

ANNUAL REVIEW OF TALGO, S.A.'S ADVISORY COMMITTEES

TALGO, S.A.'s Audit Committee comprised by the following members as of 31 December 2018:

Name	Role	Category
MR EMILIO NOVELA BERLÍN	CHAIRMAN	Independent
MR MICHEL MOREAU	MEMBER	Independent
MR JOSÉ MARÍA MUÑOZ DOMÍNGUEZ	MEMBER	Proprietary

TALGO, S.A.'s Audit Committee met on four occasions during 2018, on the following dates: (i) 21 February; (ii) 10 May; (iii) 23 July and (iv) 14 November. Representatives from the external audit firm Deloitte attended all the meetings and, members of the Company's internal audit team were present.

During the exercise of the duties attributed to it by both the Law and the rules that comprise the Company's Corporate Governance System, the Audit Committee carried out the activities described below in the corresponding areas or fields:

1. Internal Audit Area:

- Annual Evaluation of activity area.
- Approval of the department's annual internal Audit and budget plan.
- Follow-up reports and recommendations.

2. Internal control and risk management systems:

- Supervision of the Internal Control System over financial information.
- Supervision of the Group's Risk Control System.
- Continuous review of the internal control system.
- Implementation of new computer tools of Internal Control.
- Supervision of the activity of the Compliance Unit.

3. External auditor:

- Proposal for the re-election of the external auditor and contracting conditions.
- Prior approval of other audit and verification services by the External Auditor.
- Confirmation of the degree of collaboration and transparency with which the company collaborates and works with the External Auditor.
- Report on the independence of the external audit firm.
- Appearances of the auditor of accounts at the Committee meetings.
- Presentation of legislative developments in accounting standards (International Financial Reporting Standards) and regarding to audit reports

and impact analyses of the new standards applicable in the 2018 financial year.

4. Supervision process of the elaboration of financial and economic information:

- Talgo S.A.'s individual and consolidated annual accounts for 2018.
- Talgo S.A.'s consolidated financial statements for the first and third quarter of 2018.
- Talgo S.A.'s consolidated summary financial statements of the first semester of 2018.

5. Supervision process of the elaboration of the state of non-financial information:

- Statement of non- financial information included in the management report of the consolidated annual accounts for 2018 of Talgo S.A.

Most of the Audit Committee's activity during 2018 was focused on issues relating to the internal and external audits, risk monitoring and the process of developing economic and financial information. The staff of the Internal Audit Area attends the Committee meetings on a regular basis, which is part of the competences of the area, in support of the Committee, for the proper exercise of its powers and as a communication channel between the Audit Committee and the company and its Group. They have also appeared as senior managers from diverse areas and departments of the Talgo Group in order to give an overview to the members of the Audit Committee.

TALGO, S.A.'s Appointments and Remuneration Committee comprised by the following members as of 31 December 2018:

Name	Role	Category
MR. ALBERTUS MEERSTADT	CHAIRMAN	Independent
MR. JOHN CHARLES POPE	MEMBER	Independent
MR. FRANCISCO JAVIER BAÑÓN TREVIÑO	MEMBER	Proprietary

TALGO, S.A.'s Appointments and Remuneration Committee met on eight occasions during 2018, on the following dates: (i) 13 February, (ii) 22 February, (iii) 09 May, (iv) 18 June, (v) 23 July, (vi) 18 September, (vii) 14 November and (viii) 18 December.

During the exercise of the duties attributed to it by both the Law and the rules that comprise the Company's Corporate Governance System, the Appointments and Remuneration Committee carried out the activities described below:

- Assessment on the degree of compliance with the objectives set for the Group's Top Management for the year 2017.
- Analysis of the remuneration system of the members of the Board of Directors.
- Proposal regarding the approval of a new long-term incentive plan for the executive directors and directors of the company.
- Analysis of the existing company's management structure. Action plan and proposals for its development and the reinforcement of certain company's departments.
- Elaboration of the legally required reports regarding the Appointment of new directors by the General Shareholders' Meeting and for the Appointment by co-optation of directors to cover the vacancies within the Board of Directors.
- Submission to the Board of Directors of recommendations that allow the Company to best comply with governing legislation regarding the composition of this governance body and its operation.
- Setting objectives for the Group's Top Managers for the year 2018.

Pursuant to the provisions of the Regulations governing the Board of Directors, the Appointments and Remuneration Committee is entrusted with, amongst other functions, analyzing the process that allows for the orderly succession of the Chairman, the CEO and other members of the Board, whose appointment is the responsibility of this governance body, and reporting on the appointment and dismissal of the directors that report directly to the CEO.

TALGO, S.A.'s Strategy Committee comprised by the following members as of 31 December 2018:

Name	Role	Category
MR. ANTONIO OPORTO DEL OLMO	CHAIRMAN	Independent
MR. JOSÉ MARÍA ORIOL FABRA	MEMBER	Executive
MR. MICHAEL MOREAU	MEMBER	Independent
PEGASO TRANSPORTATION INTERNATIONAL, S.C.A.	MEMBER	Proprietary

MR. JUAN JOSÉ NÁRDIZ AMURRIO	MEMBER	Independent
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TALGO S.A.'s Strategy Committee met on two occasions during 2018, specifically on: 23 July and 14 November.

During the exercise of the duties attributed to it by both the Law and the rules that comprise the Company's Corporate Governance System, the Strategy Committee, under the immediate direction of the Chairman of the Board of Directors and the CEO of the Company, undertook the activities detailed below:

- Provide technical support to the Board of Directors regarding the strategic organisation and strategic coordination of Talgo through the dissemination, implementation and monitoring of the overall strategy.
- Provide technical, information and management support, both with respect to the supervision and monitoring functions, as well as for planning the business strategy, whose definition corresponds to the Company's Board of Directors and its execution and momentum corresponds to the CEO and the rest of the management team are, enabling the development of the strategy for the Talgo business.
- Establish methodologies, systems of analysis, procedures for supervising decisions and control instruments, in the interest and to the advantage of all of the companies that comprise the Group, always respecting the area of ordinary management and the effective leadership that corresponds to the governance and management bodies.
- Promote the establishment of internal rules (regarding investments and divestments, purchases, corporate services, etc.) to serve as coordination tools for the service and interest of all of the Group's companies, facilitating the supervision and monitoring of decision-making in this regard, in order to ensure compliance with the strategies and management guidelines established by the Board of Directors of the Company, as the parent company of the Group.