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, 2017, 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 16th, 2017

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 24th January, 2017, 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, 2017, at the first call, and on the following day, 22nd March, 2017, at the same time and place, at the second call, with the following agenda:

AGENDA

First.- Exam 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 "Compañía de Distribución Integral Logista Holdings, Sociedad Anónima" and of the consolidated Group, corresponding to the financial year closed on 30 September 2016, as well as of the management of the Board of Directors during that year.

Second.- Exam and approval, if appropriate, of the Board of Directors' proposal of allocation of results corresponding to the financial year closed on 30 September 2016 of Compañía de Distribución Integral Logista Holdings, S.A.

Third.- Appointment of the Individual and Consolidated Accounts Auditors of the Company.

Fourth.- Approval, if appropriate, of a remuneration system (2017 General and Special Plans), which consists on granting a right to a free-of-charge delivery of Company shares, subject to certain requirements, conditions and timeframes, to the Company's Executive Directors and to certain Managers and employees of the Company and its subsidiaries, during fiscal years 2017, 2018 and 2019.
Granting of rights to the Executive Directors, under 2017 General and Special Plans.
Delegation to the Board of the faculties for the application, execution and development of the Resolution.

Fifth.- Amendment of the Directors Remuneration Policy.

5.1 Inclusion, in the contractual conditions of the Executive Directors, of "ex-post" adjustments to the short, medium and long term Variable Remuneration, and the obligation to hold the Company shares received as a result of their participation in medium and long-term Variable Remuneration Plans.

5.2 Compatibility of receiving the fixed remuneration established for the Chairman of the Board of Directors, and the fixed remuneration established for the President of the Appointments and Remuneration Committee, even if both positions are held by the same person.

Sixth.- Delegation on the Board of Directors of the necessary powers to interpret, complete, correct, develop, execute, formalise and register the foregoing resolutions and raise them into a public status, as well as substitute the powers granted by the General Meeting.

Seventh.- Advisory vote on the Annual Report on Remuneration of Directors of the Company corresponding to fiscal year 2015-2016.

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 2015-2016.

- The proposed allocation of results corresponding to financial year 2015-2016.

- The Report of the auditors on the Company's individual and consolidated annual accounts for financial year 2015-2016.

- The annual Report on the Company's Corporate Governance in financial year 2015-2016.

- The annual Report on the remuneration of the Company's directors in financial year 2015-2016.

- The Report of the Audit and Control Committee, of 25th October 2016, on the statutory auditor independence.

- The Report of the Audit and Control Committee, of 25th October 2016, on the functions and activities of the Audit and Control Committee, in financial year 2015-2016.

- The Report of the Appointments and Remuneration Committee, of 29th November 2016, on the functions and activities of the Appointments and Remuneration Committee, in financial year 2015-2016.

- The Corporate Social Responsibility Report, of 25th October 2016.

- Reports-Proposals of the Appointments and Remuneration Committees of 25th October 2016, and of 24th January 2017, and proposals of the Board of Directors of 25th October 2016 and of 24th January 2017, regarding the amendment of the Company Executive Directors Remuneration Policy, and regarding the compatibility of receiving the fixed monthly remuneration established for the

Chairman of the Board of Directors, and the fixed remuneration established for the President of the Appointments and Remuneration Committee.

- The complete texts of the proposed resolutions on each and every one of the points on 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"/"General Shareholders Meeting 2017").

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, from 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: 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 at 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 accordance with 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 that is not incurring in an interest conflict.

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, 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 2017"/"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 2017, 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 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, 16th February 2017

The Secretary Director,

Rafael de Juan López

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

ORDINARY GENERAL SHARHEOLDERS' MEETING

21 March 2017

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., as well as the Management Report of Compañía de Distribución Integral Logista Holdings, S.A., corresponding to the financial year closed on 30 September 2016.

1.2 To approve the consolidated 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., as well as the Management Report of Compañía de Distribución Integral Logista Holdings, S.A., and its consolidated group, corresponding all of them to the financial year closed on 30 September 2016.

1.3 To approve the management of the Board of Directors during the financial year closed on 30 September 2016.

1.4 To empower the Chairman and the Secretary of the Board of Directors, so that any of them, indistinctly, may carry out the acts and execute the documents that are necessary to file the approved Annual Accounts with the Commercial Registry of Madrid.

2 To approve the following proposal of the Board of Directors, of allocation of Compañía de Distribución Integral Logista Holdings, S.A. results, corresponding to the financial year closed on 30 September 2016:

Net Profit	122,806,511.83	Euros
For Dividends (0.9 €/share) (1)	11,135,942.90	Euros
• Interim Dividend 0.25 € per share (Resolution of the Board of Directors meeting of July 26th, 2016)	33,118,596.50(1)	Euros
• Supplementary Dividend 0.65 € per share(1)	86,017,346.40	Euros
For Voluntary Reserves	3,670,568.90	Euros

(1) Treasury shares included

The dividend will be paid on 29th March 2017 through Banco de Santander.

3.1 To appoint Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L. as Auditors of the Individual and Consolidated Annual Accounts of the Company, for the fiscal years ending on 30 September 2017, 30 September 2018 and 30 September 2019.

Deloitte, S.L. is a company of Spanish nationality, with social address in Madrid, Plaza Pablo Ruiz Picasso, 1, "Torre Picasso", with Fiscal Identification Code (CIF) number B-79104469. It is recorded at the Commercial Registry of Madrid, Volume 13.650, 8th Section, Page 188, Sheet M-54414, and at the Official Registry of Accounts Auditors, under no. S0692.

PricewaterhouseCoopers Auditores, S.L . is a company of Spanish nationality, with social address in Madrid, Torre PwC, Paseo de la Castellana 259 B, 28046 Madrid, with Fiscal Identification Code (CIF) number B-79031290. It is recorded at the Commercial Registry of Madrid, Volume 9.267 3rd Section, Page 75, Sheet M-87250, and at the Official Registry of Accounts Auditors, under no. S0242.

The appointed Auditors will have to act jointly.

3.2 To empower the Chairman, the CEO and the Secretary of the Board of Directors so that any one of them, indistinctly, after receiving a favourable report from the Audit and Control Committee, may agree with the Auditors on any terms deemed appropriate, formalizing the relevant agreement.

4.1 To approve, in accordance to the provisions of Article 39º of the Company By-Laws, a remuneration system (2017 Long-Term Incentives General Plan (the

"General Plan") and the 2017 Long-Term Incentives Special Plan (the "Special Plan") which consists on granting to the Executive Directors of Compañía de Distribución Integral Logista Holdings, S.A. ("the Company"), and to certain Managers and employees of the Company and some of its subsidiaries (the "Logista Group"), a right to consolidate a certain incentive (the "Initial Recognised Incentive"). Such right will be settled in free shares of the Company (or, if appropriate, in its equivalent cash, or through a combination of shares and cash), subject to the requirements, conditions and timeframes and other determinations included in the document that was initially approved by the Company's Board of Directors at its meeting held on 20 December 2016, prior to a favourable report and proposal from the Appointments and Remuneration Committee meeting held on the same date, and in the Regulations of both Plans that shall be approved by the Board.

The general characteristics of both Plans are described below:

1st. **Validity of the Plans:** Both Plans will remain in force for a total of five (5) years and will be divided into three (3) cycles of three (3) years each (the "Vesting Period").

The first cycle of both Plans will begin on 1st October 2017.

2nd. **Beneficiaries:** The General Plan is addressed to the Company's Executive Directors and to certain Managers and employees of the Logista Group, who have evidenced high performance and future potential, whereas the Special Plan is exclusively addressed to Executive Directors of the Company and certain Logista Group Managers, evidencing a high level of performance and added value.

3rd. **Initial Recognised Incentive**:

a. The Initial Incentive to be recognised in favour of a Beneficiary, according to the General Plan, will represent, as a maximum in each Vesting Period, the annual variable remuneration at short term, accrued by the Beneficiary during the financial year immediately preceding the Initial Incentive Recognition Date ("Accrued Bonus").

b. The Initial Incentive to be recognised in favour of a Beneficiary, under the Special Plan, will be equivalent to a certain percentage of each Beneficiary's annual Fixed Remuneration, to be determined in each Vesting Period, and with a maximum of 75 per 100 in the case of

Executive Directors, and of the 50 per 100 in the case of all other Beneficiaries.

c. Once the Initial Recognised Incentive has been calculated for a Beneficiary, included in the General Plan and/or the Special Plan, it will materialize through the granting by the Company of:

A Conditional Right to freely acquire, a number of shares in the Company (the "Number of Recognised Shares").

The Number of Recognised Shares will be the result of dividing in both Plans, the Initial Recognised Incentive in favour of a Beneficiary, by the weighted average listed price of the Company shares, at the end of the trading day, during the thirty stock exchange sessions preceding the Recognition Date ("Share Reference Value").

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, will have the faculty to decide, prior to the beginning of each Vesting Period of the Plan, and depending on the percentage of the Company's free float, if the settlement of the Vested Share Incentive, consolidated by the Beneficiaries, is made in shares of the Company or, alternatively, in its cash equivalent or through a combination of shares and cash.

The Conditional Right previously referred to, that is recognized by the Company to a Beneficiary, in accordance with the Special Plan, or the General Plan, or their implementing regulations, is not cumulative or computable when determining the fixed and variable Remunerations, at short or long term, to be received by the Beneficiary, nor will it be treated as a vested right.

4th. **Requirements to Consolidate the Recognised Rights:** Both in the General Plan and the Special Plan, to Consolidate the Recognised Right, the relevant Vesting Period must have expired and, during the same, an employment relationship or commercial-employment relationship, as the case may be, must be held with the Company or any subsidiaries participating in the Plans. Furthermore, the Objective determined by the Board of Directors of the Company for the Consolidation of the Number of Recognised Shares in each Vesting Period must be met (usually three years, except for early settlement special circumstances).

5th. **Objectives to Consolidate the Recognised Right:** The criteria initially established as consolidation Objective in both Plans are described below:

a. Share Consolidation Objective: 50% or 67% of Number of Recognised Shares, according to the General Plan or Special Plan, respectively.

   Total Shareholder Return (TSR) and Comparative Profitability with other Companies (CP). The CP will compare the TSR of the Company with the TSR of companies that operate in the same or similar sector of activity (the "Reference Group").

b. Share Consolidated Objective for the remaining 50% or 33% of Number of Recognised Shares according to the General Plan or Special Plan, respectively.

   One or several internal criteria, of a financial or operating nature, referenced to the level of achievement of the objective during the Vesting period, when compared with the objective forecasts included in the Logista Group Business Plan.

The Company's Board of Directors, further to a proposal from the Appointments and Remuneration Commission, will be expressly entitled to determine, for each cycle under both Plans, both the Consolidation Objectives and the percentage figures for the Consolidation of the Recognised Initial Incentive.

6th. **Capital associated to the General and Special Plans:** Throughout the validity of the General and Special Plans, as well as of the 2014 General and Special Plans in Performance Shares, the maximum share capital of the Company that may be committed, in relation thereto, will be 2% of the Company's total share capital, upon approval of the 2017 Plans.

7th. **Origin of the shares to be given to the Beneficiaries**. The shares to be given to the Beneficiaries, both of the General Plan and the Special Plan, may be, prior to the fulfilment of the legal requirements for that purposes, (a) shares owned by the Company, acquired or that will be acquired by the Company or any company of the Logista Group; or (b) new issued shares.

8th. **Special Rules applicable to the Executive Directors and Senior Managers of the Logista Group**

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

For two years after the Settlement Date of the Special 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 or successors, if the latter have received the Vested Share Incentive, due to the death of the Executive Director or Senior Manager while holding office, to refund up to 100 per cent of the Vested Share Incentive (either it has already been settled in Company shares, in cash, or through a combination of shares and cash) or even offset such refund against other remuneration items of any nature that the latter are entitled to receive, where any of the following circumstances are present:

a) Where it comes to light that the settlement of the Vested Share Incentive has taken place on the basis, in whole or in part, of information that is subsequently shown to be manifestly false or seriously inaccurate.

b) Where there are losses at the Group (negative EBIT) during the "clawback" period that are attributable to the management carried out by the Executive Director or Senior Manager in the Vesting Periods.

c) Where there is a material restatement of the Group's financial statements, where so considered by the external auditors, except where it is appropriate in accordance with a change to the accounting legislation.

d) Where the Executive Director or Senior Manager has been penalized for a serious breach of the Group's code of conduct and other internal regulations applicable to him or her, provided that the breach has adversely affected the image and reputation of it or has adversely affected the perception of the Group by the markets, clients, suppliers or regulations, among others.

The Board of Directors will, at the proposal of the Appointments and Remuneration Committee, determine, where appropriate, whether the circumstances that trigger the application of this clause have arisen and the Vested Share Incentive that must be refunded to the Company or Participating Company.

8.2 Period during which the shares transferred under the General Plan and the Special Plan must be held

8.2.1 Senior Managers

Logista Group Senior Managers (except for Executive Directors) must hold and may not dispose of by any means, or give as collateral, the shares of the Company that have been transferred to them by the Company under this Special Plan, for a period of one year after the Transfer of the Shares.

8.2.2 Company Executive Directors

As long as they hold office, Executive Directors must hold and may not dispose of by any means, or give as collateral, the shares of the Company that have been transferred to them by the Company under this Special Plan, in an amount equal to twice their Annual Fixed Remuneration.

For these purposes, the value of the shares transferred will be determined by the Share Value at the Vesting Date, and Annual Fixed Remuneration will mean that which corresponds to the Executive Director on the Vesting Date.

The holding obligation referred to in this section is understood to be without prejudice to the shares of the Company that the Executive Directors and Senior Managers must dispose of to meet any kind of cost resulting from the Transfer of the shares of the Company.

4.2 To grant to the Company's CEO, Mr. Luis Egido Gálvez, and to the Secretary Director, Mr. Rafael de Juan López, an Initial Recognised Incentive, for the maximum foreseen under both Plans for Executive Directors, which will eventually entitle them to acquire, without consideration, the Number of Company Shares, or its equivalent in cash, or through a combination of shares and cash, if the Board of Directors make use of the power stated in above paragraph 4.1 3rd c), which, in either case, is applicable under both Plans, according to the requirements, conditions, Consolidation Objectives, and level of compliance of the Consolidation Objectives under both Plans, determined by the Board of Directors.

4.3 To empower the Board of Directors, with the broadest powers in law, and with an express power to replace these powers in favour of the Appointments and Remuneration Committee or the CEO – except, regarding the latter, for those related to Executive Directors-, as required to ensure the application, enforcement, implementation and interpretation of the 2017 General Plan and the 2017 Special Plan and, in particular, without limitations:

(i) To approve any application and implementation rules;

(ii) To select the Beneficiaries of both Plans, in each of the years 2017, 2018 and 2019, or during the year(s) in which use is made of the authorization granted;

(iii) To determine the Objectives and Level of achievement thereof in each Vesting Period, on which Consolidation depends for a Recognised Incentive,

(iv) To carry out any action, statement or management before any entity or body or public or private registry, in order to obtain any authorisation or verification required for the implementation, execution or liquidation of the General Plan and the Special Plan, and the free delivery of shares of the Company;

(v) To negotiate, agree and subscribe any agreement of any type with financial entities or other type of entities, in the terms and with the conditions considered appropriate, required or convenient for the best implementation, execution or liquidation of the General Plan and the Special Plan, including, when appropriate considering the applicable legal regime to some Beneficiaries or companies of the Group or, if appropriate for legal, regulatory, operative or similar reasons, the establishment of any legal structure or to reach agreements with any kind of entities for the deposit, custody, care and administration of the shares of the Company, and/or its latter delivery to the Beneficiaries under both Plans.

(vi) To draft and publish the announcements considered appropriate or convenient.

(vii) To draft, subscribe, grant and, if appropriate, certify, any kind of documents relating with the Plans.

(viii) To adapt the content of both Plans to the circumstances and corporate transactions that may take place during its duration, booth referred to the Company or the Logista Group and to the companies' part of the Reference Group in each moment, under the terms and conditions considered appropriate or convenient in each moment to keep the purpose of both Plans;

(ix) And, in general, to grant the private or public documents and carry out any action, adopt any decision and subscribe any agreement considered appropriate or merely convenient for the validity, enforceability, implantation, development, execution, liquidation and success of the General Plan and the Special Plan, and the resolutions previously adopted.

5.1 Amendment of the Executive Directors' Remuneration Policy, approved by the General Shareholders Meeting of February 17th, 2015, in accordance to the provisions of the "*Disposición Transitoria*" of Act 31/2014, of December 3rd, in order to include in their contractual conditions, the following provisions:

A) Ex-post adjustments to variable remuneration ("clawback clause")

During two years after the settlement and payment of the variable remuneration (both, short-term and medium- and long-term deferred), the Company may require its Executive Directors and, as the case may be, their successors in title, should these latter have received the variable remuneration due to the death, in his/her mandate, of the Executive Director, to refund up to 100 per cent of such variable remuneration or even to offset such refund against any other remuneration of any nature that they may be entitled to perceive, where any of the following circumstances are present:

- It comes to light that the settlement and payment of the variable remuneration has entirely or partly taken place on the basis of data whose falsity or inaccuracy was manifestly demonstrated later.

- There are losses at the Logista Group (negative EBIT) during the clawback period that are attributable to the management carried out by the Executive Directors in the Vesting Periods.

- There is a material restatement of the financial statements of the Logista Group, where so considered by the external auditors, unless it becomes appropriate due to a change in the accounting legislation.

- The Executive Directors have been penalized due to a serious breach of the code of conduct and other applicable internal regulations, where the breach has harmed the Company's image and reputation, or has harmed the perception of the Company by markets, clients, suppliers, or regulators, among others.

The Board of Directors, at the proposal of the Appointment and Remuneration

Committee, shall determine whether the circumstances that trigger the application of this clause have occurred and the amount of the variable remuneration, if any, that must be refunded to the Company.

B) Obligation to hold Company shares transferred under the medium- and long-term deferred Variable Remuneration Plans

As long as they hold office, Executive Directors must hold and may not dispose of by any means, or give as collateral, the shares of the Company that have been transferred to them by the Company, as a result of their participation in any medium- and long-term deferred variable remuneration plans until reaching a number of shares equal to twice their Annual Fixed Remuneration.

The foregoing shall not apply to shares that Executive Directors must sell, where appropriate, to defray the costs related to the settlement thereof.

5.2 Amendment of the Directors' Remuneration Policy, approved by the General Shareholders Meeting of February 17th, 2015, in accordance with the provisions of the Transitional Provision of Law 31/2014, of December 3rd, in order to establish the complete compatibility of the receipt of the fixed remuneration established in the said Policy for the Chairman of the Board of Directors and for the Chairman of the Appointments and Remuneration

6. Delegation on the Board of Directors of 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.

7. Approve, on a consultative basis, the Annual Report on Remuneration of Directors of Compañía de Distribución Integral Logista Holdings, S.A., corresponding to the year 2015-2016.

