount or the subject matter, entered into between the company or entities within its group and directors or managers of the company:

Name or company name of director(s) or manager(s)	Name or company name of the company or entity within its group	Relationship	Nature of the transaction	Amount (thousand of euros)

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the consolidation process and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the transaction	Amount (thousand of euros)
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Remarks

D.5 Report any material transactions carried out by the company or entities belonging to its group with other related parties that have not been reported in the previous sections.

Company name of the entity within the group	Brief description of the transaction	Amount (thousand of euros)
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D.6 List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders

The director shall take the necessary measures to avoid incurring situations in which his or her own or other interests may conflict with the corporate interest and their duties towards the company.

Article 24 of the Board of Directors Regulation stipulates that directors must inform the Board of any direct or indirect conflicts which they or related individuals may have with the company's interests. In this regard, directors' related parties shall be understood as the following: a) The director's spouse or persons with a similar relationship; b) The director or their spouse's parents, children and siblings; c) The spouses of the director's parents, children and siblings; d) Companies with which the director, directly or by proxy, is affiliated in any of the manners described under article 42, paragraph one of the Spanish Commercial Code. When directors are legal entities, their related parties shall be understood as the following persons: a) Partners or shareholders who are affiliated with such entity in any of the manners described in article 42, paragraph one of the Commercial Code; b) De jure or de facto directors, liquidators and attorneys with general powers of attorney in the company's legal entity director; c) Companies forming part of the same group and their partners or shareholders; d) Persons who, pursuant to the provisions of the preceding paragraph, qualify as affiliates in respect of the above legal entity's representative.

As set forth in said Regulation with regard to the duty of loyalty, directors are obliged to refrain from participating in the discussion and vote on resolutions or decisions with which they or a related individual have a direct or indirect conflict of interest. Any resolutions or decisions which affect these individuals in their role as director, such as their appointment or removal from the Board and similar concepts, are excluded from the aforementioned obligation.

Article 24 of the Board of Directors Regulation obliges the directors to refrain from: (a) Carrying out transactions with the company, except when they are part of the company's ordinary business, are carried out under normal market conditions and are of little significance, with these being understood to be those involving information that is not required to express a true image of the company's property, financial situation and results; (b) Using the company's name or adducing their standing as director to have undue influence when carrying out private transactions; (c) Making use of the corporate assets, including the company's confidential information, for private means; (d) Taking advantage of the company's business opportunities; (e) Obtaining advantages or remuneration from third parties other than the company or its group, associated to the discharge of their duties, other than minor matters of mere courtesy; (f) Carrying out activities on their own, or another's, behalf which entail effective competition, whether

currently or potentially, or which, in any other way, places them in permanent conflict with the company's interests.

Additionally, the Company set the Procedure for Conflicts of Interest and Related-Party Transactions with Senior Officers (the "Procedure") of AmRest Holdings, SE, establishing the rules that must be followed in those situations in which there is a direct or indirect conflict of interest between the interest of the Company or any of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law and the interest of said persons or of other persons that the Audit and Control Committee decides to make subject to the conflict of interest rules or the persons related thereto, as well as in transactions that said persons engage in with the companies of the Group. The Code of Business Conduct (uploaded on the Group's corporate website (www.amrest.eu)) also governs this matter under section 2.3.

Global Internal Audit and Internal Control Department reviews during its assignments any risks related to potential or existing conflicts of interest. In case of identifying such risks, this Department provides recommendations, requests for action plans and later monitors & verifies their implementation. This Department reports, including risks, recommendations, action plans and status of action plans monitoring & verification, are communicated to the Audit and Control Committee and the Top Management.

D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them

Yes ☒ No ☐

La Sociedad está controlada por el Grupo Finaccess.

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes ☐ No ☒

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

They have not been reported as there are no business relationships between the parent company or its group and the Company or any of its subsidiaries and no activities related to those of any of them.

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

No specific mechanisms have been established other than those already existing in the applicable regulations in relation to resolving possible conflicts of interest between the parent of the listed company and the other group companies.

E. RISK MANGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's Risk Management and Control System, including tax risk.

AmRest has set up a Risk Management Policy that applies to all AmRest Group.

AmRest Management is accountable for daily identifying, analyzing, evaluating, monitoring and addressing the risks in areas of their responsibilities.

Global Internal Audit and Internal Control Function supports AmRest Management by realizing planned audit assignments according to the Annual Audit Plan and performing ad-hoc audit assignments.

The Management is responsible for preparing action plans addressing identified by the Global Internal Audit and Internal Control Department risks and opportunities. The Global Internal Audit and Internal Control Department regularly monitors, verifies and reports to the Audit and Control Committee and Top Management, the status of action plans implementation declared by the Management.

Internal Audit Department was updating AmRest Risk Map on a regular basis till end of 2019. The objectives of the AmRest Risk Map project were to:

- collect comprehensive and structured information about risks at AmRest Group (identification);
- perform risk prioritization of the identified risks (assessment);
- have an updated and integrated risk map for AmRest Group.

The Risk Map was communicated to the AmRest Management for review and undertaking of adequate action plans addressing identified risks. The Risk Map report was communicated to the Audit and Control Committee for overseeing.

At the beginning of 2020, Global Security function, reporting to CEO, was created. One of function goals is to improve risk management at AmRest. The global AmRest risk management project proposal was presented and approved by the Audit and Control Committee and the Board of Directors. New AmRest risk management approach assumes:

- top down and bottom up perspective in risks inventory, reporting and management;
- design of corporate Enterprise Risk Management, which will capture inputs from country risk inventories;
- country deployment plan based on risk scoring process in order to prioritize the highest country risk exposure.

