



FOR THE NATIONAL SECURITIES MARKET COMMISSION

Compañía de Distribución Integral Logista Holdings, S.A. (**the Company**), pursuant to the provisions of Article 17 of the European Parliament and the Council Regulation (EU) 596/2014, of April 16th, on the Market Abuse, and to the provisions of Article 228 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 21st and 22nd, 2018, 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 of 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 23rd January, 2018, 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 21st March, 2018, at the first call, and on the following day, 22nd March, 2018, 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 2017.
- Second.-* Approval, if appropriate, of the management of the Board of Directors during fiscal year 2016-2017.
- 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 2017 of the Compañía de Distribución Integral Logista Holdings, S.A.
- Fourth.-* Authorization to the Board of Directors for the derivative acquisition of own shares, either directly or through companies of the Group, within the legal limits and requirements.
- Fifth.-* Ratification and Re-election of Directors.
- 5.1 Ratification of the appointment by co-option of the proprietary Director Mr. Richard Charles Hill.
 - 5.2 Re-election of the independent Director Mrs. Cristina Garmendia Mendizábal.
 - 5.3 Re-election of the independent Director Mr. Stéphane Lissner.

- 5.4 Re-election of the independent Director Mr. Gregorio Marañón y Bertrán de Lis.
 - 5.5 Re-election of the independent Director Mr. Eduardo Andrés Julio Zaplana Hernández-Soro.
 - 5.6 Re-election of the proprietary Director Mr. John Matthew Downing.
 - 5.7 Re-election of the proprietary Director Mr. David Ian Resnekov.
 - 5.8 Re-election of the executive Director Mr. Luis Alfonso Egido Gálvez.
 - 5.9 Re-election of the executive Director Mr. Rafael de Juan López.
- Sixth.-* Approval, if appropriate, of the Policy on the Directors' Remuneration for the years 2019, 2020 and 2021
- Seventh.-* 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.
- Eighth.-* Advisory vote on the Annual Report on Remuneration of Directors of the Company corresponding to fiscal year 2016-2017.
- Ninth.-* Information to the General Meeting of the amendment of articles 15, 17 and 46 of the Board of Directors' Regulations, and approval of the Audit and Control Committee Regulations.

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 2016-2017.
- The proposed allocation of results corresponding to financial year 2016-2017.
- The Report of the external auditors on the Company's individual and consolidated annual accounts for financial year 2016-2017.
- The annual Report on the Company's Corporate Governance in financial year 2016-2017.
- The annual Report on the remuneration of the Company's Directors in financial year 2016-2017.
- The Report of the Audit and Control Committee, of 31st October 2017, on the independence of the external auditor.
- The Report of the Audit and Control Committee, of 31st October 2017, on the functioning and activities of the Audit and Control Committee, in financial year 2016-2017.
- The Report of the Appointments and Remuneration Committee, of 31st October 2017, on the functioning and activities of the Appointments and Remuneration Committee, in financial year 2016-2017.

- The Annual Report on Corporate Social Responsibility, of 31st October 2017.
- The Report of the Board of Directors of 25th April 2017 on the appointment by co-option of the proprietary Director Mr. Richard Charles Hill, and the report/proposal of the Board of Directors of 23rd January 2018 for ratification by the General Meeting of the said appointment and curriculum of Mr. Hill.
- The explanatory reports of the Board of Directors' proposals to the General Meeting (at the proposal of, and following a favourable report of the Appointments and Remuneration Committee, depending on the category of the Directors) for the re-election of the Directors Mrs. Cristina Garmendia Mendizábal, Mr. Stéphane Lissner, Mr. Gregorio Marañón y Bertrán de Lis and Mr. Eduardo Andrés Julio Zaplana Hernández-Soro (independent Directors), Mr. John Matthew Downing and Mr. David Ian Resnekov (proprietary Directors) and Mr. Luis Alfonso Egido Gálvez and Mr. Rafael de Juan López (executive Directors), and the curricula of all of them.
- The text of the Policy on the Company Directors' remuneration 2019-2021, initially approved by the Board of Directors of 23rd January 2018, and the report of the Appointments and Remuneration Committee on the Policy, of the same date, in accordance with the provisions of article 529 novodecies 2 of the Capital Companies Act.
- The text of articles 15, 17 and 46 of the Board of Directors' Regulations, amended by agreement of the Board of 19th December 2017, and the Report of the Board, of the same date, to the General Meeting on the amendment of those articles.
- The text of the Audit and Control Committee Regulations, approved by the Board of Directors of 19th December 2017, and the Report of the Board of the same date to the General Meeting on the approval of those Regulations.
- 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 which 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](http://www.grupologista.com/Shareholders%20and%20Investors)/"General Shareholders Meeting 2018").

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, 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 2018"/"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 20 March 2018, 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

Data of a personal nature 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 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. Shareholders are also informed of their rights of access, rectification, cancellation and opposition, in accordance with the provisions of Organic Law 15/1999, of 13 December, governing the Protection of Data of a Personal Nature, by means of a written communication addressed to the Secretary of the Company's Board of Directors at Leganés (28914 Madrid), calle Trigo, 39, Polígono Industrial Polvoranca.

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

Leganés, 15 February 2018

The Secretary/Director,

Rafael de Juan López

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

ORDINARY GENERAL SHAREHOLDERS' MEETING

21 March 2018

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 2017.
- 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 2017.
2. To approve the Management of the Board of Directors during the financial year closed on 30 September 2017.
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 2017:

Net Profit	149,102,406.48	Euros
To Dividends (1.05 €/share)	138,976,496.40 ⁽¹⁾	Euros
<ul style="list-style-type: none"> • Interim Dividend 0.30 € per share (Agreement of Board of Directors of 27th July, 2017) • Additional 0.75 € per share 	39,707,570.40 ⁽¹⁾	Euros
	99,268,926.00 ⁽¹⁾	Euros
To Voluntary Reserves	10,125,910.08	Euros

⁽¹⁾ Excluding Treasury Shares (391,432 shares).

The dividend will be paid on 28th March 2018 through Banco de Santander.

- 4.1 To authorize the Board of Directors so that, pursuant to the provisions of Article 146 of the Capital Companies Act, it may acquire, at all times, shares in the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., provided that:
- i) the face value of the shares acquired, in addition to that of those already held by the Company and/or its subsidiaries, does not exceed 20% of the share capital of the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., and
 - ii) the acquisition, including any shares that the Company or person acting in their own name but on behalf of the Company may have acquired or previously held, does not result in the Company's net equity falling below the amount of the share capital plus any reserves restricted by Law or the By-laws.

Furthermore, to authorize the subsidiaries so that, without prejudice to the relevant authorisation of their own general shareholders' meetings, pursuant to the said Article 146, they may at all times acquire shares in the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., provided that the face value of the acquired shares, in addition to that of those already held by the Company and/or its subsidiaries, does not exceed 20% of the share capital of the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

The said acquisitions may be made by a sale and purchase, swap, donation, allocation or payment in kind and, in general, by any other form of acquisition for consideration. In any case, the shares to be purchased will be circulating shares that are fully paid up.

The Board of Directors of the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. or of its subsidiaries may agree to purchase the Company's shares in one or more transactions, for a maximum price that does not exceed 20% of their listed price, and for a minimum price that is not less than the face value of 0.20 Euros per share.

This authorization is granted for a term of five years from the date of this General Meeting.

4.2 To expressly allow, for the purposes of Article 146.1.a), last paragraph, of the Spanish Capital Companies Law, any share acquired by the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. or its subsidiaries, further to this authorization, to be used or applied, in whole or in part, for transfer, amortization or delivery to the employees of the Company, and to directors and other employees of the COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. and its subsidiaries, in accordance with and in implementation of Long-Term Incentive Plans consisting of the delivery of Company shares or of options on Company shares.

5.1 To ratify the appointment by co-option of Mr. Richard Charles Hill as proprietary Director, which was made by the Board of Directors on 25 April 2017, and whose personal data are included in his registration as Director of the Company.

5.2 To re-elect as Company Director, for the statutory four-year period, Mrs. Cristina Garmendia Mendizábal, of Spanish nationality, of legal age, married, of Camino Alto 73-28109 La Moraleja (Alcobendas, Madrid), and with Spanish ID 15.957.763-H.

Mrs. Garmendia will be an independent Director, in accordance with the provisions of Article 529 duodecies 4 of the Capital Companies Act, and of Article 7.1.3. of the Rules of the Company's Board of Directors of January 26th, 2016.

5.3 To re-elect as Company Director, for the statutory four-year period, Mr. Stéphane Lissner, of French nationality, of legal age, married, of 16 rue Cassini, 75014 Paris (France), and holding Foreigner's Identification Number (NIE) Y-3014455-C.

Mr. Lissner will be an independent Director, in accordance with the provisions of Article 529 duodecies 4 of the Capital Companies Act, and of Article 7.1.3. of the Rules of the Company's Board of Directors of January 26th, 2016.

5.4 To re-elect as Company Director, for the statutory four-year period, Mr. Gregorio Marañón y Bertrán de Lis, of Spanish nationality, of legal age, married, of Madrid, C/ Gómez Ortega, nº 27, with Spanish ID 00.115.124-D.

Mr. Marañón will be an independent Director, in accordance with the provisions of Article 529 duodecies 4 of the Capital Companies Act, and of Article 7.1.3. of the Rules of the Company's Board of Directors of January 26th, 2016.

- 5.5 To re-elect as Company Director, for the statutory four-year period, Mr. Eduardo Andrés Julio Zaplana Hernández-Soro, of Spanish nationality, of legal age, married, of Madrid, C/Zurbarán, 17 – 4º izq., and with Spanish ID 22.923.521-L.

Mr. Zaplana will be an independent Director, in accordance with the provisions of Article 529 duodecies 4 of the Capital Companies Act, and of Article 7.1.3. of the Rules of the Company's Board of Directors of January 26th, 2016.

- 5.6 To re-elect as Company Director, for the statutory four-year period, Mr. John Matthew Downing, of British nationality, of legal age, married, of 212 Winterstoke Road, Bristol BS3 2LL, United Kingdom and holding Foreigner's Identification Number (NIE) Y-3485602-N.

Mr. Downing 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.

- 5.7 To re-elect as Company Director, for the statutory four-year period, Mr. David Ian Resnekov, of British nationality, of legal age, married, of 2 Chapel Gardens, Westbury-on-Trym, Bristol BS10 7DF, United Kingdom and holding Foreigner's Identification Number (NIE) Y-0713894-B.

Mr. Resnekov 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.

- 5.8 To re-elect as Company Director, for the statutory four-year period, Mr. Luis Alfonso Egido Gálvez, of legal age, of Spanish nationality, married, of Pozuelo de Alarcón (Madrid), Avenida del Montecillo, 15, with Spanish ID 50.929.376-Q.

Mr. Egido will be an executive Director, as he performs management duties in the Company, in accordance with the provisions of Article 529 duodecies 1 of the Capital Companies Act, and of Article 7.1.1. of the Rules of the Company's Board of Directors of January 26th, 2016.

- 5.9 To re-elect as Company Director, for the statutory four-year period, Mr. Rafael de Juan López, of legal age, of Spanish nationality, married, of Calle Ebro, 10, Galapagar (Madrid), with Spanish ID 50.653.077-Q.

Mr. De Juan will be an executive Director, as he performs management duties in the Company, in accordance with the provisions of Article 529 duodecies 1 of the Capital Companies Act, and of Article 7.1.1. of the Rules of the Company's Board of Directors of January 26th, 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 5 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.

6. To approve the Policy on the Directors' Remuneration for 2019-2021, with the content that appears in the Appendix to the Minutes of this General Meeting.

It is expressly noted that the proposal of approval of this Policy by the Board of Directors was accompanied by a specific report issued by the Appointments and Remuneration Committee.

7. 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.

8. 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 2016-2017.

- 9.1 The Board of Directors of the Company, in the meeting held on 19 December 2017, in accordance with article 528 of the Consolidated Text of the Spanish Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, and article 3 of the Regulations of the Board of Directors, of 26 January 2016, agreed, with a prior favourable report from the Audit and Control Committee, to amend Articles 15, 17 and 46 of the Regulations of the Board, in order to:

- incorporate into the rules of the Audit and Control Committee the recommendations of Technical Guide 3/2017, relating to Audit Committees of Public-Interest Entities and published by the CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) on 27th June, 2017 (“the Technical Guide”).
- add technical clarifications to the said articles. The amendments made are the following:

Article 15 – The Board’s Committees

Sections 3 and 4 are amended, for the sole purpose of improving their wording.

Article 17 – The Audit and Control Committee

- o 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).
- o Diversity of sex and of geographical origin of the Committee members is encouraged (Article 17.1)
- o Their functions and responsibilities are extended and systemised.
- o 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.

- 9.2 At the proposal of the Audit and Control Committee, the Board of Directors of the Company, in the meeting held on December 19, 2017, approved the Regulations of the Audit and Control Committee, in accordance with the recommendations of the Technical Guide of the CNMV on Audit Committees of public-interest entities.

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

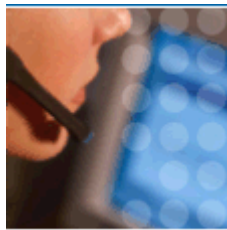
9) Means and Resources

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

STATUTORY AUDITOR INDEPENDENCE ANNUAL REPORT

AUDIT AND CONTROL COMMITTEE

2016-2017



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.

Fees related to audit services of the financial statements of the year 2016-2017, rendered to Grupo Logista by Deloitte, S.L. amount € 817 Thousand, and those rendered by PricewaterhouseCoopers Auditores, S.L., amounted € 488 Thousand.

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.

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.

3. NON- AUDIT FEES RENDERED BY DELOITTE

The breakdown of the services invoiced during the fiscal year 2016-2017, not considering the fees for the account auditing are presented in the following table:

	<u>Thousand Euros</u>
Other Verification Services	37
Transfer Pricing	60
Other services	41
Total	138

3.1. 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.
- Fees paid for reviewing and issuing the report on the Internal Control over Financial Reporting Framework (ICOFR) released to the market for the fiscal year 2015-2016, included in the Corporate Governance Annual Report. 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.

3.2. TRANSFER PRICING

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

3.3. OTHER SERVICES

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

- Advice in preparation of the Corporate Social Responsibility Report of Compañía Integral de Distribución Logista Holdings, S.A, belonging to fiscal year 2015-2016.
- Fees paid by advice given in the inventory process of one of the Portuguese subsidiaries of vending machines.

- Fees paid in France related to a potential acquisition.
- 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.

Also, during the year it has been committed services related to obtain a “SSAE16 SOC1 Type 2” report for Logista Pharma subsidiary, to be executed next fiscal year.

The hiring of these services 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.

4. NON- AUDIT FEES RENDERED BY PRICEWATERHOUSECOOPERS

The breakdown of the services invoiced during the fiscal year 2016-2017, not considering the fees for the account auditing are presented in the following table:

	<u>Thousand Euros</u>
Reporting package to Imperial Brands, PLC	127
Other Verification services	18
Total	145

4.1. 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, for the six-month period ended March 31st, for the nine-month period ended June 30th, and the issuing of an update report regarding the key aspects of the audit.
- 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.

4.2. OTHER SERVICES

Also, during the year it has been committed services related to obtain a “SSAE16 SOC1 Type 2” report for Logista Italy subsidiary, to be executed next fiscal year.

The hiring of these services 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. 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 2016-2017, Grupo Logista has hired audit services and other non-audit services:

- To Deloitte S.L., amounting a total of € 951 Thousand, which represent a 0.0026 % of the annual revenues disseminated by Deloitte global for its fiscal year 2016-2017.
- To PricewaterhouseCoopers Auditores, S.L., amounting a total of € 951 Thousand, which represent a 0.0019 % of the annual revenues disseminated by PricewaterhouseCoopers Auditores, S.L. global for its fiscal year 2016-2017.

6. INDEPENDENCE DISCLOSURE FROM THE STATUTORY AUDITOR

On October 31st, 2017, 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 2016-2017 the Statutory Auditors have not revealed in the Audit and Control Committees any issue that could impair their independence.

7. 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 2016-2017.

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 2016-2017, due to the rendering of non-audit services.

The current report is the one that has been approved by the Audit and Control Committee in its session held on October 31st, 2017.

Leganés, October 31st, 2017

D. Rafael de Juan López
Audit and Control Committee Secretary

***ANNUAL REPORT OF THE FUNCTIONS AND THE ACTIVITIES OF THE
AUDIT AND CONTROL COMMITTEE
2016-2017***



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

Financial year 2015-2016

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 in article 43 of the Articles of Association and in articles 15 and 17 of the Board of Directors' Regulations, Consolidated Text of 26 January 2016.

Pursuant to the aforementioned standards, the Board of Directors shall constitute an Audit and Control Committee, with a minimum of three and a maximum of seven non-Executive Directors, being the most of them Independent Directors, appointed by the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

The members of the Audit and Control Committee shall choose a President from among the Independent Directors that form part thereof, who shall be replaced every four years and may be re-elected once a period of one year has elapsed since his/her stepped down.

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

The Board of Directors shall ensure that the members of the Audit and Control Committee and in particular its President, have knowledge and experience in relation to accounting, auditing or risk management in accordance with their functions, but they do not necessarily have to be experts.

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

- a) Inform at the Shareholders Meeting on the matters raised by the shareholders relating to the matters under its competence and, in particular, regarding the outcome of the audit,

explaining how it has contributed to the integrity of financial information and the role that the Committee has played during this process.

- b) Refer to the Board of Directors the proposals for 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 the conditions of the engagement thereof, and regularly gather information from it regarding the Audit Plan and its implementation, in addition to preserving its independence in the exercise of its functions.
- c) Supervising the services and activities of the internal audit unit and, in particular, monitor the independence of the unit handling the internal audit function, which shall report functionally to the Chairman of the Audit and Control Committee and will monitor the effectiveness of reporting and control systems; proposing the selection, appointment, re-election and removal 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 the Company is exposed to; receiving regular report-backs on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.

The head of the unit handling the Internal Audit function should present an annual work programme to the Audit and Control Committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

- d) Supervising the effectiveness of the internal control systems of the Logista Group, in particular those for financial information and the risk systems of the Logista Group, reviewing the appointment and replacement of managers, and discuss with the auditors or audit firms the weaknesses of the internal control system, detected during the audit, without compromising its independence. To this end, and where appropriate, recommendations or proposals may be submitted to the Board of Directors in keeping with the corresponding time frame for follow-up activities.

In particular, the Company shall have a risk control and management unit under the direct supervision of the Audit and Control Committee. This unit shall be expressly charged with, among others, the duty to ensure that risk control and management systems are functioning correctly and, specifically, that major risks the Company is exposed to are correctly identified, managed and quantified; to actively participate in the preparation of risk strategies and in key decisions about their management; and to ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

- e) Establish and supervise a procedure which allows employees from the Logista Group, in confidentially and, where possible, and if deemed appropriate, anonymously report

irregularities of potential importance, especially financial and accounting irregularities within the Company.

- f) Establish appropriate relationships with external auditors or audit firms to gather information on those matters which may threaten his/her independence for examination by the Committee, and any other matters relative to the development of Account auditing, and when appropriate, authorise services other than those prohibited under the conditions provided in the relevant regulations regarding the independence of auditors, as well as any other communications schedules in Account auditing legislation and Auditing technical regulations. In any event, it must receive from the external auditors or audit firms a written declaration on an annual basis of their independence against the Logista Group or entities directly or indirectly related thereto, as well as detailed information on an individual basis about additional services of any kind provided to and the corresponding fees received from such entities by such auditors or persons or entities related thereto, pursuant to the Laws on auditing accounts. The Committee shall ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

In this regard, the Committee shall ensure that the remuneration of the external auditor does not compromise its quality or independence.

- g) On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors and on whether the independence of auditors and audit firms has been compromised. This report, which shall be published in the Logista Group's website well in advance of the Annual General Meeting, in any event must cover a detailed evaluation of the provision of each and every additional service 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 account audit activities.
- h) Ensure that the Company notifies any change of external auditor to the CNMV (Spanish Securities Market Commission) as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- i) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- j) Ensure that the external auditor has a yearly meeting with the Board plenary to inform it of the work undertaken and developments in the Company's risk and accounting positions.
- k) Report to the Board of Directors regarding the Annual Accounts of the Logista Group, as well as the financial information the Logista Group is required to make public from time to time, to be submitted to the market supervisory or regulatory agencies.

- l) Monitor compliance with legal requirements and proper application of generally accepted accounting principles, and report on proposals for modification of accounting criteria and principles suggested by Management, and on and off balance sheet risks.
- m) Supervise the process of drawing up and the integrity and submission of the required financial information, and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- n) Report in advance to the Board of Directors regarding transactions related to the creation or acquisition of interests in special-purpose entities, or entities domiciled in countries or territories treated as tax havens, and regarding obligations, actions, activities and transactions that imply or could imply conflicts of interest particularly with regard to related persons' transactions, and, in general, regarding the duties contemplated in chapter IX of the Company Board of Directors Regulations.

The Report, if any, issued by the Audit and Control Committee on related persons' transactions, shall be published in the Logista Group's website well in advance of the Annual General Meeting.

- o) Supervise compliance with corporate governance rules and the Internal Codes of Conduct of the Company. In particular, the Audit and Control Committee shall:
 - (i) Supervise compliance with the Internal Codes of Conduct of the Company, particularly with the Internal Securities Market Code of Conduct, these Regulations and the Logista Group's governance rules, as well as putting forward proposals for its improvement.
 - (ii) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
 - (iii) Periodically evaluate the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
 - (iv) Evaluate all aspects of the non-financial risks the Company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
 - (v) Propose to the Board of Directors the approval of the Annual Corporate Governance Report.

- (vi) Previously report to the Board of Directors on any fundamental changes or corporate transactions the Company is planning, on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.
 - (vii) Gather information and, if applicable, issue a report on disciplinary measures for the Logista Group's senior managers.
- p) Supervise compliance with the corporate social responsibility policy of the Company. In particular, the Audit and Control Committee shall:
- (i) Review the Company's corporate social responsibility policy, ensuring that it is geared toward value creation.
 - (ii) Monitor corporate social responsibility strategies and practices and assess compliance in this respect.
 - (iii) Monitor and evaluate the Company's interaction with its stakeholder groups.
 - (iv) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.
 - (v) Supervise that the Company's corporate social responsibility policy includes the principles or commitments which the Company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:
 - a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
 - b) The corporate strategy with regard to sustainability, the environment and social issues.
 - c) Concrete practices in matters relative to: shareholders, employees, clients, 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 and identifying and managing related risks.
 - e) The mechanisms for supervising non-financial risk, ethics and business conduct.
 - f) Channels for stakeholder communication, participation and dialogue.
 - g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

The report issued by the Audit and Control Committee with regard to the Company’s corporate social responsibility shall be drafted using an internationally accepted methodology, and be published in the Logista Group’s website well in advance of the Annual General Meeting.

- q) Draft an Annual Report for the Board of Directors describing the activities of the Audit and Control Committee, on which the evaluation by the Board of Directors shall be based. The Report shall be published in the Logista Group’s website well in advance of the Annual General Meeting.
- r) Any other reporting and proposal function assigned to it by the Board of Directors, generally or specifically.
- s) Any other competence or function under the law, the By-Laws or these Regulations.

The Audit and Control Committee shall meet as regularly as established, whenever its President or two of its members request a meeting and, at least four times a year. One of the meetings will be convened specifically to assess the efficiency and compliance with the Company’s rules and governance procedures and to prepare the information to be approved by the Board of Directors and included in their annual public documentation.

All members of the management team or Company personnel required shall have to attend the Committee’s sessions and collaborate and provide any available information. The Committee may also request the attendance of the Accounts Auditors at the meetings.

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

2.-. COMPOSITION

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

Job Title:	Members	Date of Appointment	Nature
President	Ms Cristina Garmendia Mendizábal	09.06.2014	Independent
Member	Mr Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
	Mr David Resnekov	09.06.2014	Proprietary
	Mr Eduardo Zaplana Hernández-Soro	09.06.2014	Independent
Non-member Secretary	Mr Rafael de Juan López	09.06.2014	-----

3.- ACTIVITIES

During the 2016-2017 financial year, the Company's Audit and Control Committee held seven meetings:

1st SESSION – 25 OCTOBER 2016

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

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Corporate Internal Audit Director, (Ms. Laura Templado), and the External Auditor (Deloitte) (Mr. Jose Luis Aller and Ms. Lucía Ortega Sande).

The Audit and Control Committee carried out the following activities:

- Review of the Annual Accounts of the Company (2015-2016)

- The Company's Individual and Consolidated Accounts were studied.
- The External Auditor informed that the Audit Report of the Individual and Consolidated Accounts, ended on 30-09-2016, would be unqualified.
- Being absent the CEO and the Corporate Finances Director, the Committee issued a report in favour of the drawing up, by the Board of Directors, of the Annual Individual and Consolidated Accounts for the financial year ending on 30-09-2016.
- The External Auditor indicated that, pursuant to the provisions established in the audit's technical standards, a review had been carried out of the Group's Internal Control System for the Financial Reporting (ICOFR) and that, as a result of this task, no significant weaknesses had been detected in this regard.
- In particular, the Committee received the Report from the External Auditor on the review that had been carried out, pursuant to the Group's instructions, of the information of the Internal Control System of the Financial Information (ICOFR) included in section F) of the Annual Corporate Governance Report (ACGR), resulting in no relevant inconsistencies or incidents that could affect it.
- The External Auditor stated that they had had no disagreements with the Group's Management which affected their audit work, and that they had received complete collaboration from the Group's Management in relation to the auditing of the annual accounts for the financial year ended on 30th September, 2016.

- New Model of Audit Report:

The external auditor informed the Committee on the new Model of Audit Report, to be applied from FY 2017 onwards, and which the auditor will have to include the most significant risks applicable to the audited entity (the KAM – Key Audit Matters).

- Annual Corporate Governance Report

A favourable opinion was issued with regard to the Annual Corporate Governance Report (2015-2016) and the approval thereof was proposed to the Board of Directors.

- Independence of the Auditor

The Committee approved the Report on the independence of the External Auditor (Deloitte) (report that was annexed to the Minutes of the meeting), with the end result being, in the opinion of the Committee, that Deloitte has acted independently in relation to the examination and verification of the 2015-2016 Individual and Consolidated Accounts of Compañía de Distribución Integral Logista Holdings, without this independence being affected, during the abovementioned period, by Deloitte providing services to the Company and its group of companies, in addition to those of the Account Auditing service.

- Report on Corporate Social Responsibility

The Committee unanimously approved the Logista Group's 2015-2016 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 its Functions and Activities for the 2015-2016 period was unanimously approved, and submitted to the Board of Directors, pursuant to article 17.2 of the Board's Regulation.

- Self-assessment of the Functioning and Composition of the Audit and Control Committee in Financial Year 2015-2016.

The Committee had heard the result of the assessment that was carried out by its Members, with external advice from KPMG, of its functioning and composition, and proposed improvement actions.

2nd SESSION – 29 NOVEMBER 2016

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

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Corporate Internal Audit Director, (Ms. Laura Templado), and the External Auditor (Deloitte) (Mr. José Luis Aller and Ms. Lucía Ortega Sande).

The Audit and Control Committee carried out the following activities:

- New format of the Report on the Auditing of Consolidated Annual Accounts (Article 5 of Law 22/2015 of 20th July, governing Accounts Auditing) and of the Auditor's additional Report for the Audit and Control Committee.

Mr. Aller (Deloitte) reported this item to the Committee.

He first referred to the new regulations covering Accounts Auditing (Law 22/2015 of 20th July, and EU Regulation 537/2014), which are applicable to financial years beginning after 17th June, 2016 (the date when both came into force).

The *Instituto de Contabilidad y Auditoría de Cuentas* (Institute of Accounting and Accounts Auditing) had submitted for public information an amendment to the *Normas Internacionales de Auditoría* ("NIA") (International Auditing Standards), relating to the *Comunicación Comisión Auditoría* (Audit Committee Communication) (NIA ES 260) and the *Informe de Auditoría* (Auditor's Report) (NIA ES 201).

The latter lays down the Structure, Order and Content of the new Auditor's Report foreseen in Article 5 of the Law of Accounts Auditing.

The Structure of the Auditor's Report for Public-Interest Entities (PIEs) consists of the following sections:

NIA/IAS: Report on the Financial Statements

- ✓ Opinion
- ✓ Basis for the opinion
- ✓ Key Audit Matters
- ✓ Other information: Directors' Report

- ✓ Responsibilities of the Directors and of the Audit Committee for the Financial Statements
- ✓ The Auditor's responsibilities in the auditing of the Financial Statements

LAW: Report on Other Legal and Regulatory Requirements

- ✓ Additional Report to the Audit Committee
- ✓ Engagement Period
- ✓ Services Provided

Mr. Aller then referred to the most important innovations in the Auditor's Report:

- ✓ The first section of the Auditor's Report will be 'Opinion'.
- ✓ The 'Basis for Opinion' section will include the statement that the auditor is independent of the entity.
- ✓ The 'Key Account Matters' ('KAM') section is completely new. In it, the auditor must explain what a Key Matter is, and also the way in which the related work has been tackled. The auditor must also include references to the information about, and breakdown of, the key matters which appear in the Financial Statements.
- ✓ In the section 'Other Information: Directors' Report', the auditor should include an opinion on the degree of consistency of the director's report with the financial statements.
- ✓ In the section 'Responsibilities of the Directors and of the Audit Committee', the bodies responsible for overseeing the preparation and presentation of the financial statements should be identified, and it should be expressly stated that the Directors are responsible for assessing the Group's ability to continue as a "going concern".
- ✓ In the section 'The Auditor's Responsibilities', the auditor must make appropriate statements concerning:
 - The identification and assessment of the risks of material misstatement, whether due to fraud or to error.
 - The obtention of an understanding of internal control.
 - The evaluation of the accounting policies and the reasonableness of the estimates made.
 - The appropriateness of the use of the 'going concern' basis of accounting.

- The evaluation of the structure and presentation of the financial statements.
- The obtention of appropriate evidence for the financial information about the entities or activities within a group. The auditor remains solely responsible for the auditor's opinion.

The Auditor's Report must also contain information about the legal requirements in relation to: Additional Information for the Audit Committee; Period of Engagement of the Auditor, and Services Provided, other than auditing for the Group.

Mr. Aller then performed a simulation showing the Audit Report on the Logista Group's 2015-2016 Consolidated Accounts as it would have appeared if it had been applicable to that financial year.

The Key Audit Matters were the following:

- Recognition of revenue from tobacco sales (94.5% of the Group's total sales).
- Deferred taxes and provisions for tax contingencies.
- Impairment of Goodwill and Other Intangible Assets (tobacco distribution contracts in France).

He then explained the structure of the Audit Report for Non-PIEs.

He concluded his presentation by indicating the content of the Report of the Audit and Control Committee, established by Article 11 of EU Regulation 537/2014.

- Annual Report (2015-2016) on the Internal Auditing Activities.