5. - STATUTORY AUDITOR INDEPENDENCE ANNUAL REPORT

AUDIT AND CONTROL COMMITTEE

2015-2016



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 "Reformed Text of the Statutory Auditor Law", approved by Spanish Royal Legislative Decree 1/2011, on July 1st (the "Statutory Auditor Law"). Consequently, the Audit and Control Committee develops the present report.

Please note the Law 22/2015 of June 20th, regarding the statutory audit comes into force, according to its 14th additional disposition of July 16th, 2016, therefore, at the closure of the current fiscal year, shall apply the Spanish Royal Legislative Decree 1/2011, of July 1st.

2. RECRUITMENT CONDITIONS

The Annual Shareholders' Meeting held on June 4th, 2014 appointed Deloitte, S.L. as auditors for the accounts of the Company and of its consolidated Group to carry out the statutory annual accounts audit review and its consolidated Group for the years2013-2014, 2014-2015 and 2015-2016.

Fees related to audit services of the financial statements of the year 2015-2016, rendered to Grupo Logista by Deloitte, S.L. amount € 1.139 Thousand.

Hiring process is set up before the beginning of the duties of the external audit for the current fiscal year, and was previously informed by the Audit Committee on January 26th, 2016.

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, 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 Statutory Audit Law.

3. <u>NON- AUDIT FEES:</u>

The breakdown of the services contracted and invoiced during the fiscal year 2015-2016, not considering the fees for the account auditing are presented in the following table:

	Thousand Euros
Other Verification Services	44
Transfer Pricing	200
Authorized Economic Operator	50
Other services	91
Total	**385**

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 de España.

- 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. AUTHORIZED ECONOMIC OPERATOR CERTIFICATION

- Fees paid in fiscal year 2015-2016 for assistance services hired in 2015 in the elaboration and/ or review of the required documentation to obtain the Authorized Economic Operator Certification (OEA) certification in Italy.

3.4. OTHER SERVICES

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

- Fiscal Policy: Fees paid in fiscal year 2015-2016 for advice in the review and updating of the Group Fiscal Policy, and guidance in the possible GAPs of the mentioned Policy.

- Advice-diagnostic of the Group current Penal Risks Framework (Corporate Defense) in order to evaluate the degree of alignment with the reform of the Penal Code through the Organic Law 1/2015 of March 3^{0th}, hired in FY1415.

- SAP GRC Project Migration (Governance, Risk and Compliance): Review and assistance on migration on the current GRC version based on JAVA (GRC AC 5.3_20.0) to the version based on ABAP (GRC AC 10.1). This SAP module manages both the access roles to the transactions and the segregation of duties. The migration scopes the supporting platform, not making any modification to the role design or to the segregation of duties, already defined by the Group. Hiring was done in FY1415.

- To review the Internal Control General Policy developed by the Group in order to ensure that it correctly defines the organization operating scheme, and to evaluate the mechanisms used by the organization to ensure that all the applicable regulatory requirements are considered, as well as the market best practices. Hiring was done in FY1415.

- Advice in the review and updating of the Group Risk Management Policy developed by Grupo Logista, and guidance in the possible GAPs regarding the latest developments and trends, during the last quarter of the fiscal year 2014-2015.

- Advice in preparation of the Corporate Social Responsibility Report of Compañía Integral de Distribución Logista Holdings, S.A

- 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.

The hiring of these services has been done according to stated at art. 13. Incompatibility causes of "Reformed Text of the Statutory Auditor Law", approved by Spanish Royal Legislative Decree 1/2011, on July 1st, 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. 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 2015-2016, Grupo Logista has hired audit services and other non-audit services Deloitte S.L., amounting a total of € 1.524 Thousand, which represent a 0.0037% of the annual revenues disseminated by Deloitte global for its fiscal year 2015-2016.

5. INDEPENDENCE DISCLOSURE FROM THE STATUTORY AUDITOR

On October 25th, 2016, the audit partner in charge of the issuance of the statutory audit report for the consolidated accounts of Compañía de Distribución Integral Logista Holdings, S.A., has confirmed to the Audit and Control Committee his independence.

The document developed by the Group Statutory Auditor, attached as Annex to this report, contains the written confirmation of his 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 auditor or related persons.

During fiscal year 2015-2016 the Statutory Auditor has not revealed in the Audit and Control Committees any issue that could impair his independence.

6. 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 Auditor, Deloitte S.L., has 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 2015-2016.

Furthermore, it has been concluded that there are no objective reasons that would allow contesting the Statutory Auditor independence, and that such independence has not been threatened or impaired during the fiscal year 2015-2016, 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 25th, 2016.

Leganés, October 25th, 2016

D. Rafael de Juan López
Audit and Control Committee Secretary

Grupo Logista

ANNUAL REPORT OF THE ACTIVITIES OF THE

AUDIT AND CONTROL COMMITTEE

2015-2016




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 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 2016, the Committee was formed as follows:

Job Title:	Members	Date of Appointment	Nature
President	Ms Cristina Garmendia Mendizábal	09.06.2014	Independent
Members	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 2015-2016 financial period, the Company's Audit and Control Committee held seven meetings:

1st SESSION – 27 OCTOBER 2015

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).

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 Mr. Ignacio García Gómez).

The Audit and Control Committee carried out the following activities:

- Review of the Annual Accounts of the Company (2014-2015

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 30-09-2015, would be unqualified.

- The materiality, for the purpose of the Consolidated Accounts, was seven million euros and five million euros for the Individual Accounts.

- 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 30-09-2015.

- 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 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 (SCIIF) included in section F) of the Annual Corporate Governance Report (ACGR), resulting in no relevant inconsistencies or incidents that could affect it. Notwithstanding the above, the External Auditor issued a series of improvement recommendations, including, descriptively documenting the internal control activities of the SCIIF.

- 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, 2015.

- The Committee accepted the recommendations of the External Auditor on the system of Internal Control of Financial Reporting (ICOFR) and agreed that the competent bodies (especially the Corporate Directorate of Finances), should take the decisions and measures which they considered necessary for their complete implementation.

- **Annual Corporate Governance Report**

- A favourable opinion was issued with regard to the Annual Corporate Governance Report (2014-2015) 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 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 about the Activities of the Committee

- The Report on its Functions and Activities was unanimously approved for the 2014-2015 period, which was submitted to the Board of Directors, pursuant to article 17.2 of the Board's Regulation.

- Manual of Accounting Policies, Consolidation and Reporting of the Logista Group

- The Director of Internal Auditing reported to the Committee on the approval of the Procedure 'Manual of the Accounting Policies, Consolidation and Reporting of the Logista Group, that according to CNMV recommendations, establishes and describes the Accounting Policies and the Plan of Accounts to which the Group's Financial Information is obliged to conform.

- Complaints of malpractice

- There were no complaints of any malpractice during the year.

- Outline of the 2015-2016 Internal Auditing Plan

- Unanimously, the Committee approved the outline of the 2015-2016 Internal Auditing Plan, proposed by the Corporate Internal Audit Director.

  The Audits to be accomplished are related to the following areas:

  i) Audits of procedures in the whole of the Logista Group (Tobacco buying procedures-First quarter financial statement review).

  ii) Unscheduled audits

  iii) Compliance with regulations (Review all procedures related to the ICOFR (SCIIF in Spanish) over a period of three years, starting with the tobacco buying procedure. – Review of compliance with Law 231/01 in Italy and of prevention of risks from crime procedures in Spain).

  iv) Local audits in Iberia, Italy and France

  v) Review of some aspects of the Information Systems

- Report on Corporate Social Responsibility 2014-2015

The Committee reported favourably on the abovementioned Report.

2nd SESSION – 24 NOVEMBER 2015

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).

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 carried out the following activities:

- Approval of the Internal Auditing Plan (2015-2016)

The Committed approved the content of the 2015-2016 Internal Auditing Plan, presented by the Director of Internal Audit.

The content and objectives of the Plan were grouped according to the following scheme:

A) Global audits for the whole of the Logista Group

The activities proposed are:

- A review of the financial statements for the first quarter
- Tobacco Buying Procedure
- Review of the testing of the Disaster Recovery Plan
- Review of the security of the Data Centre managed by Interxion
- Review of the procedure for managing IT licences and assets.

B) Local Audits in Spain, France and Portugal

C) Surprise visits to warehouses in Spain, Portugal, France and Italy

D) Compliance

- Model 231/01in Italy

Review of the degree of compliance with the controls defined in the Model for Crime Prevention, and also their sufficiency and efficacy, for Logista Italia, Logesta Italia and Terzia.

- Crime Prevention Framework in Spain- Corporate Defence

Review of the degree of compliance with the controls defined in the Model for Crime Prevention, and also their sufficiency and efficacy, for the Group's Companies in Spain.

- Supervision of the system of internal control over financial reporting

The main aim is to comply with what is laid down in the 'Guide for the preparation of management reports in listed companies', issued by the CNMV, and specifically, to give support to the Group's Internal Control Committee in its task of supervising the internal control system, including the ICOFR (SCIIF), and its impact on the financial statements.

- The Logista Group Map of Risks

The Audit and Control Committee validated the Map of Risks proposed by the Internal Audit Directorate.

- The Draft Policy on the Use of the Logista Group's Property

The Board Secretary presented this Draft Policy to the Committee.

The aims of the Policy were the following:

- To organize and regulate the use of those of the Logista Group's items of property which are placed at the disposal of its Employees.

- To lay down the basic criteria and general conditions to which the use of such property must conform.

- To inform all the Employees that the Logista Group, in the exercise of its legally recognized powers, reserves the right to supervise and control the use of such property and the methods and procedures used in the exercise of that corporate right.

- To define the standards and procedures to which the personal use by the Employees of the property placed at their disposal has to conform, when such personal use is permitted.

This Policy is applicable to all Employees of the Logista Group.

The Audit and Control Committee unanimously reported favourably on the 'Policy on the Use of the Logista Group's Property, and proposed that the Board of Directors approve it.

- Adaptation of the Model for the Prevention of Crime to conform with Organic Law 1/2015 of 30th March, which modifies the Spanish Penal Code, and the consequent modification of Policies 3/2012 ('General Principles of Behaviour for the Prevention of Risks from Crime'), 4/2012 ('Manual for the Prevention of Risks from Crime') and 2/2015 ('Internal Auditing').

The Meeting was joined by Board Members Messrs. Downing (by videoconference), Hathaway, Keveth and Lissner, and by Mrs. Carolina Werner and Mr. Borja Almodóvar, from Deloitte, whose advice had been sought by the Company in order to adapt the current Model for the Prevention of Crime to Organic Law 1/2015 of 30th March, which modifies the Spanish Penal Code.

The model was reviewed with the intervention of the General Secretariat and of the Legal Advice, Internal Control and Internal Auditing Departments.

Deloitte reported the following:

I. Background

Organic Law 5/2010 of 22nd June incorporated into the Spanish Penal Code, for the first time in the history of Spanish Law, the direct criminal liability of the legal entity (Article 31 bis of the Penal Code), which for certain crimes is instituted autonomously in relation to the criminal liability of the natural person who commits the crime.

On that basis, on 27th March, 2012, Logista's Board of Directors approved two sets of internal regulations: 'General Principles of Behaviour for the Prevention of Risks from Crime', and the 'Manual for the Prevention of Risks from Crime', which was modified on 30th October, 2013, in order to adapt it to the provisions of Organic Law 7/2012 of 27th December, modifying the Criminal Code. Those regulations laid down a system of internal control in order to avoid or attenuate the risk of Logista's suffering hardships (which could consist of anything from monetary fines to the suspension of the Company's activities or its dissolution) because of crimes committed by its administrators or employees in their own name and for their own benefit.

II. Organic Law 1/2015

- Organic Law 1/2015 of 30th March ('Law 1/2015') again modified the Criminal Code, and brought a technical improvement to the treatment of the criminal liability of legal entities.

- Law 1/2015 maintains the assumptions of criminal liability that were introduced by the 2010 law, in such a way that the company will be penally liable when the crime – which must be one of those considered in the Criminal Code as *numerus clausus* – has been committed, in their own name or for their own account, and for their direct or indirect benefit:

  a) by the administrators or legal representatives;

  b) by any persons who, being under the authority of the natural persons mentioned in paragraph a), were able to commit the crime because of the serious failure of the latter to perform the duties of supervision, vigilance and control of the activity – before Law 1/2005, "because the due control over them had not been exercised" -, given the circumstances of the case.

- Law 1/2015 expressly introduces exemption from criminal liability of legal entities, provided that certain conditions are fulfilled by the two groups of individuals from among the above-mentioned legal persons:

  - If the crime were committed by administrators or legal representatives, the legal entity would be exempt from liability if the following requirements were satisfied:

    - The adoption and efficient implementation, before the commission of the crime, of a model of organisation and management which includes measures of vigilance and control that are ideal for preventing crimes of the same nature, or for significantly reducing the risk of their being committed.

    - That the perpetrators committed the crime by fraudulently eluding the models for organisation and prevention.

    - That the supervision of the functioning and observance of the prevention model introduced be entrusted to a body of the legal entity which has autonomous powers of initiative and control, or to which the function of supervising the efficiency of the internal controls of the legal entity has been legally entrusted. In legal entities of small size, the said functions may be performed directly by the administrative body.

    - That there has been no omission or insufficient exercise of the functions of supervision, vigilance or control on the part of the aforementioned body.

- If the crime were committed by individuals subject to the authority of the aforementioned, the legal entity would be exempt from liability provided that, before the commission of the crime, it had adopted and implemented a form of organisation and management that was appropriate for the prevention of the crime or for significantly reducing the risk of it being committed, and had set up the aforementioned supervisory body.

- Law 1/2015 lays down the requirements which the models of organisation and management have to fulfil:

    - They will identify the activities in the ambit of which the crimes that have to be prevented could be committed
    - They will set up procedures that materialize the processes of shaping the will of the legal entity, of decision-making and of the implementation thereof.
    - They will have models for the management of financial resources that are appropriate to prevent the commission of the crimes which have to be prevented.
    - They will impose the obligation to report possible risks and breaches to the organisation responsible for monitoring the functioning and observance of the prevention model.
    - They will set up a disciplinary system which adequately sanctions non-observance of the measures laid down by the model.
    - They will perform regular checks on the model and any modification to it in case of relevant infractions, changes in the organisation, in the control structure or in the activity carried on.

Deloitte indicated that the review of the model, in order to adapt it to Law 1/2015, had included the following main aspects:

1) The types of crime in which, owing to the nature of the activities of the Logista Group in Spain, there was a greater risk of their being committed were again identified and analysed. For each type, the risk was categorised according to the frequency of its occurrence and the consequences.

   To the forms of crime already referred to in the current ‘Manual for the Prevention of Risks from Crime’, there have now been added, among others, the ‘Crime of Contraband’ the ‘Crime of Illegal Financing of Political Parties’, and the ‘Crime of Damage to Computers’.

2) For each criminal case, the operational matrices of management and control have been reviewed, and a new Matrix of Risks and Controls has been made for all the crimes covered by the Manual.

3) The bodies competent to introduce, control and supervise the operation of the model for preventing risks from crime have been designated (the Board of Directors, Audit and Control Committee, Control and Monitoring Unit, Corporate Internal Control Directorate, Control Managers and Corporate Directorate of Internal Auditing).

In particular, reinforcement is being given to the mission and responsibilities of the ‘Unit for Control and Monitoring of the Model for Prevention of Risks from Crime’ (the ‘Control Unit’). This is the body which has autonomous powers of initiative and control to introduce, review and supervise the functioning and control of the model, in accordance with the requirements laid down in Law 1/2015.

4) In the composition of the Control Unit, the presence of the Corporate Director of Internal Auditing, as *ex officio* member and Secretary of the same, is no longer required, as it is considered that such functions are totally incompatible with her principal mission in this area, which is to supervise the efficiency of the internal control of risks from crime as reported by the Audit and Control Committee. However, the Corporate Director of Internal Auditing continues in the Control Unit as an advisor/non-member of the same.

   The Control Unit will be composed of the following members: (i) the Corporate Director of Finances, who will be its Chairman, (ii) the Corporate Director of Resources, who will be its Vice-Chairman, (iii) the Corporate Director of Human Resources, (iv) the Corporate Director of Internal Control and (v) the representative of the Corporate Legal Advice Department or Regulatory Compliance Department, who will act as Secretary. Another non-permanent member will be the representative of the Businesses or Corporate Directorates, who will be nominated by the Chairman.

5) A specific budget has also been allocated to the Control Unit to demonstrate the Company’s investment in resources for the prevention of crime.

Finally, Deloitte made the following recommendations:

- To increase the communication channels of the Complaints Channel to guarantee that they are correctly disseminated throughout the Group.
- To consider incorporating the catalogue of infractions and crimes covered by the Model for the Prevention of Risks from Crime into the disciplinary regimes of each collective agreement.
- To include the Model for the Prevention of Crime in the Group’s Training Plan.
- To lay down the formal, annual procedure for evaluating the Model for the Prevention of Risks from Crime.
- To consider optimising the process of monitoring and supervising the Model by the use of an IT tool.

Finally, at the proposal of the Control and Monitoring Unit, the Audit and Control Committee unanimously reported favourably on the review of the Model for the Prevention of Risks from Crime, and proposed that the Board of Directors approve the modification of the following internal Policies:

1.- The General Principles of Behaviour in the Prevention of Risks from Crime (attached to these minutes as Annexe 1).

2.- Manual for Corporate Defence/ Prevention of Risks from Crime (attached to these minutes as Annexe 2).

3.- Policy on Internal Auditing (Policy 2/2015, of 27th April) (attached to these minutes as Annexe 3).

- Information on the activities of the Committee of and Crime Prevention Internal Control

The Director of Internal Auditing reported to the Committee on the content of the meetings of the Internal Control Committee between April and November 2'15, and handed over the minutes of those meetings.

- Increase of the reciprocal line of credit with the Imperial Tobacco Group to 2,600 million euros

The Committee unanimously, with the abstention of Mrs. Garmendia, in respect of the vote of Mr. Resnekov (the representative of the ITG), reported in of the proposal of the Corporate Finances Director, of increasing the reciprocal line of credit to 2,600 million euros, which would be remunerated, as hitherto – remuneration which would, without doubt, be at the market interest rate for the Logista Group, and suggested that the Board approve it.

3rd SESSION - 26 JANUARY 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).

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 2015), which shall be sent to the CNMV and to the markets.

- It received a report from the Corporate Internal Audit Director concerning the abovementioned Financial Report.
- 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 on the Proposal to modify Article 6 of the Rules of the General Shareholders' Meeting ('Responsibilities of the General Shareholders' Meeting')

The Committee's Secretary informed the Committee of the fact that Law 5/2015 of 27th April modified Article 406 of the Law of Capital Companies in respect of the obligation of companies to issue shares.