The Group has set up as well a Global AmRest Tax Policy that establishes the rules and procedures on this matter and are supervised by the Tax Department and, ultimately, by the Audit and Control Committee.

E.2 Identify the bodies within the company responsible for preparing and executing the Risk Management and Control System, including tax risk.

The AmRest Risk Management Policy describes risk governance structure in AmRest Group, which includes:

- Board of Directors – provides oversight and review of risk management.
- Audit and Control Committee - oversees regular review of risk management activities.
- Top Management (CEO, CFO, COO, CPO, CIO, etc.) - promotes risk management culture.
- Management – is responsible for designing and execution of risk strategy and control mechanisms which decrease negative impact and/or probability of risks. Ensures employees comply with the risk management policy and support a culture where risks can be identified, addressed and escalated.
- Global Internal Audit and Internal Control Department - analyses and evaluates risk management, internal

controls and corporate governance and provides recommendations supporting risk reduction.

- Employees and Co-workers - Comply with risk management policies and procedures.

At the beginning of 2020, Global Security function, reporting to CEO, was created. One of function responsibilities is to manage risks at AmRest and improve compliance with internal and external regulations.

According to the "Regulations Audit and Control Committee of the Board of Directors of AmRest Holding SE", the Audit and Control Committee oversees among others the effectiveness of the Company's internal control system, the internal audit, and the risk management. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant term for follow-up.

The finance team, led by the Chief Financial Officer, is responsible for the Group's tax policy and for the implementation of its tax strategy. Tax strategy is reviewed on an ongoing basis as part of the regular financial planning cycle. The Audit Committee is responsible for monitoring all significant tax matters. Audit Committee meetings are usually attended by a number of Group officers and employees including people from the tax, internal audit and financial reporting areas, including the Chief Financial Officer.

E.3 Indicate the main risks, including tax risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives

The AmRest group is subject to various risks in the different markets in which it does business.

1. Liquidity risk

The Group is exposed to the liquidity risk due to the breach of covenants and reclassification of long-term debt to short-term which can be therefore due in the next 12 months, however, prior to 2020 year end AmRest has obtained from its financing banks and majority of bondholders (Schuldschein) waivers to the compliance with certain covenants related to the Group's leverage and interest coverage ratios for the fourth quarter of 2020 and the first, second and third quarters of 2021.

The Group actively manages liquidity resources and does its best to improve the business. Strengthening of the Group's position in terms of liquidity and mitigation of adverse impacts of COVID-19 outbreak is taken on several areas. The Group maintains close communication with its financing banks. In March 2020 Group has drawn entire facility available under revolving Tranche D of syndicated bank loan, increasing amount drawn from EUR 37.3 million in the end of 2019 to 98.9 million in the end of 1Q 2020. Additionally in April 2020 Spanish and French subsidiaries of AmRest Holdings, SE applied for state supported bank loans, guaranteed by the governments in 70% and 90%, respectively. The Group was granted total EUR 75 million. Additionally, the Group sees recovery in its core business as the number of open restaurants have increased and the revenues trends have been recovering.

AmRest has established internal task forces in every market to monitor the situation also around cost saving initiatives and also a big part of capital expenditures have been put under review. The Group was and is closely monitoring available program that are offered on various markets. The government support programs include for example direct subsidies to payroll costs, tax exemptions, social security contributions reductions. Additionally entities from the Group were able to apply for extended deadlines for payments of various taxes.

The Group analyzes liquidity needs with particular focus on maturity of debt and proactively investigates various forms of financing that could be utilized if needed.

2. Risk related to coronavirus and its implication for the economy and society.

The COVID-19 pandemic has rapidly spread around the world. Most governments are taking constrain measures to contain the spread, which include isolation, confinement, quarantine and restrictions to free movement of people and closure of public and private facilities. This situation is affecting significantly the global economy, including HORECA sector, as well as AmRest Group.

Visible results of the COVID-19 outbreak include the decrease in demand, the disruption or slowdown of supply chains and a significant increase in economic uncertainty, increase of volatility in the price of assets, exchange rates and a decrease in long term interest rates. Possible results of the COVID-19 outbreak may include changes in the market environment, peoples behaviors and ways of living.

The COVID-19 pandemic has a particularly negative impact on the restaurants sectors. The ban or significant limitations in operation of restaurants resulted in a decrease in business activity and customer demand and consequently decrease of revenues.

Group management is closely monitoring the development of situation and looks for the ways of mitigating the impact of COVID-19 spread on the Group. In addition, the Group implemented additional measures to mitigate the risk of infection among its employees, including in particular:

- Providing detailed instructions and guidelines on monitoring the health of the Group's employees and the health of Group's customers.
- Strengthening already stringent hygiene, cleaning and sanitation procedures and introducing contactless options that protect both employees and guests in restaurants.
- Providing the restaurant employees with additional personal protection and hygiene supplies.
- Requesting to reduce the number of meetings as well as domestic and foreign business travel, and to use teleconferencing and video-conferencing facilities to the largest extent possible, as well enabling remote work.

3. Rental agreements and continuation options

Almost all AmRest restaurants operate in rented facilities. The majority of the rental contracts are long-term and they are usually concluded for at least 10 years from the date of commencing the rental (assuming that all continuation options are exercised, on specified terms, and not including contracts which are subject to periodic renewal, unless they are terminated, and contracts concluded for an indefinite period). A number of rental contracts grant AmRest the right to prolong the contract provided that the Company complies with the terms of rental. Regardless of whether the terms are complied with or not, there is no guarantee that AmRest will be able to prolong a rental contract on terms satisfactory from the business point of view. If this is not possible a potential loss of important restaurant locations may have an unfavorable effect on AmRest's operating results and its business activities.

