FOR THE NATIONAL SECURITIES MARKET COMMISSION

Compañía de Distribución Integral Logista Holdings, S.A. (**the Company**), pursuant to the provisions of Article 227 of the Refunded Text of the Law on the Securities Market, informs the National Securities Market Commission (CNMV) of the following:

The Company Board of Directors has agreed to convene General Shareholders' Meeting of the Company, to be held on March 26th and 27th, 2019, at first and second call, respectively.

The full text of the call, as well as the Resolutions Proposal and the Reports from the Administrators in relation to certain items on the General Shareholders' Meeting Agenda are enclosed.

Leganés, February 15th, 2018

Compañía de Distribución Integral Logista Holdings, S.A.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

ORDINARY GENERAL SHAREHOLDERS' MEETING

NOTICE OF CALL

The Board of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. (hereinafter, "the Company"), in its meeting on 29th January, 2019, unanimously agreed to call an Ordinary General Meeting of Shareholders of the Company, to be held in the registered office at Calle Trigo, 39, Polígono Industrial Polvoranca, Leganés (Madrid), at 11.30 on 26th March, 2019, at the first call, and on the following day, 27th March, 2019, at the same time and place, at the second call, with the following agenda:

AGENDA

First.- Examination and approval of the Annual Accounts (Balance Sheet, Profit and Loss Account, the Statement on Changes to the Net Equity, the Cash Flow Statement and Notes to the Accounts) and the Management Report of the "Compañía de Distribución Integral Logista Holdings, Sociedad Anónima" and of the consolidated Group, corresponding to the financial year closed on 30 September 2018.

Second.- Approval, if appropriate, of the management of the Board of Directors during fiscal year 2017-2018.

Third.- Examination and approval, if appropriate, of the Board of Directors' proposal of allocation of results corresponding to the financial year closed on 30 September 2018 of the Compañía de Distribución Integral Logista Holdings, S.A.

Fourth.- Ratification and Re-election of Directors.

4.1 Ratification of the appointment by co-option of the independent Director Mr. Alain Minc.

4.2 Ratification of the appointment by co-option of the independent Director Mr. Jaime Carvajal Hoyos.

4.3 Ratification of the appointment by co-option of the proprietary Director Mr. Amal Pramanik.

4.4 Ratification of the appointment by co-option of the proprietary Director Mr. John Michael Jones.

4.5 Re-election of the proprietary Director Mr. Richard Guy Hathaway.

Fifth.- Delegation to the Board of Directors of the necessary powers to interpret, complete, correct, develop, execute, formalise and register the foregoing resolutions and place them on public record, as well as to substitute the powers granted by the General Meeting.

Sixth.- Advisory vote on the Annual Report on Remuneration of Directors of the Company corresponding to fiscal year 2017-2018.

I. ADDENDUM TO THE ANNOUNCEMENT

In accordance with Article 519 of the Capital Companies Act, shareholders representing at least three per cent (3%) of the share capital may (i) request the publication of an addendum to the announcement of the Ordinary General Shareholders' Meeting, including one or more points in the Agenda, provided that the new points are accompanied by a justification or, if appropriate, by a justified proposed resolution, and (ii) present proposals based on agreements about subjects already included or which are to be included in the Agenda of the Meeting that has been called. To that end, shareholders must irrefutably prove that they represent at least the said percentage of the share capital, and must send reliable notification of that information to the Company, which will have to receive it at its registered office, for the attention of the Secretary of the Board (calle Trigo 39, Polígono Industrial Polvoranca, 28914 Leganés (Madrid)), within five days of the publication of this announcement.

II. RIGHT TO INFORMATION

Following the publication of this announcement, and until the holding of the General Shareholders' Meeting, shareholders have the right to examine, at the registered office situated at Leganés (Madrid), calle Trigo, 39, Polígono Industrial Polvoranca, or through the Company's website (www.grupologista.com), or to obtain, immediately and without charge, the documents which are submitted for the approval and information of the General Shareholders' Meeting, namely:

- The Notice of the Call to the Meeting.
- The total number of shares and voting rights, which at the date of this announcement was 132,750,000 fully subscribed and paid-up shares, each of nominal value 20 centimes of a euro. Each share gives the right to one vote in the General Shareholders' Meeting, excepting for the treasury shares.

- The Annual Accounts and the Report on the Management of the Company and of its consolidated group, for financial year 2017-2018.

- The proposed allocation of results corresponding to financial year 2017-2018.

- The Report of the external auditors on the Company's individual and consolidated annual accounts for financial year 2017-2018.

- The annual Report on the Company's Corporate Governance in financial year 2017-2018.

- The annual Report on the remuneration of the Company's Directors in financial year 2017-2018.

- The Report of the Audit and Control Committee, of 30th October 2018, on the independence of the external auditor.

- The Report of the Audit and Control Committee, of 30th October 2018, on the functioning and activities of the Audit and Control Committee, in financial year 2017-2018.

- The Report of the Appointments and Remuneration Committee, of 30th October 2018, on the functioning and activities of the Appointments and Remuneration Committee, in financial year 2017-2018.

- The Annual Report on Corporate Social Responsibility, of 30th October 2018.

- The Reports of the Board of Directors' of 24th April 2018 and of 29th January 2019, respectively justifying the appointment by co-option of the independent Director Mr. Alain Minc, and the proposal of ratification by the General Shareholders meeting of such appointment, and the curriculum of Mr. Minc.

- The Reports of the Board of Directors' of 25th September 2018 and of 29th January 2019, respectively justifying the appointment by co-option of the independent Director Mr. Jaime Carvajal Hoyos, and the proposal of ratification by the General Shareholders meeting of such appointment, and the curriculum of Mr. Carvajal Hoyos.

- The Reports of the Board of Directors' of 24th April 2018 and of 29th January 2019, respectively justifying the appointment by co-option of the proprietary Director Mr. Amal Pramanik, and the proposal of ratification by the General Shareholders meeting of such appointment, and the curriculum of Mr. Pramanik.

- The Report of the Board of Directors' of 29th January 2019, justifying the appointment by co-option of the proprietary Director Mr. John Michael Jones, and the proposal of ratification by the General Shareholders meeting of such appointment, and the curriculum of Mr. Jones.

- The Reports of the Board of Directors' of 29th January 2019, justifying the proposal of re-election by the General Shareholders meeting of the proprietary Director Mr. Richard Guy Hathaway, and the curriculum of Mr. Hathaway.

  The Reports of the Board of Directors, supporting the appointments by co-option, the ratification of such appointments and the re-election of the said Directors, include the relevant Reports from the Appointments and Remuneration Committee of 29 January 2019.

- The complete texts of the proposed resolutions on each item of the Agenda.

- The procedure and the forms to be used for representation and voting from a distance. If, for technical reasons, it is not possible to publish these in the Company's website, the said website will indicate how to obtain the forms on paper, which will be sent to every shareholder who so requests.

- In general, any document or report that is presented to the General Shareholders' Meeting.

In addition, and in accordance with the provisions of the Capital Companies Act, from the time of publication of this Announcement until the time when the General Shareholders' Meeting is held, all the documentation and information relating to that Meeting will be available in the Company's website (www.grupologista.com/ "Shareholders and Investors"/"General Shareholders Meeting 2019").

Additionally, up to the fifth day before the day on which their Meeting is to be held, shareholders may request information or clarification, or formulate in writing any questions which they consider pertinent, about the information available to the public which the Company would have provided to the Comisión Nacional del Mercado de Valores, since the last General Shareholders' Meeting held, and concerning the auditor's report.

For that purpose, shareholders may approach the Department of Services to Shareholders (Tel: +34 91 481 98 26, e-mail: mailto:investor.relations@grupologista.com or through the Company's website), identifying themselves as shareholders, and giving their full name or company name, fiscal identification number, and the number of shares which they hold.

When, prior to the formulation of a specific question, the information requested by the shareholder was clearly, expressly and directly available to all shareholders through the Company's website, in the format of question and answer, the Board of Directors of the Company may restrict its reply to a reference to the information already available in that format.

III. RIGHT OF ATTENDANCE AND REPRESENTATION

Those having the right to attend the General Shareholders' Meeting will be all those shareholders of the Company who, at least five (5) days before the day appointed for the holding of the Meeting, this is, 21st or 22nd March 2019, depending on whether the Meeting is held on the first or second call, have recorded their shares against their names in the appropriate accounting register of book entries, and can demonstrate that either by means of the relevant attendance Card, sent by the financial entity member of Iberclear, in which their shares are deposited, or by means of the attendance Card sent by the Company (the 'Logista Card').

Any shareholder who has the right to attend may be represented at the General Shareholders' Meeting by another person, and even by a non-shareholder, provided that they fulfil the legal requirements and those laid down in the By-Laws, in the Regulations of the General Shareholders' Meeting and in this Notice of Call.

One and the same shareholder may not be represented in the Meeting by more than one representative. A representative may represent more than one shareholder, and may cast different votes in accordance with the instructions given by each of them.

Representation may be conferred either in writing, by completing the form of delegation printed on the attendance Card, or electronically.

Except in those cases where proxy is granted or is understood to be granted, according to this Notice of Call, to a member of the Company's Board of Directors, the designated representative must identify himself or herself, on the day when and at the place where the Meeting is held, to the personnel responsible for the register of shareholders, by means of a national identification document or passport and power of attorney, if the shareholder is a legal person.

The documents attesting representation for the General Shareholders' Meeting will include instructions on how to vote. Unless the shareholder who confers the representation expressly indicates otherwise, it will be understood that that shareholder is instructing the representative to vote in favour of the proposed resolutions formulated by the Board of Directors on the subjects listed in the Agenda of the Meeting, and against them when it is a matter of subjects which are not included in the Agenda, but which are submitted to a vote in the General Shareholders' Meeting.

If the representation document does not name the particular person by whom the shareholder wishes to be represented, it will be understood that the representative will be the Chairman of the Board of Directors, or whoever substitutes him in the Chair of the General Shareholders' Meeting, or in the event of a conflict of interests of any of them, the Chief Executive Officer, or in the event of a conflict of interest of the latter, the Secretary of the Board, or any other Director who is not involved in a conflict of interest.

Representation is always revocable. The personal attendance of the represented shareholder at the General Shareholders' Meeting will constitute revocation of the representation, no matter how it was conferred.

IV. REPRESENTATION AND VOTING FROM A DISTANCE

The Company's Board of Directors, conforming to the provisions of the 26th Article of the By-Laws and of Article 12 of the Regulations of the General Shareholders' Meeting, has agreed to authorize the exercise of rights of representation and early voting from a distance, subject to the following terms and conditions:

4.1 Representation or voting prior to the holding of the General Shareholders' Meeting, by electronic means.

Shareholders who wish to grant proxy or to vote before the General Shareholders' Meeting should consult the following sections of the corporate website (www.grupologista.com) before the Meeting: "Shareholders and Investors"/'General Shareholders Meeting 2019"/"Electronic Representation and Voting", which will be active from the date of publication of this call, and within the period laid down in paragraph 4.3 below, and should follow the instructions for granting proxy, or for exercising their right to vote, which are given in the computer program.

To that end, shareholders should prove their identity in the computer program provided for that purpose in the aforementioned website, by means of: (i) An electronic national identification document, or (ii) a valid and current user's electronic certificate, in accordance with the provisions of Law 59/2003 of 19 December relating to Electronic Signature, and issued by the Spanish Public Certification Authority (CERES), which is dependent on the Fábrica Nacional de Moneda y Timbre (the Spanish Mint). The Company reserves the right to request any additional means of identification from shareholders, which it considers necessary to prove their status of shareholder, and to guarantee the authenticity of the representation and of the voting.

4.2 Representation or voting prior to the holding of the General Shareholders' Meeting, by post

Shareholders who wish to grant proxy or to vote by post should complete the 'Delegation' or 'Voting' section as appropriate, and should sign the 'Logista Card' issued by the Company and send it for the attention of the Department of Services to Shareholders (Calle Trigo 39, Polígono Industrial Polvoranca, 28914 Leganés (Madrid)), together with the nominative document which proves ownership of the shares, issued for that purpose by the entity which has custody of the same, and a photocopy of the shareholder's national identification document or passport, and if the shareholder is a legal entity, a photocopy of the power of attorney attesting to the powers of the physical person who signs in the attendance Card for the representation or voting from a distance, and a photocopy of that physical person's national identification document.

When a shareholder grants proxy to a person other than a member of the Board of Directors, he or she will have to send a copy of the attendance Card to the designated proxy, who will have to identify himself or herself to the personnel responsible for the register of shares, as explained in section III above.

Shareholders may obtain from the Company the card for representation or voting from a distance, by downloading it from the Company's website, by collecting it from the registered office, or by asking the Department of Services to Shareholders (Tel: +34 91 481 98 26, e-mail: investor.relations@grupologista.com) to send it without charge.

Shareholders also have the option of granting proxy or of early voting from a distance, by using the card issued by the entity which has custody of the shares. The section entitled "Delegación a Distancia" must be completed and the card sent by post to the Company, and, if appropriate, to the designated representative, who will have to identify himself or herself to the personnel responsible for the register of shares, as explained in section III above.

4.3 Rules common to representation or voting prior to the holding of the General Shareholders' Meeting by remote communication

a) Deadline for receipt. Proof of shareholder status.

Representation conferred, or votes cast in advance, whether electronically or by post, must, in order to be valid, be received by the Company by 25 March 2019, before midnight. After that time, only attendance cards issued by the entities having custody of the shares, and presented by the representative in the place where the Meeting is held, will be accepted. Such cards must be presented to the personnel responsible for the register of shares, and such representatives must identify themselves as explained in section III above.

The representation and the vote will only be deemed to be valid if the status of the shareholder is confirmed as such, and if the Company verifies that the ownership and the number of shares of the people conferring representation or exercising their right to vote by remote communication coincide with the data provided by Iberclear to the Company.

b) Rules governing the relationship between the conferring of proxy and the casting of votes by remote communication

When a shareholder confers several proxies and/or casts several votes (whether electronically or by post), the last action taken (the granting of proxy or the voting) will prevail. When there is a doubt about the moment when the shareholder conferred the proxy or cast a vote, the latter (regardless of the means used to cast it) will prevail over the giving of the proxy. If the shareholder had cast several votes differently, electronically or by post, the last vote cast would prevail.

c) Suspension of electronic systems. Failures in connection.

The Company reserves the right to modify, suspend, cancel or restrict the electronic mechanisms for representation or voting when that is advisable or imperative for technical reasons or for reasons related to security. If any of these situations occurred, it would be announced in the Company's website. None of this would affect the validity of representations already conferred, of votes already cast, or of the shareholders' rights to attend or to be represented.

The Company will not be held responsible for any harm caused to shareholders by breakdowns, overloadings, fallen lines, failures in connection or any other occurrence of a similar nature, beyond the control of the Company, which preclude the use of the electronic mechanisms for representation or voting. Consequently, these circumstances would not constitute unlawful deprivation of shareholders' rights.

V. SHAREHOLDERS' ELECTRONIC FORUM

In conformity with the provisions of Article 539.2 of the Capital Companies Act, for the period between the publication of this Notice of Call and the time when the General Shareholders' Meeting is held, the Company has made available in its corporate website www.grupologista.com a Shareholders' Electronic Forum, to which, with the due guarantees, both individual shareholders and the voluntary associations that they may constitute may have access for the purpose of facilitating their communications prior to the holding of that Meeting. The following can be published in the Forum: proposals which it is hoped to present as a supplement to the agenda announced in the convocation, requests for assent to such proposals, initiatives for reaching a percentage sufficient to exercise a minority right provided for by law, and offers of, or requests for, voluntary representation.

The rules and conditions for the operation and use of the Forum are available in the Company's website.

To gain access to the Electronic Forum, shareholders have to prove their status as such, in the manner indicated in the website, and identify themselves in the manner laid down in section 4.1 of this Notice of Call.

VI. INTERVENTION OF A NOTARY

The Board of Directors has agreed to request the presence of a notary who would record the Minutes of the General Shareholders' Meeting, in accordance with the provisions of Article 203 of the Capital Companies Act.

VII. DATA PROTECTION

Compañía de Distribución Integral Logista Holdings, S.A. informs you that the personal data which shareholders send to the Company for the purpose of exercising their rights of attendance, delegation and voting at the General Shareholders' Meeting, or which are provided by the banks and stockbroking Companies or Agencies in which the said shareholders have deposited their shares, through the entity legally entrusted with the registration of shares, Iberclear, will be included in a file and will be processed for the purpose of managing the development, accomplishment and control of the existing shareholding relationship. These data will be given to the notary exclusively in connection with the recording of the minutes of the General Shareholders' Meeting.

This data processing is essential for the compliance with legal obligations applicable to the controller. The personal data of the shareholders will be stored as long as they are necessary for the purposes indicated above. As soon as they are not necessary for these purposes, the data will be blocked during the period in which they may be necessary for the exercise or defense against administrative or judicial legal proceedings and may only be unblocked and processed again on these grounds. Once this period comes to an end, the data will be definitively erased.

Shareholders may exercise their rights of access, rectification, erasure, restriction of processing of their data or portability of data, when technically possible, and opposition, in accordance with the provisions of Organic Law 3/2018, of 5 December, Protection of Personal Data and guarantee of digital rights, by contacting Compañía de Distribución Integral Logista Holdings, S.A., at the address c / Trigo 39, P.I. Polvoranca, 28914, Leganés Madrid, or info.lopd@logista.es, with a copy of your ID card duly accrediting your identity. Likewise, we inform you that the contact data of the Data Protection Officer of the Logista Group are the aforementioned. Shareholders have the right to file a claim with the Spanish Data Protection Agency (AEPD), if they consider their rights infringed.

Shareholders are informed that the General Shareholders' Meeting will, in all probability, be held at the first call.

Leganés, 20 February 2019

The Secretary/Director,

Rafael de Juan López

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

ORDINARY GENERAL SHAREHOLDERS' MEETING

26 March 2019

PROPOSED RESOLUTIONS

1.1 To approve the Annual Accounts (Balance Sheet, Profit and Loss Account, the Statement on Changes to the Net Equity, the Cash Flow Statement and Notes to the Accounts) audited by Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., as well as the Management Report of the Compañía de Distribución Integral Logista Holdings, S.A. ("the Company"), corresponding to the financial year closed on 30 September 2018.

1.2 To approve the consolidated Annual Accounts (Balance Sheet, Profit and Loss Account, the Statement of Changes to the Net Equity, the Cash Flow Statement and Notes to the Accounts) audited by Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., as well as the Management Report of the Compañía de Distribución Integral Logista Holdings, S.A., and its consolidated group, all of them corresponding to the financial year closed on 30 September 2018.

2. To approve the Management of the Board of Directors during the financial year closed on 30 September 2018.

3. To approve the following proposal of the Board of Directors, of allocation of the results of the Compañía de Distribución Integral Logista Holdings, S.A., corresponding to the financial year closed on 30 September 2018:

Net Profit	158.320.924,96	Euros
To Dividends (1.12 €/share)	148.203.444,48	Euros
• Interim Dividend 0.35 € per share (Agreement of the Board of Directors of 24th July, 2018)	46.313.576,40	Euros
• Additional 0.77 € per share	101.889.868,08	Euros
To Voluntary Reserves	10.117.480,48	Euros

The dividend will be paid on 29 March 2019 through Banco de Santander.

4.1 To ratify the appointment by co-option of Mr. Alain Jacques Richard Minc as independent Director, which was made by the Board of Directors on 24th April 2018, and whose personal data are included in his registration as Director of the Company.

4.2 To ratify the appointment by co-option of Mr. Jaime Carvajal Hoyos as independent Director, which was made by the Board of Directors on 25th September 2018, and whose personal data are included in his registration as Director of the Company.

4.3 To ratify the appointment by co-option of Mr. Amal Pramanik as proprietary Director, which was made by the Board of Directors on 24th April 2018, and whose personal data are included in his registration as Director of the Company.

4.4 To ratify the appointment by co-option of Mr. John Michael Jones as proprietary Director, which was made by the Board of Directors on 29th January 2019, and whose personal data are included in his registration as Director of the Company.

4.5 To re-elect as Company Director, for the statutory four-year period, Mr. Richard Guy Hathaway, of British nationality, of legal age, married, of [●] Road, Bristol, United Kingdom, and holding Foreigner's Identification Number (NIE) Y-39[●].

Mr. Hathaway will be a proprietary Director, as he will be representing Imperial Brands PLC – the majority shareholder of the Company - on the Board of Directors, in accordance with the provisions of Article 529 duodecies 3 of the Capital Companies Act, and of Article 7.2) b) of the Rules of the Company's Board of Directors, of 26 January 2016.

It is expressly noted that, in accordance with the provisions of article 529 decies 5 of the Capital Companies Act, the Board of Directors has presented the reports supporting the ratification or re-election proposals; reports that have been included in item 4 of the Agenda of the General Meeting, and that will be attached to the Minutes of the General Meeting. These reports evaluate positively the ability, experience and merits of the Directors for their ratification or re-election as Directors, and for their discharge of that office.

5. To delegate to the Board of Directors the necessary powers so that the Board of Directors or any of its members, including its Secretary, may interpret, complete, amend, develop, execute, formalise and register all the foregoing resolutions; and in particular correct any defect, omission or mistake, on grounds of substance or form, that may prevent its registration in the Commercial Registry.

6. To approve, on a consultative basis, the Annual Report on Remuneration of Directors of the Compañía de Distribución Integral Logista Holdings, S.A., corresponding to the year 2017-2018.

5. - STATUTORY AUDITOR INDEPENDENCE ANNUAL REPORT

AUDIT AND CONTROL COMMITTEE

2017-2018



1. INTRODUCTION

In accordance with the section 4 (f) of the article 529 fourteenth of the Corporate Law passed on the Law 31/2014 of December 3rd amending the Corporate Law for the corporate governance improvement, and by virtue of the provisions of the article 17.2 of the Rules of the Board of Directors, where it is established that: "*On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report in any event must cover the details of the provision of the additional services referred to in the preceding section, taken individually and as a whole, other than the legal audit, as regards independence of the auditors and regulations governing audits*".

This document pronounces on the evaluation of the additional services rendered, individually and as a whole, others than the statutory audit, and related to the independence or to the applicable regulations affecting the Statutory Auditors, as well as the precautions observed in order to ensure its independence, according to the Law 22/2015 of June 20th, of Accounts Auditing ("Audit Law" from now on). Consequently, the Audit and Control Committee prepares this report.

2. RECRUITMENT CONDITIONS

The Annual Shareholders' Meeting held on March 21st, 2017 agreed to appoint as auditors for the annual accounts of the Company and of its consolidated Group for the years 2017, 2018 and 2019 to Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L. in joint action.

The tender process of Deloitte and PricewaterhouseCoopers was carried out in accordance with the provisions of the Audit Act 22/2015, of July 20, which, in its article 40, establishes the rules on hiring, rotation and appointment of auditors; and in accordance with the provisions of Regulation (EU) No. 537/2014 of the European Parliament, of April 16, 2014.

Hiring process is set up before the beginning of the duties of the external auditors for the current fiscal year, and was previously informed by the Audit and Control Committee on April 25th, 2017.

Related to the terms and conditions of the audit contract, the Audit and Control Committee has verified that the obligation to rotate the Statutory Auditor is satisfied.

Fees related to audit services of the financial statements of the year 2017-2018, rendered to Logista Group by Deloitte amount € 828 Thousand, and those rendered by PricewaterhouseCoopers Auditores amounted € 497 Thousand. The update of said fees has been analyzed and approved by the Audit and Control Committee in its session of November 28th, 2017.

Regarding the audit services agreed both with Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., the Audit and Control Committee considers that they have not been influenced or affected by the rendering of other additional services or based on any contingency or condition other than the changes in the context discussed to set the audit fees, according to stated at the Audit Law, and according to what the auditors have expressed in their Independence Report.

3. COMMUNICATION WITH THE AUDITOR

The Audit and Control Committee has maintained the opportune relations with the co-auditors to receive information on issues that may pose a threat to their independence and any other related to the process of developing the audit of accounts, as well as those other communications foreseen in the legislation of audit of accounts and in the technical norms of audit.

During the 2017-2018 financial year, the co-auditors of accounts have not informed the Audit and Control Committee of any issue that could put their independence at risk.

4. NON- AUDIT FEES RENDERED BY DELOITTE INCLUDED IN THE CONSOLIDATION OF THE LOGISTA GROUP

The breakdown of the services invoiced during the fiscal year 2017-2018, not considering the fees for the account auditing are presented in the following table:

	Thousand Euros
Other Verification Services	32
Transfer Pricing	115
Other services	11
Total	**158**

4.1. OTHER VERIFICATION SERVICES

This heading includes:

- Fees paid for the limited review of the half-year financial statements of the Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiaries, according to the half-year financial statements review international regulations of the independent auditor of the ISRE 2410, in joint action, amounting € 17 Thousand.

- Fees paid for reviewing and issuing, in joint action, the report on the Internal Control over Financial Reporting Framework (ICOFR) released to the market for the fiscal year 2016-2017, included in the Corporate Governance Annual Report, amounting € 10 Thousand. The scope of the review procedures used by the auditor shall be defined according to the circular note E14/2013, of July 19th 2013, of the" Instituto de Censores Jurados de Cuentas" of Spain.

- The execution of the required verifications on the disclosure of containers and packaging that has to be annually sent to ECOEMBES, to be attached to the self-assessment of the related taxes, amounting € 5 Thousand.

It should be noted that the nature of these works, such as the half-year limited review of the Consolidated Accounts or the review of the Internal Control System of Financial Information, is closely related to the audit of accounts, not involving a risk or threat to the independence of the accounts audit itself.

Regarding the relationship of the verification on the declaration of ECOEMBES, the typology of this type of service supposes the verification of certain control mechanisms (consistency of the information relative to the unit weight of the packaging) and verification of the agreement of the declarations of containers for the benefit of the conservation of the environment, having no impact neither on the internal control systems, nor on the financial statements, nor on the process of elaboration thereof, and therefore not meaning a threat to the independence.

4.2. TRANSFER PRICING

- Fees paid for assistance in the transfer pricing supporting the documentation update for the different entities of the Group.

This service is limited to assist the Logista Group in complying with its documentation obligations regarding transfer pricing in the countries in which the Group is present, focusing mainly on assistance in the preparation and / or review of the documentation of transfer pricing. The scope and content of the service does not include the provision of tax advisory services, nor assistance to the Group in defending its transfer pricing policies to the tax authorities of the countries concerned.

4.3. OTHER SERVICES

Detail of other services fees invoiced during the current fiscal year are the following:

- Social contribution tax in Logista France (€ 4.5 thousand): Report on the verification of the information prepared by Logista France on the calculation of the social solidarity contribution for the 2016-2017 period for three tobacco manufacturers.

- Review of the translation of the Annual Account reports of Compañía Integral de Distribución Logista S.A.U. and Compañía Integral de Distribución Logista Holdings, S.A. from Spanish to English, amounting € 6 Thousand.

Regardless of the small amount of fees for these services, the service related to the revision of the calculation of the social contribution tax is limited to verifying the agreement of this rate, having no impact whatsoever on the internal control systems, nor in the financial statements, or in the process of preparing them. On the other hand, we consider that a quality review of the translation is a supplement that in no way poses a threat to its independence and does not mean, therefore, a threat to it.

Therefore, the hiring of these services to Deloitte has been done according to stated at art. 14. Incompatibility causes of Audit Law, not being included in the prohibited services according to that Law. There have not been neither incompatible services rendered in the period covered between the beginning of the first year before the fiscal year belonging the Annual Accounts, according to stated at *Article 21. Duration of incompatibilities,* of Law 22/2015 of June 20th.

5. NON- AUDIT FEES RENDERED BY PRICEWATERHOUSECOOPERS INCLUDED IN THE CONSOLIDATION OF THE LOGISTA GROUP

The breakdown of the services invoiced during the fiscal year 2017-2018, not considering the fees for the account auditing are presented in the following table:

	Thousand Euros
Reporting package to Imperial Brands, PLC	128
Other verification services	30
Other services	37
Total	**195**

5.1. REPORTING PACKAGE AND OTHER VERIFICATION SERVICES

This heading includes:

- Review of the consolidation reporting package sent to Imperial Brands, PLC. of Compañía Integral de Distribución Logista Holdings, S.A, with regards to the audit and intermediate review of the consolidation package to Imperial Brands at 30th September, 2017, and also for the six-month period review ended March 31st, 2018, amounting € 128 Thousand.

- Fees paid for the limited review of the half-year financial statements of the Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiaries, according to the half-year financial statements review international regulations of the independent auditor of the ISRE 2410, in joint action, amounting € 18 Thousand.

- Fees paid for reviewing and issuing, in joint action, the report on the Internal Control over Financial Reporting Framework (ICOFR) released to the market for the fiscal year 2016-2017, included in the Corporate Governance Annual Report, amounting € 12 Thousand. The scope of the review procedures used by the auditor shall be defined according to the circular note E14/2013, of July 19th 2013, of the" Instituto de Censores Jurados de Cuentas" of Spain.

It should be noted that the nature of these works, such as the half-year limited review of the Consolidated Accounts or the review of the Internal Control System of Financial Information, is closely related to the audit of accounts, not involving a risk or threat to the independence of the accounts audit itself.

5.2. OTHER SERVICES

This amount fully corresponds to invoiced services related to obtaining a report "SSAE16 SOC 1 Type 2", - a standard report to prove the efficiency of the controls of activities subcontracted to third parties-, intended for a customer of the subsidiary of Logista Italia in relation to the storage and supply activities of one of its work centers.

It has been considered as a compatible service given that no design or implementation services are provided in relation to the internal control system over the financial information of Grupo Logista, but rather the service is provided to assess the adequacy of the relevant controls for the Logista Italia customer and not for its own internal control system. In addition, the calendar of the insurance report is based on the client's closing process (31.12.2017) and not on the closing period of Logista Group (30.09.2017).

Therefore, the hiring of these services to PricewaterhouseCoopers has been done according to stated at art. 14. Incompatibility causes of Audit Law, not being included in the prohibited services according to that Law. There have not been neither incompatible services rendered in the period covered between the beginning of the first year before the fiscal year belonging the Annual Accounts, according to stated at *Article 21. Duration of incompatibilities,* of Law 22/2015 of June 20th.

6. PROPORTION OF INCOME

In the Rules of the Board, section 46.2 “Relations with Auditors”, exposes that “*The Board of Directors shall refrain from hiring those audit firms whose projected fees including all items exceed five per cent of its total revenues during the previous financial year” and “The Board of Directors shall make public the total fees paid to the audit firm for services other than auditing”.*

During the fiscal year 2017-2018, Logista Group has hired audit services and other non-audit services:

- To Deloitte, amounting a total of € 986 Thousand, which represent a 0.0016 % of the annual revenues disseminated by Deloitte global for its fiscal year 2017-2018.
- To PricewaterhouseCoopers Auditores, amounting a total of € 692 Thousand, which represent a 0.0020 % of the annual revenues disseminated by PricewaterhouseCoopers Auditores, S.L. global for its fiscal year 2017-2018.

7. INDEPENDENCE DISCLOSURE FROM THE STATUTORY AUDITOR

On October 30th, 2018, the audit partners in charge of the issuance of the statutory audit report for the consolidated accounts of Compañía de Distribución Integral Logista Holdings, S.A., have confirmed to the Audit and Control Committee their independence.

The document developed by the Group Statutory Auditors, attached as Annex to this report, contains the written confirmation of their independence in relation to the Group and its subsidiaries, as well as the information regarding the additional services other than the Statutory audit, considered both individually and as a whole, rendered to the aforementioned companies by the auditors or related persons.

During fiscal year 2017-2018, the Statutory Auditors have not revealed in the Audit and Control Committees any issue that could impair their independence. In addition, Deloitte and PricewaterhouseCoopers have declared that, in application of their internal procedures, they have not identified circumstances that, individually or as a whole, could result in a significant threat to their independence and, therefore, could be grounds for incompatibility.

8. CONCLUSION

The Audit and Control Committee unanimously agrees sending to the Board of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. the present report, where it is certified that the Statutory Auditors, Deloitte S.L. and PricewaterhouseCoopers Auditores, S.L., have been and acted independently, in relation to the issuance of the report after the examination and evaluation of the annual accounts, individual and consolidated, of the Compañía de Distribución Integral Logista Holdings, S.A., regarding the fiscal year 2017-2018.

Furthermore, it has been concluded that there are no objective reasons that would allow contesting the Statutory Auditors independence, and that such independence has not been threatened or impaired during the fiscal year 2017-2018, due to the rendering of non-audit services. In particular:

- PricewaterhouseCoopers and Deloitte have confirmed in writing their independence in accordance with the provisions of Regulation (EU) No. 537/2014 of April 16, 2014 on the specific requirements for the legal audit of entities of public interest, Law 22 / 2015, of July 20, of Audit of Accounts, the Royal Decree 877/2015, of October 2 that approves the Regulation of the Law of Audit, and in the technical norms of audit issued by the Institute of Accounting and Audit of Accounts.

- The fees corresponding to the audit services are set by the auditor prior to the start of their duties for the entire period in which they must perform them. The fees are not influenced or determined by the provision of additional services, nor are they based on contingencies or conditions other than changes in the circumstances that serve as the basis for setting the fees.

- Fees for the services provided do not constitute a significant percentage of the total annual income of the auditor.

- During the fiscal year 2017-2018, the Audit and Control Committee has established the appropriate relationships with the firms Deloitte and PricewaterhouseCoopers (Co-auditors) in order to receive information on those issues that could put their independence at risk.

- In the information obtained through the aforementioned communication channels, no aspects have been identified that question compliance with the auditor's regulatory norms regarding the auditor's independence and, in particular, no aspects of the audit have been identified. This nature is related to the provision of additional services, individually considered and as a whole, other than the legal audit.

- The Audit and Control Committee has analyzed all the proposals for contracting services with the Accounts Auditor in the fiscal year 2017-2018, other than the account audit service, in order to ensure that they are not incompatible with his work as auditors, thus not calling into question his independence, in accordance with the limitations established in the current legislation.

The current report is the one that has been approved by the Audit and Control Committee in its session held on October 30th, 2018.

Leganés, October 30th, 2018

D. Rafael de Juan López
Audit and Control Committee Secretary

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Confirmation of independence letter

30 October 2018

Compañía de Distribución Integral Logista Holdings, S.A.
Calle Trigo 39
Leganés (Madrid)

To the Audit and Control Committee of Compañía de Distribución Integral Logista Holdings, S.A.

Dear Sirs,

On 21 March 2017, we were appointed co-auditors of the separate and consolidated financial statements of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries ("Logista Group") for the years ended 30 September 2017, 2018 and 2019.

In relation to this appointment as auditors and as required by International Standard on Auditing (Spanish adaptation of ISA 260) NIA-ES 260 (Revised), Communication with Those Charged with Governance, for public-interest entities (PIEs) which, solely for the purposes of the provisions of the audit regulations, are defined in Article 15 of Royal Decree 1517/2011, of 31 October (amended by Royal Decree 877/2015, of 2 October), approving the regulations implemented by the Consolidated Spanish Audit Law, and taking into account the provisions of Article 529 quaterdecies.4.e) of the approving the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July (amended by Final Provision Four of the Spanish Audit Law 22/2015, of 20 July), we confirm to you that:

1. The team in charge of the audit engagement and Deloitte, S.L. with the extensions applicable to them, have complied with the Independence requirements applicable under the Spanish Audit Law and Regulation (UE) No. 537/2014, of 16 April.