In accordance with that Article, the Board of Directors was going to propose to the Ordinary General Shareholders' Meeting the modification of the pertinent Articles of the Bylaws (specifically, Articles 13, 14, 15 and 17) to indicate that it is the Board of Directors which is the body responsible for arranging for the issue and admission to trading of bonds, and for the granting of guarantees of the issue of bonds, with the exception of the issue of convertible bonds, which is the responsibility of the General Shareholders' Meeting.

The required concordance between the Bylaws and the Rules of the General Shareholders' Meeting therefore makes it necessary to modify Article 6 of the Rules of the General Shareholders' Meeting of 4th June, 2014, modified on 17th February, 2015, and relating to the responsibilities of the General Shareholders' Meeting, so that it conforms to the provisions of the Bylaws in that regard.

Finally, the Audit and Control Committee unanimously reported in favour of the modification to Article 6, and of the proposed "Report of the Board of Directors to the General Shareholders' Meeting on the proposed resolution to modify Article 6 of the Rules of the General Shareholders' Meeting of 4th June, 2014, modified on 17th February, 2015 (Fifth Point on the Agenda of the General Shareholders' Meeting)"

- Proposal to modify the Rules of the Board of Directors so that they conform to the Recommendations of the New Code for the Good Governance of Listed Companies

The Secretary of the Committee reported that on 18th February, 2015, the Board of Directors of the National Securities Market Commission approved a new Code for the Good Governance of listed companies, including new recommendations, which it seems necessary to incorporate into the Consolidated Text of the Board's Rules of 16th December, 2014, that being the main reason for modifying its pertinent articles.

In addition, it was proposed to incorporate into the Rules the modifications to the Law of Capital Companies that have occurred since the date of the Rules, and in particular, the modification produced in its Article 529 *quaterdecies* ('Audit Committee') by the Law of Accounts Auditing of 20th July, 2015.

The Committee’s Secretary then summarised the most important modifications, which refer to the following articles: Article 4.- Dissemination Article 5.- Function of supervision Article 6.- Purposes of the Board’s intervention Article 7.- Categories of Directors Article 8.- Qualitative composition Article 10.- The Chairman of the Board Article 11.- The Vice-Chairman Article 14.- The Vice-Secretary Article 15.- The Board’s Committees Article 16.- The Executive Committee Article 17.- The Audit and Control Committee Article 18.- The Appointments and Remunerations Committee Article 19.- Board Meetings Article 20.- Constitution and conduct of the meetings Article 21.- Adoption of agreements and majorities Article 23.- Official names of Non-Executive Directors. Incompatibilities Article 25.- Duration of the position Article 26.- Cessation of Directors Article 29.- Assistance from Experts Article 30.- The Board’s remuneration Article 33.- Due diligence Article 39.- Approval of transactions with Directors and with significant shareholders. Transparency. Article 41.- Indirect Operations, Activities and Actions. People connected with a Director Article 44.- Relationships with shareholders Article 45.- Relationships with institutional shareholders Article 45.- Relationships with the Markets Article 46.- Relationships with Auditors Article 47.- Annual Report on Corporate Governance Article 48.- Annual Report on the Remuneration of the Board Members Article 49.- Corporate website

The Audit and Control Committee unanimously agreed to report in favour of the proposal to modify the abovementioned articles, as well as of the approval by the Board of a new Consolidated Text of the same.

Also, the Committee unanimously proposed to the Board of Directors the ‘*Report of the Board of Directors to the General Shareholders’ Meeting on the modification of certain articles of the Rules of the Board of Directors of 16th December, 2014, so that they conform to the Recommendations of the New Code for the Good Governance of Listed Companies’*.

- Quarterly Report of the Internal Audit

- The Committee was informed by the Corporate Internal Audit Director on the following subjects:

  1. The main auditing activity in the first quarter had been the completion of the reviews begun at the end of the previous fiscal year, and the carrying out of two overall audits:

     - A review of the financial statements for the first quarter of the year
     - Purchases of Tobacco (in progress)

     It should be noted that the activities of the ICOFR (SCIIF in Spanish) in relation to purchases of tobacco were being carried out jointly with the above-mentioned review in order to obtain synergies, and that the ICOFR review of non-inventory purchases was also being carried out during this quarter.

     The control frameworks of Corporate Defence and 231/01 had been brought up to date.

  2. She reported the audits completed during the period concerned, the description of each one, and their general results.

3. Follow-up of Actions

Mrs. Templado reported that the degree of accomplishment of the actions recommended by Internal Auditing had risen to 56%, compared with the 40% of the previous year.

- Fees of the External Auditor

- The Director of Internal Auditing informed the Committee about the hypotheses and variations which had been taken into consideration in the negotiation of the fees for External Auditing.

  Her proposed modifications to the auditing services to be contracted were as follows:

  - ❑ *COLLEGIO SINDACALE*:
    - ➢ Has double function: control of good governance and accounting control (statutory auditing)
    - ➢ The offer received from Deloitte for the statutory auditing would be more economical because it would obtain synergies with the work currently being done.
  - ❑ BDO:
    - ➢ It is maintained as the auditor of four subsidiaries of the Publications sub-group.

Overall, savings would be obtained by these means.

Finally, she proposed for the Committee's approval the contracting of the auditing firms indicated and the fees for the auditing of the accounts for financial year 2015-2016, which amount, for the whole Group, to 1,273,317 € (1,059,638 € Deloitte, 42,790 € BDO and 170,889 € Collegio Sindacale).

The fees indicated are similar (-0.2%) to those of last year.

The Audit and Control Committee unanimously approved the contracting of the auditing firms indicated, and the fees indicated against each of them.

4th SESSION – 26 APRIL 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).

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 Mr. Ignacio García Gómez).

The Audit and Control Committee analysed the following subjects:

- Financial Report for the First Half Term of the financial year (1 October 2015 to 31 March 2016).

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 Auditor about the verification tasks on this Half-Yearly Financial Report, which was carried out pursuant to Standard NIC 34 "Intermediate Financial Information".

After highlighting issues deemed to be relevant, it concluded that as a result of the limited review of the Company's consolidated intermediate financial statements for the first half of the financial year, these had been prepared pursuant to the requirements of the NIC 34 without any significant aspects being identified.

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.

- **Letter of Recommendations of the External Auditor for Financial Year 2014-2015**

Deloitte informed the Committee that a follow-up had been carried out on the main areas for improvement that had been identified in previous years, and that appropriate improvements had indeed been noticed. In addition, new areas for improvement had been identified.

Actions already carried out

- Updating of the Manual of Accounting Policies

- Low stock rotation of the electronic cigarette

- Approval of Policies by the Board

Actions being carried out now

- Completion of the documentation of all parts of the ICOFR procedures.

Actions pending

- Review of the users/administrators of SAP

- Review of the model for fiscal reporting

- **Quarterly Report on Internal Auditing 2015-2016**

The Director of Internal Auditing, Mrs. Laura Templado informed the Committee on the Internal Auditing work carried out during the second quarter of the financial year, and on the result of that work, and on the risk (Impact) that it could produce in the Group's consolidated accounts.

With regard to the extent to which the 2015-2016 Internal Auditing Plan had been implemented, she stated that 41% of the outstanding actions had been carried out, and she proposed a modification to the approved Plan, involving the replacement, within the activity relating to the system of internal control of financial reporting (ICOFR) (SCIIF in Spanish), of the review of the procedure for purchasing non-inventory goods by a review of the ICOFR consolidation procedure, which was regarded as being of higher priority – because a project for the automated processing of orders had already been initiated (at present the processing was basically manual), modification that was approved by the Committee.

- **Report on the Logista Group Policy on Complaints of Malpractice ("Whistleblowing") and, if appropriate, proposal to the Board of Directors that it approve that Policy and the Procedure for Managing such Complaints.**

The Committee's Secretary, Mr.de Juan, explained to the Committee the justification for the Policy on Complaints of Malpractice, its basic content, and the basic content of the Procedure for Managing the Complaints Channel.

The Draft Policy:

- Defines Malpractice as "any possible irregularity, breach or conduct contrary to the ethical principles and values applied by the Logista Group in the performance of its activities and in its management, to the legality applicable to it, or to the Code of Conduct and other internal regulations of the Logista Group."

- Establishes the obligation of employees to denounce Malpractice.

- Defines guarantees and general principles applicable to a complaint of Malpractice.

  The Policy guarantees to any complainant of Malpractice:

  - Confidentiality
  - Indemnity (no dismissal or reprisals, except when the complainant knowingly makes complaints that are false or in bad faith).

  The Policy also defines the principles to which any of the Logista Group's investigation procedures during the inquiry into, and verification of, the Malpractice denounced should be subject:

  - Promptitude, professionalism and confidentiality in the carrying-out of actions and tests.
  - The duty to inform the people being investigated.

- Respect for the fundamental rights and the presumption of innocence of the people being investigated.
- Proportionality, precision and security of information and data compiled during the investigation procedure.
- Collaboration with the legal authorities.

- Finally defines bodies competent to initiate and follow the procedure for investigating a case of Malpractice

  i) The Complaints Channel Committee

  ii) The Unit for the Control and Monitoring of the Prevention of Risks from Crime, if the reported Malpractice consists of a breach of the General Principles of Behaviour for the Prevention of Risks from Crime, laid down in the Manual for the Prevention of Risks Crime or, according to the evidence, could be qualified as an offence.

  iii) The Audit and Control Committee, if, in the conduct, deeds, acts, omissions or non-compliance which constitute(s) the Malpractice, the participation or direct or indirect involvement of any Member of the Board, including its Secretary, or of a Company Director, or of the General Manager of a Business, is deduced.

The Procedure for Managing the Complaints Channel develops the following subjects:

- The bodies competent to receive complaints. The form and content of the same.
- The bodies competent to make a Preliminary Evaluation, to order a Reserved Investigation, and to initiate, follow and resolve an Investigation Procedure.
- The Complaints Channel Committee will be composed of the Logista Group's Company Secretary, who will chair it, the Corporate Director of HR, and the Corporate Director of Internal Auditing, who will act as Secretary.
- The Unit for the Control and Monitoring of the Prevention of Risks from Crime.

  This body is competent to investigate infringements of the Manual for the Prevention of Risks from Crime, and in general, for investigating Malpractice which, according to the evidence, could be qualified as an offence.

  It is composed of the Corporate Director of Finances (Chairing), the Corporate Director of Resources (Vice-Chairman), the Corporate Director of HR, the Corporate Director of Internal Control, and a representative of the Corporate Legal Advice Department, who will act as Secretary.
- The Audit and Control Committee

  This body is competent to investigate any Malpractice in which the direct or indirect involvement of a Board Member, Corporate Director, or General Manager of a Business is deduced.

- The Investigation Procedure

  The stages of the investigation procedure – its initiation, the preliminary investigation – are regulated by pertinent tests and resolution, which will include the appropriate employment, commercial or penal measures.

Finally, the Audit and Control Committee unanimously:

- Reported favourably, and consequently proposed to the Board of Directors that it approves the 'Policy on Complaints of Malpractice ("Whistleblowing") of Logista Holdings and its Subsidiary Companies (Logista Group)'.
- Reported in favour of the 'Procedure for the Management of the Complaints Channel of Logista Holdings and its Subsidiary Companies ("Logista Group")', and in favour of its approval by the Group's Chief Executive Officer.

- Reports on the content of the meetings on 16th March 2016 of the Internal Control Committee and of the Crime Prevention Unit.

- The Director of Internal Auditing informed the Committee of the essential content of the meetings held on 16th March, 2016, by the Internal Control Committee and by the Unit for the Control and Monitoring of Risks from Crime, and handed over the respective minutes.

- Result of the Survey of the Efficiency of the External Auditors in 2015.

- Mr. Resnekov stated that this questionnaire, which was intended to evaluate the efficiency of the work of the External Auditors (Deloitte) during the previous financial year, was a requirement of the Audit and Control Committee of IB, which would continue in future financial years.

The evaluation, stated Mr. Chairman, had been very positive for Deloitte, as had Deloitte's evaluation of the Company's financial team.

5th SESSION 23 JUNE 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 (Board Members).

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:

- Report and, if appropriate, Proposal to the Board of Approval of the following policies:

<u>Purchasing Policy, Policy on Corporate Governance, Policy on Corporate Social Responsibility, and Risk Management Procedure</u>

- The Secretary of the Committee reported in detail on the content of the indicated Policies and Procedure, which would be submitted for their approval to the Board.

<u>1. CORPORATE GOVERNANCE POLICY</u>

Based on these corporate values and principles of good governance, the Policy establishes and rules:

i) the composition, functions, positions and operating of the Board of Directors and its Committees

ii) the requirements and duties of the Board members and their remuneration

iii) the principles and commitments on which the Corporate Social Responsibility must be based.

iv) the Shareholders' rights to attend, and to information, representation and voting.

v) the Group commitment to set up rules of conduct and regulatory compliance (Internal Rules of Conduct in the Securities Markets, Code of Conduct, Whistleblowing Policy and Corporate Defence Model)

vi) the Group commitment to transparency and to the periodic reporting (reliability and completeness of the regulated periodic financial information, Company's web site, and Policy on Information and Communications with shareholders, the securities markets and public opinion).

<u>2 PURCHASING POLICY OF THE GROUP</u>

The Purchasing Policy is currently covered by a 2009 Policy.

The most relevant news of this new Policy are as follows:

i) It classifies suppliers in three different categories:

- **Manufacturers**: Product Purchases made by the Group, under a distribution agreement
- **Supplier of Stocks**: Product Purchases from a supplier whom no distribution agreement has been signed with (i.e., Convenience Business).
- **Suppliers of Other Goods and Services**: Purchases of Goods or Services, different from the two explained before.

ii) The General Managers of the Businesses and the Corporate Directors are the competent contracting bodies to Purchase and to Order, although in some situations, detailed in Provisions 7.3, 7.4 and 7.5, they will need the previous authorization of other bodies (Country Manager, Group CEO or Board of Directors, this latter for Purchases related with a Director or with a significant shareholder).

3 POLICY ON CORPORATE SOCIAL RESPONSIBILITY

The aim of this Policy is to establish a framework of action which structures the management of CSR in the Group in keeping with its corporate strategy, and from which all the initiatives and projects in this field emanate. So commitments have been made with the intention of contributing to the development of a sustainable business model, and to add as much value as possible to the interest groups that are connected with the Group.

The CSR Policy details the Group commitments with:

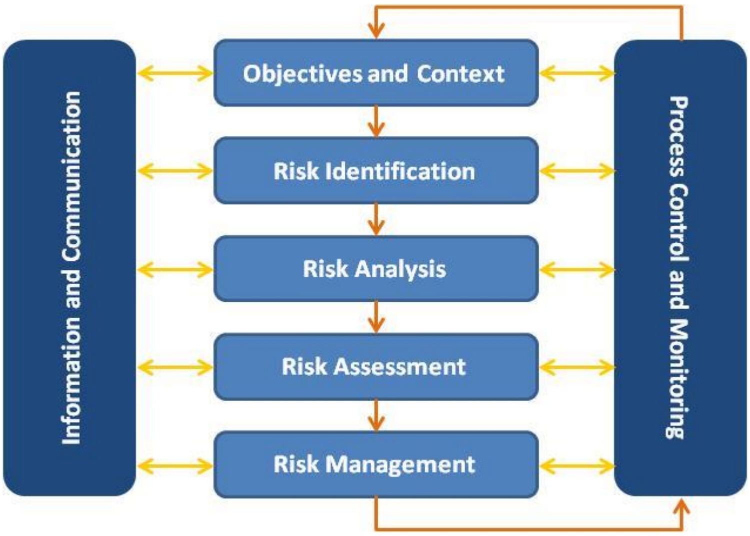
- Good Governance
- Shareholders and Investors
- Employees
- Customers and Channels
- Suppliers
- Society and Environment

4 RISK MANAGEMENT PROCEDURE

The Corporate Internal Audit Director reported to the Committee on the content of such Procedure, that develops the Risk Management General Policy of the Group, of September 29th.

The Procedure:

i) Rules the Risk Management Process, according to the following diagram:



ii) The Risk Assessment stage categorizes the Impact in case of Risk in accordance with the following criteria: Economic, Legal and Compliance, Processes, Health and Safety and Reputational. The Probability of Occurrence of a Risk is calculated referenced to a scale.

iii) The Information and Communication stage rules the operating of the Risk Register and of the Risk Map that has to be annually updated.

The Committee issued a favourable report on the proposed Policies and submitted them to the Board of Directors for approval.

6th SESSION 26 JULY 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 (Board Members).

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 Mr. Ignacio García Gómez).

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) The External Auditor (Deloitte) informed the Committee about the progress of the work and about its annual audit plan

  - During the first half of the 2016 fiscal year, the Group had received an answer to the binding consultation presented to the Directorate-General of Taxation in connection with the deductibility of the "internal" dividends distributed by Logista, S.A.U. to Logista Holdings, S.A., as an additional adjustment to its taxable income for Corporation Tax purposes. As far as the right to deduction under certain conditions was concerned, the reply was favourable, but some aspects were open to interpretation in relation to the time frame applicable to the said deduction.
  - The Group had decided to apply the whole of the deduction of 29.8 million euros to the settlement of the Corporation Tax for fiscal year 2015, but, in the interests of prudence, and after considering the opinion of its fiscal advisers, it had recognized a liability for deferred tax in relation to the part which it considered could possibly be liable to deferral by the tax authority, and which was equivalent to 70%.

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 2015-2016

- The Corporate Finances Director informed that, according to the Policy on Dividends, it was proposed to distribute a dividend against the results of the 2016 fiscal year, and which, if approved, would be paid through the Banco Santander on 29th August.

  The amount of the proposed interim dividend was 0.25 euros per share.

  The Audit and Control Committee unanimously reported in favour of the proposal to distribute an interim dividend of 0.25 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.

  She stated that, to date, 60% of the actions envisaged in the 2015-2016 Internal Auditing Plan had been carried out. This percentage was lower than expected because of the review of the "Purchasing Procedures" (ICOFR) (SCIIF in Spanish), which was taking more time than initially foreseen. No significant impact can be deducted from the indicated actions.

  According to the Director of Internal Auditing, 72% of the recommendations made for internal auditing actions had already been implemented.

  Ms. Templado stated that the audits carried out on the Prevention of Risks from Crime had not revealed any weaknesses in control, in relation to the offences mentioned.

- Plan for Auditing the Accounts of the Financial Year

- Mr. Aller summarized those of the actions in the Auditing Plan for 2015-2016 that had already been carried out, and the most relevant auditing risks, and indicated the automatic checks that the Group had put in place in relation to Sales, Supplies, Stocks and Excise Duty.

  He also identified the companies that form part of the Group's consolidation.