As a consequence of the pandemic and lack of business activity or relatively lower activity in certain locations, the Group performed review of its rental agreements and has entered into negotiations with landlords. One of the outcomes may be that some locations would need to be closed due to worsened economics and lack of mutual agreement between the parties. Terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Group. Additionally, closing any of the franchised restaurants is subject to the approval by the franchisor and it is not certain that such approval will be obtained.

In the case of Russian and Chinese restaurants acquired by AmRest accordingly in July 2007 and December 2012, the average term of the rental contracts is relatively shorter compared to AmRest restaurants in the remaining countries. This results from the specific nature of these markets.

4. Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King and Starbucks (in Romania, Bulgaria, Germany and Slovakia) as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest depend on the limitations or specifications imposed by the franchisors or on their consent.

The duration of the franchising agreements related to the KFC, Pizza Hut and Burger King brands is 10 years. AmRest has the option of extending this period for the next 10 years provided that it meets the conditions specified in the franchising agreements and other requirements, including the payment of the related continuation fee.

Despite meeting the above-mentioned terms, there is no guarantee that after the expiry of these periods a given franchising agreement will be prolonged to the next period. In the case of KFC and Pizza Hut restaurants, the first period commenced in 2000. AmRest and Yum are constantly in touch with respect to current and further cooperation. In the case of Burger King, the first period commenced in 2007 with the opening of the first restaurant of this brand. Franchise agreements for Starbucks stores in Romania are valid till 2023, in Bulgaria until 2027 and in Germany and Slovakia until 2031.

5. Dependency on cooperation with minority shareholders

AmRest opens Starbucks restaurants in Poland, the Czech Republic and Hungary based on a partnership agreements with Starbucks Coffee International, Inc. The partnership assumes Starbucks Coffee International, Inc. is the minority shareholder of companies operating Starbucks stores in mentioned countries. Therefore, some decisions as part of the joint business activities are dependent on the partners' consent.

The agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. If AmRest fails to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in these companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the companies.

6. No exclusivity rights

The franchising agreements concerning running of KFC, Pizza Hut Dine-In (excluding Russia and Germany) and Burger King (excluding Czech Republic and Slovakia) restaurants do not contain provisions on granting AmRest any exclusivity rights on a given territory, protection or any other rights on the territory, in the area or on the market surrounding AmRest restaurants. However, in practice, due to the scale of AmRest's operations (including a well-developed distribution network), the possibility that a competitive operator (to the brands currently operated by the Group) should appear who would be able to effectively compete with the AmRest Group restaurants is relatively limited.

In the case of Starbucks restaurants, AmRest subsidiaries are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic and Hungary, without exclusivity rights to some institutional locations. The exclusive rights apply also to restaurants operated in Romania, Bulgaria, Germany and Slovakia.

7. Risk related to the consumption of food products

Consumer preferences may change in connection with:

- doubts arising as to the healthful properties of main ingredients,
- unfavorable information being circulated by the mass media concerning the quality of the products, diseases

caused by them and damages to health,

- revealing unfavorable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees and coffee stores, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition.

The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

8. Risk related to keeping key personnel in the Group

The Issuer's success depends to some extent on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Issuer help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. The Issuer believes it will be able to replace its key personnel. Regardless of that, their loss may have a short-term adverse effect on the business activities and operating results of the Issuer.

9. Risk related to labour costs of restaurant employees and employing and keeping professional staff

Running catering activities on such a large scale as the Issuer does requires employing a large number of professionals. Excessive outflow of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in the catering sector are still relatively lower than in other branches, there is a risk of outflow of qualified staff and thus a risk of the Group being able to ensure the appropriate staff necessary for providing the highest quality catering services. In order to avoid the risk of losing qualified staff it may be necessary to gradually increase the salary rates, which may have an adverse effect on the financial standing of the Issuer. Additional risk in employment area may be caused by fluctuations in unemployment rate.

10. Risk related to limited access to foodstuffs and the variability of their cost

The Issuer's situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Group cannot rule out the risk related to delivery deficits or interruptions caused by factors such as unfavorable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining them by the Group or to price increases for those products. Both the deficits and product price increases may have an adverse effect on the Group's results, operations and financial standing. In order to mitigate this risk (among others) AmRest Sp. z o.o. concluded a contract with SCM Sp. z o.o. for the provisions of services comprising intermediation and negotiating terms of delivery to restaurants, including negotiating terms of distribution agreements.

11. Risk related to developing new brands.

AmRest has operated Bacoa, Sushi Shop and all the virtual brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

12. Risk related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying

consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

13. Currency risk

The results of AmRest are exposed to currency risk related to transactions and translations into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Group adjusts its currency portfolio of debt to the geographical structure of its profile of activities. Additionally, AmRest uses forward contracts to secure transaction risks on a short term basis.

14. Risk related to the current geopolitical situation

The Company conducts its business in countries where political situation is uncertain. Tensions around that subject may result in a negative impact on economy, including instable currency, interest rates, liquidity, supply chain disruptions and consumer confidence deterioration. All these events and uncertainty that accompanies them may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from the Management's expectations however it is being monitored in order to adjust strategic intentions and operational decisions, which will minimize business risks.

15. Risk of increased financial costs

The Issuer and its subsidiaries are exposed to a certain extent to adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating interest rates. The interest rates of bank loans and borrowings and issued bonds are based on a combination of fixed and floating reference rates which are updated over periods shorter than one year. Additionally, the Issuer and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

16. Tax risk

In the process of managing and making strategic decisions, which can affect the tax settlements, AmRest is exposed to tax risk. All irregularities occurring in tax settlements increase of the risk of dispute in the case of a potential tax control. As part of these risks' minimization, AmRest takes care of deepening the knowledge of its employees in the area of tax risk management and compliance with respective legal requirements. The Company implements adequate procedures to facilitate the identification and subsequent reduction or elimination of risks in the area of tax settlements.

