

# 2017

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY



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Free translation from a report originally issued in Spanish. Spanish version prevails over the English version.

**ISSUER IDENTIFICATION DETAILS**

**FISCAL YEAR END DATE:** 30/09/2017

**C.I.F.:** A87008579

**COMPANY NAME:** Compañía de Distribución Integral Logista Holdings, S.A.

**REGISTERED OFFICE:** Calle Trigo 39 – Polígono Industrial Polvoranca – 28914 Leganés (Madrid)

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# Letter from the Chairman

Dear Shareholders.

I have the honour of presenting you the Logista Group's Annual Report on Corporate Social Responsibility (hereafter, CSR indistinctly) corresponding to the fiscal year 2016-2017.

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

During this fiscal year, Logista has continued developing initiatives and projects for the fulfillment of these commitments to the Good Governance, employees, shareholders and investors,

customers, suppliers and the society and environment, specifically set in this Policy. These commitments can be consulted in this Report.

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

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



Mr. Gregorio Marañón y Bertrán de Lis

## About this report

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

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

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

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



# Logista Group's Profile

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

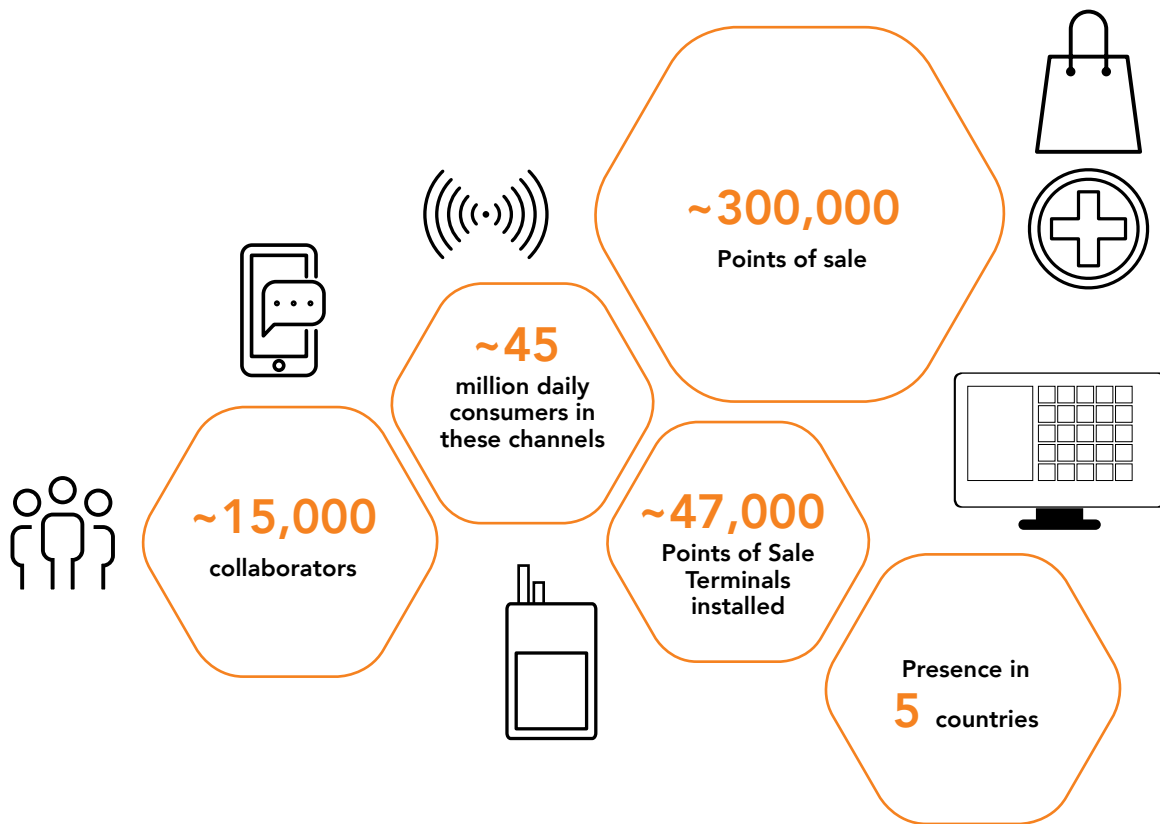
Logista provides the best and fastest market access for tobacco and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries, among others, to some 300,000 points of sale within capillary retail networks in Spain, France, Italy and Portugal. Logista also distributes tobacco products to wholesalers in Poland.