  With regard to the determination of the materiality to be applied, he gave the following explanation:

  - The materiality was calculated as 5% of the Group's expected consolidated result before taxes at the close of the fiscal year.
  - Qualitative parameters were also taken into account.
  - Any omission of breakdowns of annual accounts will be reported.
  - For the purposes of reports on subsidiaries, the auditors of the components will have to report all adjustments of more than 400 thousand euros.

Finally, he enumerated the risks which are most frequently incurred by those who audit accounts, and the procedures used by Deloitte to eliminate or attenuate those risks.

- Reports on the content of the meetings of the Internal Control Committee and of the Crime Prevention Unit of 6th July, 2016.

- The Director of Internal Auditing informed the Committee of the essential content of the meetings of the Internal Control Committee and of the Unit for the Control and Monitoring of Risks from Crime, of 6th July, 2016, and handed in their respective Minutes.

- Regulation relating to Market Abuse (Coming into Force)

- The Committee's Secretary reported that EU Regulation 596/2014 of 16th April had come into force on 3rd July, so the Company's Internal Rules of Conduct would have to be aligned with it in all matters connected with the Securities Market.

  The most important innovations were that:

  - It extended to 30 calendar days before the publication of the regulated Financial Information, the prohibition on Board Members and others in possession of that information from carrying out transactions involving any of the Company's securities.
  - It reduced to three working days the period for Board Members and Directors to declare to the CNMV and to the Company their transactions involving securities of the Company.

7th SESSION - 25 SEPTEMBER 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 (Board Members).

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 2015-2016

- The Committee analysed a first draft of the Annual Corporate Governance Report 2015-2016.

- Internal Audit Plan 2016-2017

- The Committee approved the content of the Logista Group Internal Auditing Plan for 2016-2017, presented by the Director of Internal Auditing.

  The Plan had been prepared on the basis of:

- ✓ a preliminary assessment of the risks faced by the Group, using the Map of Risks as the reference document.
- ✓ legal requirements.
- ✓ requirements of the CNMV in the system of internal control of financial reporting ICOFR (SCIIF in Spanish).
- ✓ various conversations held with Management.
- ✓ internal regulations specific to the Logista Group, which assign certain activities of review and supervision to the Internal Auditing Department.

The activities of Internal Auditing planned for FY 2016-2017 are as follows:

i) the checking of the stocks at several of the Group's warehouses, by physical counting, programmed checks and surprise visits;

ii) the reviewing of the adequacy and efficiency of the internal control systems set up by the Group for the processes of stock control, accounting, taxation, treasury/ funding, collections and payments, to fulfil the requirements of the CNMV, in accordance with the Plan for the Internal Control of Financial Reporting (ICOFR);

iii) the reviewing of the degree of implementation of the Corporate Defence Model in relation to the following offences: Smuggling, Fiscal Offences, Public Health Offences, Social Security Offences and the Illegal Financing of Political Parties;

iv) the reviewing of the security of the Group's information systems.

<u>- Management Risks Map</u>

- The Committee analysed the Risks Map of the Logista Group and proposed it for approval to the Board.

<u>- New Internal Regulations for Conduct in the Securities Markets, adapted to the UE Regulation 596/2014, of 16 April 2014, on Market Abuse, and to the Delegated Regulations of the European Commission on the same subject</u>

- The Audit and Control Committee favourably reported the text of a new Internal Regulations for Conduct in the Securities Markets, and unanimously proposed its approval to the Board.

Prior to such favourable report, the Secretary of the Board informed the Committee of the following:

<u>Background</u>

The Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. (the "Company"), on the occasion of the admission to listing of the Company on the stock market, approved on 4 June 2014 the “Internal Regulations for Conduct in the Securities Markets”, currently in force.

Amendments made by Royal Legislative Decree 4/2015, of 23 October, approving the Consolidated Text of the Securities Markets Law, and, specially, the entry into force, last 3 July 2016, of Regulation (EU) Nº 596/2014, of the European Parliament and of the Council, of 16 April 2014, on market abuse (hereinafter, the “Market Abuse Regulation”) make it convenient to approve new Regulations.

<u>Most important amendments included in the New Regulations for Conduct in the Securities Market (“NRCSM”), derived from the application of the Market Abuse EU Regulation and its Implementing and Delegated Regulations of the European Commission, on the same subject</u>

- <u>Inside Information</u>

With slight differences, the concept of Inside Information is maintained (NRCSM Definition) as established by Spanish legislation and the current RCSM.

The concept of “Relevant Information” disappears, in application of the Market Abuse Regulation.

- <u>Insider List (Section 4.2 NRCSM)</u>

    - It is adapted to the standard format established by Implementing Regulation (EU) 2016/347, of 10 March.
    - Includes, in a supplementary section, the List of Permanent Insiders (e.g. the Directors of the Company).
    - Access to Inside Information by Temporary Insiders (by reason of a specific matter or event), including External Advisors, requires the subscription of a written statement by each of them, acknowledging the obligations arising from it, as well as the consequences of its non-compliance (administrative, labour, civil or criminal liabilities) (See Annex 1 of NRCSM).

- <u>Transactions on the Company’s Affected Securities or Financial Instruments with Inside Information</u>

    - It is prohibited to carry out Transactions with Inside Information (Insider Dealing) (Section 4.4.1 NRCSM), as well as the Unlawful Disclosure of Inside Information (Section 4.4.2 NRCSM).
    - The following Exceptions to the Prohibition to Insider Dealing are stated:
        - Legitimate Behaviour (Section 4.5.1 NRCSM)
        - Market Soundings (Section 4.5.2 NRCSM)

- Buy-back Programmes of treasury stock, in compliance with certain requirements and restrictions.
- Stabilization measures of stock, according to accepted market practices (e.g., liquidity agreements).

- Public Disclosure of Inside Information

It is regulated in the NRCSM, more precisely, following the Market Abuse Regulation, and the Implementing Regulation (EU) 2016/1055, of the Commission, of 29 June 2016, and it is included, as novelty, the regulation of Delay in the Public Disclosure of Inside Information (Section 4.6.2 NRCSM).

- Transactions on the Company's Affected Securities and Financial Instruments by the Permanently Obliged Persons (including Directors and Officers)

  - The notification period is three business days from the date of the Transaction (before, it was five days).
  - Prohibition to conduct operations in the 30 days preceding the publication of a quarterly, half-year or annual financial report (before, it was 15 days).
  - Persons discharging managerial responsibilities (Directors and Officers) must notify, not only the purchase or sale of the Company's shares, but other operations, such as lending of shares, or transactions made under an insurance policy, related to Securities of the Company.

- Transactions on treasury stock
  - Ordinary Transactions Programme on treasury stock (Section 8.2 NRCSM)

Within the limits authorized by the General Shareholders' Meeting, the Board of Directors must approve the Transactions Programme (purchases and sales), which sole object shall be to assist with the liquidity of transactions or the regularity in the trading.

Purchase and sale transactions on treasury shares are subject to the prohibition on Insider Dealing.

An Ordinary Transaction Programme cannot be executed simultaneously to a Buy-back Programme, as stated below.

  - Buy-back Programmes (Section 8.3 NRCSM)

Their purpose must be:

i) To reduce the capital of the Company

ii) To meet obligations arising from convertible debt financial instruments

iii) Assignment to the Company's Share Programmes

Buy-back Programmes are excluded from the Prohibitions on Insider Dealing, provided they comply with the requirements, restrictions and transparency conditions, set forth in the Market Abuse Regulation, and in the Implementing Regulation (EU) 2016/1052, of 8 March.

Finally, the Audit and Control Committee unanimously reported favourably on the new Internal Rules for Conduct in matters connected with the securities markets, and proposed that the Board approve them.

- 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 of the functioning and composition of the Audit and Control Committee that was carried out by the Board Members, with external advice from KPMG, and unanimously agreed to postpone the final conclusions from the self-assessment of its functioning and composition to its next meeting, which was planned for 25th October, 2016.

- Appointment of Legal Auditors

The Committed discussed about the incidence that the new Regulation 537/2014, of 16th April, of the European Parliament and of the Council, and particularly, article 5 of such Regulation ("Prohibited Services") may have on the current External Auditor (Deloitte) independence, the audited company and the control group to which it belongs.

This Report has been unanimously approved by the Audit and Control Committee and the members thereof in the meeting held on 25 October 2016.

Leganés, 25 October 2016.

The Secretary of this Committee,

Rafael de Juan López

ANNUAL REPORT OF THE ACTIVITIES OF THE

APPOINTMENTS AND REMUNERATION COMMITTEE

2015-2016




TRANSLATION FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS

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

APPOINTMENTS AND REMUNERATION COMMITTEE

REPORT ON FUNCTIONS AND ACTIVITIES

FINANCIAL YEAR 2015-2016

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.- <u>COMPOSITION</u>

At 30 September 2016, 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 2015-2016 financial year, the Company's Appointments and Remuneration Committee held five sessions:

1st SESSION – 24 NOVEMBER 2015

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).

Also present were the Chief Executive Officer of the Company, (Mr. Luis Egido Gálvez), and the Corporate Finance Director (Mr. Manuel Suárez Noriega).

The Appointments and Remuneration Committee discussed the following matters:

- Proposal to the Board of Annual Report on the Remuneration of the Company's Directors 2014-2015

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 2014-2015, 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. The policy on remuneration foreseen for future years.

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. The policy on remuneration foreseen for future years.

- ✓ A general forecast of the policy on remuneration and the decision-making process that was followed in order to shape that policy.
- ✓ An explanation of the incentives created in the remunerative system to reduce exposure to risks and to adapt the system to the Company's objectives, values and long-term interests.

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 (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) in its Circular 4/2013 of 12 June, established the model, as regards 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 December 16, 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 2014-2015 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.

<u>- System of Variable Remuneration. 2014-2015 Logista Group Business Objectives: Evaluation of the Degree of Achievement. Setting of the Logista Group Business Objectives for Fiscal Year 2015-2016</u>

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 2014-2015.

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 2014-2015, 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 2014-2015 financial period.

The Corporate Finance Director referred to the Total Return to the Shareholder, during fiscal year 2014-2015, and informed the Committee of the following:

- Dividend yield: 5.6%

  - Dividends per share paid during the year 2015: 0.80 €
  - Share price at 30 September 2014: 14.4 €

- Revaluation of share price: +17.0%

  - Share price at 30 September 2014: 14.4 €
  - Share price at 30 September 2015: 16.86 €

- TSR in fiscal year 2015: 22.6%

- Share price evolution vs. IBEX 35 in fiscal year 2015: +29%

The Director of Corporate Finances also explained to the Committee the Group's Business Objectives for financial year 2015-2016, which were based on the Group's Budget that had been approved by the Board of Directors on 29 September 2015. He also explained the table for measuring their achievement, that was unanimously acknowledged by the Committee, and proposed to the Board for its approval.

- Remuneration of Executive Directors

The Board Secretary informed the Committee that the functions of the Appointments and Remuneration Committee included submitting "*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, to the Board of Directors for approval.

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) 2014-2015

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 Wage, for the Chief Executive Officer and 66.66% for the Board Member Secretary.

In accordance with that, the Appointments and Remuneration Committee unanimously agreed to propose to the Board of Directors the establishment of the 2014-2015 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.

Executive Directors fixed salary for 2016

In order to determine the 2016 fixed salary, the Committee:

1) Started with the report originally prepared by Towers Watson, a subject-matter expert, providing the Committee with a reference market study of the Company, taking into account, among other factors, (i) a sufficient number of companies in order to obtain representative results that are statistically reliable and solid; (ii) size data: turnover, market capitalisation, assets and number of employees; (iii) scope of responsibility: Companies listed on the IBEX35 and on the continuous market; (iv) sectorial distribution: Multi-sectorial sample with a homogeneous distribution among activity sectors;

2) Assessed the contribution and personal added value of each of the Executive Directors to the Group was assessed;

3)) In addition, and in the case of the Chief Executive Officer, the Committee took into account the fact that his Fixed Salary for 2015 was, according to the said study, approximately 10% less than the market average for comparable companies, and the proposal made to the Board of Directors by the Committee, in its meeting of 16 December 2014, that in fiscal year 2016, the increase in the Fixed Salary for the Chief Executive Officer should be of at least 10%, compared with his Fixed Salary in 2015.

Accordingly, the Appointments and Remunerations Committee unanimously agreed to propose to the Board of Directors, for the 2016 fiscal year, a Fixed Salary of 661,200 euros for the Chief Executive Officer, and a Fixed Salary of 293,770 euros for the Board Secretary Director.

<u>The Executive Directors' Short-Term Variable Remuneration (Bonus) 2015-2016</u>

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

i) That the maximum Bonus in 2015-2016 should, as at present, be 100% of the Fixed Salary in the case of the Chief Executive Officer, and 66.66% of the Fixed Salary 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 29, 2015, 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 Remunerations 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.

<u>- Report on the Functions and Activities of the Appointments and Remuneration Committee during fiscal year 2014-2015</u>

The Committee unanimously agreed to approve the Report on the Functions and Activities of the Appointments and Remuneration Committee 2014-2015 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.

2nd SESSION – 17 DECEMBER 2015

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

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:

- Remuneration of those employees who are included in the Variable Remuneration System.

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

- Degree of Achievement of the Targets for Variable Remuneration (Bonus) in financial year 2014-2015

The average percentage of attainment of Variable Remuneration in the group concerned for financial year 2014-2015, excluding General Managers of Businesses and Corporate Directors, was 82% (91% in Italy, 83% in Spain, 81% in Portugal, and 74% in France).

The total amount earned in the Group as Variable Remuneration (Bonus) was 3.8 euros.

- Setting of the Logista Group's Business Objectives (EBIT and Working Capital) for financial year 2015-2016.

Logista Group's Business Objectives for 2015-2016 are those set up in the Group's Budget, approved by the Board of Directors on 29th September, 2015.

- Salary review for 2016

Mr. Martí informed the Committee about the broad lines of the review of the Fixed Salaries of those employees of the Logista Group who are included in the Variable Remuneration System for 2016.

The general criteria that had been applied in the salary review were the following:

– The salary increase had been calculated globally, using a specific matrix for each country and a capped expenditure for each business unit or department in accordance with its level of competences and band positioning.

  ✓ This year was the first year in which levels of competence had been taken into account for the calculation of the salary increase instead of for the calculation of the annual bonus. This change is based on the fact that the evaluation of competences does not reflect an employee's exceptional performance in any particular year, but, instead, that employee’s level of competence is considered as something that is maintained over time, and which is consequently more relevant for a salary increase than for the payment of an exceptional bonus.

– The calculation takes the following parameters into consideration:

  ✓ The expected legal salary increase.

  ✓ The budgeted increase in the salary bill.

  ✓ Market trends.

  ✓ The manner in which employees are allocated to the different salary bands.

– As in previous years, it will be possible to propose, as an addition to the budget indicated, extraordinary salary increases for specific cases:

  ✓ New responsibilities not involving a change of salary band and outstanding performances in positions that are very low down in the band.

The proposed salary increase for financial year 2016 was calculated on the basis of the forecast increase in the salary bill that would be needed to match the trends in the market, adjusting it to take account of the number of employees positioned in the upper part of each country’s salary band.

The Appointments and Remunerations Committee acknowledged receipt of the report.

- Exceptional Modification to the rules governing Logista’s 2011 General and Special Incentive Plans, and the Company’s General and Special Incentive Plans

Mr. Martí informed the Committee on the following:

Law no.3/2012, of 6th July, relating to Urgent Measures for the Reform of the Labour Market in Spain, modifies Article 56 of the Workers’ Statute by abolishing salaries during proceedings (salaries paid during the proceedings of the employment tribunal, which the employer was obliged to pay when the dismissal was found to be unfair).

In accordance with the employment regulations in force at that time, the regulations of the 2011 and 2014 Plans laid down that, in cases in which contracts were terminated by unfair dismissal, the calculation of the sum to which the employees concerned were entitled as a result of their participation in one of the Plans would take account of the time elapsed between the beginning of the Consolidation Period and the date of the ruling that found the dismissal unfair or, failing that, the date on which the employer recognized that it was unfair.

That contingency was based on the provisions of the employment regulations in force in 2011, for this reason: if, in cases in which dismissal was deemed to be unfair, the employer was obliged to opt for paying the employee the wages that were unpaid between the date of termination and the date of the ruling, the regulations governing the Plans would have to consider a similar contingency, fixing the date of the declaration that the dismissal was unfair as the date up to which the sum to be paid to the unfairly dismissed employee had to be calculated.

As a result of the change made to the Spanish legislation, it is necessary to modify the Regulations governing Logista's 2011 Long-Term Incentive Plan and 2011 Long-Term Special Incentive Plan, as well as the 2014 General and Special Plans for Performance Shares, so that, in cases of dismissal, the Consolidation Date for calculating the Consolidated Incentive of an employee who is unfairly dismissed is the date on which the contract was terminated, and not the date of the court ruling that deemed the dismissal to be unfair.

Finally, in accordance with the previous explanations, he proposed to the Committee the wording modification of section 6.1.b) of the Logista SAU's 2011 General and Special Incentive Plans, and of section 7.1.b) of the Company's 2014 General and Special Plans for Performance Shares.

The Appointments and Remuneration Committee unanimously reported in favour of the modifications to the Rules governing the 2011 and 2014 Incentive Plans above indicated and proposed that the Board of Directors approve them.

- Exceptional Modification to the Logista Group Policy on Variable Remuneration.

This part of the agenda was presented to the Committee by Mr. Martí.

On 28th April, 2011, a Policy was issued to regulate the System of Variable Remuneration in Logista and its subsidiary companies. It introduced a policy of remuneration, for Directors and other employees, composed of various remunerative elements, and intended to be competitive in relation to comparable sectors, in such a way that it would constitute a motivating framework to strengthen the commitments to permanency and development of those employees who were characterised by excellence in the performance of their work, and commitment to the corporate and strategic objectives.

The following modifications were proposed to the rules regulating the System of Variable Remuneration:

- Section 4:

- Adaptation of the weight of the Business Objectives and Individual Objectives to what is set out in Annexe I of the Policy. To that end, the proposed modification specifies that the weighting of the Business and Individual Objectives shown in section 4 of the policy should apply generally, without prejudice to the provisions of Annexe I of the same with regard to members of the Management Committee and General Managers.

- The inclusion, among the powers of the Group's Chief Executive Officer, of the power to set as a Business Objective an EBIT figure that is different from the Budgeted EBIT in cases in which, although the budget of the Business or Sector in which it is included does not foresee losses, this is necessary because of the volume of investments made or because of the historical results.

- Section 5.2.d

For the reasons explained above, in the modification to the Incentive Plans, it is proposed to adapt the provisions of that section to the fact of the abolition of salaries during proceedings for those who suffer dismissal that is declared or recognized to be unfair.

- Annexe I:

The weighting of the Group's objective for those members of the Management Committee who are in support areas will be structured in a similar way to the one set up to evaluate the result of the Business (80% EBIT and 20% WC), instead of applying it to a consolidated matrix.