The Director of Internal Auditing, Mrs. Laura Templado, presented the Annual Report on the 2015-2016 Internal Auditing Plan.

1. Internal Auditing Activities

1.1 Degree of Achievement of the 2015-2016 Internal Auditing Plan

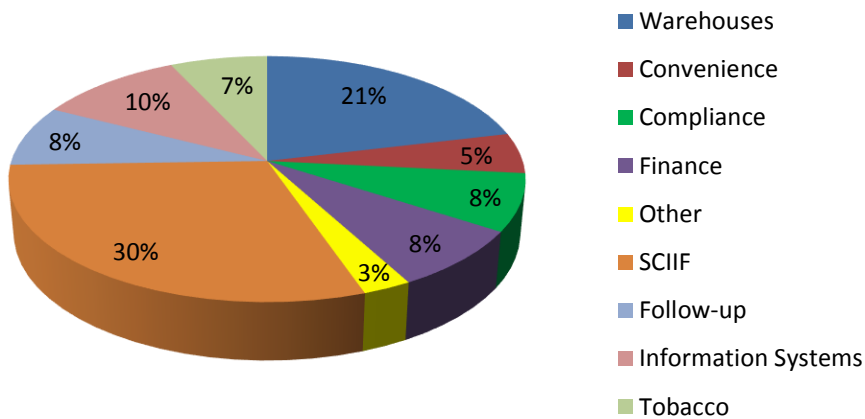
92% of the audit plan had been completed, most of the activities in draft form awaited replies – especially the System for the Internal Control of Financial Reporting (ICOFR) (SCIIF in Spanish).

- The completion of the ICOFR audits had been delayed because their review had taken longer than expected.

- The auditing of the accounts payable and accounts receivable management processes at Logista France, and of the cash management at Supergroup, had been delayed in order to perform the unplanned audit of Supergroup’s annual discounts, as requested by the management.
- The time which had been planned for the auditing of the vending machines in Portugal had been used to carry out the due diligence at José Costa & Asociados, Lda in August; this had not been foreseen in the plan.

1.2 Audit Coverage

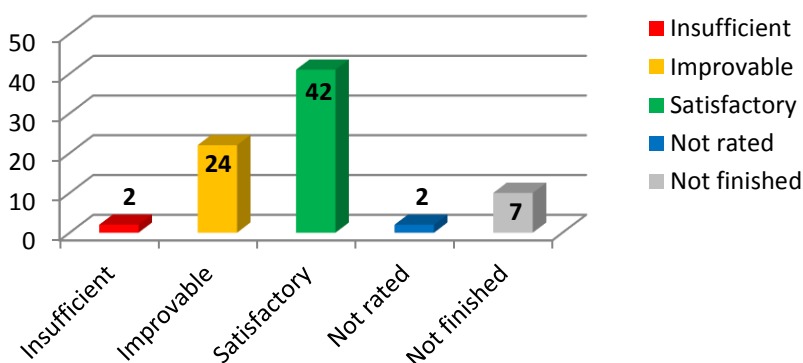
The audit coverage provided by the agreed plan had been orientated towards risks in the areas of strategy, operations and compliance with regulations, in the percentages shown below:



1.3 Results of the reviews

In fiscal year 2015-2016, 68 audits were performed, in 42 (60%) of which there was an adequate degree of control, as shown in the chart below:

Results of the audits



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 intermediate consolidated financial statements of the Compañía de Distribución Integral Logista Holdings, S.A.U. as at 31st December, 2015.

Within the framework of the ICOFR, there was a review of the processes of inventory purchases/accounts payable of the different companies and businesses, 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. Nevertheless, certain areas were detected where improvement was required, notably in the effectiveness of the controls over purchasing operations, and in the design of the supporting documentation.

The audits of the information systems exposed certain improvement areas in the control of access to the datacentres, and improvements in the planned strategy for simulations of disaster recovery, because it is not possible to extrapolate it to a real disaster. Additionally, the audit of the segregation of duties model in PHARMASAP revealed the need to create a new supervisory framework.

In relation to all the actions agreed with the businesses, 80% have been implemented, which represents a significant improvement compared with the initial situation at the close of fiscal year 2014-2015.

2. Other activities carried out by the Management 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.

We need to mention that the controls to prevent smuggling were tested in each of the delegations which received surprise visits, and that no aspect in critical need of improvement was detected.

Audit	Impact (*)	Design Conclusion	Operating efficiency	General conclusion
Corruption among private individuals	High	Satisfactory	Satisfactory	Satisfactory
Smuggling	High	Satisfactory	Satisfactory	Satisfactory
Abuse of inside information in Stock Markets	Moderate	Satisfactory	Satisfactory	Satisfactory
Accounting fraud	Moderate	Satisfactory	Satisfactory	Satisfactory
Damaging IT systems	Low	Satisfactory	Improvable	Satisfactory
Offence against natural resources or the environment	Low	Satisfactory	Improvable	Improvable
Industrial or intellectual property offence	Low	Satisfactory	Satisfactory	Satisfactory
Trade secrecy offence	Low	Satisfactory	Satisfactory	Satisfactory
Offence against personal privacy	Low	Satisfactory	Satisfactory	Satisfactory
Misleading advertising	Low	Improvable	Satisfactory	Satisfactory

(*) Depending on the event and its consequences.

- **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.

These actions concentrated on the review of the following processes:

- environmental
- sponsoring and gifts
- selection and engagement of suppliers of Terzia
- management of transport contracts and contractors at Logesta.
- selection and engagement of staff
- fiscal management
- management of infrastructure and information security at Terzia
- development of computer applications for Terzia

2.2 Review of internal regulations

This year, the following policies and procedures have been reviewed:

- Policy and Procedures relating to Corporate Defence.
- Purchasing Policy and Procedure.
- 'Whistleblowing' Policy and Procedure.
- Instruction for Inventories and Instruction for Damaged Stock.
- Procedure for Prevention of Risks from Crime and Updating of the Risks and Controls Matrix.
- Policy and Procedure for Information Security.
- Policy on Corporate Social Responsibility.
- Policy on Corporate Governance.
- Risk Management Procedure.

The Internal Auditing Policy was modified during the first quarter of the year to align it with the new Corporate Defence model, and was approved by the Audit Committee.

Apart from the reviews of the offences covered by the model of Corporate Defence, the Internal Audit Department collaborated with the Legal Department and the Human Resources Department in work on the Policy on the Prevention of Risks from Crime in Spain and on the Code of Conduct. The work involved the launching, the definition of the communications systems, and training activities.

2.3 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 September, 2016.

During the final quarter of the fiscal year, no information was received about any significant changes to the Map of Risks, nor about the appearance of any significant new risks.

2.4 External Auditor

The scope of the External Auditing for FY 2015-2016 had been reviewed and its planning had been co-ordinated, in order to guarantee a proper coverage of the financial statements audited by the external auditor and to obtain a reasonable assurance about the accounts of the Group's

various companies, and also to ensure that the Group complies with the legal obligation in relation to the auditing of accounts.

The annual accounts of all the Group's companies were reviewed before their formulation and deposit in the Commercial Registry, to ensure that they did not contain errors and that no mandatory information had been omitted.

Together with the Financial Management and the external auditor, a preliminary assessment was made of the impacts of IFRS 15 'Revenue Recognition' and IFRS 16 'Leases'.

2.5 'Whistleblowing' channel

No notifications of malpractice were received during the financial year.

2.6 Other

The Internal Control Committee and the Corporate Defence Unit held meetings in October and, November, 2015, and in March, July and September, 2016.

The Internal Audit Department was represented at the quarterly inventories at the Leganes Regional Warehouse and at the year-end inventories at the main regional and central warehouses of the different businesses and countries, in order to provide assurance to the stocktaking process.

In the third quarter of the financial year, members of the Internal Audit Department took part in the transfer of ownership of the regional warehouse of Andújar, carrying out inventory procedures and physical counts, and reviews of accounts receivable and guarantees, it being impossible for the Internal Control Department to perform that review on that occasion.

In Italy, in the first quarter of the year, the Internal Audit Department participated in the migration of the system of recording and paying 'Synergy' invoices from ERP to SAP.

3rd SESSION - 24 JANUARY 2017

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

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

The Audit and Control Committee carried out the following activities:

- Quarterly Financial Report

- The Corporate Finance Director presented the Committee the Quarterly Financial Report (first quarter of the financial year – 1 October to 31 December 2016), which shall be sent to the CNMV and to the markets. The Report included among others, the sale of the participation that Logista Italia S.p.A. had in Banca ITB.
- It received a report from the Corporate Internal Audit Director concerning the abovementioned Financial Report (the materiality was 8 million euros).
- It 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.

- Report/Proposal on the renewed engagement of the Accounts Auditor of the Company and of its Consolidated Group.

The Board Secretary informed the Committee of the conclusion of the initial period of engagement of Deloitte, S.L. as the Accounts Auditor of the Company and of its Consolidated Group, who had been appointed by the Extraordinary and Universal General Meeting of 4th June, 2014, for a period of three fiscal years which ended on 30th September, 2016.

The Committee's Chairperson reported on the agreements reached in the Working Group, created by agreement of the Board.

The Working Group had proposed that the Company call for a tender, so that the Audit and Control Committee could recommend to the Board the appointment of two reputable auditing companies, which would work jointly, as co-auditors, on the Company's individual and consolidated accounts for the next three fiscal years.

Finally, the Audit and Control Committee unanimously agreed:

- i) Not to recommend the renewal of the appointment of Deloitte as the accounts auditor of the Company and its Consolidated Group, as the sole auditor of the Company's individual and consolidated annual accounts.
- ii) In accordance with current legislation, to call the appropriate tender in order to be able to recommend to the Board of Directors the appointment of two reputable auditing companies, that would jointly act as joint auditors of the Company and its Consolidated Group, for the fiscal years ending 30 September 2017, 30 September 2018 and 30 September 2019.

Once the tender has been concluded, the Committee will accordingly recommend to the Board the two auditing companies that will act as joint auditors.

If the Board of Directors accepts the Audit and Control Committee's recommendation, it will have to submit the relevant proposed resolution to the General Shareholders' Meeting, planned to be held on March 21st.

The Corporate Directorate of Finances:

- i) Will prepare the relevant set of conditions, in accordance with (EU) Regulation 537/2014 of 16th April, and the Law of Accounts Auditing of 20th July, 2015.
- ii) Will conduct the selection process.
- iii) Will negotiate directly with the auditing firms which are invited as candidates in the selection process.
- iv) Will formulate, for the Audit and Control Committee, the proposal for the award to the selected auditing firms.
- v) Will prepare a report containing the conditions attached to the selection process (including the names of the two auditing firms initially proposed for appointment as joint auditors), for ratification by the Audit and Control Committee.

4th – RESOLUTION OF 15 FEBRUARY 2017

- Report/Proposal of the Committee of 15 February 2017

The report, referred to below, was unanimously agreed by the Committee, following the procedure of written voting, performed, according to the provisions of Article 248.2 of the Capital Companies Act, Article 37 of the Articles of Association and Article 15.3, in relation to Article 20.4 of the Board of Directors Regulations.

Report-Proposal on the Appointment of the Accounts Auditors of the Company and of its Consolidated Group, for the Fiscal Years ending September 30th 2017, 2018 and 2019.

All members (personally or through their representation by another member), have issued, in writing, their vote in favour of the following agreement:

The members of the Committee have received a Report to the referenced subject, issued by the Corporate Finances Directorate, that has conducted the selection process of the Auditors of the Individual and Consolidated Accounts of the Company, for the next three fiscal years, in accordance to the set of conditions prepared, that all members declare to know and ratify, in what may be appropriate.

The Report contains, among others, the invitations sent to different auditing firms, the technical and economic bids received by the Company, an evaluation of such offers, and finally, a recommendation for the appointment of Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., as joint Auditors of the Individual and Consolidated Accounts of the Company, for the fiscal years ending September 30, 2017, 2018 and 2019.

A copy of the Report is attached to the present Minutes as Annexe 1.

The Audit and Control Committee, in accordance to the provisions of Article 43rd 4th of the By-Laws, and Article 17.2 b) of the Regulations of the Board of Directors, unanimously agreed to recommend and propose to the Board of Directors, for its submission to the General Shareholders Meeting, the appointment of Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., as Auditors - who will jointly act - of the Individual and Consolidated Annual Accounts of the Company, for the fiscal years ending September 30, 2017, 2018 and 2019.

5th SESSION - 25 APRIL 2017

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

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finances Director, (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 (PricewaterhouseCoopers)).

The Audit and Control Committee analysed the following subjects:

- Financial Report for the First Half Term of the Financial Year (1 October 2016 to 31 March 2017).

With regard to this issue, the Committee:

- i) Was informed by the Corporate Finance Director of the exact content of the Financial Report for the First Half Year Period.
- ii) Was informed by the external joint Auditors about the verification tasks on this Half-Yearly Financial Report, which was carried out pursuant to Standard IAS 34 "Intermediate Financial Information".

After highlighting issues deemed to be relevant, the joint auditors concluded, as a result of the limited review, that *"they were not aware of anything which led them to conclude that the consolidated, condensed, interim financial statements corresponding to the period 1st October, 2016 to 31st March, 2017 had not been prepared in accordance with the*

requirements of the International Accounting Standards (IAS 34), adopted by the European Union in accordance with Article 12 of Royal Decree 1362/2017, for the preparation of consolidated, condensed, interim financial statements.”

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

- Report and, if appropriate, proposal to the Board of Directors on the Logista Group General Policy on Internal Control

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

On 8th February, 2012, the Logista Group - which parent Company was, at that time, Logista SAU - issued its General Internal Control Policy, for the purpose of designing, organising and supervising an internal control framework for the whole Group.

The Logista Group (or “the Group”) is currently composed of Logista Holdings, S.A. (or “the Company”), as the parent company, and all the subsidiary companies which are directly or indirectly dependent on it.

Article 529 ter of the Spanish Capital Companies Act includes among the non-transferable powers of the Board of Directors of listed companies:

“the establishment of the risks management and control policy, including fiscal risks, and the supervision of the internal systems of information and control.”

The Rules of the Board of Directors of Logista Holdings, of 26th January, 2016, include the same powers among the non-transferable powers of the Board of Directors, which assumes the function of supervising the effectiveness of the Logista Group’s internal control, through its Audit and Control Committee.

In the same way, the Code of Good Governance of Listed Companies, published by the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission) on 18th February, 2015, requires companies to have the role of controlling and managing risks, exercised by an internal unit or department, under the supervision of the Audit and Control Committee.

The Board of Directors of Logista Holdings had previously formulated a General Risks Management Policy in the Group, on the basis of which this General Internal Control Policy has been designed and formulated.

The set of regulatory changes which have taken place in recent years, together with the changes in the best practices in Corporate Governance, especially in the field of Internal Control, have made it necessary to revise the Group’s Internal Control Policy.

The Corporate Director of Finances stated that the basic content of this Policy had already been analysed by the Extraordinary Board Meeting on 21st February this year.

The Committee therefore acknowledged that it had been informed of that content.

The Audit and Control Committee unanimously reported in favour of the Logista Group's Internal Control Policy, with the content shown as Appendix 1 to these minutes, and proposed that the Board of Directors approve it.

- Approval, if appropriate, of the Logista Group's Procedure for Internal Control.

The Corporate Director of Finances, Mr. Suárez, presented this item of the agenda.

The Audit and Control Committee had reported in favour of the Logista Group's Internal Control Policy, and had proposed that the Board of Directors approve it.

In pursuance of that Policy, the Committee was invited to approve the Logista Group's Internal Control Procedure ("the Procedure").

The Procedure regulates:

- i) the manner and method which the Group uses to identify and adequately manage the main risks which could affect it;
- ii) the competent bodies in the Logista Group's Internal Control System;
- iii) the conceptual framework of the Logista Group's Internal Control System.

The Procedure describes the process of the Internal Control System, which is carried out in the following phases:

- Defining the context or environment in which the Group carries on its activities in order to develop an Internal Control System which will enable the Risks to which it is exposed to be adequately managed.
- Identifying and describing the Processes and Sub-Processes related to the Group's operations, activities and financial information.
- Identifying, analysing and assessing the Risks which affect the Organisation and which prevent its objectives from being achieved, and the determination of the possible positive and/or negative effects of the materialisation of the identified Risks, the Probability of their materialisation, and the level of Risk which the Group can accept in the exercise of its activities.

- Identifying the Control Activities and the specific measures and actions which must be taken in response to the Risks
- Analysing the design, implementation and effectiveness of the Control Activities: The checking of the effectiveness of the Control Activities designed to avoid or mitigate the Risks detected by the Group.
- Monitoring, reviewing and proposing improvements: The monitoring and updating of the results of implementing the Internal Control System, ensuring that it functions correctly and that incidents are detected.
- Informing and communicating: Communication (consultation, information and training) to incorporate the Internal Control System at all levels of the Organisation.
- Supervising: The checking of the effectiveness of the Internal Control System, and in particular, of the existing Control Activities.

The Procedure also describes the functions, composition and mode of operation of the Logista Group's Internal Control Committee, which will report to the Audit and Control Committee.

Finally, it describes the organisation of the Internal Control System, structuring Processes and Sub-Processes which are common to all the Group's activities, Businesses and Corporate Directorates, which are grouped into three categories.

- General, Strategic and/or Organisational Processes
- Operational Processes
- Functional and Corporate Service Processes

Finally, the Audit and Control Committee unanimously approved, subject to the Board's approval of the Logista Group's Internal Control Policy, the indicated Procedure, which was annexed to the Minutes of the meeting.

- Half-Year Report on Internal Auditing (1st October, 2016, to 31st March, 2017).

The Director of Internal Auditing, Mrs. Laura Templado, first referred, in general, to the internal auditing work which had been carried out in the First Half-Year of the fiscal year, and particularly to the ICOFR audits, with the result that no significant effects in the Group's consolidated accounts have been deducted.

- Corporate Defence

Besides the auditing of the fraud against the Social Security, in December the on-line training in the Code of Conduct was co-ordinated for all the Group's active employees who had not already completed it.

Audit	Impact (*)	Conclusion - design	Operational effectiveness	Conclusion - general
Fraud against Social Security	High	Adequate	Adequate	Adequate
Smuggling offence (**)	High	Adequate	Adequate	Adequate

(*) Risk depending on the occurrence and its consequences

(**) It should be noted that checks on smuggling were carried out at each of the delegations that were visited by surprise, and no critical areas requiring improvement were detected.

- Legislative Decree 231/01

In Italy, planned reviews of Legislative Decree 231/01 have been carried out. The effectiveness of the controls described in model 231 has been reviewed, with satisfactory results. For the three Italian companies, 36 controls during Q1 related to the following processes: Legal management, Human Resources and IT applications, and 49 controls during Q2 related to financial reporting, inter-company relationships, tax, communication with Public Administrations, Public Relations management, and handling management companies.

- Map of Risks

During the first quarter of the year risks materialized in litigation. In particular, on November 23rd the National High Court issued a ruling relating to the complementary amounts received by Tabacalera's employees as bonus tobacco, resulting in the payment to the employees of the amounts not received as a consequence of the elimination of that right by Logista. The financial impact, based on actuarial studies, amounted to 6,8 million euros, and has been fully recorded in the financial statements for the first quarter of the year, at Logista SAU.

On November 20th, the plain packaging regulation came into force in France, and in Italy the transposition of the European Regulation on packaging has started, with a negative impact on the volumes sold in those countries during the quarter.

Last March, the *Comisión Nacional de los Mercados y la Competencia* (Spain's competition supervisor) conducted an inspection at Logista's office in Leganés, within an investigation of possible anti-competition practices in cigarette manufacturing, distribution and marketing. Logista wants to make clear that it has not carried out any anti-competition activity and has no

relationship with the aforementioned alleged activities subject to investigation, and that it has always acted in full observance of current legislation when carrying out its operations.

From a fiscal perspective, no new risks have been identified in relation to tax inspections.

- Complaints Channel

During the period, no notification of malpractice was received by the bodies competent to receive such complaints.

- The Group's External Auditor's fees for fiscal year 2015-2016

The Corporate Director of Internal Auditing informed the Committee, for the purposes of Article 37 of the Board's Rules, Consolidated Text of 26th January, 2016, that the amount charged for the auditing services and other services contracted by the Group with Deloitte in fiscal year 2015-2016 had risen to 1,542 (thousands of euros), which represents 0.0037% of the annual income published by Deloitte Global in the same year.

- The External Auditor fees 2016-2017

- The Committee was informed by the Corporate Director of Internal Audit on the hypothesis and variations that were taken into account in the negotiation of external audit fees 2016-2017.
- The General Shareholders meeting of last March, appointed Deloitte and PricewaterhouseCoopers ("PwC") as joint-auditors of the Individual and Consolidated Accounts of the Company.

The distribution between the two companies of the Group's audit works have been negotiated with them. This way, Deloitte will audit the Individual Accounts of Logista España, the Publicaciones Sub-Group, and the rest of the Spanish Companies, and will jointly audit with PwC the Individual and Consolidated Accounts of the Company.

PwC will audit the Individual Accounts of Logista France and Logista Italia, and will jointly audit with Deloitte the Individual and Consolidated Accounts of the Company.

PwC will also audit the consolidations reporting that is included in the Consolidated Accounts of IB.

- Finally, she proposed to the Committee, which unanimously approved, the engagement of the above mentioned Audit Firms by the mentioned Companies, and the audit fees for the fiscal year 2016-2017, which amounted, for the whole Group, to 1,671,953 €.

- Minutes of the meeting of the Internal Control Committee of 21st April, 2017

The Director of Internal Auditing handed these minutes over to the Committee members. They recorded the subjects dealt with in the meeting (Report on the Group's General Internal Control Policy, Degree of implementation of the Internal Auditing Department's Recommendations, Control of Physical Counting of Stocks in Warehouses).

6th SESSION - 27th JULY 2017

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

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (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 analysed the following subjects:

- The Company's Financial Report for the Third Quarter of the financial period.

- With regard to this issue:
 - i) The Corporate Finance Director disclosed to the Committee the exact content of the Company's Financial Report and that of its subsidiary companies for the third quarter of the financial period, which was sent to the CNMV on 28 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 31st October.

Regarding the auditing procedures carried out on 30th June, 2017 they reported:

- Scope

The main aim of the procedures applied to the financial information on 30th June was 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 was 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 was done in specific areas.
- Reviewing procedures were applied to Logista's consolidation package for the nine-month period ended on 30th June, 2017, for Imperial Brands, PLC Group, which had been carried out entirely by PWC.

- Result

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.

- Independence

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

- 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 disseminate it via the corporate website.

- Interim Dividend for Financial Year 2016-2017

- The Corporate Finances Director informed that, according to the Policy on Dividends, it was proposed to distribute an interim dividend against the results of the 2017 fiscal year, and which, if approved, would be paid through the Banco Santander on 30th August, 2017.

The amount of the proposed interim dividend was 0.30 euros per share.

The Audit and Control Committee unanimously reported in favour of the proposal to distribute an interim dividend of 0.30 euros per share, and suggested that the Board approve it.

- Monitoring of the Internal Auditing Plan – Third Quarter of the Financial Year

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

✓ Audits carried out

She said that in the third quarter 37 audits had been carried out, and that, as at today's date, 59% of the actions envisaged in the 2016-2017 Internal Auditing Plan had already been completed.

✓ Internal Control of Financial Reporting

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

✓ Corporate Defence

She stated that the audits carried out on the Prevention of Risks from Crime, and from smuggling in particular, had not revealed any weaknesses in the controls.

✓ Legislative Decree no. 231/01

In Italy, the planned reviews to ensure compliance with Legislative Decree no. 231/01 had been completed. In the first quarter of the year the functioning of the controls laid down for the prevention model had been satisfactorily checked. For the three Italian companies, 25 controls were included, covering the processes of defining and managing the contracts with DFL, the management of orders for, and deliveries of, tobacco, and the HR Department's management of contracting and remunerating.

✓ Map of Risks

The Group's Map of Risks had been brought up to date.

✓ Complaints ('Whistleblowing') Channel

No complaint had been received in this period.

✓ External Auditing

Work had been done to fix the timing of accounts closure and accounts auditing in fiscal year 2017. In addition, visits had been made, together with members of the Finance Department and the accounts auditors, to both France and Italy, to meet the new auditing teams, to agree on the timing of the local closures, the scope of the reviews, and the manner in which the businesses would evolve.

- Accounts Auditing Plan for the Financial Year

Deloitte and PwC, the Consolidated Group's joint auditors, summarised the auditing plan for financial year 2016-2017, the most significant auditing risks and the auditing procedures and strategies employed by the auditors to eliminate or attenuate them, and explained the automatic controls which the Group had established for the most critical processes (Sales, Supplies, Stocks and Excise Duties).

They also identified the companies which are included in the Group's consolidation, and the way in which the work on each of the individual accounts of the companies in the Group is divided between the joint auditors.

With regard to the materiality to be applied, they indicated the following:

- It had been calculated as 5% of the Group's consolidated before-tax result that had been forecast for the closure of the financial year (between 9 and 10 million euros).
- Qualitative parameters had also been taken into account.
- Where breakdowns of the annual accounts were involved, any omissions would be reported.
- For the purpose of reporting on subsidiaries, the auditors of the components would have to report all adjustments which exceeded 450,000 euros, even though the figure would be reviewed at the close of the financial year.

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

- New Model of Audit Report: 'Key Audit Matters'

The Audit and Control Committee again examined the model for the new Audit Report.

Deloitte and PwC highlighted the main innovations in the new Audit Report, which were the following:

- ✓ The 'Opinion' paragraph will now be the first paragraph of the Audit Report. It will reflect the regulatory framework of the relevant financial reporting and there will be no changes in its wording.
- ✓ The 'Basis of Opinion' paragraph will include a declaration of the auditor's independence.
- ✓ The 'Key Audit Matters' paragraph is the principal innovation in the new model Audit Report, and here the auditors have to include the most serious risks for the Group, a summary of those risks, and if applicable, appropriate observations.

They identified the Logista Group's Key Audit Matters as the following:

- Recognition of income from sales of tobacco.

This represents 94.5% of the Group's sales.

There is an inherent risk associated with the moment of recognition of this income.

- Deferred taxes and provisions for fiscal risks.

The amount involved is large.

There are fiscal risks associated with the inspections carried out by the Department of Excise Duty on Tobacco Products, by the Customs authorities, and by others.

The specific fiscal regulations are also complex because of the different geographical areas to which they apply.

The calculations of these taxes are complicated, as are the fiscal regulations in force in the different jurisdictions, and the high degree of judgement required for the Group to estimate the relevant provisions.

- Deterioration of goodwill and of other intangible assets.

The amount is large.

There is an annual test of deterioration, which is a complicated process involving a high level of estimation, judgement and supposition.

Messrs. Aller and Llorente also informed the Committee of the most important regulatory innovations:

1) Additional report for the Audit Committee.

In accordance with European Regulation nº. 537/2014 (EUR) for 'public-interest entities', when the audit is completed the auditor is required to issue an Additional Report for the Audit Committee.

Article 36 of the Law of Auditing lays down, for audits of annual accounts corresponding to financial years beginning from 17.6.16, the obligation for accounts auditors or companies auditing 'public-interest entities' to prepare and present a report additional to that on the auditing of the annual accounts, in accordance with Article 11 of the EUR. The said article lays down that, in the case of an audit of consolidated annual accounts, the auditor of the group has to prepare this additional report for delivery to the parent company.

This report has to comply with Article 11 of the EUR, and to regard it as the applicable technical standard for auditing, which is the Revised IAS-ES 260, and has to contain at least the following:

- Declaration of Independence
- Identification of the principal partners entrusted with the assignment.

- Confirmation of the independence of any third-party auditors who have worked on the assignment.
- The nature, frequency and scope of the communications with the Audit Committee, and the dates of those communications.
- The timetable for the audit.
- The auditing method used.
- Materiality.
- Opinions about facts or circumstances which could question the principle of a going concern.
- Significant deficiencies in internal control.
- Significant breaches of legal or regulatory provisions.
- Methods of evaluation which are applied to the main items of the financial statements, including the effects of any modification to those methods.
- For consolidated annual accounts: extent of the consolidation and, if other auditors are involved, identification of the part of the work done by them.
- Confirmation that all the explanations and documentation required by the Company have been received.
- A record of all the important questions arising from the audit, and which have been discussed with the management.

2) Article 5.4 of the EU Regulations relating to the need for authorisation by the Audit Committees for services other than auditing services.

This Article states: "*Statutory auditors or auditing companies that carry out legal audits of public-interest entities and, where the statutory auditor or auditing company belongs to a network, every member of that network, will be able to provide the audited entity, its parent company or the company which it controls, with services other than auditing, provided that they are not the prohibited services referred to in sections 1 and 2, subject to authorisation by the Audit Committee, after having adequately assessed the threats to independence and the protective measures applied under Article 22 ter of Directive 2006/43/CE. When appropriate, the Audit Committee will formulate directives in connection with the services referred to in section 3.*"

In relation to this Article, the ICAC (*Instituto de Contabilidad y Auditoría de Cuentas*: Institute of Accounting and Accounts Auditing) has issued a consultation paper (BOICAC nº109/2017

Consulta 1) on the action to be taken by an auditor with respect to the Audit Committee of a Spanish public-interest entity with a view to the provision of services other than auditing, and other than those which are prohibited, by the accounts auditor of that entity, and with a view to obtaining the authorisation of the said Audit Committee.

The public-interest entities are in the process of implementing the necessary mechanisms to comply with this new requirement.

3) Technical Guide to Audit Committees of Public-Interest Entities

On 27th June, 2017, and following a report from its Advisory Committee, the Board of the CNMV approved a Technical Guide to Audit Committees of Public-Interest Entities, in accordance with Articles 21.3 and 21.4 of the Consolidated Text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23rd October, which provides a number of principles, recommendations and criteria for the proper functioning of audit committees. There are two main sections in this Guide:

- Basic Principles
 1. Responsibility
 2. Scepticism
 3. Constructive dialogues which encourage members to express themselves freely.
 4. Continual dialogues with the Internal Audit Department, the Accounts Auditor and the management.
 5. Sufficient analytical ability (by using experts).
- The Performance of Audit Committees' Functions
 1. Composition.
 2. Functioning.
 3. Supervision of financial reporting.
 4. Supervision of risk management and control.
 5. Supervision of internal auditing.
 6. Connection with the accounts auditor.
 7. Other responsibilities.
 8. Evaluation and monitoring.
 9. Reporting to other bodies in the entity, and to its shareholders.

The public-interest entities are in the process of assessing the impact of this Guide.

4) Changes in the General Accounting Plan

On 28th February, 2017, the ICAC published on its website a preliminary public consultation on a proposal to modify the General Accounting Plan (GAP) so as to align it with international standards, by making changes to Standards for Valuation, 9. Financial Instruments and 14. Income from Sales and Provision of Services.

In practice, these modifications involve aligning the GAP with the international financial reporting standards (IFRS 9 – Financial Instruments and IFRS 15 – Recurring Revenue from Contracts with Clients) approved by the IASB.