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

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

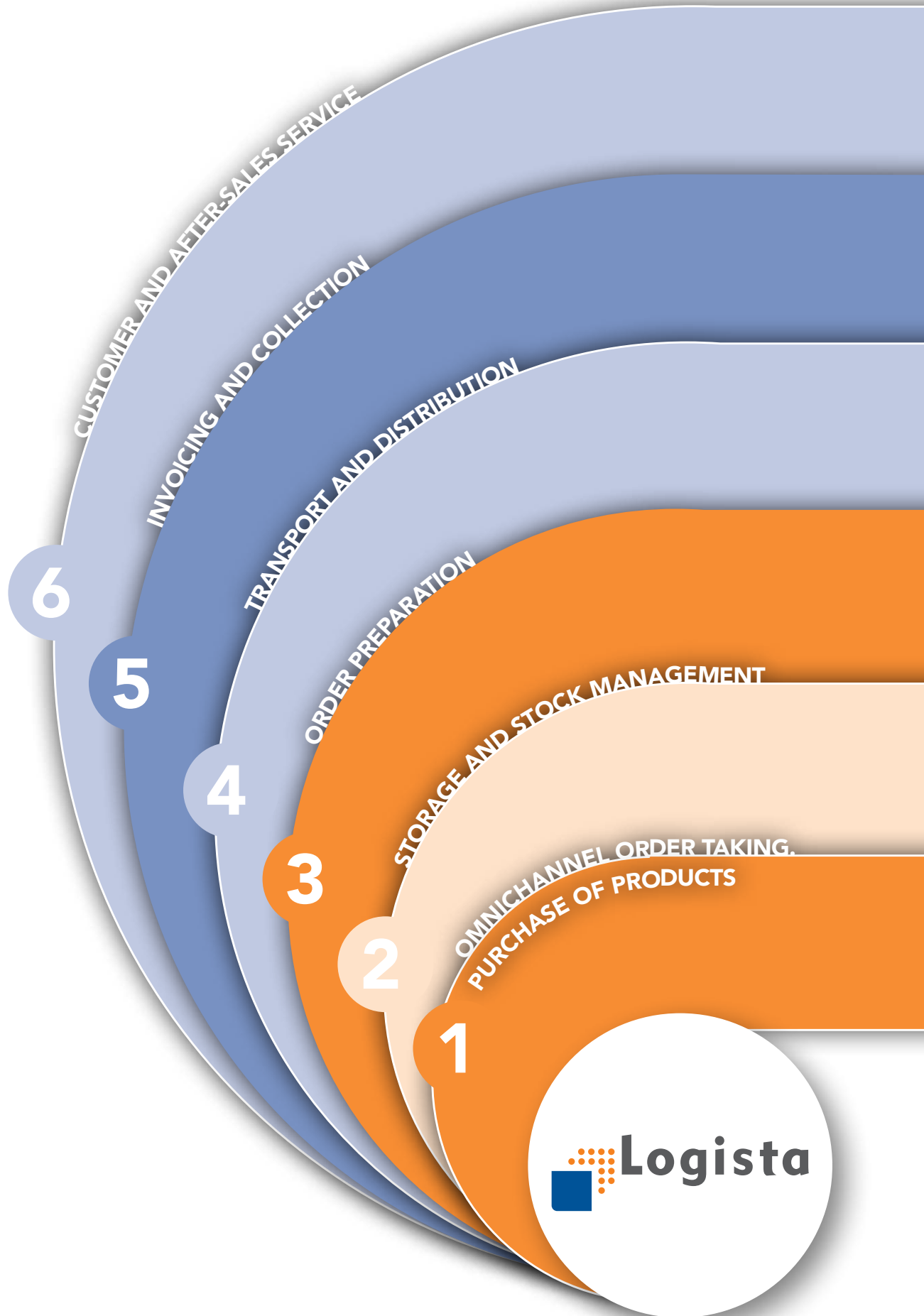
Thus, Logista is the best partner for placing products and services available to end consumers, throughout an immediate, efficient, transparent and intelligent distribution through a capillary network of points of sale near that end consumer.