2. Following is a detail of the fees (excluding expenses) charged to the Logista Group and/or to the companies included in its chain of control (Imperial Brands Plc Group) for both audit and non-audit services in the year ended 30 September 2018 by Deloitte and its network, in order to facilitate your assessment thereof within the framework of our independence (in thousands of euros):

Item	Amount
LOGISTA GROUP:	
Audit services in Spain	828
Other attest services	32
Total audit and related services	**860**
Tax services	115
Other services	11
TOTAL LOGISTA GROUP	**986**
COMPANIES IN THE CHAIN OF CONTROL:	
Imperial Brands Group (a)	
Tax advisory services (*)	1,105
TOTAL COMPANIES IN THE CHAIN OF CONTROL	**1,105**

(*)Fees billed in pounds. Exchange rate: 1,127 €/GBP

(a) *Per our analysis, these services do not have any impact on the consolidated or separate financial statements of Compañía de Distribución Integral Logista Holdings, S.A. since they are provided to companies that are not included in its scope of consolidation.*

The itemised detail of "Other Attest Services", "Tax Advisory Services" and "Other Services" provided to the Logista Group companies is shown in Appendix I.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

3. We have implemented internal policies and procedures designed to provide you with reasonable assurance that Deloitte and its personnel remain independent as required by the applicable legislation. These procedures include those aimed at identifying and evaluating threats that might arise from circumstances related to audited entities, including those that might cause incompatibility and/or, where applicable, those that might require the application of the necessary safeguards to reduce the threats to an acceptable level.

   In our professional judgement, in connection with the aforementioned audit and for the reporting period covered by the financial statements and up to the date of issue of this letter, no circumstances have been identified that, either individually or as a whole, might pose a material threat to our independence or that, therefore, might require the application of safeguards or might indicate the existence of situations of incompatibility. Also, in those cases in which we have identified threats, including when such threats are not significant, we have applied the required safeguard measures to eliminate or reduce them to an acceptably low level.

This letter is for the exclusive information of and use by Logista Group´s Audit and Control Committee for the aforementioned purpose and, therefore, it may not be used by third parites or for any purposes other than that mentioned above.

Should you intend to publish or reproduce in any way this letter of confirmation of independence in a document containing other information, you undertake to: (a) furnish us with a draft of the document for our perusal; and (b) seek our approval for the inclusion of our letter therein, before the document is published and distributed.

Yours faithfully,

DELOITTE, S.L.

José Luis Aller

APPENDIX I - ITEMISED DETAIL

Following is the detail -in relation to point 2 of the confirmation of independence- of the information on additional services of any type provided by the various member firms of the Deloitte worldwide organisation to Logista Group companies and the related fees (in thousands of euros):

Other attest services

Description	Amount
Fees paid for the preparation of and resulting Report on Limited Review of Interim Financial Statements of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries under IAS 34, in accordance with International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as part of a joint audit.	17
Fees paid in relation to the review and issuance of the Report on the system of internal control over financial reporting (ICFR) for the period 2016-2017 included in the Annual Corporate Governance Report and sent to the markets. The scope of the auditor's review procedures was established in accordance with Spanish Institute of Certified Public Accountants Circular E14/2013, of 19 July 2013.	10
Verification of the Annual Packaging Declaration to be submitted on a yearly basis to ECOEMBES, for the attachment thereof to the self-assessment form for related duties and taxes.	5
Total	**32**

Tax counselling services

Description	Amount
Provision of advice on the update of documentation relating to the dossiers supporting the 2017 transfer prices.	115

Other services

Description	Amount
Report about social contribution tax in France	5
Review of the translation of the financial statements of Compañía Integral de Distribución Logista S.A.U. and Compañía Integral de Distribución Logista Holdings, S.A. from Spanish to English.	6
Total	**11**

pwc

30 October 2018

Compañía De Distribución Integral Logista Holdings, S.A.
C/ Trigo, 39
28914 Leganés (Madrid)

To the Audit and Control Committee of Compañía de Distribución Integral Logista Holdings, S.A.

Dear Sirs:

On 21 March 2017, we were appointed joint auditors of the stand-alone and consolidated financial statements of Compañía de Distribución Integral Logista Holdings, S.A. and Subsidiaries ("Logista Group") for the year ended 30 September 2018.

In relation to this appointment as auditors and as required by International Standard on Auditing (Spanish adaptation of ISA 260) NIA-ES 260 (Revised), Communication with Those Charged with Governance, for public-interest entities (PIEs) which, solely for the purposes of the provisions of the audit regulations, are defined in Article 15 of Royal Decree 1517/2011, of 31 October (amended by Royal Decree 877/2015, of 2 October), approving the regulations implemented by the Consolidated Spanish Audit Law, and taking into account the provisions of Article 529 quaterdecies.4.e) of the approving the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July (amended by Final Provision Four of the Spanish Audit Law 22/2015, of 20 July), we confirm to you that:

- The team in charge of the audit engagement, the audit firm and other persons belonging to the audit firm and, when applicable, other firms of the network, with the extensions applicable to them, have complied with the Independence requirements applicable under the Spanish Audit Law and Regulation (UE) No. 537/2014, of 16 April.

- Following is a detail of the fees charged to the entity and to the related entities included in its chain of control, disclosed by concept, for both audit and non-audit services, in the year ended 30 September 2018 by the audit firm and its network, in order to facilitate your assessment thereof within the framework of our independence:

		Thousands of Euros
Logista Group		
o	Audit fees	497
o	Reporting package to Imperial Brands, PLC	128
o	Report on limited review on interim consolidated financial statements	18
o	Report on the "Information relating to the System of Internal Control over Financial Reporting (ICFR)"	12
	Total audit and related services	**655**
o	SSAE 16 Report SOC 1 – Type 2	37
	Total services	**692**
Related entities in its chain of control: Imperial Brands PLC Group		
o	Work performed on Corporate Social Responsibility reporting (*)	111
o	Other services (*)	77
	Total related entities in its chain of control	**188**

(*) Fees billed in pounds. Exchange rate 1,127 €/GBP

- We have implemented internal policies and procedures designed to provide you with reasonable assurance that the audit firm and its personnel remain independent as required by the applicable legislation. These procedures include those aimed at identifying and evaluating threats that might arise from circumstances related to audited entities, including those that might cause incompatibility and/or, where applicable, those that might require the application of the necessary safeguards to reduce the threats to an acceptable level.

In our professional judgement, in connection with the aforementioned audit, no circumstances have been identified that, either individually or as a whole, might pose a material threat to our independence or that, therefore, might require the application of safeguards or might indicate the existence of situations of incompatibility.

This letter is for the exclusive information of and use by Logista Group´s Audit and Control Committee for the aforementioned purpose and, therefore, it may not be used for any purposes.

Yours faithfully,

PricewaterhouseCoopers Auditores, S.L.

Raúl Llorente Adrián

ANNUAL REPORT OF THE FUNCTIONS AND THE ACTIVITIES OF THE

AUDIT AND CONTROL COMMITTEE

2017-2018

TRANSLATION FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

(THE COMPANY)

AUDIT AND CONTROL COMMITTEE

Report on functions and activities

Fiscal year 2017-2018

1.- REGULATION

The Company's Audit and Control Committee ("the Committee") was constituted by the Company's Board of Directors in the meeting held on 4 June 2014, before the shares were approved for listing on Spain's Official Stock Exchanges, and the general aim is to assist the Board of Directors in the supervision of the financial statements, while exercising the function of controlling and ensuring good corporate governance.

The Committee is regulated by Article 43 of the Bylaws, by Articles 15 and 17 of the Board of Directors' Regulations, Consolidated Text of 26 January 2016, modified on 19 December 2017, and by the Regulations of the Audit and Control Committee, approved at the Board of Directors' meeting of 19 December 2017, in accordance with the recommendations of the Technical Guide on Audit Committees of public-interest entities, approved by the CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission),on 17 June 2017.

Pursuant to the aforementioned standards, the Board of Directors will form an Audit and Control Committee, with a minimum of three and a maximum of seven Directors, appointed by the Board of Directors, who will take account of the Directors' knowledge, aptitudes and experience and the tasks of the Committee, at the proposal of the Appointments and Remuneration Committee, who will decide on the profile of the people most suitable to form part of it. Most of the Committee's members will be independent Directors.

Additionally, the Board of Directors will ensure that the members of the Audit and Control Committee, and especially its Chairperson, have knowledge and experience of accounting, auditing or risk management, and also of other fields which may be appropriate in the performance of the Committee's functions as a whole, such as finance, internal control and information technology, although they do not necessarily need to be experts in these latter fields.

In addition, and having due regard to ensuring the promotion of diversity of sex and of geographical origin, the members of the Audit and Control Committee, who will be appointed because they have the necessary dedication to the performance of the functions entrusted to them, will, as a whole, have the technical knowledge which is pertinent to the Company's sector of activity.

The members of the Committee will leave the Committee when they cease to be Directors, or when the Board of Directors so decides.

The members of the Audit and Control Committee will elect a Chairperson from among the Independent Directors who form part of it, who will be replaced every four years and may be re-elected once a period of one year has elapsed since he or she stepped down.

The Secretary of the Committee will be the Secretary of the Board of Directors or the Vice-secretary, if applicable.

Notwithstanding other roles assigned by the Board, the Audit and Control Committee will have the following responsibilities:

In relation to control over financial reporting:

a) Reporting at the General Shareholders' Meeting on the questions raised by shareholders about subjects within its area of responsibility, and in particular, about the result of the audit, and explaining how it contributed to the completeness of the financial information and to the role which the Committee performed during this process.

b) Supervising the process of drawing up the required financial information and its completeness and submission, and making recommendations or proposals to the Board of Directors aimed at safeguarding its integrity, checking compliance with regulations, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

c) Supervising compliance with legal requirements and the correct application of generally accepted accounting principles, and reporting on the proposals for modification of accounting principles and criteria suggested by Management, and of the risks on and off the balance sheet.

d) Ensuring that the Board of Directors arranges to submit the accounts to the General Shareholders' Meeting without limitations or qualifications in the audit report and that, in the unlikely event of there being qualifications, that both the Chairperson of the Audit and Control Committee and the auditors clearly explain to the shareholders the nature and extent of those limitations or qualifications.

e) Reporting to the Board of Directors on the Company's Annual Accounts, and on the financial information which the Company has to publish regularly, and which has to be sent to the bodies that regulate or supervise the markets.

In relation to the supervision of internal control and of internal auditing:

f) Supervising the effectiveness of the Company's internal control systems, and in particular, those for financial reporting and the Company's risks systems, reviewing the appointment and replacement of its managers, and discussing with the accounts auditors or auditing companies the weaknesses of the internal control system, detected during the audit, all of this without compromising its independence. To that end, and where appropriate, recommendations or proposals may be submitted to the Board of Directors in keeping with the corresponding period for follow-up activities.

g) Supervising the services and activities of the Internal Audit Unit and, in particular, assuring the independence of the unit handling the internal audit function, which will report functionally to the Committee's Chairperson and will ensure the effectiveness of the reporting and internal control systems; proposing the selection, appointment, re-election and cessation of the head of the internal audit service; proposing the service's budget; approving its priorities and work programmes, ensuring that it focuses primarily on the main risks to which the Company is exposed; receiving regular reports on its activities; and verifying that the senior managers are acting on the findings and recommendations of its reports.

   The head of the unit handling the internal audit function will present an annual work programme to the Committee, inform it of any incidents arising during its implementation and submit a report on its activities at the end of each year.

h) Setting up and supervising a procedure which allows employees of the Company's group, confidentially and, where possible and deemed appropriate, anonymously, to report irregularities of potential importance, especially financial and accounting irregularities within the Company or its Group.

In relation to the supervision of the management and control of risks:

i) Supervising the effectiveness of the Company's risk systems, reviewing the appointment and replacement of the managers, and also, when appropriate, submitting recommendations or proposals to the Board of Directors, and the corresponding period for their following-up.

j) Supervising the risk control and management unit, which will have, among other duties, that of ensuring that the risk control and management systems are functioning correctly, and in particular, that the major risks to which the Company is exposed are correctly identified, managed and quantified; that of actively participating in the preparation of risk strategies and in key decisions about their management; and that of ensuring that the risk control and management systems are mitigating risks effectively within the framework of the policy established by the Board of Directors.

In relation to the accounts auditor:

k) Referring to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the auditor, assuming responsibility for the selection process pursuant to the provisions of the European regulations, as well as for the terms and conditions of the auditor's engagement, and regularly gathering information from the auditor about the Auditing Plan and its implementation, while preserving his or her independence in the exercise of his/her functions.

l) Establishing appropriate relationships with external auditors or audit firms in order to receive information about those matters which may represent a threat to their independence, so as to have them examined by the Committee, and about any other matters related to the process of auditing the accounts. When appropriate, authorising services other than those prohibited under the terms of the regulations applying to the independence of auditors, and any other communications envisaged by the legislation on the Auditing of accounts and by the Auditing regulations.

   In any event, the Committee will have to receive from the external auditors or auditing firms an annual, written declaration of their independence in relation to the Company and companies directly or indirectly linked to it, and detailed, individual information about additional services provided, of any kind, and about the corresponding fees received from those entities by the said auditors or firms, or by persons or entities connected with them, in accordance with the regulations governing the auditing of accounts. The Committee will ensure that the Company and the external auditor adhere to the current regulations governing the provision of services other than auditing services, the limits on the concentration of the auditor's business, and the other rules about the independence of auditors.

   In this regard, the Committee will ensure that the remuneration for the external auditor's work does not adversely affect its quality or independence.

m) Annually issuing, prior to the issue of the audit report, a report in which an opinion is expressed about whether the independence of the auditors or auditing firms has been compromised. This report, which will be published in the Company's website sufficiently in advance of the Company's Annual General Meeting, will have to include, in any event, a reasoned evaluation of the provision of each and every additional service referred to in the preceding paragraph, considered individually and as a whole, apart from the legal audit, and in relation to the independence of the accounts auditing and to the regulations governing that auditing.

n) Ensuring that the Company notifies the CNMV of any change of external auditor as a material event, and that such notification is accompanied by a statement about any disagreements with the outgoing auditor, and the reasons for the same.

o) Investigating the circumstances of any resignation of an external auditor.

p) Ensuring that the external auditor attends, annually, the plenary session of the Board of Directors to inform it about the work done and about developments in the Company's risk and accounting situations.

q) Reporting in advance to the Board of Directors on transactions connected with the creation or acquisition of interests in special-purpose entities, or entities domiciled in countries or territories treated as tax havens, and on obligations, actions, activities and transactions that involve, or could involve, conflicts of interest, particularly in relation to transactions with related parties, and also, in general, on the duties envisaged in chapter IX of the Regulations.

The report, if any, issued by the Audit and Control Committee on transactions of related parties will be published in the Company's website sufficiently in advance of the Annual General Meeting.

r) Supervising compliance with the rules of corporate governance and with the Company's Internal Codes of Conduct. In particular, the Audit and Control Committee has to:

(i) Supervise compliance with the Internal Codes of Conduct, including the Internal Rules of Conduct of the Securities Markets, with these Rules and with the Company's rules on governance, and make proposals for its improvement.

(ii) Oversee the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders.

(iii) Regularly evaluate the adequacy of the Company's corporate governance system, to confirm that it is fulfilling its purpose of promoting the corporate interest and catering appropriately for the legitimate interests of the other stakeholders.

(iv) Evaluate all aspects of the non-financial risks to which the Company is exposed, including operational, technological, legal, social, environmental and political risks and risks to its reputation.

(v) Propose to the Board of Directors the Annual Report on Corporate Governance.

(vi) Give a prior report to the Board of Directors on any structural or corporate changes which the Company is planning to make, on their economic conditions and accounting impact and, when applicable, on the exchange ratio proposed.

(vii) Gather information and, if appropriate, issue a report on disciplinary measures for senior managers of the Company and its Group.

s) Supervising compliance with the Company's policy on corporate social responsibility. In particular, the Audit and Control Committee will:

(i) Review the Company's policy on corporate social responsibility, ensuring that it is orientated towards the creation of value.

(ii) Monitor corporate social responsibility strategies and practices and assess the degree of compliance in these areas.

(iii) Monitor and evaluate the Company's interaction with its stakeholder groups.

(iv) Co-ordinate the processes of reporting non-financial information and diversity, in accordance with the applicable regulations and international standards.

(v) Ensure that the Company's policy on corporate social responsibility includes the principles and commitments which the Company will voluntarily adhere to in its dealings with stakeholder groups, and that it specifies at least:

a) The aims of the policy on corporate social responsibility and the supporting instruments to be deployed;

b) The corporate strategy with regard to sustainability, the environment and social issues;

c) Specific practices in matters relating to: shareholders, employees, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct;

d) The methods or systems for monitoring the results of the practices referred to above, the associated risks, and their management;

e) The mechanisms for supervising non-financial risk, ethics and business conduct;

f) The channels for communicating with stakeholders, and for participation and dialogue;

g) Responsible practices in communication which avoid the manipulation of information and protect integrity and honour.

The report issued by the Audit and Control Committee on the Company's policy on corporate social responsibility will be prepared using one of the internationally accepted methods, and will be published in the Company's website sufficiently in advance of the Annual General Meeting.

t) Preparing for the Board of Directors an Annual Report on the functioning of the Audit and Control Committee over the year. This Report will serve as the basis for an evaluation by the Board of Directors, which will be published in the Company's website sufficiently in advance of the Annual General Meeting.

u) Any other duty of reporting or proposing, of a general or specific nature, which is entrusted to it by the Board of Directors.

v) Any other responsibility or function assigned to it by Law, by the Bylaws or by these Regulations.

The Audit and Control Committee will meet at agreed intervals, and at least four times per year. One of the meetings will necessarily be devoted to evaluating efficiency and the observance of the Company's rules and governance procedures, and to preparing the information which the Board of Directors has to approve and include in its annual public documentation. In connection with these subjects, the Committee will have to include the internal auditor in its meetings, and if any kind of review report is issued, will also include the external accounts auditor, but neither auditor will be present in the decision-making part of the meeting, when the Audit and Control Committee adopts the appropriate decisions.

In addition, it will meet whenever called to do so by its Chairperson, when the latter deems this necessary for the correct performance of its functions or when requested to meet by two of its members, and it will have to meet whenever the Board or its Chairperson asks for a report to be issued or for the adoption of resolutions by the Audit and Control Committee.

The meetings of the Committee will be called by its Secretary, on the orders of the Chairperson, with at least ten days' notice, unless there are urgent reasons which justify an immediate calling or a shorter period of notice, and the call will be by letter, telefax, electronic mail or any other method which provides proof of receipt.

The call will always include the agenda of the meeting and will be accompanied by the necessary information, even when, in certain circumstances, all or part of the information is justifiably supplied during the meeting itself.

The Audit and Control Committee will prepare an annual report on its functioning, highlighting, among other matters, any incidents which arose in connection with its own functions. In addition, and when the Audit and Control Committee deems it appropriate, it will include in that report proposals for improving the Company's rules of governance. The report of the Audit and Control Committee will be made available to shareholders and investors through the website, sufficiently in advance of the Annual General Meeting.

Any member of the management team or personnel of the Company or Group who is so required will be obliged to attend the meetings of the Audit and Control Committee and to provide them with collaboration and access to any information that they possess, and the Committee may require them to attend without the presence of any other director. Other people (executive directors, experts, external Accounts Auditors, etc.) may also attend, but only by invitation of the Committee's Chairperson, and only to deal with the specific items of the agenda for which they were summoned. In particular, other directors, whether executive directors or not, will be present only occasionally in the Committee's meetings.

In order to fulfil its functions, the Audit and Control Committee may request advice from external professionals.

2.-. COMPOSITION

As at 30 September 2018, the Committee was composed of the following:

Position:	Members	Date of Appointment	Nature
Chairperson	Ms. Cristina Garmendia Mendizábal	09.06.2014	Independent
Member	Mr. Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
	Mr. Alain Minc	25.09.2018	Independent
	Mr. Richard Hathaway	24.04.2018	Proprietary
Non-Member Secretary	Mr. Rafael de Juan López	09.06.2014	------

The following changes occurred in the composition of the Committee during the Fiscal Year:

- Mr. David Resnekov, proprietary Director and member of the Committee since 9 June 2014, resigned from his position on 24 April 2018, and was replaced as a member of the Committee, on the same date, by Mr. Richard Hathaway, proprietary Director.

- Mr. Eduardo Zaplana Hernández-Soro, independent Director, and member of the Committee, resigned from his position on 29 May 2018, and was replaced on 25 September 2018, by Mr. Alain Minc, independent Director.

3.- <u>ACTIVITIES</u>

During the 2017-2018 fiscal year, the Company's Audit and Control Committee held eight meetings:

<u>1st SESSION – 31 OCTOBER 2017</u>

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Non-member Secretary).

Also present were the Chief Executive Officer of the Company (Mr Luis Egido Gálvez), the Corporate Director of Finances (Mr Manuel Suárez Noriega), the Corporate Internal Audit Director (Ms. Laura Templado), and the Accounts Auditors (Deloitte:Mr. Jose Luis Aller and PricewaterhouseCoopers:Mr. Raúl Llorente).

The Audit and Control Committee carried out the following activities:

<u>- Review of the Annual Accounts of the Company (2016-2017)</u>

- The Company's Individual and Consolidated Accounts were studied.

- Prior to the presentation of the conclusions of the review of the Annual Accounts, the Accounts Auditors reported, among others, on the following matters arising from the new additional Report for the Audit Committee (Article 36 of the Law of Accounts Auditing of 20th July,2015, and Article 11 of EU Regulation 537/2014 of 16th April):

  i) They considered that they are, and have been, independent in the exercise of their auditing work, in accordance with the regulations governing accounts auditing in Spain, and handed over letters dated 31st October, confirming that independence, and signed by Deloitte and by PricewaterhouseCoopers.

ii) ‘Going concern’: no significant doubt had arisen in this connection.

iii) There were no significant irregularities or breaches of the law.

iv) They had checked the main methods of valuation used by the Logista Group in the preparation of the Annual Accounts, and they agreed with the accounting policies used.

v) In the performance of the audit, there had been no disagreements with the Group’s Management which had an effect on the audit, they had received full co-operation from the Management, had had free access to the Organisation, and had not been denied access to any auditing evidence.

vi) The ‘Key Audit Matters’ (KAM) identified for the Consolidated Accounts are as follows:

- Recognition of revenue from sales of tobacco
- Deferred taxes and provisions for fiscal risks
- Impairment of goodwill and other intangible assets

For the Company’s Individual Accounts, the valuation of the Company’s long-term investments in the Group had been regarded as a KAM.

- The Auditors’ Opinions

1) On the Individual and Consolidated Accounts closed on 30th September, 2017:

“In all the important aspects, the annual individual and consolidated accounts show a true reflection of the equity and of the financial state of the Company (Individual Accounts) and Group (Consolidated Accounts)”.

2) Report on the Internal Control Over Financial Reporting (ICOFR), in accordance with circular E14, dated 19 July 2013, of the Spanish Institute of Chartered Accountants:

“There has been no evidence of any inconsistencies or incidents which could have affected the information relating to the ICOFR”.

- **<u>Annual Report on Corporate Governance</u>**

A favourable opinion was issued with regard to the Annual Report on Corporate Governance (2016-2017), and approval thereof was proposed to the Board of Directors. The Annual Report incorporates the Report of the Accounts Auditors relating to the Company’s Internal Control Over Financial Reporting (ICOFR).

- Independence of the Auditor

The Committee approved the Report on the independence of the Accounts Auditors (Deloitte and PwC), the end result being, in the opinion of the Committee, that Deloitte and PwC had acted independently in relation to the examination and verification of the 2016-2017 Individual and Consolidated Accounts of the Compañía de Distribución Integral Logista Holdings, without that independence being affected, during the abovementioned period, by Deloitte and PwC providing permitted services to the Company and its group of companies, in addition to those of the Accounts Auditing service.

The Committee also agreed to publish the Report in the Company's website, sufficiently in advance of the Ordinary General Shareholders' Meeting.

- Report on Corporate Social Responsibility

The Committee unanimously approved the Logista Group's 2016-2017 Report on Corporate Social Responsibility, and submitted it to the Board for its information and validation.

- Report about the Activities of the Committee

The Report on the Committee's Functions and Activities for the period 2015-2016 was unanimously approved, and submitted to the Board of Directors, pursuant to article 17.2 of the Board's Regulations, and it was agreed to publish it in the Company's website, sufficiently in advance of the Ordinary General Shareholders' Meeting.

- **Report on the Unit for the Control and Monitoring of Risks from Crime**

The Corporate Director of Internal Auditing, Mrs. Laura Templado, informed the Committee about the following activities performed by the Unit for the Control and Monitoring of Risks from Crime:

1) Information about conformity with the Model for the Prevention of Risks from Crime (Policy 8/2015, of 24th November). Fiscal year 2016-2017

   It was recorded that the managers responsible for the controls in the Matrix of Risks had issued, and sent to the Management of the Internal Control Department, the appropriate self-assessment declarations, showing that the Model had indeed been introduced and implemented.

2) Recommendations to modify/update certain controls over certain offences:

   Certain recommendations were made to update the controls contained in the Model.

These recommendations for the modification/updating of the controls in the Matrix of Risks and Controls were unanimously approved by the Unit. The Unit's Secretary, Mr. Arturo Rainer, was entrusted with the updating of Annexe II to Procedure 1/2015 of 16th March, concerning the Prevention of Risks from Crime.

3) <u>Programme of Training in the Prevention of Risks from Crime, for Employees in Spain</u>

A report was presented on the implementation, during FY 2016-2017, of a programme of training dealing with the Risks from Crime, and unanimous approval was given to the proposal of a new mandatory training programme in the current fiscal year.

4) <u>Action Programme of the Management of Internal Control, in accordance with the Model for the Prevention of Risks from Crime.</u>

At the proposal of the Director of Internal Control, there was unanimous approval of an Action Programme, for FY 2016-2017, related to the Model.

5) <u>Internal Audit Actions in FY 2016-2017, in accordance with the Model.</u>

There was a report on the actions taken by the Management of Internal Auditing in FY 2016-2017 in connection with the Model, and with certain specific offences. None of those actions exposed any significant weaknesses in control.

<u>2nd SESSION – 28 NOVEMBER 2017</u>

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary, Non-Member).

Also present were the Chief Executive Officer of the Company (Mr Luis Egido Gálvez), the Corporate Director of Finances (Mr Manuel Suárez Noriega), and the Corporate Internal Audit Director, (Ms. Laura Templado).

The Audit and Control Committee carried out the following activities:

<u>- Annual Report (2016-2017) on Internal Auditing Activities.</u>

Technical Guide 3/2017 on Audit Committees of Public-Interest Companies, published on 27th June, 2017, by the CNMV, suggests, among its recommendations for the supervision of Internal Auditing, *that there should be presented, every year, a report on activities which should contain, as a minimum, a summary of the actions and reports completed during the year, detailing the work which had been foreseen in the annual plan but had not been done,* *and the work which had been done although not foreseen in the original plan, and also a list of the weaknesses, recommendations and action plans included in the various reports.*

The Corporate Director of Internal Auditing, Mrs. Laura Templado, presented the Annual Report on the 2016-2017 Internal Audit Activities, with the following main contents:

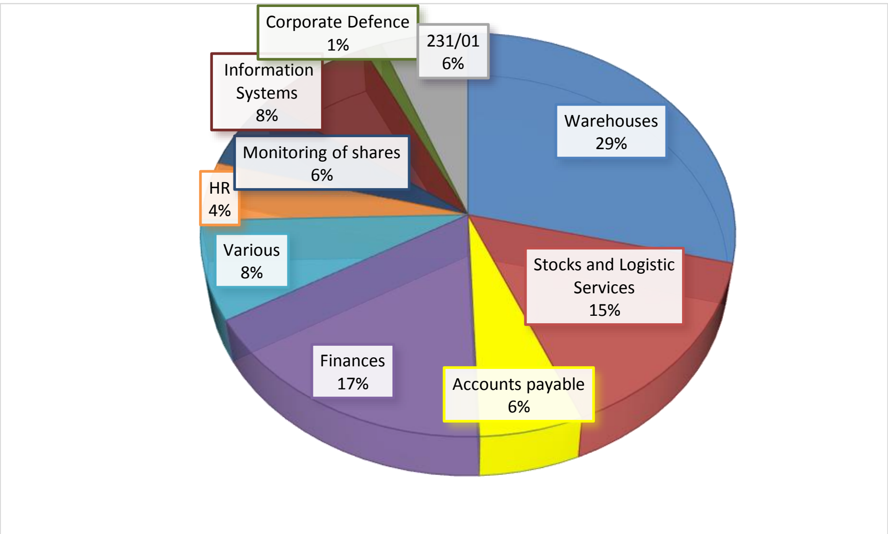
1. Internal Auditing Activities

1.1 Degree of Achievement of the 2016-2017 Internal Auditing Plan

80% of the Auditing Plan was completed (compared with 92% the previous year). She explained the reasons why there were delays in the completion of the Plan, and she detailed those activities that remained unfinished due to undefined plans of action. The activities which had not been begun would be carried out in FY2017-2018.

1.2. Coverage of the Audit.

The Auditing Plan had been orientated towards covering risks in the areas of strategy, operations and compliance with regulations, in the proportions shown below:



1.3. Result of the reviews

In FY 2016-2017, 50 audits were performed, of which 27 (54%) showed an adequate degree of control. 32% revealed improvable control, and none of the audits were described as insufficient.

Generally speaking, no significant deficiencies were detected in internal control.

- The limited review of the financial reporting in the first quarter of the fiscal year did not reveal any material adjustments or anything else affecting the reliability of the interim consolidated financial statements of the Compañía de Distribución Integral Logista Holdings, S.A.U. as at 31st December, 2016.

- Within the framework of the ICOFR, there was a review of the processes of inventory purchases/accounts payable in the Tobacco and Convenience businesses, in France, and in the Pharma business, and also of the process of corporate consolidation. This review did not reveal any errors or adjustments which could have a significant impact on the Financial Statements.

- The audit revealed that the Group's main servers had acceptable levels of security and configuration.

  The review of the disaster recovery plans (DRPs) in the three SAP systems that were audited produced satisfactory conclusions, showing that in case of disaster, the degree of recoverability of the systems' critical information was reasonably high.

1.4 Monitoring of Recommended Actions

Of all the actions agreed with the Businesses, 85% have been initiated.

2. Other activities carried out by the Corporate Directorate of Internal Auditing

2.1 Model for the Prevention of Risks from Crime

With regard to crime prevention, none of the audits carried out revealed any weakness in controls. The controls largely achieved their objective of mitigating the risks identified in the risk-and-control matrix of Corporate Defence, and the general objective of ensuring, in a reasonable manner, the prevention and detection of fraudulent acts and behaviour in the Logista Group in Spain.

- **Decree 231/01 (Italy)**

In relation to the compliance actions covered by Italian Legislative Decree 231/01 in the fiscal year in question, no weaknesses in control were revealed, nor anything which could jeopardise the prevention and detection of activities and behaviour with criminal impact.

During the year, the operation of the controls laid down in the prevention model was satisfactorily checked, covering 110 controls relating to twelve business processes for the three Italian companies.

2.2 Map of Risks

The annual updating of the Group's Register and Map of Risks had been completed, and was approved by the Audit and Control Committee in its meeting of 27th July, 2017.

2.3 External Auditor

The activities carried out during fiscal year 2016-2017, related to the External Auditors, were detailed: process of selection of, and negotiation with, the joint accounts auditors for fiscal years 2017-2019, renegotiation of the fees, discussion about the scope of the auditing and the calendars for closing, co-ordination of the work of the Accounts Auditors, review of the external auditors' letter with recommendations for FY15-16 (which does not present any important aspects for improvement), and review of the draft Annual Accounts of the Group's Companies before their presentation and deposit at the Commercial Register.

2.4 Review of Internal Regulations

A report was presented on the drafts of policies and procedures that were reviewed by the Internal Audit Department during the fiscal year.

2.5 'Whistleblowing' channel

No notifications of malpractice were received during the fiscal year.

2.6 Other

A study was made of the control environment of the master file of materials, prices and terms of business for the Convenience Businesses in France.

- Fees for the external Auditing of the Accounts of the Company and the Group in Fiscal Year 2017-2018.

The Committee unanimously approved the fees indicated for the auditing of the Company's Individual and Consolidated Accounts, as well as of the Individual Accounts of its subsidiaries, broken down by companies and countries, and also the proposal of appointments of individual auditors for those subsidiaries for the fiscal year.

The fees proposed for the current year amounted to 1,435,595 euros (+2.3% compared with last fiscal year), because of the inclusion of Logesta Poland in the corporate scope, and because of an annual price increase of 1.9% (the CPI of the services sector, excluding rentals).

In addition, the Committee approved the provision by the Accounts Auditors of other non-audit services (verification services, especially a reporting package for Imperial Brands PLC, amounting to 216,028 euros, and the Report on the ICOFR, amounting to 22,418 euros), and other permitted services, for an amount of 34,273 euros.

- Updating of the Group's Map of Risks

The Corporate Director of Internal Auditing then gave a summary of the Group's Map of Risks.

She recalled that the number of detected risks in the 3rd quarter of 2017 stood at 107, a new risk having been added during the year, deriving from the political situation in Catalonia. Nevertheless, that risk is in the ´under-control´ area.

There had been no significant changes since the final quarter of 2017, so the map of risks had remained unchanged.

She highlighted that during the final quarter of the year, the risk connected with the current social and anti-smoking policies in France became more serious.

After applying the control measures, of the 25 most serious risks, 8 were in the critical area, 11 were in the area for vigilance, and the rest were under control.

Analysis of e-business

In response to a request from the Audit and Control Committee, the technological risk related to e-business was analysed and the conclusions were presented.

3rd SESSION – 19 DECEMBER 2017

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Non-Member Secretary).

Also present were the Chief Executive Officer of the Company (Mr Luis Egido Gálvez), the Corporate Director of Finances (Mr Manuel Suárez Noriega), and the Corporate Internal Audit Director (Ms. Laura Templado).

The Audit and Control Committee carried out the following activities:

- Proposal to the Board of Directors of amendment to Articles 15, 17 and 46 of the Board's Rules

The Secretary of the Committee and Board, Mr. De Juan, reported as follows:

The Regulations of the Board of Directors may be amended by the Board of Directors, following a request and prior favourable report from the Audit and Control Committee (Article 3 of the Regulations)

Technical Guide 3/2017, relating to Audit Committees of Public-Interest Entities and published by the CNMV on 27th June, 2017 ("the Technical Guide"), provides principles, recommendations and standards for the proper functioning of audit committees.

The main purpose of this proposed amendment to Articles 15, 17 and 46 of the Board's Regulations (dated 26th January 2016) is to incorporate into the rules of the Audit and Control Committee the recommendations of the Technical Guide.