Moreover, in connection with frequent legislative changes, inconsistency of regulations, as well as differences in interpretation of legal regulations, AmRest uses professional tax advisory services and applies for binding interpretations of the tax law provisions.

As regards tax risks it should be noted that AmRest is present in many countries where the tax legislation is often complex and subject to interpretation, which may create risks and uncertainty about tax position adopted. Where uncertainty exists and in other cases identified by AmRest tax team, where tax exposure is deemed significant, we seek clarification from external experts and/or tax authorities. Tax risk is also generally attributable to uncertainty about the interpretation of tax law in relation to particular transactions and the business's view about whether a tax administration could have a different view to its own or the view of its advisors.

17. Credit risk

Exposure to credit risk include cash and cash equivalents and trade and other receivables. With the development of franchise business, AmRest is getting exposed more to credit risk. Therefore, the quality of franchisees portfolio is key priority.

18. Risk of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure on these markets, which in turn may affect the results of the AmRest restaurants operating on these markets.

19. Risk related to seasonality of sales

The seasonality of sales and inventories of AmRest is not significant, which is typical for the restaurant industry. On the European market restaurants record lower sales in the first half of the year, mainly due to the lower number of sale days in February and the relatively less frequent visits to restaurants.

20. Risk of computer system breakdowns and temporary breaks in serving customers in network restaurants

A potential partial or complete loss of data in connection with computer system breakdowns or damage or loss of key tangible fixed assets of the Group might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

21. Cyberattack risk

Group's operations are supported by wide variety of IT systems, including point-of-sale systems, electronic ordering platforms, supply-chain management systems and finance and controlling tools. Consequently, the Group is exposed to the risk of temporary operational disruption, data integrity risk and/or unauthorized access to confidential data, which may be a result of both intentional cyberattack or an unintentional event. In order to mitigate these risks, the Group established specialized IT-security unit and implemented appropriate cybersecurity risk mitigation tools, including security polices, personnel training and technical prevention countermeasures.

22. Risk related to the exit of the UK from European Union

It is difficult to predict how the exit of the United Kingdom from the European Union may affect the financial markets. Despite the fact that AmRest runs only few restaurants in the UK, the risk of adverse effects of Brexit on economy of different UE countries (where the Company operates its business) cannot be entirely excluded.

23. Factors remaining outside the Group's control

This risk is related to the effect of factors remaining outside the Group's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

Internal Audit Department was updating AmRest Risk Map on a regular basis till end of 2019. The objectives of the AmRest Risk Map project were to:

- collect comprehensive and structured information about risks at AmRest Group (identification);
- perform risk prioritization of the identified risks (assessment);
- have an updated and integrated risk map for AmRest Group.

The Risk Map was communicated to the AmRest Management for review and undertaking of adequate action plans addressing identified risks. The Risk Map report was communicated to the Audit and Control Committee for overseeing.

The AmRest Risk structure included a 3-level risk classification system:

- The first level (main categories of risks) was divided into 4 areas:
 - Strategic,
 - Operational,
 - Financial,
 - Compliance.
- The second level contained specific risks.

The risks were evaluated by using the consistent parameters: vulnerability, impact and probability.

Risks could be classified to one of the areas: High Impact, Cumulative Impact, Over Controlled or Mitigated.

Internal Audit identified high risk areas and defined, together with the Audit and Control Committee, audit frequency.

At the beginning of 2020, Global Security function, reporting to CEO, was created. One of function goals is to improve risk management at AmRest. The global AmRest risk management project proposal was presented and approved by the Audit and Control Committee and the Board of Directors. New AmRest risk management approach assumes:

- top down and bottom up perspective in risks inventory, reporting and management;
- design of corporate Enterprise Risk Management, which will capture inputs from country risk inventories;
- country deployment plan based on risk scoring process in order to prioritize the highest country risk exposure.

E.5 Indicate which risks, including tax risks, have materialised during the year.

Liquidity risk

The Group was exposed to the liquidity risk due to the breach of covenants and reclassification of long-term debt to short-term which could be therefore due in the next 12 months. The Group maintains close communication with its financing banks and bond holders. AmRest has obtained respectively from its financing banks and its bondholders waivers to the compliance with certain covenants related to the Group's leverage and interest coverage ratios for the fourth quarter of 2020 and the first, second and third quarters of 2021. During said periods, those covenants shall be replaced by a commitment to maintain a minimum level of liquidity.

Risk related to coronavirus and its implication for the economy and society.

The COVID-19 pandemic had a particularly negative impact on the restaurants sectors. The ban or significant limitations in operation of restaurants resulted in a decrease in business activity and customer demand and consequently decrease of revenues.

Some other risks related to the activity of the Company have materialized during the year. None of these risks had a relevant impact on the AmRest business since the measures for their prevention and/or mitigation worked properly.

E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

In order to address and supervise the Group's risk management and control (including fiscal risks), model is based on a series of tools/processes described in section E.1 and E.2 of this report.

Global Internal Audit and Internal Control Department supports AmRest Management in risks identification and provides recommendations in area of risk management, collects action plans from the Management, which address risks, and monitors and verifies their implementation.

There are the committees operating at AmRest in order to respond and supervise entity's main risks, including:

1. Committees composed of the members of the Board of Directors:

- Audit & Control Committee;
- Health and Safety Committee;
- Appointments and Remuneration Committee;
- Executive Committee;

2. Other committees:

- Information Security Committee;
- Ethics Committee;
- Crisis Management Committee;
- GDPR Committee;
- Sustainability Committee.