Logista's business model is **unique in Southern Europe**, and combines its integrated distribution and logistics services with exclusive added value services





# Value Chain



- POS Terminals and applications for point-of-sale management
- Service points
- Control and Management of returns
- Incident management
- Integration with external call centres



- Invoicing
- Collection via cash on delivery, credit card...
- Administrative support
- Incident management
- Integration with external call centres



- Design and management of routes
- Controlled-temperature
- Risks coverage
- Multimodal transport
- Fleet control and monitoring



- Radiofrequency
- Consolidation of orders from several suppliers
- Customised labelling and packaging
- Automated classification of shipments



- Real-time inventory management
- Safety stock management
- Adaptability to different types of products
- Temperature-controlled storage
- Tax and bonded warehouses



- Multimodal order taking: POS Terminals, Internet, cash & carry...
- Online order processing and follow-up
- Safety stock management



## Main Figures



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

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



<b>Employees</b>	<b>2016-2017</b>	<b>2015-2016</b>
<b>Average headcount (*)</b>	<b>5,600</b>	<b>5,545</b>
Spain	3,331	3,325
France	1,425	1,452
Italy	361	323
Portugal	406	363
Poland	77	82

(\*) Rounded figures



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

# Logista Group's Companies

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

## Compañía de Distribución Integral Logista Holdings, S.A.

- Compañía de Distribución Integral Logista, S.A.U.
  - Grupo Dronas (100%)
    - T2 Gran Canaria (100%)
    - Logista Pharma (100%)
      - Be to Be Pharma (100%)
  - Logista-Dis (100%)
  - Logista Libros (50%)
  - La Mancha (100%)
  - Logesta (100%)
    - Logesta Italia (100%)
    - Logesta Francia (50%)
    - Logesta Deutschland (100%)
    - Logesta Lusa (51%)
    - Logesta Polska (51%)
  - Logista Publicaciones (100%)
    - Distribuidora del Este (100%)
    - Disvesa (50%)
    - Cyberpoint (100%)
    - Distrisur (50%)
    - Distribuidora de Aragón (5%)
    - Provadisa (90%)
    - Las Rías (90%)
    - Distribuidora de Ediciones Sade (100%)
    - Distriberica (100%)
      - Distribuidora del Noroeste (51%)
      - Pulisa (100%)
      - Provadisa (10%)
      - Las Rías (10%)
      - Distribuidora de Publicaciones Siglo XXI Guadalajara (80%)
  - Distribuidora del Noroeste (49%)
  - Logista France Holding (100%)
    - Logista Promotion et Transport (100%)
      - Logesta Francia (50%)
  - Logista France (100%)
    - SAF (100%)
      - Supergroup (100%)
  - Logista Italia (100%)
    - Terzia (68%)
  - Midsid (100%)
    - Jose Costa & Rodrigues (100%)
  - Logista Transportes e Transitos (100%)
    - Logesta Lusa (49%)
  - Logesta Polska (49%)
  - Logista Polska (100%)
  - UTE Logista – GTech (50%)

# Board of Directors and Committees



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

# Our Values



Accordingly:

- The Group bases its professionals' selection and the employees' performance on the principles of merit and ability, company loyalty, honesty, frankness and responsibility in all their activities and practices, and respect and support for their legitimate professional and occupational interests.

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

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



# Stakeholders

Logista understands as stakeholders those groups that may influence or may be influenced by the Logista Group's activities from a social responsibility point of view, identifying its employees, shareholders and investors, customers and suppliers, as well as the society in general as its main stakeholders