The Secretary also gave details of the amendments:

❖ Article 15 – The Board's Committees

  Sections 3 and 4 are amended, only in order to improve their wording.

❖ Article 17 – The Audit and Control Committee

  - The Board of Directors will ensure that the members of the Audit and Control Committee (and particularly its Chairperson) have knowledge of accounting, auditing, risk management, finances, internal control and information technologies (Article 17.1).

  - Diversity of sex and of geographical origin of the Committee members is encouraged (Article 17.1)

  - Their functions and responsibilities are extended and systemised.

  - There are improvements to the wording of Articles 17.3, 17.3 and 17.5

❖ Article 46 – Dealings with Auditors

  Section 4 is deleted, as it has been incorporated as an additional function of the Committee.

Finally, the Audit and Control Committee unanimously resolved:

i) To report in favour of the proposal to amend Articles 15 ('*The Board's Committees*'), 17 ('*The Audit and Control Committee')* and 46 ('*Relations with Auditors*') of the Board's Rules, Consolidated Text of 26th January, 2016.

ii) To present to the Board of Directors the 'Report to the General Meeting on the amendment to Articles 15, 17 and 46 of the Board's Rules, Consolidated Text of 26th January, 2016', with a view to adapting the Report so that it conforms to the recommendations of the Technical Guide on Audit Committees of public-interest entities, approved by the *Comisión Nacional del Mercado de Valores*.

- Proposal to the Board of Directors of Approval of the Regulations for the Audit and Control Committee, in implementation of the CNMV's Technical Guide on Audit Committees of Public-Interest Entities

The Secretary of the Committee and Board reported that, in accordance with the recommendations of the Technical Guide, it is proposed to adopt specific Regulations for the Audit and Control Committee.

The Regulations of the Audit and Control Committee govern, among other matters, the following:

1) The Composition of the Audit and Control Committee

The following innovations are noteworthy:

- The Board of Directors will ensure that, in addition to knowledge and experience of accounting, auditing and risk management, the Committee's members have sufficient knowledge of financing, internal control and information technology, and of the Company's sector of activity.

- Among the members of the Committee, diversity of sex and of geographical origin will be promoted.

2) Positions in the Committee: Chairperson and Secretary.

3) Duties of the Committee

The duties of the Committee are those which are contained in Article 17 of the Board's Rules and arranged into five general sections:

i) The control of financial reporting

ii) The supervision of internal control and of internal auditing

iii) The supervision of risk management and control

iv) External accounts auditing

v) Other duties

4) The calling of meetings

5) The legal framework of the meetings

6) Their valid constitution and their system for adopting resolutions

7) The minutes of the Committee's Meetings

8) Access to the Company's information and to that of its Group, and professional external consultancy

9) Means and Resources

10) Relations of the Audit and Control Committee with the shareholders, the external auditor and the internal auditor.

Finally, the Audit and Control Committee unanimously resolved:

i) To propose to the Board of Directors, and to report in favour of, the approval of the Regulations for the Audit and Control Committee.

ii) To present to the Board of Directors the 'Report to the General Meeting on the approval of the Regulations for the Audit and Control Committee'.

- Proposal to the Board of Directors of Approval of the Logista Group's General Policy on Information Security.

The Committee's Secretary reported as follows:

The Logista Group, in the exercise and performance of its corporate and business activities, collects, stores, maintains, processes, uses and generally manages Information, either its own or that of employees, customers, suppliers and other persons, collected both in physical format (paper documents) and, especially, in digital format (computer files), the latter being contained in the Group's Information Systems.

The Group's Information Systems and the Information managed through them are definitely the competitive differentiating factor with the greatest added value for our customers and, without doubt, the most significant assets of the Logista Group, in which it has been investing heavily and regularly.

Guaranteeing the Security of Information and that of all the Group's assets (technological or otherwise) that are used to manage Information is a strategic priority for the entire Group. Failures in the Security of Information and of the assets that manage it is a Risk controlled by the Group, in accordance with the provisions of the Logista Group's General Internal Control Policy (Policy 1/2017), the Procedure for implementing that Policy, the Group's other internal regulations, the applicable laws, the Code of Good Governance for Listed Companies, the Group's General Risk Management Policy (Policy 5/2015) and the Risk Management Procedure of 23 June 2016.

It is necessary, however, to establish at Group level a general framework of reference, through the adoption of a "General Policy for the Group's Information Security".

The Logista Group's Internal Control Committee reported favourably on that Policy, and proposed its adoption.

The General Policy on Information Security governs the following subjects:

1) Competent bodies, Functions and Responsibilities

2) Policy Guidelines

2.1) Guidelines for Use

It establishes the obligations which all Employees and Business Associates who have access to and use the Group's Information are required to fulfil.

Control Guidelines

- Access to Information, Systems and Non-Technological Assets
- Protection of Information, Systems and Non-Technological Assets
- Ease of Control Activities
- Supervision and Auditing

2.3 Guidelines on Information Security Measures

The current Policy must guarantee the Security of Information, based on the following basic principles: Confidentiality, Integrity and Availability.

With regard to Security in the Processing of Personal Data, the Logista Group's Data Protection Policy establishes additional principles.

Grupo Logista

Finally, the Audit and Control Committee unanimously resolved:

To report in favour of the Group's General Policy on Information Security and to present it for the approval of the Board of Directors.

- Proposal to the Board of Directors of Approval of the Logista Group's Data Protection Policy.

The Secretary of the Committee and Board reported as follows:

The Group´s concept of Information includes that which is related to the Personal Data of natural persons, the processing and circulation of which, whether automated or not, are subject to specific European and local regulatory provisions, which establish general principles and specific imperative requirements that must be observed, in order to protect the rights and freedoms of natural persons and their right to the protection of Personal Data.

Regulation (EU) 2016/679 of the European Parliament and Council of 27 April 2016, relating to the protection of individuals during the Processing of Personal Data, and to the free movement of those data ("GDPR") entered into force on 25th May 2016, and from 25th May 2018 must be complied with by all Member States, without requiring transposition to their internal rules.

The main purpose of the Logista Group's Policy on the Protection of Personal Data is to establish the rules governing the Processing, by Logista Group Companies, of the Personal Data which they possess, or to which they have access in the legitimate exercise of their business activities.

The European regulations - especially the European General Regulation on the Protection of Personal Data - and the related local legislation of a mandatory nature, will have preferential applicability over this Policy as well as over the Procedure for implementing it.

The GDPR envisages sanctions in the form of monetary fines which, in the most serious cases, can be of as much as 20 million euros, or 4% of the turnover of the company responsible for the processing (whichever is the greater).

The Logista Group's Internal Control Committee reported favourably on that Policy, and proposed its adoption.

The Secretary also reported on the content of the Data Protection Policy, as follows:

1. The essential principles applicable to the Processing of Data:

- Lawfulness/fairness
- Principle of limitation of purpose
- Principle of Integrity and Confidentiality
- Principle of accountability

2. Principles applicable to the Collection of Data

3. Principles in relation to contracting Processing Managers

4. The exercise of Rights by Data Subjects

5. Records of Processing Activities

6. The Assessment of the Impact on Data Protection for the Company responsible for the Processing, prior to the start-up of those Processing operations that are likely to carry a high risk for the rights of the Data Subjects

7. Breach of Data Security

8. International Transfer of Data

9. It appoints a Data Protection Officer ("DPO") in each Country, and a Corporate Data Protection Officer.

Finally, the Audit and Control Committee unanimously:

Reported in favour of the Logista Group's Policy on the Protection of Personal Data and proposed that the Board of Directors approve it.

4th SESSION - 23 JANUARY 2018

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary, Non-Member).

Also present were the Chief Executive Officer of the Company (Mr Luis Egido Gálvez), the Corporate Director of Finances (Mr Manuel Suárez Noriega), the Corporate Internal Audit Director (Ms. Laura Templado) and the Accounts Auditors, Mr. José Luis Aller (Deloitte) and Mr. Raúl Llorente (PricewaterhouseCoopers).

The Audit and Control Committee carried out the following activities:

- Quarterly Financial Report

The Corporate Director of Finances presented to the Committee the Quarterly Financial Report (first quarter of the fiscal year – 1 October to 31 December 2017), which was sent to the CNMV and to the markets on February 1st, 2017.

- Report on the limited review by the Accounts Auditors

The Committee received the Report of the limited review carried out by the Accounts Auditors, Messrs. Aller (Deloitte) and Llorente (PwC), stating that the scope of their work on financial reporting to 31st December, 2017 had involved identifying important aspects arising in the first quarter of the fiscal year, anticipating their impact on the closure of 31st March, 2018, and following up on aspects previously identified.

They said that although the purpose of their analytical reviews of the situation at 31st December had not been to obtain assurance about the financial reporting up to that date, in the course of their review they did not identify any important points which should have been notified to the Audit and Control Committee.

The Committee unanimously agreed to issue a favourable report on the abovementioned Financial Report and to submit a proposal to the Board to prepare and send it to the CNMV and disseminate it via the Company's website.

The Accounts Auditors also referred to the Regulatory Changes and Innovations in the fiscal year:

1) Non-financial information and diversity:

On 25th November, 2017, Royal Decree/Law 18/2017, of 24th November, was issued. It related to non-financial information and diversity, and obliges large companies and certain groups to draw up a statement of non-financial information about: environmental issues, social issues and issues concerning personnel, human rights and the fight against corruption and bribery.

The above-mentioned statement must be included either in the report on management or in a separate report indicating that it forms part of the report on management, and is subject to the same requirements of approval, filing and publication as the report on management.

Effective date

Royal Decree/Law 18/2017 of 24th November will come into force for the fiscal years beginning on or after 1st January, 2017.

2) The ESMA's priorities in the supervision of Financial Statements for 2017:

- The expectation of details about the effect of implementing the new standards: IFRS9, IRFS15, and IFRS16 (the latter in cases of early implementation), both quantitative and qualitative.
- Recognition, valuation and details of the record of combinations of businesses in accordance with IFRS3. Comments about recognition and valuation of intangibles, evaluation of any consideration given, aspects to consider in advantageous acquisitions, etc.
- Details relating to the implementation of the Directive on non-financial information and diversity.
- The details to be considered by the entity in the report on management, paying special attention to the Alternative Performance Measurements (APMs), which may be supervised by the CNMV.

- Quarterly Report on Internal Auditing (1st October to 31st December, 2017)

The Corporate Director of Internal Auditing, Mrs. Laura Templado, referred to the internal auditing work completed in the first quarter of the fiscal year and to its results, with the conclusion that no significant impacts on the Group's Consolidated Accounts were detected.

Regulatory Compliance

- Corporate Defence.

  During the quarter, an audit of the offence of Money Laundering had been carried out. It was at the draft stage, awaiting the definition of action plans by those responsible.

- Legislative Decree no.231/01

Activities in connection with the model for crime prevention in Italy had focused, during the quarter, on testing the 16 checks on the process of Selecting Suppliers and Services and on eight checks relating to Property.

Map of Risks

In this period there had been no unusual occurrences involving a materialisation of risks, new risks or important modifications to probabilities or impacts, so the Map of Risks remained unchanged from that of the previous quarter.

From the fiscal point of view, there had been no new risk of inspections.

Complaints (‘Whistleblowing’) Channel

During the period, no cases of malpractice had been notified to the bodies responsible for receiving complaints.

External Auditing

The companies subject to the obligation of auditing in fiscal year 2018 had been analysed, as had the companies which voluntarily submitted themselves to auditing (“audit coverage”), and the fees for the fiscal year had been fixed, having been approved by the Audit and Control Committee on 28th November, 2017.

The draft annual accounts of certain Group companies which closed accounts on 30th September, 2017, were reviewed before their formulation and deposit in the Mercantile Registry in order to ensure that they contained no errors or omissions of compulsory information.

In addition, the drafts of the new audit reports on the Spanish subsidiaries were being reviewed before being issued by the external auditors.

Finally, a limited review of the consolidated financial statements for the first quarter of the fiscal year had been planned with the external auditors.

Other

In Italy, during the week of 16th October, 2017, FDA inspectors completed the audit of the activities of Philip Morris MTB, concluding favourably and without recommendations, thus ending the involvement of the Internal Auditing Department after the objective had been achieved. In addition, the reviews prior to the SSAE18 Audit had been begun in the Bolonia centre, before submission to external auditing.

Organisation of Auditing

The Auditing Manager joined us in October. The vacancy for a Junior Internal Auditor (Iberia) remained unfilled.

In addition, the objectives for the variable remuneration of the members of the Internal Auditing Department had been set.

- Sundry Other Matters

- Mr. Egido informed the Committee that he had just been informed that the Directorate of Competition in France was inspecting the headquarters of Logista France. The purpose of the inspection was the same as that of the one carried out last February by the CNMC in Spain.

  He reiterated that Logista France had performed no action that was contrary to the antitrust regulations, and, in particular, had never participated in any price-fixing with the manufacturers.

- The Committee evaluated the achievement of the individual objectives and fixed the Short-Term Variable Remuneration (2017 Bonus) of the Corporate Director of Internal Auditing.

- The Committee's Chairperson proposed that, prior to discussing this matter with the Committee, she should hold a meeting with the External Auditors to gain a better understanding of the observations and the work of the Auditors, and the other Committee members expressed their agreement.

5th SESSION – 21st MARCH 2018

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan (Secretary, Non-Member).

The Audit and Control Committee carried out the following activities:

- Formal Constitution of the Audit and Control Committee

The Committee's Secretary, Mr. De Juan, reminded those present that the Board of Directors, in its meeting of 23rd January, and at the proposal of the Appointments and Remuneration Committee, had resolved:

i) to maintain the current number of members of the Audit and Control Committee, which was between the statutory minimum and maximum, and

ii) subject to their re-election by the General Shareholders' Meeting as Directors of the Company, to designate the following Directors as Members of the Audit and Control Committee:

- Mrs. Cristina Garmendia Mendizábal, Independent Director
- Mr. Gregorio Marañón y Bertrán de Lis, Independent Director
- Mr. Eduardo Zaplana Hernández-Soro, Independent Director
- Mr. David Ian Resnekov, Proprietary Director

The General Shareholders' Meeting which had just been held had re-elected Mrs. Garmendia and Messrs. Marañón, Zaplana, and Resnekov as Directors of the Company.

The above-mentioned Directors had accepted their positions, had declared that they were not involved in any prohibition or incompatibility, and had taken office at once, in that selfsame General Shareholders' Meeting.

The re-elected Directors, being present, accepted their positions as Members of the Audit and Control Committee, and declared that they were not involved in any prohibition or incompatibility that would prevent them from exercising that rôle.

Consequently, the Directors who were present, members of the Audit and Control Committee, unanimously agreed to formally constitute the Audit and Control Committee, which would have the functions and responsibilities stipulated in Article 529 quaterdecies of the Law of Capital Companies, in Article 43º of the Bylaws, and in Articles 15 and 17 of the Rules of the Board of Directors.

It was expressly recorded that, in accordance with the provisions of the Bylaws and of the Rules of the Board of Directors, the Committee was composed of non-executive Directors, three of whom were independent, and one of whom was proprietary.

- Ratification of the Chairperson of the Audit and Control Committee, until the end of the maximum initial term of office (April, 2019)

The Board Secretary reported the following:

In accordance with the provisions of Article 529 quaterdecies of the Law of Capital Companies, Article 43º of the Bylaws, and Article 17.1 of the Rules of the Board of Directors, it is the members of the Audit and Control Committee who elect a Chairperson from among the independent Directors who compose it, and that person must be replaced every four years, but may be re-elected after one year has passed since their cessation.

The Board of Directors will ensure that the members of the Audit and Control Committee, and especially its Chairperson, have the knowledge and experience of accounting, auditing and risk management that are required for their functions, without necessarily being experts in those subjects.

In its meeting of 23rd January, 2018, the Logista Group's Board of Directors, without prejudice to the entitlement of the Committee Members to designate their Chairperson, recommended that the independent Director Mrs. Garmendia be ratified as Chairperson of the Audit and Control Committee until the end of her maximum statutory period of office, which will be in April, 2019.

Mrs. Garmendia possesses the knowledge and experience required by the Rules of the Board and of the Audit and Control Committee for the discharge of the duties of that position.

Mrs. Garmendia is classed as an independent Director.

Consequently, the Committee resolved to ratify as Chairperson of the Audit and Control Committee, Mrs. Cristina Garmendia Mendizábal, until the end of the maximum period of four years stipulated for the term of office, which will be in April, 2019.

- Ratification of the Committee's Secretary

The Board Secretary reported the following:

Article 15.1 of the Board's Rules stipulates that the Secretary of the Board of Directors will also be the Secretary of the Board's Committees.

In its meeting of today, the Appointments and Remuneration Committee had unanimously proposed to the Board the re-election of Mr. Rafael de Juan López as Secretary of the Board of Directors, so, subject to that re-election, the Committee unanimously resolved to designate, as Secretary (Non-Member) of the Audit and Control Committee, the Secretary of the Logista

Group’s Board of Directors, Mr. Rafael de Juan López.

- Intra-Group Loan Facility Agreement of 12th June, 2014

At this point the meeting was joined by the Corporate Director of Finances, Mr. Manuel Suárez Noriega.

The Secretary of the Board of Directors reported that, on 12th June, 2014, on the occasion of the flotation and Initial Public Offering of the Company’s shares, Imperial Brands Plc, through its indirect subsidiary Imperial Tobacco Finance Limited (“ITG Finance”), and the Company (Logista Holdings, S.A.), Logista Spain and Logista France signed the Intra-Group Loan Facility Agreement (“the Agreement” or “the Contract”), under which the Parties undertake to grant each other a financial facility, the Lender being recompensed at the European Central Bank’s base rate of interest plus an annual margin.

Under Article 8 of that Agreement, ITG Finance may transfer the rights and obligations under the Agreement to another company in the Imperial Group.

Imperial Brands PLC. has given notice that ITG Finance intends to transfer the Agreement to Imperial Brands Finance PLC, a company which is also part of the Imperial Group.

The transfer of the Contract to another company in the Imperial Group does not require the consent of the other parties to the Contract.

Imperial Brands now proposes to extend the term of the Agreement until 12th June, 2024, with the same terms and conditions as at present.

Under this item of the agenda, the Corporate Director of Finances, Mr. Manuel Suárez Noriega, indicated that it would be financially desirable for the Group if the term of the Agreement were extended until 12th June, 2024.

The Audit and Control Committee, in the absence of the proprietary director Mr. David Resnekov and with his abstention from the deliberations and the resolution, with the unanimity of the other members present, and in accordance with Article 17.2 q) of the Board’s Rules, finally resolved:

i) To validate the transfer of the Intra-Group Loan Facility Agreement of 12th June, 2014, from ITG Finance to Imperial Brands Finance PLC, a company in the Imperial Group, in accordance with Article 8 of the said Agreement.

ii) To report in favour of the approval by the Board of Directors of the extension of the term of the said Agreement until 12th June, 2024.

6th SESSION – 24 APRIL 2018

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan (Secretary, Non-Member).

Also attending was the Director Mr. Richard Hathaway, who was proposed by Imperial Brands to be appointed a member of the Audit and Control Committee, replacing Mr. David Resnekov, an appointment which was agreed by the Board Meeting of that same date.

Also attending were the Chief Executive Officer, Mr. Luis Egido Gálvez, Logista's Corporate Director of Finances, Mr. Manuel Suárez Noriega, the Corporate Director of Internal Auditing, Mrs. Laura Templado Martín, and the External Auditors, Mr. José Luis Aller, of Deloitte, and Mr. Raúl Llorente, of PricewaterhouseCooper.

The Audit and Control Committee carried out the following activities:

- Financial Report for the First Half Term of the Fiscal year 2017-2018

At the request of the Chairperson, the co-auditors began their presentation of this item of the agenda.

Mr. Llorente (PwC) and Mr. Aller (Deloitte) referred to the scope of the work in the six-month period ended on 31st March 2018.

On the one hand, work had been done in accordance with IAS 34 "Interim Financial Reporting", verifying the Financial Report on the first half-year of the fiscal year, and representing a limited review of it which could not be considered as a substitute for an audit (ISRE2410), with a materiality of 4.6 million euros.

And on the other hand, a limited review had been carried out by PwC on the Logista Group's consolidation package, which had been sent to the auditors of Imperial Brands PLC Group.

They explained the scope of the work, as laid down in the ISRE 241, the procedures still to be followed before the Review Report can be issued, and the following important events of the period:

- Tax credit due to double taxation of the capital gain on assets transferred in the separation of the branch of activity of Altadis in 1999.
- Reallocation of goodwill – José Costa
- New Incentive Plan, 2017-2022

- Partial reversal of deferred tax liability due to deductibility of dividends
- *Comisión Nacional de los Mercados y la Competencia* (Spanish National Markets and Competition Commission)

Mr. Llorente (PwC) also referred to the following matters:

- **Accounting policies**

The international financial reporting standards IFRS 9 – Financial Instruments – and IFRS 15 – Revenue from Contracts with Customers – will apply from the fiscal year beginning on 1st October, 2018:

- IFRS 9: The Group's management has assessed the potential impact of applying this standard, and concludes that its entry into force will not have any material effect on the consolidated financial statements.

- IFRS 15: As part of the assessment of the impact of applying this standard, the Group's management considers that there will be no significant impact, but is currently analysing the possible effects on the breakdown and presentation of the revenue from sales and services.

From the fiscal year beginning on 1st October, 2019, IFRS 16 – Leases – will apply, and the Group is in the process of assessing its possible future impacts.

- **Significant legal irregularities or instances of non-compliance**

The External Auditors planned their examination taking account of the possible occurrence of errors or irregularities which would have a significant effect on the interim consolidated condensed financial statements.

Although the limited review is not specifically designed to detect irregularities of all kinds and amounts – so these should not be expected to be among its findings – the auditors reported that they had not identified any significant aspect that should be reported.

- **Independence**

The External Auditors stated that *"To the best of our knowledge and belief, we have been independent, in accordance with the requirements laid down by the Spanish Law of Accounts Auditing in connection with independence."*

- **<u>Lack of difficulties in performing the limited review</u>**

"The Group's Management co-operated fully with us in the limited review of the interim condensed consolidated financial statements for the period ended on 31st March, 2018".

- **<u>'Key Audit Matters' (KAM)</u>**

They presented an analysis of the key audit matters which had been found by listed companies in Spain, by number and by subject. They said that although Logista was the pioneer in this field, because its fiscal year begins in October, the majority of the listed companies had identified between two and four KAMs (in other words, numbers similar to Logista's three).

The co-auditors indicated that, once the said financial statements had been approved by the Board, and once the 'subsequent events' procedures had been completed, the conclusion would be the following:

"As a result of the limited review, which in no sense may be considered as an accounts audit, no matter came to our knowledge to lead us to the conclusion that the interim consolidated, condensed financial statements relating to the six-month period ended on 31st March, 2018, were not prepared in accordance with the requirements of International Accounting Standard IAS 34 that was adopted by the European Union in accordance with the provisions of Article 12 of 1362/2017, for the preparation of interim condensed consolidated financial statements".

Messrs. Aller and Llorente left the meeting at this point.

The Corporate Director of Finances, Mr. Suárez, presented to the Audit and Control Committee the Financial Report on the Company and its subsidiary companies (the Logista Group) relating to the first half-year (to 31st March, 2018), which was sent to the CNMV and the markets on 9th May.

The Financial Report was presented in the format required by the CNMV's Circular 1/2008 of 30th January, which implements Royal Decree 1362/2007 of 19th October, on regulated information, and includes the condensed annual accounts and the consolidated Management Report as of 31st March, 2018.

The Audit and Control Committee unanimously reported in favour of the presentation to the Board of the condensed consolidated financial statements relating to the six-month period ended on 31st March, 2018 and the Interim Management Report of that date, the sending of the same to the CNMV, and their dissemination through the Company's website.

<u>- Quarterly Report on Internal Auditing (1st January, 2018, to 31st March, 2018).</u>

The Corporate Director of Internal Auditing, Mrs. Laura Templado, referred to the internal auditing work completed in the second quarter of the fiscal year and to its effect, with the conclusion that no significant impacts nor control weaknesses in the Group's Consolidated Accounts were detected.

She indicated that 84% of the Recommended Actions had been completed by Businesses and Corporate Directorates, with only 4% awaiting completion on the date agreed with the people responsible.

She also reported on the following matters:

- <u>Compliance with Regulations</u>

    - <u>Corporate Defence</u>

During the quarter, the audits relating to money-laundering crime and to crimes against public health were satisfactorily completed.

- - <u>Legislative Decree 231/01</u>

During the quarter, the model of LD 231/01 was updated to adapt it to the new regulations.

- <u>Map of Risks</u>

The map of risks was completely updated during the quarter, and the conclusions were presented to the Audit and Control Committee on 24th April.

- <u>Complaints ("Whistleblowing") Channel</u>

No notifications of complaints were received during the quarter.

In order to comply with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27th April, 2016, concerning the protection of individuals in the matter of the processing of personal data and the free circulation of those data (General Data Protection Regulation or GDPR), applicable as of 25th May, 2018, an evaluation of the existing technical security measures has been carried out in relation to the complaints channel and the completion of the related Record of Processing Activities.

- External Auditor

The draft annual accounts of certain companies in the Group with year-ends on 30th September and 31st December were reviewed before their formulation and deposit in the Commercial Registry, to ensure that they do not contain errors and that there are no omissions of mandatory information.

In addition, the drafts of the new audit reports of the Spanish subsidiaries were being reviewed before their issue by the external auditor.

The external auditors' letter of recommendations for fiscal year 2016-2017 was reviewed: it mentions no significant aspects for improvement.

Finally, a limited review of the consolidated financial statements for the first half-year was planned with the external auditor.

- Other

In Italy, the Department had collaborated in the preparation and implementation of the audit carried out by PwC to obtain the SSAE16 report that was required by Philip Morris for the Bologna warehouse, after which the external auditor issued a favourable report.

There had been attendance at the March meetings of the Internal Control Committee and of the unit for the Prevention of Risks from Crime.

- Organisation of the Auditing Department

The vacancy for an internal auditor was finally filled in early February.

In March, the manager of auditing in Italy had voluntarily resigned in order to take up a new professional challenge.

- Updating of the Map of Risks

The Corporate Director of Internal Auditing presented this item of the agenda:

❑ Aim:

To carry out a complete re-evaluation of the risks which could affect the Group, by country, company and business line:

- Updating the status (in terms of impact and probability) of the risks already identified in previous periods;

- Adding those which could arise as new risks this year;
- Eliminating those which either disappeared or materialised during the period under review.

❑ Work Completed:

Taking as the reference the record of risks that was presented in the meeting of the Audit and Control Committee of 28th November, 2017, the Group's strategic objectives were reviewed, as the starting point for identifying risks which could affect them. Meetings were then held with the directors and managers of all the business lines and corporate and support functions, during March and April, 2018.

Each risk was individually assessed, as were the control measures existing to reduce those risks. Finally, the risks detected were ranked according to their criticality.

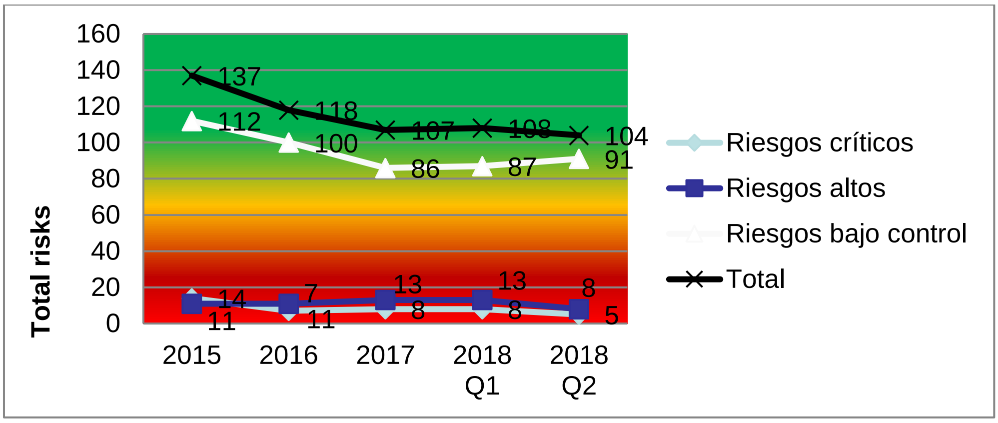
104 risks had been identified in the Group.

The Group's tendency was to reduce the number of risks, eliminating those which could be actively managed, and establishing robust control measures which reduce the impact if the risks re-appear.

- Mitigation of risks:

The controls identified enable us to reduce both the impact of many of the risks to which the Group is exposed and the likelihood of their appearance.

- Evolution of the volume and criticality of the identified risks



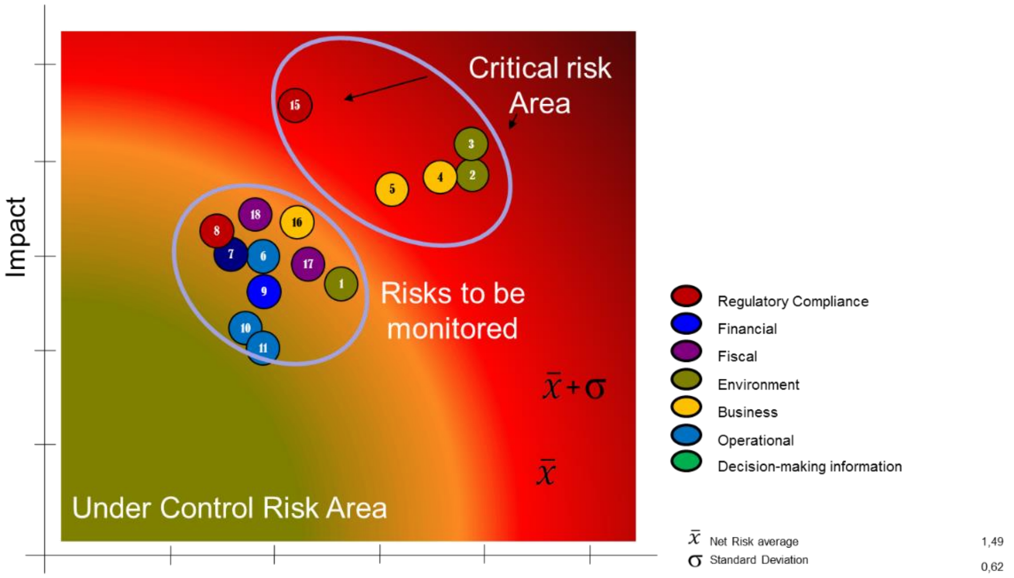
Little variation was noticed in the criticality of the risks already identified in previous periods. A lower potential impact and a better mitigating capacity were detected.

The main risks have the greatest effect on the following processes:

Sales, Management of Financial Reporting, and Fiscal Management.

The Corporate Director of Internal Auditing said that, after taking into account the control measures established in the Group, a Top 25 of gross risks had been identified, which she listed.

She placed each of the Top 15 of the Map of Net Risks in the appropriate Zone (Critical/ To Be Monitored/Under Control), which produced the following diagram:



Finally, she referred to other risks of interest (National Competition Commission, Compliance with Data Protection Regulations, Cybersecurity, Identification and Management of Talent, and Succession Plans).

The Audit and Control Committee unanimously gave its initial approval of the updating of the Map of Risks, and resolved to present it to the Board of Directors.

- Approval of the contract for services in connection with transfer prices during fiscal year 2016-2017

This item of the agenda was presented by the Corporate Director of Internal Auditing.

She began her presentation by informing the Committee about the concept, and the obligation, for fiscal purposes, to produce documents proving that all intra-group transactions are performed at market prices.

She described the proposals requested and the fees quoted by several entities, and finally proposed the selection of Deloitte, because that was the entity which had been providing this service since 2007, so it was familiar with the Group, and its quotation was equal to the best of those received.

The scope of the study obviously did not include either the provision of fiscal advice or assisting the Group to defend its policies on transfer prices.

Finally, she said that the purpose of the service was not included among those that are prohibited for accounts auditors, which are included in Article 5 of EU Regulation 537/2014, nor among the incompatible services specified in Article 16 of the Law of Accounts Auditing of 20th July, 2015.

Deloitte, one of the Company's co-auditors, confirmed that the provision of the said service did not affect its independence as the Company's Accounts Auditor, and the other co-auditor, PwC, had replied in the same sense in a previous consultation.

Finally, the Audit and Control Committee unanimously resolved to award the contract for the documentation of the intra-group transfer prices in fiscal year 2016-2017, in all the countries in which the Group operates, to Deloitte, for the sum of € 105,000.

The Logista Group's current internal regulations

The Corporate Director of Internal Auditing, following the Committee's instructions, presented the Group's current internal regulations, grouped into functions:

- Corporate Governance: Organisation and General Questions
- Auditing, Internal Control and Risk Management
- Corporate Defence
- Personnel (HR)
- Finances, Fiscal Aspects and Purchases
- Security and Information Security

- Report on the Minutes of the Group's Internal Control Committee's sessions

The Corporate Director of Internal Auditing handed to the members of the Committee the minutes of the Internal Control Committee's sessions of 9th and 12th March, a summary of which is as follows:

- Session of 9th March, 2018 (plenary)

The Committee analysed and debated the following matters:

1. Recommendations made by the Internal Auditing Department which were awaiting implementation in each of the Businesses.

2. The main weaknesses in control which had been observed by the Internal Auditing Department (already reported to the Audit and Control Committee).

3. The current situation shown on the Logista Group's Map of Risks (the subject of item 4 of the agenda of these minutes).

4. The auditor's Letter of Recommendations, following the auditing of the fiscal year ended on 30th September, 2017.

- Session of 12th March, 2018 (Unit for the Control and Monitoring of Risks from Crime)

The Unit analysed the following matters:

1. Degree of Compliance with the Model for the Prevention of Risks from Crime in FY 2016-2017

2. Training in the Prevention of Risks from Crime

3. Review of the Risks and Controls Matrix

4. Proposal to Review the Corporate Defence Procedure and the Risks Matrix

5. Report of the Internal Auditing Department on the review of the controls introduced to prevent offences of money laundering and offences against public health.

7th SESSION - 24th JULY 2018

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis and Mr Richard Hathaway (Members), and Mr. Rafael de Juan (Secretary, Non-Member).

Also present were the Chief Executive Officer of the Company (Mr Luis Egido Gálvez), the Corporate Director of Finances (Mr Manuel Suárez Noriega), the Corporate Internal Audit Director (Ms Laura Templado) and the External Auditors (Mr. Jose Luis Aller (Deloitte) and Mr. Raúl Llorente (PwC)).

The Audit and Control Committee studied the following subjects:

<u>- The Company's Financial Report for the Third Quarter of the fiscal year.</u>

i) The Corporate Director of Finances disclosed to the Committee the exact content of the Financial Report on the Company and its subsidiary companies for the third quarter of the fiscal year, which was sent to the CNMV on 26 July.

ii) Mr. Aller (Deloitte) and Mr. Llorente (PwC) informed the Committee of, among other things, the actions taken by the External Auditors and the next steps which had to be taken in order to formulate the Annual Accounts for the Board Meeting of 30th October.