To reduce unnecessary tax risk AmRest introduced the following rules:

- 1) applies the Tax Policy which includes good practices in respect of taxes,
- 2) ensures that the company has the accounting and control mechanisms needed to handle day to day tax and reporting requirements,
- 3) ensures that tax is properly considered as part of corporate decision making processes,
- 4) considers the probability of a different approach of tax authority to the application of the tax law and acting in a manner which mitigates such risk.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 THE ENTITY'S CONTROL ENVIRONMENT

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for: (i) the existence and maintenance of an

adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Board of Directors is ultimately responsible for the internal control and risk management systems. In this sense, in accordance with article 19.4.b) of the Regulations of the Board of Directors, this function is entrusted to the Audit and Control Committee. In particular, the audit committee shall:

- oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence;
- oversee the process for preparing and disclosing mandatory financial information regarding the Company and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of such financial information.

Regulations on Audit and Control Committee adopted, develop and supplement the provisions of the Status and Regulations of the Board of Directors. With regard to the process of preparing economic and financial information, Audit and Control Committee shall:

- oversee the process of preparation and submission and the clarity and integrity of the regulated financial information relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be
- review compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable
- submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information
- advise the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet;

The Finance Department prepares the financial information and submits it for approval of the Audit Committee and the Board, and keeps the daily interaction and communication with the Group's external auditor.

Additionally, the Internal Auditing Department of the Group, with regard to its function of supporting the Auditing 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 summarized in the audit reports indicating the deficiencies detected and the action plans proposed by the Group Management to remedy them.

The Company has also adopted the Regulatory Compliance Policy implementing:

- Set of operating principles associated with the main compliance areas affecting organization;
- Set of mechanisms and procedures to prevent, identify and resolve situations in which unethical, unlawful practice or regulatory breaches occur in the course of our activities.

Lastly, the code of business conduct sets out the main ethical principles and regulations on behavior for all Group employees.

F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.**

The Group, through the corporate organisation division and the organisational units for each country, defines, implements and maintains the organisational structures, set of job positions aligned with the size and complexity of the units and strategy of the Group, addressing appropriate distribution of work and segregation of duties.

Global Internal Audit and Internal Control Department reviews during its assignments any risks related to responsibilities and reporting lines, distribution of work and duties. In case of identifying such risks, this Department provides recommendations, requests for action plans and later monitors and verifies their implementation. Audit reports, including risks, recommendations, action plans and status of action plans implementation are communicated to the Audit and Control Committee and to the Top Management.

Internal Audit functionally reports to the Audit and Control Committee.

With respect to the process of preparing financial information group has set in place, several policies, instruction and manuals (like Group Reporting and Accounting Manual, Group Charts of Accounts, Financial Calendar, Corporate Fiscal Policy, Finance and Investment Policy, Regulatory Compliance Policy, Risk Management Policy) determining responsibilities and authorities. Preparation of financial information concerns planning, the distribution of tasks and functions, specific timeline, various reviews to be performed at several levels and dissemination thereof. To this end, the Group has financial accounting and control functions in each of its operating markets; which are headed up by a controller responsible for implementing and integrating at the local level of global policies defined by Group ensuring the unified reporting standards across all the Group.

- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

According to the Code of Conduct, the Ethics Committee addresses issues related to compliance with the Code of Business Conduct, including resolutions of a breach or a suspected breach of the Code by Employees and Co-workers of AmRest Group.

The Committee operates and runs its meetings in compliance with the Code of Conduct. The Committee members are appointed and dismissed by the Board of Directors at the request of the HR Department Director of the largest (in terms of employment) company incorporated in AmRest Holdings SE or of the Chairperson of the Committee.

- **Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**

Till the end of Q1 2020 there was whistleblowing system operating at AmRest which is being replaced by new one. Currently, the new whistleblowing system still does not function at AmRest in: Hungary, Germany, Russia, China and France. According to the plan, it should be fully implemented by the end of Q1 2021.

- **Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least**

accounting standards, auditing, internal control and risk management.

With regard to employee training in financial and control issues, AmRest provides through its:

- AmRest College,
- AmRest University,
- Other internal and external trainings.

Financial reporting personnel attend technical sessions run by external consultancy firms and covering developments in accounting. Likewise, the Group relies on the external advice of experts in specific areas related to the financial reporting.

AmRest supports also financial reporting personnel in getting professional and internationally recognized certificates like ACCA or CIMA. AmRest supports Internal Auditors in getting professional and internationally recognized certificates like CIA, CISA and others.

F.2 ASSESSMENT OF RISKS IN FINANCIAL REPORTING

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

■ Whether the process exists and is documented.

AmRest Group's risk identification and assessment is an internal process, defined by Risk Management Policy adopted by the Company and cascaded to all subsidiaries within the Group.

Per this policy, process carried out by:

- the Board of Directors and Audit Committee (oversight and review of risk management),
- Top Management (promoting risk management culture),
- Management - Responsible for designing and executing of risk strategy and control mechanisms
- Internal Audit and Internal Control Department (evaluating risk management, internal controls and corporate governance and providing recommendations)
- Employees and Co-workers (complying with risk management policies and procedures)

Section E.4 of this report indicates the risk classification system, which takes into account all classes of risk. Its scope is greater than the risks directly related to the preparation of the Group's financial information.

In relation to reporting of financial information the Group additionally ensures the existence of specific controls covering the potential risk of error or fraud in the issuance of the financial information, i.e., potential errors in terms of:

the existence of the assets, liabilities and transactions as of the corresponding date and reporting period;
proper and timely recognition and correct measurement of its assets, liabilities and transactions; and
the correct application of the accounting rules and standards and adequate disclosures.