Finally, he proposed to the Committee the modification to the wording of the above mentioned sections.

The Appointments and Remuneration Committee unanimously reported favourably on the modifications shown in Policy no.1/2011 of the Variable Remuneration and recommended that the Board of Directors approve them.

3rd SESSION: 26 JANUARY 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 and Mr. Stéphane Lissner, and Mr. John Downing.

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 analysed the following subjects:

- Report on the Ratification by the General Shareholders' Meeting of the appointment by co-option of Mr. Richard Guy Hathaway as a Proprietary Director

The Committee Secretary reported the following:

On 24th March, 2015, the Company's Board of Directors appointed, by co-option, Mr. Richard Guy Hathaway as a Proprietary Director, subject to ratification by the next General Shareholders' Meeting.

This appointment was preceded by the explanatory report required by Article 529 *decies* 5 of the Law of Capital, in which there was a positive evaluation of the competence, experience and merits of the candidate proposed by the Imperial Tobacco Group PLC – the Company's majority shareholder – for the performance of the duties of this position as Director, and by a favourable report from the Appointments and Remunerations Committee of 24th March, 2015.

After establishing that there had been no change in the circumstances that had led to the appointment of Mr. Richard Guy Hathaway as a Proprietary Director, and in view of the manner in which he has performed his role up to now, the Committee unanimously reported in favour of the Board of Directors proposing to the General Shareholders' Meeting that it ratify the appointment of Mr. Richard Guy Hathaway as a Proprietary Director.

- Settlement of the Second Consolidation Period (2012-2015) of Logista S.A.U. 2011 Long-Term Incentive Plan

The Corporate Director of HR reported on this subject and made the following proposal to the Committee:

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, that of the second phase was 2,044,283 euros, 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 Second Consolidation Period (2012-2015) was fixed at 99.8% (Operating Profit Obtained of 674.4 million euros, against a Forecast Operating Profit, for the same Period, of 675.5 million euros), since the Final Incentive is consolidated in the identical proportion, according to the Rules of the Plan, and as explained below.

As a result, the actual cost of the Plan's Second Consolidation Period was 1,745,397 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 (2012-2015) of Logista SAU 2011 Long-Term Special Incentive Plan.

The Corporate Director of HR reported on this subject and made the following proposal to the Committee:

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, that of the second phase was 965,328 euros, 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 Operating Profit Obtained in the Second Consolidation Period, from 1st October, 2012, to 30th September, 2015, was 674.4 million euros, against a Forecast Operating Profit for that same Period of 675.5 million euros, the Minimum Operating Profit being 640.2 million euros.

The Consolidation Percentage is obtained by applying the table in Appendix 2 of the Plan's Rules and is fixed at 96.3% of the Recognized Special Initial Incentive, as shown below.

Consequently, the actual cost of the Second Consolidation Period of the Special Plan was 825,364 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. Second Consolidation Period (2015-2018).

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 2015-2018, the same Objectives for Share Consolidation as those laid down in the Rules of both Plans for the First Consolidation Period of both Plans (1st October, 2014 – 30th September, 2017), 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.

- The criterion of Financial Profitability determined by the Group's Operating Profit in the Consolidation Period 2015-2018.

  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).

3. Quantification of the Financial Objective and Consolidation Percentage for the Consolidation Period 2015-2018 for both Plans.

It was proposed to fix the Group's Forecast Operating Profit for the Consolidation Period 2015-2018 at 745.7 million euros, in accordance with the resolutions of the Board of Directors of 23rd June and 29th September, 2015.

4. Quantification of the Total Profitability for the Shareholder (TPS) for the Second Consolidation Period 2015-2018 of the 2014 General and Special Share Plans

Starting from the Reference Share Value, of 18.49 euros, the TPS objective for the Consolidation Period 2015-2018 was quantified at 3.83 euros per share.

The said quantification results from the application of the following bases and criteria:

i) The estimated total amount of the dividends which will be distributed in the period 1st September, 2015 to 30th September, 2018, in accordance with profit forecast in the Business Plan for the said period, approved by the Board of Directors on 23rd June, 2015.

   That amount is estimated at 2.52 euros per share.

ii) The estimated appreciation of the share in the Consolidation Period indicated, starting from the reference value of 18.49 euros, and rising to the average objective estimated by the analysts of 19.80 euros per share.

The said appreciation is therefore quantified at 1.31 euros per share.

5. Proposal of Beneficiaries and of Shares to be recognized as theirs for the Second Consolidation Period (2015-2018) 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 legislation then current, 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.

On 29th January, 2015, the Board of Directors named the Beneficiaries and the Number of Shares to be recognized as theirs for the First Consolidation Period (2014-2017) for both Plans.

The general criteria for inclusion in both Plans are generally those laid down in section 2.3. of the respective Rules of both Plans, within the maximum limits stipulated for that purpose:

- General Plan: 100 per cent of the bonus earned in the previous financial year.
- 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 2015-2018, for both Plans, was the following:

GENERAL PLAN

Group	Number of Beneficiaries
Executive Directors	2
Senior Management	9
Business Managers and other managers	39
Total	**50**

SPECIAL PLAN

Group	Number of Beneficiaries
Executive Directors	2
Senior Executives	8
Total	**10**

Number of Recognized Shares

The proposal for the Number of Recognized Shares for the Second Consolidation Period 2015-2018, for both Plans, according to the resolution of the General Shareholders Meeting of June 4th, 2014, was the following:

- General Plan: 128,969, fractions being rounded.
- Special Plan: 57,338.

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	31,368
Board Secretary/Director	10,184
Total	**41,552**

SPECIAL PLAN	Number of Recognized Shares
Chief Executive Officer	23,526
Board Secretary/Director	11,458
Total	**34,984**

The Numbers of Shares Recognized as belonging to Senior Executives would be 53,655 (2014 General Plan for Performance Shares) and 22,354 (2014 Special Plan for Performance Shares).

The Total Number of Recognized Shares for both Plans, for this Second Consolidation Period, was 186,307 (0.14 % of the share capital) which, together with the Recognized Shares for the First Consolidation Period (236,007 shares), gives a total of 422,314 shares, representing 0.32 % 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 Second Consolidation Period (1st October, 2015 to 30th September, 2018), both for the 2014 General and Special Plans for Performance Shares.

6. 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 92.24%, which had led to a cash payment of 1,119,699 euros.

Accordingly, the total amount of the bonuses earned in 2015 by employees included in the system of Variable Remuneration (excluding the Executive Directors) was 5,315,066 euros, which was 572,189 euros more than in the previous financial year.

4th SESSION: 23 FEBRUARY 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, Mr. Stéphane Lissner, and Mr. John Downing.

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

The Appointments and Remuneration Committee analysed the following subjects:

- Modification of the Regulation governing the Variable Remuneration System

The Committee unanimously issued a favourable report to the modification of certain sections (3.5 and 4.3) and of Annexes IV and V of the Variable Remuneration System regulation, to implement the agreement taken by the Board of Directors meeting of January 26th, 2016.

At that meeting, and based on a prior report from the Appointment and Remuneration Committee, the Company's Board of Directors approved a modification of the variable remuneration system that intends to align the individual objectives payment with the financial results of the business the employee belongs to. Thus, the aim is to adequate the system to Logista Group and its affiliates companies' development, and focus the payment of the variable remuneration to the excellent achievements.

- Remuneration Schemes for Directors

The Committee received a report from the company Spencer Stuart, through their partners who were present at the Committee meeting, and who informed on the national and international practices regarding Directors, and particularly, Executive Directors remuneration, on the following components:

- Fixed Salary
- Bonus
- Long Term Deferred Compensation (LTIP)
- Fringe Benefits
- Contribution to Pension or Retirement Plans

5th SESSION: 27 SEPTEMBER 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).

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

The Appointments and Remuneration Committee analysed the following subjects:

- Self-assessment of the Board functioning

The meeting was joined by the external advisor KPMG, and 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 the Plan of Action for Improvements which was contained in the document prepared by KPMG, based on the assessment previously made by all Directors.

- Report/Proposal about the Extension of the Plan for the Re-Purchase of Shares assigned to the Company's 2014 General and Special Plans for Performance Shares (First and Second Consolidation Periods).

The Appointments and Remunerations Committee unanimously proposed to the Board of Directors that the current Re-Purchasing Plan be extended until 1st October, 2017.

The preceding report is unanimously approved by all the members of the Appointments and Remuneration Committee in the session held on 29 November 2016.

Leganés, on 29 November 2016.

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 2015-2016

LOGISTA

FISCAL YEAR END DATE: 30/09/2016

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 2015-2016

LETTER FROM THE CHAIRMAN

Dear Shareholders.

As the Chairman of the Board of Directors of Compañía de Distribución Integral Logista Holdings S.A. (hereafter, Logista or the Company indistinctly), I have the honor of addressing you the Annual Report on Corporate Social Responsibility 2016 (hereafter, CSR indistinctly) of the Company and its subsidiaries (hereafter, Logista Group or the Group indistinctly) corresponding to the fiscal year 2015-2016.

In this report, you will find detailed information about the formulation, definition, management and execution of the Group's CSR during the fiscal year.

During the fiscal year 2015-2016, the Logista Group has formulated a Corporate Policy on Social Responsibility including the main Logista Group's commitments to the different stakeholders in corporate governance, economic, operating, environmental and social matters.

The formulation of the CSR Policy has been preceded by a dialog with each stakeholder in order to know and satisfy, if possible, the requirements of the different stakeholders regarding CSR.

As a result of this dialog, the Company's Board of Directors approved the CSR Policy in June 2016, setting a framework so the Group's CSR is coherently managed with the corporate strategy and establishing specific commitments to contribute to a sustainable business model and to provide the Group-related stakeholders with the maximum possible value.

The Logista Group's commitments to stakeholders are based on the values that characterize the Group of respect, initiative, professionalism and integrity in the management and transparency in the acts and relationships with the stakeholders, especially with its employees.

As main commitments adopted in the Logista Group's CSR Policy, I would like to highlight the promotion of the best Corporate Governance practices, promoting the transparency and bidirectional communication, the long-term sustainable value creation with a prudent risk management, as well as the talent attraction and management, fostering the motivation, training and qualification of our employees to achieve a long-term work relationship in a motivating, safe and healthy environment.

Likewise, the Group is committed to the promotion of service excellence and quality, establishing long-term relationships with clients and channels based on responsibility in the management and also fostering transparent relationships with suppliers to share the Logista Group's principles.

The Logista Group also establishes commitments to economic development, social wellbeing and respect for the environment in which it operates through the optimization and efficiency in the use of resources, the management of emissions for the environmental sustainability of the business, as well as the promotion of the corporate social responsibility culture with acts supporting humanitarian, cultural and sport initiatives.

Following the CNMV's (Spain's stock market supervisor) recommendations on the Good Governance Code of Quoted Companies, the Audit and Control Committee has been attributed with monitoring the compliance of the CSR Policy and annually reporting to the Board of Directors about the implementation and monitoring of this Policy, according to internationally recognized methodologies.

The Logista Group's CSR Policy establishes the commitments to stakeholders and also defines the functions and responsibilities of every body involved in the CSR management to the highest level of the organization, and provides a periodical monitoring oriented to the achievement of these commitments and the identification of opportunities for the continuous improvement in the CSR management.

Along with this report, Logista prepares the Annual Report on Corporate Governance 2015-2016, the Annual Report on Remunerations of Directors 2015-2016 and the Annual Report 2015-2016, which includes the annual accounts and the complementary information about the company's profile and the businesses evolution during the fiscal year. All these reports will be available in the Group's webpage, www.grupologista.com, both in Spanish and English, as well as the annual reports of the previous fiscal years.

The development of the CSR strategy will continue contributing to reinforce the Logista Group's sustainable and excellence oriented business model and its position as the leading distributor of products and services to proximity retailers in Southern Europe.

INTRODUCTION

The information in this Annual Report on CSR refers to the period comprising from October 1st, 2015 to September 30th, 2016, and covers all Group's activities, prioritizing the relevant information about CSR for the different stakeholders.

Logista understand 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 Logista Group published in 2015, its first Annual Report on CSR, although the CSR integration into the business development was not new for the Group. Its Annual Report 2013-2014 already included relevant non-financial information for its stakeholders, previously identified by the Group, showing the continuous work on this matter during the previous years.

The Logista Group's commitment, already expressed in its Annual Report on CSR 2014-2015, to deepen its transparency and social responsibility had a new momentum in June 2016, when the Company's Board of Directors formulated its CSR Policy in order to set a framework for the CSR management in the Group in accordance with its corporate strategy, and from which emanate all initiatives and projects in this matter.

At that end, the Logista Group has maintained an active dialog with the different stakeholders through several communications channels aiming to acquire commitments to contribute to a sustainable business model and provide Logista Group's stakeholders with the maximum possible value.

In addition, for this CSR Policy to be known and assumed by every employee, it is available in the Logista Group's Intranet both in Spanish and English since its approval by the Board of Directors.

LOGISTA GROUP'S PROFILE

The Logista Group is the leading distributor of products and services to proximity retailers in Southern Europe, distributing 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.

Thus, the Group provides the best and fastest market access for tobacco and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries, among others.

The Group has developed a unique business model in Southern Europe, combining its integrated distribution and logistics services with exclusive added-value services.

The advanced services provided by the Group to its customers, both manufacturers and points of sale, include those real time services provided by Point-of-Sale Terminals (PoS Terminals), as well as Business Intelligence tools for facilitating the access of products from manufacturers to end-consumers and flexibly satisfying their clients' needs.

This makes the Logista Group the best partner for placing products and services available to end-consumers, boasting an intelligent and efficient distribution through a capillary network of points of sale near that end-consumer.

Main figures

- **Economics**

(€ million)	**2015-2016**	**2014-2015**
Revenues	9,632	9,471
Economic Sales	1,038	1,010
Iberia	507	490
France	282	284
Italy	245	230
Corporate & Others	5	6
Adjusted EBIT	235	223
Iberia	95	98
France	76	73
Italy	76	63
Corporate & Others	(12)	(12)

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

- **Employees**

Headcount (average)*	**2015-2016**	**2014-2015**
Spain	3,325	3,238
France	1,452	1,476
Italy	323	313
Portugal	363	357
Poland	82	78
TOTAL	5,545	5,462

* Figures rounded

- **Operating**

	2015-2016	2014-2015
Number of points of sale	c. 300,000	c. 300,000
Number of PoS Terminals	c. 47,000	c. 45,000

- **Market Capitalization**

	30/09/2016	30/09/2015
Market capitalization (€m)	2,636	2,238
Share price (€)	19.86	16.86

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%)
    - Banca ITB (13,33%)

- Midsid (100%)
- Logista Transportes e Transitos (100%)
  - Logesta Lusa (49%)
- Logesta Polska (49%)
- Logista Polska (100%)
- UTE Logista – GTech (50%)

Board of Directors and Committees

- **Board of Directors**

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:	Ms. Richard Guy Hathaway
Director:	Mr. Nicholas Keveth
Director:	Mr. Stéphane Lissner
Director:	Mr. David Resnekov
Director:	Mr. Eduardo Zaplana Hernández-Soro

- **Audit and Control Committee**

Position:	Name:
Chairwoman:	Ms. Cristina Garmendia Mendizábal
Member:	Mr. Gregorio Marañón y Bertrán de Lis
Member:	Mr. Eduardo Zaplana Hernández-Soro
Member:	Mr. David Resnekov

- **Appointments and Remuneration Committee**

Position:	Name:
Chairman:	Mr. Gregorio Marañón y Bertrán de Lis
Member:	Mr. Eduardo Zaplana Hernández-Soro
Member:	Mr. Stéphane Lissner
Member:	Mr. John Downing

Our values

The Logista Group acts responsibly and honestly in all of its activities. Our behaviour and decisions to attain the Group's objectives are based on some corporate deep-settled values in the Logista Group:

- Respect: as a multicultural Group, respect and tolerance are inherent to the Group and the attitude by its staff.

- Initiative: considered as a key factor for change, it promotes advance and prepares us for the future.

- Professionalism, integrity in management and transparency in the acts and relationships of the Group with its stakeholders, particularly with its employees.

  Accordingly, the Group:

  - Selects professionals and judges its employees' performance on the basis 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.

  - It bases its activity and management on the principle of business integrity, prevention of crime risks, internal control and corporate social responsibility.

STAKEHOLDERS

The Logista Group identifies as stakeholders those groups that may influence or may be influenced by the Logista Group's activities from a social responsibility point of view.

The Logista Group's Management considers that these groups are diverse and numerous, although they could be gathered into the following groups: employees, shareholders and investors, customers and channels, suppliers and society in general, with particular emphasis in social action and environmental sustainability of the Group's activity. The CSR Policy approved in June of this fiscal year, has been harmonized accordingly.

The Logista Group holds a permanent dialog through a number of communication channels with the different stakeholders.

This continuous contact has allowed identifying relevant aspects in CSR for each stakeholder and, as a consequence, to establish commitments included in the CSR Policy, which aim at promoting stable and mutually profitable relationships.

Main communication and dialog channels with stakeholders

- With employees: periodical meetings, surveys, suggestions boxes, intranet, web, newsletters…
- With shareholders and investors: personal contacts, participation in seminars and forums, meetings or audio webcasts to inform about results, specific email and phone for shareholders and investors, corporate website...
- With clients: call center, specific email and form in the corporate website, complaints and claims systems, satisfactions surveys, interviews…
- With suppliers: personal contacts, meetings, email, phone, suppliers' webs…
- With the society in general: relationships with different social organizations in the communities where the Group is present and direct relationships with the different public

administrations in the countries where the Group operates in; relationships with the media through press releases, meetings, corporate web and countries' websites, direct relationship… Regarding environment: specific email in the corporate website, participation in environmental organism, initiatives and associations…

COMMITMENTS TO OUR STAKEHOLDERS

1. Commitments to Good Governance

The Logista Group's Good Governance model is based on the best practices in Corporate Governance and, consequently, on 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 such as business associations, proxy advisors, etc.

- **Corporate Governance best practices**

In June of 2016, the Company's Board of Directors approved the Policy on Corporate Governance with the objective of including the Company and its Group's main aspects and commitments regarding corporate governance.

This Policy on Corporate Governance establishes the criteria and principles serving as the basis for the Company governing bodies' organization, functioning and management. All in accordance with the corporate values, the applicable legal and internal regulations and the best practices in good corporate governance.

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.

- **Transparency and bidirectional communication with stakeholders**

The Logista Group applies in its management the principles of transparency, ethics and good governance, and extends these principles to its shareholders, employees, clients, suppliers and the society in general.

At that end, the Group is committed to provide accurate information showing the true image of the Company and its Group, and uses different dialog channels with the different stakeholders so they may access communication and bidirectional communication with the Group.