The date envisaged for the coming into force of these modifications to the GAP would be 1st January, 2018 (for the Logista Group, the financial year beginning in October, 2018).

It was expected that IFRS 16 - Leases would be the next one to be adapted by the ICAC.

- Authorisation of the contract for the provision of the Intragroup Transfer Price service.

The Corporate Director of Finances submitted for the approval of the Audit and Control Committee the contract with Deloitte for the provision of the intragroup transfer price service, the aim of which is to assist the Logista Group to fulfil its documentary obligations connected with transfer prices in the countries in which the Group was present in financial year 2016, at a cost of 120,000 €.

Based on the scope of the work, and on current legislation, the Accounts Auditor confirmed to the Internal Auditing Department that the provision of this service would not affect the independence of the accounts auditing service, because:

1. Accounts Auditors are allowed to provide transfer price services, according to the analysis of the European Contact Group (the working group which includes the six principal auditing firms), and according to Article 5 of EU Regulation 537/2015.
2. The service is not related to lawsuits, investigations or reviews by regulatory or supervisory bodies, matters under court proceedings or arbitration, or any conflict which Logista may have with third parties (suppliers, customers, employees, former directors, business partners, etc.).
3. The assignment will not include the preparation of a financial report, nor will it involve work with financial information serving to support the preparation of the annual accounts which will subsequently be reviewed by the auditing team. The work will be done with information from financial statements which are already closed (FY 2016).

4. There would be no impact on the Logista Group's financial reporting, since all the intergroup transactions are eliminated in the consolidation process.
5. The corresponding analysis of threats and safeguards had been prepared, and no significant threat had been identified. Even so, during the work, the following safeguards had been included:
 - To avoid the danger of familiarity, no member of the working group is a member of the auditing team;
 - The Logista Group's management is responsible for taking all decisions and for carrying out all the management functions. Logista is therefore the only body responsible for the final documentation of its policies on transfer pricing;
 - No powers or representation have been granted to Deloitte;
 - No supportive work will be done in disputes, and no assistance will be provided in inspections of policies on transfer pricing if these could involve an advocacy threat.

Additionally, Deloitte would deliver a letter of confirmation of independence relating specifically to this service.

Mr. Llorente (the joint accounts auditor from PricewaterhouseCoopers) also confirmed that Deloitte's provision of these services was not against the law, and did not affect the firm's independence as the Company's accounts auditor.

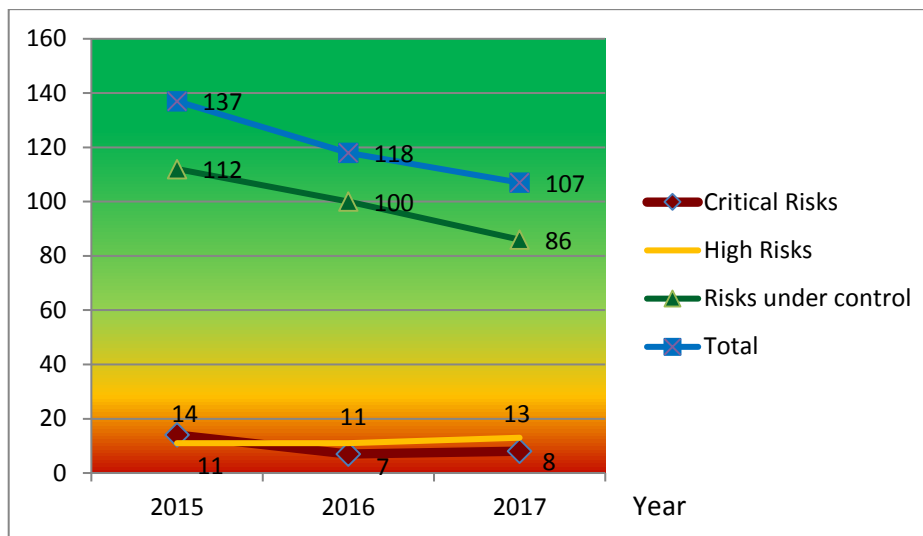
It falls to the Audit and Control Committee to authorise the accounts auditing company to provide the Company with services other than those which are prohibited, in accordance with Article 529 quaterdecies 4 e) of the Law of Capital Companies, with Article 5.4 of EU Regulation nº 537/214 of 16th April, and with section 3 ('Independence') of chapter IV of Heading I of Law 22/2015 of 16th April, governing the Auditing of Accounts.

The Audit and Control Committee unanimously concluded that Deloitte's provision of intragroup transfer price services worth 120,000 euros would not affect that firm's independence as Accounts Auditor, and consequently approved the making of the said contract.

- Updating of the Group's Map of Risks

This item of the agenda was presented by the Corporate Director of Internal Auditing, Mrs. Laura Templado.

The changes in the risks, and their distribution, are shown in the following graph:



The Corporate Director of Internal Auditing reported to the Committee on the changes in the Group's main risks, highlighting the following aspects:

- The Group was tending to reduce risks, and had eliminated 11 of them. Those which had arisen corresponded to the completion of tax assessments, the sanctions of which had been provided for, and to legislative changes without significant effect on the Group.
- The main risks to which the Group was exposed originated in external factors whose impact or probability of occurrence was difficult to deal with internally. The impact of these risks on reputation was similar to that in the previous fiscal year, though slightly higher.
- The current social and anti-smoking policies in France acquire more significance on the map of risks, and highlight the introduction of a tax on tobacco distributors, the impact of which has been approximately 120M€, which we must pass on to the manufacturers.
- In gross terms, the risks remain unchanged from last year, except for the risk corresponding to Plain Packaging, which has arisen without significant impact.
- In net terms, the critical risks remain unchanged, and represent 7.5% of the total number of risks. The risk of fluctuations in tobacco prices has been split in two: fluctuations due to changes in taxation and due to prices increase, in order to differentiate between the possible effects of these factors.

- Minutes of the Internal Control Committee

The Director of Internal Auditing informed the Committee that the Internal Control Committee had approved, in writing and without a meeting, the Procedure for the Management of the Logista Group's Cash-Flow Financing and of its Collections and Payments.

7th SESSION - 26 SEPTEMBER 2017

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

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 Internal Audit Director (Ms Laura Templado).

The Audit and Control Committee analysed the following subjects:

- Annual Corporate Governance Report 2016-2017

- The Committee analysed a first draft of the Annual Corporate Governance Report 2016-2017.

- Approval of the Group's Internal Audit Plan 2017-2018

- The Committee analysed and finally unanimously approved, the content of the Logista Group Internal Auditing Plan for 2017-2018, presented by the Director of Internal Auditing.

The Plan was based on:

- ✓ the requirements of the CNMV in relation to the system of internal control over financial reporting (ICOFR);
- ✓ legal requirements, especially those relating to the supervision of the Model for Crime Prevention;
- ✓ various conversations with Management;
- ✓ the Logista Group's internal regulations, which assign certain reviewing and supervisory activities to the Internal Auditing Department.

The regulations of the CNMV covering the review of the ICOFR allowed a rotation system to be set up, ensuring that it would be reviewed every three years. The Plan presented the activities programmed for fiscal year 2017-2018, which would be the last year of the three-year plan that had been defined in FY 2015-2016.

With regard to crime prevention, the review continued of all the crimes committed in the three-year period which began last year. The same approach was being used to review the crimes covered by the Italian Legislative Decree no. 231/01, and would be part of the three-year plan that had been defined in FY 2015-2016.

She then gave details of the Internal Auditing activities that were planned for FY 2017-2018 by process, and the objectives for Iberia, Italy, France and Information Systems:

1. IBERIA

- Process of Order to Cash

A review of the degree of adequacy and effectiveness of the controls described in the ICOFR documentation covering the process of Order to Cash for tobacco (Logista, SAU) and transport (Dronas).

- Corporate Processes-ICOFR

In order to conclude the three-year plan, set up in 2015, there would also be a review of the ICOFR documentation covering the following corporate processes:

- ✓ Taxes.
- ✓ Purchases of non-inventory goods (an activity initially planned in FY1516, but postponed because of the automation of the process).
- ✓ The HR Department's Payroll process.

- Model for the Prevention of Risks from Crime (Spain)

A review of the degree of compliance with the controls defined in the Model for the Prevention of Risks from Crime, and of their adequacy and effectiveness for the Group's companies in Spain.

Specifically, in this fiscal year the following offences would be reviewed:

- ✓ Defrauding the Tax Administration.
- ✓ Offences against public health.
- ✓ Bribery.
- ✓ Violation of workers' rights.
- ✓ Money laundering.
- ✓ Subsidy fraud.

2. ITALY

- Process of Order to Cash - ICOFR

A review of the degree of adequacy and effectiveness of the controls described in the ICOFR documentation covering the process of Order to Cash for the Tobacco Business (Logista Italy) and the Convenience Business (Terzia).

- Warehouses and Surprise Visits

The aim was to check the stock in the various warehouses by means of physical stocktaking, and to review the stock-management process in those centres to ensure that the internal controls are sufficient to guarantee accurate recording of stock levels.

- Destruction of Stocks

Ensuring that the procedure for damaged stock that must be destroyed is in accordance with the Group's Policies and Procedures and is carried out efficiently.

- Compliance with Legislative Decree no.231/01

A review of the degree of compliance by the Group's companies in Italy, and of the adequacy of the internal controls set up to ensure compliance, in accordance with the aforementioned plan for their complete review over a period of three years.

3. FRANCE

- Process of Order to Cash - ICOFR

Review of the degree of adequacy and effectiveness of the controls described in the ICOFR documentation covering the process of Order to Cash for the Tobacco Business (Logista France) and the Convenience Business (SAF and Supergroup).

- SAF- Loyalty Programme

- Stocks and Surprise Visits

4. INFORMATION SYSTEMS

- Data Centres

Data Centres are installations which incorporate a great variety of systems, and whose ultimate purpose is to conserve and administer the information stored in them. Consequently, their security is essential in order to minimise the impact on the Businesses of any security incident or of any failure in the infrastructure.

The purpose of the audit was therefore to decide what was the appropriate level of security for a selection of centres, from the perspective both of controlling access (to prevent unauthorised access) and of guarding against threats to the environment. When the management is from outside, the service provider's management will be evaluated.

For the current fiscal year, it was intended to review a selection of data centres which had been chosen on the basis of the criticality of their functions.

- Security, Functionality and Communications in the tool used for the management of stocks of Convenience Products at Logista Dis (ADAIA)

Ensuring that the tool is secure enough to safeguard the data contained in it, and that the tool's configuration guarantees the accuracy of the information which it generates. Deciding about the effectiveness of the existing controls in minimising the risks and strengthening the tool's control.

- Security, Functionality and Communications in the tool used for the management of Logesta's transport (TESEO)

Ensuring that the tool is secure enough to safeguard the data contained in it, and that the tool's configuration guarantees the accuracy of the information which it generates. Deciding about the effectiveness of the existing controls in minimising the risks and strengthening the tool's control.

5. CONSULTANCY ACTIVITIES

- Review of the 'LOGISAP' model for the segregation of functions.
- Updating of Crime Prevention Model no.231/01 (Italy)

As a result of legislative changes in Italy, the matrices of risks and controls in Crime Prevention Model no.231/01 would be updated.

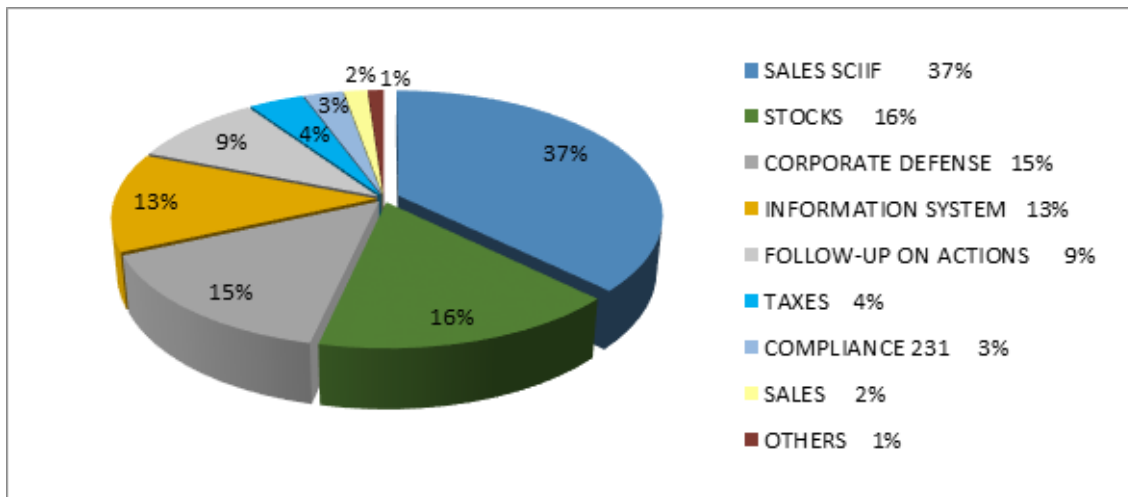
6. OTHER ACTIVITIES

With regard to the Internal Auditing Department's own workings, a series of actions would be carried out during fiscal year 2017-2018, with the aim of contributing to an improvement in processes and areas, at the request of Management, while maintaining that objectivity and independence which is necessary for the correct performance of the functions of internal auditing:

- Regular monitoring of the implementation of actions called for by audit reports.
- Updating of the Register of Risks, and preparation of the Group's Map of Risks.

- Annual quality review of the annual accounts of the various companies and subsidiaries which constitute the Logista Group, prior to their formulation and deposit in the Mercantile Registry.
- Management of the external auditor (fees, planning, monitoring of recommendations).
- Contributing to the preparation of the Annual Report on Corporate Governance, in its sections 'E- System of Risk Management' and 'F- Internal Control over Financial Reporting'.
- Contributing to the definition and preparation/review of policies and procedures.
- Preparation of the Auditing Plan, quarterly monitoring reports to the Audit and Control Committee, giving information to the Internal Control Committee, the *Organismo di Vigilanza*, the Unit for the Prevention of Risks from Crime, etc.

The distribution of the Internal Auditing Plan, by area, is shown in the following chart:



- Self-Assessment of the functioning and composition of the Audit and Control Committee in Fiscal Year 2016-2017.

The Committee had heard the result of the assessment of the functioning and composition of the Audit and Control Committee that was carried out by the Board Members, and proposed improvement actions.

This Report has been unanimously approved by the Audit and Control Committee and the members thereof in the meeting held on 31 October 2017.

Leganés, 31 October 2017

The Secretary of this Committee,

Rafael de Juan López

**ANNUAL REPORT OF THE ACTIVITIES OF THE
APPOINTMENTS AND REMUNERATION COMMITTEE**

2016-2017



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

APPOINTMENTS AND REMUNERATION COMMITTEE

REPORT ON FUNCTIONS AND ACTIVITIES

FINANCIAL YEAR 2016-2017

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 in article 43 bis of the Articles of Association and in articles 15 and 18 of the Board of Directors' Regulations, Consolidated Text of 26 January 2016.

Pursuant to the aforementioned regulations, the Board of Directors will form an Appointment and Remuneration Committee comprised of a minimum of three and a maximum of seven non-executive Directors, of which the majority will be independent, appointed by the Board of Directors.

The members of the Appointments and Remuneration Committee shall choose a President from among the independent Board Members that form part of it.

The Secretary of this Committee, shall 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 shall have the following responsibilities:

- a) To assess the competencies, know-how and experience required on the Board. To this effect, the functions and skills required and the candidates that should cover the vacancy shall be defined and the time and dedication required for efficiently carrying out the tasks shall be assessed.
- b) To establish a representation target for the gender that is least represented in the Board of Directors and to create guidelines on how to achieve this target.
- c) To submit the proposals for the appointment of independent Board Members to the Board of Directors for their co-opted nomination or to submit them to the decision of the General

Meeting of Shareholders, together with the proposals for re-electing or removing these Board Members by the Meeting.

- d) To inform of 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 in their favour.
- e) To communicate the proposals for the appointment and removal of the President, Vice-president, Secretary and Vice-secretary of the Board of Directors.
- f) To examine and organise, in such a way that it is easily understood, the succession of the Company's President and first officer and, where applicable, submit proposals to the Board, so that said succession takes place in an orderly and well-planned manner.
- g) To communicate the proposals for the appointment and removal of senior executives proposed by the first officer to the Board.
- h) To propose the Remuneration Policy for Members, as such and that of the Board Members that carry out executive functions, to the Board of Directors for approval by the General Meeting.
- i) Propose the following to the Board for approval:
 - i) The Annual Remuneration Report for Board Members, which the Board will submit to the General Meeting, for consultation purposes.
 - ii) The individual remuneration of Executive Directors and other terms and conditions of their contracts.
 - iii) The Remuneration Policy for Managing Directors or those that carry out senior management functions, reporting directly to the Board of Directors, to the executive Committee or the Chief Executive Officer, as well as the basic terms and conditions of their contracts.
- j) To ensure compliance with the remuneration policy established by the Company.
- k) Ensuring that selection processes are not implicitly biased in such a way that female Directors' selection is prevented.
- l) Ensuring that conflicts of interest do not undermine the independence of any external advice the Committee engages.
- m) Verifying the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Report.

- n) Verifying, on an annual basis, compliance with the Directors' selection policy and setting out its findings in the Annual Corporate Governance Report.
- o) Drafting an Annual Report for the Board of Directors describing the activities of the Appointment and Remuneration Committee, on which the evaluation by the Board of Directors shall be based. The Report shall be published in GRUPO LOGISTA's website well in advance of the Annual General Meeting.
- p) Any other competence or duty conferred by the Law, the By-Laws or these Regulations.

The Appointments and Remuneration Committee shall meet whenever convened by the President or when two of its members request a meeting and when the Board or its President asks for a report to be issued or proposals to be adopted and, in any event, whenever it is required in order to fulfil its functions correctly.

The Appointments and Remuneration Committee shall consult with the President and the Company's Chief Executive particularly when it concerns matters related to Executive Directors and senior managers.

All members of the management team or Company personnel required shall have to attend the Committee's sessions and collaborate and provide any available information.

2.- COMPOSITION

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

Job Title:	Members	Date of appointment	Nature
President	Mr. Gregorio Marañón y Bertrán de Lis	09/06/2014	Independent
Members	Mr. John Downing	09/06/2014	Proprietary
	Mr. Stéphane Lissner	09/06/2014	Independent
	Mr. Eduardo Zaplana Hernández-Soro	09/06/2014	Independent
(Non-member Secretary)	Mr. Rafael de Juan López	09/06/2014	-----

3.- ACTIVITIES

During 2016-2017 financial year, the Company's Appointments and Remuneration Committee held eight sessions:

1st SESSION – 25 OCTOBER 2016

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

Also present were the Chief Executive Officer of the Company, (Mr. Luis Egido Gálvez), and the Corporate Human Resources Director (Mr. Rafael Martí).

The Appointments and Remuneration Committee discussed the following matters:

- Proposal to the Board of Annual Report on the Remuneration of the Company's Directors 2015-2016

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 quoted 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 financial 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 financial year 2015-2016, which had been prepared by the Company Secretariat, in collaboration with the Group's Corporate Human Resources Directorate.

The report is composed of four main sections:

- A. The Company's policy on remuneration for the current year.
- B. Section repealed (CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) Circular letter 7/2015, of December 22nd)
- C. An overview of the way in which the policy on remuneration was applied during the previous financial year.
- D. Details of the remuneration earned by each director.

In each of the sections comprising the report on remuneration, the Company had included the following information relating to the directors:

- A. The Company's policy on remuneration for the current year.
 - ✓ An explanation of the policy on remuneration and of the procedure followed to establish it.
 - ✓ An explanation of the fixed and variable components of the directors' remuneration.
 - ✓ An explanation of the schemes for long-term saving, the different types of compensation and remuneration in kind, and other items which could be included in the directors' remunerative packages.
 - ✓ An explanation of the actions taken in relation to the system of remuneration in order to reduce exposure to risks and to adapt the system to the Company's objectives, values and long-term interests.
- B. Section repealed.
- C. An overview of the way in which the policy on remuneration was applied during the previous financial year.
 - ✓ The structure and remunerative items of the policy on remuneration that was applied during the year to which the report relates.
- D. Details of the remuneration earned by each director.
 - ✓ The relation between the directors' remuneration and the results or other measurements of the Company's performance.

The CNMV, 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.

In accordance with the provisions of the Rules of the Company's Board, Consolidated Text of January 26, 2014, 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 2015-2016 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.

- Proposal of a Policy on the Remuneration of the Group's Senior Management.

At this point, the Committee Meeting was joined by Mr. Salvador Espinosa de los Monteros and Mr. Antonio López, from Garrigues Human Corporate Services, who had been engaged to advise the Committee on the content and the manner of formulating the Policy on the Remuneration of the Senior Management.

The Secretary of the Committee reported the following:

The Board of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. ("Logista Holdings" or "the Company") has the legally attributed and non-delegable power to establish the General Policies of the Company and of the Group of which it is the parent company (hereinafter referred to jointly as "the Logista Group" or "the Group"), and in particular:

- i) To fix, at the proposal of the Appointments and Remunerations Committee, the individual remunerations of the Executive Directors for the performance of their executive functions, and the other basic terms and conditions of their contracts, in accordance with the Law, the Bylaws and the Policy on Directors' Remunerations approved by the General Shareholders' Meeting (Article 249 bis of the Law of Capital Companies, Articles 39 and 43 bis g) of the Bylaws and Articles 5.3 d) and 18.2 i) ii) of the Board's Rules, Consolidated Text of 26th January, 2016).
- ii) To establish the Policy on the Remuneration of the General Managers or of whoever performs the functions of senior management under the direct supervision of the Board of Directors, the Executive Committee or the Chief Executive Officer, as well as the basic terms and conditions of their contracts, including their remuneration and their severance clauses (Articles 5.3 f) and 18.2 i) ii) of the Board's Rules).

The content of the Policy is explained by the external advisors.

1) The Policy will apply to:

- i) Managers who report directly to the Company's Board of Directors, its Chairman or the Chief Executive Officer (General Managers of Businesses and Corporate Managers) and, in every case, the Corporate Manager of Internal Auditing.
- ii) Any other manager who, because of their functions or responsibilities within the Logista Group, and at the proposal of the Appointments and Remunerations Committee, is recognized by the Company's Board of Directors as having the status of Senior Manager.
- iii) Executive Directors of the Company, in respect of their remuneration for the performance of executive functions, as long as this would not be contrary to the Policy on the Remuneration of Executive Directors that was approved by the General Shareholders' Meeting in accordance with the Law of Capital Companies, the Bylaws or the specific terms of their individual contracts.

2) The system for remunerating Senior Management which is set out in this Policy aims to fulfil the following criteria or general principles:

- i) The creation of value for the shareholder in a manner that is sustainable over time.
- ii) External competitiveness, by the establishment of a remunerative system that is aligned with the best market practices in relation to comparable companies, both locally and internationally.
- iii) Internal fairness, giving rewards according to level of responsibility and professional track record, ensuring standard treatment for similar positions, taking into account the degree of importance of the positions for the Group.
- iv) A reasonable balance between the fixed and the variable components of the remuneration, reflecting adequate management of the risks combined with the achievement of defined objectives.
- v) A link between remuneration and results: a significant proportion of Senior Managers' total remuneration is variable in nature, and its receipt is linked to the achievement of financial, business and value-creation objectives which are pre-determined, specific, quantifiable and aligned with the Business Plan.
- vi) Compliance with the recommendations for Executive Directors which are contained in the Code of Good Governance (CGG) of Listed Companies, as published by the Comisión Nacional del Mercado de Valores, in force at any time.

3) He then presented the structure of the System of Variable Remuneration, which is a true reflection of current practice in the Group, with the following two innovations:

i) Clauses relating to ex-post adjustments to Variable Remuneration ("clawback")

The Logista Group will be able to require Senior Managers to refund up to 100 per cent of any variable remuneration paid, or even to offset such a refund against any other remuneration of any kind that they may be entitled to receive, in any of the following circumstances:

- a) When it becomes evident that full or partial settlement and payment of the variable remuneration were made on the basis of information whose falsehood or serious inaccuracy was manifestly demonstrated a posteriori.
- b) When, during the "clawback" period, losses occur in the Group (negative EBIT) which are attributable to the management of the Senior Managers concerned in the years in which the variable remuneration was generated.
- c) Whenever there is a material reformulation of the Group's financial statements, when the external auditors consider this necessary, except when it is due to a change in the accounting regulations.
- d) When the Senior Manager has been penalised for a serious breach of the Group's Code of Conduct or other internal regulations applicable to him or her, provided that the breach has damaged the image and reputation of the Logista Group, or has adversely affected the perception of the Group by the markets, the customers, the suppliers, or the regulators, among others.

At the suggestion of the Appointments and Remunerations Committee, the Board of Directors may decide whether the circumstances that trigger the application of this clause have occurred, and the amount of the variable remuneration, if any, which must be refunded to the Company or Group company.

ii) Clauses relating to the obligation to hold shares in the Company.

Senior Managers (except Executive Directors) must continue to hold, for a period of one year, the shares in the Company which they receive as a result of their participation in the Incentive Plans.

In the case of Executive Directors, their contracts will establish the obligation to hold a number of shares in the Company representing at least twice their fixed annual remuneration. These shares will originate in the systems of variable, multi-annual remuneration in which they participate, and the shares must continue to be held for as long as they remain in post.

Notwithstanding the foregoing, the Board of Directors, at the proposal of the Appointments and Remunerations Committee, may authorise Senior Managers, including Executive Directors, to sell, or to dispose of for other purposes, some or all of the shares that have been affected by this commitment to hold shares in the Company, whenever there are exceptional cases of force majeure or extreme necessity which make it necessary for the Senior Manager to be able to dispose of these shares.

4) Finally, he described the basic terms and conditions of the contracts, which are those which the Group normally includes at present.

The Appointments and Remunerations Committee unanimously reported in favour of the Policy on the Remuneration of the Logista's Group's Senior Management, which was annexed to the minutes of the meeting, and proposed that the Board of Directors approve it.

- Proposal of the amendment by the General Shareholders' Meeting to the Policy on the Remuneration of Executive Directors (Clauses relating to the 'clawback' of variable remuneration and to the holding of shares in the Company).

This item of the Agenda was also presented to the Committee by Mr. Espinosa de los Monteros, of Garrigues Human Capital Services, who reported the following:

The proposed amendment to the Policy on Directors' Remunerations aims to include in the Policy: (i) ex-post adjustments to the short-term variable remuneration and to the medium- and long-term deferred remuneration of the Company's Executive Directors, and (ii) the obligation of Executive Directors to hold the shares received as medium- and long-term deferred variable remuneration in accordance with what is laid down, respectively, in Recommendations 59 and 62 of the CGG.

Finally, the Appointments and Remunerations Committee unanimously agreed that the Board of Directors should propose to the General Shareholders' Meeting, at the appropriate time, the amendment to the Policy on the Remuneration of Executive Directors, in the terms set out above.

2nd SESSION - 29 NOVEMBER 2016

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

Also present were the Chief Executive Officer of the Company, (Mr. Luis Egido Gálvez), and the Corporate Director of Human Resources (Mr. Rafael Martí).

The Appointments and Remuneration Committee conducted the following activities:

- Proposal to amend Policy 1/2011 on the System of Variable Remuneration of the Logista Group:

The Appointments and Remuneration Committee unanimously reported in favour and proposed that the Board of Directors approve the amendment to Policy 1/2011, in order to include the obligation for the Senior Managers to refund the Bonus received, during the two years following the date of its payment, under the specific circumstances described in the Logista Group Remuneration Policy of the Senior Management (falsehood or serious inaccuracy of the information, losses in the Group which are attributable to the management of the Senior Manager concerned, material reformulation of the Annual Accounts, penalty to the Senior Manager concerned for a serious breach of the Group's Code of Conduct or other internal regulations of the Group, that may have damaged the image and reputation of the Logista Group).

- Proposal to amend the Rules of the 2014 General and Special Share Plans

The Appointments and Remuneration Committee unanimously reported in favour of the amendment to the Rules of the 2014 General and Special Share Plans, in order to include the following provisions of the Policy on the Remuneration of the Logista Group Senior Management, and proposed that the Board of Directors approve it:

- o The obligation, in certain specific circumstances, to refund the Long-Term Variable Remuneration received by Executive Directors and Senior Managers during the two years following the date of its payment.
- o The holding of the Company's Consolidated Shares by Senior Managers (other than Executive Directors) for a period of one year from the date of transfer of the shares by the Company.
- o The holding by Executive Directors of a number of Consolidated Shares in the Company representing twice their Fixed Annual Remuneration (Recommendation 62 of the Code of Good Governance), and in accordance with the Rules of the Company's Medium- and Long-Term Incentive Plans.

- System of Variable Remuneration. 2015-2016 Logista Group Business Objectives: Evaluation of the Degree of Achievement. Setting of the Logista Group Business Objectives for Fiscal Year 2016-2017

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 financial year 2015-2016.

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 financial 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.

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 2015-2016 financial period.

The Corporate Finance Director referred to the Total Return to the Shareholder, during fiscal year 2015-2016, and informed the Committee of the following:

- Dividend yield: 4.4%
- Revaluation of share price: +17.8%
- TSR in fiscal year 2016: 22.2%
- Share price evolution vs. IBEX 35 in fiscal year 2016: +26%

The Director of Corporate Finances also explained to the Committee the Group's Business Objectives for financial year 2016-2017, which were based on the Group's Budget that had been approved by the Board of Directors on 27 September 2016. 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 remuneration.

Short-term Variable Remuneration of the Executive Directors (Bonus) 2015-2016

With reference to the above, the Committee assessed:

- i) the degree of achievement of the Group's financial objectives (EBIT and Working Capital), with regard to those estimated in the Group's Budget.
- ii) The Total Returns to the Shareholder

- iii) The contribution and personal added value of each of the Executive Directors in obtaining the Group's overall results.

The maximum Bonus to be accrued during the last financial year is established at 100% of the Fixed Salary, for the Chief Executive Officer and 66.66% for the Secretary Director.

In accordance with that, the Appointments and Remuneration Committee unanimously agreed to propose to the Board of Directors the establishment of the 2015-2016 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 2017

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 2017 fiscal year, a Fixed Remuneration of 661,200 euros for the Chief Executive Officer, and a Fixed Remuneration of 293,770 euros for the Board Secretary Director, being this Remuneration exactly the same than the Fixed Remuneration they both had in 2016.

The Executive Directors' Short-Term Variable Remuneration (Bonus) 2016-2017

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

- i) That the maximum Bonus in 2016-2017 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 27, 2016, 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) 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 the Functions and Activities of the Appointments and Remuneration Committee during fiscal year 2015-2016

The Committee unanimously agreed to approve the Report on the Functions and Activities of the Appointments and Remuneration Committee 2015-2016 which, in accordance with the recommendation of the Code of Good Governance of Listed Companies, dated 18 February 2015, will in due course be published on the corporate website, and sufficiently in advance of the holding of the Company's General Shareholders' Meeting.