Regarding the auditing procedures carried out on 30th June, 2018 they reported:

- <u>Scope</u>

The main aims of the procedures applied to the financial information on 30th June were to update relevant aspects which had been identified previously and to anticipate aspects relevant to the closure of 30th September. In particular:

- A substantial part of the evaluation of the internal control and information systems had been carried out, and would be completed as a final task.
- Significant events occurring during Q3 were identified and analysed, as was the monitoring of subjects previously reported on.
- A lot of work had been done in specific areas.
- Reviewing procedures were applied to Logista's consolidation package for the nine-month period ended on 30th June, 2018, for the Imperial Brands, PLC Group, and had been carried out entirely by PWC.

- <u>Result</u>

Although the purpose of the procedures on 30th June had not been to obtain assurance of the accuracy of the financial information on that date, in the course of the review no relevant aspects were identified as not having been communicated to the Audit and Control Committee.

- <u>Independence</u>

To the best of their knowledge, they had been independent, in accordance with the requirements of the Law of Accounts Auditing.

In addition, the Accounts Auditors informed the Committee of the publication by the CNMV of Circular 2/2018, which modifies the current models of the Annual Report on Corporate Governance, of the Annual Report on the Directors' Remuneration - which will not be applicable to the Company until fiscal year 2019-2020 - and of Circular 3/2018, on regular information from listed companies.

iii) The Committee issued a unanimous favourable opinion on the abovementioned Financial Report, and a proposal was put to the Board to prepare and send it to the CNMV and to disseminate it via the corporate website.

<u>- Interim Dividend for Fiscal year 2017-2018</u>

- The Corporate Director of Finances stated that, in accordance with the policy on dividends, it was proposed to distribute an interim dividend against the results of the 2018 fiscal year, which, if approved, would be paid through the Banco Santander on 30th August, 2018.

  The amount of the proposed interim dividend was 0.35 euros per share.

  The Audit and Control Committee unanimously reported in favour of the proposal to distribute an interim dividend of 0.35 euros per share, and suggested that the Board approve it.

<u>- Monitoring of the Internal Auditing Plan</u>

- The Group's Corporate Director of Internal Auditing, Mrs. Laura Templado, presented to the Committee a report on this subject.

  ✓ <u>Audits carried out</u>

  She said that in the third quarter 28 audits had been carried out, and that, as at today's date, 67% of the actions envisaged in the 2017-2018 Internal Auditing Plan had already been completed.

  ✓ <u>Internal Control of Financial Reporting</u>

  She reported on the degree of progress in the work of the System of Internal Control over Financial Reporting (determination and evaluation of the risks and controls matrix, narratives and flowcharts).

- ✓ Corporate Defence

She stated that the audits carried out in relation to the prevention of risks from crime, to the infringement of workers' rights and to tax offences did not reveal any weaknesses in control.

- ✓ Legislative Decree 231/01

During the quarter, there was a satisfactory review of the controls applied by the regional warehouses to the following processes: management of the environment, the purchasing and warehousing of products, the distribution and invoicing of products. In addition, the following processes were reviewed by Grant Thornton: the management of purchases and general services, the management of administrative and control aspects, and the management of transport at Logesta Italia.

- ✓ Map of Risks

There were no significant changes to the Map of Risks which was presented to the Committee in April.

- ✓ Complaints ('Whistleblowing') Channel

No complaint was received during the period in question.

- ✓ External Auditing

The annual accounts of those of the Group's companies with closure on 31st December, 2017, were reviewed before their formulation and deposit in the Commercial Registry, to ensure that they did not contain errors and that there were no omissions of mandatory information. The new audit reports of those companies were also reviewed.

Work was also done to fix the dates for closures and to plan the accounts auditing for FY 2018.

- Accounts Auditing Plan for the Fiscal year

Deloitte and PwC, the co-auditors of the Consolidated Group, gave a summary of the Auditing Plan for FY 2017-2018, and said that they aimed to perform an audit of high quality.

To achieve that objective, they had a multi-disciplinary team at their disposal, had organised themselves so as to anticipate, as far as possible, any kind of risk, continually reviewed the work and the audit evidence in order to assure maximum security (especially in relation to computing), and were going to concentrate on the internal control of the Company's Businesses.

They explained the most significant auditing risks, emphasizing the new risk to cyber-security, and they also explained the procedures and strategies which the auditors apply to eliminate or reduce those risks, and the automatic controls which the Group has over the most critical processes (Sales, Procurement, Stocks and Excise Duties), as well as the modifications made to the risks over the previous fiscal year.

They also identified the companies included in the Group's consolidation, and explained the division of work between the co-auditors of each individual account in the Group's companies.

With regard to the establishment of the materiality to be applied, they indicated the calculation criteria, both quantitative and qualitative, as well as the threshold of materiality for the purpose of the subsidiaries' reporting.

Finally, they referred to the planning of the work and the calendar for the auditing up to the close of the fiscal year.

- Authorisation for the Accounts Auditor to provide services other than those of accounts auditing.

The Audit and Control Committee unanimously approved the provision by Deloitte to Logista France of the following services, other than accounts auditing:

- Report on the agreed procedures in connection with the 2017 declaration of eco-packaging, for the amount of € 2,550.
- Report on the agreed procedures in connection with the calculation of the 2017 social solidarity contribution, for the amount of € 4,500.

The Committee noticed that the provision by Deloitte of such services is not included in the "prohibited services" and does not affect Deloitte's independence as the Accounts Auditor of Logista France and the Group.

8th SESSION - 25 SEPTEMBER 2018

Present at this session were Ms Cristina Garmendia Mendizábal (Chairperson), Mr Gregorio Marañón y Bertrán de Lis and Mr. Richard Hathaway (Board Members), Mr. Rafael de Juan López (Secretary, Non-Member) and the independent Director Mr. Alain Minc, whose appointment as a Member of the Committee was included on the agenda of the Board Meeting which was held subsequently.

Also present were the Chief Executive Officer of the Company (Mr Luis Egido Gálvez), the Corporate Director of Finances (Mr Manuel Suárez Noriega), and the Corporate Director of Internal Auditing (Ms Laura Templado).

The Audit and Control Committee analysed the following subjects:

- Annual Report on Corporate Governance, 2017-2018

- The Committee examined a first draft of the Annual Corporate Report on Corporate Governance, 2017-2018.

- Approval of the Group's Internal Audit Plan 2018-2019

- The Committee analysed and unanimously approved the content of the Logista Group's Internal Auditing Plan for 2018-2019, at the proposal of the Director of Internal Auditing.

The said Plan is part of a new strategic Plan, which is valid for three years, and is based on the following key elements:

- ✓ The identification of the Auditable Universe, which includes all of the Logista Group's processes, companies and countries.
- ✓ A preliminary assessment of the risks in the Group's processes, giving priority to the critical processes in the various companies, and using the record of the Map of Risks as the document of reference.
- ✓ Legal requirements, especially those related to the supervision of the Crime-Prevention Model.
- ✓ The CNMV's requirements for the system of Internal Control over Financial Reporting (ICOFR).
- ✓ A specific Internal Regulation which specifically assigns certain reviews and supervisory activities to the Internal Auditing Department.
- ✓ Various conversations with the Management.
- ✓ The co-ordination of other assurance functions.

The Plan envisages three basic strategic lines of action in Internal Auditing:

i. Audits of business processes – operational audits

This line of action, based on the nature of the Group's operations and the high quality of service required by our customers, is regarded as taking priority over the others.

ii. System of Internal Control over Financial Reporting (ICOFR)

The Strategic Plan covers the key controls over the corporate processes of Consolidation, General Accounting, Cash Flow and Financing, Taxation and Human Resources, and the processes of negotiating Purchases, Stocks and Tobacco Sales in Spain, France and Italy. Also included will be the ICOFR controls over the other operational processes which are audited in the Annual Internal Auditing Plans.

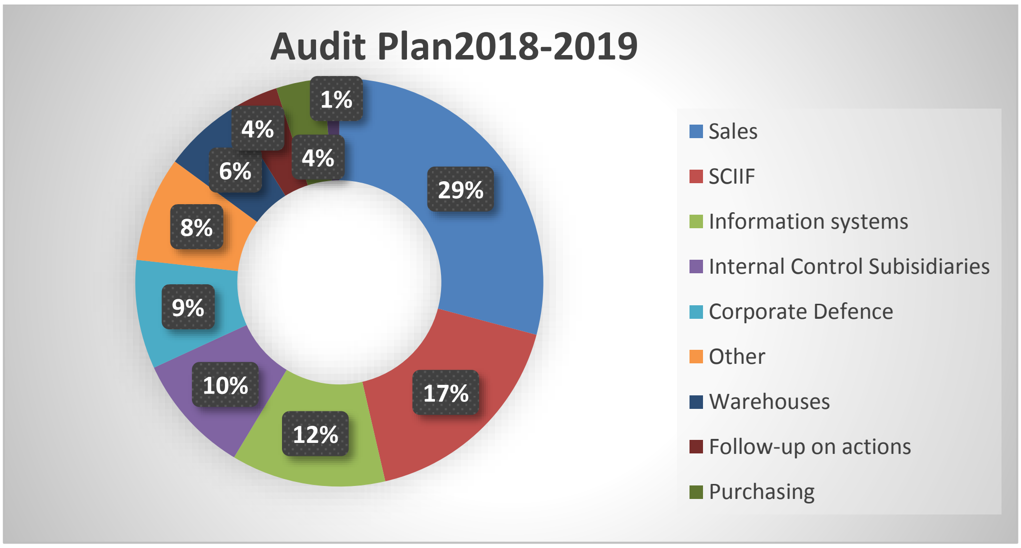
iii. Control of Subsidiaries

In order to evaluate the basic internal controls over the most important processes, a system of rotating reviews has been set up for certain subsidiaries of the Group and/or Business even though they do not represent a significant volume at consolidated level.

iv. Corporate Defence and Legislative Decree 231/01

It is proposed to review, over the coming three years, all the offences covered by both prevention models, both in Spain and in Italy.

The indicated actions in the Annual Plan will be directed at the following general areas:



The 2018-2019 Internal Auditing Plan gives details of the activities and specific actions for Iberia, Italy, France and Information Systems.

- **Self-Evaluation of the Functioning and Composition of the Audit and Control Committee during fiscal year 2017-2018.**

The Committee took note of its Members' evaluation of its functioning and composition, and proposed actions for improvement.

Communications from the CNMV

The Committee's Secretary reported that two communications had been received from the CNMV, dated 5th and 13th September respectively:

The first required information about fulfilment of the obligations under the third Additional Provision of Law 22/2015 of 20th July, governing Accounts Auditing, which covers three areas:

- Information about the Committee's composition and functions
- Evaluation and/or verification by a third party
- A questionnaire about the Audit Committee, prepared by the Committee of European Oversight Bodies (CEAOB), with the intention of helping the competent national authorities to understand the functioning of the Audit Committees of public-interest entities.

The second communication, a copy of which was sent to our auditors Deloitte and PwC, asks for clarifications about various aspects of last year's Annual Accounts (goodwill, provisions, etc.)

Information about the activities of the Internal Control Committee

The Director of Internal Auditing reported on the content of the meeting of the Internal Control Committee on 19th July, concerning the Internal Control System's evaluation of the Group's operational processes, and in particular, of the improvements made, and the next landmarks in the continuing reinforcement of the key processes.

Information about the meeting of the Unit for the Control and Monitoring of Risks from Crime, of 19th July, 2018

- Following-up on the Action Programme of the Management of Internal Control, in connection with the 2017-2018 Model for the Prevention of Risks from Crime.

- The actions taken by the Internal Audit Department in FY 2017-2018, in connection with certain offences.

This Report is the one which was unanimously approved by the members of the Audit and Control Committee in their meeting of 30th October, 2018.

Leganés, 30th October, 2018

The Committee's Secretary,

Rafael de Juan López

TRANSLATION FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS

ANNUAL REPORT OF THE ACTIVITIES OF THE

APPOINTMENTS AND REMUNERATION COMMITTEE

2017-2018



COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A
(THE COMPANY)

APPOINTMENTS AND REMUNERATION COMMITTEE

REPORT ON FUNCTIONS AND ACTIVITIES

FISCAL YEAR 2017-2018

1.- REGULATION

The Company's Appointments and Remuneration Committee was constituted by the Company's Board of Directors in the meeting held on 4 June 2014, before the shares were approved for listing on Spain's Official Stock Exchanges.

The Committee is regulated by Article 529 quindecies of Law of Capital Companies, by Article 43 bis of the Bylaws, by Articles 15 and 18 of the Board of Directors' Regulations, Consolidated Text of 26 January 2016, amended on 19 December 2017, and by the Policy on the Selection of Board Members, approved by the Board of Directors' meeting of 19 December 2017.

Pursuant to the aforementioned regulations, the Board of Directors will form an Appointments and Remuneration Committee comprising a minimum of three and a maximum of seven non-executive Directors, of whom the majority will be independent, appointed by the Board of Directors, and will seek members who have the right balance of knowledge, skills and experience for the functions which they are called upon to discharge.

The members of the Appointments and Remuneration Committee will elect a Chairman from among the independent Directors who form part of it.

The Secretary of this Committee will be the Secretary of the Board of Directors or the Vice-Secretary, if applicable.

Notwithstanding other roles assigned by the Board, the Appointments and Remuneration Committee will have the following responsibilities:

a) Assessing the skills, knowledge and experience required on the Board. To that effect, it will define the functions and skills required in the candidates who will fill each vacancy and will assess the time and dedication required to perform their tasks efficiently.

b) Establishing a target representation for the sex which is the least represented on the Board of Directors and to create guidelines on how to achieve that target.

c) Submitting to the Board of Directors the proposals for the appointment of independent Board Members for their co-opted nomination or submission to the decision of the General Meeting of Shareholders, together with the proposals for the re-election or removal of those Board Members by the Meeting.

d) Reporting on the appointment, ratification, re-election or removal of non-independent Board Members, as well as the appointment and removal of the Chief Executive Officers and members of the Executive Committee and the permanent delegation of powers to them.

e) Communicating the proposals for the appointment and removal of the Chairman, Vice-Chairman, Secretary and Vice-Secretary of the Board of Directors.

f) Examining and organising, in such a way that it is easily understood, the succession of the Company's Chairman and chief executive and, where applicable, submitting proposals to the Board, so that the said succession takes place in an orderly and well-planned manner.

g) Communicating the proposals for the appointment and removal of the senior executives proposed by the chief executive to the Board.

h) Proposing to the Board of Directors, for approval by the General Meeting, the Remuneration Policy for Board Members as such, and that of the Board Members who carry out executive functions.

i) Proposing the following to the Board for its approval:

    i) The Annual Report on the Remuneration of Board Members, which the Board will submit to the General Meeting, for consultation purposes.

    ii) The individual remuneration of Executive Directors and the other terms and conditions of their contracts.

    iii) The Policy on the Remuneration of General Managers or those that carry out senior management functions, reporting directly to the Board of Directors, the executive Committee or the Chief Executive Officer, as well as the basic terms and conditions of their contracts.

j) Ensuring compliance with the remuneration policy established by the Company.

k) Ensuring that selection processes are not implicitly biased in such a way that the selection of female Board Members is prevented.

l) Ensuring that conflicts of interest do not undermine the independence of any external advice provided to the Committee.

m) Verifying the information about the remuneration of Board Members and members of Senior Management contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

n) Annually verifying compliance with the Policy on the Selection of Directors, and setting out its findings in the Annual Report on Corporate Governance.

o) Drafting for the Board of Directors an Annual Report describing the activities of the Appointments and Remuneration Committee, on which the evaluation by the Board of Directors will be based. The Report will be published in the Company's website sufficiently well in advance of the Ordinary General Meeting.

p) Any other competence or duty conferred by the Law, the Bylaws or the Board's Regulations.

The Appointments and Remuneration Committee will meet whenever convened by its Chairman or when two of its members request a meeting, and when the Board or its Chairman asks for a report to be issued or for proposals to be adopted and, in any event, whenever this is required for the correct fulfilment of its functions.

In particular, the Appointments and Remuneration Committee will consult the Chairman and the Company's Chief Executive about matters related to Executive Directors and senior managers.

Any member of the management team or Company personnel who is required to do so will have to attend the Committee's sessions to collaborate and provide any available information.

2.- COMPOSITION

At 30 September 2017, the Committee was composed as follows:

Position:	Members	Date of appointment	Nature
Chairman	Mr. Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
Members	Mr. Alain Minc	24.04.2018	Independent
	Mr. Jaime Carvajal Hoyos	25.09.2018	Independent
	Mr. John Downing	09.06.2014	Proprietary
(Non-Member Secretary)	Mr. Rafael de Juan López	09.06.2014	------

The following changes occurred in the composition of the Committee during the Fiscal Year:

- Mr. Stéphane Lissner, an independent Director and member of the Committee since 9 June 2014, resigned from his position on 24 April 2018, and was replaced as member of the Committee, on the same date, by Mr. Alain Minc, independent Director.

- Mr. Eduardo Zaplana Hernández-Soro, independent Director, and member of the Committee, resigned from his position on 29 May 2018, and was replaced as member of the Committee, on 25 September 2018, by Mr. Jaime Carvajal Hoyos, independent Director.

3.- ACTIVITIES

During the 2017-2018 fiscal year, the Company's Appointments and Remuneration Committee held eight sessions:

1st SESSION – 31 OCTOBER 2017

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. John Downing, Mr. Stéphane Lissner and Mr. Eduardo Zaplana Hernández-Soro (Members) and Mr. Rafael de Juan López (Secretary, Non-Member).

The Appointments and Remuneration Committee discussed the following matters:

- Proposal to the Board of Annual Report on the Remuneration of the Company's Directors 2016-2017

The Board Secretary informed the Committee of the following:

Article 541 of the Law of Capital Companies lays down that:

"*1. The boards of directors of listed companies have to prepare, and publish annually, reports on the remuneration of their directors, including the remuneration which they receive or should receive in their capacity as such, and, if applicable, for their performance of executive functions.*

2. The annual report on directors' remuneration has to include complete, clear and understandable information about the policy on remuneration during the previous fiscal year, and also details of the remuneration earned under each heading by each director in the said year.

3. The annual report on the directors' remuneration will be disseminated by the company as a relevant fact, simultaneously with the annual report on corporate governance.

4. *The annual report on the directors' remuneration will be put to a consultative vote as a separate point in the agenda at the ordinary general shareholders' meeting."*

The Board Secretary explained to the Committee the basic content of the Annual Report on Directors' Remuneration for fiscal year 2016-2017, which had been prepared by the Company Secretariat, in collaboration with the Group's Corporate Human Resources Directorate.

The CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission), in its Circular 4/2013 of 12 June, amended by Circular 7/2015, of 22 December, established the model, as regards to the format, contents and structure, of the said report, which is applicable to this fiscal year, as the Circular 2/2018, that establishes a new model, is only applicable to the fiscal years closed from 31 December 2018.

The report is composed of four main sections:

A. The Company's policy on remuneration for the current year.

B. Section repealed (by CNMV Circular letter 7/2015, of December 22nd)

C. An overview of the way in which the policy on remuneration was applied during the previous fiscal year.

D. Details of the remuneration earned by each director.

In accordance with the provisions of the Rules of the Company's Board, Consolidated Text of January 26, 2016, it falls to the Appointments and Remunerations Committee to propose to the Board of Directors "the Annual Report on the Directors' Remuneration, which the Board will submit to the General Shareholders' Meeting, on a consultative basis". (Article 18.2 i) i)).

The Appointments and Remunerations Committee unanimously agreed:

- To report favourably on the Annual Report on the Remuneration of the Company's Directors in 2016-2017 and to propose its approval by the Board of Directors, who will, in turn, submit it to the next General Shareholders' Meeting for a consultative vote, and as a separate point in their Agenda.

- Report on the Functions and Activities of the Appointments and Remuneration Committee during fiscal year 2016-2017

The Committee analysed and unanimously agreed to approve the Report on the Functions and Activities of the Appointments and Remuneration Committee 2016-2017, which was presented to the Board, and was published in the corporate website, in due time, sufficiently in advance of the conclusion of the Ordinary General Shareholders' Meeting of the Company; all in accordance with the provisions of Article 18.2 of the Regulations of the Board of Directors.

2nd SESSION – 28 NOVEMBER 2017

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. John Downing, Mr. Stéphane Lissner and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary, Non-Member).

Also present was the Chief Executive Officer of the Company (Mr. Luis Egido Gálvez).

The Appointments and Remuneration Committee conducted the following activities:

- System of Variable Remuneration. 2016-2017 Logista Group's Business Objectives: Evaluation of the Degree of Achievement. Setting of the Logista Group's Business Objectives for Fiscal Year 2017-2018

The Corporate Director of Finances, Mr. Suárez, reported to the Committee on the degree of achievement of the Group's Business objectives and Total Return to the Shareholder (TRS), during fiscal year 2016-2017, fixed by the Board of Directors of 29 November 2016.

Taking into account the objectives set in Regulation 1/2011 of Variable Remuneration (the Group's EBIT and Working Capital), and the adjusted actual magnitudes of both objectives in fiscal year 2015-2016, the Corporate Director of Finances stated that the degree of achievement of the Group's Business objectives had been 100 per cent (97,5% Adjusted EBIT and 104% Working Capital).

The Appointments and Remuneration Committee unanimously acknowledged the information and agreed that this percentage of achievement should be applied to determine the variable remuneration for the 2016-2017 financial period.

The Director of Corporate Finances also explained to the Committee the Group's Business Objectives for fiscal year 2017-2018, which were based on the Group's Budget that had been approved by the Board of Directors on 26 September 2017. He also explained the table for measuring their achievement, that was unanimously acknowledged by the Committee, and proposed to the Board for its approval.

- Individual Remuneration of Executive Directors

The Board Secretary informed the Committee that the functions of the Appointments and Remuneration Committee included submitting to the Board of Directors for their approval "*the individual remuneration of the Executive Directors and other terms and conditions of their contracts*" (Article 18.2 f) iii) of the Board's Regulations, Consolidated Text of 26 January 2016).

Not present were the Chief Executive Officer, Mr. Luis Egido, and the Secretary Director, Mr. Rafael de Juan, when the Committee discussed their respective remunerations.

Short-term Variable Remuneration of the Executive Directors (Bonus) 2016-2017

With reference to the above, the Committee assessed:

i) the degree of achievement of the Group's Business Objectives (EBIT and Working Capital), with regard to those estimated in the Group's Budget (Weighting of 60%, by Resolution of the Board of Directors of 20th December, 2016).

ii) The Total Returns to the Shareholder (Weighting of 25%, by Resolution of the Board of Directors of 20th December, 2016).

iii) The contribution and personal added value of each of the Executive Directors in obtaining the Group's overall results. (Weighting of 15%, by Resolution of the Board of Directors of 20th December, 2016).

The maximum Bonus to be accrued during the last fiscal year is established at 150% of the Fixed Annual Remuneration, for the Chief Executive Officer and 100% for the Secretary Director.

Accordingly, the Appointments and Remuneration Committee unanimously agreed to propose to the Board of Directors the establishment of the 2016-2017 short-term Variable Remuneration (Bonus) for Executive Directors, with a degree of fulfilment of objectives of 100% for both the Chief Executive Officer and the Secretary Director.

Fixed Remuneration for Executive Directors for 2018

In order to determine the 2017 Fixed Remuneration and the 2017 Short-term Variable Remuneration, the Committee assessed the personal contribution and value added by each Executive Director to the Group.

Accordingly, the Appointments and Remunerations Committee unanimously agreed to propose to the Board of Directors, for the 2018 fiscal year, a Fixed Remuneration of 675,086 euros for the Chief Executive Officer, and a Fixed Remuneration of 299,947 euros for the Board Secretary Director (an increase of 2.1% for both).

The Executive Directors' Short-Term Variable Remuneration (Bonus) 2017-2018

The Committee discussed this subject, and finally unanimously agreed to propose to the Board of Directors:

i) That the maximum Bonus in 2017-2018 should be 150% of the Fixed Remuneration in the case of the Chief Executive Officer, and 100% of the Fixed Remuneration in the case of the Board Secretary Director.

ii) That the Objectives to be Achieved should be the Group's Business Objectives (in terms of EBIT and Working Capital) that were foreseen in its Annual Budget, approved by the

Board of Directors in its meeting of Sept 26, 2017, the Total Return for the Shareholders, and the personal contribution and value added by each of them to the achievement of the overall results, and to the total yield for the shareholders in the fiscal year.

iii) To maintain the weighting of the Objectives set by the Board of Directors on 20 December 2016 (60% Business Objectives, 25% Total Return to the Shareholders and 15% Personal Contribution)

iv) That the evaluation of the said Objectives should be carried out by the Appointments and Remuneration Committee, taking account of the metrics laid down in the regulations governing Variable Remuneration in the Company, for the results of the Logista Group, with regard to the Business Objectives, as well as the personal contribution and value added by each Executive Director in the achievement of the overall results of the Logista Group, and in the profitability for the Company's shareholders in the fiscal year, with regard to all the other Objectives to be Achieved, unanimously presenting a proposal to the Board of Directors in that regard.

- Report on, and Proposal for the Board's approval of, the Rules of the 2017 General and Special long-term Incentive Plans.

The Committee's Secretary, Mr. De Juan, reported the following:

Background

On 20th December, 2016, following a report and proposal from the Appointments and Remuneration Committee, the Board of Directors gave its initial approval of the 2017 General and Special Long-Term Incentive Plans (the "2017 General Plan" and the "2017 Special Plan"), and proposed that the General Shareholders' Meeting approve them.

The 2017 Plans continue the Company's policy on long-term remuneration. Their terms are of five years, and they are divided into three Consolidation Periods of three years each.

The General Shareholders' Meeting of 21st March, 2017:

- Approved the implementation of the 2017 General and Special Plans, and
- Empowered the Board of Directors to approve the rules for implementing and progressing both Plans.

Content of the Rules

Incorporated into the Rules for the 2017 General and Special Plans were the basic stipulations that had already been approved by the Board of Directors and by the General Meeting, and also the complementary aspects which were necessary for the implementation of both Plans, and which were similar to those in the current Rules, which governed the previous General and Special Plans (those of 2014).

The Consolidation Objectives of both Plans – like those of the 2014 Plans – are set in relation to the Logista Group's EBIT and Working Capital, determined for each three-year Consolidation Period, and also in relation to the Total Return to the Shareholder (TRS) and the Return compared with that of other companies used as references (the CRS), for each Consolidation Period.

The two most important innovations, which are incorporated into the Rules, and which were approved by the Board of Directors on 20th December, 2016, relate to:

(i) the power of the Company's Board of Directors to decide, at the beginning of each Consolidation Period, and depending on the Company's free float, whether the settlement of the Number of Consolidated Shares should be effected in Company shares, in their cash equivalent, or in a combination of shares and cash, and

(ii) the inclusion of "clawback" clauses and clauses relating to the holding of shares by the Group's Executive Directors and Senior Managers, in line with European regulations and with the recommendations of the Code of Good Governance of the CNMV.

The Appointments and Remuneration Committee unanimously resolved to report in favour of the adoption of the following resolutions, and to propose it to the Board of Directors:

i) To approve the Rules of the Logista Group's 2017 Long-Term General Incentive Plan (the "2017 General Plan"), with the content shown in the Appendix to the minutes of the meeting.

ii) To approve the Rules of the Logista Group's 2017 Long-Term Special Incentive Plan (the "2017 Special Plan"), with the content shown in the Appendix to the minutes of the meeting.

<u>- Report on, and Proposal for the Board's approval of, the Programme for the Re-Purchase of the Company's Shares, in order to allocate them to the 2014 General and Special Share Plans (Third Consolidation Period – 1st October, 2016, to 30th September, 2019).</u>

The Secretary then reported to the Committee on the resolutions of the General Shareholders' Meeting of 4th June, 2014, concerning the authorisations for the Board of Directors (Resolutions 10 and 11 of the GSM) to acquire the Company's own shares, and to allocate all or some of the acquired shares, or earmark them for cession, to the Beneficiaries of the 2014 General and

Special Share Plans, consolidating their rights, in accordance with those Plans, to up to 2% of the share capital which existed at the time when both Plans were approved.

The Appointments and Remuneration Committee unanimously proposed that the Board adopt the following resolutions:

i) To enlarge the Company's Programme for the Re-Purchase of its own Shares, by up to 169,044 shares, additional to the 391,432 shares currently owned, so that at the appropriate moment all or some of them can be ceded to the Beneficiaries of the First, Second and Third Consolidation Periods of the 2014 General and Special Share Plans, consolidating their rights to the cession, in accordance with the Rules of both Plans.

ii) To empower LOGISTA's Corporate Director of Finances, Mr. Manuel Suárez Noriega, to make appropriate purchasing decisions, in implementation of the Re-Purchasing Programme, in accordance with the Internal Rules of Conduct in matters connected with the Company's Securities Markets, of 27th September, 2016, and to designate the member of the Market who will act as broker in the purchasing transactions.

3rd SESSION – 19 DECEMBER 2017

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. John Downing and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan (Secretary, Non-Member). Mr. Lissner delegated Mr. Marañón to represent him.

Also present was the Chief Executive Officer of the Company (Mr. Luis Egido Gálvez).

The Appointments and Remuneration Committee debated and agreed on the following subjects:

- Weighting of the Executive Directors' Achievement Objectives for Short-Term Variable Remuneration in 2016-2017.

In the absence of the Chief Executive Officer, Mr. Egido, and the Secretary Director, Mr. de Juan, and in accordance with to the agreements made by the Committee, the Chairman proposed the weighting of the Achievement Objectives for Short-Term Variable Remuneration in 2016-2017 for the Executive Directors, as well as the weighting for each of the Objectives (Business Objectives, Total Return to Shareholders and Personal Contribution of the Executive Director).

The Appointments and Remunerations Committee unanimously approved the proposal and proposed that it be approved, in turn, by the Board of Directors.

<u>- Proposal to the Board of Directors that it approve the Policy on the Selection of the Company's Board Members</u>

The Secretary of the Appointments and Remuneration Committee reported the following:

The Rules of the Board of Directors, of 26th January, 2016, lay down that the Board has the non-delegable power to approve the Policy on the Selection of Board Members (Article 5.3. xi)).

Directive 2014/95/UE of the European Parliament and Council, of 22nd October, 2014, by which Directive 2013/34/UE was amended in respect of the disclosure, by large companies and certain groups, of non-financial information and information about diversity, and whose period for implementation has already elapsed, so that it can be invoked directly, although the legislative process has already begun for its immediate incorporation into Article 540 of the Law of Capital Companies, expressly includes the principle of diversity – part of which, incidentally, is already included in Article 529 bis of the Law of Capital Companies – in connection with the incorporation of new Board Members, which directly extends to the Policy on the Selection of Board Members.

And Technical Guide 3/2017, relating to Audit Committees of Public-Interest Entities and published by the CNMV on 17th June, 2017, although it relates specifically to the requirements in terms of suitability of the members of the Audit Committee, extends in general to the members of the Board, and therefore also helps to shape the Policy on the Selection of Board Members.

The Policy on the Selection of Board Members contains the principles which have to govern the actions of the Board and its Committees, particularly that for Appointments and Remuneration, in the processes of search, evaluation, selection, proposal and appointment of those who will serve in the position of Board Member.

The purpose of the Policy is to try to ensure the suitability both of the Board Member considered individually and of the whole of the Board and of each of its Committees considered as collegiate bodies, establishing the requirements for the Board Members under the principle of diversity of training, professional experience, sectoral knowledge, and geographical origin, and taking account of the specialisations needed to fulfil the specific supervisory functions of each of the Board's Committees (accounting aspects, risk management and technological aspects …), as well as the elimination of all sex discrimination.

The Policy covers the following subjects:

<u>1) Requirements for Candidates</u>

1.1 <u>Categories of Board Members</u>: Executive, Proprietary, Independent and Other External (in line with the Law of Capital Companies and the Rules of the Board of Directors).

1.2 Selection requirements for candidates

1.2.1 General requirements

The Board of Directors, the Appointments and Remuneration Committee and the other bodies responsible for selecting candidates for the position of Company Board Member will ensure, within the scope of their respective responsibilities, that the choice of candidates falls on people of recognized soundness, competence and experience, and who have the necessary availability to perform adequately in the rôle of Board Member, bearing in mind the needs and composition of the Board of Directors as a whole.

1.2.2 Individual requirements

a) Suitable knowledge and professional experience

b) Recognized soundness and competence

c) Sufficient availability to exercise the function

d) A commitment to fulfilling the duties and obligations of a Board Member

e) The absence of conflicts of interest

1.3 Promotion of Diversity

1.4 Incompatibilities and Prohibitions

As in the Board's Rules.

1.5 Duties of Board Members

2) Bodies Responsible for the selection procedure

The Policy establishes the roles and responsibilities of the following bodies in connection with the selection, proposed appointment, confirmation or re-election of Board Members:

2.1 The Appointments and Remuneration Committee

Notwithstanding the competence of the Board of Directors in selecting Board Members, the following duties, among others, fall to the Company's Appointments and Remuneration Committee:

a) Deciding what skills, knowledge and experience are needed on the Board. To that end, defining the functions and necessary aptitudes of the candidates who should fill each vacancy, and judging how much time and dedication they will need to perform their rôles efficiently.

b) Submitting to the Board of Directors proposals for the appointment of independent Board Members by co-opting or for their submission for the approval of the General Shareholders' Meeting, and proposals for the re-election or cessation of those Board Members by the General Meeting.

c) Reporting on the proposals for the appointment of the other Board Members by co-opting or for their submission for the decision of the General Shareholders' Meeting, and proposals for their re-election or cessation by the General Shareholders' Meeting.

d) Ensuring that no conflicts of interests affect the independence of the external consultancy given to the Committee, where applicable.

e) Ensuring that the selection procedures have no latent bias, by setting a target proportion of representation for the sex which has fewer representatives on the Board of Directors, and by giving guidance on the means of achieving that objective.

f) Annually checking that this Policy on the Selection of Board Members has been implemented, and reporting on this in the Annual Report on Corporate Governance.

In the process of selecting candidates, the Appointments and Remuneration Committee may obtain internal advice, collaboration and access to necessary information, and also the attendance of any member of the Company's or Group's management team or other personnel in order to perform its functions as well as possible.

2.2 The Board of Directors

In accordance with current regulations and the Rules of the Company's Board of Directors, the following responsibilities fall to the Company's Board of Directors in connection with the selection of Board Members:

a) The approval and modification of this Policy.

b) The preparation of an explanatory report evaluating the competence, experience and merits of the candidate proposed for appointment or re-election as a Board Member, which in every case will have to accompany the proposal for appointment or re-election, and which will be attached to the minutes of the General Meeting or to those of the Company's own Board of Directors.

c) Making proposals for the appointment or re-election of non-independent Board Members, which the Board will submit for consideration by the Company's General Meeting, and making decisions about appointments of Board Members through the system of co-opting, in accordance with the powers conferred by law.

d) Ensuring that the procedures for selecting its members encourage diversity of sex, experience and knowledge, and have no latent bias which could involve discrimination of any kind.