Stakeholders	Commitments
<p>Good Governance</p> 	<ul style="list-style-type: none"> <li>• The promotion of the best practices of Corporate Governance by means of the ethical, responsible and honest management of the business</li> <li>• The fostering of transparency and two-way communication with the various stakeholders</li> <li>• The assumption of the Group's fiscal responsibility in all the countries in which it carries out significant operations, in accordance with the Group's Fiscal Policy</li> <li>• Incorporating into the performance of the activity the principles of the United Nations Global Compact</li> </ul>
<p>Shareholders and Investors</p> 	<ul style="list-style-type: none"> <li>• The creation of sustainable value in the long term</li> <li>• The prudent and responsible management of all risks, both financial and non-financial, and working towards the inclusion of the latter in the risks managed by the businesses</li> <li>• To promote the integrity and transparency in the information provided by the Group to its Shareholders and Investors</li> <li>• Guaranteeing fair treatment, facilitating the exercise of the shareholders' rights</li> </ul>
<p>Employees</p> 	<ul style="list-style-type: none"> <li>• Promoting the employment and motivation of teams, establishing a long-term labour relationship and promoting an atmosphere at work that includes high levels of motivation and satisfaction</li> <li>• To develop actions designed to recruit talent, implementing processes to identify talent internally and promoting continual opportunities of development</li> <li>• Spurring the training and qualification of our employees, encouraging continuous learning to achieve better performances and career advancement within the Group</li> <li>• The establishment of a policy on remuneration and social benefits which facilitates the engaging of the best professionals together with the reconciling of work and family life</li> <li>• Promoting diversity and equality of opportunities, maintaining the commitment to non-discrimination and the respect for diversity in all its forms</li> <li>• Regarding the health and safety of the employees as a fundamental value for the Logista Group, ensuring a safe and healthy working environment</li> </ul>
<p>Clients and Channels</p> 	<ul style="list-style-type: none"> <li>• Promoting excellence and quality in the service</li> <li>• Spurring initiatives which foster the complete satisfaction of the customers and the correct functioning of the sales channels</li> <li>• Establishing stable, long-term relationships</li> </ul>
<p>Suppliers</p> 	<ul style="list-style-type: none"> <li>• Promoting the optimisation and rationalisation of resources by means of the centralisation of purchases, if possible, reaching higher transparency, efficiency and equity</li> <li>• Guaranteeing maximum transparency in the contracting process</li> <li>• Preventing the risk of fraud in the purchasing processes by establishing the necessary basic elements of internal control</li> <li>• Promoting among the suppliers the knowledge and application of the Code of Conduct and of the principles upon which the Group's Purchasing Policy is based</li> </ul>
<p>Society in general and Environment</p> 	<ul style="list-style-type: none"> <li>• Consolidating and integrating the system of calculating the reporting on emissions of 'greenhouse' gases into the system of environmental reporting and devising a control panel which enables Logista to identify, monitor and control the most relevant environmental indicators in this field</li> <li>• Collaborating in, participating in, and supporting national and international initiatives for the protection of the environment</li> <li>• Impelling the launch and development of the Plan for Energy Efficiency, identifying measures designed to reduce the consumption and increase the yield of energy</li> <li>• Promoting in the Company the CSR culture, and also social development through voluntary activities</li> </ul>

## Communication channels

- Personal contact
- Participation in seminars and forums
- Roadshows and personal visits
- Meetings or audio webcasts to inform about results
- Corporate website
- Specific email and phone for shareholders and investors
  - investor.relations@grupologista.com
  - +34 91 481 98 26

- Labour Climate Survey
- Periodical meetings
- Surveys
- Suggestions boxes
- Intranet
- Employees representatives
- Newsletters
- Email

- Call centres
- Specific email and form in the corporate website
- Complaints and claims systems
- Satisfaction surveys
- Interviews

- Personal contact
- Meetings
- Email
- Phone
- Suppliers' websites

- Relationships with different social organizations in the communities in which the Group is present
- Direct relationships with different public administrations of the countries where the Group operates
- Relationships with the media through press releases, meetings, corporate and national websites, direct relationships ...
- Specific email on the corporate website for matters related to the environment
- Participation in environmental organisms, initiatives and associations

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

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

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



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

The principles and practices of Good Governance are a key element for Logista's activity. Logista bases its Good Governance model on the best practices in Corporate Governance and follows the Principles and Recommendations by the Good Governance Code of Listed Companies approved by the Comisión Nacional del Mercado de Valores (Spain's stock market supervisor), as well as on the Good Governance criteria and guidelines issued by markets supervisors and other operators, etc.

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



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

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

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

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

During the fiscal year 2016-2017, the Company has developed new Corporate Rules and Policies, such as the Policy on Remuneration to Top Management of Logista Holdings and its subsidiaries and the General Policy on Internal Control and Procedure for Internal Control of Logista Holdings and its subsidiaries, which add to the already existing ones.



Logista maintains an explicit commitment to the **human rights defense** and incorporates the principles of the United Nations Global Compact into its activity

### Main Corporate Rules and Policies

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



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

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

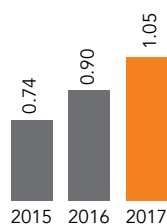
## Dividends

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

Logista paid an interim dividend of €0.30 per share on August 30<sup>th</sup>, 2017. Also, the Company's Board of Directors has the intention

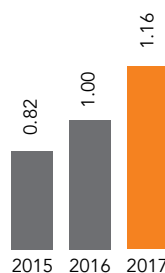
to propose to the General Shareholders Meeting distributing a final dividend corresponding to FY2016-2017 of €0.75 per share that will be payable at the end of the second quarter of fiscal year 2018.