- Cessation of a Senior Manager

The Chief Executive Officer informed the Committee of the reasons for the cessation of a Country Manager of the Group, that basically were that his performance as Country Chief Executive Officer was not adequate.

The Appointments and Remunerations Committee, in accordance with the provisions of Article 18.2.g) of the Rules of the Board of Directors, Consolidated Text of 26th January, 2016, and at the suggestion of the Chief Executive Officer of the Company and of the Logista Group, reported in favour of the cessation, through the relevant legal procedures, of the Senior Manager, and the termination of his employment contract.

3rd SESSION – 20 DECEMBER 2016

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

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 absence of the Chief Executive Officer, Mr. Egido, and the Secretary Director, Mr. de Juan, and according to the agreements taken by the Committee, the President 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.

- Proposal of General and Special Long-Term Incentive Plans of the Logista Group (2017 General Plan and 2017 Special Plan)

The Committee Meeting was joined by Mr. Salvador Espinosa de los Monteros and Mrs. Ana Ortiz, of Garrigues Human Corporate Services, engaged to advise the Committee and the Board of Directors on the current trends in long-term incentives in listed companies, and for the long-term formulation of new Incentive Plans.

Mr. Rafael Martí, the Group's Corporate Director of Human Resources, also joined the meeting.

The external advisors reported to the Committee as follows:

The great majority of Ibex35 companies base their plans on an average of two or three indicators, the most frequent of which are: the operating result, the return to the shareholder or the appreciation in the share price, and the achievement of the group's strategic plan or budget. In listed companies which are not included in the Ibex35, the number of indicators used is normally one or two, the most frequent being the operating result and the appreciation in the share price.

The objectives to which most of the pluri-annual incentive plans are linked are the Total Shareholder Return ("TSR"), the TSR compared with that of other companies ("CSR"), and different metrics of the operating result.

The Logista Group's plans for the period 2014-2017 are fairly well aligned with the trends currently followed by listed Spanish companies.

For that reason, the renewal of those plans is being considered for the period 2017-2022, including slight modifications to the current plans, specifically, relating to (i) the power of the Company's Board of Directors to decide, at the beginning of each Vesting Period, and depending on the Company's free float, whether the settlement of the Number of Vested Shares will be effected in Company shares, in their equivalent in cash, or in a combination of shares and cash, and (ii) the inclusion of clauses relating to "clawback" and to the holding of shares by the Executive Directors and Senior Managers of the Group, following the trends in European regulation and the recommendations of the Code of Good Governance of the CNMV (*Comisión Nacional del Mercado de Valores*) (National Securities Market Commission).

Description of the Plans

The Committee's Secretary reported as follows:

1. The Logista Group's 2017 General Long-Term Incentive Plan ("the 2017 General Plan" or "the General Plan")

1.1 General description

The system established under the 2017 General Plan consists, in summary, of granting to the Executive Directors of the Company, and to certain Senior Managers, Managers and employees of the Group (the "Beneficiaries" or "Participants"), the right to vest a certain incentive (the "Recognized Initial Incentive"), subject to the conditions, periods, and fulfilment of the requirements set out in the document which formulates the Plan – incorporated as Annexe 1 to the minutes of this meeting – and those to be established in the Regulations of the 2017 General Plan.

1.2 Term of the Plan

The General Plan will be for a total term of five (5) years and will be divided into three (3) cycles, each of three (3) years' duration (the "Vesting Period").

The first cycle of the General Plan will begin on 1st October, 2017.

1.3 Subjective scope

The Participants in each cycle of the General Plan will be the Executive Directors of the Company and those Senior Managers, Managers and employees of the Group determined by the Board of Directors of the Company, at the proposal of the Appointments and Remuneration Committee ("ARC").

1.4 Recognized Initial Incentive. Recognition of a Conditional Right to Free Shares.

The initial incentive to be recognized to a Beneficiary under the General Plan (the "Recognized Initial Incentive") will be, as a maximum in each Vesting Period, the annual variable remuneration accrued by that Beneficiary during the year immediately preceding the Recognition Date (the "Bonus Accrued"), to be determined by the competent bodies.

Once the Recognized Initial Incentive has been determined for each Beneficiary, it will be materialised through the grant by the Company to the Beneficiary of a Conditional Right to Free Shares, consisting of the conditional right to acquire, for no consideration, a number of shares in the Company (the "Number of Conditional Shares"), the vesting of which will be subject to fulfilment of the requirements and periods and, in particular, of the degree of achievement of

the Targets for the Vesting of Shares set out in the Regulations of the Plan, or in accordance with it.

The Number of Conditional Shares to be recognized to the Beneficiary is that resulting from dividing the 100 per cent of the Recognized Initial Incentive of the Beneficiary by the weighted average of the market price of the Company shares at close of trading in the thirty trading sessions immediately prior to the Recognition Date (the "Share Reference Value").

The Company's Board of Directors, at the proposal of the Appointments and Remunerations Committee, will decide, on the Share Recognition Date of each Vesting Period, whether the settlement of the Number of Vested Shares should be effected in shares of the Company, or in their cash equivalent, or in a combination of shares and cash. The Board's decision will depend on the free float of the shares, the historical and the foreseeable evolution of the share price, and any other factor, with the aim of avoiding a situation in which the Beneficiaries' Long-Term Incentive does not fulfil its function of motivating and retaining them, and in which the problem of little liquidity in the Company's shares worsens.

1.5 Nature of the Conditional Right to Free Shares

- 1.5.1. The Conditional Right that is recognized by the Company to a Beneficiary, in accordance with the Plan or its implementing regulations, is not cumulative or computable when determining the fixed and variable salaries to be received by the Beneficiary, and will not be treated as a vested right.
- 1.5.2 The Conditional Right granted to a Beneficiary may not be assigned, transferred, pledged or encumbered by any means, and any step in this connection will be grounds for its automatic termination.

Exceptionally, if the Participant dies during a Vesting Period, this may be transmitted to his or her successors.

1.6 Requirements to Vest the Conditional Right to Free Shares

The validity, subsistence and vesting of the Conditional Right to Free Shares is subject to cumulative compliance with the following requirements and conditions:

- a) The Beneficiary must continue to have an employment or mercantile relationship with the companies that make up the Logista Group and that participate in the Plan (the "Participating Companies").
- b) The Vesting Period must have elapsed completely, except in the cases of early settlement under the Plan.

- c) The Targets for Vesting of the Shares must have been exceeded or achieved wholly or in the minimal portion established by the Company's Board of Directors, at the proposal of the ARC.

1.7 Vesting of the Conditional Right to Free Shares

The vesting of all, part or none of the Conditional Right to Free Shares in each of the Vesting Periods of the 2017 General Plan will depend on the degree of achievement of the Targets for Vesting of the Shares.

These Targets will have a minimum level (below which the Conditional Right to Free Shares will not be vested), and a maximum level, both of which are pre-set for each cycle, as well as a Percentage of Vesting which will be linked to them.

1.8 Targets for the Vesting of Conditional Shares

The Targets for the Vesting of Conditional Shares and the Percentages of Vesting will be determined, for each cycle, by the Company's Board of Directors, at the proposal of the ARC, within the parameters of, and in accordance with, the criteria approved by the General Shareholders' Meeting.

1.8.1. Targets for the Vesting of fifty per cent (50%) of the Number of Conditioned Shares.

The following metrics are initially established, and each will be weighted at 50 per cent:

- 1) The Total Shareholder Return ("TSR"). The value of the TSR will be the result of adding to the appreciation in the value of the Company's share during the Vesting Period, based on the Share Reference Value, the dividends per share that were distributed during that same Period.
- 2) The target for the Comparative Shareholder Return ("CSR"), which relates the Company's TSR to the TSR of companies operating in the same or a similar sector of activity.

The Company's Board of Directors, following a report from the ARC, will determine, for each Vesting Period:

- i) The application of one or the other target, or even the application of both, indicating, in this case, the percentage of the Number of Conditional Shares recognized to a Beneficiary that is to be vested for each one.
- ii) The values of the TSR and CSR targets that give rise to a degree of achievement of 100 per cent.

- iii) The tables which show the relationship between the degree of achievement of the TSR and CSR targets and the Percentage for Vesting of the Number of Conditional Shares.
- iv) The companies (the "Reference Group") whose TSR will be compared in each Vesting Period with the TSR of the Company. The Company's Board of Directors may, at its discretion, change the Reference Group in order to make any adjustments which it considers appropriate according to the change in activities or corporate movements, or other relevant circumstances that arise therein.

1.8.2. Targets for the Vesting of the remaining fifty per cent (50%) of the Number of Conditional Shares.

The Company's Board of Directors will determine, for each Vesting Period:

- i) The financial criteria to be used as Targets for the Vesting.
- ii) The value of the target that gives rise to a degree of achievement of 100 per cent (compared with the forecast for that target in the Group's Business Plan).
- iii) The scale that will be used to determine the relation between the degree of achievement of the financial target and the Percentage of Vesting.

The Company's Board of Directors will have the broadest powers to modify the criteria and parameters shown in the Vesting Period determined from the General Plan, provided that there is no direct detriment to the Conditional Right to Free Shares.

1.9 Settlement of the Number of Vested Shares

Settlement of the Number of Vested Shares (in shares, in cash or in a combination of shares and cash) corresponding to each Vesting Period will take place in the first quarter of the calendar year following the Date of Vesting (the "Settlement Date").

If the Company chooses to settle the Vested Share Incentive wholly or partially in cash, the amount to be paid to the Beneficiaries will be equal to the number of shares in the Company that have been vested, multiplied by the weighted average of the market price of the Company's shares at the close of trading, in the thirty trading sessions immediately prior to the Vesting Date (the "Share Value at the Vesting Date").

1.10 Special rules applicable to the Logista Group's Executive Directors and Senior Managers

1.10.1 Refund of the Vested Share Incentive ("clawback" clause)

In accordance with the Policy governing the Remuneration of the Company's Directors and with Rule 5/2016, of 25th October, governing the "Policy on the Remuneration of the Logista Group's Senior Management", for the two years following the Settlement Date of the General Plan, the Company, in the case of the Executive Directors, and the Company and the Participating Company to which the Senior Manager belongs, may require them, and, if applicable, their heirs and successors – if the latter received the Vested Free Shares or Cash as a result of the death of the Executive Director or Senior Manager while in office – to refund up to 100 per cent of the Number of Vested Shares and all of the Vested Incentive in Cash, or even to offset that refund against other remuneration, of whatever nature, which they are entitled to receive, provided that at least one of the situations mentioned in the said Rule 5/2016 is in existence.

1.10.2 Holding of the Number of Vested Shares

Senior Managers and Executive Directors, in accordance with the Logista Group's Policy on the Remuneration of Senior Management and with the Policy on the Remuneration of Directors, must hold, and not dispose of under any circumstances, or give as collateral, the Number of Vested Shares transferred to them by the Company under this General Plan, for a period of one year following the Transfer of the Shares, in the case of Senior Managers, and a number whose value equates to twice their fixed annual remuneration in the case of Executive Directors.

1.11 Cases of early settlement of the General Plan

The General Plan foresees the same conditions of early settlement as those in the 2014 (the current) General Share Plan, which will be explained in the Rules for the 2017 General Plan.

1.12 Cost of the first cycle of the General Plan

The cost of the first cycle (2017-2020) is estimated to be 2,583,002 €.

This figure represents the estimated amount of the Recognized Initial Incentive, assuming 100% achievement of the Targets in the Vesting Period, and assuming full coverage by the Company of the future increases in the value of its shares in the Stock Market.

2. The Logista Group's 2017 Special Long-Term Incentive Plan ("the 2017 Special Plan" or "the Special Plan")

The General Description, Term, Requirements for Vesting and Targets for Vesting are the same as those for the General Plan.

The other characteristics of the Special Plan are as follows:

2.1 Subjective scope

The Participants in each cycle of the Special Plan will be the Executive Directors and those of the Logista Group's Senior Managers and Business Managers who are determined by the Company's Board of Directors, at the proposal of the Appointments and Remunerations Committee.

2.2 The Recognized Initial Special Incentive. Recognition of a Conditioned Right to Free Shares.

The initial incentive to be recognized to a Beneficiary under the Special Plan (the "Recognized Initial Special Incentive"), will be equivalent to a certain percentage of the annual Fixed Salary of each Beneficiary, to be determined, in each cycle, by the competent bodies, and which will be a maximum of 75 per cent of the Annual Fixed Remuneration in the case of Executive Directors of the Company, and 50 per cent of the Annual Fixed Remuneration in the case of the other Beneficiaries.

Once the Recognized Initial Special Incentive has been determined for each Beneficiary, it will be materialized by means of the granting by the Company to the Beneficiary of the Conditional Right mentioned in section 4.1 above, while the Number of Conditioned Shares to be recognized to a Beneficiary is the result of dividing 100 per cent of the Initial Special Incentive by the Reference Value of the Share.

2.3 Targets for Vesting

2.3.1 Target for the Vesting of 67% of the Number of Conditioned Shares.

The criteria will be identical to those of the General Plan.

2.3.2 Target for the Vesting of the remaining 33% of the Number of Conditional Shares.

The criteria will be identical to those of the General Plan.

2.4. Cost of the first cycle of the Special Plan

The estimated cost of the first cycle (2017-2020) of the Special Plan is 877,000 €.

This cost corresponds to the granting of a Recognized Initial Special Incentive of the maximum percentage of the Fixed Annual Remuneration established in the Special Plan for Executive Directors and certain Senior Managers, and of a lower percentage for the other Beneficiaries;

and assuming 100% achievement of the Forecast Operating Profit for the Vesting Period, and full coverage by the Company of future increases in the value of its shares in the Stock Market.

Finally, the Appointments and Remunerations Committee resolved:

- 1) To report in favour of the 2017 General and Special Long-Term Incentive Plans, the general characteristics of which have been explained in the document which was attached to the minutes of the meeting.
- 2) To propose to the Board of Directors:
 - i) the Initial Approval of the 2017 General and Special Plans, with the content as explained;
 - ii) That it proposes, in turn, to the General Shareholders' Meeting:
 - a) That it approves the implementation of its system for additional remuneration (2017 General and Special Long-Term Incentive Plans of the Compañía de Distribución Integral Logista Holdings, S.A.), which is contained in the document attached the minutes of the meeting.
 - b) That it grants to the Chief Executive Officer, Mr. Luis Egido Gálvez, and to the Board Secretary, Mr. Rafael de Juan López, in each of the cycles of the 2017 General and Special Plans, the maximum Initial Incentive permitted for each of them by the said Plans.
 - c) That it empowers the Board of Directors to approve the Rules of both Plans.

4th SESSION - 24 JANUARY 2017

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

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. Rafael Martí).

The Appointments and Remuneration Committee analysed the following subjects:

- Settlement of the Third Consolidation Period (2013-2016) of Logista S.A.U. 2011 Long-Term Incentive Plan

The Corporate Director of HR reported on this subject:

The number of beneficiaries in each of the three phases of the Plan was:

	Number of Beneficiaries First phase (financial year 2011/2012)	Number of Beneficiaries Second phase (financial year 2012/2013)	Number of Beneficiaries Third phase (financial year 2013/2014)
Executive directors	2	2	2
Other beneficiaries	47	54	48
Total beneficiaries	49	56	50

The estimated cost of the first phase of the Plan was 1,848,190 euros (actual cost of 1,662,274), that of the second phase was 2,044,283 euros (actual cost of 1,745,397), and that of the third phase was 1,814,465 euros, assuming the achievement of 100 per cent of the Objective Set.

The Plan's Consolidated Incentive is calculated by comparing the Operating Profit Obtained by the Group in the Consolidation Period with the Group's Forecast Operating Profit for that same Period, provided that the former is more than 80% of the latter.

It falls to the Corporate Director of Finances to determine the Operating Profit Obtained in each Consolidation Period, in accordance with the Plan's Rules.

Accordingly, the Degree of Achievement of the Objective for the Consolidation of the Incentive for the Third Consolidation Period (2012-2015) was fixed at 100.8%.

As a result, the actual cost of the Plan's Third Consolidation Period was 1,569,176 euros.

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

- Settlement of the Second Consolidation Period (2013-2016) of Logista SAU 2011 Long-Term Special Incentive Plan.

The Corporate Director of HR reported on this subject:

The number of beneficiaries in each of the three phases of the Plan was:

	Number of Beneficiaries First phase (financial year 2011/2012)	Number of Beneficiaries Second phase (financial year 2012/2013)	Number of Beneficiaries Third phase (financial year 2013/2014)
Executive Directors	2	2	2
Other beneficiaries	9	10	10
Total beneficiaries	11	12	12

The estimated cost of the first phase of the Special Plan was 907,074 (actual cost of 721,231 euros), that of the second phase was 965,328 euros (actual cost of 825,364), and that of the third phase was 1,010,072 euros, assuming the achievement of 100 per cent of the Objective Set.

The Consolidated Incentive in the Special Plan is determined by using a table (included in the Plan) and compares the Operating Profit obtained by the Group in the Consolidation Period with the Group's Forecast Operating Profit for that same Period, provided that the Operating Profit Obtained in a Consolidation Period is equal to or more than three times the Operating Profit Obtained in the financial year prior to the Commencement Date of the Consolidation Period (the Minimum Operating Profit).

It falls to the Corporate Director of Finances to determine the Operating Profit Obtained in each Consolidation Period, in accordance with the Rules of the Special Plan.

The Consolidation Percentage is obtained by applying the table included in the Plan's Rules and was fixed at 119% of the Recognized Special Initial Incentive.

Consequently, the actual cost of the Third Consolidation Period of the Special Plan was 1,073,926 euros.

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

- The 2014 General and Special Plans for Performance Shares of the Logista Group. Third Consolidation Period (2016-2019).

The Corporate Human Resources Director informed the Committee of the following:

1. Consolidation Objectives

It was considered appropriate that the Appointments and Remunerations Committee should propose that the Board maintain, for the Consolidation Period 2016-2019, the same Objectives for Share Consolidation as those laid down in the Rules of both Plans for the First and Second Consolidation Periods of both Plans, namely:

- The criterion of Total Profitability for the Shareholder ('TPS')

In accordance with this criterion, 25% of the Recognized Shares in the General Plan and 35% of the Recognized Shares in the Special Plan would be consolidated.

- The criterion of Comparative Profitability for the Shareholder ('CPS')

In accordance with this criterion, 25% of the Recognized Shares in the General Plan and 32% of the Recognized Shares in the Special Plan would be consolidated.

In addition, it was proposed to keep the same Reference Group of companies whose TPS would be compared with that of our Company, excepting for one, which has changed its perimeter.

- The criterion of Financial Profitability determined by the Group's Operating Profit in the Consolidation Period 2016-2019.

In accordance with this criterion, the remaining 50% of the Recognized Shares in the General Plan and the remaining 33% of the Recognized Shares in the Special Plan were to be consolidated.

2. Consolidation Percentages: TPS and CPS Criteria

It was considered appropriate that the Committee should propose that the Board maintain the same Consolidation Percentages for the TPS and CPS criteria as those for the Beneficiaries' Numbers of Recognized Shares (50% in the General Plan and 68% in the Special Plan), and was proposed, accordingly, to modify the Rules of both Plans.

3. Quantification of the Financial Objective and Consolidation Percentage for the Consolidation Period 2016-2019 for both Plans.

It was proposed to fix the Group's Forecast Operating Profit for the Consolidation Period 2016-2019, in accordance with the resolutions of the Board of Directors of 26th July and 27th September, 2016, and to include it, accordingly, in the Regulations of both Plans.

4. Quantification of the Total Profitability for the Shareholder (TPS) for the Third Consolidation Period 2016-2019 of the 2014 General and Special Share Plans

Starting from the Reference Share Value, of 22.25 euros, the TPS objective for the Consolidation Period 2016-2019 was quantified at 3.5 euros per share (estimated appreciation of the share price plus estimated dividends per share in the Vesting Period).

5. Proposal of Beneficiaries and of Shares to be recognized as theirs for the Third Consolidation Period (2016-2019) of the 2014 General and Special Plans for Performance Shares

Mr. Martí reported as follows:

Background

On 4th June, 2014, the General Shareholders' Meeting of the Logista Group approved the main points and characteristics of both Plans, and delegated to the Board of Directors the powers to apply, implement and develop both of the Long-Term Incentive Plans.

In accordance with the current legislation, the same General Shareholders' Meeting, at the proposal of the Board of Directors, resolved to grant to the Chief Executive Officer and to the Board Secretary/Director a Recognized Initial Incentive in shares, in the maximum amount envisaged by both Plans for the Executive Directors.

The general criteria for inclusion in both Plans are generally those laid down in the respective Rules of both Plans, within the maximum limits stipulated for that purpose:

- o General Plan: 100 per cent of the bonus earned in the previous financial year.
- o Special Plan: 75 per cent of the fixed salary for the Executive Directors and 50% of the fixed salary for the other beneficiaries.

Beneficiaries

The Proposal of Beneficiaries for the Consolidation Period 2016-2019, for both Plans, was the following:

GENERAL PLAN

Group	Number of Beneficiaries
Executive Directors	2
Senior Management	10
Business Managers and other managers	44
Total	56

SPECIAL PLAN

Group	Number of Beneficiaries
Executive Directors	2
Senior Executives	7
Total	9

Number of Recognized Shares

The proposal for the Number of Recognized Shares for the Third Consolidation Period 2016-2019, for both Plans, according to the resolution of the General Shareholders Meeting of June 4th, 2014, was the following:

- o General Plan: 113,968 Shares, fractions being rounded.
- o Special Plan: 49,389 Shares.

In particular, the Numbers of Shares Recognized as belonging to the Executive Directors would be the following:

GENERAL PLAN	Number of Recognized Shares
Chief Executive Officer	29,717
Board Secretary/Director	48,801
Total	38,518

SPECIAL PLAN	Number of Recognized Shares
Chief Executive Officer	22,288
Board Secretary/Director	9,902
Total	32,190

The Numbers of Shares Recognized as belonging to Senior Executives for the Third Consolidation Period would be 46,135 (2014 General Plan for Performance Shares) and 17,199 (2014 Special Plan for Performance Shares).

The Total Number of Recognized Shares for both Plans, for this Third Consolidation Period, was 163,357 (0.12 % of the share capital) which, together with the Recognized Shares for the First Consolidation Period (236,007 shares) and for the Second Consolidation Period (186,307), gives a total of 584,671 shares, representing 0.44 % of the share capital.

The Appointments and Remunerations Committee unanimously approved the foregoing proposal, and reported in favour of the adoption by the Board of Directors of the appropriate resolutions for the Third Consolidation Period (1st October, 2016 to 30th September, 2019), both for the 2014 General and Special Plans for Performance Shares.

- Framework for the Remuneration of Senior Management

Mr. Martí informed the Committee that the Degree of Achievement of Objectives by the Senior Management (members of the Management Committee, excluding the Executive Directors), had been 91.4%.

- Report and Proposal to the Board of Directors on a Modification to the Policy on the Remuneration of Board Members (The compatibility of the receipt of the Fixed Annual Remuneration of the Chairman of the Board and that of the Chairman of the Appointments and Remunerations Committee, although both positions are held by the same person).

Mr. Chairman, Mr. Marañón, left the meeting at this point.

The Secretary of the Committee reported the following:

The Policy on the Remuneration of Board Members (“the Policy”) was approved by the General Shareholders’ Meeting on 17th February, 2015, in accordance with the Transitional Provision of Law 31/2014, by which the Law of Capital Companies was modified in order to improve Corporate Governance.

The said Policy indicates that the fixed monthly remuneration of the Chairman of the Board of Directors includes the fixed monthly remuneration established for the Chairman of the Appointments and Remunerations Committee, because both functions are carried out by the same person.

The Appointments and Remunerations Committee debated on this subject and finally considered, however, that the functions and responsibilities of these two positions are different, and that they should therefore be remunerated with the amount fixed by the Board of Directors for both positions, regardless of the fact that both functions are exercised by the same person.

As a result, and in accordance with Article 18.2 h) of the Rules of the Board of Directors dated 26th January, 2016, and with Article 529 novodecies of the Law of Capital Companies, the Appointments and Remunerations Committee, with the abstention of its Chairman, Mr. Marañón, in as far as he is personally affected by the decision, resolved to propose to the Board of Directors that it submit to the next General Shareholders’ Meeting the modification to the Policy on the Remuneration of Board Members, to make compatible the receipt of the Fixed Annual Remuneration of the Chairman of the Board and that of the Chairman of the Appointments and Remunerations Committee, although both positions are held by the same person.

- Talent/Succession Plan in the Group

Resuming the debate begun in the Extraordinary Board Meeting of 20th December, about the difficulty of selecting Directors, particularly Senior Directors, to implement the Group’s business strategy, the Committee received a report from the CEO about the internal and external actions taken by the Group, to recruit Senior Managers and, in general, key personnel, ensuring the profitability and long-term sustainability of the Group, and proposed new measures to boost such recruitment, and the plans for succession of the most significant Directors of the Group, including his own position.

5th SESSION- 21 FEBRUARY 2017

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

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

This meeting was held in the presence of the other Board Members who constitute the Board of Directors.

The Appointments and Remuneration Committee analysed the following subject:

- Proposal to engage a Director

Mr. Egido proposed to the Committee the engagement of a Senior Manager, to be appointed Chief Executive Officer of Logista Italia.

He informed about his academic and professional background, as well as of the basic conditions of his contract.

The Committee positively assessed and unanimously reported in favor of the engagement of this Senior Manager, for the above mentioned position, as well as of the economic conditions of his contract.

La Comisión, por unanimidad, evaluó positivamente e informó favorablemente la contratación del Directivo, para el puesto indicado, así como las condiciones económicas de su contrato.

6th SESSION- 25 APRIL 2017

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

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

The Appointments and Remuneration Committee analysed the following subject:

- Report on the Appointment by co-option of a Proprietary Director

The Secretary of the Committee, Mr. de Juan, reported the following:

- I. In a written communication dated 21st March, 2017, and addressed to the Secretary of the Company's Board of Directors, Mr. Nicholas Keveth had resigned from the Board of the

Company because with effect from 31st March he was going to cease to provide Imperial Brands PLC ("IB") with professional services and was therefore going to leave the Group.

Mr. Keveth had been a proprietary member of the Board because he had represented IB – the Company's indirect majority shareholder – on the Board of Directors.

- II. In accordance with the rules of the Framework Contract of 12th June, 2014, signed between the Company and IB (formerly "ITG"), the latter proposed the appointment of four of the ten Board Members who currently constitute the Company's Board of Directors.

In accordance with the rules of the Framework Contract, the vacancy left by Mr. Keveth's resignation has to be filled by another Board Member representing IB on the Board.

In a communication from the Secretary of IB's Board, addressed to the Chairman of the Company's Board on March 28th, IB had proposed the appointment of Mr. Richard Charles Hill, to fill the vacancy that had arisen.

Mr. Richard Charles Hill is the IB Group's current Director of Human Resources and Transformation. He holds a degree in Physics and Medical Physics from the University of Exeter (U.K.), and is studying for a postgraduate degree in Business Coaching from the University of Chester (U.K.).

He has spent much of his professional career at Allied Domecq PLC, with several successive responsibilities in Management (CEO Greece), Finance (CFO Europe), Sales and Marketing in several geographical areas (the U.K., Greece and Italy), and at Standard Chartered Bank PLC (President & CEO and CFO in Korea).

It falls to the Appointments and Remunerations Committee to "*evaluate the skills, knowledge and experience that are necessary on the Board*" (Article 18 2. a) of the Rules of the Board of Directors, Consolidated Text of 26th January, 2016).

In addition, and in accordance with Article 529 quincecies 3.d) of the Law of Capital Companies, and Article 18 2 d) of the Rules of the Company's Board of Directors, it falls to the Appointments and Remunerations Committee to "*report on the proposals for appointment of non-independent board members, for their nomination by co-option.*"

As a representative of IB on the Company's Board of Directors, Mr. Richard Charles Hill would have the status of Proprietary Board Member, in accordance with Article 529 duodecies 3 of the Law of Capital Companies and Article 7.2) b) of the Rules of the Company's Board of Directors, Consolidated Text of 26th January, 2016.

In view of the foregoing, the Appointments and Remunerations Committee considered that Mr. Richard C. Hill has the necessary skill, experience and merits to be appointed and to perform the role of Board Member of the Company, and consequently unanimously agreed to report in

favour of the proposed appointment by co-option of Mr. Richard Charles Hill as a proprietary Board Member of the Company for the statutory period of four years, subject to the ratification of the appointment by the next General Shareholders' Meeting.

7th SESSION- 25 APRIL 2017

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

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

The Appointments and Remuneration Committee analysed the following subject:

- Cessation of a Corporate Director

The CEO broadly informed the Committee about the reasons for the cessation of a Corporate Director that directly reported to him.

The Appointments and Remunerations Committee, in accordance with the provisions of Article 18.2.g) of the Rules of the Board of Directors, Consolidated Text of 26th January, 2016, and following a proposal of the Chief Executive Officer of the Company and of the Logista Group, reported in favour of the cessation of the above mentioned Corporate Director.

8th SESSION: 26 SEPTEMBER 2017

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

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

The Appointments and Remuneration Committee analysed the following subjects:

- Proposal for the engagement of a Senior Manager

The Appointments and Remuneration Committee unanimously resolved:

- a) To report in favour of the proposal of the Chief Executive Officer to appoint a Corporate Director, and to approve the basic conditions of his contract, submitting them to the Board's approval.
- b) To include the new Corporate Director in the Third Consolidation Period (2016-2019) of the 2014 General and Special Share Plans.

- Self-assessment of the Board functioning

The meeting was joined by all other Board Members -not members of the Committee-.

According to the provisions of the Articles of Association, the Board of Directors' Regulations of January 26, 2016 (Art. 19.7) and the Recommendations of the new Code of Good Governance, the Committee had analysed the results of the self-assessment of the Board and that of its Committees, as well as the performance of their functions by the Chairman, the CEO and the Secretary of the Company's Board of Directors, during financial year 2015-2016.

The Appointments and Remuneration Committee unanimously decided to submit to the Board of Directors a Plan of Action for Improvements.

The preceding report is unanimously approved by all the members of the Appointments and Remuneration Committee in the session held on 31 October 2017.

Leganés, on 31 October 2017.

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 2016-2017

LOGISTA

FISCAL YEAR END DATE: 30/09/2017

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 2016-2017

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 2016-2017.

The sustainability in the Group's activity is an irrevocable principle, present in our corporate strategy and in the Corporate Policy on Social Responsibility, approved by the Board of Directors last fiscal year, that sets the framework and the commitments assumed by the Group related to the stakeholders, including the CSR management in the Group's management.

During this fiscal year, Logista has continued developing initiatives and projects for the fulfillment of these commitments to the good governance, employees, shareholders and investors, customers, suppliers and the society and environment, specifically set in this Policy. These commitments can be consulted in this Report.

The compliance with these commitments is part of the Group's ambition for the excellence in all its spheres, such as corporate, economic, operative, environmental and social, involving the whole organization and stakeholders in its achievement.