2.3 The General Meeting

In the processes for selecting candidates, the Company's General Meeting will be the body responsible for:

a) The appointment and re-election of Board Members, without prejudice to the power of the Board of Directors to agree to appointments by co-option, in accordance with the Law.

b) Determining at any time the number of members of the Board of Directors, within the limits fixed by the Company's Bylaws and by Law.

2.4 Other responsible bodies

1. The Chairman of the Board of Directors and the Company's chief executive must be consulted by the Appointments and Remuneration Committee about matters connected with the appointment of Executive Directors.

2. In addition, the Board of Directors or any Board Member may ask the Appointments and Remuneration Committee to consider for Board vacancies potential candidates whom they judge to be ideal, and may also ask the Appointments and Remuneration Committee to present, whenever possible, proposals of several candidates for consideration by the Board of Directors.

2.5 Help from external professionals

In order to carry out its functions as well as possible, the Appointments and Remuneration Committee, as the body responsible for the process of selecting candidates for the Board, may obtain advice from external professionals, and in particular, may engage, for the account of the Logista Group, legal advisers and human resources specialists or other experts in the selection of Board Members.

3) Supervision of the Policy

The Company's Appointments and Remuneration Committee will be the body responsible for annually checking the implementation of this Policy, regularly evaluating its effectiveness and adopting appropriate measures to correct any deficiencies. It will report on all of this to the Company's Board of Directors.

In addition, the Committee will have to report on the implementation of the Policy in the Annual Report on the Company's Corporate Governance.

Finally, the Appointments and Remuneration Committee unanimously resolved:

To propose to the Board of Directors that it approve the 'Policy on the Selection of Board Members for the Compañía de Distribución Integral Logista Holdings, S.A.', with the content as shown in the Appendix to these minutes.

4th SESSION - 23 JANUARY 2018

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. Stéphane Lissner and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary, Non-Member). Mr. Downing delegated Mr. Chairman to represent him.

Also present were the Chief Executive Officer of the Company (Mr. Luis Egido Gálvez), the Corporate Finance Director (Mr. Manuel Suárez Noriega) and the Corporate Director of Human Resources (Mr. Juan José Guajardo-Fajardo).

The Appointments and Remuneration Committee examined the following subjects:

- Settlement of the First Consolidation Period (2014-2017) of the 2014 General Long-Term Incentive Plan

The Appointments and Remuneration Committee unanimously reported in favour of the settlement proposal, which was submitted to the Board for its approval.

Executive Directors and members of the Senior Management are subject to the obligations laid down in Articles 7 Bis 2 (Conservation of Consolidated Shares) and 7 Bis 3 (Return of the Net Number of Consolidated Shares) of the Plan's Rules.

- Settlement of the First Consolidation Period (2014-2017) of the 2014 Special Long-Term Incentive Plan

The Appointments and Remuneration Committee unanimously reported in favour of the settlement proposal, which was submitted to the Board for its approval.

Executive Directors and members of the Senior Management are subject to the obligations laid down in Articles 7 Bis 2 (Conservation of Consolidated Shares) and 7 Bis 3 (Return of the Net Number of Consolidated Shares) of the Plan's Rules.

- The 2017 General and Special Plans for Performance Shares of the Logista Group. First Consolidation Period (2017-2020).

The Corporate Human Resources Director, Mr. Juan José Guajardo-Fajardo, informed the Committee of the following:

i) Background

On 21st March, 2017, the General Shareholders' Meeting of the Compañía de Distribución Integral Logista Holdings S.A. ("the Company") approved the application of a system of medium- and long-term deferred variable remuneration, embodied in the General Long-Term Incentive Plan (the "2017 General Plan") and the Special Long-Term Incentive Plan (the "2017 Special Plan"), which gives the right to consolidate a certain incentive, which will be settled through the award of free shares in the Company (or, when appropriate, of their equivalent value in cash or a combination of shares and cash).

The General Meeting delegated to the Board of Directors the broadest powers for the implementation, development and interpretation of the 2017 General and Special Plans, and the Board used those powers when it approved both sets of Regulations in its meeting of 28th November, 2017.

Both Plans have a validity of five years, and are divided into three Consolidation Periods of three years each (beginning on 1st October of 2017, 2018 and 2019 respectively, and ending on 30th September of 2020, 2021 and 2022 respectively).

In accordance with current legislation, and at the proposal of the Board of Directors, the said General Meeting agreed to grant, both to the Chief Executive Officer (Mr. Luis Egido Gálvez) and to the Board Secretary (Mr. Rafael de Juan López), a Recognized Initial Incentive in Shares of the maximum amount allowed by the Regulations of both Plans (General and Special, 2017) for Executive Directors.

The general criteria for inclusion in both Plans are those established in the Regulations of the respective Plans, which stipulate the following maxima:

- General Plan: 100% of the bonus earned in the previous fiscal year.
- Special Plan: 75% of Fixed Salary for Executive Directors and 50% of Fixed Salary for the other beneficiaries.

ii) Consolidation Objectives and Consolidation Percentages for the First Consolidation Period (1st October, 2017, to 30th September, 2020).

- Consolidation Objectives

  It was considered appropriate for the Appointments and Remuneration Committee to propose to the Board the maintenance, for the 2017-2020 Consolidation Period, of the same Share Consolidation Objectives as those set in the Rules of both Plans, namely:

  - Criterion of 'Total Shareholder Return' (TSR)

  - With this criterion, there would be consolidation of 25% of the Recognized Conditioned Shares under the General Plan, and of 35% of the Recognized Conditioned Shares under the Special Plan.

  - Criterion of 'Comparative Shareholder Return' (CSR)

  - With this criterion, there would be consolidation of 25% of the Recognized Conditioned Shares under the General Plan, and of 32% of the Recognized Conditioned Shares under the Special Plan.

  - In addition, it is proposed to maintain the same Reference Group of the companies which will be compared with the Company's TSR, as shown in Appendix 1 B) to the Rules of both Plans.

  - Criterion of Financial Profitability, determined by the Group's Operating Profit for the 2017-2020 Consolidation Period.

    In accordance with this criterion, the remaining 50% of the Recognized Conditioned Shares under the General Plan, and the remaining 33% of the Recognized Conditioned Shares under the Special Plan, would be consolidated.

- Consolidation Percentages: TSR and CSR criteria

  It was considered appropriate for the Appointments and Remuneration Committee to propose to the Board the maintenance, for the 2017-2020 Consolidation Period, of the same Consolidation Percentages for the Number of Conditioned Shares Recognized to Beneficiaries as those shown in Appendix 1 (TSR and CSR) and Appendix 2 (Operating Profit) to the Rules of both Plans.

Mr. Suárez left the meeting at this point.

iii) Proposal of Beneficiaries and of Shares to be recognized as theirs for the First Consolidation Period (2017-2020) of the 2017 General and Special Share Plans

Mr. Guajardo-Fajardo reported the following:

The Beneficiaries proposed for the 2017-2020 Consolidation Period, for both Plans, were the following:

- GENERAL PLAN: 58 Beneficiaries
- SPECIAL PLAN: 9 Beneficiaries

Number of Recognized Conditioned Shares

The total number of Recognized Shares for both Plans, for this First Consolidation Period, was 210,212 shares (0.16% of the share capital).

Finally, the Appointments and Remuneration Committee unanimously approved the above proposal, and reported in favour of the adoption by the Board of Directors of the appropriate resolutions for the First Consolidation Period (from 1st October, 2017, to 30th September, 2020), for both the 2017 General Plan and the 2017 Special Plan.

- Remuneration Framework 2017-2018. Personal Variable Remuneration

Mr. Guajardo-Fajardo reported that the degree of achievement of objectives by the Senior Management (members of the Management Committee, excluding the Executive Directors) was 86.78%, against 91.40% in fiscal year 2016.

With regard to the process of remunerating by Fixed Salary in 2018, it had been established by analysing the each employee's level of skill and their positioning within the salary range laid down for each 'family' of jobs:

- The salary ranges had been defined, in each country, and for each family of jobs, by taking account of the market's valuation of each position, and also considering market information about remuneration.
- The level of skill and the positioning within the salary range determine a proposal for salary review whose main purposes are to bring the low salaries closer to the median of the range and to restrain the increases in those positions in which the remuneration is higher than the median.

Mr. Guajardo-Fajardo then left the meeting.

6. Report on the Ratification by the General Shareholders' Meeting of the Appointment, by co-option, of the Proprietary Director Mr. Richard Charles Hill

The Appointments and Remuneration Committee, having noted that the criteria and circumstances which had prompted the appointment by co-option of Mr. Hill as Director had not been modified, and that he had been performing correctly in the role, unanimously reported in favour of a proposal from the Board of Directors, to the General Meeting, that the appointment of Mr. Richard Charles Hill as proprietary director should be ratified, and that the draft justificatory report should be presented to the Board of Directors.

7. Proposal to the Board and to the General Meeting in favour of the Re-Election of Independent Directors, and Proposal of the Justificatory Report.

The Committee and Board Secretary reported that, by a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Stéphane Lissner, Mr. Gregorio Marañón y Bertrán de Lis and Mr. Eduardo Andrés Julio Zaplana Hernández-Soro, among others, were appointed Directors of the Company for the period – then in accordance with the Bylaws – of five years.

On 4th June, 2014, the Company's General Meeting also appointed as a Director of the Company Mrs. Cristina Garmendia Mendizábal, for the period, then statutory, of five years.

Under Article 529 duodecies 4 of the Law of Capital Companies, Mrs. Garmendia and Messrs. Lissner, Marañón and Zaplana are currently in the category of independent Directors.

Law 31/2014 of 3rd December modified Article 529 undecies of the Law of Capital Companies, fixing the maximum term of office of directors of listed companies at four years (as it is at present, under Article 33 of the Bylaws).

Furthermore, Transitional Provision 3 of the aforementioned Law 31/2014 stipulates that directors appointed before 1st January, 2014, may complete their terms of office even if they are of more than the four years stipulated by the current Article 529 undecies of the Law of Capital Companies. Obviously that is not the case for Mrs. Garmendia or Messrs. Lissner, Marañón or Zaplana, whose maximum term of office is four years. Consequently, their continuance as directors requires the agreement of the next General Meeting to re-elect them.

The Appointments and Remuneration Committee is responsible for *"evaluating the skills, knowledge and experience required in the Board"* (Article 529 quindecies 3 a) of the Law of Capital Companies, Article 43 bis a) of the Bylaws, Article 18.2 a) of the Board's Rules and Article 5.1 a) of the Policy on the Selection of Directors of 19th December, 2017).

The Appointments and Remuneration Committee is also responsible for *"presenting to the Board proposals for the re-election, by the General Meeting, of independent Directors"* (Article 529 quindecies 3 c), Article 43 bis c) of the Bylaws, Article 18.2 c) of the Board's Rules and Article 5.1 b) of the Policy on the Selection of Directors of 19th December, 2017).

The Appointments and Remuneration Committee debated the matter, and concluded that the aforementioned Directors:

i) fulfil the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest);

ii) are not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors;

iii) have performed as Directors of the Company with appropriate dedication, efficiency and quality of work; and

iv) continue to fulfil the legal and statutory requirements for inclusion in the category of independent director.

Consequently, the Appointments and Remuneration Committee unanimously resolved:

i) To propose to the Board of Directors and to the General Meeting the re-election of Mrs. Cristina Garmendia Mendizábal and Mr. Stéphane Lissner, Mr. Gregorio Marañón y Bertrán de Lis, and Mr. Eduardo Zaplana Hernández-Soro as an independent Directors for the statutory period of four years.

ii) To propose to the Board of Directors the presentation to the General Shareholders' Meeting of the reports justifying the re-election of the aforementioned independent Directors, with the content shown in Appendices to these minutes.

8. Report on the Re-Election of Proprietary Directors, and Proposal to the Board of Directors of the Report to the General Shareholders' Meeting, justifying the Re-Election.

The Secretary of the Committee and Board reported that, by a decision of the then sole shareholder of the Company, Mr. John Matthew Downing and Mr. David Ian Resnekov, among others, were appointed as Directors of the Company for a period – then in accordance with the Bylaws – of five years.

Messrs. Downing and Resnekov are currently proprietary directors, under Article 529 duodecies 3 of the Law of Capital Companies.

He also reported that Law 31/2014 of 3rd December which modified Article 529 undecies of the Law of Capital Companies, fixed the maximum term of office of Directors of listed companies at four years (as also currently laid down in Article 33 of the Bylaws).

The Appointments and Remuneration Committee debated the matter, and concluded that the said Directors:

i) fulfil the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of the office, and absence of conflicts of interest);

ii) are not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors;

iii) have performed as Directors of the Company with appropriate dedication, efficiency and quality of work; and

iv) continue to fulfil the legal and statutory requirements for inclusion in the category of proprietary director, in as far as they represent, on the Board, the Company's controlling shareholder, Imperial Brands PLC.

Consequently, the Appointments and Remuneration Committee unanimously resolved:

i) To report in favour of proposing to the Board of Directors and to the General Meeting the re-election of Messrs. John Matthew Downing and David Ian Resnekov as proprietary Directors, for the statutory period of four years;

ii) To propose to the Board of Directors the presentation to the General Shareholders' Meeting of the reports justifying the re-election of the said proprietary Directors, with the content which appears in Appendices to these minutes.

- Report on the Re-Election of Executive Directors, and Proposal to the Board of Directors of the Report to the General Shareholders' Meeting, justifying the Re-Election.

The Secretary of the Committee and Board reported that, by a decision of the then sole shareholder of the Company, Mr. Luis Alfonso Egido Gálvez and Mr. Rafael de Juan López, among others, were appointed Directors of the Company for the period – then in accordance with the Bylaws – of five years.

Messrs. Egido and De Juan are currently executive directors, under Article 529 duodecies 1 of the Law of Capital Companies.

He also reported that, under Law 31/2014 of 3rd December, which modified Article 529 undecies of the Law of Capital Companies, the maximum term of office of Directors of listed companies is four years (as also currently laid down in Article 33 of the Bylaws).

The Appointments and Remuneration Committee debated the matter, and concluded that the said Directors:

i) fulfil the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of the office, and absence of conflicts of interest);

ii) are not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors;

iii) have performed as Directors of the Company with appropriate dedication, efficiency and quality of work; and

iv) continue to fulfil the legal and statutory requirements for inclusion in the category of executive director, in view of Mr. Egido's capacity of Chief Executive Officer and Mr. De Juan's capacity of General and Board Secretary.

Consequently, the Appointments and Remuneration Committee unanimously resolved:

i) To report in favour of proposing to the Board of Directors and to the General Meeting the re-election of Mr. Luis Alfonso Egido Gálvez and Mr. Rafael de Juan López as Executive Directors for the statutory period of four years.

ii) To propose to the Board of Directors the presentation to the General Shareholders' Meeting of the reports justifying the re-election of the said Executive Directors, with the content which appears in Appendices to these minutes.

- Proposal to the Board of Directors of the number of Members of the Audit and Control Committee, between the established minimum and maximum numbers, and Appointment of those Members.

The Secretary of the Committee and Board, Mr. De Juan, informed the Committee that, in accordance with Article 43 of the Bylaws, Article 17 of the Rules of the Board of Directors of 26th January, 2016, and Article 3 of the Rules of the Audit and Control Committee of 19th December, 2017, the Audit and Control Committee must be composed of a minimum of three Members and a maximum of seven, all appointed by the Board of Directors, and all non-executive.

The General Shareholders' Meeting which is envisaged for 21st March this year would have to appoint or re-elect Members, because the terms of office of the majority of the current Members are due to end this year.

Furthermore, among the functions assigned to the Appointments and Remuneration Committee is that of *"evaluating the profiles of the people who are the most suitable to form part of the different Committees, and presenting relevant proposals to the Board"* (Article 15.2 of the Rules of the Board of Directors).

The Committee debated this matter, and unanimously resolved to propose that the Board of Directors:

i) Set at four the number of members of the Audit and Control Committee (that number being within the statutory minimum and maximum), of whom three Directors will be independent and one will be proprietary.

ii) Submit for appointment/re-election, by the next General Meeting, as Directors of the Company, and designate as members of the Audit and Control Committee, the following Directors:

- Mrs. Cristina Garmendia Mendizábal, independent Director, to be ratified by the Committee itself as Chairperson of the Committee until the expiry of her initial term of office, in accordance with the Bylaws.
- Mr. Gregorio Marañón y Bertrán de Lis, independent Director.
- Mr. David Resnekov, proprietary Director.
- Mr. Eduardo Zaplana Hernández-Soro, independent Director.

- Proposal to the Board of Directors of the number of Members of the Appointments and Remuneration Committee, between the established minimum and maximum numbers, and Appointment of those Members.

The Secretary of the Committee and Board, Mr. De Juan, informed the Committee that, in accordance with Article 43º bis of the Bylaws and Article 17 of the Rules of the Board of Directors of 26th January, 2016, the Appointments and Remuneration Committee must be composed of a minimum of three members and a maximum of seven, all appointed by the Board of Directors, and all non-executive.

The General Shareholders' Meeting which is envisaged for 21st March this year would have to appoint or re-elect Members, because the terms of office of the majority of the current Members are due to end this year.

Furthermore, among the functions assigned to the Appointments and Remuneration Committee, is that of *"evaluating the profiles of the people who are the most suitable to form part of the different Committees, and presenting relevant proposals to the Board"* (Article 15.2 of the Rules of the Board of Directors).

The Committee debated this matter, and unanimously resolved to propose that the Board of Directors:

i) Set at four the number of members of the Appointments and Remuneration Committee (that number being within the statutory minimum and maximum), of whom three Directors will be independent and one will be proprietary.

ii) Submit for appointment/re-election, by the next General Meeting, as Directors of the Company, and designate as members of the Appointments and Remuneration Committee, the following Directors:

- Mr. Gregorio Marañón y Bertrán de Lis, independent Director, to be ratified as Committee Chairman by the Committee itself.
- Mr. Eduardo Zaplana Hernández-Soro, independent Director.
- Mr. Stéphane Lissner, independent Director.
- Mr. John Downing, proprietary Director.

- Proposal, to the Board of Directors, of the Policy on the Remuneration of Directors in 2019-2020, for Presentation to the General Shareholders' Meeting.

The Secretary of the Committee and of the Board, Mr. De Juan, reported the following:

The current Policy on the Remuneration of Directors is the one which was included in the Annual Report on Directors' Remuneration for 2013-2014, which received the favourable vote of the General Meeting of 17th February, 2015.

In accordance with Article 529 novodecies of the Law of Capital Companies and Transitional Provision 2 A) of Law 31/2014 of 3rd December, which modifies the Law of Capital Companies to improve corporate governance, the approval of the General Meeting, in its advisory capacity, and expressed after 1st January, 2015, is understood to confirm the Remuneration Policy for the three following years, that is to say, in the case of the Company, for 2016, 2017 and 2018.

By a resolution of the General Meeting of 21st March, 2017, the Company's Remuneration Policy was modified in order to:

i) include, in the contractual terms and conditions of executive directors, 'ex-post' adjustments to their short-, medium- and long-term variable remuneration, and also the obligation to keep Company shares received as a result of their participation in medium- or long-term variable remuneration plans, and

ii) reconcile the receipt of both the fixed remuneration of the Chairman of the Board of Directors and the fixed remuneration of the Chairman of the Appointments and Remuneration Committee, even when both offices are discharged by the same person.

As the current Policy on the Remuneration of Directors expires this year, a new Policy, covering 2019, 2020 and 2021, must be proposed for the approval of the General Meeting.

The Secretary indicated the Articles of the Bylaws and of the Law of Capital Companies on which the Policy on the Remuneration of Directors is based.

In accordance with Article 39 of the Bylaws, the remuneration of Directors, in their capacity as such, will consist of a fixed monthly allowance in cash plus certain expenses to cover attendance at meetings of the Board of Directors and of its Committees.

The Remuneration Policy will be approved by the General Meeting at least every three years, and must include the maximum amount of the annual remuneration to be paid to the Directors as a whole, in their capacity as such.

It falls to the Board of Directors to determine the remuneration of each of the Directors, in their capacity as such. For that purpose, the Board will take account of the functions and responsibilities assigned to each Director, membership of Committees, and other objective circumstances which it considers relevant.

In addition, Directors may be remunerated with Company shares, the granting of rights of option over the same, or by any other system based on the value of the shares, the effective application of which will require a resolution of the General Meeting (this system of remuneration being restricted to Executive Directors, in accordance with Article 31 of the Board's Rules).

Executive Directors, regardless of their remuneration as members of the Board, will be paid a fixed amount in accordance with the services which they perform and the responsibilities which they assume, and also a variable amount, as well as being included in the pension and insurance schemes, including that of Social Security, and the incentive schemes for the Company's Senior Management.

It falls to the Board of Directors to fix the remuneration of the Directors who perform executive duties and the terms and conditions of their contracts, in accordance with the provisions of the Law, of the Bylaws, and of the Policy on the Remuneration of Directors approved by the General Meeting.

For their part, the Rules of the Board of Directors devote their Article 30 to the remuneration of the Board, in terms similar to those contained in the Bylaws.

The remuneration of directors is governed by the Law of Capital Companies, which lays down, among others, the following stipulations:

- The system for remunerating directors must conform to the system envisaged in the Bylaws (Art. 217.1).

- The remuneration system will specify the components of the remuneration of directors, in their capacity as such (Article 217.2), applying one or more of the criteria fixed by the Article itself.

- The maximum annual amount to be paid to the directors as a whole, in their capacity as such, must be approved by the General Meeting (Art. 217.2 and Art. 529 septdecies).

- The remuneration of its directors must always be reasonable in relation to the importance of the company, the economic situation and what is customary for comparable companies (Art. 217.3).

- Directors' remuneration for the performance of their executive functions must be in accordance with their contracts and with the Policy on the Remuneration of Directors, and the Board of Directors will be responsible for fixing it (Article 529 octodecies).

- The Policy on the Remuneration of Directors will conform to the statutory remuneration system, and must be approved by the General Meeting at least every three years (Art. 511 bis 1 c) and Art. 529 novodecies 1).

- Any remuneration which is linked to the Company's shares must be expressly foreseen by the Bylaws, and its payment will require a resolution of the General Shareholders' Meeting (Art. 219.1).

- The proposed Policy for the Remuneration of the Board of Directors must be justified, and must be accompanied by a report from the Appointments and Remuneration Committee. Both documents will be made available to the shareholders via the Company's website as soon as the General Meeting is called (Article 529 novodecies 2).

In accordance with the Rules of the Board of Directors of 26th January, 2016, it is the responsibility of the Appointments and Remuneration Committee to *"propose to the Board of Directors, for approval by the General Meeting, the Policy on the Remuneration of Directors, in their capacity as such, and the Policy for Executive Directors."* (Article 18.2 h).

In order to formulate the Remuneration Policy, the Appointments and Remuneration Committee had contracted, in previous years, the services of Garrigues Human Capital Services ("Garrigues"), who had been advising the Company on the requirements of the Law of Capital Companies and on the recommendations in relation to corporate governance.

To draw up the Policy, Garrigues used the following structure:

(i) For the remuneration system for non-executive directors:

- The principles and bases of the remuneration policy.

- The maximum amount of the annual remuneration to be paid to the directors as a whole, in their capacity as such, and the justification for it.
- A description of, and justification for, the remuneration system for the directors in their capacity as such. The different components of the remuneration and the parameters used to fix it.

(ii) For the remuneration system for executive directors:

- A determination of, and justification for, the amount of the fixed annual remuneration and its variation in the period to which the policy relates (three years).
- A description of, and justification for, the different parameters used to fix the variable components:
  - The chosen criteria for evaluating performance.
  - The evaluation components and methods for determining whether or not the said evaluation criteria have been fulfilled.
  - Alignment of the variable remuneration with the Company's interests and those of its shareholders.
  - Ex-post adjustments, mechanisms for deferment, and clauses for the 'clawback' of variable remuneration.
  - The keeping of shares received in implementation of Variable Remuneration Plans.
- The main terms and conditions of their contracts, particularly:
  - The duration.
  - Compensation for early cessation or for termination of the contractual relationship.
  - Agreements covering exclusivity and post-contractual non-competition.

The Committee debated this matter, and finally unanimously resolved:

i) To propose to the Board of Directors the continuance of the remuneration of the Directors, in their capacity as such (fixed monthly remuneration plus allowances for attendance at meetings of the Board or of its Committees), exactly as fixed by the Board of Directors itself in its meetings of 18th July and 17th September, 2014, and of 31st October, 2017, which is within the limits laid down by the General Shareholders' Meeting of 17th February, 2015.

ii) To propose to the Board of Directors that it submit the Policy on the Remuneration of Directors for 2019-2021, with the content shown in Appendix to these minutes, for the approval of the General Shareholders' Meeting.

iii) To approve the Report justifying the proposed Policy on the Remuneration of Directors, which is in accordance with Article 529 novodecies 2, and whose content is shown in Appendix to these minutes.

5th SESSION- 21 MARCH 2018

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. Stéphane Lissner and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary, Non-Member). Mr. John Downing delegated Mr. Marañón to represent him.

The Appointments and Remuneration Committee examined the following subjects:

- Constitution of the Appointments and Remuneration Committee

The Committee's Secretary, Mr. De Juan, reminded those present that the Board of Directors, in its meeting of 23rd January, and at the proposal of the Appointments and Remuneration Committee, had resolved:

i) to maintain the current number of members of the Committee, which was between the statutory minimum and maximum, and

ii) subject to their re-election by the General Shareholders' Meeting as Directors of the Company, to designate the following Directors as Members of the Appointments and Remuneration Committee:

- Mr. Gregorio Marañón y Bertrán de Lis, Independent Director, to be ratified as its Chairman by the Committee itself.
- Mr. Eduardo Zaplana Hernández-Soro, Independent Director
- Mr. Stéphane Lissner, Independent Director
- Mr. John Downing, Proprietary Director

The General Shareholders' Meeting which had just been held had re-elected Messrs. Marañón, Zaplana, Lissner and Downing as Directors.

The above-mentioned Directors had accepted their positions, had declared that they were not involved in any prohibition or incompatibility, and had taken office at once, in that selfsame General Shareholders' Meeting, with the exception of Mr. Downing, who had done so in a written communication dated today, 21st March, 2018.

The re-elected Directors (of whom Messrs. Lissner, Marañón and Zaplana were present in person, and Mr. Downing was represented by Mr. Marañón) accepted their positions as Members of the Appointments and Remuneration Committee, and declared that they were not involved in any prohibition or incompatibility that would prevent them from exercising that rôle.

Consequently, the Directors who were present or represented, members of the Committee, unanimously agreed to formally constitute the Appointments and Remuneration Committee, which would have the functions and responsibilities stipulated in Article 529 quaterdecies of the Law of Capital Companies, in Article 43º of the Bylaws, and in Articles 15 and 18 of the Rules of the Board of Directors.

It was expressly recorded that, in accordance with the provisions of the Bylaws and of Article 18 of the Board's Rules, the Committee was composed of non-executive Directors; of the four Directors, three were independent and one was proprietary.

- Ratification of the Chairman of the Committee.

The Secretary, Mr. De Juan, reported that, in accordance with Article 43º bis of the Bylaws and Article 18.1 of the Rules of the Board of Directors, it is the members of the Appointments and Remuneration Committee who elect a Chairman from among the independent Directors who compose it.

In its meeting of 23rd January, 2018, the Company's Board of Directors, without prejudice to the entitlement of the Committee Members to designate their Chairman, recommended that the Chairman of the Board, Mr. Gregorio Marañón y Bertrán de Lis, be ratified as Chairman of the Appointments and Remuneration Committee.

Mr. Marañón is classed as an independent Director.

Consequently, and with Mr. Marañón's abstention from voting, the Committee resolved to ratify as Chairman of the Appointments and Remuneration Committee, Mr.Gregorio Marañón y Bertrán de Lis.

Mr. Marañón, who was present, accepted this ratification of his position as Chairman of the Appointments and Remuneration Committee, and declared that he was not involved in any legal prohibition or incompatibility.

- Ratification of the Committee's Secretary

Article 15.1 of the Board's Rules stipulates that the Secretary of the Board of Directors will also be the Secretary of the Board's Committees.

The Committee had unanimously resolved to propose the re-election of Mr. Rafael de Juan López as Secretary of the Board, so, subject to that re-election, the Committee resolved to designate as Secretary (Non-Member) of the Appointments and Remuneration Committee, the Secretary of the Company's Board of Directors, Mr. Rafael de Juan López, who, being present, accepted the position of Secretary of the Appointments and Remuneration Committee, and declared that he was not involved in any legal prohibition or incompatibility.

- Report on the Re-Election of the Chairman of the Board of Directors

The Secretary of the Board of Directors and of the Committee, Mr. De Juan, informed the Board Members that, in accordance with Article 529 sexties of the Law of Capital Companies, Article 34º of the Bylaws, and Articles 10 and 18.2 e) of the Rules of the Board, the Chairman of the Board of Directors has to be elected from among the Board Members, following a report from the Appointments and Remuneration Committee.

Furthermore, Article 33º of the Bylaws stipulates that, after being re-elected as Directors, the Chairman and the Secretary will continue to perform the duties which they had previously within the Board, without the need for an election, and without prejudice to the Board's powers in cases of resignation from those positions.

Notwithstanding the provisions of Article 33º of the Bylaws, the Appointments and Remuneration Committee, with the abstention of Mr. Marañón, evaluated Mr. Marañón's performance as Chairman favourably, and proposed that the Board ratify and re-elect Mr. Gregorio Marañón y Bertrán de Lis as Chairman of the Board of Directors.

- Report on the Re-Election of the Secretary and Legal Advisor to the Board of Directors

Again, the Secretary of the Board and of the Committee informed the Board Members that, pursuant to Article 529 octies of the Law of Capital Companies, Article 34º of the Bylaws, and Article 13 of the Board's Rules, the Board of Directors has to designate a Secretary, following a report from the Appointments and Remuneration Committee.

Although, according to Article 33º of the Bylaws, it is not necessary to hold a new election for the post of Secretary, as Mr. De Juan, the current holder of that position, has been re-elected as a Director by the General Shareholders' Meeting, the Committee unanimously, as required, and in accordance with Article 18.2 e) of the Board's Rules, reported in favour of the re-election of Mr. Rafael de Juan López as Secretary and Legal Advisor to the Board.

- Report on the Appointment of Mr. Luis Egido Gálvez as Chief Executive Officer, and Permanent Delegation of Powers from the Board

The Secretary of the Committee reported that, in accordance with the Law of Capital Companies, the Bylaws and the Rules of the Board, the latter may appoint, from among its members, one or more Chief Executive Officers, who will have the powers which the Board itself delegates to them, except those which, according to the Law and the Bylaws, are non-delegable.

In accordance with Article 18.2 d) of the Board's Rules, it is the responsibility of the Appointments and Remuneration Committee *"to advise on the appointment of the Chief Executive Officer or Officers, and on the permanent delegation of powers to them."*.

The Appointments and Remuneration Committee evaluated very positively the performance of his rôle by the current Chief Executive Officer, Mr. Luis Egido Gálvez, who had been re-elected as a Director by the General Shareholders' Meeting, and consequently unanimously reported in favour of his appointment as the Company's Chief Executive Officer and of the Board's permanently delegating powers to him, and proposed to the Board that it adopt the following resolutions:

i) To appoint Mr. Luis Egido Gálvez as the Company's Chief Executive Officer.

ii) To delegate jointly and permanently to the Chief Executive Officer, Mr. Luis Egido Gálvez, all the powers of the Board of Directors, except those identified as being non-delegable by Articles 249 bis and 529 ter of the Law of Capital Companies, and those others which are legally or statutorily non-delegable, in particular, the powers which, in accordance with Article 38º of the Bylaws, require the adoption of resolutions of the Board of Directors with the favourable vote of at least 70% of its members.

6th SESSION- 24 APRIL 2018

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. John Downing, Mr. Stéphane Lissner and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary, Non-Member).

The Appointments and Remuneration Committee examined the following subjects:

- Proposal to the Board of Directors that it appoint, by co-option, an independent Director to fill the vacancy arising as a result of the resignation of another Director of the same category, together with a Report in support of that proposal.

Mr. Lissner, the independent Director and member of the Appointments and Remuneration Committee, took the floor to inform the Committee that he had decided, for personal and professional reasons unconnected with the Company, to resign from his post as a Director of the Company, a resignation which he would make official in today's Board Meeting, and which, obviously, would also involve his cessation as a member of this Committee.

The Committee's Chairman, Mr. Marañón, warmly thanked Mr. Lissner for his contribution to the work of the Board and of the Appointments and Remuneration Committee, and for his work in defending and managing the Logista Group's interests in general.

Mr. Marañón then proposed to the Committee the candidature of Mr. Alain Minc to fill the vacancy arising on the Board of Directors as a result of Mr. Lissner's resignation.

Grupo Logista

Mr. Minc is a graduate of the *École Supérieure des Mines* of Paris and of the *École nationale d'administration.*

After a period of work as a tax inspector, Mr. Minc joined Saint-Gobain in 1979, as Financial Director.

In 1986 he was appointed Vice-Chairman of CIR International (*Compagnie Industriali Riunite* International) and General Manager of Cerus (*Compagnies Européennes Réunies*), which are non-Italian subsidiaries of the Benedetti Group.

In 1991 Alain Minc founded his own consultancy, *AM Conseil*.

He has been a member of the Boards of Directors of several companies and Chairman of the Supervisory Board of the leading French daily newspaper *Le Monde* (from 19/12/1994 until 11/02/2008).

He is currently Chairman of *AM Conseil* and *Sanef*, and Director, Chairman of the Audit Committee and Member of the Remuneration Committee at CaixaBank.

His distinctions include *Commandeur de la Légion d'Honneur* (France), Commander of the British Empire (Great Britain) and the *Gran Cruz de la Orden del Mérito Civil* (Spain).

Mr. Minc is the author of more than thirty books on different subjects (economic, historical, political and social, among others).

In accordance with the provisions of Article 529 decies of the Law of Capital Companies, of Article 33º of the Bylaws, and of Article 22 of the Rules of the Board of Directors, *"the members of the Board of Directors of a listed company will be appointed by the General Shareholders' Meeting, or, when a vacancy is foreseen, by the Board itself, by co-option, without the need for the director appointed by the Board to be a shareholder of the Company".*

An appointment by co-option has to be ratified by the next General Meeting of the Company.

The Appointments and Remuneration Committee is responsible for *"evaluating the skills, knowledge and experience required in the Board"* (Article 529 quindecies 3 a) of the Law of Capital Companies, Article 43 bis a) of the Bylaws, Article 18.2 a) of the Board's Rules and Article 5.1 a) of the Policy on the Selection of Directors of 19th December, 2017).

The Appointments and Remuneration Committee is also responsible for *"presenting to the Board proposals for the appointment of independent directors by co-option"* (Article 529 quindecies 3 c), Article 43 bis c) of the Bylaws, Articles 18.2 c) and 22.3 of the Board's Rules and Article 5.1 b) of the Policy on the Selection of Directors of 19th December, 2017).

The Appointments and Remuneration Committee debated the matter, and concluded that Mr. Minc:

i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest);

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of independent director.