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



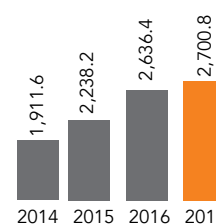
**1.05**

Dividends (€ per share)



**1.16**

EPS (€)



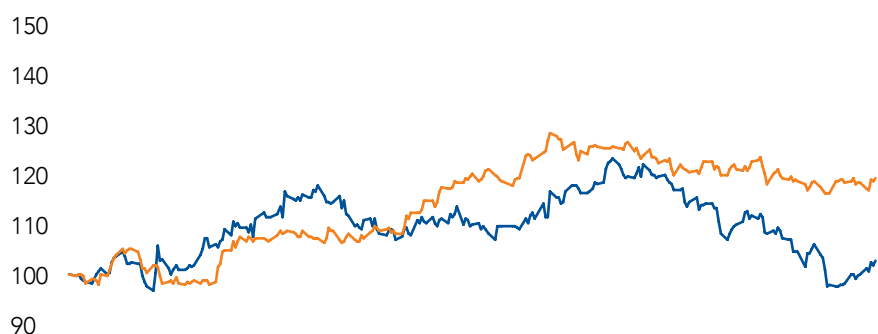
**2,700.8**

Market capitalization (€m)

## Logista's share

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

\*Since July 14<sup>th</sup>, 2014: IPO. Source: Bloomberg



● Logista  
● Ibex 35

**Logista's share vs Ibex 35 in the fiscal year 2017**

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

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

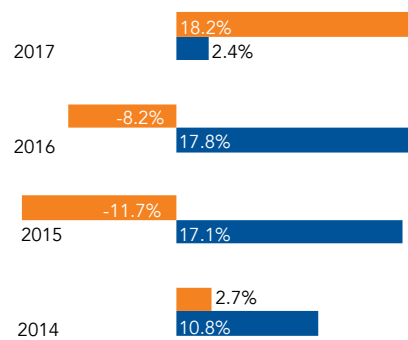
Logista is part of the IBEX MEDIUM CAP index, which includes the largest companies in terms of market capitalization, adjusted by free float, after those included in the IBEX 35 index.

### Capital structure

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

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

As of September 30<sup>th</sup>, 2017, the most significant shareholdings in the Group according to the information reported to the CNMV by the shareholders are shown in the chart.



**Logista's share vs Ibex 35**

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

	2014*	2015	2016	2017
Number of shares	132,750,000	132,750,000	132,750,000	132,750,000
Share capital	26,550,550	26,550,550	26,550,550	26,550,550
Nominal Value	0.20	0.20	0.20	0.20
Own-shares	-	40,614	275,614	391,432
% Own-shares over share capital	-	0.03%	0.21%	0.29%

\*Since July 14<sup>th</sup>, 2014: IPO. Source: Bloomberg

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	% over total voting rights
Imperial Brands Plc	0	79,650,001	60.00%
Allianz Global Investors GmbH	0	6,605,632	4.976%
Allianz Global Investors Fund	4,197,259	0	3.162%
Capital Research and Management Company	0	4,145,094	3.1225%
BlackRock, Inc	0	6,082,739	4.582%
BlackRock Investment Management (UK) Limited	4,772,363	0	3.595%

## Investor Relations

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

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

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

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

- Ahorro Corporación
- Alantra
- BBVA
- BPI
- CaixaBank
- Credit Suisse
- Eva Dimensions
- Exane
- Fidentiis
- Goldman Sachs
- Haitong
- JB Capital Markets
- Morgan Stanley
- Banco Sabadell
- Santander
- Société Generale

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

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



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

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

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

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

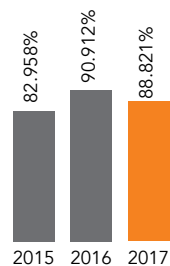
The information related to the Internal Control System about Financial Information is also externally audited, expressing that there are not inconsistencies or incidences that may affect the information.

