

**Report-Proposal of amendment to the Executive Directors' Remuneration  
Policy**

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**(Item 5.1 on the Agenda  
of the General Shareholders Meeting of March 21<sup>st</sup>, 2017)**

**Appointments and Remuneration Committee**

**October 25th, 2016**

## **PROPOSED RESOLUTION TO THE GENERAL SHAREHOLDERS MEETING TO AMEND THE EXECUTIVE DIRECTORS' REMUNERATION POLICY OF THE COMPANY**

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

### **1. Background and justification for the amendment**

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

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

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

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

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

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

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

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

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

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

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

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

## **2.1 Ex-post adjustments to variable remuneration (“clawback clause”)**

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

- It comes to light that the settlement and payment of the variable remuneration has entirely or partly taken place on the basis of data whose falsity or inaccuracy was manifestly demonstrated later.
- There are losses at the Group (negative EBIT) during the clawback period that are attributable to the management carried out by the Executive Directors in the years in which the variable remuneration was generated.
- There is a material restatement of the financial statements of the Company, where so considered by the external auditors, unless it becomes appropriate due to a change in the accounting legislation.
- The Executive Directors have been penalized due to a serious breach of the code of conduct and other applicable internal regulations, where the breach has harmed the Company’s image and reputation, or has harmed the perception of the Company by markets, clients, suppliers, or regulators, among others.

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

## **2.2 Obligation to hold Company shares**

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

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

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

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

Leganes, on 24 January 2017.

The Secretary of the Appointment and Remuneration Committee,

Rafael de Juan López

**Proposal to the General Shareholders Meeting of amendment to the  
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**Board of Directors**

**October 25th, 2016**

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Leganés, on 24 January 2017.

The Secretary Director,

Rafael de Juan López