These controls are applied dynamically and updated continually to reflect the reality of the Group's business as it evolves.

■ Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations),

whether it is updated and if so how often.

Identification of risks is carried out for each process identified as relevant based on the objectives of the financial reporting: existence and occurrence, completeness, valuation, presentation, breakdown and comparability, and rights and obligations.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.**

In the process of identifying the consolidation scope, the Group Controller (Head of Group Accounting Department), regularly updates the consolidation scope, verifying all changes (additions and removals) in the Group structure. Any changes within the scope of consolidation are subject to Audit and Control Committee approval.

- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The process of identifying risks leading to errors in the financial reporting takes into account also qualitative factors, together with other types of risk (like operational, financial, strategic, regarding regulatory compliance) as they ultimately affect the financial statements.

- **The governing body within the company that supervises the process.**

The Board through the Audit and Control Committee supervises this process.

F.3 CONTROL ACTIVITIES

Report on whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

As indicated in F.1.1 section of this report, the Board of Directors relies on the Audit and Control Committee to supervise the process of preparing and presenting the required financial information relating to the Company and the Group, including related nonfinancial information, as well as its integrity, reviewing the Audit Committee in the first place compliance with regulatory requirements, the proper determination of the scope of consolidation and the correct application of accounting standards.

The Audit and Control Committee also has the duty to report to the board, in advance of the adoption by it of the corresponding decisions, regarding the financial information that the Group must periodically make public, ensuring that such information is prepared in accordance with the same principles and practices used to prepare the financial statements and is as reliable as such statements.

Each quarter the Group Accounting Department submits the periodic consolidated financial information to the Audit and Control Committee, highlighting the main assumptions and accounting criteria applied and clarifying any significant events which occurred during the reporting period.

Likewise, the AmRest Group has in place documented financial processes, which implies common criteria for preparing financial information for all subsidiaries within the Group. The Group Accounting Department issues mandatory instructions setting out the calendar and contents for the financial reporting period for the preparation of the consolidated financial statements.

The Group Accounting Department also follows documented procedures for preparing consolidated financial information (provided in section F.4.2).

The Group Accounting Department reviews the key judgments, estimates, valuations and forecasts to identify critical accounting policies that require the use of estimates and value judgments. The most relevant are dealt with by the Audit and Control Committee. Senior management defines the format for presenting the financial statements prior to approval by the Board.

The most significant aspects of the accounting close process and the review of the material judgements, estimates, measurements and projections used are as follows:

- impairment losses on certain assets,
- the useful life of the tangible and intangible assets,
- the measurement of goodwill arising on consolidation,
- leases.

The Board of Directors is responsible for approving the financial information that the Group, being a listed company, is obliged to publish.

F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The Group's IT systems are directly or indirectly related to the financial reporting and financial statements as such. They are configured to ensure the correct preparation and publication of financial information at all times by means of a specific internal control procedures. The Group has internal policies and procedures, which are duly updated and distributed, relating to systems security and access to the IT applications and systems based on roles and in accordance with the duties and clearances ensuring proper separation of powers. The Group's internal policies establish that access to all systems storing or processing data shall be strictly controlled, and that the level of access control required is determined by potential impact on the business. Access rights are assigned by Group experts in this area, by roles and functions. In addition, to ensure compliance, the user and profile maintenance control and review processes in which responsible personnel in each area are involved ensure that information is only available to persons who need it for their work.

Per Group's methodology, any new software developments and any updates of existing IT solutions go through 3 phases, i.e. design, development, and test before final implementation to the productive environment, which guarantees that financial information is handled reliably.

The Group have taken necessary steps to ensure on-going performance of key functions in the event of disasters or other events that could halt or interrupt business operations. These steps constitute specific initiatives mitigating the scale and severity of IT incidents and ensuring that operations are up and running again as quickly and with as little damage as possible. The Group has highly automated back-up systems to ensure the continuity of the most critical systems. In addition, there are specific risk mitigation strategies in place, such as cloud and virtual data processing centres, back-up power suppliers and offsite storage facilities.

F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted

to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

AmRest Group does not usually outsource to third parties' activities that have the impact on the financial reporting process. In case a process or its part is outsourced to an independent party, the same set of policies and procedures applicable for internal reporting purposes, is put in place for the external contractor, to ensure coverage of the risks associated with such outsourcing. The Group puts in place service level agreements ensuring the integrity and quality of information provided by external contractors. The Group mostly assesses its estimates in house. Whenever it is advisable to hire a third-party contractor, it does so having verified their expertise and independence, and validated their methods and the reasonableness of the assumptions made.

F.4 INFORMATION AND COMMUNICATION

Report on whether the company has at least the following, describing their main characteristics:

F. 4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

Group Accounting department is responsible for defining, updating and disseminating the accounting policies of the AmRest Group. Accordingly, it has a Group Reporting and Accounting 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 Group Reporting and Accounting Manual is disseminated throughout all the personnel involved in the financial reporting process.

Any significant changes affecting Group Reporting and Accounting Manual, are communicated to the organization together with the updated Manual. Group Accounting department consist of high qualified personnel and resolves queries or conflicts deriving from the interpretation of the accounting standards and/or policies.

F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The Group's reporting structure supplies different kinds of services, including:

- General IT systems
- Management systems providing information for business monitoring and control purposes.
- Business systems encompassing the operation (sales) related systems
- Structural systems providing the data shared and used by all the applications and services. These systems include all those related to the accounting and financial information.

The same accounting system has been already implemented already in main subsidiaries; the Group's though is still in progress of implementing it in remaining subsidiaries. Group is in the process of integration of subsidiaries and business acquired recently.

Likewise, Group has a consolidation system that enables standardized information to be obtained about the Group's companies for the consolidation purposes.