## Shareholders participation

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

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

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



**88.821%**

**% of present or represented capital at the General Shareholders Meeting**

## Risks management

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

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

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

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

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





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

\* Rounded figures

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

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

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

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

The Logista Group guarantees the labour rights of all employees. Collective labour agreements are signed whether by business or by industry depending on the companies and countries, being the

main framework regulating labour relationships between the Group and its staff together with labour regulations in force. All Group's employees are covered by own collective or sectoral agreements.

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

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

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

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

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

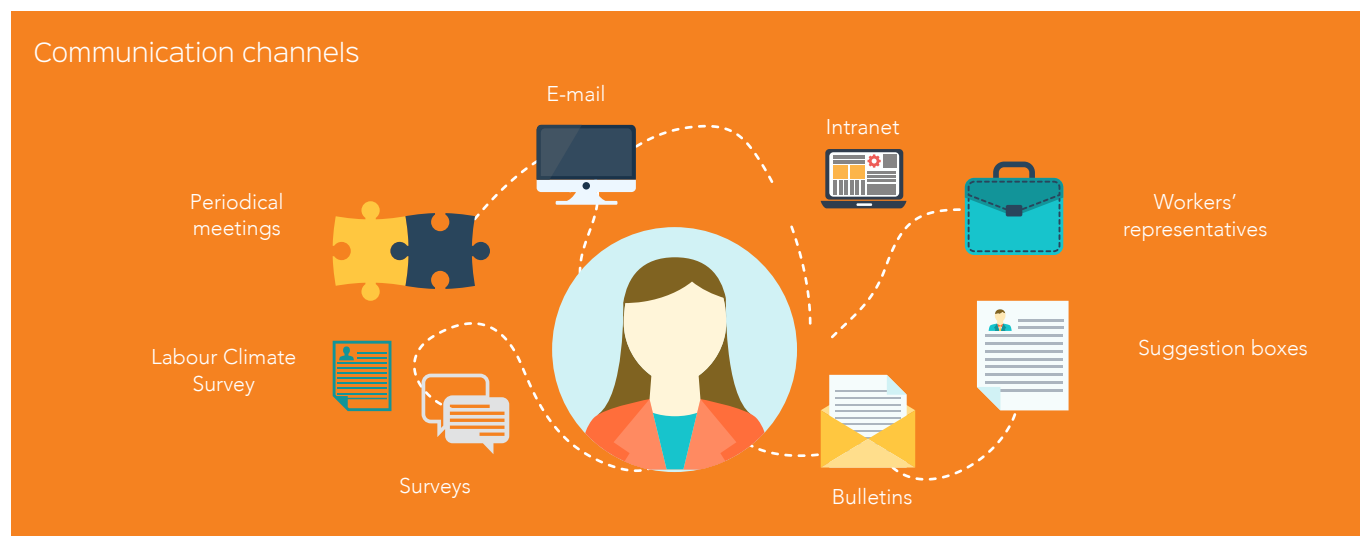
### Diversity, equality, non-discrimination and ethical behaviour

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

The Group also promotes supporting unfavoured groups with actions

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

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



## Internal and external talent recruitment

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

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

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

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

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

## Training

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

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

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

and Polish), compatible with any browser on any device (tablet iPad, Android, Mac, PC, Smartphone). During the fiscal year 2016-2017, users of these platform have increased to 4,112.

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

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



## Compensation and Benefits Policy

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

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

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

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

## Safety and Health

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

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

Logesta and Logista Polska have achieved the OHSAS 18001:2007

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

Logista yearly evaluates accidents in the Group and compare it with other companies whose activities are in similar industries to the Group's businesses. The report for the latest fiscal year sets the Logista Group's index of accidents well lower than those of companies in comparable industries. The Group has reported a 2.79 Lost Time Accidents Rate in the fiscal year 2016-2017.

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

\*Accidents with labour leave per 200,000 working hours





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

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

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

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

Logista provides manufacturers with a specialized distribution service according to the product, along

with other added value services and powerful Business Intelligence tools for the best knowledge of the end consumer.