- **Group's tax responsibility**

The Group complies with every needed requirement to operate in the different markets and industries it develops its activities in, having set through its organizational structure the proper procedures and controls allowing to identify, prevent and mitigate the risks of changes in the regulatory framework and, also, fulfilling the obligations imposed by the different regulation applicable.

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

It must be noted that, as a consequence of the tobacco products distribution activity, the Logista Group makes payments to the corresponding Public Administrations as special taxes on the tobacco products it markets, which are also passed on to clients.

Aimed at assuming the Group's tax responsibility across the different countries where it undertakes significant operations, Logista has formulated a Group's Tax Policy to make explicit the Group's commitment to the strict compliance with the applicable regulations in the areas where it operates, in the matters subject to such Policy and according to Good Tax Practices, assuming those deriving of being an Authorized Economic Operator (AEO) and the tax regulations on commercial relationships with foreign countries.

This Tax Policy came into force on October 1st 2015, and this has been the first applicable fiscal year.

- **Incorporating the principles of the United Nations Global Compact**

The Logista Group incorporates the principles of the United Nations Global Compact in developing its activity regarding human rights, labour, environment and anticorruption.

The Company has developed different Corporate Rules and Policies applied to the Logista Group, which are explained in this report in their corresponding sections. Among others, it is worth noting:

- General Policy on Internal Control, including the Corporate Risks Management system.
- Policy on Risks Management, establishing the company's position in relation with the types of risks.
- Policy and Procedure on Complaints and Irregularities so any employee can report any inobservance, irregularity or behaviour contrary to the Group's ethics, regulations and rules.
- Policy on Information Systems Security to assure the integrity, availability, confidentiality and continuity of the corporate information, including financial information.
- Purchasing Policy which establishes the requirements when contracting third parties.
- Logista Group's Policy on Information and Communication with shareholders, stock markets and public opinion.
- Logista Group's Tax Policy.
- Policy on Corporate Governance.
- Code of Conduct.

2. Commitments to Shareholders and Investors

The Company is very much aware of its shareholders and investors' interests, and endorses the principles of Good Corporate Governance, with special emphasis on transparency and responsibility to the community of shareholders and investors. That is why it approved in 2015 the Policy on Information and Communication with the Group's shareholders, stock markets and general opinion.

Since December 2014, Logista is included in 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.

- **Creation of long-term sustainable value**

Logista has as main objective the creation of long-term sustainable value for shareholders and investors.

Logista so prudently and responsibly manages all risks, both financial and non-financial, while seeks out profitability in all its operations, analyzing them both individually and within the context of their value contribution to the Group.

- **Prudent and responsible risks management**

Logista has a Risks Management Policy which establishes the general framework for the Group's acts in the risks control and management, both internal and external risks, of any nature that may affect the Group, like environmental, business, decision-making, financial, regulation compliance, operational and reputational risks.

The main objective of this Policy is to integrate all the information originating from Logista Group's different functions and operations so that business managers and corporate managers attain an integrated and holistic view, improving the Management's capacity to manage risks efficiently and minimizing impacts in case the risks 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.

- **Integrity and transparency in the information provided to shareholders and investors**

As part of the commitment to compliance with the Good Governance Code of Listed Companies recommendations, the Company's Board of Directors approved the Policy on Information and Communications with shareholders, the securities markets and public opinion in June 2015.

This Policy, available in the company's website both in Spanish and English, establishes the information, communications and contact instruments that the Company has, and defines the criteria when communicating and contacting shareholders, analysts and large investors.

According to this Policy, the Company works to provide the best service and information to its shareholders and investors, providing them with a quality and customized service, notwithstanding the number of shares of each shareholder.

This Policy 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 or interesting for shareholders, investors or the society in general, etc.

Every relevant fact for the Group will be communicated first to the Comisión Nacional del Mercado de Valores (Spain's stock market supervisor) and, as soon as possible, it will be published on the Group's corporate webpage (www.grupologista.com). Afterwards, it may be sent to the media.

The company has different communications channels with shareholders and investors, allowing a permanent and bidirectional communication, aiming at knowing the expectations and concerns shareholders and investors could have and attending them quickly and effectively.

The Group's Investor Relations and Strategic Analysis department is in charge of managing the relationship with shareholders and investors with a commitment to maximum transparency in the diffusion of the information, made through different communication channels.

The Group's webpage, www.grupologista.com, provides basic information on the Group, its activities, relevant facts and most important news, as well as the Group's results presentation.

Likewise, 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 are available in the webpage 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.

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.

The Group also organizes in-person visits, participates in seminars and forums and makes its e-mail address, investor.relations@grupologista.com and the Investor Relations phone +34 91 481 98 26 available to shareholders and investors to answer any query.

In addition, the Group's management annually holds, at least, two in-person or through audio-webcast meetings with analysts and investors to inform about its first half and fiscal year-end results. These audio-webcasts are published in the Group's webpage, www.grupologista.com, along with the rest of information related to the results.

- **Equal treatment, facilitating the exercise of the shareholders' rights**

The General Meeting of Shareholders is the Company's sovereign body and the main participation channel for shareholders in the Company's decisions-making. During the General Meeting of Shareholders, the agenda is deliberated and submitted for approval, observing the obligations of the Group with shareholders and investors, one of the main stakeholders, who also have the opportunity of sharing their opinions and concerns with the Board of Directors and the rest of shareholders.

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

As of 30 September 2016, Logista had a share capital, fully subscribed and paid, of €26,550,000, represented by 132,750,000 shares of €0.20 per value each. All shares are of a single class and series and have the same rights.

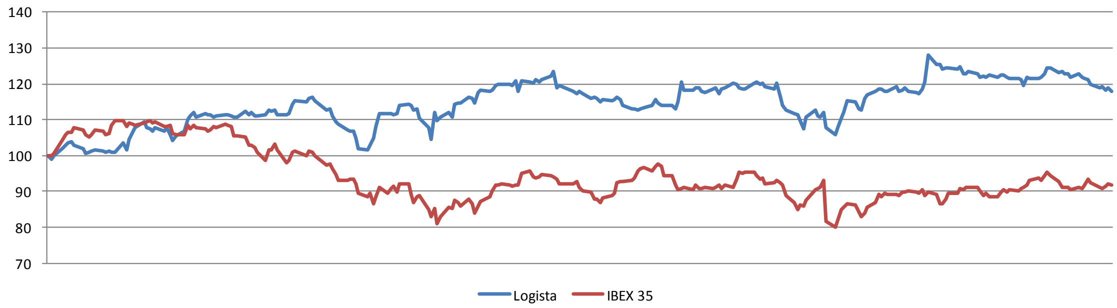
As of such date, and according to the information reported to the CNMV, the most significant shareholdings in the Group are:

Name of Shareholder	Number of direct voting rights	Number of indirect voting rights	% over total voting rights
IMPERIAL BRANDS PLC	0	92,925,001	70.00%
ALLIANZ GLOBAL INVESTORS FUND	4,197,259	0	3.16%
ALLIANZ GLOBAL INVESTORS GMBH	0	2,518,813	1.90%

During the fiscal year 2015-2016, the most significant movement in the shareholding structure has been the decrease of Fidelity International Limited's stake below 1%.

Logista has 275,614 own-shares, representing 0.21% of the Company's share capital, in order to meet the commitment of shares distribution resulting from the Company's 2014 General and Special Plans of Shares.

During the fiscal year 2015-2016, comprising from October 1st 2015 to September 30th 2016, Logista's share price increased by 17.8% while the IBEX index decreased by 8.2% in the same period.



Total shares traded during the fiscal year amounted to 40,296,050, representing a 30.4% rotation of the share capital, with a 100% trading frequency and an average volume of 156,186 traded shares per stock market session.

Logista's dividends policy, subject to approval by the General Meeting of Shareholders, consists in an annual payout of at least 90% of the consolidated net profit.

Thus, in August 2016, Logista paid a €0.25 interim dividend per share to be indebted to the fiscal year 2015-2016 results. Also, the Company's Board of Directors intends to propose the General Meeting of Shareholders the distribution of a final dividend for fiscal year 2015-2016, to be paid by the end of the first quarter of the year 2017.

3. Commitments to our Employees

The Logista Group's staff is one of the main assets in developing the Group's business model and in attaining its business objectives.

About 15,000 professionals habitually collaborate with the Group, being 5,545 the Group's direct employees. The Group's staff is distributed as follows in the 5 countries where it operates: 60% in Spain, 26% in France, 6% in Italy, 7% in Portugal and 1% in Poland.

Logista has a Code of Conduct establishing the general guidelines governing the conduct of the Group's directors, managers and employees in fulfilling their functions and their commercial and professional relations, acting according to each country laws and respecting the ethical principles of their respective cultures.

The Code is published in different languages in the Group's Intranet to ensure its diffusion and knowledge.

- **Fostering jobs and teams motivation**

The Logista 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.

In terms of average staff during the fiscal year 2015-2016, 4,728 professionals have a permanent contract at the Logista Group, 85.3% of the total staff, whereas 816 professionals have a temporary contract, 14.7% of the total staff. The commitment with job stability is reflected on the Group's permanent staff percentage. Additional jobs creation is produced during the first quarter of the fiscal year due to certain business seasonality.

2015-2016	**Staff**							
	Average staff*				**Staff as of 30/09/2016**			
	Permanent		**Temporary**		**Permanent**		**Temporary**	
	Men	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Spain	1,676	1,060	398	189	1,692	1,050	395	248
France	905	453	53	41	884	447	59	41
Italy	194	115	10	5	198	116	13	8
Portugal	186	84	71	23	202	85	57	18
Poland	46	10	21	5	46	10	21	4
Subtotal	**3,007**	**1,722**	**553**	**263**	**3,022**	**1,708**	**545**	**319**
Total	**5,545**				**5,594**			

* Figures are rounded

The Group's staff is made of professionals of 43 nationalities.

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

The main framework regulating labour relationships between the Group and its staff is the labour regulation in force and the corresponding collective labor agreement applicable. The Logista Group guarantees its employees' rights in every country where it operates. Collective labor agreements are signed whether by business or by industry depending on the companies and countries.

Logista believes that a corporate culture aligned with the business strategy is fundamental to contribute to attaining the Group's objectives.

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

The Logista Group’s Corporate Direction of Human Resources 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.

This Labour Climate Survey has been made in February of 2016, with high participation from employees, reaching a 63% participation and being answered by 3,300 employees, who contributed with over 10,000 comments.

The average valuation of all analyzed aspects improved when comparing with the results obtained in the Labour Climate Surveys made in 2014 and 2012.

Employees positively assess the good welcome they receive when joining the Group, the relationship with their hierarchic superiors, the respect and the egalitarian treatment without distinction by gender or age and the vocation for continuous improvement. In addition, they declare to be proud of working in the Group.

The Corporate Direction of Human Resources, after analyzing the Survey’s conclusions, has started several plans of action aimed at improving the communication across all levels of the organization, the professional development of our employees and the strengthening of the team spirit within the Group.

At these ends, the use of the Group’s collaborative Intranet has been promoted, as well as the diffusion of monthly bulletins to improve the information and communication.

In order to strengthen team spirit, “Team Building” is fostered through actions, both indoor and outdoor, with activities promoting listening, collaboration and motivation; as well as initiatives approaching the employees’ families to the Groups thus reinforcing their bond and their sense of belonging. Examples of these initiatives are the “Family Days” held in the Group’s different countries, family retreats, contests for children, etc.

The “Knowledge Sessions” or cross-sectional meetings of employees from different countries, businesses and departments continued in order to exchange experiences from different businesses and countries while acquiring a deeper knowledge of the Group’s different activities.

In addition, the Logista Group establishes other channels for bidirectional dialogue with its employees to promote communication, through mailboxes for suggestions, periodical meetings, communications through the Intranet, email, etc.

- **Talent Recruitment**

The Group develops actions focused on recruiting talent, implementing identification processes at the internal level and promoting continuous development opportunities.

Thus, the Group participates in different initiatives to promote labour and recruit external talent, keeping collaboration agreements with different universities and business schools to provide students the opportunity to apply and extend their knowledge, and to be able to identify and select new professionals for the Group.

The Group has participated in different forums, like the IESE Business School “Career Forum” and the ESIC Job Fair; while maintaining its “MBA Logista Group Management Program”.

Through the “MBA Logista Group Management Program”, the Group attracts talent from the main business schools it collaborates with.

Also, during fiscal year 2015-2016 the Logista Group participated in the Comunidad de Madrid III Job Activation Forum, fostering job search and improving work insertion, receiving the visit of a great variety of professional profiles. Also, Nacex participated in RTVE's TV program "There are jobs here".

Regarding recruiting internal talent, the Logista Group keeps initiatives so that the Group's professionals are prepared to assume important positions within the organization:

- Short term assignments" program: the program, started in fiscal year 2014-2015, is focused on having international professionals with a global and strategic vision helping them to promote transformation and synergies within the Group. During the fiscal year 15 professionals were in the program, rotating through businesses and countries, training and working in specific Group's projects.
- Talent Committees: the Corporate Talent Committee and the Talent Committees by businesses or countries analyze professionals, their career and their development potential, and adopt measures that accelerate their professional career.

This identification of internal talent has allowed the internal promotion and cross-sectional mobility of more than 50 professionals within the Group during the fiscal year.

- **Ongoing training**

The Logista Group is committed to boost its employees' training and qualification, favoring ongoing training to obtain a better performance and professional promotion within the Group.

During 2016 approximately 75 different training plans were implemented throughout the Group, implying over 255 training actions and an average of almost 14 training hours per professional.

The Corporate Direction of Human Resources has designed a Global Training Plan including a Corporate Training Plan focused on Dealing and Sale Abilities, Client Orientation and Marketing Strategies, Creativity and Innovation, Communication and Leadership, Projects Management and Financial Control; as well as training programs by countries and businesses focused on the activity, competencies development, languages, safety and health…

The Logista Group implemented during the fiscal year 2014-2015 an e-learning platform at international scale that has allowed to lay the foundations, regarding training, for transmitting and spreading "know-how" among employees. Different Group companies train their employees with the platform, since it includes specific information for each business.

During fiscal year 2015-2016 the platform reached 3,900 active users, 70% of the Group's total staff and gave over 150 courses, with high satisfaction by users.

Advantages of this platform include:

- Ease to control the follow up of thousands of students by the Human Resources training department.
- Having an own platform for each company or country with its corporate image.
- Multi-language solution for every Logista Group language: Spanish, Portuguese, English, French, Italian and Polish.
- Full compatible with any browser in any device: tablet iPad, Android, Mac, PC, Smartphone.

- **Compensation and Benefits Policy**

The Logista Group commits to the establishment of a compensation and benefits policy favoring recruiting the best professionals and facilitating compatibility of professional and family lives.

At that end, the Logista Group's compensation model is based on the principles of internal fairness, external competitiveness, transparency, differentiation and confidentiality.

The Group seeks to stimulate employees through compensation plans linked to the individual performance and the Group's results.

During fiscal year 2015-2016 the tool "Success Factors" has been implemented to homogenize and optimize the management of certain key human resources processes.

The implementation of this tool has improved the determination of individual and group targets, the assessment of employees by its direct people in charge, and the vertical communication, while facilitating, among other initiatives, the selection of training actions and development plans better suited for each employee.

The Logista Group incorporates in its Human Resources policies criteria of labour flexibility and benefits that vary based on the country, the company and work center. 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.

- **Diversity and Equal Opportunities**

The Logista Group commits to promote diversity and equality of opportunities, keeping the commitment to non-discrimination, equal opportunities and respect in all its varieties.

The Group rejects any kind of discrimination and, particularly, because of age, gender, religion, race, sexual orientation, nationality or disability.

These principles of diversity, equal of opportunities and non-discrimination are expressly cited in the Group's Code of Conduct of the Group and are assumed by all the employees.

In order to advance in equality of opportunities between women and men, during fiscal year 2015-2016 several equality plans have been formulated in different businesses, encompassing the recruitment process to the professional development, while raising awareness on this matter.

The Logista Group promotes diversity and equal opportunities and fosters helping underprivileged 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.

- **Safety and Health**

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

The Group develops a healthy company Project, with the primary target of promoting and protecting its employees' health, safety and well-being, as well as the ongoing sustainability of the work atmosphere, mainly in matters related to the risks, the safety and health in the company, including the physical working atmosphere, psycho-social atmosphere, health resources, etc.

Thus, the Group undertakes a proactive management of work Safety and Health throughout the cycle of the activities aiming to prevent damages on people, goods and the environment. At that end, it systematically sets health improvement targets and goals, assessing the performance and applying the needed corrections to reach the proposed targets, defining verification, audit and control processes to assure them.

As a result of this management, during fiscal year 2015-2016, the index of accidents with labour leave frequency ("Lost Time Accident rate") within the Group stood at 2.65 and declined in Spain, Italy, Portugal and Poland.

The Logista Group undertakes an annual benchmarking of accidents comparing the Group's results with those of other companies whose activities are in similar industries to the Group's businesses. The report for the fiscal year 2015-2016 shows the Logista Group's commitment to preventing accidents as reflected in the reduction since 2010. Accordingly, the Logista Group's index of accidents is well lower than those of companies in comparable industries.

Within the Group's general target of watching over its employees' safety and health, certifications or certification renewals of the safety and health management systems are carried out according to the OHSAS 18001:2007 International Regulation.

In Spain, during the fiscal year 2015-2016 Logista Libros has been certified according to the OHSAS 18000 regulation, and it is also carrying out the certification audit for BetoBe Pharma, as well as joint the certification renewal audits for Integra2, Nacex and Logista Pharma.

In Portugal the follow up audit for the OHSAS certification of the Alcochete delegation was made, whereas in Italy the follow up audit for the OHSAS certification for all Logista's work centers has been carried out. And, finally, in Poland the management system is being adapted for the upcoming OHSAS certification.

By finishing these processes and audits, almost half of the Group's work centers will be certified, with an application scope exceeding 44% of the employees.

Additionally, the Group promotes a healthy life through sport activities for its employees, like the Sport Day, football tournaments, and participation in the companies' race or sponsoring the "Racing for Disabilities".

4. Commitments to our Clients and Channels

Clients are one of the Logista Group's mains assets, and so it devotes its strongest efforts to continuous improvement, seeking service excellence and quality, interacting with clients and points of sale channels to know their needs, expectations and degree of satisfaction.

The Group involves its clients and points of sale channels in the activity's operating development and improvement to reach the highest reassurance and quality in the value chain.

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

- **Service excellence and quality**

The Logista Group continuously implements improvements in its processes and activities to reach service excellence and quality optimization.

The Group has certified systems according to national and international regulations, including:

- ISO 9001 certification of the Group's Quality Management System in over 300 premises.
- GDP (Good Distribution Practices) certification according to European and Spanish regulations for distributing pharmaceuticals.
- GMP (Good Manufacturing Practices) certification for a proper handling, relabelling and repackaging of pharmaceuticals, also granted by the Spanish health authorities.
- CCQI (Cold Chain Quality Indicator) certification 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 (Transported Asset Protection Association) certification granted to Logesta, guaranteeing that Facility Security Requirements (FSR) and Trucking Security Requirements (TSR) designed to ensure security and safe transit and warehousing of assets of any TAPA member worldwide are applied.
- Carbon Footprint calculation certification according to UNE-EN ISO 14064 at Group level.