As stated above, there is a Group Accounting and Reporting Manual and Group Charts of Accounts, which include specific instructions on preparing the financial statements.

Preventive controls have been defined, ensuring safe data input to the consolidation system. The implementation of this solution ensures for the financial statement information and the annual accounts standardization.

The data in native currencies reported by subsidiaries are within the consolidation system automatically and in standardized way converted to euro and are subsequently aggregated to the consolidated figures.

The consolidation process is designed to identify intragroup transactions, ensuring they are correctly eliminated. In addition, in order to ensure the quality and comprehensiveness of the information, the consolidation system is configured to make investment-equity elimination adjustments and to eliminate intragroup transactions, which are generated automatically in keeping with the system settings and checks.

This entire process is highly automated and includes automatic controls to enable the detection of incidents in the consolidation process. The Group Accounting and Planning & Analysis departments perform additionally oversight and analytical controls.

F.5 SUPERVISION OF THE FUNCTIONING OF THE SYSTEM

Report on at least the following, describing their principal features:

F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

The Corporate Bylaws and Regulations of the Board of Directors state that the primary duty of the Audit and Control Committee shall be to support the Board of Directors in its supervisory duties, with its main functions including: supervising the effectiveness of the Company's internal control system and risk management systems, and discussing with the Auditors significant or material weaknesses in the internal control system detected during the audit. The Audit and Control Committee is responsible for supervising the effectiveness of the internal controls carried out by the AmRest Group's Internal Audit function.

The Internal Audit function reports functionally to the Audit and Control Committee, with the primary goal of lending them support in their responsibilities concerning ensuring governance, risk management, and the Group's Internal Control System. Internal Control comprises all process which may reasonably ensure compliance with law, regulations and internal rules, reliability of information, efficiency and efficacy of operations, and the integrity of the organisation's net worth.

The Internal Audit function is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Internal Audit Function is being governed by Internal Audit Article of Association.

With regard to supervision of Internal Control over Financial Reporting (ICFR), AmRest is listed on the Spanish Stock Exchanges (and Warsaw Stock Exchange) and is subject to the regulatory requirements established by the supervision authority (CNMV) applicable to companies being traded on Spanish Stock Exchange.

F.5.2 Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

According to the Internal Audit Articles of Association, the Global Internal Audit and Internal Control Department reports progress of Annual Audit Plan realization, issues with controls, corporate governance, significant AmRest risks, progress of recommendations implementation and others which are required by CEO and/or the Audit and Control Committee.

The irregularities identified by Financial Auditors are included in the GIA&IC process of regular monitoring, verification and reporting of the implementation of action plans declared by the Management.

Any irregularities identified in standalone and/or consolidated financial statements are reported to Audit and Control Committee as Summary Report (after the half-year review and audit of the annual accounts). Audit and Control Committee meets the Financial Auditors at least twice a year.

According to the "Regulations Audit and Control Committee of the Board of Directors of AmRest Holdings SE", the Audit and Control Committee should, among others, oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system and discuss with the accounting auditor the significant weaknesses of the internal control system revealed in the course of the audit, while maintaining its independence. For such purposes, the Committee may, if appropriate, submit recommendations or motions to the Board of Directors.

With regard to the preparation of the regulated financial information of the Company and its Group, the Committee shall have the following main duties:

- a) To oversee the process of preparation and submission and the clarity and integrity of the regulated financial information relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the auditor, with the scope and frequency that may be defined, as the case may be. The Committee meets often with the external auditor to comply with this function;
- b) To review compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of such generally accepted accounting principles and international financial reporting standards as may be applicable;
- c) To submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information; and
- d) To advise the Board of Directors on any significant change of accounting standard and of the significant risks on the balance sheet and off-balance sheet.

F.6 OTHER RELEVANT INFORMATION

N/A

F.7 EXTERNAL AUDITOR'S REPORT

Report:

F.7.1 Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given

The information on the internal control over the financial reporting system has been not 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 in Spain and the in its main subsidiaries.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies X | Explain |

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies | Complies partially | Explain | **Not Applicable X** |

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in

particular:

- a) **Changes that have occurred since the last General Shareholders' Meeting.**
- b) **Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.**

Complies | Complies partially | **Explain X** |

At the General Meeting held in June 2020, such a verbal presentation was not made, since all the attending shareholders other than the controlling shareholder, who has representation on the Board, attended through proxies to the members of the Board of Directors, thus no such explanation was necessary.

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

The Group does not have a specific independent policy regarding the communication of economic-financial, non-financial and corporate information, although these aspects are dealt with in the policy on communication and contacts with shareholders and institutional investors.

Complies | **Complies partially X** | Explain |

The Group does not have a specific independent policy regarding the communication of economic-financial, non-financial and corporate information, although these aspects are dealt with in the policy on communication and contacts with shareholders and institutional investors.

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies X | Complies partially | Explain |

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) **Report on the auditor's independence.**
- b) **Reports on the workings of the audit and nomination and remuneration committees.**
- c) **Report by the audit committee on related party transactions.**

Complies X | Complies partially | Explain |

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies | **Explain X** |

Thus far, the holding of the General Shareholders' Meeting has not been transmitted via the corporate website since the implementation of the mechanisms required for such retransmission has not been considered necessary, taking into account the shareholder structure of the Company.

The Company has mechanisms that allow the delegation and exercise of votes by remote means. The Company is not a highly capitalized company and therefore does not consider attendance and active participation in the General Shareholders' Meeting to be necessary or expedient.