Consequently, the Appointments and Remuneration Committee unanimously resolved:

i) To propose to the Board of Directors the appointment by co-option of Mr. Alain Minc as an independent director, to fill the vacancy arising as a result of the resignation of the independent director Mr. Stéphane Lissner, for the statutory period of four years, subject to ratification by the next General Meeting of the Company's Shareholders;

ii) To propose to the Board of Directors the Report justifying the appointment of Mr. Alain Minc as an independent director, with the content shown in the Appendix to these minutes.

- Proposal to the Board of Directors that it appoint, by co-option, a proprietary Director to fill the vacancy arising as a result of the resignation of another Director of the same category, together with a Report in support of that proposal.

The Committee's Secretary, Mr. De Juan, reported that on 28th March he had received a copy of the communication sent to the Chairman of the Board by the proprietary director Mr. David Resnekov, and stating that, with effect from that date he was resigning from his position as a Director of the Company because on 30th April, 2018, he would cease to provide Imperial Brands PLC ("IB") with his services.

Mr. Resnekov was a proprietary director because he represented IB – the Company's majority indirect shareholder – on the Board of Directors.

In a communication from the Secretary of IB's Board, addressed to the Chairman of the Company's Board on 3rd April, 2018, IB had proposed that the resulting vacancy be filled by Mr. Amal Pramanik.

Mr. Amal Pramanik is a graduate in Civil Engineering from the Indian Institute of Technology, Kharagpur, India, and holds an MBA (Marketing and Systems) from the Indian Institute of

Management, Ahmedabad, India, a Diploma in Non-Executive Directorship from the Australian Institute of Company Directors and a Certificate as an Executive Coach (The Preston Associates).

He is currently Director of Strategy for the Imperial Brands Group. Previously, he had performed various functions within the Imperial Group (Director, Growth Division, Managing Director in the United Kingdom and in Holland, and Marketing Director in Australia).

Prior to joining the Imperial Brands Group, he had performed various rôles in other companies: Gillette India, Pepsi Cola India and ITC India (BAT).

In accordance with the provisions of Article 529 decies of the Law of Capital Companies, of Article 33º of the Bylaws, and of Article 22 of the Rules of the Board of Directors, *"the members of the Board of Directors of a listed company will be appointed by the General Shareholders' Meeting, or, when a vacancy is foreseen, by the Board itself, by co-option, without the need for the director appointed by the Board to be a shareholder of the Company".*

An appointment by co-option has to be ratified by the next General Meeting of the Company.

The Appointments and Remuneration Committee is responsible for *"evaluating the skills, knowledge and experience required in the Board"* (Article 529 quindecies 3 a) of the Law of Capital Companies, Article 43 bis a) of the Bylaws, Article 18.2 a) of the Board's Rules and Article 5.1 a) of the Policy on the Selection of Directors of 19th December, 2017).

The Appointments and Remuneration Committee is also responsible for *"presenting to the Board proposals for the appointment of non-independent directors"* (Article 529 quindecies 3 d), Article 43 bis d) of the Bylaws, Articles 18.2 d) and 22.3 of the Board's Rules and Article 5.1 c) of the Policy on the Selection of Directors of 19th December, 2017).

The Appointments and Remuneration Committee debated the matter, and concluded that Mr. Amal Pramanik:

i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest);

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of proprietary director, as he represents on the Board the Company's controlling shareholder, Imperial Brands PLC.

Grupo Logista

Consequently, the Appointments and Remuneration Committee unanimously resolved:

i) To report in favour of the appointment by the Board of Directors, by co-option, of Mr. Amal Pramanik as a proprietary director, to fill the vacancy arising as a result of the resignation of the proprietary director Mr. David Ian Resnekov, for the statutory period of four years, subject to ratification by the next General Meeting of the Company's Shareholders;

ii) To propose to the Board of Directors the Report justifying the appointment of Mr. Amal Pramanik as a proprietary director, with the content shown in the Appendix to these minutes.

<u>- Report/Proposal of the Board of Directors about the Appointment of a new independent Director as a Member of the Appointments and Remuneration Committee</u>

The resignation of the independent director Mr. Stéphane Lissner also resulted in a new vacancy on the Appointments and Remuneration Committee, of which he was a member.

The Committee's Chairman indicated that the vacancy had to be filled by an independent director, so as not to alter the current composition of the Committee in terms of categories of directors (three independent directors and one proprietary director). Mr. Alain Minc would therefore be the ideal candidate, once the Board had appointed him as a Director.

The Appointments and Remuneration Committee, pursuant to Article 15.2 of the Board's Rules, unanimously judged that Mr. Minc does indeed possess the knowledge, aptitudes and experience required of a member of the Committee, and therefore reported in favour of, and proposed to the Board of Directors, the appointment of the independent director Mr. Alain Minc as a member of the Appointments and Remuneration Committee.

<u>- Report/Proposal of the Board of Directors about the Appointment of a new Member of the Audit and Control Committee</u>

The resignation of the proprietary director Mr. David Ian Resnekov also resulted in a new vacancy on the Audit and Control Committee, of which he was a member.

The Committee's Chairman indicated that the vacancy had to be filled by a proprietary director, so as not to alter the current composition of the Audit and Control Committee in terms of categories of directors ((three independent directors and one proprietary director).

He therefore proposed that, at the request of Imperial Brands, the Appointments and Remuneration Committee consider proposing to the Board of Directors the appointment of the proprietary director Mr. Richard Hathaway as a member of the Audit and Control Committee.

Mr. Hathaway has been a Director of the Company since 24th March, 2015, and, because of his professional training and experience, particularly in economic and financial matters and in risk management, he satisfies the conditions laid down in Article 3.2 of the Rules of the Audit and Control Committee, of 19th December, 2017, for the Committee's members.

The Appointments and Remuneration Committee, pursuant to Article 15.2 of the Rules of the Board of Directors, unanimously judged that Mr. Richard Hathaway does indeed possess the knowledge, aptitudes and experience required of a member of the Audit and Control Committee, and therefore reported in favour of, and proposed to the Board of Directors, the appointment of the proprietary director Mr. Richard Hathaway as a member of the Audit and Control Committee.

7th SESSION- 29 MAY 2018

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. John Downing and Mr. Alain Minc (Members), as well as Mr. Rafael de Juan López (Secretary, Non-Member).

The Appointments and Remuneration Committee examined the following subject:

- Report on the Resignation of the independent Director Mr. Eduardo Zaplana.

Mr. Chairman informed the Committee that the Director Mr. Eduardo Zaplana Hernández-Soro, as was well known by the public, and as had already been reported to the directors on 23rd May, was being investigated under criminal law for the supposed commission of various offences, allegedly committed during the period (long before his appointment as a director of Logista) in which he held various institutional positions in the Community of Valenciana.

In view of his current situation, which is that of pre-trial detention, Mr. Zaplana, through his wife, Mrs. Rosa Barceló, informed Mr. Chairman on 26th May, 2018, that he was resigning from his position of Director.

Under Article 26.2 of the Board's Rules, Mr. Chairman indicated that it appeared necessary to accept Mr. Zaplana's resignation, since his remaining in the post, in view of the serious nature of the offences imputed to him and the media coverage already given to his procedural situation, "would place Logista's interests in jeopardy and could damage its credit and reputation."

Finally, the Appointments and Remuneration Committee, in accordance with Article 18.2 d) of the Board's Rules, reported favourably and recommended that the Board of Directors accept the resignation of the independent director Mr. Eduardo Zaplana Hernández-Soro, in application of Article 26.2 d) of the Rules of the Board of Directors of 26th January, 2016, given that he is being investigated in a criminal case, for the alleged commission of various offences.

8^{th} SESSION: 26 JUNE 2018

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman) and Mr. John Downing (Member), as well as Mr. Rafael de Juan López (Secretary, Non-Member). Mr. Alain Minc delegated Mr. Marañón to represent him.

The Appointments and Remuneration Committee examined the following subjects:

- Proposal to the Board of Directors that it appoint, by co-option, an independent Director to fill the vacancy arising as a result of the resignation of another Director of the same category, together with a Report in support of that proposal.

The Chairman informed the Committee that, as all the members were already aware, Mr. Eduardo Zaplana had tendered his resignation from the position of Company Director, for reasons which were public knowledge; a resignation which was accepted in the Board Meeting of 29th May, 2018, and which, obviously, also entailed his cessation as a member of this Committee and of the Audit and Control Committee.

Mr. Marañón said that he had been extremely careful when searching for the person to propose as an independent director, in the sense that the right person would need to have a clear curriculum vitae, to fulfil the requirements of independence in relation to the Company, to possess the personal aptitudes, knowledge and professional track record which matched the requirements of the various Businesses in the Group, and to perform, independently, the duties of a director in the manner expected of a person who would fill the vacancy for an Independent Director.

Mr. Marañón then proposed to the Committee the candidature of Mr. Jaime Carvajal Hoyos to fill the vacancy arising on the Board of Directors as a result of Mr. Zaplana’s resignation.

Mr. Carvajal holds a degree in Physics from Princeton University (New Jersey, USA).

Mr. Carvajal has provided services to various entities involved in analysis and financial investment management (Lehman Brothers and Iberacción), as well as to banking entities (The World Bank and Banco de Sabadell). He is a member of the Board of Directors of AllFunds Bank and non-executive Chairman of Evo Banco. He is currently a partner and the CEO of the investment bank Arcano Partners.

The Appointments and Remuneration Committee debated the matter, and concluded that Mr. Carvajal:

i) fulfils the requirements of the Law and of the Company’s Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest);

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of independent Director.

3. Succession Plan for Top-Level Directors

The Corporate Director of Human Resources, Mr. Juan José Guajardo-Fajardo, presented the Plan, indicating the broad lines and principles which had governed its preparation:

- The work had been done together with the top-level directors who report directly to the Chief Executive Officer.
- Each of these executives had decided who would succeed him or her, and had informed the Chief Executive Officer and the Director of Human Resources of that decision.
- Each of them had considered their succession in three different scenarios or contingencies:
    - ✓ Immediate: Substitution for a maximum of two months.
    - ✓ Medium term: Substitution still temporary, for a maximum of one year.
    - ✓ Long term: Permanent and definitive replacement.
- PE (Pending Engagement) means that the replacement is being sought internally and externally.
- The Plan would be reviewed regularly and continuously.

He then announced, for each position covered by the Plan, the name of the person who could fill it in the short, medium and long terms.

Finally, he described the actions which are currently being taken to assure optimal coverage of the positions included in the Plan.

A) Internal actions

- Maximising the current talent and capabilities: By means of interviews conducted by the Chief Executive Officer and the Corporate Director of Human Resources with the directors concerned (principally those aged about forty), their individual career plans are being drawn up to complement their skills and knowledge with training and exposure to new experiences.

- Promoting internal mobility: As part of the process of organising our collective talent, increasing movements between functions, to expose individuals to new experiences which increase their capabilities and skills, preparing them for Level-C positions.

- Prioritising efforts: Paying special attention to talents which are situated in the short to medium term within the Succession Plan (1-3 years).

B) External actions

- Searching: A continuous search for new talent, and to identify strong candidates for Levels n-1 and n-2. (In 2018: three directors in the Pharma business, one director in the Resources area, two in Information Systems and one Director of Human Resources in Italy, the Group's Talent Management).

- Work was being done with several head-hunters, in order to obtain a greater coverage and greater diversification of profiles.

- Strategic Talent Plan

Mr. Guajardo-Fajardo began the presentation of this item of the agenda by enumerating all the services provided by HR to the Group, among which is the Talent Plan, which forms part of the HR strategy and is also aligned with the Group's business strategy.

He indicated the general principles which underlie and govern the HR strategy: Attractiveness, Development, Differentiation and Commitment. Each of these principles governs the services and specific actions in the Human Resources Department.

He then explained the priorities in the engagement of new staff, and in their development in the short and medium terms.

He referred to the following projects:

- Programme for Graduates and Training

  Its aims are the following:

  - In view of Logista's unique business model, this Programme for Graduates and Training will help staff to evolve from the lower levels.

  - The creation of a Programme for Graduates and Training which is the same for everyone, is based on the same principles, and is adapted to local needs.

- The creation of a common strategy for the junior profiles, which will guarantee a reserve of talent for the future, an exportable channel of young internal talent, and coverage of vacancies in the various businesses.

- An improvement in the perception of the Logista Group as a modern and intelligent employer, through the creation of its image as an employer, and through recruitment in universities and business schools.

Mr. Guajardo then presented the calendar of actions required by the Programme and which will be implemented from the second half-year onwards.

- Programme for Managers

  Its aims are the following:

  - To ensure that the best skills are present within the organisation by developing the individual and identifying short- and long-term objectives for the benefit of the employee and the organisation.

  - To implement and extend initiatives which help us to secure the Company's results by developing employees' skills profiles in real projects, professional activities and training programmes (the Three E's Programme: Experience, Exposure and Education).

  The Programme will commence in October of this year, and will have three different levels: Junior, Senior and Executive.

- Key positions in the Group, and Succession Plan

  The Plan's objectives are the following:

  - To ensure that the organisation always has available several potential employees who possess the knowledge, abilities, skills, and experience which are required for its continued success, and who will support the strategy over two to five years.

  - To ensure that successors of optimal performance are available to take over in the Company's critical positions (Density of Talent).

  - To build a pool of 2-3 potential candidates who would be ready to join the Company (Map & Track).

  122 key positions have been identified in the Group, 15% of which would be included in the Talent Plan, 62% are "Key", and seven are vacant.

9th SESSION – 25 SEPTEMBER, 2018

Present at this session were Mr. Gregorio Marañón y Bertrán de Lis (Chairman), Mr. John Downing, Mr. Stéphane Lissner and Mr. Eduardo Zaplana Hernández-Soro (Members), and Mr. Rafael de Juan López (Secretary) (Non-Member).

Also present was the Chief Executive Officer of the Company, Mr. Luis Egido Gálvez.

The Appointments and Remuneration Committee examined the following subjects:

Proposal to the Board of Directors that it appoint, by co-option, a new independent director to fill the vacancy arising as a result of the resignation of another director of the same category, together with a report in support of that proposal.

The Appointments and Remuneration Committee unanimously resolved:

2.1 To propose to the Board of Directors the appointment by co-option of Mr. Jaime Carvajal Hoyos, to fill the vacancy left by the resignation of the Independent Director Mr.Eduardo Zaplana Hernández-Soro, for the statutory period of four years, and subject to ratification by the next General Shareholders' Meeting.

2.2 To make final the Report justifying the appointment of Mr.Jaime Carvajal Hoyos as an Independent Director, with the content appended to the minutes of the Appointments and Remuneration Committee's meeting of 26th June, 2018.

Report/Proposal to the Board of Directors concerning the nomination of the independent Director Mr. Alain Minc as a member of the Audit and Control Committee.

The Appointments and Remuneration Committee, in accordance with Article 15.2 of the Rules of the Board of Directors, and with the abstention of Mr.Minc, judged that Mr. Alain Minc possesses the appropriate knowledge, skills and experience to be a member of the Audit and Control Committee, and consequently reported in favour of, and proposed to the Board of Directors, the nomination of the independent Director Mr. Alain Minc as a member of the Audit and Control Committee.

Report/Proposal to the Board of Directors concerning the nomination of the independent Director Mr. Jaime Carvajal Hoyos as a member of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee, in accordance with Article 15.2 of the Board's Rules, unanimously judged that Mr.Carvajal does indeed possess adequate knowledge, abilities and experience to be a member of the Committee, and therefore reported in favour of, and proposed to the Board of Directors, the nomination of Mr. Jaime Carvajal Hoyos, Independent Director, as a member of the Appointments and Remuneration Committee.

- Self-evaluation of the Board's functioning in fiscal year 2017-2018

The Committee, in accordance with the Bylaws, the Board's Rules of 26th January, 2016 (Art.19.7) and the Recommendations of the new Code of Good Governance, analysed the result of the self-evaluation of the functioning of the Board and its Committees, and of the performance of their duties by the Chairman of the Board, the Chief Executive Officer and the Board Secretary in fiscal year 2017-2018, and unanimously decided to submit to the Board a Plan of Actions for improvement.

Report, and proposal to the Board, concerning approval of the enlargement of the Company's Share Buy-Back Programme so that the shares may be used in the Company's 2014 and 2017 General and Special Share Plans.

The Appointments and Remuneration Committee unanimously proposed to the Board the adoption of the following resolutions:

a) To expand the Programme for the Buy-Back of the Company's own shares so as to assign all or some of them, at the appropriate moment, for delivery to the Beneficiaries of the 2014 and 2017 General and Special Share Plans who affirm their right to the delivery in accordance with the Rules of both Plans.

The Enlargement of the Share Buy-Back Programme will have the following characteristics:

(i) In implementation of the Programme, the Company may acquire up to 215,876 shares.

(ii) The maximum monetary amount assigned to the Expansion is 4,900,000 euros.

(iii) The shares will be purchased at market price, under the terms governing price and volume laid down by EU Regulation 596/2014 of the European Parliament and Council, of 16th April, 2014, relating to Market Abuse, EU Delegated Regulation 2016/1052, of the Commission, of March, 2016, and in particular, in accordance with the terms of operation, applicable restrictions and obligations in relation to transparency laid down by this latter Regulation, and in the Internal Rules of Conduct relating to the Company's Securities Markets, of 27th September, 2016.

(iv)The Buy-Back Programme will remain in force until 1st October, 2019, but will end on an earlier date if the Company has already acquired the indicated maximum number of shares, or if the agreed maximum monetary limit has been reached, or if any other circumstances make its termination advisable, in the opinion of the Board.

(v)The approval, interruption, termination or modification of the Buy-Back Programme, and the share-purchasing operations in implementation of the same, will be notified to the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission) with the frequency laid down by the regulations.

b) To empower LOGISTA's Corporate Director of Finances, Mr. Manuel Suárez Noriega, to take the appropriate purchasing decisions in implementation of the Buy-Back Programme, in accordance with the provisions of the Internal Rules of Conduct relating to the Company's Securities Markets, of 27th September, 2016, and to designate the member of the market who will have to broker the purchasing operations.

The preceding report was unanimously approved by all the members of the Appointments and Remuneration Committee in the session held on 30 October 2018.

Leganés, on 30 October, 2018.

The Secretary of this Committee,

Rafael de Juan López

Free translation from a report originally issued in Spanish.

Spanish version prevails over the English version

Annual Report on Corporate Social Responsibility 2017-2018

LOGISTA

FISCAL YEAR END DATE: 30/09/2018

C.I.F.: A87008579

COMPANY NAME:
Compañía de Distribución Integral Logista Holdings, S.A.

REGISTERED OFFICE:
Calle Trigo 39 - Polígono Industrial Polvoranca
28914 Leganés (Madrid)

Annual Report on Corporate Social Responsibility 2017-2018

LETTER FROM THE CHAIRMAN

Dear Shareholders.

I have the honour of presenting you the Logista Group's Annual Report on Corporate Social Responsibility (hereafter, CSR indistinctly) corresponding to the fiscal year 2017-2018.

The Company's firm commitment to the integral quality of its services is linked to the commitment to develop a responsible and sustainable activity in relation to the company's good governance, employees, shareholders and investors, clients and suppliers, the environment and the society in general.

After approving the Corporate Policy on Social Responsibility in June 2016, the Board of Directors continues promoting its development, in relation to the aforementioned stakeholders, integrating it into the company's strategy.

As an example, CDP has recognized Logista as "CDP Supplier Leader 2018" and once again included the Group in its prestigious "A-List" group, standing out as the unique European distributor in the list and identifying Logista as a worldwide leading company in Climate Change management.

Similarly, Logista is part of the FTSE4Good index, consisting of companies that demonstrate solid practices in environmental, social and corporate governance matters.

The Corporate Social Responsibility so becomes a company's strategic axis that involves all of us who integrate or relate to it, and is an inseparable part of the Group's success.

Logista continues making significant progress in CSR, contributing to the achievement of a global, integral and sustainable excellence as the leading distributor of products and services to proximity networks in Southern Europe.

About this report

Logista presents for fourth consecutive year its Annual Report on Corporate Social Responsibility, aimed at easily and transparently explaining the Company's strategy in sustainability matters and delving into those aspects more relevant for its stakeholders.

The information included in this report refers to the fiscal year 2017-2018, comprising from October 1st, 2017 to September 30th, 2018, and covers all Group's activities.

This Annual Report on Corporate Social Responsibility has been approved by the Company's Board of Directors in its meeting on October 30th, 2018, following a report from the Audit and Control Committee as indicated in the Logista Group's CSR Policy approved in June 2016.

Corporate Reports

Logista publishes the following reports that make up the Annual Report:

- Annual Accounts
- Annual Report on Corporate Governance
- Annual Report on Remuneration of Directors
- Annual Report on Corporate Social Responsibility

These reports, and the annual reports of previous fiscal years, are available in the Group´s web site, www.grupologista.com, in both Spanish and English.

LOGISTA GROUP'S PROFILE

The Logista Group is the leading distributor of products and services to proximity retailers in Southern Europe.

Logista provides the best and fastest market access for products and services through a capillary network of points of sale near the end consumer, becoming the best partner for manufacturers and points of sale thanks to its specialized, high added value, intelligent and unique distribution service in Southern Europe.

Logista distributes tobacco and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries, among others, to some 300,000 points of sale within capillary retail networks in Spain, France, Italy and Portugal. Logista also distributes tobacco products to wholesalers in Poland.

Unique Business Model

The Logista Group has developed a unique business model in Southern Europe based on these three fundamental pillars:

- Combination of distribution and comprehensive logistics services with exclusive added value services, boosted by our network of some 47,000 Point-of-Sale Terminals installed in points of sale and our Business Intelligence tools for greater insight into the end consumer.
- A vertical and integrated model of distribution, transport and information systems infrastructures combining logistics efficiency, full control and traceability in specialized distribution.
- Proximity to the point of sale through hundreds service points in the countries where it operates.

Logista therefore provides an unbeatable platform for the commercialization of products and services adapted to the points of sale and their end consumers.

Main operating figures

~300,000 Points of sale distributed

~ 45 million of daily consumers in these channels

~ 47,000 Point-of-Sale Terminals (PoS Terminals) installed

Presence in 5 countries

~ 15,000 collaborators

~ 5,800 direct employees of 50 nationalities

~ €50 billion invoiced in products and services

~ 680 central and regional platforms and service points

Value chain

Logista integrates within a single supplier all the services making up the supply chain in a transparent manner, with full traceability and with the most advanced and specialized services in each sector and channel of points of sale in which it operates.

Omnichannel order taking. Purchase of products
- Multimodal order taking: PoS Terminals, Internet, C&C…
- Online orders processing and follow-up
- Safety stock management

Storage and Stock Management
- Real-time inventory management
- Safety stock management
- Adaptability to different types of products
- Temperature-controlled storage
- Tax and bonded warehouses

Order preparation
- Radiofrequency
- Consolidation of orders from several suppliers
- Customised labelling and packaging
- Automated classification of shipments

Transport and Distribution
- Design and management of routes
- Controlled-temperature
- Risks coverage
- Multimodal transport
- Fleet control and monitoring

Invoicing and Collection
- Invoicing
- Collection via cash on delivery, credit card…
- Administrative support
- Incidents management
- Integration with external call centres

Customer and After-Sales Service
- PoS Terminals and applications for point-of-sale management
- Service points
- Control and management of returns
- Incidents management
- Integration with external call centres

Main figures

- **Economics**

(€ million)	2017-2018	2016-2017
Revenues	**9,476.5**	**9,493.2**
Economic Sales	**1,118.2**	**1,049.7**
Iberia	561.4	533.4
France	264.2	273.6
Italy	290.4	240.9
Corporate & Others	2.2	1.8
Adjusted EBIT	**245.9**	**218.8**
Iberia	114.2	104.8
France	65.8	67.8
Italy	79.5	59.0
Corporate & Others	(13.6)	(12.9)

There have been no significant changes in the Group's perimeter and no reformulation of the information in both periods.

- **Employees**

Average headcount (*)	2017-2018	2016-2017
Spain	3,440	3,331
France	1,395	1,425
Italy	406	361
Portugal	484	406
Poland	77	77
TOTAL	**5,802**	**5,600**

(*) Rounded figures

- **Market capitalization**

	30/09/2018	30/09/2017
Market capitalization (€ million)	**2,936**	**2,701**
Share price (€)	**22.1**	**20.4**

Board of Directors and Committees

Position:	Name:
Chairman:	Mr. Gregorio Marañón y Bertrán de Lis
Chief Executive Officer:	Mr. Luis Egido Gálvez
Secretary Director:	Mr. Rafael de Juan López
Director:	Mr. Jaime Carvajal Hoyos
Director:	Mr. John Downing
Director:	Ms. Cristina Garmendia Mendizábal
Director:	Mr. Richard Guy Hathaway
Director:	Mr. Richard Charles Hill
Director:	Mr. Alain Minc
Director:	Mr. Amal Pramanik

- Chairman of Audit and Control Committee
- Member of Audit and Control Committee
- Chairman of Appointments and Remuneration Committee
- Member of Appointments and Remuneration Committee

In the Annual Report on Corporate Governance 2017-2018, the Company's government structure is explained in its C section.

Our values

Respect
Logista, as a multicultural Group, promotes the respect and tolerance in all its acts

Professionalism
Integrity in management and transparency in the relationships of the Group with its stakeholders

Initiative
Key factor for change that promotes advance and prepares us for the future

Commitment
Long-term sustainable development

The entire Group shares these values. They are expressly included in the Code of Conduct and together with other behaviour guidelines included in the Code of Conduct; they form the basis of the Logista Group's sustainable business model.

Logista Group's Companies

The composition of the Logista Group, formed by Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiary companies, direct or indirect, is:

Compañía de Distribución Integral Logista Holdings, S.A.

- Compañía de Distribución Integral Logista, S.A.U.
  - Grupo Dronas (100%)
    - T2 Gran Canaria (100%)
    - Logista Pharma (100%)
      - Be to Be Pharma (100%)
  - Logista-Dis (100%)
  - Logista Libros (50%)
  - La Mancha (100%)
  - Logesta (100%)
    - Logesta Italia (100%)
    - Logesta Francia (50%)
    - Logesta Deutschland (100%)
    - Logesta Lusa (51%)
    - Logesta Polska (51%)
  - Logista Publicaciones (100%)
    - Distribuidora del Este (100%)
    - Disvesa (50%)
    - Cyberpoint (100%)
    - Distrisur (50%)
    - Distribuidora de Aragón (5%)
    - Provadisa (90%)
    - Las Rías (90%)
    - Distribuidora de Ediciones Sade (100%)
    - Distriberica (100%)
      - Distribuidora del Noroeste (51%)
      - Pulisa (100%)
      - Provadisa (10%)
      - Las Rías (10%)
      - Distribuidora de Publicaciones Siglo XXI Guadalajara (80%)
  - Distribuidora del Noroeste (49%)
  - Logista France Holding (100%)
    - Logista Promotion et Transport (100%)
      - Logesta Francia (50%)
  - Logista France (100%)
    - SAF (100%)
      - Supergroup (100%)
  - Logista Italia (100%)
    - Terzia (68%)
  - Midsid (100%)
    - Jose Costa & Rodrigues (100%)
  - Logista Transportes e Transitos (100%)
    - Logesta Lusa (49%)
  - Logesta Polska (49%)
  - Logista Polska (100%)
  - UTE Logista – GTech (50%)

CORPORATE SOCIAL RESPONSIBILITY

The Logista Group integrates ethical, business, social, environmental, economic and transparency and good corporate governance principles and values in its management and in developing its activities in all the countries where it is present.

In June 2016, the Logista Group approved its Corporate Policy on Social Responsibility, which basing on the values that characterize the Group of respect, initiative, and professionalism, integrity in management and transparency in acts and relationships with stakeholders, established the Group's main commitments to the different stakeholders in corporate governance, economic, operational, environmental and social matters.

These principles, values and commitments are integrated into the Group's strategy and management model, permeating all its acts, particularly those related to its Good Governance and its relationships with shareholders and investors, employees, clients and channels, suppliers, environment and society in general.

The Logista Group's Policy on CSR also defines the functions and responsibilities of each body involved in CSR management to the highest level of the organization, and provides for a periodical follow-up aimed at the achievement degree of these commitments and the identification of opportunities for the continuous improvement of the CSR management.

The Group's Policy on CSR thus establishes a framework that structures the CSR management in coherence with the corporate and business strategy and objectives, and guides the Group's sustainability initiatives and new social responsibility projects.

In this sense, the Logista Group has also established other corporate and specific policies for each stakeholder to collect the Group`s values and principles and establish the guidelines for acting with them, such as the Logista Group's Policy on Information and Communications with shareholders, the securities markets and public opinion, the Code of Conduct, the Quality, Environment and Energy Efficiency Policy or the Corporate Purchasing Policy, among others.

During the fiscal year 2017-2018, Logista has renewed its presence in the FTSE4Good index and in the Carbon Disclosure Project, and has maintained its MSCI's A rating.

Stakeholders

Logista understands as stakeholders those groups that may influence or may be influenced by the Logista Group's activities from a social responsibility point of view.

Logista identifies its employees, shareholders and investors, clients, suppliers, and the society in general, with particular emphasis on the environmental care, as its main stakeholders.

Objectives and commitments to Stakeholders

Logista is committed to contributing to developing a sustainable business model and to providing the maximum possible value to the different Group's stakeholders.

	Objectives	Commitments
Good Governance	• Short, medium and long-term value generation	• Promoting the best practices • Fostering the transparency and two-way communication • Assuming the Group's fiscal responsibility • Incorporating the principles of the United Nations Global Compact
Shareholders & Investors	• Long term sustainable value generation • Permanent dialogue	• Long term sustainable value generation • Prudent and responsible risks management • Promoting integrity and transparency in the information • Guaranteeing fair treatment to all shareholders
Employees	• Promoting employment and motivation of employees • Recruiting and development of internal and external talent • Spurring the training and continuous learning • Diversity and equality of opportunities • Promoting the health, safety and wellbeing of the employees	• Promoting employment and motivation of teams • Developing actions designed to recruit talent • Spurring the training and qualification of our employees • The establishment of a policy on remuneration and social benefits which facilitates the engaging of the best professionals • Promoting diversity and equality of opportunities • Regarding the health, safety and wellbeing of the employees as a fundamental value for the Group
Clients & Channels	• Creation of stable and long-term relationships • Loyalty of relationships	• Promoting excellence and quality in the service • Spurring initiatives which foster the complete satisfaction of the customers and the correct functioning of the sales channels • Establishing stable, long-term relationships
Suppliers	• Promoting the compliance of sustainable criteria	• Promoting the optimisation and rationalization of resources • Guaranteeing maximum transparency and preventing the risk of fraud in the contracting process • Promoting the knowledge and application of the Code of Conduct and of the principles upon which the Group's Purchasing Policy is based
Society & Environment	• Development of quality and environmental good practices • Social initiatives	• To identify, monitor and control the most relevant environmental indicators (control panel) • Collaborating in, participating in, and supporting national and international initiatives for the protection of the environment • Impelling the development of the Energy Efficiency Plan • Promoting the CSR culture

Permanent and fluent dialogue with Stakeholders

Logista promotes a permanent, fluid and transparent dialogue with all its stakeholders.

Thus, the Group has communications and bidirectional channels to dialogue with all of them, aiming at taking into consideration their needs and expectations related to financial, environmental or social matters.

In order to secure a permanent and fluent dialogue, the Logista Group has established specific communication channels adapted to the characteristics of each stakeholder, although the Logista Group also has communication channels common to all of them, as may be the Company's web site (www.grupologista.com) or the corporate reports annually published.

Stakeholders	Communication channels

Shareholders & Investors	• Personal contact
	• Participation in seminars and forums
	• Roadshows and personal visits
	• Meetings or audio webcasts to inform about results
	• Corporate website
	• Specific email and phone for shareholders and investors
	  • investor.relations@grupologista.com
	  • +34 91 481 98 26

Employees	• Labour Climate Survey • Periodical meetings and business conventions • Suggestions boxes • Intranet • Employees' representatives • Newsletters or Internal notices • Email
Clients & Channels	• Call centres • Specific email and form in the corporate website • Complaints and claims systems • Satisfaction surveys • Interviews
Suppliers	• Personal contact • Meetings • Email • Phone • Suppliers' websites
Society & Environment	• Relationships with different social organizations • Direct relationships with different public administrations of the countries where the Group operates • Relationships with the media • Specific mail box in the corporate website for environmental matters • Participation in environmental organisms, initiatives and associations

GOOD GOVERNANCE

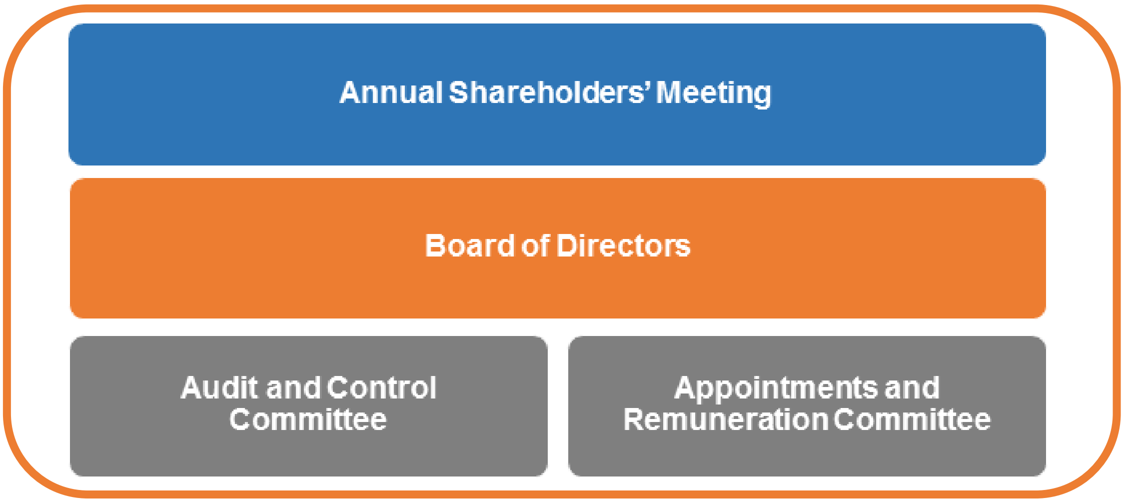
The Company's Good Governance is the base for long-term value creation and the adequate functioning and development of the Group's activity.

Logista bases its Good Governance model on the Logista Group's corporate values, on the best practices in Corporate Governance, and follows the Principles and Recommendations by the Good Governance Code of Listed Companies approved by the Comisión Nacional del Mercado de Valores (Spain's stock market supervisor), as well as on the Good Governance criteria and guidelines issued by markets supervisors and other operators; principles that support the Logista Group's Policy on Corporate Governance, approved by the Board of Directors on June 23rd, 2016.

The Company provides with full and detailed information about its governance in the Annual Report on Corporate Governance.

Accordingly, the Annual Report on Corporate Governance corresponding to the fiscal year 2017-2018, comprising from October 1st, 2017 to September 30th, 2018, was approved by the Group's Board of Directors in its meeting on October 30th, 2018 and it is available in the CNMV's website as well as in the Group's website (www.grupologista.com).

Governance bodies of the Company



The functioning of the governance bodies and the decision-making process is comprehensively described in the Annual Report on Corporate Governance, in its section C.