- **Clients satisfaction**

The Logista Group establishes trust relationship with its clients seeking to create long-term value for both parts, as well as for the end customers of the points of sale it distributes to.

Manufacturers, laboratories and other operators trust the Logista Group for distributing their products and services. The Group assumes this responsibility and works on a daily and long term basis for a distribution service satisfying the highest levels of requirement and efficiency.

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

The Group seeks full client satisfaction and a proper performance of points of sale channels. At that end, and in addition to its commitment to quality and continuous improvement, it develops national and international initiatives to know their satisfaction through, for instance, personal relationship and interviews, satisfaction surveys, a complaints and claims system, a box and specific form at the clients' corporate web, etc.

- **Stable and long term relationships**

The Logista Group has the aim of establishing and keeping stable and long-lasting links with its clients and points of sale channels, with honesty and responsibility as core drivers in its relationships and activities.

Logista seeks mutually beneficial relationships with its clients, allowing the relationship consolidation and loyalty and long term mutual value creation.

5. Commitments to our Suppliers

The Logista Group has a Purchasing Policy in accordance to the Group's principles on ethics, labour, environmental responsibility, quality and vocation for clients that it applies to every purchase.

The Purchasing Policy ensures maximum transparency in the process of contracting suppliers, as well as in preventing fraud risks in purchasing processes, setting the basic internal control elements needed.

Contracting of goods or services is made by formulating Offers Requests, to which as many suppliers are called as possible. The selection process is always made according to quality criteria, including characteristics like technical, economic, environmental and contractual features, the supplier capabilities and references within the good or service being contracted and the supplier's economic-financial status.

The Purchasing Policy is available at the Group's intranet so it is known and applied by every employee.

- **Resources optimization and rationalization**

The Purchasing Corporate Direction manages the centralization of relevant acquisitions of goods and services for the Group aiming at promoting the optimization and rationalization of resources.

At this end, it has started a number of lines of action, such as an Annual Purchasing Plan, incorporation of the Investment Budget, definition of groups and subgroups and goods being centralized, as well as investments being centralized.

Aiming at formulating the selection criteria of relevant suppliers to the Group, the Purchasing Corporate Direction has materialized such criteria in a Decision Matrix to be applied since October 1st 2016 in every Offer Request for contracting goods or services relevant to the Group and being centralized, so improving the risks management in contracting suppliers by the Logista Group and the analysis of the exposure level.

It must be taken into account that there are local contractings by the Group that, due to its nature or reduced cost, are not suitable for a centralized management. These purchases must also be guided by the general principles for purchases established in the Purchasing Policy.

- **Maximum transparency in the contracting process and internal control to prevent fraud risks**

The application of the Purchasing Policy ensures that the purchasing process reaches high transparency, efficiency and fairness levels, since it establishes that every purchase decision, whether centralized or not, is taken based on the aforementioned criteria, such as quality, the supplier's capabilities and references on the good or service to be purchased and its financial status.

Transparency, efficiency and fairness are fundamental aspects in the purchasing process contributing to establish long term relations with the suppliers, advancing in the mutual confidence and increasing the visibility provided to suppliers in their respective activities.

- **Promoting the knowledge and application of the Code of Conduct**

The Logista Group assumes its responsibility at all levels of its activity's value chain.

The Groups so fosters that its suppliers of relevant goods or services to the Group share the same principles than Logista Group's and applies to them the needed vocation for quality and the long term mutual creation of value.

Thus, the Group will promote among such suppliers the knowledge and application of Logista Group's Code of Conduct, by having it annexed to the documentation sent to them before sending the Offer Request.

6. Commitments to Society and the Environment

For years, the Logista Group has been developing good practices included in its Quality and Environment Director Plan, as well as participating in some social initiatives. All these actions are within the framework of the Group's commitment to economic development, social wellbeing and respect for the environment in which it develops his activities.

Environment

The Group integrates the environmental policy into its corporative strategy, as part of the added value characterizing its services and operations, through the Quality and Environment Director Plan.

The Group's Quality, Environment and Energy Efficiency Policy establishes the guidelines governing its activities that, within a continuous improvement process focused on excellence, includes implementing policies and good practices for optimizing the use of resources, supporting and contemplating energy efficiency in acquiring products and services, as well as promoting the prevention of pollution in the processes.

The Policy also contemplates the definition and control of environmental and quality indicators with periodic evaluation of the sustainability performance, as well as the evaluation and reduction of the carbon footprint.

It also establishes the strict regulatory compliance, extended to voluntary objectives subscribed by the company, as well as the collaboration with organisms and groups of interest favouring the improvement of quality and the environment.

The Group is committed to promote among employees, clients, suppliers and the society at large the respect for the environment.

Thus, the Quality, Environment and Energy Efficiency Policy is available in Spanish and English in the Group's Intranet and corporate web, so it is known and consulted by any employee and the rest of the Group's stakeholders.

In addition, the Quality and Environment Corporate Direction develops initiatives to raise awareness or to additionally disseminate the actions the Logista Group undertakes in this matter to increase the employees' knowledge and commitment in this matter.

With the purpose of promoting our commitment to quality and sustainable development, the Logista Group includes environmental requirements in the purchases tenders with greater impact, and so looks for the most efficient and sustainable solutions favouring the demand of products and services based on a low carbon economy like, for example, the acquisition of electricity with renewable origin.

In addition, the Quality and Environment Direction makes available to the public in general an email address to contact Logista on any doubt, suggestion or commentary related to the Group's management of quality and environment, calidadymedioambiente@logista.es.

- **Control of green house gases**

The Logista Group is calculating since the fiscal year 2013-2014 the Carbon Footprint of every business and service in the different countries where it operates through an operational control approach, including the Group's outsourced activities, as well as those by outsourced transport vehicles.

The calculation is based on the norm and emission factors for reporting Green House Gases by the Green House Gas Protocol and the UNE-EN-16258 norm to establish the calculation methodology.

In addition, the calculation is verified under the UNE-EN ISO 14064 norm by an independent audit entity, ratifying the figures and assuring the process reliability and traceability.

The Group calculates the Carbon Footprint by every activity in Spain, Portugal, France, Italy and Poland.

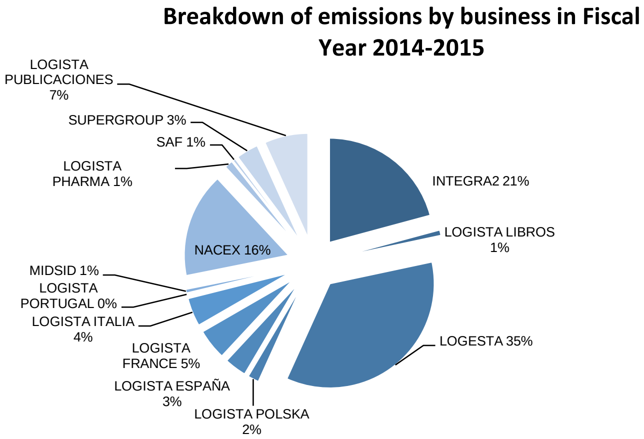
In addition, it integrates into its calculation the transporting operations, even when they are outsourced, as well as the development of indirect activities, such as the purchase of goods and services, the generation of waste and the transport activity, proving the Logista Group's clear will towards a comprehensive and full sustainability.

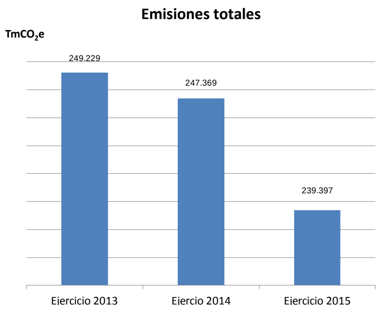
Integra2 and Logesta freely report to their clients the Carbon Footprint of their deliveries through the website and the invoices.

During the fiscal year 2014-2015, the latest with externally verified and certified information as of this report's date, the Group has reduced its direct emissions by 2.3%, cutting them by 823Tm of CO_2e when comparing with the previous fiscal year.

	Fiscal Year 2014-2015 (TmCO_2e)
DIRECT EMISSIONS	35,065
INDIRECT EMISSIONS	204,332
TOTAL EMISSIONS	**239,397**

This reduction in emissions implies that the Group has cut its direct emissions by 7.3% since the fiscal year 2012-2013 and by 43% the emissions derived from electric consumption, equivalent to a combined reduction of 6,135 Tm of CO_2e in two fiscal years.





During the fiscal year 2013-2014, the Logista Group began using renewable-produced electricity. During the fiscal year 2015-2016, the Group has increased the number of points supplied with renewable-produced electricity to more than 90% of the Group’s facilities, including every Group directly managed center in Spain, France, Italy and Portugal.

Accordingly, 138 supplied points and 13 Group’s businesses use 100% renewable-produced electricity, which has reduced by 43% the emissions generated, fostering the demand of clean energy and preventing the emission of over 15,700Tm of CO_2e every year, equivalent to the fixing function of 27,000 trees and to the annual electrical consumption of over 16,000 households.

Also, the Group compiles and analyzes information about the water consumption, waste and most relevant materials consumed by the Group. During the fiscal year 2016-2017, the Logista Group will take a new step forward in this ambition by automating the process of periodic information compilation, calculation, reporting and external verification, which will be adapted and integrated into the Environmental Scorecard.

The following table shows the consumption of energy, water, waste management and consumption of goods during the fiscal year 2014-2015, the latest data available as of this report’s date. Data of these consumptions during fiscal year 2015-2016 will be available during the fiscal year 2016-2017.

ENERGY CONSUMPTION	**GWh**
Electricity	53,747
Natural Gas	11,128
Other fuels	317
WATER CONSUMPTION	**m³**
Network water	85,929
WASTE	**%**
Recycled	90
Energy Recovery	1
Neither recycled nor recovered	9
CONSUMPTION OF GOODS	**%**
Renewable Origin	92
Non-renewable Origin	8

- **Energy Efficiency Plan**

The Logista Group is committed to energy efficiency, establishing 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.

According to this, Integra2 already has vehicles working with Compressed Natural Gas and it is committed to continue the process of incorporating more ECO vehicles to his fleet.

Meanwhile, Nacex is testing deliveries in urban areas with alternative vehicles. In this line, Nacex has made available to its franchises the possibility of testing a 100% electric delivery vehicle.

Regarding long-haul transport, it must be emphasized the constant incorporation to Logesta of 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 France, Italy and Portugal and of imminent completion in Spain, will allow for a complete redefinition of the bases in the management of the Group's energy efficiency in the medium and long term, that will include the review of functions, roles, responsibilities, as well as a better planning, execution, follow-up and control of energy efficiency objectives.

- **National and international initiatives on environmental protection**

The Logista Group participates and promotes initiatives on environmental protection aiming at stimulating the relevance of the environmental sustainability in business activities.

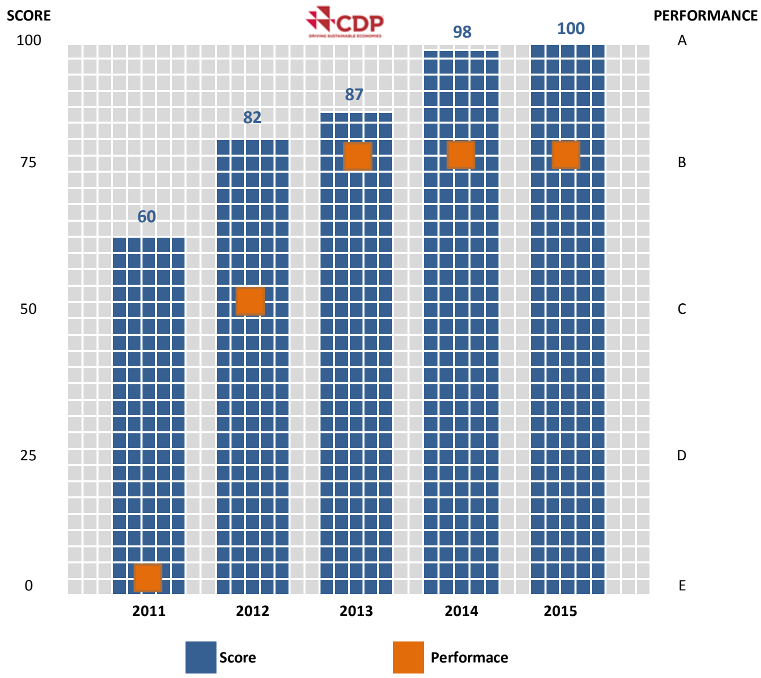
Thus, the Group participates in reports and technical, divulging and/or of environmental analysis reports, such as the Carbon Disclosure Project (CDP) or the FTSE4Good, sharing with transparency our vision on the climate change and its impact on the society and our business in particular.

CDP distinguished Logista as "Climate Disclosure Leader 2015" after analyzing the 125 largest companies by market capitalization in Spain and Portugal.

Additionally, in October 2016 CDP has recognized and included the Logista Group among the companies in its prestigious "A-List" group. CDP has assessed 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 sends 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 page Web.

The global management of the information reported to CDP, including every Group's company, assesses the measures and improvements implemented in recent years, therefore extending the recognition to all of them. Also, the recognition awards the Logista Group's effort and evolution and sets it as a model and benchmark company for participant organizations in the Program.



The Logista Group has participated as founding member of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth), a non-profit businesses association gathering among others 29 of Spain's largest companies, aiming at working together 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.

Social Actions

- **Promoting CSR culture**

The Logista Group believes its activity is part of the community it integrates into and actively commits to economic development, the social well-being and respect to the environment in which it develops its activities.

One of the commitments adopted by Logista's Board of Directors regarding CSR Policy is to promote the culture of social responsibility within the Group, as well as the social development through voluntary activities.

Since it was approved, Logista's CSR Policy is available in the Group's Intranet so it is known and assumed by all the employees as their own.

Both Logista and its subsidiaries actively participate and provide support to humanitarian, cultural and sport initiatives, mainly solidarity actions at a local level.

Throughout the fiscal year, the Logista Group has continued being actively involved in participating and financing numerous projects devoted to improve the wellbeing and the integration of people.

The Logista Group actively collaborates with the olVIDAdos Association, a non-profit association focused on helping families in difficult circumstances, by donating its transport services by both Logesta and Integra2 to transport food to social lunch rooms, parishes or assistance points.

Also, the Group freely provides transport and logistics services to other initiatives for collecting food, particularly in Christmas campaigns, at supermarkets, hypermarkets and superstores to be delivered to the Madrid, Barcelona, Seville and Cádiz Food Banks through Integra2, as well as to the program "Entitats amb Cor" to collect food in collaborating sport clubs and Nacex agencies to be delivered to Cáritas in Barcelona and Pamplona.

In addition, Nacex was Official Transport for the Ayuda en Acción Christmas campaign with free delivery of its catalogues to fight poverty through long term area development projects and social lunchrooms. It also collaborated with Huertea by sponsoring an area in an organic crop whose collection will be distributed to Cáritas and/or to social lunchrooms.

The Logista Group also collaborated in improving the wellbeing of patients at hospitals by means of diverse actions. Thus, Nacex made the deliveries related to the awareness campaign by the Spanish Federation of Rare Diseases (FEDER) during the Rare Diseases World Day, a problem affecting 3 million people in Spain.

Nacex also freely delivered Christmas toys to hospitalized children by collaborating with "Let not lack anything" and sent material for La Cuentista to altruistically perform a play in a hospital. Integra2 gratuitously transported toys for Seville's Fundación Pequeño Deseo, and Logesta kept supporting together with its staff the Juegaterapia Foundation, dedicated to improve the quality of life of hospitalized children with cancer.

The Group through Nacex helped the Josep Carreras Foundation by supporting and additionally disseminating its charity campaign "Fight Leukemia", as well as the "Fight Cancer" charity campaign in TV3's Marató, which also Logesta collaborated with. Also, Logista France sponsored the "Odyssea Race" against cancer.

Integra2 continued collaborating in the clinical investigation of the San Filippo rare disease by gratuitously transporting plastic caps for recycling and fund raising, and Nacex supported the Multiple Sclerosis charity campaign for its investigation and the improvement of the quality of life of the affected people.

Nacex also sponsored the "The Factory of Dreams" project by Get Your Dreams Fundació, by helping disseminating and knowing the foundation and its objectives. In addition, during the fiscal year 2015-2016 it specifically helped so that Madeleine, a Senegalese woman wishing to be cook of a great restaurant and help her family in Senegal, fulfilled her dream by starting her cooking studies at the Hoffman cooking school to obtain the Chef title.

It also collaborated for the second consecutive year with Recicla Cultura by facilitating used books to later sell them, as well as with a collection and ulterior charity sale among Nacex employees, raising funds so that Fundación Recicla Cultura volunteers give literacy courses to immigrants and so facilitate their first step forward towards social inclusion.

Meanwhile, it continued sponsoring the Nacex Challenge for former Real Madrid and Barcelona football players, raising funds for children at risk of social exclusion. It also collaborated with Gran Explorador and Transparencia Social y Solidaria in a project with young people with difficulties in social integration.

Logesta continued the support, started in 2002, of children in Cambodia, Peru and Guatemala thanks to the collaboration with Fundación Eco and Global Humanitaria.

Regarding sports, Integra2 sponsored the young rallies pilot Roberto Blach Jr, Roberto Ijalba's Boldor Rioja Classic team of vintage motorcycles, the Terrassa Padel Club and Logesta sponsored 4 mixed volleyball teams in Leganés.

Also, Nacex sponsored the IXº Kern Pharma International Meeting Great Prize "SAULEDA" of the Foundation Pere Suñé for disabled athletes, focused in promoting paralympic, elite, young people and children athletics.

Additionally, Integra2 participated with its delegates in numerous actions in sports. It collaborated with the Almería delegation in organizing and promoting the PRO-AM Golf tournament, which scores in the Spain Championship, as well as in diverse actions of child football and the II Chess Formative Journeys and Computers and the Indalo Chess Club.

It also collaborated with the Cáceres delegation in sponsoring the Integra2 Navalmoral Indoor Football team and promoting its lower teams, as well as with the Burgos delegation in sponsoring the AutoCross pilot David Urbán and in diverse actions in sports by the Vigo and Murcia delegations.

Meanwhile, the Group through Integra2 sponsored Miquel Silvestre and his "Nomad Journey" while he crossed America in motorcycle helping to let the Spanish explorers' history and places in the continent be known, that Televisión Española also broadcasted. Also in the cultural area, Logista Italia sponsored the Cervantes Institute in Italy.