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

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

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

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

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



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

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

- ISO 9001: Group's Quality Management System in over 300 premises.
- GDP (Good Distribution Practices): Distribution of pharmaceutical products according to European and Spanish regulations.
- GMP (Good Manufacturing Practices): Proper handling, relabelling and repackaging of pharmaceuticals, granted by the Spanish health authorities.
- CCQI (Cold Chain Quality Indicator): Granted to Integra2 guaranteeing the strict maintenance of the cold chain in warehousing and transporting.
- AEO (Authorized Economic Operator): Granted by Spain's AEAT (State Agency for Tax Administration) in its most demanding Customs Simplification, Security and Safety version, guaranteeing a proper customs control, financial soundness, adequate security and administrative management to ensure a satisfactory tax compliance.
- TAPA: Granted to Logesta, guaranteeing it follows Facility Security Requirements (FSR) and Trucking Security Requirements (TSR) standards designed to ensure security and safe transit and warehousing of assets of any TAPA member worldwide.
- UNE-EN ISO 14064: Carbon Footprint calculation at Group level.
- ISO 14001: Environmental Management System.

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





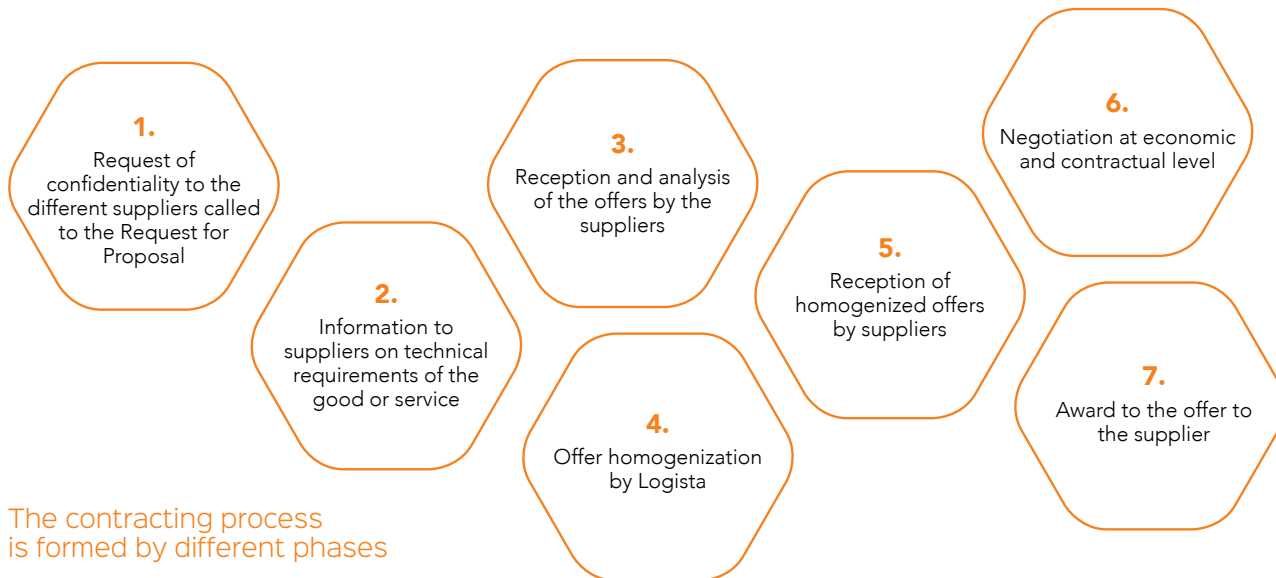
The Logista Group assumes its responsibility across all stages of the value chain in its activity, developing a responsible management of the supply chain.

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

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

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

Contracting of goods or services is made by formulating Requests for Proposal, to which as many suppliers as possible are called.



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

To optimize and rationalize resources, the Corporate Purchasing Directorate manages the centralization of those purchases of goods and services which are relevant for the Group. Thus, nearly all relevant purchases of goods and services corresponding to general purchases, supplies, maintenance services and information technology and communications, as well as CAPEX, are centralized.

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

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

The application of this Decision Matrix has improved the risks

management in the contracting of suppliers by the Logista Group, as well as the analysis of the degree of exposure.

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







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

## Environment

The Group has a Quality and Environment Director Plan and a Quality, Environment and Energy Efficiency Policy setting the guidelines and good practices to optimize the use of resources and prevent pollution in processes, according to strict regulatory compliance and the Group's targets voluntarily subscribed.

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

Quality, Environment and Energy Efficiency Policy is available both in the intranet as well as in the Group's corporate website so it is known by all employees and the rest of the Group's stakeholders.