So, our CSR strategy is integrated and is a fundamental part of our corporate strategy of sustainability and excellence as leading distributor of products and services to proximity retailers in Southern Europe.

About this report

Logista understands the Corporate Social Responsibility as the integration of the ethical, business, social, environment, economic, transparency and Good Corporate Governance principles and values into its strategy, business model, activities and management, taking into account the requirements by its stakeholders, and always under a model of active contribution to sustainable development and compliance with regulations and regulatory recommendations on corporate governance.

The information included in this report refers to the fiscal year 2017, comprising from October 1st, 2016 to September 30th, 2017, and covers all Group's activities, prioritizing the relevant information about CSR for the different stakeholders.

The Annual Report on Corporate Social Responsibility was approved by the Company's Board of Directors in its meeting at October, 31st, 2017, following a report from the Auditing and Control Committee as is indicated in the Logista Group's CSR Policy approved in June 2016.

The Logista Group annually publishes a report, including this report, and also the Annual Report on Corporate Governance 2016-2017, the Annual Report on Remunerations of Directors 2016-2017 and the Annual Report 2016-2017 which includes the Annual Accounts. All these and previous reports, including the last report elaborated last fiscal year, are available on the Group's corporate website, www.grupologista.com, in both Spanish and English, and offer a complete and useful information for the knowledge of the Logista's activities.

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 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.

The Group's business model is unique in Southern Europe, and combines its integrated distribution and logistics services with exclusive added-value services.

The Group offers advanced services to its customers, both manufacturers and points of sale, as well as Business Intelligence tools for facilitating the access of products from manufacturers to end-consumers and promoting their sale opportunities.

Thus, Logista is the best partner for placing products and services available to end-consumers, through out an immediate, efficient, transparent and intelligent distribution through a capillary network of points of sale near that end-consumer.

~ 300,000 Points of sale distributed

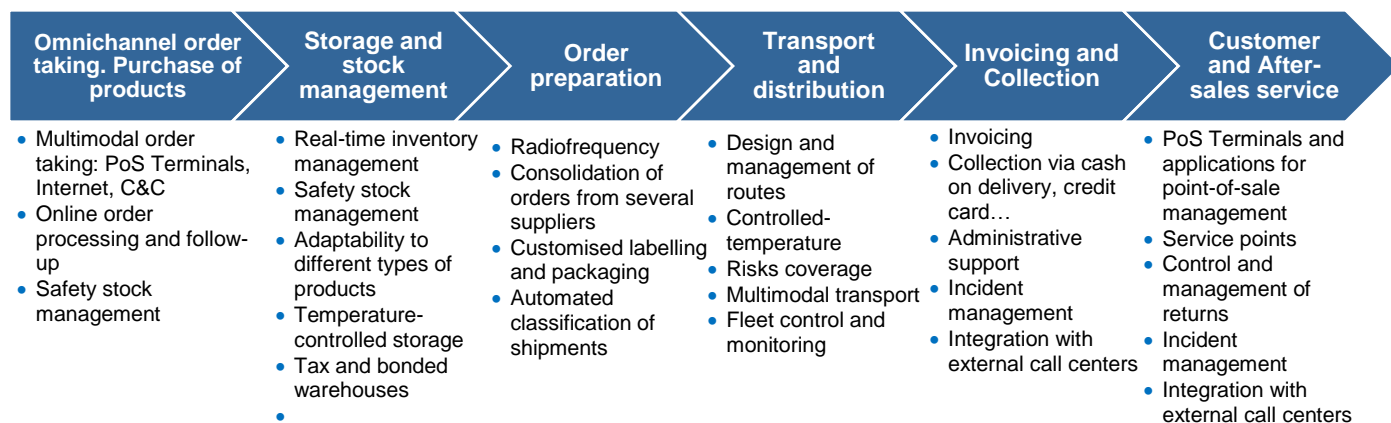
~ 45 million daily consumers in these channels

~ 47,000 Points of Sale Terminals installed

~ 15,000 collaborators

Presence in 5 countries

Value chain



Main figures

- **Economics**

(€ million)	2016-2017	2015-2016
Revenues	9,493.2	9,632.0
Economic Sales	1,049.7	1,038.1
Iberia	533.4	506.7
France	273.6	281.8
Italy	240.9	244.9
Corporate & Others	1.8	4.7
Adjusted EBIT	218.8	234.8
Iberia	104.8	95.1
France	67.8	76.2
Italy	59.0	75.7
Corporate & Others	(12.9)	(12.2)

There have been no significant changes in the Group's perimeter and no reformulation of the information in both periods.

- **Employees**

Headcount (average)(*)	2016-2017	2015-2016
Spain	3,331	3,325
France	1,425	1,452
Italy	361	323
Portugal	406	363
Poland	77	82
TOTAL	5,600	5,545

(*) Rounded figures

- **Market Capitalization**

	30/09/2017	30/09/2016
Market capitalization (€m)	2,701	2,636
Share price (€)	20.35	19.86

Logista Group's Companies

The Logista Group is composed of Compañía de Distribución Integral Logista Holdings S.A. and its direct and indirect subsidiary companies:

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%)

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. John Downing		●
Director:	Ms. Cristina Garmendia Mendizábal	●	
Director:	Mr. Richard Guy Hathaway		
Director:	Mr. Richard Charles Hill		
Director:	Mr. Stéphane Lissner		●
Director:	Mr. David Resnekov	●	
Director:	Mr. Eduardo Zaplana Hernández-Soro	●	●

- Chairman of Auditing and Control Committee
- Member of Auditing and Control Committee
- Chairman of Appointments and Remuneration Committee
- Member of Appointments and Remuneration Committee

In the Annual Report on Corporate Governance 2016-2017, the Company's government structure is explained in its C section.

Our Values

Our corporate values are shared by the whole organization, being deep-rooted in the Group:

- **Respect:** the Logista Group as a multicultural Company promotes the respect and tolerance in all its acts.
- **Initiative:** considered as a key factor for change and audacity, it promotes advance and prepares us for the future.
- **Commitment:** the corporate strategy is oriented to the sustainable development and the long-term, with the commitment to promote the interest of the Company and its Group as well as the interest of its different stakeholders.
- **Professionalism, integrity in management and transparency in the acts and relationships of the Group with its stakeholders, particularly with its employees.**

Accordingly:

- The Group bases its professionals' selection and the employees' performance on the principles of merit and ability, company loyalty, honesty, frankness and responsibility in all their activities and practices, and respect and support for their legitimate professional and occupational interests.
- And it bases its activity and management on the principle of business integrity, prevention of crime risks, internal control and corporate social responsibility.

These essential principles adopted by the Group for its activity development and management along with other pattern of behaviour are the basis of the Group's sustainable business model and have been formally embodied in the Code of Conduct.

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, identifying its employees, shareholders and investors, customers and suppliers, as well as the society in general as its main stakeholders.

The Policy on CSR approved in 2016 by the Logista's Board of Directors sets the guidelines and main commitments adopted by the Group in this matter, with the goal of contributing to a sustainable business model and contributing with the maximum possible

value to the stakeholders related to Logista.

These commitments assumed by the Logista Group are the guide for its sustainable initiatives and new projects in the social responsibility matter.

Stakeholders	Commitments
Good Governance	<ul style="list-style-type: none"> ✓ The promotion of the best practices of Corporate Governance by means of the ethical, responsible and honest management of the business ✓ The fostering of transparency and two-way communication with the various stakeholders ✓ The assumption of the Group's fiscal responsibility in all the countries in which it carries out significant operations, in accordance with the Group's fiscal policy ✓ Incorporating into the performance of the activity the principles of the United Nations Global Compact
Shareholders and Investors	<ul style="list-style-type: none"> ✓ The creation of sustainable value in the long term ✓ The prudent and responsible management of all risks, both financial and non-financial, and working towards the inclusion of the latter in the risks managed by the businesses ✓ To promote the integrity and transparency in the information provided by the Group to its Shareholders and Investors ✓ <u>Guaranteeing fair treatment, facilitating the exercise of the shareholders' rights</u>
Employees	<ul style="list-style-type: none"> ✓ Promoting the employment and motivation of teams, establishing a long-term labour relationship and promoting an atmosphere at work that includes high levels of motivation and satisfaction ✓ To develop actions designed to recruit talent, implementing processes to identify talent internally and promoting continual opportunities of development ✓ Spurring the training and qualification of our employees, encouraging continuous learning to achieve better performances and career advancement within the Group ✓ The establishment of a policy on remuneration and social benefits which facilitates the engaging of the best professionals together with the reconciling of work and family life

	<ul style="list-style-type: none"> ✓ Promoting diversity and equality of opportunities, maintaining the commitment to non-discrimination and the respect for diversity in all its forms ✓ Regarding the health and safety of the employees as a fundamental value for the Logista Group, ensuring a safe and healthy working environment
Customers and Channels	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ Promoting the optimisation and rationalisation of resources by means of the centralisation of purchases, if possible, reaching higher transparency, efficiency and equity ✓ Guaranteeing maximum transparency in the contracting process ✓ Preventing the risk of fraud in the purchasing process by establishing the necessary basic elements of internal control ✓ Promoting among the suppliers the knowledge and application of the Code of Conduct and of the principles upon which the Group's purchasing policy is based
Society in general and Environment	<ul style="list-style-type: none"> ✓ Consolidating and integrating the system of calculating the reporting on emissions of 'greenhouse' gases into the system of environmental reporting and devising a control panel which enables Logista to identify, monitor and control the most relevant environmental indicators in this field ✓ Collaborating in, participating in, and supporting national and international initiatives for the protection of the environment ✓ Impelling the launch and development of the Plan for Energy Efficiency, identifying measures designed to reduce the consumption and increase the yield of energy ✓ Promoting in the Company the CSR culture, and also social development through voluntary activities

Logista keeps a permanent and fluid dialog with the different stakeholders to continue creating sustainable value and fulfilling their expectations. At that end, the Group has a number of communication and bidirectional dialog channels with the different stakeholders:

Stakeholders	Communication channels
Shareholders and Investors	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • investor.relations@grupologista.com • +34 91 481 98 26
Employees	<ul style="list-style-type: none"> • Labour Climate Survey • Periodical meetings • Surveys • Suggestions boxes • Intranet • Employees representatives • Newsletters • Email
Customers and Channels	<ul style="list-style-type: none"> • Call centers • Specific email and form in the corporate website • Complaints and claims systems • Satisfaction surveys • Interviews

Suppliers	<ul style="list-style-type: none"> • Personal contact • Meetings • Email • Phone • Suppliers' websites
Society in general and Environment	<ul style="list-style-type: none"> • Relationships with different social organizations in the communities in which the Group is present • Direct relationships with different public administrations of the countries where the Group operates • Relationships with the media through press release, meetings, corporate and national websites, direct relationships ... • Specific email on the corporate website for matters related to the environment • Participation in environmental organisms, initiatives and associations

GOOD GOVERNANCE

The company's Good Governance is a fundamental principle for Logista, considered the base for the adequate functioning of the Group and the development of its activity, as well as for the value creation.

The principles and practices of good governance are a key element for Logista's activity. Logista bases its Good Governance model 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, etc.

Logista holds a strategy to assume and periodically update these practices. The Auditing and Control Committee supervises the compliance of this Policy and submits to the Board of Directors the observations or modifications and improvement proposals which considers appropriate.

The main principles and practices of Logista's Corporate Governance are:

- Efficiency in the organisation and functioning of the Board of Directors
- Balance and diversity in the composition of the Board of Directors
- Diligent and loyal behaviour of the members of the Board of Directors
- Proper remuneration to attract and retain Board Members with the desired profiles and to reward their dedication, qualifications and responsibility
- Ethical, honest and sustainable behaviour of the Company and its Group
- The fostering of the shareholders' trust, the protection of their rights and the encouragement of their participation in the Company
- Observance of the current legislation and adoption of the best practices in good governance
- Commitment to transparency and periodical information

Logista is the first Spanish listed company auditing its financial statements by two audit firms acting jointly. The General Shareholders Meeting held in March 2017 approved the proposal of the Board of Directors related to co-auditing the annual accounts to reinforce the transparency and independence of the Group in relation with the auditing of accounts.



Logista maintains an explicit commitment to the human rights defense and incorporates the principles of the United Nations Global Compact in developing its activity regarding human rights, labour, environment and anticorruption, with tools guarantying and promoting its protection and respect.

Logista keeps direct relationships with the different public administrations in the countries where it operates in, whether national, regional or local authorities.

It must be noted that, aiming at clarifying the Group's tax responsibility across the countries where it has significant operations as a consequence of the tobacco products distribution activity, Logista formulated in the fiscal year 2015-2016 a Group's Tax Policy, assuming Good Tax Practices derived of being an Authorized Economic Operator (AEO) and the tax regulations on commercial relationships with foreign countries.

During the fiscal year 2016-2017, the Company has developed new Corporate Rules and Policies, such as the Policy on Remuneration to Top Management of Logista Holdings and its subsidiaries

and the General Policy on Internal Control and Procedure for Internal Control of Logista Holdings and its subsidiaries, which add to the already existing ones.

Main Corporate Rules and Policies

- Policy on Risks Management
- Policy and Procedure on Complaints and Irregularities
- Policy on Information Systems Security
- Purchasing Policy
- Policy on Information and Communication
- Tax Policy
- Policy on Corporate Governance
- Code of Conduct
- Policy on Remuneration to Top Management
- Policy on Internal Control and Procedure for Internal Control

SHAREHOLDERS AND INVESTORS

Logista has as main objective the creation of long-term sustainable value for shareholders and investors, basic principle to maintain and improve the remuneration to shareholder.

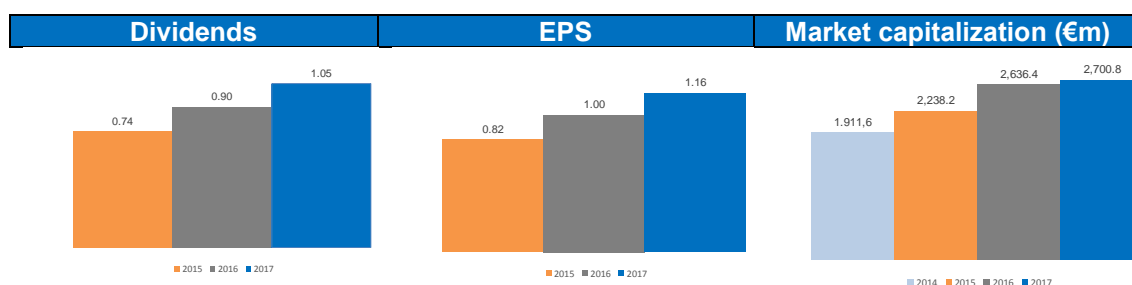
For that, Logista seeks out profitability in all its corporate operations, analyzing them both individually and within the context of their contribution to the Group's value.

- **Dividends**

The dividends policy, subject to approval by the General Shareholders Meeting, consists in an annual payout of at least 90% of the annual Consolidated Net Profit.

Logista paid an interim dividend of €0.30 per share on August 30th, 2017. Also, the Company's Board of Directors has the intention to propose to the General Shareholders Meeting distributing a final dividend corresponding to FY2016-2017 of €0.75 per share that will be payable at the end of the second quarter of fiscal year 2018.

So, the total dividend corresponding to fiscal year 2016-2017 will be €1.05 per share, a 16.7% above the total dividend corresponding to the previous fiscal year.

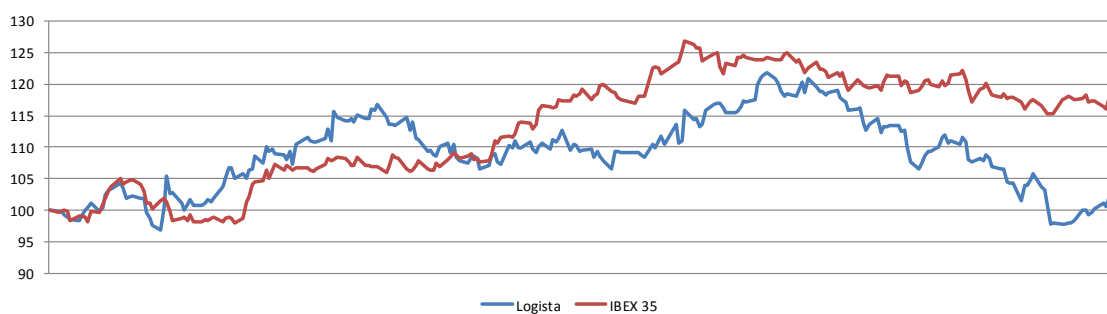


Logista's share

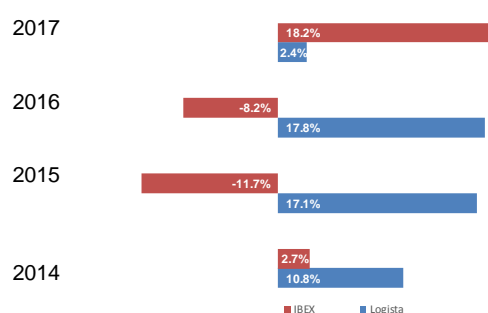
	2014*	2015	2016	2017
Market capitalization at the end of FY (€m)	1,911.6	2,238.2	2,636.4	2,700.8
Closing price (€)	14.4	16.9	19.9	20.3
Maximum price (€)	14.4	20.2	21.6	24.2
Minimum price (€)	13.0	12.9	16.7	19.2
Total volume	24,614,887	60,184,153	40,296,050	35,104,389
Average daily volume	431,840	236,016	156,186	137,127
Rotation (% of share capital)	18.5%	45.3%	30.4%	26.4%
Revaluation during the FY (%)	10.8%	17.1%	17.8%	2.4%

*Since July 14th, 2014: IPO. Source: Bloomberg

During the fiscal year 2016-2017, Logista's share price increased by 2.4% compared to a 18.2% increase of IBEX.



Logista share price has increased annually by 12.2% during the last three fiscal years versus a 1.4% average annual decline of IBEX in the same period.



Logista is part of the IBEX MEDIUM CAP index, which includes the largest companies in terms of market capitalization, adjusted by free float, after those included in the IBEX 35 index.

- **Capital structure**

All Logista's shares are of a single class and series and have the same rights.

	2014	2015	2016	2017
Number of shares	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
Nominal Value	0.20	0.20	0.20	0.20
Own-shares	-	40,614	275,614	391,432
% Own-shares over share capital	-	0.03%	0.21%	0.29%

Logista has own-shares in order to meet the commitment of shares distribution resulting from the Company's 2014 General and Special Plans of Shares.

As of September 30th, 2017, the most significant shareholdings in the Group 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	79,650,001	60.00%

Allianz Global Investors GmbH	0	6,605,632	4.976%
Allianz Global Investors Fund	4,197,259	0	3.162%
Capital Research and Management Company	0	4,145,094	3.1225%
BlackRock, Inc	0	6,082,739	4.582%
BlackRock Investment Management (UK) Limited	4,772,363	0	3.595%

During the fiscal year 2016-2017, the most significant movements in the shareholding structure have been the decrease of the Imperial Brands Plc stake to 60%, after a 10% placement of the Company's capital on September 7th, 2017; the decrease of Allianz Global Investors GmbH stake below 5% on March 6th, 2017 and the stake increases by Capital Research and Management Company to 3.1% on August 3th, 2017 and by BlackRock to 4.6% on September 7th, 2017.

• Investor Relations

The Group's Investor Relations and Strategic Analysis department manages the relationship with shareholders and investors with a commitment to maximum transparency in the diffusion of the information, providing the investor community with relevant information on the company, its results, strategy and activities.

The Group's Policy on Information and Communications with shareholders, the securities markets and public opinion establishes the information, communications and contact instruments the Company has, and defines the criteria when communicating and contacting shareholders, analysts and large investors.

Logista has different communication channels with shareholders and investors, allowing a permanent and bidirectional communication with them.

Communication channels
<ul style="list-style-type: none"> • Personal contact • Participation in seminars and forums • Roadshows and personal visits • Meetings and audiowebscasts to inform about results • Corporate website • Specific email and phone for shareholders and investors <ul style="list-style-type: none"> • investor.relations@grupologista.com • +34 91 481 98 26

Logista also holds a fluid communication with financial analysts, both national and international. During the fiscal 2016-2017, 16 firms recurrently covered Logista:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Ahorro Corporación • Alantra • BBVA • BPI • CaixaBank • Credit Suisse • Eva Dimensions • Exane | <ul style="list-style-type: none"> • Fidentiis • Goldman Sachs • Haitong • JB Capital Markets • Morgan Stanley • Banco Sabadell • Santander • Societé Generale |
|---|--|

The Policy on Information and Communications with shareholders, the securities markets and public opinion also rules the information provided by the Company to the media through press releases on results and businesses developments, contracts signed or any other aspect deemed as relevant.

In the Shareholders and Investors section of the corporate website, www.grupologista.com, the Logista Group offers relevant information for investors, such as relevant facts, economic-financial information, share price performance, information related to the General Shareholders Meeting, etc.

The Annual Report comprising the Annual Accounts, Annual Report on Corporate Governance, Annual Report on Remunerations of Directors and Annual Report on Corporate Social Responsibility is also available in this section both in English and Spanish.

The Annual Accounts are externally audited expressing their opinion that, in all significant aspects, they show the true image about the company's equity and financial position, according to the EU and Spanish financial information regulations.

This opinion has been jointly formulated for first time by two audit firms. Logista is the first listed company in Spain being co-audited.

A co-audit or joint audit involves two or more independent auditors jointly performing the audit of its financial statements and issuing a single report, under the responsibility of both, signed by all the co-auditors involved. The co-auditors must belong to different and independent audit firms.

The information related to the Internal Control System about Financial Information is also externally audited, expressing that there are not inconsistencies or incidences that may affect the information.

- **Shareholders participation**

Logista grants the right to attend the General Shareholders Meeting to every shareholder on an equal and equitable basis, notwithstanding their number of shares.

In the General Shareholders Meeting call, and besides the agenda, Logista provides shareholders with all documents required by law and by its internal regulations, as well as the details about the information services to shareholders and, if applicable, information on the available systems facilitating remote monitoring or assistance.

Logista so promotes its role as sovereign body of the Company and the main participation channel for shareholders in the Company's decisions-making. Also, shareholders have the opportunity of sharing their opinions and concerns with the Board of Directors and the rest of shareholders.

General Shareholders Meeting	2015	2016	2017
% of present or represented capital	82.958%	90.912%	88.821%

- **Risks management**

Logista prudently and responsibly manages all risks; both financial and non-financial.

The Group carries out different activities in several countries and markets, and is therefore exposed to different external and internal risks, that may affect the achievement of its strategic or operational objectives.

The Logista's Policy on Risk Management establishes the general framework for the Group to control and manage the internal and/or external risks of any nature that may affect it, including environmental, business, decision-making, financial, regulation compliance, operational or reputational risks.

By applying this Policy, business managers and corporate directorates obtain all information of the Group's different functions and operations in an integrated manner, facilitating the efficient and effective management of risk, and minimizing the impacts if they were to materialize. The methodology for the Group's risk management is exhaustively explained in sections E and F of the Annual Report on Corporate Governance 2016-2017.

Logista also applies other corporate policies to optimize the risk prevention, such as the Policy on Information Systems Security and the Purchasing Policy, among others.

EMPLOYEES

The Logista Group considers its professionals one of its main assets for achieving its business targets and generating value.

The Group is committed to promote jobs creation and the motivation of working teams, establishing a long term labour relation with its employees in a working atmosphere with high levels of motivation and satisfaction.

Some 15,000 professionals habitually collaborate with the Group, with 5,649 direct employees of 50 nationalities in Spain, France, Italy, Portugal and Poland.

2016 - 2017	Staff							
	Average staff*				Staff as of 30/09/2017			
	Permanent		Temporary		Permanent		Temporary	
	Men	Women	Men	Women	Men	Women	Men	Women
Spain	1,701	1,051	365	214	1,703	1,042	355	243
France	870	449	60	46	876	451	54	33
Italy	208	123	18	12	225	126	19	15
Portugal	228	90	65	23	242	93	73	26
Poland	49	10	17	1	48	10	15	0
Subtotal	3,055	1,723	526	296	3,094	1,722	516	317
Total	5,600				5,649			

* Rounded figures

The Logista Group guarantees the labour rights of all employees. Collective labour agreements are signed whether by business or by industry depending on the companies and countries, being the main framework regulating labour relationships between the Group and its staff together with labour regulations in force. All Group's employees are covered by own collective or sectoral agreements.

During the fiscal year 2016-2017, the Logista S.A. 2016-2018 Collective Agreement was signed.

The Logista Group's transport networks are composed by companies keeping stable agreements with the Group, preserving the quality and service levels offered by Logista, whereas Logista provides them and their employees with stability and visibility.

The Group works to motivate its employees and to create trust and beneficial relations for both parties.

The Logista Group's Human Resources Directorate makes a biennial a Labour Climate Survey among all its employees, so that these may directly and confidentially express their opinion on relevant issues on their work in particular and on the Group in general.

After analysing the results of the Labour Climate Survey carried out in fiscal year 2016, different action plans have been developed mainly focused on improving communication across all levels of the organization, professional development of employees and strengthening team spirit within the Group.

Communication channels		
• Labour Climate Survey	• Suggestion boxes	• Bulletins
• Periodical meetings	• Intranet	• E-mail
• Surveys	• Workers' representatives	

- **Diversity, equality, non-discrimination and ethical behaviour**

The Group's Code of Conduct expressly includes Logista's commitment to diversity, equal opportunities and non-discrimination, principles the Group promotes and are assumed by all employees. Logista guarantees the dissemination and knowledge of the Code of Conduct, which is also available in the Group's intranet.

The Group also promotes supporting unfavoured groups with actions like recruiting young intellectually disabled people, groups in risk of exclusion (women victims of gender violence, long term unemployed, etc.) or groups with sensorial disabilities, among others.

The Code of Conduct also sets the guidelines for the Group's directors, managers and employees behaviour when fulfilling their duties and in commercial and professional relationships, acting according to each country's laws and safeguarding the ethical principles of their respective cultures.

- **Internal and external talent recruitment**

Logista seeks and recruits internal and external talent, promoting development opportunities.

Regarding internal recruitment, the Logista Group uses a 360° assessment system and the "Success Factors" tool, facilitating the selection of training actions and development plans suited for each employee.

Logista also fosters internal mobility, carries out journeys for a better knowledge of the Group and promotes publications on the businesses on the intranet to improve the professionals' knowledge of the Group as a whole and on each business in particular.

Logista has been honoured in the Talent Mobility Awards by Lee Hecht Harrison that recognize the best practices in Talent Mobility. It is an acknowledge to the organizations with activities such as high potential employees' detection, development plans, periodical discussions on professional careers and creation and support of succession plans for key positions.

Regarding external talent, Logista has collaboration agreements with different business schools and universities to identify and recruit new professionals, providing them with the opportunity of applying and extending their knowledge. Logista also participates in forums and jobs fairs, such as Universidad de Navarra, Carlos III, EM Lyon, Politécnico de Milán, Bocconi, IE University, ...

- **Training**

The Logista Group promotes its employees' development and qualification, with training being one of the most important issues.

The Human Resources Directorate yearly designs a Global Training Plan with training plans and programs at a corporate level, by country and business, focusing on the activity, competencies development, languages, safety and health... During the fiscal year 2016-2017, the Group has carries out 264 training actions.

The Group's e-learning platform facilitates ongoing training for all professionals. It provides every Group company or country with its own multi-language platform adapted to every Group language (Spanish, Portuguese, English, French, Italian and Polish), compatible with any browser in any

device (tablet iPad, Android, Mac, PC, Smartphone). During the fiscal year 2016-2017, users of these platform have increased to 4,112.

Moreover, online and in-person courses have been carried out, like the New Data Protection Regulation given to different departments at the corporate level of the different businesses and subsidiaries.

During fiscal year 2016-2017, Logista went on with its “Knowledge Sessions” or cross-sectional meetings of employees from different countries, businesses and departments to exchange experiences from different businesses and countries, as well as acquiring a deeper knowledge of the Group’s different activities.

- **Compensation and Benefits Policy**

Logista’s compensation and benefits policy favours recruiting the best professionals and facilitates compatibility of professional and family lives.

Logista applies compensation plans linked to individual performance and the Group’s results, basing its compensation model on principles of both internal fairness and external competitiveness.

Its “Success Factors” tool improves determining individual and group targets, the assessment of employees by its direct people in charge and the vertical communication.

The Group’s Human Resources management policies include criteria of labour flexibility and benefits that vary based on the country, the company and work centre. The most usual ones include meal grants, life and accidents insurances, advance payments, loans, school grants, medical insurance, access to certain pension plan schemes, as well as improvements beyond regulations regarding leaves or permissions for flexible work schedules and facilitate the compatibility of professional and family lives.

- **Safety and Health**

Logista assumes the employees’ Safety and Health as a Group’s core value, seeking a safe and healthy work environment.

The Group proactively manages labour Health and Safety across the whole activity cycle to prevent damages on people, goods and the environment. It sets health improvement targets and goals, assesses the performance and applies the needed corrections to reach targets, defining verification, audit and control processes to assure them.

Logesta and Logista Polska have achieved the OHSAS 18001:2007 certification of labour health and safety management. Additionally, during the fiscal year 2016-2017, Logista Italia, Integra2, Nacex, Logista Pharma, Logista Libros and Be To Be Pharma in Spain and the Logista Portugal businesses in Alcochete (Lisbon) have updated or revised their certificates.

Logista yearly evaluates accidents in the Group and compare it with other companies whose activities are in similar industries to the Group’s businesses. The report for the latest fiscal year sets the Logista Group’s index of accidents well lower than those of companies in comparable industries. The Group has reported 2,79 Lost Time Accidents Rate in the fiscal year 2016-2017.

Lost Time Accidents Rate	2014	2015	2016	2017
Logista Group	2.46	2.27	2.65	2.79

*Accidents with labour leave per 200,000 working hours

CUSTOMERS AND CHANNELS

The commitment to our clients is the core of our business model.



For this reason, Logista devotes its strongest efforts to continuous improvement to seek excellence and optimize the service quality.

The Group integrates sustainability in its goal of maximum service quality, implying efficiency and carrying out activities and operations in adequate social and environmental conditions.

Manufacturers, laboratories and other operators trust the Logista Group for distributing their products and services.

Logista provides manufacturers with a specialized distribution service according to the product, along with other added-value services and powerful Business Intelligence tools for the best knowledge of the end-consumer.

The Group has developed a unique business model in Southern Europe, integrating in a single provider all services throughout the distribution value chain, in a transparent, efficient, sustainable way, and with total traceability and the most advanced and specialized services in each sector and channel of points of sale in which operates.

Moreover, the Group extends its commitment to quality, sustainability and continuous improvement to the points of sale channels supplied by the Logista Group.

Logista has an extensive presence in Spain, France, Italy and Portugal, where it distributes to some 300,000 points of sale daily accessed by some 45 million of consumers.

Logista provides the point of sale with a wide portfolio of products adapted to its clients and an efficient distribution, boosting its revenues and profitability. Logista also interacts with the point of sale to improve the value chain through its network of more than 47,000 Point-of-Sale Terminals installed in the points of sale.