CONTACT

For general enquiries on this Report, you may contact the Investors Relations Department by mail (c\ Trigo 39. Polígono Industrial Polvoranca. 28914 Leganés, Madrid) or by email (investor.relations@grupologista.com).

For specific enquiries on environmental issues, you may contact the Quality and Environment Corporate Direction by mail (c\ Trigo 39. Polígono Industrial Polvoranca. 28914 Leganés, Madrid) or by email (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 25 October 2016.

Leganés (Madrid), October 25th, 2016

The Secretary Director,

Rafael de Juan López

Report-Proposal of amendment to the Executive Directors´ Remuneration Policy

(Item 5.1 on the Agenda of the General Shareholders Meeting of March 21st, 2017)

Appointments and Remuneration Committee

October 25th, 2016

PROPOSED RESOLUTION TO THE GENERAL SHAREHOLDERS MEETING TO AMEND THE EXECUTIVE DIRECTORS´ REMUNERATION POLICY OF THE COMPANY

Approve an amendment to the Directors´ Remuneration Policy of Compañía de Distribución Integral Logista Holdings, S.A. (the "**Company**") and of its subsidiaries (hereinafter, jointly referred as "**Logista Group**" or the "**Group**"), as a separate point on the agenda, in accordance with article 529 novodecies of Royal Legislative Decree 1/2010, of July 2, 2010, approving the Codified Text of the Capital Companies Law (the "**CCL**"), and with article 17 of the bylaws of the Company.

1. Background and justification for the amendment

The CCL establishes, among other aspects, (i) the need for listed capital companies to have a remuneration policy for their directors which must be approved by the general shareholders' meeting at least every three years as a separate point on the agenda; and (ii) the need for any amendment or replacement of the policy during its term of validity to be approved by the general shareholders' meeting.

In accordance with article 529 novodecies of the CCL and the transitional provision of Law 31/2014, amending the CCL to improve corporate governance, the Directors´ Remuneration Policy of the Company (the "**Directors´ Remuneration Policy**" or the "**Policy**") was included in the annual report on the remuneration of directors corresponding to 2013-2014 fiscal year ("**ARRD 2013-2014**") , which was approved in a consultative vote by the general shareholders' meeting of the Company (the "**General Shareholders´ Meeting**", or the "**General Meeting**") held on February 17, 2015.

Accordingly, the approval of the remuneration policy contained in the ARRD 2013-2014 constitutes the current Directors´ Remuneration Policy of the Company which will be applied until 2017-2018 fiscal year.

Grupo Logista

Notwithstanding the foregoing, the Appointments and Remuneration Committee of the Company (the "**Appointments and Remuneration Committee**" or the "**ARC**"), pursuant article 18 of the board of directors regulation, is competent to ensure that the remuneration policy established by the Logista Group is observed and reviewed periodically. In exercising this competence, the ARC seeks to continuously improve and align the Directors´ Remuneration Policy with any regulatory or corporate governance amendments that arise.

After the approval of the Good Governance Code of Listed Companies (the "**GGC**") by the National Securities Market Commission on February 18, 2015, which deepens in several recommendations related to directors' remuneration, the ARC has performed a detailed review of it.

In this respect, in order to fulfil the commitment made by the Company, contained in the Directors´ Remuneration Policy, of adapting said Policy to legislative developments, best market practices, and corporate governance recommendations and guidelines, particularly, Recommendations 59 and 62 of the GGC, the ARC submitted to the board of directors of the Company (the "**Board of Directors**" or the "**Board**") the proposed amendment to the Policy, which the Board of Directors decided to submit to the General Meeting.

The proposed amendment to the Directors´ Remuneration Policy intends to include in the Policy (i) ex-post adjustments to the short-term variable remuneration and to the medium- and long-term deferred variable remuneration of the executive directors of the Company (the "**Executive Directors**"), and (ii) the obligation of Executive Directors to hold the shares received under medium- and long-term deferred variable remuneration, in accordance with that established, respectively, in the Recommendations 59 and 62 of the GGC.

Notwithstanding the foregoing, the proposed amendment to the Policy does not affect its above-mentioned term of validity or its contents, including the payable remuneration to the directors of the Company for both, their capacity as such and the performance of their executive functions.

In this respect, the amendment to the Policy shall apply from the date of its approval by the General Meeting and shall be extended to 2017-2018 fiscal year, in accordance with the term of validity approved by the General Shareholders' Meeting held on February 17, 2015 which approved the current Directors´ Remuneration Policy. Any additional amendment to the Policy during such period shall require the prior approval of the General Shareholders´ Meeting in accordance with the CCL.

2. Amendment to the Directors´ Remuneration Policy as regards the basic terms and conditions of their contracts

The Board of Directors, at the proposal of the ARC, approved in its meeting of October 25, 2016, the present amendment to the Directors´ Remuneration Policy and shall therefore submit it to the General Shareholders´ Meeting for approval, as a separate point on the agenda, in accordance with the CCL.

Therefore, as indicated in section 1 above, the Directors´ Remuneration Policy approved by the General Shareholders´ Meeting held on February 17, 2015, is amended in its section related to the terms and conditions of Executive Directors contracts, on the following terms.

2.1 Ex-post adjustments to variable remuneration ("clawback clause")

In order to align Executive Directors variable remuneration with Recommendation 63 of the GGC, during two years after the settlement and payment of the variable remuneration (both, short-term and medium- and long-term deferred), the Company may require Executive Directors and, as the case may be, their successors in title, should these latter have received the variable remuneration due to the death, in his/her mandate, of the Executive Director, to refund up to 100 per cent of such variable remuneration or even to offset such refund against any other remuneration of any nature that they may be entitled to perceive, where any of the following circumstances are present:

- It comes to light that the settlement and payment of the variable remuneration has entirely or partly taken place on the basis of data whose falsity or inaccuracy was manifestly demonstrated later.

- There are losses at the Group (negative EBIT) during the clawback period that are attributable to the management carried out by the Executive Directors in the years in which the variable remuneration was generated.

- There is a material restatement of the financial statements of the Company, where so considered by the external auditors, unless it becomes appropriate due to a change in the accounting legislation.

- The Executive Directors have been penalized due to a serious breach of the code of conduct and other applicable internal regulations, where the breach has harmed the Company's image and reputation, or has harmed the perception of the Company by markets, clients, suppliers, or regulators, among others.

The Board of Directors, at the proposal of the ARC, shall determine whether the circumstances that trigger the application of this clause have occurred and the amount of the variable remuneration, if any, that must be refunded to the Company.

2.2 Obligation to hold Company shares

In accordance with Recommendation 62 of the GGC, Executive Directors must hold any shares received as a result of their participation in any medium- and long-term deferred variable remuneration plans until reaching a number of shares equal to twice their annual fixed remuneration. These shares may not be sold until the end of their mandate.

The foregoing shall not apply to shares that Executive Directors must sell, where appropriate, to defray the costs related to the settlement thereof.

Notwithstanding the foregoing, the Board of Directors, at the proposal of the ARC, may authorize the Executive Directors to sell, or to dispose for other purposes, of all or some of the shares that have been affected by this obligation to hold Company shares, where there are exceptional cases of *force majeure* or extreme necessity that made necessary for the Executive Directors to be able to dispose of these shares.

The preceding Report-Proposal was unanimously approved by the Appointments and Remuneration Committee of the Company, in the session held on 25 October 2016.

Leganés, on 24 January 2017.

The Secretary of the Appointment and Remuneration Committee,

Rafael de Juan López

Proposal to the General Shareholders Meeting of amendment to the Executive Directors´ Remuneration Policy

(Item 5.1 on the Agenda of the General Shareholders Meeting of March 21st, 2017)

Board of Directors

October 25th, 2016

PROPOSED RESOLUTION TO THE GENERAL SHAREHOLDERS MEETING TO AMEND THE EXECUTIVE DIRECTORS´ REMUNERATION POLICY OF THE COMPANY

Approve an amendment to the Directors´ Remuneration Policy of Compañía de Distribución Integral Logista Holdings, S.A. (the "**Company**") and of its subsidiaries (hereinafter, jointly referred as "**Logista Group**" or the "**Group**"), as a separate point on the agenda, in accordance with article 529 novodecies of Royal Legislative Decree 1/2010, of July 2, 2010, approving the Codified Text of the Capital Companies Law (the "**CCL**"), and with article 17 of the bylaws of the Company.

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In accordance with article 529 novodecies of the CCL and the transitional provision of Law 31/2014, amending the CCL to improve corporate governance, the Directors´ Remuneration Policy of the Company (the "**Directors´ Remuneration Policy**" or the "**Policy**") was included in the annual report on the remuneration of directors corresponding to 2013-2014 fiscal year ("**ARRD 2013-2014**") , which was approved in a consultative vote by the general shareholders' meeting of the Company (the "**General Shareholders´ Meeting**", or the "**General Meeting**") held on February 17, 2015.

Accordingly, the approval of the remuneration policy contained in the ARRD 2013-2014 constitutes the current Directors´ Remuneration Policy of the Company which will be applied until 2017-2018 fiscal year.

Notwithstanding the foregoing, the Appointments and Remuneration Committee of the Company (the "**Appointments and Remuneration Committee**" or the "**ARC**"), pursuant article 18 of the board of directors regulation, is competent to ensure that the remuneration policy established by the Logista Group is observed and reviewed periodically. In exercising this competence, the ARC seeks to continuously improve and align the Directors´ Remuneration Policy with any regulatory or corporate governance amendments that arise.

After the approval of the Good Governance Code of Listed Companies (the "**GGC**") by the National Securities Market Commission on February 18, 2015, which deepens in several recommendations related to directors' remuneration, the ARC has performed a detailed review of it.

In this respect, in order to fulfil the commitment made by the Company, contained in the Directors´ Remuneration Policy, of adapting said Policy to legislative developments, best market practices, and corporate governance recommendations and guidelines, particularly, Recommendations 59 and 62 of the GGC, the ARC submitted to the board of directors of the Company (the "**Board of Directors**" or the "**Board**") the proposed amendment to the Policy, which the Board of Directors decided to submit to the General Meeting.

The proposed amendment to the Directors´ Remuneration Policy intends to include in the Policy (i) ex-post adjustments to the short-term variable remuneration and to the medium- and long-term deferred variable remuneration of the executive directors of the Company (the "**Executive Directors**"), and (ii) the obligation of Executive Directors to hold the shares received under medium- and long-term deferred variable remuneration, in accordance with that established, respectively, in the Recommendations 59 and 62 of the GGC.

Notwithstanding the foregoing, the proposed amendment to the Policy does not affect its above-mentioned term of validity or its contents, including the payable remuneration to the directors of the Company for both, their capacity as such and the performance of their executive functions.

In this respect, the amendment to the Policy shall apply from the date of its approval by the General Meeting and shall be extended to 2017-2018 fiscal year, in accordance with the term of validity approved by the General Shareholders' Meeting held on February 17, 2015 which approved the current Directors´ Remuneration Policy. Any additional amendment to the Policy during such period shall require the prior approval of the General Shareholders´ Meeting in accordance with the CCL.

2. Amendment to the Directors´ Remuneration Policy as regards the basic terms and conditions of their contracts

The Board of Directors, at the proposal of the ARC, approved in its meeting of October 25, 2016, the present amendment to the Directors´ Remuneration Policy and shall therefore submit it to the General Shareholders´ Meeting for approval, as a separate point on the agenda, in accordance with the CCL.

Therefore, as indicated in section 1 above, the Directors´ Remuneration Policy approved by the General Shareholders´ Meeting held on February 17, 2015, is amended in its section related to the terms and conditions of Executive Directors contracts, on the following terms.

2.1 Ex-post adjustments to variable remuneration ("clawback clause")

In order to align Executive Directors variable remuneration with Recommendation 63 of the GGC, during two years after the settlement and payment of the variable remuneration (both, short-term and medium- and long-term deferred), the Company may require Executive Directors and, as the case may be, their successors in title, should these latter have received the variable remuneration due to the death, in his/her mandate, of the Executive Director, to refund up to 100 per cent of such variable remuneration or even to offset such refund against any other remuneration of any nature that they may be entitled to perceive, where any of the following circumstances are present:

- It comes to light that the settlement and payment of the variable remuneration has entirely or partly taken place on the basis of data whose falsity or inaccuracy was manifestly demonstrated later.

- There are losses at the Group (negative EBIT) during the clawback period that are attributable to the management carried out by the Executive Directors in the years in which the variable remuneration was generated.

- There is a material restatement of the financial statements of the Company, where so considered by the external auditors, unless it becomes appropriate due to a change in the accounting legislation.

- The Executive Directors have been penalized due to a serious breach of the code of conduct and other applicable internal regulations, where the breach has harmed the Company's image and reputation, or has harmed the perception of the Company by markets, clients, suppliers, or regulators, among others.

The Board of Directors, at the proposal of the ARC, shall determine whether the circumstances that trigger the application of this clause have occurred and the amount of the variable remuneration, if any, that must be refunded to the Company.

2.2 Obligation to hold Company shares

In accordance with Recommendation 62 of the GGC, Executive Directors must hold any shares received as a result of their participation in any medium- and long-term deferred variable remuneration plans until reaching a number of shares equal to twice their annual fixed remuneration. These shares may not be sold until the end of their mandate.

The foregoing shall not apply to shares that Executive Directors must sell, where appropriate, to defray the costs related to the settlement thereof.

Notwithstanding the foregoing, the Board of Directors, at the proposal of the ARC, may authorize the Executive Directors to sell, or to dispose for other purposes, of all or some of the shares that have been affected by this obligation to hold Company shares, where there are exceptional cases of *force majeure* or extreme necessity that made necessary for the Executive Directors to be able to dispose of these shares.

The preceding Proposal was unanimously approved by the Board of Directors of the Company, in the session held on 25 October 2016.

Leganés, on 24 January 2017.

The Secretary Director,

Rafael de Juan López

Report and Proposal to the Board of Directors of amendment to the Directors' Remuneration Policy (Compatibility of the receipt of the fixed remuneration of the Chairman of the Board and that of the Chairman of the Appointments and Remuneration Committee, although both positions are held by the same person)

(Item 5.2 on the Agenda
of the General Shareholders Meeting of March 21st, 2017)

Appointments and Remuneration Committee

January 24th, 2017

Background and justification for the proposed amendment

The CCL establishes, among other aspects, (i) the need for listed capital companies to have a remuneration policy for their directors which must be approved by the general shareholders' meeting at least every three years as a separate point on the agenda; and (ii) the need for any amendment or replacement of the policy during its term of validity to be approved by the general shareholders' meeting.

In accordance with article 529 novodecies of the CCL and the transitional provision of Law 31/2014, amending the CCL to improve corporate governance, the Directors´ Remuneration Policy of the Company (the "**Directors´ Remuneration Policy**" or the "**Policy**") was included in the annual report on the remuneration of directors corresponding to 2013-2014 fiscal year ("**ARRD 2013-2014**") , which was approved in a consultative vote by the general shareholders' meeting of the Company (the "**General Shareholders´ Meeting**", or the "**General Meeting**") held on February 17, 2015.

Accordingly, the approval of the remuneration policy contained in the ARRD 2013-2014 constitutes the current Directors´ Remuneration Policy of the Company which will be applied until 2017-2018 fiscal year.

The Policy indicates that the fixed Remuneration for the Chairman of the Board of Directors includes the fixed Remuneration established for the President of the Appointment and Remuneration Committee, being both positions covered by the same person.

However, the Appointments and Remuneration Committee believes that the roles and responsibilities of these two positions are different, and require a specific focus so, therefore, they must be paid in the amount established by the Board of Directors for both positions, regardless that the two positions be held by the same person.

In consequence, and according to the provisions of article 18 2 b) of the Regulations of the Board of Directors, dated 26 January 2016, and article 529 novodecies of the CCL, the Appointments and Remuneration Committee, with the abstention of Mr.

Marañón, personally affected by this decision, agrees to propose to the Board of Directors the submission to the next General Shareholders Meeting, as a separate item of the Agenda, the amendment to the Directors' Remuneration Policy, in accordance with the following

Resolution Proposal

"To amend the Directors' Remuneration Policy, approved by the General Meeting of Shareholders of February 17, 2015, in accordance to transitional provision of Law 31/2014, of December 3rd, in order to establish the compatibility of the receipt of the fixed 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."

The preceding Report-Proposal was unanimously approved by the Appointments and Remuneration Committee of the Company, in the session held on 24 January 2017.

Leganés, on 24 January 2017.

The Secretary of the Appointment and Remuneration Committee,

Rafael de Juan López

Proposal from the Board of Directors to the General Shareholders Meeting of amendment to the Directors' Remuneration Policy (Compatibility of the receipt of the fixed remuneration of the Chairman of the Board and that of the Chairman of the Appointments and Remuneration Committee, although both positions are held by the same person)

(Item 5.2 on the Agenda of the General Shareholders Meeting of March 21st, 2017)

Board of Directors

January 24th, 2017

Background and justification for the proposed amendment

The CCL establishes, among other aspects, (i) the need for listed capital companies to have a remuneration policy for their directors which must be approved by the general shareholders' meeting at least every three years as a separate point on the agenda; and (ii) the need for any amendment or replacement of the policy during its term of validity to be approved by the general shareholders' meeting.

In accordance with article 529 novodecies of the CCL and the transitional provision of Law 31/2014, amending the CCL to improve corporate governance, the Directors´ Remuneration Policy of the Company (the "**Directors´ Remuneration Policy**" or the "**Policy**") was included in the annual report on the remuneration of directors corresponding to 2013-2014 fiscal year ("**ARRD 2013-2014**") , which was approved in a consultative vote by the general shareholders' meeting of the Company (the "**General Shareholders´ Meeting**", or the "**General Meeting**") held on February 17, 2015.

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However, the Appointments and Remuneration Committee believes that the roles and responsibilities of these two positions are different, and require a specific focus so, therefore, they must be paid in the amount established by the Board of Directors for both positions, regardless that the two positions be held by the same person.

In consequence, and according to the provisions of article 18 2 b) of the Regulations of the Board of Directors, dated 26 January 2016, and article 529 novodecies of the CCL, the Board of Directors, at the Appointments and Remuneration Committee, with the abstention of Mr. Marañón, personally affected by this decision, agrees to submit to the next General Shareholders Meeting, as a separate item of the Agenda, the amendment to the Directors' Remuneration Policy, in accordance with the following

Resolution Proposal

"To amend the Directors' Remuneration Policy, approved by the General Meeting of Shareholders of February 17, 2015, in accordance to transitional provision of Law 31/2014, of December 3rd, in order to establish the compatibility of the receipt of the fixed remuneration of the Chairman of the Board and that of the Chairman of the Appointments and Remuneration Committee, although both positions are held by the same person."

The preceding Proposal was unanimously approved by the Board of Directors of the Company, in the session held on 24 January 2017.

Leganés, on 24 January 2017.

The Secretary Director,

Rafael de Juan López