Aiming at reinforcing the Group's transparency and independency in relation to auditors, Logista audits its financial statements by two auditors acting jointly.

One further fiscal year, the auditors considered that the Logista Group's annual accounts express, in all relevant aspects, the true image of the Group's equity and financial situation, as well as its results and cash flows.

The Group's Policy on Social Responsibility, approved in 2016, is aligned with the Principles of the United Nations Global Compact regarding human rights, labour, environment and anticorruption. This explicit commitment by the Company is integrated in its activity, and extends to all its employees, clients and suppliers it works with, aiming at respecting and guarantying the protection of the Human Rights.

During the fiscal year 2017-2018, the Company has continued developing new Corporate Rules and Policies, such as the Policy on Remunerations of Directors 2019-2021 following the report of the Appointments and Remuneration Committee.

The CNMV (Spain's stock market supervisor) approved last June 27th, 2017 a Technical Guide on Audit Committees in entities of public interest ("the Technical Guide"), which provides with principles, recommendations and criteria for the proper functioning of Audit Committees.

According to these recommendations, Logista has approved a specific Regulation for the Audit and Control Committee, following the Board of Directors' report about the approval of this Regulation and has modified the articles 15, 17 and 46 of the Board of Directors Regulations in relation with the Committees in general and, in particular, with the Audit and Control Committee, following the Board of Directors' report about this modification.

Responsible tax management

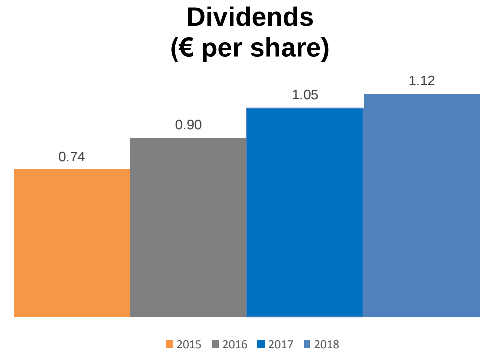
The Logista Group's Board of Directors approved the Group's Fiscal Policy in 2015, with the aim of reaffirming and making explicit the Logista's commitment to the strict compliance with the applicable regulation in the territories where it operates and with the application of the Group's good practices.

The main objectives and acting principles of the Group's Fiscal Policy are:

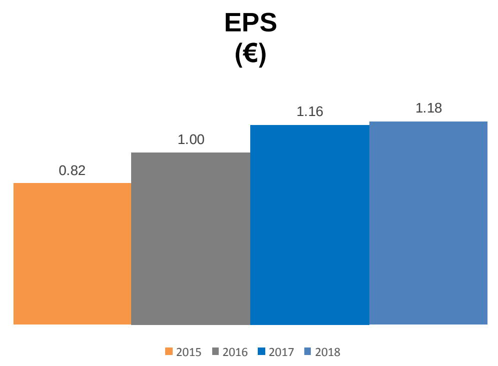
- To ensure compliance of the applicable tax regulation, both national and international.
- To pay all taxes required under current legal systems of each territory where the Group operates.
- Submit all tax declarations of the Group in each country on time, even if they do not involve the payment of any taxes.
- To facilitate and promote, as far as possible, appropriate coordination of the fiscal policy of the Group's subsidiaries and those of the Company whenever local tax regulations impose divergent criteria.
- To minimize the Group´s fiscal risks associated to operations, as well as in the Company's strategic decisions.
- To maintain a fiscal policy that allows maximizing the value for the shareholder and an optimization of the Group's cash flow, always operating according to the applicable regulations.
- To comply with the principle of internal and external transparency, particularly regarding fiscal authorities.
- To promote a total communication with the fiscal authorities.
- To cooperate with the Fiscal Authorities in fighting illicit trade.
- To define the fiscal risks and set the Objectives and Activities of Internal Control, as well as to set up a reporting system of fiscal compliance and for keeping documentation, integrated in the General Framework of the Group's Internal Control.
- The Board of Directors will receive detailed information on the main tax implications of operations or issues subject to its approval, when may be relevant to its decision.
- In the application of tax regulations, the Company will have as main reference the fact that they derive from the courts in relation to each of the operations or issues that have a fiscal impact.

SHAREHOLDERS AND INVESTORS

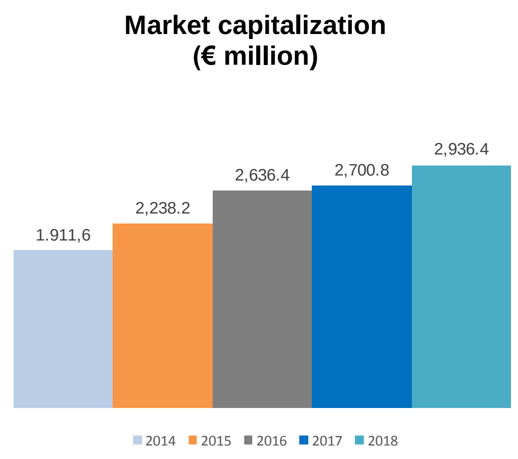
The Logista Group has assumed the commitment of permanent dialogue and the creation of long-term sustainable value, adapting to the demands and requirements of its shareholders and investors, and ensuring corporate profit as one of the bases for the future sustainability of the society in general and of the Group in particular.



- “Pay out”: 90% of Net Profit
- Dividend per share: 1.12 €, + 6.7%



- +1.85% Net Profit



- +8.7% share revaluation in the FY 2017-2018

Long-term sustainable value creation

- **Dividends**

Logista's dividends policy, subject to approval by the General Shareholders Meeting, consists in an annual pay out of at least 90% of the annual Consolidated Net Profit.

Logista paid an interim dividend of €0.35 per share on August 30th, 2018, indebted to fiscal year 2017-2018 results.

In addition, the Company's Board of Directors intends to propose to the General Shareholders Meeting distributing a final dividend of €0.77 per share, that will be payable at the end of the second quarter of fiscal year 2019.

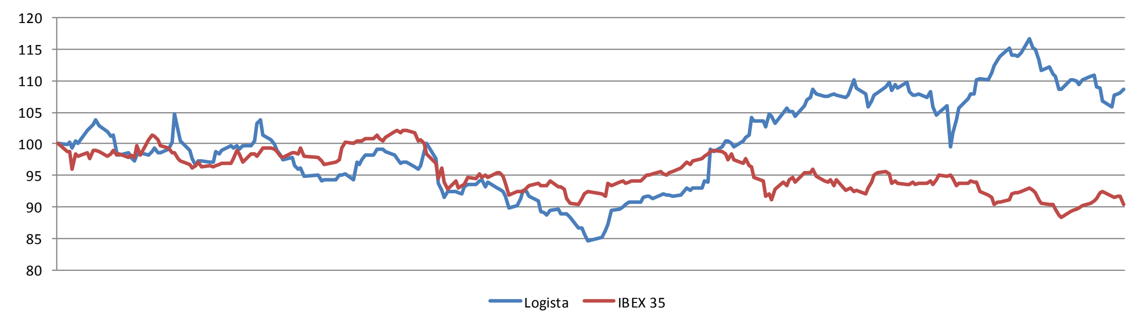
Therefore, the total dividend to be indebted to fiscal year 2017-2018 will be €1.12 per share, a 6.7% above the total dividend indebted to the previous fiscal year.

- **Logista's share**

	2014*	2015	2016	2017	2018
Market capitalization at the end of FY (€m)	1,911.6	2,238.2	2,636.4	2,700.8	2,936.4
Closing price (€)	14.4	16.9	19.9	20.3	22.1
Maximum price (€)	14.4	20.2	21.6	24.2	23.7
Minimum price (€)	13.0	12.9	16.7	19.2	17.2
Total volume (shares)	24,614,887	60,184,153	40,296,050	35,104,389	65,615,281
Average daily volume (shares)	431,840	236,016	156,186	137,127	258,327
Rotation (% of share capital)	18.5%	45.3%	30.4%	26.4%	49.4%
Revaluation during the FY (%)	**10.8%**	**17.1%**	**17.8%**	**2.4%**	**8.7%**

*Since July 14th, 2014: IPO. Source: Bloomberg

During the fiscal year 2017-2018, Logista's share price increased by 8.7% compared to a 9.6% decline of the IBEX index.



Since the IPO in 2014, Logista's share price has annually increased by 11.3% versus a 3.5% average annual decline of the IBEX index in the same period.

Since February 5th, 2018, Logista is part of the "IBEX Top Dividendo" index, made up of the 25 securities with the highest dividend yield among those included in IBEX 35, IBEX Medium Cap or IBEX Small Cap, provided that they register at least a 2-year track record of ordinary dividend payments.

Logista is part of the IBEX Medium Cap index since December 2014, which includes the 20 largest companies in terms of market capitalization, adjusted by free float, after those included in the IBEX 35 index, as long as the annualized rotation is higher than 15%.

In addition, Logista is part of the FTSE4Good index, created by the global index provider FTSE Russell and consisting of those companies with solid practices in environmental, social and corporate governance matters.

- **Capital structure**

All Logista's shares are of a single class and series and have the same rights.

Capital structure	2014	2015	2016	2017	2018
Number of shares	132,750,000	132,750,000	132,750,000	132,750,000	132,750,000
Share capital	26,550,550	26,550,550	26,550,550	26,550,550	26,550,550
Nominal Value	0.20	0.20	0.20	0.20	0.20
Own-shares	-	40,614	275,614	391,432	425,496
% Own-shares over share capital	-	0.03%	0.21%	0.29%	0.32%

At the end of fiscal year 2017-2018, Logista had 425,496 own-shares in order to meet the commitments of shares distribution resulting from the Company's 2014 General and Special Plans of Shares.

As of September 30th, 2018, the most significant shareholdings according to the information reported to the CNMV by the shareholders, are:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	% over total voting rights
Imperial Brands PLC	0	66,385,001	50.01%
Capital Research and Management Company	0	7,088,202	5.34%
BlackRock, Inc	0	6,082,739	4.58%
Allianz Global Investors GmbH	0	6,605,632	4.98%

During the fiscal year 2017-2018, the most significant movements in the shareholding structure have been the decrease of the Imperial Brands PLC stake to 50.01%, after a 10% placement of the Company's capital on July 31st, 2018; and the increase of the Capital Research and Management Company stake above 5%, also on July 31st, 2018.

Prudent and responsible management of the risks

The Logista Group's Corporate Risk Management system is included in the Group's General Risk Management Policy.

This Policy, applicable to each business and country as well as to corporate directorates, has as main objective to provide the guidelines to integrate all information of the Group’s different functions and operations, in order to provide the Business Managers and Corporate Directorates with an integral and joint vision of these risks, so improving the Management’s ability to efficiently manage risks while minimizing the impacts if they were materialized.

The Group´s risks management methodology is explained exhaustively in the sections E and F of the Annual Report on Corporate Governance 2017-2018.

During the fiscal year 2017-2018, the Company has reinforced the intervention and the discussion in the Board of Directors about the Group’s Risks matters.

Integrity and transparency of the information

- **Investor Relations**

Logista manages the relationship with investors and shareholders through the Investor Relations and Strategic Analysis department, with a commitment to maximum transparency in the information diffusion.

The Group’s Policy on Information and Communications with shareholders, the securities markets and the public opinion establishes the Company’s information, communications and contact instruments, and defines the criteria when communicating and contacting shareholders, analysts and large investors.

Logista provides the investors community with relevant information on the Company related to its strategy, activities and results through information published in its corporate website, meetings, personal contacts, etc.

In the Shareholders and Investors section of the corporate website, www.grupologista.com, the Logista Group publishes relevant information for investors and shareholders, such as relevant facts, economic-financial information, share price performance, information related to the General Shareholders Meeting, etc.

Logista also holds a fluent communication with financial analysts, both national and international. During the fiscal year 2017-2018, 13 firms recurrently covered the Company recurrently.

By the end of the fiscal year 2017-2018, Logista had 10 buy ratings, 2 hold ratings and 1 sell rating, with an average target price of €23.9.

The Policy on Information and Communications with shareholders, the securities markets and public opinion also rules the information provided by the Group to the media through press releases on the Group’s results and businesses developments, contracts signed or any other aspect deemed as relevant.

Equal treatment

All Logista's shares are of a single class and series and have the same rights, so every shareholder has the same rights on an equal and equitable basis, notwithstanding the number of shares owned.

The General Shareholders Meeting is the Company's sovereign body.

Logista promotes the participation of shareholders in the General Shareholders Meeting, the main participation channel for shareholders in the Company's decisions-making and the opportunity of sharing their opinions and concerns with the Board of Directors and the rest of shareholders.

Every Logista's shareholder has the right to attending the General Shareholders Meeting, notwithstanding their number of shares owned, on equal and equitable basis.

In the General Shareholders Meeting call, Logista provides shareholders with the agenda and all documents required by law and by its internal regulations, as well as the details about the information services to shareholders and the systems to remote monitoring or attendance.

General Shareholders Meeting	2015	2016	2017	2018
% of present or represented capital	82.96%	90.91%	88.82%	84.66%

EMPLOYEES

- More than 15,000 professionals habitually collaborate with the Group
- 5,819 people of 50 nationalities work at Logista
- 85% of the Group's staff with a permanent contract
- Respect, initiative, commitment and professionalism are the values ruling their actions
- The 2018-2020 Human Resources Director Plan boosts the efficiency and impact on the business and its staff

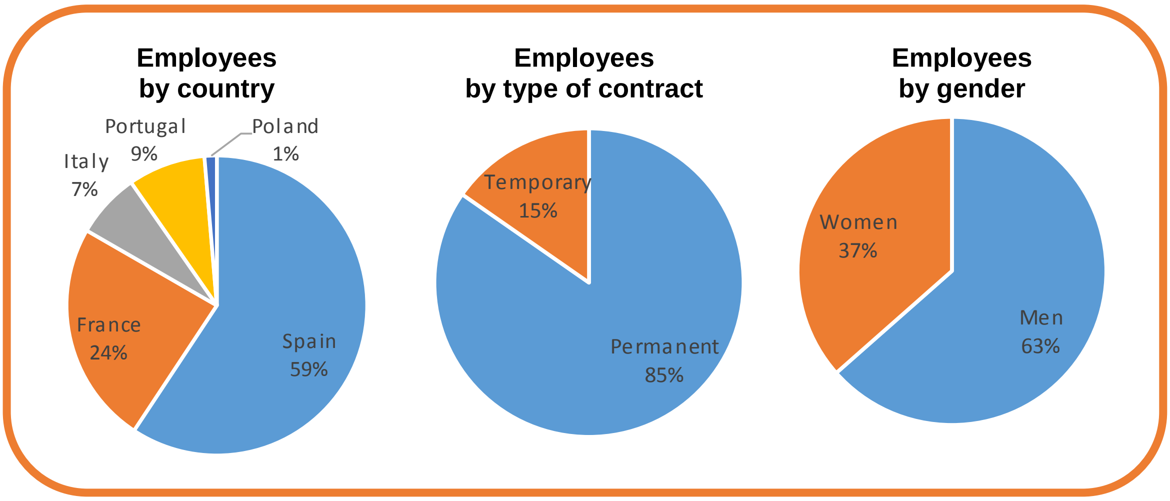
Logista considers its professionals and collaborators a key factor in achieving its business targets and in generating long, medium and short term value.

During the fiscal year 2017-2018, Logista has defined and set a Human Resources Director Plan for 2018-2020, reflecting the Human Resources' strategy based on the Group's strategy and that of each of its businesses.

This Human Resources Director Plan consists of 4 elements:

1. "HR Roadmap": sets the Human Resources' priorities based on the Logista Group and specific business's objectives
2. "Balanced Scorecard/BSC": measurement of the degree of achievement of the targets set in the "HR Roadmap" and control of the key metrics for HR management
3. Excellence Centres: provide specialised services in recruiting, development, compensation, communication to employees, labour relations and health and safety in the workplace
4. Shared Services Centres: focused on boosting standardisation and efficiency of processes and systems and descriptive as well as predictive Big Data management to identify potential improvement actions.

Logista Group's staff



Promoting employment

The Logista Group is committed to job creation and maintenance, promoting a long-term labour relationship with its employees in a working atmosphere with high levels of motivation and satisfaction.

Some 15,000 professionals habitually collaborate with the Group, with 5,819 direct employees in Spain, France, Italy, Portugal and Poland.

2017 - 2018	Staff							
	Average staff*				Staff as of 30/09/2018			
	Permanent		Temporary		Permanent		Temporary	
	Men	Women	Men	Women	Men	Women	Men	Women
Spain	1,729	1,086	375	250	1,734	1,110	387	229
France	856	458	46	35	840	466	42	32
Italy	236	134	23	13	248	136	26	12
Portugal	264	94	89	37	263	94	84	38
Poland	47	10	18	2	45	10	21	2
Subtotal	**3,132**	**1,782**	**551**	**337**	**3,130**	**1,816**	**560**	**313**
Total	**5,802**				**5,819**			

* Rounded figures

Logista increased its total staff from 5,649 to 5,819 professionals as well as permanent jobs, which grew from 4,816 to 4,946 permanent professionals in the Group.

To keep reinforcing the staff's sense of belonging and motivation in the Group, professionals and their families had the chance to participate in several solidarity actions in the Group's countries: Food collection campaign with NGOs, collaboration with the Multiple Sclerosis Foundation, Spanish Rare Diseases Foundation, JuegaTerapia.org, Prodis, Red Cross, Avantes3, foundations supporting collectives in risk of exclusion, several solidarity races, among them in France with the Odyssea foundation, charity padel, collecting toys with Le secours populaire, Les Bouchons d'Amour association, charity bazaars, christmas parties for staff's children, etc.

Talent attraction and recruitment

The Logista Group manages talent aimed at short, medium and long-term achievement of targets and value creation.

During the fiscal year 2017-2018, the Recruitment Excellence Centre, to boost efficiency in attracting and recruiting talent for the Group, has defined and implemented homogeneous policies, processes and tools that are market competitive to attract and recruit the best candidates for the Group.

- **Employer branding: Logista, employing company**

Aiming at attracting the best talent, the Logista Group is present in the main forums at business schools, universities and job fairs in each country (Talent Week EAE Business School, Career Forum IESE, Madrid's Universidad Politécnica Virtual Fair, Zaragoza

Logistics Center,…), Futhermore, the Logista Group continues to reinforce its presence and use of social networks to identify and attract the best candidates in the market.

- **Optimization of the selection and recruitment processes**

The Logista Group keeps reinforcing the efficiency of its selection processes, by improving and fostering different tools, like the “Job Posting” internal tool for promoting internal candidates for Group vacancies, tests for internal and external candidates, etc.

During the fiscal year 2017-2018, there have been 610 selecting processes carried out for the Group.

- **Program for Graduates and Trainees**

The Group maintains a common strategy to attract “junior” profiles so they may develop their career within the Group. For Logista it is a key and differentiating factor to recruit “from the base” because we absolutely believe in development growth with a long-term perspective within the Group. We provide graduates from the top business schools and universities with the opportunity of applying and extending their knowledge through a program in different businesses, bringing them a global overview of our business and future development.

- **On boarding process / Welcome Plans and Integration of new staff**

In order to secure maximum effectiveness in welcome plans for new staff and their incorporation process, performance and commitment to the business, the Logista Group keeps optimizing its welcome plans, having carried out 5 Group knowledge sessions for a total of 91 professionals across different countries and businesses. In these sessions, each business explains its strategy, targets and key business information to attendees.

Development of the Group’s staff

Logista promotes its staff’s talent management and professional development, with training being one of the most relevant issues.

During fiscal year 2017-2018, the Development Excellence Centre has focused on two main objectives:

- To continue enhancing every professional’s abilities through customised individual development plans
- To reinforce action plans for critical positions in the Group

- **Development Plans**

Logista bases individual development plans for its employees on the “3Es model”, which consists of experience (70%), exposure (20%) and education (10%).

During the fiscal year, training was defined and implemented in areas such as leadership, sales, project management and technical knowledge. These programs not only foster an increase in knowledge, but also the sharing of best practices and internal networking. Specific training and customised programs for each country and business were also implemented.

Logista fosters geographical or functional mobility to boost its employees' professional development. Eight professionals were selected during the fiscal year to form part of a program of temporary assignments, participating in projects in other Group countries and businesses, aiming at increasing their international experience and their vision across Logista's businesses and areas.

- **Group critical positions**

The Development Excellence Centre also developed other projects during the fiscal year, such as increasing "Talent Density" in critical positions within the Group, as well as reinforcing succession plans for such positions, implementing individual action plans.

Compensation and Benefits Policy

Logista's compensation and benefits policy's main target is to implement competitive conditions when compared to the market, both at individual and global levels, aiming at recruiting and keeping the best professionals.

Thus, Logista carries out benchmark and internal equity studies, favouring decision-making and team management across departments, and permanently updating position assessment with regards to the market.

Training has been defined for near implementation for Managers regarding team management policies, including those related to the compensation and benefits for the Group's staff, in order to increase their transparency.

Team motivation

Logista aims to maximize Communication Excellency in order to keep reinforcing motivation and the long-term relationship with our employees, boosting internal and bilateral communication between the Company and its professionals, regarding key Group information, its businesses and its employees.

Among the initiatives developed, it is worth underlining the working "Breakfasts" between staff and their business Managers or the "Group Knowledge Sessions". Professionals in different businesses also had the chance of being part of the Group knowledge sessions, to extend their global vision of the Group.

Furthermore, Managers' conventions and meetings in the different businesses continued to be held to promote focusing on the business and "team building" among staff. Logista continues to enhance the periodical information in the Group's intranet with the most relevant information and the main projects across the Group and each of its businesses.

The Labour Relations Excellence Centre also has as its primary aim the fostering of a stable and long-term labour framework, favouring the development of our employees and businesses.

Safety, Health and Wellbeing

Logista undertakes employees' safety, health and wellbeing as a Group core value, seeking a safe and healthy working atmosphere.

The Safety, Health and Wellbeing Excellence Centre has been focused on the following basic objectives:

- To achieve a progressive reduction in the accident rates in the Group's businesses.
- To keep improving work safety conditions and to make our work centres increasingly healthy.
- To promote a culture of excellence regarding safety, health and well-being in the Group.

During the fiscal year 2017-2018, Logista has reduced the accidents rate (LTA Rate) by 4.65%, achieving a rate of 2.66.

The Group has continued to extend its OHSAS 18001:2007 certification, the international standard defining an organised management for preventing labour risks.

In this sense, the OHSAS 18001:2007 certifications of Logista Pharma, BetoBe Pharma, Nacex, Integra2, Logesta and Logista Libros have been reviewed in Spain. In Italy, besides the review of Logista Italia's OHSAS 18001:2007 certification, the work centres in Bologna and Crespellano have been added to the certification. In Portugal, the certification of all businesses located in Alcochete (Lisbon) has been reviewed and in Poland, the first review of the certification obtained by Logista Polska in the previous fiscal year has been carried out.

Currently, 42% of all work centres and 43% of all Group employees are certified according to this benchmark International Standard.

Also, Logista proactively manages labour health, safety and wellbeing of its employees across the whole activity cycle to minimise the risk of accidents and prevent harm to people, goods and the environment. For this reason, it organises workshops with benchmark occupational health centres which enable us to progress in the implementation of improvements to risk prevention in our work centres.

Different projects were also started to reduce the risks related to the manual handling of loads in our activities, including pilot tests with dorsolumbar exoskeletons, the installation of tilting tables, preventive physiotherapy plans and "in situ" on-the-job back school training.

Diversity, equality, non-discrimination and ethical behaviour

The Group's Social Responsibility Policy expressly includes Logista's commitment to diversity, equal opportunities, non-discrimination, and respect to diversity in every form.

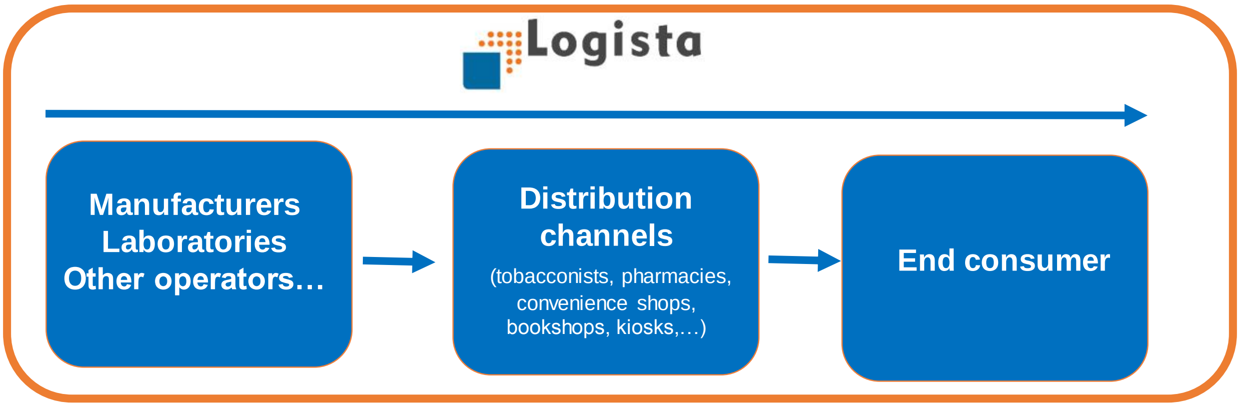
- Diversity: more than 50 nationalities work at Logista.
- Equality: 72% of new permanent employment created this year is female employment.
- No discrimination: Logista continuously seeks collaboration with different foundations and associations to help and employ collectives with physical and intellectual disability and at the risk of social exclusion, with the aim of helping them to enter the labour market.

The Group’s Code of Conduct also includes these principles and sets the behaviour guidelines for all employees. In order to secure the dissemination and knowledge of the Code of Conduct, it is also available on the Group’s intranet.

CLIENTS AND CHANNELS

Our clients are at the core of our business model.

Aiming at fully and efficiently satisfying their needs, Logista has developed a unique business model in Southern Europe integrating into a sole operator all services within the distribution value chain, in a transparent, efficient, sustainable, fully traceable way, and with the most advanced and specialized services according to each industry and channel of points of sale the Group operates in.



Service excellence and quality

The Logista Group devotes its strongest efforts to continuous improvement aiming at service excellence and quality optimization.

The Group integrates sustainability in its goal of maximum service quality, always seeking efficiency in carrying out its operations in adequate social and environmental conditions.

Logista so provides manufacturers, laboratories and other operators with a specialized distribution service according to their products, along with other added value services and powerful Business Intelligence tools for the best knowledge of the end consumer; while providing the points of sale with a wide portfolio of products adapted to its end clients and an efficient distribution, boosting their revenues and profitability.

Stable and long-term relations

Logista works to establish trusting relationships with its clients and so keeping stable and long lasting bonds with its clients and points of sale benefitting both parties, securing management independence and operating neutrality.

The Legal Corporate Directorate centralizes the review of the most significant contracts throughout the Group to ensure strict law compliance.

Logista integrates its commitment to quality, sustainability and continuous improvement when carrying out its activities and operations, and has several certificates recognizing it:

Main certificates	
ISO 9001	Quality Management System in over 300 premises
GDP (Good Distribution Practices)	Distribution of pharmaceutical products according to European and Spanish regulations
GMP (Good Manufacturing Practices)	Proper handling, relabelling and repackaging of pharmaceuticals, granted by the Spanish health authorities
OEA (Authorized Economic Operator)	Spain’s AEAT (State Agency for Tax Administration) recognizes, according to its most demanding Customs Simplification, Security and Safety version, a proper customs control, financial soundness, adequate security and administrative management to ensure a satisfactory tax compliance
TAPA	Recognizes Logesta for following Facility Security Requirements (FSR) and Trucking Security Requirements (TSR) standards designed to ensure security and safe transit and warehousing of assets of any TAPA member worldwide
UNE-EN ISO 14064	Carbon Footprint calculation at Group level
ISO 14001	Environmental Management System

SUPPLIERS

The Logista Group promotes integrating its corporate values throughout its activity's value chain, developing a responsible management of the supply chain.

The process for selecting and contracting suppliers is objective and rigorous. The Group's Purchasing Policy includes its main principles regarding ethics, labour, sustainability, quality and vocation for clients, and is applied to every Group's company and business.

By applying such Policy, the Group seeks to secure maximum transparency in the contracting process, prevent fraud risks in purchasing processes and facilitate solid, mutually respectful and long-time commercial relations.

Purchasing process

Suppliers´ Call	Offers Analysis	Offers Homogenization	Negotiation and Award
• Confidentiality on the Offer Request is requested to suppliers. • Information to suppliers on technical requirements of the good or service.	• Timely and formal offers are received. • Offers are analyzed according to criteria including technical, economic, environmental, contractual, etc.	• Offers are internally presented to the appropriate businesses. • Suppliers are asked to homogenize offers.	• Offers are negotiated at economic and contractual levels. • Offer is awarded according to economic, contractual and economic criteria.

The purchasing process is made by formulating Offers Requests, to which as many suppliers are called as possible.

The supplier selection is always taken based on technical quality, economic, environmental and contracting criteria, as well as the supplier's capabilities and references on the good or service to be purchased and its financial status.

Resources optimization

Aiming at optimizing and rationalizing resources, the Corporate Purchasing Direction manages the centralization of those purchases of goods and services relevant for the Group.

Thus, nearly all relevant purchases of goods and services corresponding to general purchases, supplies, maintenance services and information technology and communications, as well as CAPEX are centralized.

In order to standardize the selecting criteria for suppliers relevant for the Group, the Corporate Purchasing Direction has defined some selection criteria, which have been materialized in a Decision Matrix that has been applied to over 70% of the appropriate Group's contractings.

By applying this Decision Matrix, the Group has optimized the risks management in contracting suppliers, as well as the analysis of the degree of exposure.

Meanwhile, there are contractings of goods or services that, due to its nature or reduced cost, are not suitable for a centralized management. In these cases, the above explained purchasing process set through Offers Requests is also applied to so ensure transparency, efficiency and equity in such purchases according to the general principles set forth in the Purchase Policy.

SOCIETY AND ENVIRONMENT

Logista is committed to a sustainable growth, both economic as in social welfare as well as in terms of respect for the environment it operates in. At this end, it develops good environmental practices, minimizes the environmental impact of its activities and participates in social initiatives, mainly at a local level.

Environment

The Logista Group is committed to minimizing the environmental impact of its activities.

Its Quality and Environment Director Plan and the Quality, Environment and Energy Efficiency Policy set the guidelines and good practices to optimize the use of resources and prevent pollution in processes, according to strict regulatory compliance and the Group's targets voluntarily subscribed.

Accordingly, Logista has defined the main environmental and quality indicators for its sustainable development, which it periodically controls and assesses by conducting energy audits in every country and business.

Logista also promotes among staff, clients, suppliers and the society in general the respect for the environment. The Quality, Environment and Energy Efficiency Policy is available both in the intranet as well as in the Group's corporate website, so it is known by all employees and the rest of the Group's stakeholders.

- **Carbon Footprint**

The Group assesses its Carbon Footprint and promotes reducing it, as one of the Group's initiatives to minimizing the environmental impact of its activities.

The Logista Group calculates the Carbon Footprint of all its businesses and activities in the different countries where it operates, including most of the Group's outsourced activities, like transport operations and franchises, as well as indirect activities, like those of acquiring goods and services, basing on the Green House Gas Protocol norm and emission factors for reporting Green House Gases and in the UNE-EN-16258 norm.

A reputed independent firm verifies the calculation according to the UNE-EN ISO 14064 norm, ratifying the figures, reliability and traceability of the process.

Also, the Group's transport network, Integra2 and now also Nacex, as well as the Group's subsidiary speciliazing in long distance and full load transport, Logesta, freely report to their clients the Carbon Footprint of their deliveries and transport routes.

Total Emissions

	2014-2015 ($TmCO_2e$)	2015-2016 ($TmCO_2e$)	2016-2017 ($TmCO_2e$)	Change 2016-2017
Direct emissions	34,783	36,735	38,027	+3.5%
Indirect emissions	200,880	189,013	194,138	+2.7%
Total emissions	**235,663**	225,748	232,164	**+2.8%**

Fiscal Year 2016-2017 is the latest with data available as of this report's date

**Historical data have been recalculated according to methodology and again externally verified this year. This recalculation allows securing data comparability when there are changes, like an update in conversion factors or the incorporation of new categories within the scope or methodology adjustments.

The Logista Groups has significantly improved its efficiency ratio due to Logista's ongoing effort in optimizing energy efficiency in its processes and premises, although the increase in activity has involved raising its emissions in absolute terms.

Efficiency improvement

	Efficiency ratio ($TmCO_2e$/M€* x MKm)			
	2014-2015	2015-2016	2016-2017	Change 2016-2017
Emissions per € & km	1.45	1.39	1.37	-1.44%

Fiscal Year 2016-2017 is the latest with data available as of this report's date

*M€= employees costs + EBITDA

Business breakdown

	Scope 1 (TmCO2e)	Scope 2 (TmCO2e)	Scope 3 (TmCO2e)	Total Emissions (TmCO2e)
Integra2	636	0	51,162	51,798
Logista Libros	0	0	1,764	1,764
Logesta	33,718	0	49,412	83,129
Logista Polska	164	527	3,384	4,075
Logista España*	486	0	8,503	8,990
Logista France	1,547	0	9,228	10,774
Logista Italia	572	0	7,335	7,907
Logista Portugal	1	0	987	988
Midsid	0	0	1,462	1,463
Nacex	0	0	43,709	43,709
Logista Pharma	494	0	4,286	4,781
SAF	194	0	929	1,123
Supergroup	130	0	8,407	8,537
Logista Publicaciones	83	0	3,042	3,126

* Logista España includes the distribution of tobacco and convenience products and e-transactions businesses

- **Renewable energies**

Another of the Logista Group's environmental initiatives is its commitment to using renewable-produced energy.

In fact, over 90% of the Group's premises use renewable-produced electricity, including every Group's directly managed centres in Spain, France, Italy and Portugal.

- **Efficient use of resources**

The Logista Group is aware of the importance of efficiently using resources. Thus, it collects and analyses information regarding the consumption of water, waste and the most relevant materials for the Group.

Energy Consumption	2013-2014	2014-2015	2015-2016	2016-2017
Electricity (GWh)	54	54	53	55
Natural Gas (GWh)	11	11	13	13
Other fuels (GWh)	0.6	0.5	0.6	0.5

Water Consumption	2013-2014	2014-2015	2015-2016	2016-2017
Network water (m^3)	79	86	109	128

Waste (%)	2013-2014	2014-2015	2015-2016	2016-2017
Recycled	86	89	90	90
Energy Recovery	2	2	2	3
Neither recycled nor recovered	12	9	8	7

Goods Consumption (%)	2013-2014	2014-2015	2015-2016	2016-2017
Renewable Origin	82	88	91	89
Non-renewable Origin	18	12	9	11

Fiscal Year 2016-2017 is the latest with data available as of this report's date.

The Group has significantly reduced its activities' waste and emissions by using and recovering reusable cardboard boxes, a system already implemented at the Logista centres in Spain, France, Italy and Portugal, as well as in its Nacex transport network.

The Group also gains efficiency and cuts emissions by the ongoing optimization of routes and the renewal of agreements with transport fleet including efficiency criteria.