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies X | Complies partially | Explain |

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X | Complies partially | Explain |

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies | Complies partially | Explain | **Not Applicable X** |

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies | Complies partially | Explain | **Not Applicable X** |

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies X | Complies partially | Explain |

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies X | Explain |

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies | **Complies partially X** | Explain |

The Company has a Director Selection Policy aimed at promoting an appropriate composition of the Board of Directors.

There is no specific policy for the appointment of senior executives other than the provisions included in the Board Regulations regarding the competencies of the Appointments and Remuneration Committee.

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies | **Complies partially X** | Explain |

Currently the number of female directors represents 28.57%.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies X | Explain |

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies X | Explain |

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
- e) Company shares and share options that they own.

Complies X | Complies partially | Explain |

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies | Complies Partially | Explain | **Not Applicable X**

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion,

in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies X | Complies Partially | Explain | Not Applicable |

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies X | Explain |

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X | Complies partially | Explain |

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies X | Complies Partially | Explain | Not Applicable |

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies X | Complies Partially | Explain | Not applicable |

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies X | Complies partially | Explain |

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies X | Complies partially | Explain |

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies X | Complies partially | Explain |

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies X | Complies Partially | Explain | Not Applicable |

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X | Complies partially | Explain |

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies X | Explain | Not Applicable |

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies X | Complies partially | Explain |

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies X | Complies partially | Explain |

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies X | Complies partially | Explain |

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies | **Complies Partially X** | Explain | Not Applicable |

AmRest partially complies with the recommendation to the extent that the Regulations of the Board of Directors attribute in article 16 the following functions to the Coordinating Director: a) to reflect the concerns of non-executive directors and to meet them when it considers it appropriate; b) to request the calling of the Board of Directors or the inclusion of new items of the day in a meeting of the Board already called; and c) to direct the periodic evaluation of the Chairman of the Board of Directors.

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies X | Explain |

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.

- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies X | Complies partially | Explain |

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies X | Complies Partially | Explain | Not Applicable |

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies X | Complies Partially | Explain | Not Applicable |

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies X | Complies partially | Explain |

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X | Complies partially | Explain |

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies X | Complies Partially | Explain | Not Applicable |

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies X | Complies partially | Explain |

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies X | Complies partially | Explain |

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies X | Complies Partially | Explain | Not Applicable |

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies | **Complies partially X** | Explain |

The Company has a Risk Management Policy which covers most but not all the above matters.

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies X | Complies partially X | Explain |

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies X | Complies partially | Explain |

48. That large-cap companies have separate nomination and remuneration committees.

Complies | Explain | **Not Applicable X** |

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies | **Complies partially X** | Explain |

Although it is not expressly contemplated in AmRest's internal regulations for the Appointments and Remunerations Committee to consult the Chairman of the Board and the chief executive when dealing with matters relating to executive directors, in practice said Committee indeed consult the Chairman and the Chief Executive on those matters.

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) **Proposing the basic conditions of employment for senior management to the Board of Directors.**
- b) **Verifying compliance with the company's remuneration policy.**
- c) **Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.**
- d) **Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.**
- e) **Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.**

Complies X | Complies partially | Explain |

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies | **Complies partially X** | Explain |

Although it is not expressly contemplated in AmRest's internal regulations for the Appointments and Remunerations Committee to consult the Chairman of the Board and the chief executive when dealing with matters relating to executive directors, in practice said Committee indeed consult the Chairman when needed.

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) **That they be composed exclusively of non-executive directors, with a majority of independent directors.**
- b) **That their chairpersons be independent directors.**
- c) **That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.**
- d) **That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.**
- e) **That their meetings be recorded and their minutes be made available to all directors.**

Complies X | Complies Partially | Explain | Not Applicable |

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that

such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it

Complies X | Complies Partially | Explain |

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.**
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.**
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.**
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.**
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.**

Complies | **Complies partially X** | Explain |

Although not expressly contemplated in the Company's internal regulations, the Audit Committee, the Appointments and Remuneration Committee and the Health and Safety Committee perform the functions referred to in this recommendation.

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct**
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.**
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.**
- d) Channels of communication, participation and dialogue with stakeholders.**
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies | **Complies partially X** | Explain |

The Company partially complies with this recommendation to the extent that it has a Corporate Social Responsibility Policy, available on its website, although it does not include all the principles contained in the recommendation.

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies X | Explain |

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies X | Complies partially | Explain |

58. That, as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies | Complies Partially | Explain | **Not Applicable X** |

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies | Complies Partially | Explain | **Not Applicable X** |

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies | Complies Partially | Explain | **Not Applicable X** |

Among the terms and conditions of the remuneration related to company results there is no reference to reservations which may appear in the external auditor's report.

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies | Complies Partially | Explain | **Not Applicable X**

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies | Complies Partially | Explain | **Not Applicable X**

At present, no executive director owns shares, options or financial instruments corresponding to remuneration schemes.

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies | Complies Partially | Explain | **Not Applicable X**

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies X | Complies Partially | Explanation | Not Applicable |

H. FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group,

describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

A.2. In relation to Mr. Carlos Fernández González, additionally, and as "other close ties" of the Board Members, the following information is indicated:

D. Carlos Fernández González has a close relationship with Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión. This company has a 0.53% interest in the capital stock of the company. The holder of the participation is Latin 10, SA de CV, a fund managed independently by Finaccess Mexico, SA de CV.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010

As AmRest is listed on the Warsaw Stock Exchange, the Company periodically reports on the degree of compliance with the corporate governance recommendations required by applicable law through the publication of the Declaration of Compliance with the Principles of Good Practice for Companies Listed on the Warsaw Stock Exchange.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 24 February, 2021.

State whether any directors voted against or abstained from voting on this report.

Yes **No X**

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons