Grupo Logista

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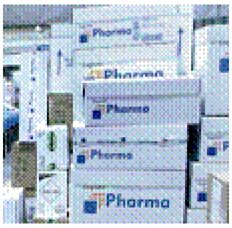
ANNUAL REPORT OF THE ACTIVITIES OF THE

APPOINTMENTS AND REMUNERATION COMMITTEE

2016-2017



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

APPOINTMENTS AND REMUNERATION COMMITTEE

REPORT ON FUNCTIONS AND ACTIVITIES

FINANCIAL YEAR 2016-2017

1.- REGULATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

i) Propose the following to the Board for approval:

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

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

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

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

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

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

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

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

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

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

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

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

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

2.- COMPOSITION

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

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

3.- ACTIVITIES

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

1st SESSION – 25 OCTOBER 2016

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

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

The Appointments and Remuneration Committee discussed the following matters:

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

The Board Secretary informed the Committee of the following:

Article 541 of the Law of Capital Companies lays down that:

"1. The boards of directors of quoted companies have to prepare, and publish annually, reports on the remuneration of their directors, including the remuneration which they receive or should receive in their capacity as such, and, if applicable, for their performance of executive functions.

2. The annual report on directors' remuneration has to include complete, clear and understandable information about the policy on remuneration during the previous financial year, and also details of the remuneration earned under each heading by each director in the said year.

3. The annual report on the directors' remuneration will be disseminated by the company as a relevant fact, simultaneously with the annual report on corporate governance.

4. The annual report on the directors' remuneration will be put to a consultative vote as a separate point in the agenda at the ordinary general shareholders' meeting."

The Board Secretary explained to the Committee the basic content of the Annual Report on Directors' Remuneration for financial year 2015-2016, which had been prepared by the Company Secretariat, in collaboration with the Group's Corporate Human Resources Directorate.

The report is composed of four main sections:

A. The Company's policy on remuneration for the current year.

B. Section repealed (CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) Circular letter 7/2015, of December 22nd)

C. An overview of the way in which the policy on remuneration was applied during the previous financial year.

D. Details of the remuneration earned by each director.

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

A. The Company's policy on remuneration for the current year.

- ✓ An explanation of the policy on remuneration and of the procedure followed to establish it.
- ✓ An explanation of the fixed and variable components of the directors' remuneration.
- ✓ An explanation of the schemes for long-term saving, the different types of compensation and remuneration in kind, and other items which could be included in the directors' remunerative packages.
- ✓ An explanation of the actions taken in relation to the system of remuneration in order to reduce exposure to risks and to adapt the system to the Company's objectives, values and long-term interests.

B. Section repealed.

C. An overview of the way in which the policy on remuneration was applied during the previous financial year.

- ✓ The structure and remunerative items of the policy on remuneration that was applied during the year to which the report relates.

D. Details of the remuneration earned by each director.

- ✓ The relation between the directors' remuneration and the results or other measurements of the Company's performance.

The CNMV, in its Circular 4/2013 of 12 June, amended by Circular 7/2015, of 22 December, established the model, as regards to the format, contents and structure, of the said report.

In accordance with the provisions of the Rules of the Company's Board, Consolidated Text of January 26, 2014, it falls to the Appointments and Remunerations Committee to propose to the Board of Directors "the Annual Report on the Directors' Remuneration, which the Board will submit to the General Shareholders' Meeting, on a consultative basis". (Article 18.2 i) i)).

The Appointments and Remunerations Committee unanimously agreed:

- To report favourably on the Annual Report on the Remuneration of the Company's Directors in 2015-2016 and to propose its approval by the Board of Directors, who will, in turn, submit it to the next General Shareholders' Meeting for a consultative vote, and as a separate point in their Agenda.

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

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

The Secretary of the Committee reported the following:

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

i) To fix, at the proposal of the Appointments and Remunerations Committee, the individual remunerations of the Executive Directors for the performance of their executive functions, and the other basic terms and conditions of their contracts, in accordance with the Law, the Bylaws and the Policy on Directors' Remunerations approved by the General Shareholders' Meeting (Article 249 bis of the Law of Capital Companies, Articles 39 and 43 bis g) of the Bylaws and Articles 5.3 d) and 18.2 i) ii) of the Board's Rules, Consolidated Text of 26th January, 2016).

ii) To establish the Policy on the Remuneration of the General Managers or of whoever performs the functions of senior management under the direct supervision of the Board of Directors, the Executive Committee or the Chief Executive Officer, as well as the basic terms and conditions of their contracts, including their remuneration and their severance clauses (Articles 5.3 f) and 18.2 i) ii) of the Board's Rules).

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

1) The Policy will apply to:

i) Managers who report directly to the Company's Board of Directors, its Chairman or the Chief Executive Officer (General Managers of Businesses and Corporate Managers) and, in every case, the Corporate Manager of Internal Auditing.

ii) Any other manager who, because of their functions or responsibilities within the Logista Group, and at the proposal of the Appointments and Remunerations Committee, is recognized by the Company's Board of Directors as having the status of Senior Manager.

iii) Executive Directors of the Company, in respect of their remuneration for the performance of executive functions, as long as this would not be contrary to the Policy on the Remuneration of Executive Directors that was approved by the General Shareholders' Meeting in accordance with the Law of Capital Companies, the Bylaws or the specific terms of their individual contracts.

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

i) The creation of value for the shareholder in a manner that is sustainable over time.

ii) External competitiveness, by the establishment of a remunerative system that is aligned with the best market practices in relation to comparable companies, both locally and internationally.

iii) Internal fairness, giving rewards according to level of responsibility and professional track record, ensuring standard treatment for similar positions, taking into account the degree of importance of the positions for the Group.

iv) A reasonable balance between the fixed and the variable components of the remuneration, reflecting adequate management of the risks combined with the achievement of defined objectives.

v) A link between remuneration and results: a significant proportion of Senior Managers' total remuneration is variable in nature, and its receipt is linked to the achievement of financial, business and value-creation objectives which are pre-determined, specific, quantifiable and aligned with the Business Plan.

vi) Compliance with the recommendations for Executive Directors which are contained in the Code of Good Governance (CGG) of Listed Companies, as published by the Comisión Nacional del Mercado de Valores, in force at any time.

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

i) <u>Clauses relating to ex-post adjustments to Variable Remuneration ("clawback")</u>

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

a) When it becomes evident that full or partial settlement and payment of the variable remuneration were made on the basis of information whose falsehood or serious inaccuracy was manifestly demonstrated a posteriori.

b) When, during the "clawback" period, losses occur in the Group (negative EBIT) which are attributable to the management of the Senior Managers concerned in the years in which the variable remuneration was generated.

c) Whenever there is a material reformulation of the Group's financial statements, when the external auditors consider this necessary, except when it is due to a change in the accounting regulations.

d) When the Senior Manager has been penalised for a serious breach of the Group's Code of Conduct or other internal regulations applicable to him or her, provided that the breach has damaged the image and reputation of the Logista Group, or has adversely affected the perception of the Group by the markets, the customers, the suppliers, or the regulators, among others.

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

ii) <u>Clauses relating to the obligation to hold shares in the Company</u>.

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

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

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

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

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

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

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

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

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

2nd SESSION - 29 NOVEMBER 2016

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

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

The Appointments and Remuneration Committee conducted the following activities:

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

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

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

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

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

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

The Corporate Director of Finances, Mr. Suárez, reported to the Committee on the degree of achievement of the Group's Business objectives and Total Return to the Shareholder (TRS), during financial year 2015-2016.

Taking into account the objectives set in Regulation 1/2011 of Variable Remuneration (the Group's EBIT and Working Capital), and the adjusted actual magnitudes of both objectives in financial year 2015-2016, the Corporate Director of Finances stated that the degree of achievement of the Group's Business objectives had been 100 per cent.

The Appointments and Remuneration Committee unanimously acknowledged the information and agreed that this percentage of achievement should be applied to determine the variable remuneration for the 2015-2016 financial period.

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

- Dividend yield: 4.4%

- Revaluation of share price: +17.8%

- TSR in fiscal year 2016: 22.2%

- Share price evolution vs. IBEX 35 in fiscal year 2016: +26%

The Director of Corporate Finances also explained to the Committee the Group's Business Objectives for financial year 2016-2017, which were based on the Group's Budget that had been approved by the Board of Directors on 27 September 2016. He also explained the table for measuring their achievement, that was unanimously acknowledged by the Committee, and proposed to the Board for its approval.

- Individual Remuneration of Executive Directors

The Board Secretary informed the Committee that the functions of the Appointments and Remuneration Committee included submitting to the Board of Directors for their approval "*the individual remuneration of the Executive Directors and other terms and conditions of their contracts*" (Article 18.2 f) iii) of the Board's Regulations, Consolidated Text of 26 January 2016).

Not present were the Chief Executive Officer, Mr. Luis Egido, and the Secretary Director, Mr. Rafael de Juan, when the Committee discussed their respective remuneration.

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

With reference to the above, the Committee assessed:

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

ii) The Total Returns to the Shareholder

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

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

In accordance with that, the Appointments and Remuneration Committee unanimously agreed to propose to the Board of Directors the establishment of the 2015-2016 short-term Variable Remuneration (Bonus) for Executive Directors, with a degree of fulfilment of objectives of 100% for both the Chief Executive Officer and the Secretary Director.

Fixed Remuneration for Executive Directors for 2017

In order to determine the 2017 Fixed Remuneration and the 2017 Short-term Variable Remuneration, the Committee assessed the personal contribution and value added by each Executive Director to the Group.

Accordingly, the Appointments and Remunerations Committee unanimously agreed to propose to the Board of Directors, for the 2017 fiscal year, a Fixed Remuneration of 661,200 euros for the Chief Executive Officer, and a Fixed Remuneration of 293,770 euros for the Board Secretary Director, being this Remuneration exactly the same than the Fixed Remuneration they both had in 2016.

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

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

i) That the maximum Bonus in 2016-2017 should be 150% of the Fixed Remuneration in the case of the Chief Executive Officer, and 100% of the Fixed Remuneration in the case of the Board Secretary Director.

ii) That the Objectives to be Achieved should be the Group's Business Objectives (in terms of EBIT and Working Capital) that were foreseen in its Annual Budget, approved by the Board of Directors in its meeting of Sept 27, 2016, and the personal contribution and value added by each of them to the achievement of the overall results, and to the total yield for the shareholders in the fiscal year.

iii) That the evaluation of the said Objectives should be carried out by the Appointments and Remuneration Committee, taking account of the metrics laid down in the regulations governing Variable Remuneration in the Company, for the results of the Logista Group, with regard to the Business Objectives, as well as the personal contribution and value added by each Executive Director in the achievement of the overall results of the Logista Group, and in the profitability for the Company's shareholders in the fiscal year, with regard to all the other Objectives to be Achieved, unanimously presenting a proposal to the Board of Directors in that regard.

- Report on the Functions and Activities of the Appointments and Remuneration Committee during fiscal year 2015-2016

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

- Cessation of a Senior Manager

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

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

3rd SESSION – 20 DECEMBER 2016

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

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

The Appointments and Remuneration Committee debated and agreed on the following subjects:

- Weighting of the Executive Directors' Achievement Objectives for Short-Term Variable Remuneration in 2016-2017.

In absence of the Chief Executive Officer, Mr. Egido, and the Secretary Director, Mr. de Juan, and according to the agreements taken by the Committee, the President proposed the weighting of the Achievement Objectives for Short-Term Variable Remuneration in 2016-2017 for the Executive Directors, as well as the weighting for each of the Objectives (Business Objectives, Total Return to Shareholders and Personal Contribution of the Executive Director).

The Appointments and Remunerations Committee unanimously approved the proposal and proposed that it be approved, in turn, by the Board of Directors.

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

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

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

The external advisors reported to the Committee as follows:

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

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

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

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

Description of the Plans

The Committee's Secretary reported as follows:

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

1.1 General description

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

1.2 Term of the Plan

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

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

1.3 Subjective scope

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

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

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

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

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

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

1.5 *Nature of the Conditional Right to Free Shares*

1.5.1. The Conditional Right that is recognized by the Company to a Beneficiary, in accordance with the Plan or its implementing regulations, is not cumulative or computable when determining the fixed and variable salaries to be received by the Beneficiary, and will not be treated as a vested right.

1.5.2 The Conditional Right granted to a Beneficiary may not be assigned, transferred, pledged or encumbered by any means, and any step in this connection will be grounds for its automatic termination.

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

1.6 Requirements to Vest the Conditional Right to Free Shares

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

a) The Beneficiary must continue to have an employment or mercantile relationship with the companies that make up the Logista Group and that participate in the Plan (the "Participating Companies").

b) The Vesting Period must have elapsed completely, except in the cases of early settlement under the Plan.

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

1.7 Vesting of the Conditional Right to Free Shares

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

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

1.8 Targets for the Vesting of Conditional Shares

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

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

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

1) The Total Shareholder Return ("TSR"). The value of the TSR will be the result of adding to the appreciation in the value of the Company's share during the Vesting Period, based on the Share Reference Value, the dividends per share that were distributed during that same Period.

2) The target for the Comparative Shareholder Return ("CSR"), which relates the Company's TSR to the TSR of companies operating in the same or a similar sector of activity.

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

i) The application of one or the other target, or even the application of both, indicating, in this case, the percentage of the Number of Conditional Shares recognized to a Beneficiary that is to be vested for each one.

ii) The values of the TSR and CSR targets that give rise to a degree of achievement of 100 per cent.

iii) The tables which show the relationship between the degree of achievement of the TSR and CSR targets and the Percentage for Vesting of the Number of Conditional Shares.

iv) The companies (the "Reference Group") whose TSR will be compared in each Vesting Period with the TSR of the Company. The Company's Board of Directors may, at its discretion, change the Reference Group in order to make any adjustments which it considers appropriate according to the change in activities or corporate movements, or other relevant circumstances that arise therein.