The Group seeks the full satisfaction of its clients and the proper functioning of the points of sale channels, using several channels to know their satisfaction level.

Communication Channels		
• Call center	• Complaints and claims system	• Specific email and form in the corporate website
• Interviews	• Satisfaction surveys	

The Legal Corporate Directorate centralizes the review of the most significant contracts throughout the Group to ensure strict law compliance.

The Group has several certificates recognizing the quality of its operations, including:

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
CCQI (Cold Chain Quality Indicator)	Granted to Integra2 guaranteeing the strict maintenance of the cold chain in warehousing and transporting
AEO (Authorized Economic Operator)	Granted by Spain's AEAT (State Agency for Tax Administration) in its most demanding Customs Simplification, Security and Safety version, guaranteeing a proper customs control, financial soundness, adequate security and administrative management to ensure a satisfactory tax compliance
TAPA	Granted to Logesta, guaranteeing it follows 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

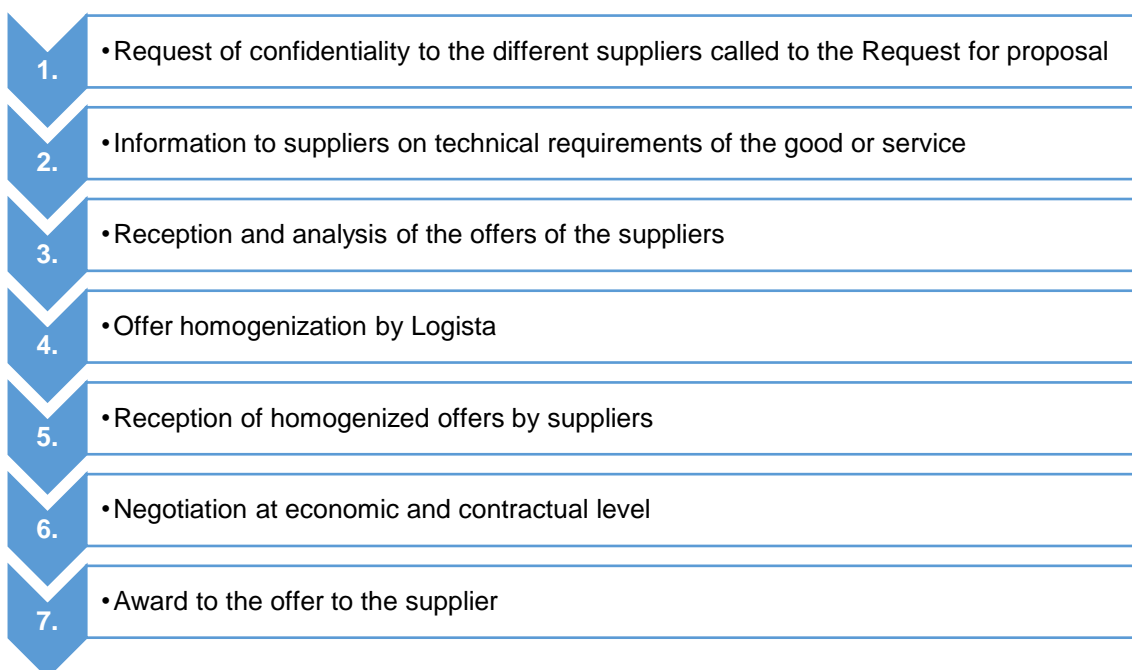
The Logista Group assumes its responsibility across all stages of the value chain in its activity, developing a responsible management of the supply chain.

At that aim, the Group fosters that its suppliers of relevant goods or services share the same principles than those of the Group and establishes with them relationships based on the mutual value creation, respect and service quality.

Logista applies a Purchasing Policy according to the Group's principles related to ethics, labour, environmental responsibility, quality and vocation for clients.

The Purchasing Policy, available in the Group's Intranet for the knowledge and application by all employees, ensures maximum transparency in the process of contracting suppliers and prevents fraud risks in purchasing processes, setting the basic internal control elements needed.

Contracting of goods or services is made by formulating Requests for proposal, to which as many suppliers as possible are called. The contracting process is formed by different phases:



The supplier selection is always taken based on quality criteria in technical, economic, environmental and contracting characteristics, as well as the supplier's capabilities and references on the good or service to be purchased and its financial status.

To optimize and rationalize resources, the Corporate Purchasing Directorate manages the centralization of those purchases of goods and services which are 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.

The Corporate Purchasing Directorate has defined some selection criteria which have been materialized in a Decision Matrix to standardize and formalize the selection criteria for the Group's relevant suppliers.

This Decision Matrix started being applied on October 1st, 2016 in every Request for proposal to contract relevant goods or services for the Group. In its first fiscal year, around 70% of the Group's relevant centralized contracts of goods or services has applied this Decision Matrix.

The application of this Decision Matrix has improved the risks management in the contracting of suppliers by the Logista Group as well as the analysis of the degree of exposure.

The contracting of goods or services that, due to its nature or reduced cost, are not suitable for a centralized management must also be guided by the general principles for purchases established in the Purchasing Policy, ensuring also the transparency, efficiency and equity in this purchasing process through the Request for proposal previously explained.

SOCIETY AND ENVIRONMENT

The Logista Group is committed to economic development, social welfare and respect for the environment it operates in, by developing good environmental practices and participating in social initiatives, mainly at a local level.

Environment

The Group has a Quality and Environment Director Plan and a Quality, Environment and Energy Efficiency Policy setting 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.

Logista promotes the respect for the environment among staff, customers, suppliers and the society in general. Accordingly, 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.

This Policy includes the definition and control of environment and quality indicators, with periodical assessment of sustainability performance as well as evaluation and reduction of the carbon footprint.

The Logista Group calculates the Carbon Footprint of all its businesses and activities in the different countries where it operates (Spain, Portugal, France, Italy and Poland), including most of the Group's outsourced activities, like transport operations and franchises, and indirect activities, like those of acquiring goods and services, water consumption or waste generation.

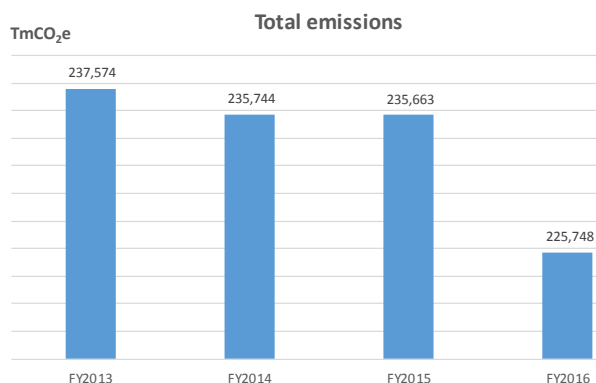
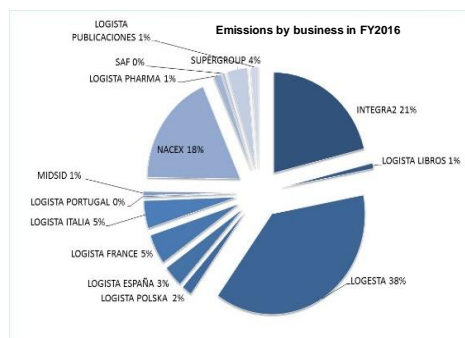
The calculation is based on the Green House Gas Protocol norm and emission factors for reporting Green House Gases and in the UNE-EN-16258 norm to establish the calculation methodology. An independent audit entity verifies the calculation according to the UNE-EN ISO 14064 norm, ratifying the figures and assuring the process reliability and traceability.

The Group's transport network, Integra2, and its subsidiary Logesta freely report to their clients the Carbon Footprint of their deliveries and transport routes through the website and the invoices.

	2014-2015 (TmCO ₂ e)	2015-2016 (TmCO ₂ e)	Change
Direct emissions	34,783	36,735	5.61%
Indirect emissions	200,880	189,013	-5.91%
Total emissions	235,663	225,748	-4.21%

*Fiscal year 2015-2016 is the latest with data available as of this report's date.

These data have been externally verified and historical data have been reformulated according to the new calculating methodology.



Over 90% of the Group's premises use renewable-produced electricity, including every Group's directly managed centres in Spain, France, Italy and Portugal.

The Group also compiles and analyses information about water consumption, waste and most relevant materials consumed by the Group.

Energy Consumption	2013-2014	2014-2015	2015-2016
Electricity (GWh)	54	54	53
Natural Gas (GWh)	11	11	13
Other fuels (GWh)	0.6	0.5	0.6

Water Consumption	2013-2014	2014-2015	2015-2016
Network water (m ³)	78,702	85,929	108,984

Waste (%)	2013-2014	2014-2015	2015-2016
Recycled	86	89	90
Energy Recovery	2	2	2
Neither recycled nor recovered	12	9	8

Goods Consumption (%)	2013-2014	2014-2015	2015-2016
Renewable Origin	82	88	91
Non-renewable Origin	18	12	9

*Fiscal year 2015-2016 is the latest with data available as of this report's date.

Nacex, following the dynamic of the Logista Group, has renovated its "NACEX Box" which is now reusable and with greater anti-tampering security, complementing its range of recyclable packaging manufactured out of recycled, 100% ecological materials. Additionally, Nacex has implemented a pick-up system for bags in the network of franchises and platforms, with the goal of ensuring the recycling of this kind of waste.

Moreover, Logista maintains its efforts reusing card-boxes reaching a significant reduction of waste and emissions in Spain, France and Italy.

The Group establishes efficiency plans in the short, medium and long term by country both for its network of facilities and for its transport networks, even if outsourced, as well as defining individualized programs that include the follow-up and the systematic control of the attainment of the objectives.

For example, in its vocation for efficiency in the use of resources for transporting, it continuously works in optimizing routes and renewing transport fleets agreements introducing efficiency criteria.

Integra2 has increased its fleet of vehicles working with fuel less contaminated, alternatives of the derived petrol, and it is committed to continue the process of incorporating more ECO vehicles to its fleet. This result is achieved thanks to a constant work looking for the best technology for each case.

Nacex also maintains its commitment to promote a fleet of sustainable transport and with low emissions among its franchises, already having electric vehicles in its fleet. In this line, Nacex promotes the purchase of electric vehicles by its franchises with commercial agreements with car dealers.

In long-haul transport, Logesta continuously incorporates the most efficient technology, prioritizing euro VI motorizations and Green Tech technology.

The Group periodically undertakes energy audits in every country and by each business. The audits, already made in Spain, France, Italy and Portugal have allowed for a complete identification of improvement opportunities, and will be the base for a better planning, execution, monitoring and control of the energy efficiency objectives.

Logista collaborates with organizations and stakeholders favouring improving quality and environment, and participates and promotes initiatives on environmental protection.

Thus, the Group participates in technical, divulging and/or environmental analysis reports, such as the Carbon Disclosure Project (CDP) or the FTSE4Good, sharing with transparency our vision on the climate change and its impact on the society and our business in particular.



In October 2016 CDP included the Logista Group among the 193 companies in its prestigious "A-List" group, after assessing the Group's management and commitment, having evaluated the actions developed as good practices that identify and set Logista as a world leading company in managing Climate Change.

The information Logista annually reports to CDP on the climate change management the Group runs at corporate level, its application on the businesses and the actions developed in each fiscal year may be consulted in its web.



Logista is founding member, together with other Spanish companies, of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth), 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.

Also, the Logista Group develops awareness initiatives, such disseminating actions the Logista Group carries out on this to grow the knowledge and commitment of employees, etc.

It also makes available to the public an email address to send to the Logista Group any doubt, suggestion or comment related to the Group's quality and environment management, calidadymedioambiente@logista.es.

Social Actions

Logista and its companies actively collaborate in several humanitarian, welfare, integrating, sports and cultural initiatives, mainly solidarity actions at a local level.

It also promotes social development and a social responsibility culture within the Group. At that aim, the Group's CSR Policy is available to all employees in the Group's Intranet.

Humanitarian, welfare and integrating initiatives

The Logista Group's transport networks, Nacex and Integra2, donate their services to several projects by collecting, transporting and delivering food, pharmaceuticals and other products such as gifts, books, etc, to parishes, social lunchrooms, etc in Spain.

During the fiscal year 2016-2017, Nacex and Integra2 collaborated with organizations such as Food Bank, Olvidados Foundation, Cáritas or Pharmaceutical Bank and with the "Que no falte de nada" campaign.

The Group's subsidiary for long haul transport management, Logesta, also supported international initiatives, like transporting to a refugee camp at Katsikas (Greece) all kind of food products (particularly child food), diapers, personal hygiene products, toys and sporting clothes, sunscreen, etc, as well as 6,000m² of flooring to insulate tents from mud and humidity in collaboration with the Olvidados Foundation.

Logista France's employees provided some 1,000 toys, books and teddy bears in collaboration with "Le secours populaire" to improve the Christmas season for unfavoured families in France.

The Group also supported other international initiatives. As an example, Nacex collaborated with Ayuda en Acción, as official courier of the Ayuda en Acción Christmas cards campaign, used by the NGO to start the "Emergency Project Help to Ecuador".

Moreover, Logesta kept fostering kids in Cambodia, Peru and Guatemala to achieve self-sufficiency of communities in education, culture, food safety, health, infrastructures, production and qualification.

The Group also supports events for raising awareness and supporting research on diseases by collaborating with organizations like Odyssea, Muddy Angel, Josep Carreras Foundation, Pink Panther, Corresolidaris, San Filippo, Spanish Federation of Rare Diseases (FEDER) or the Multiple Sclerosis Foundation.

About 12% of Logista France's staff in the Paris region and 14% in the Lyon region took part in races raising funds for fighting breast cancer.

Nacex, VIP Partner Company of the Josep Carreras Foundation, sponsored a tournament to raise funds against leukaemia and donated part of the funds raised during the NACEX Barça-Real Madrid golf and paddle tennis Challenge for former football players.

Integra2 kept collecting plastic caps to fund the research on rare diseases and supported the campaign to build the SJD Pediatric Cancer Center in Barcelona, while Nacex sponsored the charity race "Cursa de Reis".

Also, Nacex delivered over 400 charity packs to associations and collaborating entities for the Rare Diseases World Day campaign, collaborated with the Mulla't event and donated in the TV3's Marató to fight ictus and traumatic bone-marrow and brain injuries.

In an initiative recognized as runner up in the Corresponsables Awards, Nacex helped the Servicio Solidario Foundation and its Recicla Cultura initiative to raise awareness on difficulties for immigrant people in learning our language. Nacex involved its collaborators by collecting books and acquired over 300 books for employees in the Book Day.

Promoting Sports

The Group, through its subsidiaries, promotes sports initiatives, particularly those focused on young people and integrating and seeking participation of disabled athletes. At that aim, it collaborates with organizations like Pere Suñé Foundation, GLT Sports, Johan Cruyff Foundation or the Dedines Association of forces of law and order, armed forces and emergency services.

In promoting sports among young people, Nacex sponsored the basketball Nacex International Training Workout Campus, the soccer Andrés Iniesta and Media Base Sports Campus, and devoted part of the funds raised in the NACEX Barça-Real Madrid golf and paddle tennis Challenge for former football players.

Meanwhile, Integra2 collaborated with the Terrassa Paddle Tennis Club and, together with the Cáceres delegation, sponsored the Integra2 Navalmodal Indoor Soccer boosting all its teams, from the lowest to the senior team.

Nacex collaborated in the International Meeting for disabled athletes and in the Territori Special international competition for intellectual disabled athletes in tennis, basketball and cycling, with over 600 athletes. Integra2 provided promotional equipment for attendants and volunteers in the V Race for Disability.

Regarding other sponsorships, the NacexJ80 sailing team clinched Catalonia's second place. Integra2 sponsored the IV Extremadura-Moto Challenge, the young rally racing driver Roberto Blach Jr y and Roberto Ijalba's Boldor Rioja Classic team for promoting classic motorbikes.

Integra2 collaborated with the Almería delegation in the Chess and Computers Formative Journeys, with the Indalo Chess Club and in organizing and promoting the PRO-AM Golf Tournament, which scores in the Spain Championship. It also supported sport actions by Integra2 Vigo and Murcia.

Culture

The www.rutaintegra2.es portal on popular food festivities in Spain promotes local gastronomic culture and brings the food industry closer from a digital point of view.

Integra2 also sponsored adventurer Mikel Silvestre, crossing America in his motorbike to learn about the history and places of Spanish explorers in the continent. A 30,000Km trip to learn part of Spain's history in the continent through 13 chapters broadcasted by Spanish Television's La 2 channel.

CONTACT

- **Investor Relations Department**

For general enquiries on this Report, you may contact the Investors Relations Department by:

- mail (c\ Trigo 39. Polígono Industrial Polvoranca. 28914 Leganés, Madrid)

- e-mail (investor.relations@grupologista.com)

- **Quality and Environment Corporate Department**

For specific enquiries on environmental issues, you may contact the Quality and Environment Corporate Department by:

- mail (c\ Trigo 39. Polígono Industrial Polvoranca. 28914 Leganés, Madrid)

- e-mail (calidadymambiente@logista.es).

The foregoing report was approved by the Board of Directors, following a favourable report of the Audit and Control Committee in its session of 31 October 2017.

Leganés (Madrid), 31 October 2017

The Secretary Director,

Rafael de Juan López

REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE PROPOSAL TO APPOINT AS DIRECTOR, BY CO-OPTION, MR.RICHARD CHARLES HILL

I

In a written communication of 21st March, 2017, addressed to the Secretary of the Company's Board of Directors, Mr. Nicholas James Keveth tendered his resignation as a Director of the Company, indicating that with effect from 31st March, 2017, he would cease to provide Imperial Brands PLC ('IB') with professional services.

Mr. Keveth had worked in the capacity of proprietary director because he represented IB – the Company's majority indirect shareholder – on the Board of Directors.

II

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. Keveth's resignation must be filled by another Director who represents IB on the Board.

IB, in a communication of 28th March, 2017, from the Secretary of its Board of Directors to the Chairman of the Company's Board, proposed the appointment of Mr. Richard Charles Hill to fill the vacancy produced.

Mr. Richard Charles Hill is currently the IB Group's Director of Human Resources and Transformation. He is a graduate in Physics and Medical Physics from the University of Exeter (UK), and holds a postgraduate degree in Business Coaching from the University of Chester (UK).

He worked for much of his professional career at Allied Domecq PLC, where he had various successive responsibilities in Management (CEO Greece), Finances (CFO Europe), Marketing and Sales in several countries (the UK, Greece and Italy), and at Standard Chartered Bank PLC (Chairman, CEO and CFO in Korea).

III

The Appointments and Remuneration Committee, in its meeting of today, 25th April, reported in favour of the proposal to appoint as Director, by co-option, Mr. Richard Charles Hill, for the statutory period of four years, subject to ratification of the appointment by the next General Shareholders' Meeting.

As he represents IB on the Company's Board of Directors, Mr. Richard C. Hill would work in the capacity of proprietary director, in accordance with the provisions of Article 529 duodecies 3 of the Law of Capital Companies and those of Article 7.2) b) of the Rules of the Company's Board of Directors, Consolidated Text of 26th January, 2016.

In view of the foregoing, the Board of Directors unanimously considered that Mr. Richard Charles Hill has the appropriate skill, experience and merits to be appointed to and perform in the post of Director of the Company, and consequently also unanimously decided that his appointment by co-option should be formalised to fill the vacancy produced by the resignation of Mr. Nicholas James Keveth.

This Report was unanimously approved by the Board of Directors, in compliance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and is attached to the minutes of the Board Meeting, also in compliance with the said Article.

Leganés, 25th April, 2017.

The Board Secretary/Director,

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, MR. RICHARD CHARLES HILL**

In accordance with the rules of the Framework Agreement of 12th June, 2014, signed between the Company and IB (formerly, 'ITG'), the Company's majority shareholder, it falls to IB to appoint four directors, out of the ten who currently constitute the Company's Board of Directors.

IB, in a communication of 28th March, 2017, from the Secretary of its Board of Directors to the Chairman of the Company's Board, proposed the appointment of Mr. Richard Charles Hill to fill the vacancy produced by the resignation of a proprietary director.

Mr. Richard Charles Hill is currently the IB Group's Director of Human Resources and Transformation. He is a graduate in Physics and Medical Physics from the University of Exeter (UK), and holds a postgraduate degree in Business Coaching from the University of Chester (UK).

He worked for much of his professional career at Allied Domecq PLC, where he had various successive responsibilities in Management (CEO Greece), Finances (CFO Europe), Marketing and Sales in several countries (the UK, Greece and Italy), and at Standard Chartered Bank PLC (Chairman, CEO and CFO in Korea).

On 25th April, 2017, following a favourable report from the Appointments and Remuneration Committee, the Board of Directors appointed as Director, by co-option, Mr Richard Charles Hill, 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. Richard C. Hill 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, 23rd January, 2018, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. Richard Charles Hill.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Hill as Director have not been modified, considers that he has been performing correctly in the role of Director, and therefore also resolves unanimously (with the abstention of Mr. Hill) to propose that the General Meeting of Shareholders should ratify the appointment as proprietary Director, by co-option, of Mr. Richard Charles Hill, made by the Board of Directors on 25th April, 2017.

This Report is unanimously approved by the Board of Directors – with the abstention indicated – 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, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MRS. CRISTINA GARMENDIA**

I

By a resolution of the General Shareholders Meeting of the Company on 4th June, 2014, Mrs. Cristina Garmendia Mendizábal was appointed a director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mrs. Garmendia's term of office will therefore end in June of this year, four years after his appointment.

Under Article 529 duodecies 4 of the Law of Capital Companies, Mrs. Garmendia is an independent director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mrs. Garmendia:

- 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 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 independent director.

Consequently, the Appointments and Remuneration Committee unanimously proposed that the General Meeting should re-elect Mrs. Garmendia Mendizábal as an independent director for the statutory term of four years.

III

Mrs. Cristina Garmendia Mendizábal will be an 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.

IV

In view of the foregoing, and with the abstention of Mrs. Garmendia, the Board of Directors unanimously considered that Mrs. Garmendia has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an independent director of the Company, and to perform adequately in the role of Director; and therefore proposed that the General Shareholders' Meeting re-elect her as an independent director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, 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 Mrs. Garmendia as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. STÉPHANE LISSNER**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Stéphane Lissner was appointed a director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. Lissner's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 4 of the Law of Capital Companies, Mr. Lissner is an independent director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Lissner:

- 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 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 independent director.

Consequently, and with the abstention of Mr. Lissner, the Appointments and Remuneration Committee unanimously proposed that the General Meeting should re-elect Mr. Stéphane Lissner as an independent director for the statutory term of four years.

III

Mr. Stéphane Lissner will be an 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.

IV

In view of the foregoing, and with the abstention of Mr. Lissner, the Board of Directors unanimously considered that Mr. Stéphane Lissner has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an independent 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 an independent director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, 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. Lissner as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. GREGORIO MARAÑÓN Y BERTRÁN DE LIS**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Gregorio Marañón y Bertrán de Lis was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. Marañón 's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 4 of the Law of Capital Companies, Mr. Marañón is an independent Director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Marañón:

- 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 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 independent director.

Consequently, and with the abstention of Mr. Marañón, the Appointments and Remuneration Committee unanimously proposed that the General Meeting should re-elect Mr. Gregorio Marañón y Bertrán de Lis as an independent Director for the statutory term of four years.

III

Mr. Gregorio Marañón y Bertrán de Lis will be an 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.

IV

In view of the foregoing, and with the abstention of Mr. Marañón, the Board of Directors unanimously considered that Mr. Gregorio Marañón y Bertrán de Lis has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an independent 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 an independent Director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, 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. Marañón y Bertrán de Lis as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. EDUARDO ANDRÉS JULIO ZAPLANA HERNÁNDEZ-
SORO**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Eduardo Andrés Julio Zaplana Hernández-Soro was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. Zaplana 's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 4 of the Law of Capital Companies, Mr. Zaplana Hernández-Soro is an independent Director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Zaplana:

- 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 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 independent director.

Consequently, and with the abstention of Mr. Zaplana, the Appointments and Remuneration Committee unanimously proposed that the General Meeting should re-elect Mr. Eduardo Andrés Julio Zaplana Hernández-Soro as an independent Director for the statutory term of four years.

III

Mr. Eduardo Andrés Julio Zaplana Hernández-Soro will be an 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.

IV

In view of the foregoing, and with the abstention of Mr. Zaplana, the Board of Directors unanimously considered that Mr. Eduardo Andrés Julio Zaplana Hernández-Soro has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an independent 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 an independent Director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, 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. Zaplana Hernández-Soro as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. JOHN MATTHEW DOWNING**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. John Matthew Downing was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. Downing's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 3 of the Law of Capital Companies, Mr. Downing is a proprietary director, as he represents the majority shareholder Imperial Brands PLC on the Board of Directors.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Downing:

- 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 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, and with the abstention of Mr. Downing, 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. John Matthew Downing as a proprietary Director for the statutory term of four years.

III

Mr. John Matthew Downing 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, and with the abstention of Mr. Downing, the Board of Directors unanimously considered that Mr. John Matthew Downing 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. Downing 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, with the abstention indicated, 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. Downing as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. DAVID IAN RESNEKOV**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. David Ian Resnekov was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. Resnekov 's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 3 of the Law of Capital Companies, Mr. Resnekov is a proprietary Director, as he represents the majority shareholder Imperial Brands PLC on the Board of Directors.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Resnekov:

- 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 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, and with the abstention of Mr. Resnekov, 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. David Ian Resnekov as a proprietary Director for the statutory term of four years.

III

Mr. David Ian Resnekov 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, and with the abstention of Mr. Resnekov, the Board of Directors unanimously considered that Mr. David Ian Resnekov 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. Resnekov 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, with the abstention indicated, 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. Resnekov as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. LUIS ALFONSO EGIDO GÁLVEZ**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Luis Alfonso Egido Gálvez was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. Egido's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 1 of the Law of Capital Companies, Mr. Egido, being the Chief Executive of the Company and of the Company's Group of companies, is an executive Director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. Egido:

- 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 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 executive director, as the Company's chief executive.

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. Luis Alfonso Egido Gálvez as an executive director for the statutory term of four years.

III

Mr. Luis Alfonso Egido Gálvez will be an executive Director, in accordance with Article 529 duodecies 1 of the Law of Capital Companies, Article 7.1.1 of the Rules of the Board of Directors of 26th January, 2016, and Article 4.1 a) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

IV

In view of the foregoing, and with the abstention of Mr. Egido, the Board of Directors unanimously considered that Mr. Luis Alfonso Egido Gálvez has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an executive 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 an executive Director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, 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. Egido as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

**PROPOSED REPORT FROM THE BOARD OF DIRECTORS, ON THE
PROPOSAL TO THE GENERAL MEETING CONCERNING THE RE-ELECTION
OF THE DIRECTOR MR. RAFAEL DE JUAN LÓPEZ**

I

By a decision of the then sole shareholder of the Company on 13th May, 2014, Mr. Rafael de Juan López was appointed a Director of the Company for the period – then in accordance with the Bylaws – of five years.

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.

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.

Mr. De Juan's term of office will therefore end in May of this year, four years after his appointment.

Under Article 529 duodecies 1 of the Law of Capital Companies, Mr. De Juan, being the General Secretary and the Secretary to the Board of Directors of the Company and of the Company's Group of companies, is an executive Director.

II

On 23rd January, 2018, the Appointments and Remuneration Committee noted that Mr. De Juan:

- 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 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 executive director, as the Company's General Secretary and Secretary to the Board of Directors.

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. Rafael de Juan López as an executive Director for the statutory term of four years.

III

Mr. Rafael de Juan López will be an executive Director in accordance with Article 529 duodecies 1 of the Law of Capital Companies, Article 7.1.1 of the Rules of the Board of Directors of 26th January, 2016, and Article 4.1 a) of the Company's Policy on the Selection of Directors, of 19th December, 2017.

IV

In view of the foregoing, and with the abstention of Mr. De Juan, the Board of Directors unanimously considered that Mr. Rafael de Juan López has the appropriate skill, experience and merits, and fulfils the requirements, to be re-elected as an executive 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 an executive Director for the statutory period of four years.

This Report is unanimously approved by the Board of Directors, with the abstention indicated, 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. De Juan as Director.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López

Director's professional and biographical profile

Mr. Richard Charles Hill

Mr. Richard Charles Hill is a Director of Compañía de Distribución Integral Logista Holdings, S.A., and is currently the IB Group's Director of Human Resources and Transformation. He is a graduate in Physics and Medical Physics from the University of Exeter (UK).

He worked for much of his professional career at Allied Domecq PLC, where he had various responsibilities in General Management (CEO Greece), Finance (CFO Europe and CFO global Wine division), and Marketing (CMO Europe) and at Standard Chartered Bank PLC where he was CFO global Consumer Banking and CEO, Korea.

Richard has held various non executive and civic roles including Non-Executive Director of the Korean Football Association and Vice Chairman of the Mayor of Seoul's foreign investors' advisory committee; he is a honorary citizen of Seoul.

Ms. Cristina Garmendia Mendizábal

Ms. Garmendia is a Director of Compañía de Distribución Integral Logista Holdings S.A., and Partner and Director of Ysios Capital Partners and Science & Innovation Link Office (SILO). She is a member of the Board of Directors of the listed companies Sygnis, Mediaset, Gas Natural and Corporación Financiera Alba. She is also a Board member of Everis and Seguros Pelayo, and Chairwoman at Grupo Genetrix. She is Chairwoman at the COTEC Foundation, member at the España Constitucional, Pelayo, SEPI and Mujeres por Africa Foundations, as well as member of the Social Board of the Seville University.

She served as Minister of Science and Innovation for the Spanish Government (2008-2011). She has a Doctoral degree in Biological Sciences, with a specialization in Genetics and her MBA from IESE Business School, University of Navarra.

Mr. Stéphane Lissner

Mr. Lissner is a Director of Compañía de Distribución Integral Logista Holdings S.A. Currently, he is the General Manager of the Opéra Nationale in Paris. Prior to his present role, he served as Musical Director of the Wiener Fest Wochen in Vienna, General Manager and Artistic Director of the Teatro alla Scala in Milan; Director of the Festival International d'Aix-en-Provence (1998-2006); Co-Director of the Théâtre des Bouffes du Nord with Peter Brook in Paris (1998-2005), Director of the Teatro de la Opera de Madrid (1995-1996); General Director of the Orchestre de Paris (1993-1995), Administrator (1983-1988) and General Manager (1988) of the Théâtre du Châtelet in Paris, Professor of Management of Cultural Institutions at the Université Paris-Dauphine (1984), Director of the Printemps du Théâtre (1984), Director of the Centre Dramatique National in Nice (1978-1983); and General Secretary of the Théâtre d'Aubervillier (1977-1978). Mr. Lissner received his baccalauréat in 1971. He was appointed an Officier de la Légion d'Honneur, an Officier de l'Ordre National du Mérite, and an Ufficiale Ordine al Merito of the Italian Republic.

