ANNUAL REPORT OF THE ACTIVITIES OF THE

APPOINTMENTS AND REMUNERATION COMMITTEE

2015-2016




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

APPOINTMENTS AND REMUNERATION COMMITTEE

REPORT ON FUNCTIONS AND ACTIVITIES

FINANCIAL YEAR 2015-2016

1.- <u>REGULATION</u>

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

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

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

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

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

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

a) To assess the competencies, know-how and experience required on the Board. To this effect, the functions and skills required and the candidates that should cover the vacancy shall be defined and the time and dedication required for efficiently carrying out the tasks shall be assessed.

b) To establish a representation target for the gender that is least represented in the Board of Directors and to create guidelines on how to achieve this target.

c) To submit the proposals for the appointment of independent Board Members to the Board of Directors for their co-opted nomination or to submit them to the decision of the General

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

d) To inform of the appointment, ratification, re-election or removal of non-independent Board Members, as well as the appointment and removal of the Chief Executive Officers and members of the Executive Committee and the permanent delegation of powers in their favour.

e) To communicate the proposals for the appointment and removal of the President, Vice-president, Secretary and Vice-secretary of the Board of Directors.

f) To examine and organise, in such a way that it is easily understood, the succession of the Company's President and first officer and, where applicable, submit proposals to the Board, so that said succession takes place in an orderly and well-planned manner.

g) To communicate the proposals for the appointment and removal of senior executives proposed by the first officer to the Board.

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

i) Propose the following to the Board for approval:

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

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

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

j) To ensure compliance with the remuneration policy established by the Company.

k) Ensuring that selection processes are not implicitly biased in such a way that female Directors' selection is prevented.

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

m) Verifying the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Report.

n) Verifying, on an annual basis, compliance with the Directors' selection policy and setting out its findings in the Annual Corporate Governance Report.

o) Drafting an Annual Report for the Board of Directors describing the activities of the Appointment and Remuneration Committee, on which the evaluation by the Board of Directors shall be based. The Report shall be published in GRUPO LOGISTA's website well in advance of the Annual General Meeting.

p) Any other competence or duty conferred by the Law, the By-Laws or these Regulations.

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

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

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

2.- COMPOSITION

At 30 September 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