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

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

i) The financial criteria to be used as Targets for the Vesting.

ii) The value of the target that gives rise to a degree of achievement of 100 per cent (compared with the forecast for that target in the Group's Business Plan).

iii) The scale that will be used to determine the relation between the degree of achievement of the financial target and the Percentage of Vesting.

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

1.9 Settlement of the Number of Vested Shares

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

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

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

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

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

1.10.2 Holding of the Number of Vested Shares

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

1.11 Cases of early settlement of the General Plan

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

1.12 Cost of the first cycle of the General Plan

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

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

2. The Logista Group’s 2017 Special Long-Term Incentive Plan (“the 2017 Special Plan” or “the Special Plan”)

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

The other characteristics of the Special Plan are as follows:

2.1 Subjective scope

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

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

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

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

2.3 Targets for Vesting

2.3.1 Target for the Vesting of 67% of the Number of Conditioned Shares.
The criteria will be identical to those of the General Plan.

2.3.2 Target for the Vesting of the remaining 33% of the Number of Conditional Shares.
The criteria will be identical to those of the General Plan.

2.4. Cost of the first cycle of the Special Plan

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

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

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

Finally, the Appointments and Remunerations Committee resolved:

1) To report in favour of the 2017 General and Special Long-Term Incentive Plans, the general characteristics of which have been explained in the document which was attached to the minutes of the meeting.

2) To propose to the Board of Directors:

   i) the Initial Approval of the 2017 General and Special Plans, with the content as explained;

   ii) That it proposes, in turn, to the General Shareholders' Meeting:

   a) That it approves the implementation of its system for additional remuneration (2017 General and Special Long-Term Incentive Plans of the Compañía de Distribución Integral Logista Holdings, S.A.), which is contained in the document attached the minutes of the meeting.

   b) That it grants to the Chief Executive Officer, Mr. Luis Egido Gálvez, and to the Board Secretary, Mr. Rafael de Juan López, in each of the cycles of the 2017 General and Special Plans, the maximum Initial Incentive permitted for each of them by the said Plans.

   c) That it empowers the Board of Directors to approve the Rules of both Plans.

4th SESSION - 24 JANUARY 2017

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

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

The Appointments and Remuneration Committee analysed the following subjects:

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

The Corporate Director of HR reported on this subject:

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

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

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

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

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

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

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

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

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

The Corporate Director of HR reported on this subject:

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

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

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

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

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

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

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

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

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

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

<u>1. Consolidation Objectives</u>

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

- <u>The criterion of Total Profitability for the Shareholder ('TPS')</u>

  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.

- <u>The criterion of Comparative Profitability for the Shareholder ('CPS')</u>

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

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

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

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

<u>2. Consolidation Percentages: TPS and CPS Criteria</u>

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

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

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

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

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

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

Mr. Martí reported as follows:

Background

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

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

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

- 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 2016-2019, for both Plans, was the following:

GENERAL PLAN

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

SPECIAL PLAN

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

Number of Recognized Shares

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

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

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

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

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

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

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

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

- Framework for the Remuneration of Senior Management

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

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

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

The Secretary of the Committee reported the following:

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

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

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

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

- Talent/Succession Plan in the Group

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

5th SESSION- 21 FEBRUARY 2017

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

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

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

The Appointments and Remuneration Committee analysed the following subject:

- Proposal to engage a Director

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

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

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

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

6th SESSION- 25 APRIL 2017

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

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

The Appointments and Remuneration Committee analysed the following subject:

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

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

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

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

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

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

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

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

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

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

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

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

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

In view of the foregoing, the Appointments and Remunerations Committee considered that Mr. Richard C. Hill has the necessary skill, experience and merits to be appointed and to perform the role of Board Member of the Company, and consequently unanimously agreed to report in favour of the proposed appointment by co-option of Mr. Richard Charles Hill as a proprietary Board Member of the Company for the statutory period of four years, subject to the ratification of the appointment by the next General Shareholders' Meeting.

7th SESSION- 25 APRIL 2017

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

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

The Appointments and Remuneration Committee analysed the following subject:

- Cessation of a Corporate Director

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

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

8th SESSION: 26 SEPTEMBER 2017

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

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

The Appointments and Remuneration Committee analysed the following subjects:

- Proposal for the engagement of a Senior Manager

The Appointments and Remuneration Committee unanimously resolved:

a) To report in favour of the proposal of the Chief Executive Officer to appoint a Corporate Director, and to approve the basic conditions of his contract, submitting them to the Board's approval.

b) To include the new Corporate Director in the Third Consolidation Period (2016-2019) of the 2014 General and Special Share Plans.

- Self-assessment of the Board functioning

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

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

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

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

Leganés, on 31 October 2017.

The Secretary of this Committee,

Rafael de Juan López