Mr. Gregorio Marañón y Bertrán de Lis

Mr. Marañón is the Chairman of Compañía de Distribución Integral Logista Holdings S.A. He also currently serves as Chairman of Roche Pharma; Chairman of Universal Music; President of the Advisory Board of Spencer & Stuart; and member of the Advisory Board of Aguirre & Newman. He is Chairman of the Board and the Executive Committee of the Teatro Real Opera House, and of the Greco Foundation 2014; Chairman and Vice-Chairman of the Ortega-Marañón Foundation. Mr. Marañón is also a member of the Madrid Bar Association. Before taking on these roles, Mr. Marañón was a member of the Board of Argentaria and BBVA (1994-2004), Director of Altadis (2004 – 4 June 2014), Director of VISCOFAN (2002-April 2014), General Manager at Banco Urquijo (1976-1983) and President of BANIF (1983-1984). Mr. Marañón received his Bachelor of Laws in 1964 from Complutense University of Madrid, and his Master in Advanced Management in 1979 from IESE Business School.

Mr. Eduardo Zaplana Hernández-Soro

Mr. Zaplana is a Director of Compañía de Distribución Integral Logista Holdings S.A. He is currently Senior Advisor Public Affairs in Telefónica, S.A., he is member of the Social Board of the Polytechnic University of Cartagena, and Chairman and founder of Decuria Consulting S.L. in strategic consulting.

Mr. Zaplana held various positions in the Spanish Public Administration, including Mayor of Benidorm (Alicante) (1991-1994), Deputy and Spokesman for the Grupo Parlamentario Popular in the Parliament of Valencia (1991-1995); President of the Generalitat of Valencia (1995-2002), First Vice President of the Committee of the European Union Regions and Spokesman of the Committee of the Regions at the Convention on the Future of Europe (2002-2003), Minister of Labor and Social Affairs of the Spanish Government (2002-2004), Senator for the Comunidad Valenciana (2002-2004), Government Spokesman Minister (2003-2004); Deputy for Valencia and Spokesman for the Grupo Parlamentario Popular in the Spanish Parliament (2004-2008), Deputy for Madrid (2008). Mr. Zaplana received his Bachelor of Laws in 1991 from the University of Alicante. He worked as a lawyer until 1991.

Mr. John Matthew Downing

Mr. Downing is a Director of Compañía de Distribución Integral Logista Holdings S.A. He joined the Imperial Tobacco legal department in 2005 and currently serves as Group Company Secretary of Imperial Brands PLC. Mr. Downing played a leading role in all aspects of Imperial Tobacco's acquisition of Altadis and has considerable experience in managing key corporate projects related to financing, business development and other commercial matters. Prior to joining Imperial Tobacco, he worked in the corporate department of Linklaters in both London and SE Asia (from 1998 to 2005). Mr. Downing received a Bachelor of Arts (Honors) in History from the University of Cambridge in 1993, after which he completed a conversion course in Law, passing with Distinction in 1995.

Mr. David Ian Resnekov

Mr. Resnekov is a Director of Compañía de Distribución Integral Logista Holdings S.A. He joined Imperial Brands PLC in 2011 as Group Financial Controller. He also serves on the board of various Imperial Brands companies, including Imperial Tobacco Limited and Imperial Brands Finance PLC. Mr. Resnekov is a senior finance executive with multinational experience in finance roles in business units, shared services and corporate functions across a range of industries including healthcare, electronics, IT, financial services and tobacco. Prior to his current roles, he worked at Arthur Andersen (1984-1997), serving as partner from 1993 to 1997; worked at Philips Electronics (1998-2006), serving as CFO of the IT and Finance Shared Services businesses for four years; and served as Entity Controller for Japan Tobacco International (“JTI”) (2007-2010) and Vice President, CFO for JTI’s Global Leaf business following JTI’s vertical integration in 2009. Mr. Resnekov received a Bachelor in Science (Honours) in Economics from Loughborough University in 1981 and is Fellow of the Institute of Chartered Accountants in England & Wales.

Mr. Luis Alfonso Egido Gálvez

Mr. Egido is the CEO of Compañía de Distribución Integral Logista Holdings S.A. From 2005, He is CEO of Compañía de Distribución Integral Logista S.A. He was COO of the Logistics business unit of the Imperial Tobacco Group PLC (2008-2011). Prior to taking on these roles, he held various roles, including Director of Business Logistics at Altadis S.A.U. (2001-2008); General Manager of Logista (1998-2005); Logistics Director of Tabacalera (1996-1999); Distribution Manager of Tabacalera (1988-1996); and Chairman of Serventa (1991-1993). Mr. Egido also spent seven years at Telettra Española, S.A., a joint venture between Fiat and Telefónica, where he served as Materials Director (1981-1984), Director for Material Requirements Planning (1980-1981), Head of the Engineering Department (1979-1980), and as an Engineer in production organization (1978-1979). Mr. Egido received his Bachelor of Science in Industrial Engineering from the College of Industrial Engineering of Madrid in 1977. He also completed the Senior Management Program at the IESE Business School in 1996.

Mr. Rafael de Juan López

Mr. de Juan is a Director and Secretary to the Board of Compañía de Distribución Integral Logista Holdings S.A. He also currently serves as General Secretary of Grupo Logista. Prior to joining the Logista Group, he worked as a government lawyer for the Spanish Economy and Taxes Ministry (1993-1999). Mr. de Juan has also served as: an attorney at the Spanish law firm Martínez Lage Asociados (1990-1993); Director and Legal Affairs General Manager of Spanish chemical company Unión Española de Explosivos S.A. (ERT) (1983-1990); and as a government lawyer for various ministries in Spain (1974-1983). Mr. de Juan received his Bachelor of Laws in 1967 from Complutense University of Madrid.



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**Policy on the Remuneration of Directors of the
Compañía de Distribución Integral Logista Holdings, S.A.
("LOGISTA") for 2019-2021**

**Date: Approval of the Board of Directors
23rd January, 2018**

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1. Preamble

1.1 Regulatory framework

Royal Legislative Decree no.1/2010, of 2nd July, approving the consolidated text of the Law of Capital Companies (hereinafter, the “**LCC**”) establishes, among other things, the requirement that listed capital companies must have a policy for the remuneration of their Directors. It also stipulates that the said policy must conform to the system of remuneration laid down by statute, and must be approved by the general shareholders’ meeting at least every three years, as a separate item of the agenda.

In accordance with Article 529 novodecies of the LCC and Transitional Provision 2 a) of Law 31/2014, which amends the LCC to improve corporate governance, the policy on the remuneration of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. (the “**Company**” or “**LOGISTA**”) and of its subsidiary companies (hereinafter described as the “**Logista Group**” or the “**Group**”) is included in the annual report on the remuneration of Directors relating to fiscal year 2013-2014 (hereinafter, “**IARC 2013-2014**”), on which the General Meeting of the Company’s Shareholders (hereinafter the “**General Meeting**” or the “**General Shareholders’ Meeting**”), held on 17th February, 2015, voted favourably. Consequently, in accordance with the said Transitional Provision, it will be understood to be the Remuneration Policy for the three following years, 2016, 2017 and 2018.

Sections 3 and 5 of Article 529 novodecies of the LCC stipulate that any amendment or substitution of the remuneration policy during its term of validity will require the approval of the general shareholders' meeting, and that any remuneration received by Directors for the exercise or termination of their functions and for the performance of executive duties will be in accordance with the policy on the remuneration of Directors that is in force at the time, apart from remuneration which has been expressly approved by the general meeting.

Following the approval by the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission), on 18th February, 2015, of the Code of Good Governance of listed companies (hereinafter, the "**CGG**"), which gives more details about the recommendations for the remuneration of Directors, the Appointments and Remuneration Committee (hereinafter, the "**Appointments and Remuneration Committee**" or the "**ARC**") of the Company's Board of Directors (hereinafter, the "**Board of Directors**" or the "**Board**") carried out a detailed review of the remuneration policy contained in the 2013-2014 IARC.

The General Shareholders' Meeting of 21st March, 2017, in line with the Code of Good Governance, modified part of the Policy on the Remuneration of Directors 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 the obligation to keep the Company shares which they receive because of their participation in medium- or long-term Variable Remuneration Plans, and to
- 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.

In order to fulfil the Company's commitment to adequate monitoring of changes in regulations, of the best market practices, and of recommendations and guidelines for corporate governance, the ARC has proposed to the Board of Directors an amendment to the aforementioned remuneration policy, which the Board of Directors has decided to submit to the Ordinary General Shareholders' Meeting.

The new policy on the remuneration of the Company's Directors (hereinafter, the "**Remuneration Policy**" or the "**Policy**") retains the modifications made in 2017, in connection with (i) the introduction of ex-post adjustments to the variable remuneration of the Company's executive directors (hereinafter, "**Executive Directors**"), (ii) the obligation to keep shares received by Executive Directors as variable remuneration, and (iii) the inclusion in that Policy of the broad terms of the 2017 General and Special Long-Term Incentive Plans, which, at the proposal of the Board, and following a report from the ARC, were approved by the General Meeting on 21st March, 2017.

1.2 Proposed resolution

In view of the foregoing, the Board of Directors, in its meeting of 23rd January, 2018, and at the proposal of the ARC, approved this Remuneration Policy and therefore submitted it to the General Shareholders' Meeting, in accordance with the LCC.

Any remuneration received by Directors, in their capacity as such, for the exercise or termination of their office, and by Executive Directors for the performance of executive duties, will be in accordance with this Policy. The Policy has been approved by the Board of Directors, who took account of (i) the legal changes included in the said LCC, thus complying with the provisions of the LCC in relation to the remuneration of Directors; (ii) the Company's internal regulations (the Bylaws and the Rules of the Board of Directors) that were in force on the date of approval of the said Policy; (iii)

the principles and recommendations contained in the Code of Good Governance; and (iv) the resolutions adopted by the General Shareholders' Meeting.

2. The Company's internal regulations

Both the Company's Bylaws (hereinafter, the "**Bylaws**") and the Rules of the Company's Board of Directors of 26th January, 2016, (hereinafter, the "**Rules of the Board of Directors**") lay down the principles on which the Remuneration Policy is based. With regard to the remuneration of Directors, Article 39 of the Company's Bylaws stipulates the following:

"Article 39- REMUNERATION

The post of Director will be remunerated. 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 Delegated and Consultative Committees.

The remuneration policy for Directors will be approved by the General Shareholders' Meeting at least every three years, and must necessarily include, within the system of remuneration envisaged by this Article, the maximum amount of 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 Board Committees, and other objective circumstances which it considers as 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 Shareholders' Meeting, who will indicate, when applicable, the number of shares to be delivered, the exercise price for the option rights, the share value taken as a reference, the term of this remuneration system, and any other legal requirements. When Directors do not reside in the municipality where the Committee or Board Meeting is held, they will also be entitled to reimbursement of their travelling, subsistence and hotel expenses.

In the event that any of the Directors performs executive duties in the Company, whatever the nature of their legal relationship with the Company, and regardless of their remuneration as members of the Board of Directors, they 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 (when applicable) 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 this Article, and of the remuneration policy for Directors approved by the General Shareholders' Meeting.

When Directors cease to exercise the executive functions agreed with the Company, that cessation not being due to any failure on the part of the Director, the latter will be entitled to the agreed amount of compensation, or, failing this, and except for the Chief Executive Officer, to the amount stated in their contract of employment with the Company existing at the time of their appointment as Director which, at least for this purpose, will be considered to be still in force. For this purpose, the remuneration will be considered to be their remuneration at the time of the cessation of their executive functions."

With regard to the remuneration of Directors, the Rules of the Board of Directors also stipulate that:

"Article 30.- Directors' Remuneration

1. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and to reward the commitment, abilities and responsibility which the post demands.

2. The remuneration of Directors, in their capacity as such, is governed by the provisions of the Bylaws and of the Policy on the Remuneration of Directors, which is approved by the General Meeting at least every three years, and which must necessarily include, within the remuneration system envisaged by the Bylaws, the maximum amount of the annual remuneration to be paid to the Directors as a whole, in their capacities as such.

The determination of the remuneration of each Director, in their capacity as such, is the task of the Board of Directors, who for that purpose will take account of the functions and responsibilities assigned to each Director, and any other objective circumstances deemed to be relevant.

3. Directors who perform executive duties in the Company, whatever the nature of their relationship with it, and regardless of the remuneration which they receive by reason of their status as Directors, will be remunerated in accordance with the provisions of the Bylaws and of the Policy on the Remuneration of Directors approved by the General Meeting, which must necessarily consider the amount of the fixed annual remuneration, any changes in it during the period to which that Policy relates, the various parameters used to establish the variable components, and the main terms and conditions of their contracts, including, in particular, their term, the compensation for early cessation or for termination of the contractual relationship, and clauses covering exclusivity, post-contractual non-competition, and minimum term of service (loyalty).

It falls to the Board of Directors to fix the Directors' remuneration for the performance of their executive functions, and the terms and conditions of their contracts, in accordance with the provisions of the Bylaws and of the Policy on the Remuneration of Directors, with the vote in favour of two-thirds of its members. The Executive Directors concerned must not attend the deliberations or participate in the voting. The approved contract must be attached as an appendix to the minutes of the meeting.

All categories of executive functions for which remuneration may be obtained must be specified in the contract. If applicable, these include any compensation for early cessation from the position, within the limits, if any, fixed by the Bylaws, and also the amounts to be paid by the Company or a company in its Group as insurance premiums or contributions to savings schemes.

The Board of Directors will also set the objectives associated with the determination of the short-term, variable remuneration of the Executive Directors, as well as evaluating the degree of achievement of those objectives and the criteria established in any long-term Variable Remuneration Plans in which they may have been included.

4. The Board of Directors will ensure transparency in the Directors' remuneration, and to that end will record, in the Company's Annual Report, detailed information about all the remuneration received by each Director, whether in the capacity of Director, executive or any other capacity, from the Company or from any other company in the Company's group.

5. The Board of Directors will approve the Annual Report on Directors' Remuneration, in accordance with the relevant provisions, and it will be submitted to a consultative vote of the Ordinary General Meeting, as a separate item of the agenda."

"Article 31.- Non-Executive Directors' Remuneration

The Board of Directors and the Appointments and Remuneration Committee will adopt all such measures as are available to them to ensure that the remuneration of the non-executive Directors is in accordance with the system established in the Bylaws, with the Policy on the Remuneration of Directors, and with the following guidelines:

- a) The non-executive Director should be remunerated in accordance with the amount of time effectively devoted to the post;*
- b) The non-executive Director should be excluded from Company pension plans in cases of cessation, death or any other, and from remuneration consisting of shares in the Company or in companies in the Company's group, stock options, instruments indexed to the value of shares, or variable remuneration linked to the performance of the Company or of companies belonging to the Company's group;*
- c) The amount of the non-executive Director's remuneration should be calculated in such a way that it offers incentives for dedication, but is not an obstacle to his/her independence.*

In accordance with all of the foregoing, the principles and bases of the Policy on the Remuneration of Directors are described below.

3. General principles of the Policy on the Remuneration of Directors

3.1 Principles and bases

The remuneration of the Company's Directors is determined by taking account of (i) the regulations applicable to capital companies, viz., the LCC; (ii) the Bylaws, the Rules of the Company's Board of Directors and the Policy on the Remuneration of the Group's Senior Management (as they relate to Executive Directors); (iii) the objectives set in the Group's Business Plan (hereinafter, the "**Business Plan**"); and (iv) the resolutions adopted by the General Shareholders' Meeting.

In addition, when defining its Remuneration Policy, the Company ensures that it conforms to the principles of, and recommendations for, good corporate governance, the best market practice and the guidelines of institutional investors and proxy advisors (hereinafter, "**proxy advisors**").

In view of the foregoing, the general principles on which the Remuneration Policy is based are the following:

- The creation of value for the shareholder in a manner which is sustainable over time.
- Competitiveness, through the establishment of a remunerative framework which is aligned with the best practices in the marketplace, competitive in relation to that of comparable companies, and which attracts and retains the best professionals.
- Rewarding in accordance with levels of responsibility and professional track record.
- A reasonable balance between fixed and variable remuneration, reflecting adequate management of risks with the achievement of defined objectives.

- Remuneration linked to results: a significant proportion of the total remuneration of the Company's Executive Directors is variable, its payment being linked to the achievement of financial, business and value-creation objectives which are pre-determined, specific, quantifiable and aligned with the Business Plan.

The Remuneration Policy is designed to attract, retain and motivate the best professionals, while establishing a stable and durable link between remuneration, results and the shareholders' interests, thereby achieving the Group's long-term objectives.

Article 39 of the Bylaws stipulates that the position of Director must be remunerated, and specifies the remunerative systems applicable to Directors in accordance with their status.

In accordance with the aforementioned Article, and with Articles 30 and 31 of the Rules of the Board of Directors, the Remuneration Policy distinguishes between the remuneration of Directors in their capacity as such and the remuneration of Directors who perform executive duties.

The characteristics of the remunerative system for Directors, in their capacity as such, and of that of Executive Directors, are described below.

3.2 Characteristics of the Policy on the Remuneration of Directors in their capacity as such

The application of the principles listed in point 3.1 above, in relation to the remuneration system of the Company's Directors in their capacity as such, produces the following characteristics in their remuneration:

- Remuneration in accordance with the positions, duties and responsibilities assumed by the Director in the Board of Directors and its Committees. In this regard, the remuneration of each Director differs from that of the others, the amounts of the fixed remuneration being greater in the case of the Chairman of the Board of Directors (hereinafter, the "**Chairman of the Board**") and of its delegated Committees. The amounts paid as expenses for attendance at meetings also vary, depending on whether the meetings are those of the Board of Directors, the Audit and Control Committee (hereinafter, the "**Audit and Control Committee**") or the ARC.
- It is reasonable for their reward to reflect their dedication, skill and responsibility, without being an obstacle to their duty of loyalty or independence of judgement.
- It is aligned with the standards of corporate governance and with market conditions, taking account of the Group's characteristics and activity.
- Finally, and in accordance with the recommendations of the Code of Good Governance, Directors, in their capacity as such, have no (i) systems of variable remuneration, either in cash or in shares, stock options or rights over shares or instruments referenced to the share value; (ii) life assurance; or (iii) long-term savings schemes or other pension schemes.

3.3 Characteristics of the Policy on the Remuneration of Executive Directors

The characteristics of the remunerative system for Directors who perform executive duties are the following:

- Remuneration is assigned for the performance of executive duties.
- There is an effective balance between its fixed and variable components.
- The variable remuneration has a medium- and long-term component which stimulates Directors' strategic performance, and another component which rewards the obtention of results in the short term. A sufficient proportion of the variable remuneration is linked to (i) medium- and long-term objectives, and (ii) the deferred award of the Company's own shares.
- The remunerative system is consistent with an appropriate and efficient management of risk and with the Company's business strategy, values and long-term interests, and is orientated towards promoting the Company's profitability and long-term sustainability.
- It takes account of market trends and of the principles and recommendations of good governance, and is effective in attracting and retaining the best professionals.

Thus the Policy on Remuneration is orientated towards the generation of value in the Group, and seeks to be aligned with the interests of the shareholders, with prudent risk management and with strict compliance with current regulations governing the remuneration of directors of listed companies.

There follows a description of the components of the remunerative system which is specific to Directors and Executive Directors, for the exercise of their executive functions, and which is based on the aforementioned principles.

4. Components of the remunerative system applicable to Directors in their capacity as such

The remuneration of the Directors in their capacity as such consists of a fixed monthly amount in cash, in conformity with the standards of the marketplace, and in accordance with the responsibilities which they hold within the Board and its Committees. The remuneration will also include allowances for attendance at meetings, which will take account of the degree of responsibility, and will depend on whether the duties are performed in a meeting of the Board of Directors, of the Audit and Control Committee or of the Appointments and Remuneration Committee. These allowances will not prevent the reimbursement of duly documented expenditure on travelling to the meetings, and on sustenance and hotel accommodation, incurred by Directors who do not reside in the municipality where the Board or Committee meetings are held.

The General Meeting, when approving the Remuneration Policy, fixes the maximum amount of annual remuneration to be paid to Directors in their capacity as such. The Board of Directors will be the body responsible for determining the remuneration of each Director, in his/her capacity as such, for which purpose it will consider and evaluate the functions and responsibilities assigned to each Director, membership of the Board's committees, and other objective circumstances which it considers relevant.

For the purposes of Article 39 of the Bylaws and of Article 217.3 of the LCC, the General Meeting of the Company's Shareholders that was held on 17th February, 2015, gave approval to the fixing at 1,300,000 euros of the maximum amount of annual remuneration to be paid to the Directors as a whole (in their capacity as such) for fixed remuneration plus allowances for attendance at Board and Committee Meetings, an amount which will remain unchanged until the General Shareholders' Meeting resolves to modify it.

For its part, the Appointments and Remuneration Committee suggested to the Board of Directors that Board Members, in their capacity as such, should

receive, in 2018-2019, the same fixed remuneration and allowances for attendance at Board and Committee Meetings as were established by resolutions of the Board of Directors on 18th July and 17th September, 2014, and on 31st October, 2017, within the above-mentioned maximum, as follows:

- Fixed monthly remuneration in cash:
 - For the Chairman of the Board, the fixed monthly remuneration amounts to 30,000 euros.
 - The fixed monthly remuneration for Board Members (except proprietary Directors) for their membership of the Board of Directors amounts to 5,000 euros.
 - The fixed monthly remuneration of the Chairman of the Appointments and Remuneration Committee is 1,666.66 euros.
 - The fixed monthly remuneration of the Chairperson of the Audit and Control Committee is 1,666.66 euros.
- Allowances for attendance at meetings:
 - Of the Board of Directors (except for proprietary Directors): 2,750 euros per session.
 - Of the Audit and Control Committee: 1,600 euros per session.
 - Of the Appointments and Remuneration Committee: 1,000 euros per session.

As mentioned earlier, External Proprietary Directors do not receive any remuneration for their membership of the Board of Directors, nor for attending its meetings or those of its Committees.

These amounts will remain fixed until the Board of Directors resolves to change them, and will always be within the maximum annual amount of the remuneration of Board Members, in their capacity as such, that was approved by the General Shareholders' Meeting of 17th February, 2015, on which a report will be included in the annual report on Directors' remuneration which will be submitted annually for the consideration of the General Shareholders' Meeting, and which must contain the relevant details required by Law.

The remuneration of Directors, in their capacity as such, is aligned with Recommendation 57 of the CGG, so they do not receive variable remuneration, nor any remuneration from pensions or life assurance policies, nor do they participate in remunerative plans based on the quoted price of the Company's shares, even though that form of remuneration is considered in the Company's Bylaws.

5. Components of the remunerative system applicable to Executive Directors

Articles 39 of the Bylaws and 30 of the Rules of the Board of Directors provide that Directors who perform executive duties, whatever may legally be the nature of their relationship to the Company, and regardless of the remuneration described in the preceding section, will be remunerated with a fixed amount, appropriate for their services and responsibilities, and a variable amount, and also by their inclusion in the pension, insurance and incentive schemes set up for the Senior Management.

In addition, and in accordance with the provisions of the said Articles, Directors, for carrying out their executive duties, may also be remunerated by the award of shares or share option rights or any remunerative system based on the value of the share, after agreement of the General Meeting.

In accordance with the foregoing, the remunerative system for the Company's Executive Directors may include the following components, which will have no

bearing on the remuneration which they receive for belonging to the Board of Directors and attending its meetings, as specified in section 4 above:

Component		Purpose
Fixed Remuneration		Determined in accordance with their services and responsibilities, and after ensuring that it is competitive in comparison with remuneration in comparable entities.
Variable Remuneration	Short-term (annual)	To conform to the most usual remunerative practices in the marketplace and to link remuneration to the achievement of annual objectives, in line with the Business Plan.
	Deferred: medium- and long-term (multiannual)	To strengthen the medium- and long-term commitment to the Company's shareholders. Effected by means of plans for Consolidation Periods overlapping with deferred settlement in Company shares. Each Consolidation Period is of three years.
Long-term savings schemes		To constitute a complementary savings scheme linked to retirement.
Remuneration in kind		To offer a competitive remunerative package in line with the customary market practices.

5.1 Fixed Remuneration

The fixed remuneration reflects their level of responsibility in the Group, the office held and their professional experience, ensuring that it is competitive compared with that paid in companies comparable to the Logista Group, in order to attract and retain the best professionals.

In order to determine it and make any updates, the Appointments and Remuneration Committee takes into account, in addition to the criteria explained above, the specific characteristics of each post and the dedication which it demands, and also market analyses prepared by specialised independent consultancies. The purpose of all of this is to ensure that remuneration is appropriate for the role performed, and that it is competitive within the marketplace.

Based on the foregoing factors, the Appointments and Remuneration Committee proposes the amount of the annual remuneration, for approval by the Board.

Accordingly, and at the proposal of the Appointments and Remuneration Committee, the Board of Directors agreed, in its meeting of 28th November, 2017, on fixed remuneration for 2018 amounting to 675,086 euros for Mr. Luis Egido Gálvez in his capacity of Chief Executive Officer (hereinafter, the "**Chief Executive Officer**") and to 299,947 euros for Mr. Rafael Juan López as Board Secretary/Director (hereinafter, the "**Director/Secretary**").

To the amount of fixed remuneration received in their capacity of Executive Directors has to be added the remuneration deriving from their membership of the Board of Directors and the allowances for attendance at Board Meetings.

No significant variations in Fixed Remuneration are foreseen during the term of the Remuneration Policy. In any case, the Board of Directors will review

this remuneration annually in case it needs to be adjusted in accordance with the criteria previously described (degree of responsibility assumed in the Organisation, roles performed, professional experience, and any market analyses made by external third parties) or with developments in the Company.

In certain situations, the Appointments and Remuneration Committee could recognize, for example, special needs to retain and motivate which justify increases in Fixed Remuneration.

If appropriate, the reasons would be explained in the corresponding Annual Report on Directors' Remuneration which, in accordance with Article 541 section 4 of the LCC, would be submitted to a consultative vote of the General Shareholders' Meeting.

5.2 Variable Remuneration

The Appointments and Remuneration Committee is responsible for proposing the Remuneration Policy for Executive Directors to the Board of Directors.

In the design of the remunerative scheme the proportions of fixed and variable components are balanced and effective. In a scenario of standard achievement of objectives, for the Chief Executive Officer approximately 22 per cent of the total remuneration would be fixed, and 78 per cent would be variable, and in the case of the Director/Secretary, the fixed remuneration would 25 per cent of the total and the variable remuneration would be 75 per cent of it.

There is enough flexibility in the variable components of the remuneration to allow them to be modulated even to the extent of eliminating them completely. In a scenario in which the objectives linked to the Variable Remuneration are not achieved, Executive Directors only receive their Fixed Remuneration.

The fixed remuneration has a short-term (annual) component and a medium- and long-term (multiannual) component, and is paid partly in cash and partly in Company shares. This remuneration is subject to the achievement of objectives which are specific, quantifiable and directly in line with the interests of the Company, the shareholders and the other stakeholders, inasmuch as they contribute to the creation of value for the Company.

In line with the recommendations of the Code of Good Governance, the Variable Remuneration of the Executive Directors: (i) is based on the achievement of short-, medium- and long-term objectives; (ii) includes objectives linked to the creation of value in the Company; (iii) includes a significant proportion which is paid in the form of Company shares; and (iv) is subject to periods of deferment and to ex-post adjustment clauses.

Throughout the year, the Appointments and Remuneration Committee monitors the objectives which are linked to annual and multiannual objectives.

In this task of monitoring and evaluating, the ARC has the support of the Economic and Financial Directorate which is responsible for the Group's management control, and which provides the audited results. The final evaluation, based on the relevant complete measurement period, also considers the quality of the results in the long term, and any associated risk. The Company's Audit and Control Committee first checks those of the Group's results which are taken into account in the calculation of the objectives set in connection with the receipt of the annual variable remuneration.

5.2.1 Short-Term (annual) Variable Remuneration

In line with the recommendations of the Code of Good Governance, the annual Variable Remuneration is designed to provide incentives for the creation of value and sustainability in the Company, by means of the prior setting of objectives that are specific and quantifiable.

The characteristics of the annual Variable Remuneration system, including (i) the maximum levels of remuneration; (ii) the objectives and the metrics for evaluating the degree of their achievement; and (iii) the degree of achievement of the proposed objectives, are determined annually by the Board of Directors, at the proposal of the Appointments and Remuneration Committee, in order to ensure that they are sufficiently demanding in relation to the Company's strategic priorities and business situation.

The main objectives to which the short-term Variable Remuneration is linked are specific economic and financial ones, pre-determined, quantifiable, aligned with the Company's interests and envisaged in the Group's strategic plans, and compatible with the Total Return for the Shareholder and with the achievement of individual value-creation objectives.

For fiscal year 2018-2019, financial objectives have been set, and are based on operating profit and working capital.

Settlement of the Variable Remuneration is effected entirely in cash.

In the Annual Report on Directors' Remuneration, which is submitted every year for consideration by the General Shareholders' Meeting, detailed information will be included about (i) the objectives and the metrics; (ii) the degree of achievement of objectives; and (iii) the maximum amount of the annual Variable Remuneration.

5.2.2 Deferred medium- and long-term (multiannual) Variable Remuneration

In view of the provisions of Article 39 of the Bylaws, and in accordance with the recommendations of the Code of Good Governance, part of the variable remuneration of the Executive Directors has the following characteristics:

- Its payment is deferred; it is part of a multiannual framework so as to ensure that the evaluation is based on long-term results and takes account of the Group's underlying economic cycle, thus following Recommendation 59 of the CGG.
- It is linked to the concession of shares in the medium term and the long term, thus following Recommendation 61 of the CGG.
- The minimum period for the receipt of this remuneration is three years, so this remuneration is constituted for three-year periods. This ensures that shares are not received until three years after the right to receive them has been granted, thus following Recommendation 62 of the CGG.

Executive Directors participate as beneficiaries in (i) the 2014 General Long-Term Incentive Plan; (ii) the 2014 Special Long-Term Incentive Plan; (iii) the 2017 General Long-Term Incentive Plan; and (iv) the 2017 Special Long-Term Incentive Plan.

The general characteristics of these Plans are as follows:

- 2014 General Long-Term Incentive Plan (hereinafter, "LTIP 2014"):

The plan is intended for Executive Directors and certain other directors and employees of the Group who have high performance and future potential.

Its total term is of five years, divided into three consolidation periods of three years each (2014-2017, 2015-2018 and 2016-2019).

This Plan envisages the right to acquire, free of charge, a certain number of Company shares, calculated as follows:

The "Recognized Initial Incentive" for each Beneficiary will be, as a maximum, the variable annual remuneration earned by each Beneficiary during the fiscal year immediately preceding the date of award of the Incentive, to be divided by the weighted average of the quoted price of the Company's shares in the thirty trading sessions prior to the date of recognition, thus obtaining the Number of Recognized Shares.