During the fiscal year 2017-2018, it has carried out a test consisting in implementing devices at trucks for real-time monitoring of consumption, kilometers and efficiency parameters in driving.

Furthermore, the Group promotes that its transport networks, Nacex e Integra2, as well as its subsidiary for managing long distance transport, Logesta, increasingly raise the fleet of vehicles running on less polluting fuels.

During the fiscal year, Integra2 added new vehicles running with fuels alternative to those petrol-derived and keeps its commitment to continue adding more of these vehicles to its fleet.

Nacex also promotes the use of sustainable and low emissions transportation among its franchises, it already has the electric vehicle in its fleet and incentivizes the purchase of electric vehicles by its franchises with commercial agreements with car dealers.

Meanwhile, Logesta keeps adding more efficient technology, prioritizing euro VI motorizations and Green Tech technology.

By the end of 2017 CDP again included the Logista Group in the prestigious "A-List" group, highlighted as the only European distributor in the list and identifying Logista as a world leading company in managing Climate Change.

Logista has been also recognized as "CDP Supplier Leader 2018" for its performance in the "CDP´s Supply Chain Program", a program it participates in since 2010 responding to its main clients' requirements.

Logista annually submits information to CDP on the Group's climate change management, both at the corporate and at each businesses' levels. This information is available at CDP's web.

- **Collaboration with national and international organizations**

Logista collaborates with several environmental protection organizations and initiatives.

Logista is founding member, together with other Spanish companies, of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth or GVEC), to work together and to transfer to the society and the Public Administration its vision on the sustainable economic growth model compatible with the efficient use of natural resources.

During the fiscal year 2017-2018, the GEVC is working on the approval of the future "Ley de Cambio Climático" (Climate Change Act), aiming at setting a stable legal framework with a progressive and long-time energy transition approach

Logista is part of the FTSE4Good index, created by the global indexes provider FTSE Russell and made up of companies proving solid environmental, social and corporate governance practices.

In addition, the Logista Group develops initiatives for awareness, like the dissemination of actions the Logista Group carries out on these matters and so raise awareness and the staff's commitment, etc.

It also makes available to the public the email address calidadymedioambiente@logista.es to send to the Logista Group any doubt, suggestion or comment related to the Group's quality and environment management.

Social actions

The Logista Group keeps an active commitment to several social initiatives, mainly at a local level.

Logista promotes participation of all those related to the Group (employees, franchises, delegations, etc.) and collaborates in projects proposed by them for developing its social responsibility.

- **Humanitarian, welfare and integrating initiatives**

The Logista Group has been supporting humanitarian initiatives for years, particularly by donating transport services.

The Group's transport networks, Nacex and Integra2, as well as Logesta, the Logista Group's subsidiary specializing in long distance and full load transport management, donate their services to collect, transport and deliver food, pharmaceuticals, gifts, books, etc., to parishes, social lunchrooms, hospitals, etc.

During the fiscal year 2017-2018, Integra2 kept collaborating with Food Banks in Spain in campaigns for collecting food throughout the year, in special campaigns in Christmas and specific transport services through FEGA.

In addition, it collected and transported 10 tons of food donated by hotels and over 16,000 litres of milk in collaboration with La Caixa in the campaign "Ningún niño sin bigote" (No children without a moustache).

It also transported food to parishes, social lunchrooms and other centres collaborating with the Olvidados Foundation, and collected plastic caps for the Foundation.

One further year, Nacex was the official courier of the "Ayuda en Acción Christmas cards" campaign, used by the NGO to start the "Return their childhood" project.

Logesta keeps fostering kids in Cambodia, Peru and Guatemala to achieve self-sufficiency of communities in education, culture, food safety, health, infrastructures, production and qualification. Nacex also supported World Project's health, education and local development mission in the Zinga Island (Uganda).

Nacex participated as well in "La Casa de Rembrandt" sale by Nuevo Futuro, which maintains 141 child homes supporting 1,075 children.

The Group keeps supporting research and palliation of diseases, by donating transport services and backing several initiatives.

During fiscal year 2017-2018, Nacex cooperated with Cáritas in the Pharmaceutical Bank campaign to provide pharmaceuticals to people in need.

Regarding awareness and support to researching diseases, Nacex collaborated in fighting leukaemia as VIP Partner Company of the Josep Carreras Foundation and sponsored the Pink Panther's Women Paddle tournament to raise funds.

Nacex is also Protecting Member of the Multiple Sclerosis Foundation and sponsors some of its initiatives, like the "Mójate" event, while Logista France supported fighting breast cancer and promoted participation of its employees in charity races and initiatives by the Odyssea and Muddy Angel associations.

Nacex fosters among its franchises cooperating with the Pulseras Candela Association, raising funds to research child cancer at the San Juan de Dios Hospital, whose projects also benefitted from Nacex's collaboration with the Corresolidaris' Sant Joan Despí charity race.

Regarding research of rare diseases, Nacex supported the campaign by the Spanish Federation of Rare Diseases (FEDER). In fiscal year 2017-2018, during the Rare Diseases World Day, it delivered over 400 charity packs with materials to associations and collaborating entities for the campaign.

Integra2 kept collecting and transporting plastic caps for the San Filippo Association and raise funds for research.

Nacex and Logesta also collected and transported caps to raise funds for the Asdent Foundation and researching the Dent disease. Nacex created bins for its centres and so turned its franchises into a national network of collecting points. The Asdent Foundation, together with the Forever Foundation, also benefitted from the Nacex golf and paddle tennis Challenge for former FC Barcelona and Real Madrid football players, a doubly awarded initiative at the Social Enterprise Awards.

Nacex sponsored the paddle tennis tournament at Algeciras for researching dermatomyositis in young people and the III Smile for Life Race for the Sonrisas NGO fighting rare diseases.

In supporting children at hospitals, Nacex sent over 25,000 gifts to hospitals and child support centres throughout Spain in the campaign “Let not lack anything”, in which Integra2 managed the collection, warehousing and transport of books. Logesta kept cooperating with the Juegaterapia Foundation to improve the quality of life of hospitalized children with cancer through games, and organized a sale at its offices for the project “El Retiro invade el Niño Jesús”.

In addition, Logista France collected almost 1,000 toys, books and teddy bears to, together with “Le secours populaire”, improve Christmas of children in disadvantaged families. It also collected and transported caps to collaborate with projects by the “Les Bouchons d’Amour” association.

Within the Servicio Solidario Foundation’s Recicla Cultura initiative, which raises awareness on difficulties for immigrant people in learning our language, Nacex organized a collection and sale of books and acquired books for its employees during the Book Day, all in favour of the Foundation.

- **Promoting sports**

The Group keeps supporting sports initiatives, particularly those focused on young people and seeking integration and participation of disabled athletes.

Nacex collaborated with the Pere Suñe Foundation’s International Meeting for disabled athletes, Logesta sponsored the “Pep Claramunt” tournament in favour of ADIS (Association of Disabled People in Pucol) and Integra2 supported the V Race for the Disabled and the Dedines Association of forces of law and order, armed forces and emergency services.

Nacex sent Gipuzkoa Basket’s uniforms to Bomberos Sin Fronteras (Firemen without Borders) for the Ziguinchor University team in Senegal, and to the Marianao and Merce Fontanilles foundations, which manage homes for underage and people with mental disorders.

Nacex supported sports activities and paddle tennis tournaments by the “Centro Recreativo Cultural de Sordos”, providing coverage for travel and uniforms so its teams could participate in tournaments throughout Spain.

The Group also sponsors several sports clubs, activities and events.

Nacex sponsored the football Andrés Iniesta and Media Base Sports Campus, the UNI Girona basketball team and, together with GLT Sports, the International Training Workout basketball campus from mini to senior ages.

Integra2 collaborates with the Terrassa Paddle Tennis Club promoting this sport among young people, is the main sponsor of the Nou Esplugues basketball club for children and cooperates with the young rally-racing driver Roberto Blach Jr.

Nacex also sponsored the Nacex J80 sailing team, the paddle tennis Nacex Open, the Barcelona Xpress Paddle Tour by Nacex and is the Main Sponsor of the Paddle Master Barcelona Circuit.

It also sponsored a rallying team, golf competitions throughout Spain and the ESADE Alumni sporting program, and its activities in several sports.

Nacex sponsored Trackstour, which organizes mountain bike routes throughout Spain, and several races and walks like the first Popular Triathlon in Sestao, the V Olympic Triathlon in Sestao and the athlete Alejandro Pareja Villar, runner up in the triathlon cross Spain's Cup.

Integra2 collaborated with Bol d'Or's pilot Roberto Ijalba and the Boldor Rioja Classic team of classic motorbikes.

Integra2 also backs several initiatives together with delegations within its network. Thus, it collaborated with the Almería delegation in organizing and promoting the PRO-AM Golf Tournament which scores in the Spain Championship, with the VII charity Tournament of the Down Syndrome Association in Almería and with the Chess Formative Journeys by the Indalo Chess Club.

Together with the Cáceres delegation, it sponsored the Integra2 Navalmoral Indoor Football boosting all its teams, form the lowest to the senior team; collaborated with the Vitoria delegation in sponsoring and organizing the Spain Challenge Gold Tournament at Urturi, and with the Vigo and León delegations in their sport actions and sponsoring the II International Sports Forum, respectively.

- **Culture**

Integra2 keeps its www.rutaintegra2.es portal on popular food festivities in Spain, bringing closer the gourmet and food industries.

It also keeps sponsoring Mikel Silvestre, the biker that crossed America travelling 30,000Km to bring light to the history and places of the Spanish explorers in the continent, divulging it through 13 chapters broadcasted by Spanish Television's La 2 channel.

The Group further supports other kinds of initiatives, being worth underlining the participation of Logesta's employees in reforesting of the Higher Area of the Manzanares River.

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REPORT OF THE BOARD OF DIRECTORS ON THE APPOINTMENT BY CO-OPTION OF THE INDEPENDENT DIRECTOR MR. ALAIN MINC

I

At the meeting of the Board of Directors of today, April 24, 2018, Mr. Stéphane Lissner, independent Director, has formalized his resignation, for personal reasons, as Director of the Company.

Under Article 529 duodecies 4 of the Law of Capital Companies, Mr. Lissner was in the category of independent Director.

II

In accordance with the provisions of Article 529 decies of the Capital Companies Act, of Article 33º of the Bylaws, and of Article 22 of the Rules of the Board of Directors, *"the members of the Board of Directors of a listed company will be appointed by the General Shareholders' Meeting, or, when a vacancy is foreseen, by the Board itself, by co-option, without the need for the director appointed by the Board to be a shareholder of the Company".*

An appointment by co-option has to be ratified by the next General Meeting of the Company.

III

The Appointments and Remuneration Committee, in its meeting of today, evaluated, at the proposal of its Chairman, Mr. Marañón, the professional and biographical profiles of Mr. Alain Minc, the candidate proposed to fill the vacancy resulting from Mr. Lissner's resignation.

Mr. Alain Minc is a graduate of the Ecole des Mines de Paris and of ENA. After serving as Inspecteur des Finances, he joined Compagnie de Saint-Gobain in 1979, as Chief Financial Officer. In 1986, Mr. Minc became Vice-Chairman of CIR International (Compagnie Industriali Riunite International) and General Manager of Cerus (Compagnies Européennes Réunies) which were the non-Italian affiliates of Benedetti Group. He has been Board member of numerous companies and the Chairman of the Supervisory Board of Le Monde, the leading French newspaper (19/12/94 to 11/02/2008). Today he is Chairman of AM Conseil and Sanef, and he is also Director, Chairman of the Audit Committee and Member of the Remuneration Committee of CaixaBank. He is Commandeur de la Légion d'Honneur (France); Commander of the British Empire; Grand Cross of the Order of Civil Merit

(Spain). Alain Minc wrote more than 30 books on different subjects (economics, history, social and politics, among others).

IV

The Appointments and Remuneration Committee decided that Mr. Minc:

i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a Director;

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of independent director.

Therefore, the Appointments and Remuneration Committee unanimously proposed to the Board, to fill the vacancy resulting from the resignation of Mr. Stéphane Lissner, the appointment, by co-option, of Mr. Alain Minc as an independent Director, for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

V

Mr. Minc will serve in the capacity of independent Director, in accordance with Article 529 duodecies 4 of the Capital Companies Act, Article 7.1.3 of the Rules of the Board of Directors of 26th January 2016, and Article 4.1 c) of the Company's Policy on the Selection of Directors, of 19th December 2017.

VI

In view of the foregoing, the Board of Directors unanimously considered that Mr. Alain Minc possesses the appropriate ability, experience and merits, and fulfils the conditions, to be appointed by co-option as an independent Director of the Company, and to adequately perform the duties of a Director. It therefore appointed, by co-option, Mr. Alain Minc as an independent director for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

This report was unanimously approved by the Board of Directors, in accordance with Article 529 decies 5 of the Capital Companies Act, and will be attached to the minutes of the Board Meeting which formalised the appointment.

Leganés, 24th April 2018.

The Board Secretary,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE RATIFICATION BY THE GENERAL MEETING OF THE APPOINTMENT AS DIRECTOR, BY CO-OPTION, OF MR.ALAIN MINC

The Company's Board of Directors, at its meeting of 24th April 2018, at the proposal and following a report in favour from the Appointments and Remuneration Committee, appointed, by co-option, Mr. Alain Minc as Director of the Company, for the statutory period of four years, subject to ratification of the appointment by the first General Shareholders' Meeting held.

This appointment was preceded by the explanatory report from the Board of Directors, required by Article 529 *decies* of the Law of Capital Companies.

Mr. Minc is in the category of independent Director, in accordance with Article 529 duodecies 4 of the Law of Capital Companies, Article 7.1.3 of the Rules of the Board of Directors of 26th January 2016, and Article 4.1 c) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

The Appointments and Remuneration Committee, in its meeting of today, 29th January 2019, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. Alain Minc.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Minc as Director have not been modified, and that he continues to fulfil the legal and statutory requirements for inclusion in the category of independent Director. In addition, the Board considers that he has been performing correctly in the role of Director, and therefore resolves unanimously to propose that the General Meeting of Shareholders should ratify the appointment as independent Director, by co-option, of Mr. Alain Minc, made by the Board of Directors on 24thApril 2018.

This Report is unanimously approved by the Board of Directors, in accordance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, in accordance with the said Article's provisions for cases of ratification of appointments.

Leganés, 29th January 2019.

The Board Secretary/Director,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS ON THE APPOINTMENT, BY CO-OPTION, OF MR. JAIME CARVAJAL HOYOS AS AN INDEPENDENT DIRECTOR

I

On 26th May, 2018, Mr. Eduardo Zaplana Hernández-Soro, an independent director, had tendered his resignation from the position of Company Director, for reasons which were public knowledge; a resignation which was accepted by the Board of Directors on 29th May, 2018.

Mr. Zaplana had been in the category of Independent Director, in accordance with Article 529 duodecies 4 of the Capital Companies Act.

II

In accordance with the provisions of Article 529 decies of the Capital Companies Act, of Article 33º of the Bylaws, and of Article 22 of the Rules of the Board of Directors, *"the members of the Board of Directors of a listed company will be appointed by the General Shareholders' Meeting, or, when a vacancy is foreseen, by the Board itself, by co-option, without the need for the director appointed by the Board to be a shareholder of the Company".*

An appointment by co-option has to be ratified by the next General Meeting of the Company.

III

The Appointments and Remuneration Committee, in its meeting of 26th June, 2018, evaluated, at the proposal of its Chairman, Mr. Marañón, the professional and biographical profiles of Mr. Jaime Carvajal Hoyos, the candidate proposed to fill the vacancy resulting from Mr. Zaplana's resignation.

Mr. Carvajal holds a bachelor's degree in Physics from Princeton University (New Jersey, USA).

Mr. Carvajal has provided services to various entities involved in analysis and financial investment management (Lehman Brothers and Iberacción), as well as to banking entities (The World Bank and Banco de Sabadell). He is a member of the Board of Directors of AllFunds Bank and non-executive Chairman of Evo Banco. He is currently a partner and the CEO of the investment bank Arcano Partners.

IV

The Appointments and Remuneration Committee decided that Mr. Carvajal:

i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a director;

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of independent director.

The Appointments and Remuneration Committee, in its meeting of 25th September 2018, unanimously proposed to the Board, to fill the vacancy resulting from the resignation of Mr. Eduardo Zaplana Hernández-Soro, the appointment, by co-option, of Mr.Jaime Carvajal Hoyos, as an independent director for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

V

Mr. Jaime Carvajal Hoyos will serve in the capacity of independent Director, in accordance with Article 529 duodecies 4 of the Capital Companies Act, Article 7.1.3 of the Rules of the Board of Directors of 26th January, 2016, and Article 4.1 c) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

VI

In view of the foregoing, the Board of Directors unanimously considered that Mr. Jaime Carvajal Hoyos possesses the appropriate ability, experience and merits, and fulfils the conditions, to be appointed by co-option as an independent director of the Company, and to adequately perform the duties of a Director. It therefore appointed, by co-option, Mr. Jaime Carvajal Hoyos as an independent director for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

This report was unanimously approved by the Board of Directors, in accordance with Article 529 decies 5 of the Capital Companies Act, and will be attached to the minutes of the Board Meeting which formalised the appointment.

Leganés, 25th September, 2018.

The Board Secretary,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE RATIFICATION BY THE GENERAL MEETING OF THE APPOINTMENT AS DIRECTOR, BY CO-OPTION, OF MR.JAIME CARVAJAL HOYOS

The Company's Board of Directors, at its meeting of 25th September 2018, at the proposal and following a report in favour from the Appointments and Remuneration Committee, appointed Director of the Company, by co-option, Mr. Jaime Carvajal Hoyos, for the statutory period of four years, subject to ratification of the appointment by the first General Shareholders' Meeting held.

This appointment was preceded by the explanatory report from the Board of Directors, required by Article 529 *decies* of the Law of Capital Companies.

Mr. Carvajal is in the category of independent Director, in accordance with Article 529 duodecies 4 of the Law of Capital Companies, Article 7.1.3 of the Rules of the Board of Directors of 26th January 2016, and Article 4.1 c) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

The Appointments and Remuneration Committee, in its meeting of today, 29th January 2019, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. Jaime Carvajal Hoyos.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Carvajal as Director have not been modified, and that he continues to fulfil the legal and statutory requirements for inclusion in the category of independent Director. In addition, the Board considers that he has been performing correctly in the role of Director, and therefore resolves unanimously to propose that the General Meeting of Shareholders should ratify the appointment as independent Director, by co-option, of Mr. Jaime Carvajal Hoyos, made by the Board of Directors on 25th September 2018.

This Report is unanimously approved by the Board of Directors, in accordance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, in accordance with the said Article's provisions for cases of ratification of appointments.

Leganés, 29th January 2019.

The Board Secretary/Director,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS ON THE APPOINTMENT BY CO-OPTION OF THE PROPRIETARY DIRECTOR MR. AMAL PRAMANIK

I

On 28th March, 2018, the Secretary of the Company's Board of Directors received copy of the written communication sent by the proprietary Director Mr. David Resnekov, tendering his resignation as Director of the Company, as with effect from 30th April, 2018, he would cease to provide Imperial Brands PLC ('IB') with professional services.

Mr. Resnekov had worked in the capacity of proprietary Director, in application of article 529 duodecies 4 of the Law of Capital Companies, because he represented IB – the Company's majority indirect shareholder – on the Board of Directors.

II

In accordance with the provisions of Article 529 decies of the Capital Companies Act, of Article 33º of the Bylaws, and of Article 22 of the Rules of the Board of Directors, *"the members of the Board of Directors of a listed company will be appointed by the General Shareholders' Meeting, or, when a vacancy is foreseen, by the Board itself, by co-option, without the need for the director appointed by the Board to be a shareholder of the Company".*

An appointment by co-option has to be ratified by the next General Meeting of the Company.

III

In accordance with the rules of the Framework Agreement of 12th June, 2014, signed between the Company and IB (formerly, 'ITG'), the latter proposed the appointment of four directors, out of the ten who currently constitute the Company's Board of Directors.
According to the rules of the Framework Agreement, the vacancy created by Mr. Resnekov's resignation must be filled by another Director who represents IB on the Board.
IB, in a communication of 3rd April, 2018, from the Secretary of its Board of Directors to the Chairman of the Company's Board, proposed the appointment of Mr. Amal Pramanik to fill the vacancy produced.

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Mr. Amal Pramanik is a Bachelor of Civil Engineering (Hons) (Indian Institute of Technology, Kharagpur, India) and MBA (Marketing & Systems) (Indian Institute of Management, Ahmedabad, India); he has a Diploma in Non-Executive Directorship (Australian Institute of Company Directors) and is a Certified Executive Coach, (Advanced Coaching Excellence, The Preston Associates). He currently serves at Imperial Brands Group as Group Strategy Director. Previously, he held several positions within the Imperial Group (Growth Division Director, Managing Director in UK and The Netherlands, and Marketing Director in Australia). Prior to joining the Group Imperial Brands, he worked in different positions for other companies: Gillette India, Pepsi Cola India and ITC India (BAT).

IV

The Appointments and Remuneration Committee, in its meeting of today, decided that Mr. Pramanik:

i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a Director;

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of proprietary Director.

Therefore, the Appointments and Remuneration Committee unanimously proposed to the Board - to fill the vacancy resulting from the resignation of Mr. Resnekov - the appointment, by co-option, as proprietary Director, of Mr. Amal Pramanik for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

V

Mr. Pramanik will serve in the capacity of proprietary Director, in accordance with Article 529 duodecies 3 of the Capital Companies Act, Article 7.1.2 of the Rules of the Board of Directors of 26th January 2016, and Article 4.1 b) of the Company's Policy on the Selection of Directors, of 19th December 2017.

VI

In view of the foregoing, the Board of Directors unanimously considered that Mr. Amal Pramanik possesses the appropriate ability, experience and merits, and fulfils the conditions, to be appointed by co-option as proprietary Director of the Company, and to adequately perform the duties of a Director. It therefore appointed, by co-option, Mr. Amal Pramanik as proprietary Director for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

It is also noted that the appointment as Director of Mr. Pramanik complies with the Framework Agreement of June 12, 2014, signed between the Company and Imperial Brands PLC, at the time of the public offering of shares of the Company of that year.

This report was unanimously approved by the Board of Directors, in accordance with Article 529 decies 5 of the Capital Companies Act, and will be attached to the minutes of the Board Meeting which formalised the appointment.

Leganés, 24th April 2018.

The Board Secretary,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE RATIFICATION BY THE GENERAL MEETING OF THE APPOINTMENT AS DIRECTOR, BY CO-OPTION, OF MR. AMAL PRAMANIK

On 24th April, 2018, following a favourable report from the Appointments and Remuneration Committee, and at Imperial Brands PLC ("IB") proposal, the Board of Directors appointed as Director, by co-option, Mr Amal Pramanik, for the statutory period of four years, subject to ratification of the appointment by the next General Shareholders' Meeting.

The appointment was preceded by the justificatory report required by Article 529 decies of the Law of Capital Companies.

As he represents IB on the Company's Board of Directors, Mr. Pramanik works in the capacity of proprietary Director, in accordance with the provisions of Article 529 duodecies 3 of the Law of Capital Companies, Article 7.2) b) of the Rules of the Company's Board of Directors, Consolidated Text of 26th January, 2016, and Article 4.1 b) of the Policy on the Selection of Directors, of 19th December, 2017.

The Appointment and Remuneration Committee, in its meeting of today, 29th January 2019, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. Amal Pramanik.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Pramanik as Director have not been modified, and that he continues to fulfil the legal and statutory requirements for inclusion in the category of proprietary Director. In addition, the Board considers that he has been performing correctly in the role of Director, and therefore also resolves unanimously to propose that the General Meeting of Shareholders should ratify the appointment as proprietary Director, by co-option, of Mr. Amal Pramanik, made by the Board of Directors on 24th April, 2018.

This Report is unanimously approved by the Board of Directors, in accordance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, in accordance with the said Article's provisions for cases of ratification of appointments.

Leganés, 29th January, 2019.

The Board Secretary/Director,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS ON THE APPOINTMENT BY CO-OPTION OF THE PROPRIETARY DIRECTOR MR. JOHN MICHAEL JONES

I

On 4th December 2018, the Secretary of the Company's Board of Directors received copy of the written communication sent to the Chairman, by the proprietary Director Mr. Richard Charles Hill, tendering his resignation as Director of the Company, with effect from 31st December 2018, as he has been appointed by IB, CEO of a business involving executive responsibilities, which would not allow him to properly perform his functions as Director of the Company.

Mr. Hill had worked in the capacity of proprietary Director, in application of article 529 duodecies 4 of the Law of Capital Companies, because he represented Imperial Brands PLC – the Company's majority indirect shareholder – on the Board of Directors.

II

In accordance with the provisions of Article 529 decies of the Capital Companies Act, of Article 33º of the Bylaws, and of Article 22 of the Rules of the Board of Directors, *"the members of the Board of Directors of a listed company will be appointed by the General Shareholders' Meeting, or, when a vacancy is foreseen, by the Board itself, by co-option, without the need for the director appointed by the Board to be a shareholder of the Company".*

An appointment by co-option has to be ratified by the next General Meeting of the Company.

III

In accordance with the rules of the Framework Agreement of 12th June, 2014, signed between the Company and IB (formerly, 'ITG'), the latter proposed the appointment of four directors, out of the ten who currently constitute the Company's Board of Directors.

According to the rules of the Framework Agreement, the vacancy created by Mr. Hill's resignation must be filled by another Director who represents IB on the Board.

IB, in a communication from the Secretary of its Board of Directors to the Chairman of the Company's Board, proposed the appointment of Mr. John Michael Jones to fill the vacancy produced.

Mr. John Michael Jones joined Imperial Brands in 1998 in the Treasury Department and has been Director of Treasury since 2001. He has gained extensive financial experience over that time and played a major role in the development of the financing and risk management activities of the Imperial Brands Group, particularly with the transforming acquisitions of Reemtsma (2002), Altadis (2008) and the US brands (2015). He is currently responsible for treasury, insurance and the financial risk management of pensions for the group.

Prior to Imperial Brands, after graduating with a degree in mathematics from York University, John started his career in audit with KPMG (1992-1996) then as Assistant Group Treasurer with Hickson International PLC (1996-1998).

IV

The Appointments and Remuneration Committee, in its meeting of today, 29th January 2019, decided that Mr. Jones:

i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a Director;

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and

iii) fulfils the legal and statutory requirements for inclusion in the category of proprietary Director.

Therefore, the Appointments and Remuneration Committee unanimously proposed to the Board - to fill the vacancy resulting from the resignation of Mr. Richard Charles Hill - the appointment, by co-option, as proprietary Director, of Mr. John Michael Jones for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

V

Mr. John Michael Jones will serve in the capacity of proprietary Director, in accordance with Article 529 duodecies 3 of the Capital Companies Act, Article 7.1.2 b) of the Rules of the Board of Directors of 26th January 2016, and Article 4.1 b) of the Company's Policy on the Selection of Directors, of 19th December 2017.

VI

In view of the foregoing, the Board of Directors unanimously considered that Mr. Jones possesses the appropriate ability, experience and merits, and fulfils the conditions, to be appointed by co-option as proprietary Director of the Company, and to adequately perform the duties of a Director. It therefore appointed, by co-option, Mr. John Michael Jones as proprietary Director for the statutory period of four years, subject to ratification by the next General Meeting of the Company.

It is also noted that the appointment as Director of Mr. Jones complies with the Framework Agreement of June 12, 2014, signed between the Company and Imperial Brands PLC, at the time of the public offering of shares of the Company of that year.

This report was unanimously approved by the Board of Directors, in accordance with Article 529 decies 5 of the Capital Companies Act, and will be attached to the minutes of the Board Meeting which formalised the appointment.

Leganés, 29th January 2019.

The Board Secretary,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE RATIFICATION BY THE GENERAL MEETING OF THE APPOINTMENT AS DIRECTOR, BY CO-OPTION, OF MR. JOHN MICHAEL JONES

The Board of Directors, in its meeting of today 29th January 2019, following a favourable report from the Appointments and Remuneration Committee, and at Imperial Brands PLC ("IB") proposal, appointed as Director, by co-option, Mr. John Michael Jones, for the statutory period of four years, subject to ratification of the appointment by the next General Shareholders' Meeting.

The appointment was preceded by the justificatory report required by Article 529 decies of the Law of Capital Companies.

As he represents IB on the Company's Board of Directors, Mr. Jones works in the capacity of proprietary Director, in accordance with the provisions of Article 529 duodecies 3 of the Law of Capital Companies, Article 7.2) b) of the Rules of the Company's Board of Directors, Consolidated Text of 26th January, 2016, and Article 4.1 b) of the Policy on the Selection of Directors, of 19th December, 2017.

The Appointment and Remuneration Committee, in its meeting of today, 29th January 2019, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. John Michael Jones.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Jones as Director have not been modified, and that he continues to fulfil the legal and statutory requirements for inclusion in the category of proprietary Director. In addition, the Board considers that he has been performing correctly in the role of Director, and therefore also resolves unanimously to propose that the General Meeting of Shareholders should ratify the appointment as proprietary Director, by co-option, of Mr. John Michael Jones, made by the Board of Directors on 29th January, 2019.

This Report is unanimously approved by the Board of Directors, in accordance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, in accordance with the said Article's provisions for cases of ratification of appointments.

Leganés, 29th January, 2019.

The Board Secretary/Director,

Rafael de Juan López

REPORT FROM THE BOARD OF DIRECTORS ON THE PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION OF THE DIRECTOR MR. RICHARD GUY HATHAWAY

I

On 24th March 2015, following a report in favour from the Appointments and Remunerations Committee, and at the proposal of the control shareholder Imperial Brands PLC (“IB), the Company’s Board of Directors appointed, by co-option, Mr. Richard Guy Hathaway as a Director, for the statutory period of four years.

Such appointment was ratified by the Shareholders General Meeting of March 16th, 2016.

Mr. Hathaway’s term of office will therefore end in March of this year, four years after his appointment.

Under Article 529 duodecies 3 of the Law of Capital Companies, Mr. Hathaway is a proprietary Director, as he represents the majority shareholder Imperial Brands PLC on the Board of Directors.

II

On 29 January 2019, the Appointments and Remuneration Committee noted that Mr. Hathaway:

i) fulfils the requirements of the Law and of the Company’s Policy on the Selection of Directors of 19 December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of his office, and absence of conflicts of interest) well enough to be appointed Director;

ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company’s Policy on the Selection of Directors;

iii) has performed in the role of Director of the Company with appropriate dedication, efficiency and quality of work; and

iv) continues to fulfil the legal and statutory requirements for inclusion in the category of proprietary director.

Consequently, the Appointments and Remuneration Committee unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should re-elect Mr. Richard Guy Hathaway as a proprietary Director for the statutory term of four years.

III

Mr. Richard Guy Hathaway will be a proprietary Director in accordance with Article 529 duodecies 3 of the Law of Capital Companies; Article 7.1.2 of the Rules of the Board of Directors of 26th January, 2016, and Article 4.1 b) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

IV

In view of the foregoing, the Board of Directors unanimously considered that Mr. Hathaway has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as a proprietary Director of the Company, and to perform adequately in the role of Director; and therefore proposed that the General Shareholders' Meeting re-elect him as a proprietary Director for the statutory period of four years.

It is also noted that the re-election of Mr. Hathaway as a proprietary Director complies with the Framework Agreement of 12th June, 2014, that was signed between the Company and Imperial Brands PLC, at the time of the public offering of the Company's shares in that year.

This Report is unanimously approved by the Board of Directors, in accordance with Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, which resolves to re-elect Mr. Hathaway as Director.

Leganés, 29 January, 2019.

The Board Secretary/Director,

Rafael de Juan López

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<u>**Director's professional and biographical profile**</u>

Mr. Jaime Carvajal Hoyos

Mr. Jaime Carvajal Hoyos holds a degree in Physics from Princeton University (New Jersey, USA).

Mr. Carvajal has provided services to various entities involved in analysis and financial investment management, as well as to banking entities (The World Bank and Banco de Sabadell). He is a member of the Board of Directors of AllFunds Bank and non-executive Chairman of Evo Banco. He is currently a partner and the CEO of the investment bank Arcano Partners.

Mr. Richard Guy Hathaway

Mr. Richard Guy Hathaway serves as Director of Finance Strategic Initiatives and has been responsible for leading the Risk Management function.

Prior to joining Imperial Tobacco, he worked for KPMG from 2000 to 2012, where he held different positions as Partner of the Company, being the Head of Travel, Leisure and Tourism Sector for KPMG UK first (2008-2010), and after for KPMG Europe (2010-2012). He also worked for ADS Anker, where he was Project Manager for IPO (1999-2000). Mr. Hathaway received a Bachelor of Mathematics (Honors) (1988) from Oxford University in 1988, and is Fellow of the Institute of Chartered Accountants in England & Wales.

Mr. John Michael Jones

Mr. John Michael Jones joined Imperial Brands in 1998 in the Treasury Department and has been Director of Treasury since 2001. He has gained extensive financial experience over that time and played a major role in the development of the financing and risk management activities of the Imperial Brands Group, particularly with the transforming acquisitions of Reemtsma (2002), Altadis (2008) and the US brands (2015). He is currently responsible for treasury, insurance and the financial risk management of pensions for the group.

Prior to Imperial Brands, after graduating with a degree in mathematics from York University, John started his career in audit with KPMG (1992-1996) then as Assistant Group Treasurer with Hickson International PLC (1996-1998).

Mr. Alain Minc

Mr. Alain Minc is a graduate of the Ecole des Mines de Paris and of ENA. After serving as Inspecteur des Finances, he joined Compagnie de Saint-Gobain in 1979, as Chief Financial Officer. In 1986, Mr. Minc became Vice-Chairman of CIR International (Compagnie Industriali Riunite International) and General Manager of Cerus (Compagnies Européennes Réunies) which were the non-Italian affiliates of Benedetti Group. He has been Board member of numerous companies and the Chairman of the Supervisory Board of Le Monde, the leading French newspaper (19/12/94 to 11/02/2008). Today he is Chairman of AM Conseil and Sanef, and he is also Director, Chairman of the Audit Committee and Member of the Remuneration Committee of CaixaBank. He is Commandeur de la Légion d'Honneur (France); Commander of the British Empire; Grand Cross of the Order of Civil Merit (Spain). Alain Minc wrote more than 30 books on different subjects (economics, history, social and politics, among others).

Mr. Amal Pramanik

Mr. Amal Pramanik is a Bachelor of Civil Engineering (Hons) (Indian Institute of Technology, Kharagpur, India) and MBA (Marketing & Systems) (Indian Institute of Management, Ahmedabad, India); he has a Diploma in Non-Executive Directorship (Australian Institute of Company Directors) and is a Certified Executive Coach, (Advanced Coaching Excellence, The Preston Associates). He currently serves at Imperial Brands Group as Group Strategy Director. Previously, he held several positions within the Imperial Group (Growth Division Director, Managing Director in UK and The Netherlands, and Marketing Director in Australia). Prior to joining the Group Imperial Brands, he worked in different positions for other companies: Gillette India, Pepsi Cola India and ITC India (BAT).