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

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

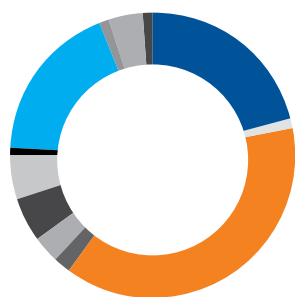
The calculation is based on the Green House Gas Protocol norm and emission factors for reporting Green House Gases and in the UNE-EN-16258 norm to establish the calculation methodology. An independent audit entity verifies the calculation according to the UNE-EN ISO 14064 norm, ratifying the figures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

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

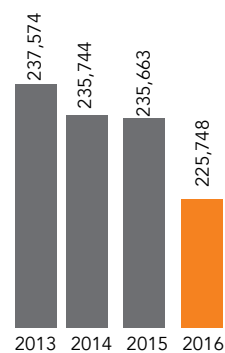
These data have been externally verified and historical data have been reformulated according to the new calculating methodology.

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

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



- Integra2 21%
- Logista Libros 1%
- Logesta 38%
- Logista Polska 2%
- Logista España 3%
- Logista France 5%
- Logista Italia 5%
- Logista Portugal 0%
- Midsid 1%
- Nacex 18%
- Logista Pharma 1%
- SAF 0%
- Supergroup 4%
- Logista Publicaciones 1%



### Emissions by business in FY2016

# 225,748

Total emissions (TmCO<sub>2</sub>e)

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

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

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

platforms, with the goal of ensuring the recycling of this kind of waste.

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

Energy Consumption	2013-2014	2014-2015	2015-2016
Electricity (GWh)	54	54	53
Natural Gas (GWh)	11	11	13
Other fuels (GWh)	0.6	0.5	0.6
Water Consumption	2013-2014	2014-2015	2015-2016
Network water (m <sup>3</sup> )	78,702	85,929	108,984
Waste (%)	2013-2014	2014-2015	2015-2016
Recycled	86	89	90
Energy Recovery	2	2	2
Neither recycled nor recovered	12	9	8
Goods Consumption (%)	2013-2014	2014-2015	2015-2016
Renewable Origin	82	88	91
Non-renewable Origin	18	12	9

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



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

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

Integra2 has increased its fleet of vehicles working with less polluting fuels, alternative to petrol-based, and it is committed to continue the process of incorporating more of these vehicles to its fleet. This result is achieved thanks to a constant work looking for the best technology for each case.

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

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

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

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

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

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

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

Logista is founding member, together with other Spanish companies, of the Grupo Español para el Crecimiento Verde (Spanish Group for Green Growth), to work together and to transfer to the society and the Public Administration its vision on the sustainable economic growth model compatible with the efficient use of natural resources.

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

It also makes available to the public an email address to send to the Logista Group any doubt, suggestion or comment related to the Group's quality and environmental management, [calidadymedioambiente@logista.es](mailto:calidadymedioambiente@logista.es).

## Social Actions

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

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

## Humanitarian, welfare and integrating initiatives

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

During the fiscal year 2016-2017, Nacex and Integra2 collaborated with organizations such as Food Bank, Olvidados Foundation, Cáritas or

Pharmaceutical Bank and with the "Que no falte de nada" campaign.

The Group's subsidiary for long haul transport management, Logesta, also supported international initiatives, like transporting to a refugees camp at Katsikas (Greece) all kind of food products (particularly child food), diapers, personal hygiene products, toys and sporting clothes, sunscreen, etc., as well as 6,000m<sup>2</sup> of flooring to insulate tents from mud and humidity in collaboration with the Olvidados Foundation.



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

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

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

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

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

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

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

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

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

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

### Promoting Sports

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

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

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

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

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

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

## Culture

The [www.rutaintegra2.es](http://www.rutaintegra2.es) portal on popular food festivities in Spain promotes local gastronomic culture and brings the food industry closer from a digital point of view.

Integra2 also sponsored adventurer Mikel Silvestre, crossing America in his motorbike to learn about the history and places of Spanish explorers in the continent. A 30,000Km trip to learn part of Spain's history in the continent through 13 chapters broadcasted by Spanish RTVE La2 channel.



## CONTACT

### **Investor Relations Department**

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

- mail  
C/ Trigo 39. Polígono Industrial Polvoranca.  
28914 Leganés, Madrid
- e-mail  
[investor.relations@grupologista.com](mailto:investor.relations@grupologista.com)

### **Quality and Environment Corporate Department**

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

- mail  
C/ Trigo 39. Polígono Industrial Polvoranca.  
28914 Leganés, Madrid
- e-mail  
[calidadymedioambiente@logista.es](mailto:calidadymedioambiente@logista.es)