The Number of Company Shares which will be awarded to each Beneficiary will depend on:

- (i) The beneficiary's tenure in the Group;
- (ii) The achievement of the objectives set for consolidation of shares in each of the consolidation periods:
 - a) 25 per cent of the number of recognized shares are consolidated in accordance with the total return to shareholders (hereinafter, "**TRS**").
 - b) A further 25 per cent of the number of recognized shares are consolidated in accordance with the criterion of profitability compare with that of other companies (hereinafter, "**CRS**"). The CRS compares the TRS of the Company with that of companies operating in the same or a similar sector of activity, in accordance with the comparison group determined by the Board of Directors in each consolidation period.

- c) The remaining 50 per cent of the number of recognized shares is consolidated in accordance with one or several internal criteria, of a financial or operational nature, during the consolidation period, related to the degree of achievement of the objective during the consolidation period, compared with the forecast for that objective contained in the Business Plan.

For the Consolidation Periods 2014-2017, 2015-2018 and 2016-2019, the Board of Directors has decided to use the criteria of EBIT and working capital.

- (iii) Whether there has been achievement of the minimum objective set for consolidation in the Rules of the LTIP 2014, approved by the Board of Directors on 19th November, 2014, the last amendment to which was that of 24th January, 2017.

- 2014 Special Long-Term Incentive Plan (hereinafter, "SLTIP"):

This Plan is only applicable to the Executive Directors and certain other directors who make high added-value contributions to the Group.

Its total term is of five years, divided into three consolidation periods of three years each (2014-2017, 2015-2018 and 2016-2019).

This Plan envisages the right to acquire, free of charge, a certain number of Company shares. The "Recognized Initial Incentive" will be, as a maximum, equivalent to a certain percentage of each beneficiary's fixed annual salary, to be determined in each cycle, and with a maximum of 75 per cent in the case of Executive Directors.

The requirements, objectives and consolidation percentages for the three Consolidation Periods are the same as those for the LTIP 2014, and are laid down in the Rules of the Special Plan of 19th November,

2014, the last amendment to which was made on 24th January, 2017, while the percentages of the number of recognized beneficiaries' shares to be consolidated in accordance with the criteria of TRS, CRS and EBIT are, respectively, 35 per cent, 32 per cent and 33 per cent.

The General Shareholders' Meeting of 4th June, 2014, approved the introduction of the 2014 General and Specific Plans and their basic characteristics.

- 2017 General and Special Share Plans:

The General Shareholders' Meeting of 21st March, 2017, approved the introduction of new, 2017 Long-Term Incentive Plans (the General Plan and the Special Plan), whose term would be of five years, divided into three Consolidation Periods (2017-2020, 2018-2021 and 2019-2022).

In respect of the Beneficiaries for whom they are intended, their manner of functioning, their requirements and the criteria for their consolidation, the 2017 General and Special Plans are similar to the 2014 General and Special Plans.

The Rules of both of the 2017 Plans were approved by the Board of Directors on 28th November, 2017.

The Number of Recognized Shares of Executive Directors and the Number of Shares that they consolidate in accordance with the Rules of the different General and Special Plans of 2014 and 2017, approved by the Board of Directors, appear and will appear in the Annual Reports on Directors' Remuneration, and in the official records about the entity in the CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) (Communication Model of Circular 8/2015, of 22nd December).

5.2.3 Ex-post adjustments to variable remuneration: “clawback” clause

In order to align the Variable Remuneration of the Executive Directors with Recommendation 63 of the CGG, the General Meeting of 21st March, 2017, approved the inclusion of this clause among the Executive Directors’ contractual terms and conditions, so that, during the two years following the settlement and payment of the Variable Remuneration (both short-term and deferred medium- and long-term), the Company would be able to insist that Executive Directors repay up to 100 per cent of the said Variable Remuneration, or even to offset that repayment against other remuneration, of any kind, that they were entitled to receive, whenever any of the following circumstances arise:

- When it becomes clear that the settlement and payment of the Variable Remuneration were made entirely or partly on the basis of false or seriously inaccurate information.
- When losses occur in the Group (negative EBIT) during the clawback period, and are attributable to the management of the Executive Directors.
- When there is a material re-formulation of the Group’s financial statements, which is considered as such by the external auditors, except when it results from a change in the accounting regulations.
- When an Executive Director has been sanctioned for a serious breach of the Code of Conduct or of other internal regulations applying to him or her, whenever the breach damaged the image and reputation of the Logista Group in the eyes of its markets, customers, suppliers or regulators, among others.

The Board of Directors, at the proposal of the Appointments and Remunerations Committee, will decide whether there have been circumstances which should trigger the application of this clause, and if so,

the amount of Variable Remuneration, if any, to be refunded to the Company or to companies in the Group.

5.2.4 Obligation to keep Company shares

In accordance with Recommendation 62 of the CGG, the General Meeting of 21st March, 2017, included among the contractual terms and conditions of Executive Directors that of keeping among their assets the shares which they receive as a result of their participation in plans for deferred medium- and long-term variable remuneration, until the value of those shares reaches the equivalent of double their fixed annual remuneration. Those shares may not be disposed of before they leave their post.

5.3 Long-term savings schemes

Executive Directors participate in Logista's Pension Plan for employees. It is a fixed-contribution plan, in which the Company makes monthly contributions of 8.3 per cent of the base salary.

They also participate in the Directors' Social Providence Plan, to which the Group makes contributions of approximately 10 per cent of the fixed remuneration (in the case of Executive Directors, the amount is stipulated in their respective contracts, separately from the amount which they receive for their membership of the Board of Directors and attendance at its meetings) and of each Director's annual Variable Remuneration.

5.4 Remuneration in kind

As part of their remuneration in kind, Executive Directors receive the following benefits:

- a Company vehicle;
- health care;
- life assurance with invalidity cover.

6. The main terms and conditions of Executive Directors' contracts

In accordance with the provisions of Articles 39 and 43bis of the Bylaws, 5, 18 and 30 of the Board's Rules and 249, 249bis and 529 quindicies, sections e) and g) of the LCC, it falls to the Board of Directors, at the proposal of the Appointments and Remuneration Committee, to approve the remuneration of Directors who perform executive duties, and the terms and conditions of the contracts of Senior Directors, including Executive Directors.

A summary of the most important clauses of the contracts signed by the Company's Executive Directors is shown below:

- Term: Executive Directors' contracts are permanent.
- Notice: For termination at the Company's request or at the request of the Executive Director.
- Compensation: Pursuant to Article 39 of the Bylaws, the Chief Executive Officer and the Board Secretary/Director are entitled to receive compensation for termination of the relationship by unfair dismissal, or when the termination of the contract is at the request of the Director himself/herself by virtue of the provisions of Article 50 of the Workers' Statute, or, in the case of the Board Secretary/Director, because of retirement. In these situations, the compensation consists of one year's remuneration (fixed and variable) for the Chief Executive Officer, and two years' remuneration (fixed and variable) for the Board Secretary/Director. But this provision only applies if the legal compensation would be less than the compensation shown in this clause.

The contracts of the Chief Executive Officer and Board Secretary/Director provide for the payment of compensation in cases of death or invalidity, to be received by the Director or his/her heirs. The sum received by virtue of the life assurance policy taken out by the Company or by one of the companies in the Group is deducted from that compensation.

- Confidentiality
- Non-competition: The contract of the Board Secretary/Director includes a post-contractual non-competition agreement of 24 months' duration. That agreement is remunerated 12 monthly payments of fixed and variable remuneration as compensation for the restriction of non-competition, paid monthly throughout the period of the restriction due to the non-competition agreement.
- Change in Control: If there is a change in control, the Board Secretary/Director may use this clause, which will entitle him/her to receive the same compensation as if the contract had been terminated by unfair dismissal. The amount stipulated is twice the Director's remuneration (fixed plus variable).
- Exclusivity

The contracts of Executive Directors have been adapted to include the clauses covering clawback and the obligation to keep shares, in accordance with the provisions of sections 5.2.3 and 5.2.4 of this Policy.

7. The incorporation of new Directors

If new members join the Board of Directors during the term of this Policy, the remunerative system described in section 4 above will also apply to them.

Also applicable to any Executive Director who joins the Company during the term of the Remuneration Policy will be the remunerative system described in section 5 above, and when deciding which components of the remunerative system will apply to them, consideration will be given to the functions attributed to them, the responsibilities which they assume, their professional experience, the remuneration in the marketplace for that position, and anything else which the Appointments and Remuneration Committee and the Board of Directors

consider should be taken into account, which will be duly reflected in the contract to be signed between the Company and the new Executive Director.

8. Implementation of the Policy

Without prejudice to the provisions of the LCC in relation to the remuneration policy for directors, the Company's Board of Directors, after receiving the relevant reports from the Appointments and Remuneration Committee, will adopt, and regularly review, the general principles of the Remuneration Policy, and will be responsible for supervising its implementation. To that end, the Company's Board of Directors will review the principles and procedures contained in this document every year, in order to incorporate or, when appropriate, propose, amendments, adaptations, rules for implementation or regulatory criteria.

9. Term of validity of the Remuneration Policy

In accordance with the provisions of Article 529 novodecies of the LCC, this Remuneration Policy, provided that it is approved by the General Shareholders' Meeting, will be in force from 2019 until 2021 inclusive, apart from any amendments, adaptations, updates or substitutions which may be agreed upon at any time, which would be submitted for the approval of the Company's General Shareholders' Meeting.

**REPORT TO JUSTIFY THE PROPOSED POLICY ON THE REMUNERATION
OF DIRECTORS FOR 2019-2021**

I

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

II

Legal framework of the Policy on the Remuneration of Directors

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).

III

Guidance in the formulation of the Remuneration Policy

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:
 - 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).
 - 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.

IV

General principles of the Policy on the Remuneration of Directors

4.1 Principles and bases

The remuneration of the Company's Directors is determined by taking account of (i) the regulations applicable to capital companies, viz., the Law of Capital Companies; (ii) the Bylaws, the Rules of the Company's Board of Directors and the Policy on the Remuneration of the Group's Senior Management (as they relate to Executive Directors); (iii) the objectives set in the Group's Business Plan; and (iv) the resolutions adopted by the General Shareholders' Meeting.

In addition, when defining its Remuneration Policy, the Company ensures that it conforms to the principles of, and recommendations for, good corporate governance, the best market practice and the guidelines of institutional investors and proxy advisors.

In view of the foregoing, the general principles on which the Remuneration Policy is based are the following:

- The creation of value for the shareholder in a manner which is sustainable over time.
- Competitiveness, through the establishment of a remunerative framework which is aligned with the best practices in the marketplace, which is competitive in relation to that of comparable companies, and which attracts and retains the best professionals.
- Rewarding in accordance with levels of responsibility and professional track record.
- A reasonable balance between fixed and variable remuneration, reflecting adequate management of risks combined with the achievement of defined objectives.

- Remuneration linked to results: a significant proportion of the total remuneration of the Company's Executive Directors is variable, its payment being linked to the achievement of financial, business and value-creation objectives which are pre-determined, specific, quantifiable and aligned with the Business Plan.

The Remuneration Policy is designed to attract, retain and motivate the best professionals, while establishing a stable and durable link between remuneration, results and the shareholders' interests, thereby achieving the Group's long-term objectives.

Article 39 of the Bylaws stipulates that the position of Director must be remunerated, and specifies the remunerative systems applicable to Directors in accordance with their status.

In accordance with the aforementioned Article, and with Articles 30 and 31 of the Rules of the Board of Directors, the Remuneration Policy distinguishes between the remuneration of Directors in their capacity as such and the remuneration of Directors who perform executive duties.

The characteristics of the remunerative system for Directors, in their capacity as such, and of that of Executive Directors, are described below.

4.2 Characteristics of the Policy on the Remuneration of Directors in their capacity as such

The application of the principles listed in point 4.1 above, in relation to the remuneration system of the Company's Directors in their capacity as such, produces the following characteristics in their remuneration:

- Remuneration in accordance with the positions, duties and responsibilities assumed by the Director in the Board of Directors and its Committees. In this regard, the remuneration of each Director differs from that of the others, the amounts of the fixed remuneration being greater in the case of the Chairman of the Board of Directors and of its delegated Committees. The amounts paid as expenses for attendance at meetings also vary, depending on whether the meetings are those of the Board of Directors, the Audit and Control Committee or the Appointments and Remuneration Committee.
- It is reasonable for their reward to reflect their dedication, skill and responsibility, without being an obstacle to their duty of loyalty or independence of judgement.

- It is aligned with the standards of corporate governance and with market conditions, taking account of the Group's characteristics and activity.
- Finally, and in accordance with the recommendations of the Code of Good Governance, Directors, in their capacity as such, have no (i) systems of variable remuneration, either in cash or in shares, stock options or rights over shares or instruments referenced to the share value; (ii) life assurance; or (iii) long-term savings schemes or other pension schemes.

4.3 Characteristics of the Policy on the Remuneration of Executive Directors

The characteristics of the remunerative system for Directors who perform executive duties are the following:

- Remuneration is assigned for the performance of executive duties.
- There is an effective balance between its fixed and variable components.
- The variable remuneration has a medium- and long-term component which stimulates Directors' strategic performance, and another component which rewards the obtention of results in the short term. A sufficient proportion of the variable remuneration is linked to (i) medium- and long-term objectives, and (ii) the deferred award of the Company's own shares.
- The remunerative system is consistent with an appropriate and efficient management of risk and with the Company's business strategy, values and long-term interests, and is orientated towards promoting the Company's profitability and long-term sustainability.
- It takes account of market trends and of the principles and recommendations of good governance, and is effective in attracting and retaining the best professionals.

Thus the Policy on Remuneration is orientated towards the generation of value in the Group, and seeks to be aligned with the interests of the shareholders, with prudent risk management and with strict compliance with current regulations governing the remuneration of directors of listed companies.

5.1 Remuneration of Directors in their capacity as such

The proposal to the Board of Directors was for the maintenance 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), as fixed by the Board of Directors itself in its meetings of 18th July and 17th September, 2014, and of 31st October, 2017, which was within the limits laid down by the General Meeting of Shareholders on 17th February, 2015.

The amount of that remuneration is shown under point 4 of the Remuneration Policy.

5.2 Remuneration of Executive Directors

The scheme proposed is the following:

Component		Purpose
Fixed Remuneration		Determined in accordance with their services and responsibilities in the Group, and after ensuring that it is competitive in comparison with remuneration in comparable entities.
Variable Remuneration	Short-term (annual)	To conform to the most usual remunerative practices in the marketplace and to link remuneration to the achievement of annual objectives, in line with the Business Plan.
	Deferred: medium- and long-term (multiannual)	To strengthen the medium- and long-term commitment to the Company's shareholders. Effected by means of plans for Consolidation Periods overlapping with deferred settlement in Company shares. Each Consolidation Period is of three years.
Long-term savings schemes		To constitute a complementary savings scheme linked to retirement.
Remuneration in kind		To offer a competitive remunerative package in line with the customary market practices.

The method of determining the components of the Remuneration System for Executive Directors is shown in section 5 of the proposed Remuneration Policy.

In addition, and with regard to the variable remuneration deferred in the medium- and long-term (the Long-Term Incentive Plans of 2014 and 2017), it is worth pointing out that the General Meeting of 4th June, 2014, and that of 21st March, 2017, granted to the Chief Executive Officer (Mr. Luis Egido Gálvez) and to the Board Secretary/Director (Mr. Rafael de Juan López) a Recognized Initial Incentive of the maximum amount foreseen in the respective Plans for Executive Directors (namely, 100% of the Bonus in the 2014 and 2017 General Plans, and 75% of the Fixed Salary in the 2014 and 2017 Special Plans).

The foregoing Report is the one which was issued and unanimously approved by the members of the Appointments and Remuneration Committee in their meeting of 23rd January, 2018, in accordance with the provisions of Article 529 novodecies 2 of the Law of Capital Companies.

Leganés, 23rd January, 2018.

The Board Secretary/Director,

Rafael de Juan López



TRANSLATION FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

AMENDED TEXT OF ARTICLES 15, 17 AND 46
OF THE RULES OF THE BOARD OF DIRECTORS OF
26 JANUARY 2016

Article 15.- The Board's Committees

1. Without prejudice to the power of the Board of Directors to designate and permanently delegate whatever powers it considers appropriate to one or several Directors, either individually (Chief Executive Officers) or to several Directors collectively (Executive Committee or Delegated Committee), there will be set up, necessarily, an Audit and Control Committee in accordance with the provisions of Article 43 of the Bylaws, and an Appointments and Remuneration Committee in accordance with the provisions of Article 43 bis of the Bylaws. The functions of these two committees will be exclusively those of information, advice and suggestions about the matters described in the articles below.

The appointment of members of the Audit and Control Committee and of the Appointments and Remuneration Committee will be made by the Board of Directors, and those members must all be non-executive Directors. The members of both Committees will cease in their posts upon their cessation as Directors, or when the Board so decides.

The Secretary of those Committees will be the Secretary of the Board of Directors, and failing that, will be the Deputy Secretary, if any.

2. The Appointments and Remuneration Committee will evaluate the profiles of the people best suited to form part of the various Committees, and will make the corresponding proposals to the Board. The Board will appoint members of Committees after taking into consideration the knowledge, skills and experience of the Directors and the tasks to be performed by each Committee.
3. The Audit and Control Committees and the Appointment and Remuneration Committees will each appoint a Chairman from among their members that are independent Directors, and will meet when convened by that Chairman. The said Committees will prepare an annual plan of action, that will include the main activities of each Committee during the fiscal year, for which they will be accountable to the Board. In any matter not specifically provided for, the rules of operation established by these Regulations with regard to the Board will apply, provided that they are compatible with the nature and function of the Committee.

The conclusions or proposals formulated in the meetings of these Committees will be recorded in minutes which will be available to all the Directors. The Committees will give accounts of their activities in the first plenary session of the Board of Directors after their meetings, responding of the work performed.

4. Additionally, the Board of Directors may establish other internal Committees whose functions will be determined by the Board itself. Their members will be appointed by the Board from among the non-executive Directors, with a majority of independent Directors, taking into account the knowledge, skills and experience of the Directors and the duties of each Committee. The Committees will be chaired by independent Directors.

In the performance of their functions, the Committees may obtain external advice when they deem it necessary.

Article 17.- The Audit and Control Committee

1. The Board of Directors, in accordance with the provisions of article 43 of the By-Laws, will form an Audit and Control Committee composed of a minimum of three and a maximum of seven non-executive Directors, most of whom will be independent, and one of whom will be appointed by the Board of Directors, at the proposal of the Appointments and Remuneration Committee, who will take account of his or her knowledge and experience of accounting and/or auditing.

Additionally, the Board of Directors will ensure that the members of the Audit and Control Committee, and particularly its Chairperson, have knowledge and experience of accounting, auditing and risk management, and 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, except as provided above.

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 Audit and Control Committee will elect one of their members as Chairperson. That person will be replaced every four years, and may be re-elected after one year has elapsed since their cessation.

2. Without prejudice to other duties which the Board may assign to it, the Audit and Control Committee will have the following responsibilities:

In relation to the control of 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 detailed 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, 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) Concrete practices in matters relative to: shareholders, employees, clients, 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) Prepare 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.
3. The Audit and Control Committee will meet as often as necessary, and whenever called by the Chairperson or requested by two of its members, and in any event at least four times per year. One of these meetings will necessarily be devoted to evaluating efficiency and the degree of compliance with the Company's rules and

procedures for good governance, and to preparing the information which the Board of Directors has to approve and include in its annual public documentation.

4. The Audit and Control Committee will make resolutions and recommendations by the absolute majority of the members present or represented in the meeting.
5. Any member of the management team or personnel of the Company and its Group who is requested to do so will be obliged to attend Committee meetings and provide collaboration and access to any information which he/she may hold. The Committee may order them to attend without the presence of any other director. The Committee may also request the attendance of accounts auditors at its meetings.
6. In order to perform its duties, the Committee will have access to the means and resources that are necessary for independent operation. The needs in resources must be channelled through the Secretary of the Company's Board of Directors.
7. In order to better perform its tasks, the Audit and Control Committee may seek advice from external professionals, in which case the provisions detailed in article 29 of these Regulations will be applicable.

Article 46.- Dealings with auditors

1. The Board's dealings with the Company's external auditors will be channelled through the Audit and Control Committee.
2. The Board of Directors will refrain from engaging any auditing firm whose projected fees, including all items, exceed five per cent of its total revenues during the previous financial year.
3. The Board of Directors will make public the total fees paid to the auditing firm for services other than auditing.

REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING ON THE AMENDMENTS TO ARTICLES 15, 17 AND 46 OF THE RULES OF THE BOARD OF DIRECTORS, CONSOLIDATED TEXT OF 26TH JANUARY, 2016

The Board of Directors, in the meeting held on December 19, 2017, in accordance with Article 528 of the Revised Text of the Capital Companies Act, approved by Royal Legislative Decree no. 1/2010 of 2nd July, and with Article 3 of the Board's Regulation of 26 January 2016, resolved, at the proposal of the Audit and Control Committee following its favourable report, to amend Articles 15, 17 and 46 of the Rules of the Board of Directors, with the purpose of:

- Basically, to incorporate to the Audit and Control Committee Rules the provisions of Technical Guide 3/2017 of the CNMV (the National Securities Market Commission) concerning Audit Committees of Public-Interest Entities (approved by the CNMV on 17 June 2017 ("the Technical Guide").
- To introduce technical specifications in the above mentioned articles.

The details of the amendments are as follows:

➤ **Article 15 – The Board's Committees**

Sections 3 and 4 are amended solely to improve their wording.

➤ **Article 17 – The Audit and Control Committee**

- The Board of Directors will ensure that the members of the 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 (Article 17.2).
- There are improvements to the wording of Articles 17.3, 17.4 and 17.5.

➤ **Article 46 – Dealings with Auditors**

Section 4 is deleted, as it has been incorporated as one of the Committee's functions.

REGULATIONS OF THE AUDIT AND CONTROL COMMITTEE
OF THE
COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

December 19, 2017

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Article 1. Purpose

1. The Audit and Control Committee of the Board of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. (hereinafter, the "**Company**") is constituted in accordance with the provisions of the Law of Capital Companies and of Article 43 of the Bylaws and Article 17 of the Rules of the Company's Board of Directors.
2. The purpose of these Regulations of the Audit and Control Committee, approved by the Company's Board of Directors, is to establish the rules for the organisation and functioning of the Company's Audit and Control Committee, which, for the best accomplishment of those functions, will incorporate, as appropriate, statutory provisions and those of the Rules of the Board of Directors emanating from the recommendations and criteria for good governance established by the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission), and taking account of the characteristics of the Company and its Group.
3. Anything not expressly foreseen in these Regulations will be governed by the Committee itself, and as far as its nature and functions allow, that which is laid down in the Bylaws and in the Board's Rules in relation to the functioning of the Board of Directors will apply supplementally.

Article 2. Interpretation, amendment and dissemination

1. In the interpretation and application of these Regulations, the Audit and Control Committee will take account of the legally applicable regulations and the recommendations and requirements for good governance laid down by the supervisory bodies, and, in particular, by the *Comisión Nacional del Mercado de Valores*.
1. The Regulations will be regularly reviewed by the Board of Directors, who will take account of the related proposals formulated by the Audit and Control Committee, and they will be disseminated to shareholders and to the markets in general by being published in the Company's website.

Article 3. Composition of the Audit and Control Committee

1. The Board of Directors, in accordance with Article 43 of the Bylaws and Article 17 of its own Rules, will form an Audit and Control Committee composed of a minimum of three and a maximum of seven non-executive 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, and one of them will be appointed on the basis of his or her knowledge and experience of accounting and/or auditing.

2. 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 and 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, except as provided above.

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.

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

Article 4. Positions on the Committee

1. The Chairperson of the Audit and Control Committee will be elected by the members of the Audit and Control Committee from among those of its members who are independent Directors, must be replaced every four years, and may be re-elected after one year has elapsed since their cessation.
2. The Secretary of the Audit and Control Committee will be the Secretary of the Board of Directors, and failing that, will be the Deputy Secretary, if any.

The Secretary will be responsible for assisting the Committee's Chairperson in the planning of Committee Meetings and in compiling and distributing the necessary information sufficiently in advance of the meetings, and also for taking the minutes of those meetings.

Article 5. Functions of the Audit and Control Committee

1. Without prejudice to other duties which the Board may assign to it, the Audit and Control Committee will have, at least, the following responsibilities:
 - (i) In relation to the control of 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, and, in particular, knowing, understanding and supervising the effectiveness of, the system for the internal control of financial reporting (ICOFR).

- 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.
- (ii) In relation to the supervision of internal control and of internal auditing:
- a) 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, and deducing the degree of confidence in, and reliability of, the system. 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.
 - b) 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; verifying that the senior managers are acting on the findings and recommendations of its reports; and annually evaluating the functioning of the internal audit unit and the manner in which the unit's manager performs his/her functions, for which purposes it will seek the opinion of the executive management.

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.

- c) 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, receiving regular information about its functioning, and being able to propose appropriate actions to improve it and to reduce the risk of irregularities in the future.

(iii) In relation to the supervision of the management and control of risks:

- a) 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.
- b) 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.
- c) Reconsidering, at least annually, the list of the most serious financial and non-financial risks, assessing the extent to which they may be tolerated, and, if appropriate, proposing their adjustment to the Board.
- d) Holding, at least annually, a meeting with senior managers of the business units so that they can explain the business trends and the associated risks.

(iv) In relation to the accounts auditor:

- a) 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. To that end, it will have to:

1°. determine the procedure for selecting the auditor; and

- 2º. Make a reasoned proposal which will include the names of at least two candidates for the position of auditor, except when the same auditor is re-elected.
- b) 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.
 - c) 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, in particular, disagreements which could arise between the auditor and the Company's management, 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.

- d) 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 every case, a detailed 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, in relation to the independence of the accounts auditing and to the regulations governing that auditing.
- e) 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.

- f) Investigating the circumstances of any resignation of an external auditor.
- g) 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.
- h) Making a final evaluation of the auditor's intervention and the way in which it contributed to the quality of the audit and the completeness of the financial information.

(v) Other functions

- a) 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 Board's Rules.

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.

- b) 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 the Board's 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.
- c) 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) Concrete practices in matters relative to: shareholders, employees, clients, 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.

d) 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, including, among other subjects, the significant activities carried out during the period and reporting on those which were completed with the collaboration of external experts. The Report will be published in the Company's website sufficiently in advance of the Annual General Meeting.

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

f) Any other responsibility or function assigned to it by Law, by the Bylaws or by the Board's Rules.

2. In exercising its functions, the Audit and Control Committee will take account of the principles and standards laid down in *Technical Guide 3/2017 on audit committees*, of the CNMV, of 27th June, 2017, without prejudice to the adaptation of the same to the particular circumstances and characteristics of the Company and its group.

3. Every year, the Audit and Control Committee will make an action plan of the Committee's main activities during the year, in relation to the accomplishment of its functions, for which it will account to the Board, as it will for the work done.

Article 6. The calling of meetings

1. 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.

2. 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.

3. 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.

Article 7. Meetings

1. The meetings of the Audit and Control Committee, in accordance with its annual plan of work, will be held at the Company's registered office or at any other place previously chosen by the Chairperson and indicated in the notification of calling.
2. The Committee's meetings may be held by telephonic multi-conference, videoconference or any other comparable system, so that one or several members can participate in the meeting in this way. To that end, the notice of call of the meeting, as well as indicating the place where the physical meeting will be held, will have to mention that participation in it may be by telephonic conference, video conference or an equivalent system, for which purpose the necessary technical means must be indicated and available, and must enable direct and simultaneous communication among all the participants. The Secretary of the Audit and Control Committee will have to record in the minutes of meetings held in this way, in addition to the names of the members who attended physically or who were physically represented by another Committee member, the names of those who participated in the meeting by telephonic multi-conference, videoconference, or a comparable system.
3. In the meetings of the Board, constructive dialogue will be encouraged among its members, promoting free expression and a supervisory and analytical attitude. The Committee's Chairperson must ensure that the members participate freely in the deliberations.
4. 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.
5. 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.

Article 8. Formulation and adoption of resolutions

1. The Audit and Control Committee will be validly constituted when the majority of its members are present or represented, and when its resolutions are adopted by an overall majority of the members present or represented at the meeting. When the vote is tied, the Chairperson will have the casting vote.
2. The members of the Audit and Control Committee may grant proxy to another member of the Committee. The proxy must be conferred in writing, and specifically for each specific meeting.
3. In situations of conflict of interest, the Committee members concerned will abstain from participating in the deliberation and from voting on resolutions or decisions in which they or anyone linked to them have a conflict of interest, directly or indirectly. The vote of the Members affected by the conflict, and who have to abstain, will be deducted in the calculation of the necessary majority of votes.

Article 9. Minutes of the Committee Meetings

1. Minutes of the meetings of the Audit and Control Committee will be taken, will record the conclusions and the proposals formulated in the meetings, and will be signed by the Committee's Chairperson and Secretary or by whoever may have substituted for them.
2. The minutes of the Committee's meetings must be made available to all members of the Board of Directors.

Article 10. Access to information and advice

1. The Audit and Control Committee will have suitable, timely and sufficient access to any information or documentation which the Company possesses in relation to matters for which it is responsible, provide that this is considered necessary for the performance of its duties.
2. In addition, the Committee may obtain, for the Company's account, collaboration or advice from external professionals whenever it considers this necessary for a better performance of its functions, and for this purpose Article 29 of the Rules of the Board of Directors will apply.

Article 11. Means and resources

1. The Audit and Control Committee will approve a programme of regular training to ensure that the knowledge of its members is up-to-date. It will also provide a welcome programme for its new members.
2. In order to carry out its duties, the Audit and Control Committee will have at its disposal the necessary means and resources for independent operation. The resources needed must be channelled through the Secretary of the Company's Board of Directors.

Article 12. Relations of the Audit and Control Committee with the Board, the shareholders, the external accounts auditor and the internal auditor

1. The Audit and Control Committee will have to set up a channel for effective and regular communication with its usual interlocutors, who will normally be the Committee's Chairperson and, among others, the following:
 - a) The Company's management, particularly the general and financial management;
 - b) The Manager of internal auditing; and
 - c) The external auditor who is principally responsible for auditing the accounts.
2. Communication between the Audit and Control Committee and the external auditor must always be fluid, in accordance with the regulations governing the external auditing of accounts, and must not impair the independence of the auditor or the efficiency with which the auditing or its procedures are carried out.
3. The Committee will give an account of its activity to the first plenary session of the Board of Directors that follows its meetings, at which it will be answerable for the work done.
4. The Chairperson of the Committee will act as its spokesperson in the meetings of the Board of Directors and, when applicable, in the General Meetings of the Company's shareholders.

REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL MEETING ON THE APPROVAL OF THE REGULATIONS OF THE AUDIT AND CONTROL COMMITTEE

At the proposal of the Audit and Control Committee, the Board of Directors, at its meeting of 19 December 2017, resolved to approve the Regulations of the Audit and Control Committee, in accordance with the Recommendations of the Technical Guide on Audit Committees of Public-Interest Entities, published by the CNMV.

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.