

**ANNUAL REPORT ON THE REMUNERATION  
OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

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**ISSUER IDENTIFICATION DETAILS**

**FISCAL YEAR-END DATE:** 30/09/2018

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

**COMPANY NAME:**

Compañía de Distribución Integral Logista Holdings, S.A.

**REGISTERED OFFICE:**

Calle Trigo 39 – Polígono Industrial Polvoranca – 28914 Leganés (Madrid)

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

### **A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FISCAL YEAR**

A.1 Explain the company's remuneration policy. Included under this heading will be information about:

- The principles and general basis of the remuneration policy.
- The most significant changes made in the remuneration policy compared with the one applied last year, and the modifications made during the year, which affect the exercise of options already granted.
- The criteria and composition of groups of comparable companies examined to establish the company's remuneration policy.
- The relative importance of the variably remunerated items compared with those of fixed remuneration, and the criteria used to determine the different components of the directors' remunerative packages (the remunerative mix).

#### **Explain the remuneration policy**

##### **A.1.1 The principles and general basis of the remuneration policy**

The remuneration policy of Compañía de Distribución Integral Logista Holdings, S.A. (hereinafter equally called 'the Company') and of its associated companies (hereinafter jointly called 'Logista Group' or 'the Group'), has the basic purpose of attracting, retaining and motivating the best professionals. This policy has to be adjusted to suit the circumstances at any given moment, and has to take particular account of changes in regulations, the best practices in the market, and the recommendations and directives on corporate governance.

The principles of the Company's remunerative system are the following:

- i) The creation of value for the shareholder in a manner which is sustainable in time.
- ii) External competitiveness.
- iii) To give rewards commensurate with levels of responsibility and professional careers.
- iv) A reasonable balance between the fixed and the variable elements of remuneration, which combines an adequate management of risk with the achievement of defined objectives.
- v) A link between remuneration and results: a significant part of the total remuneration of Executive Directors is variable, and its payment is linked to the achievement of objectives that are financial, business-related, value-creating, pre-determined, specific, quantifiable, and in line with the Business Plan of the Logista Group.

- vi) The following of the Recommendations for Executive Directors contained in the Code of Good Governance of Listed Companies, published by the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission), and in force at any given time.

**A.1.2 The most significant changes made in the remuneration policy compared with the one applied last fiscal year, and the modifications made during the fiscal year which affect the exercise of options already granted**

The General Meeting of the Company on 17<sup>th</sup> February, 2015, adopted the following agreements:

- i) To modify, among other things, Article 39 of the Articles of Association, concerning the Remuneration of the Directors.
- ii) To approve, in consultative voting, the Annual Report on the Remuneration of the Company's Directors. In accordance with the Transitional Provision of Law 31/2014 of December 3<sup>rd</sup>, the remunerations policy contained in the same was approved as the Policy on the Remunerations of the Directors for the next three years, that is, until Fiscal Year 2017-2018.
- iii) To fix the maximum amount of the annual remuneration, to be paid to the whole group of Directors, in their capacities as such, at 1,300,000 euros, by fixed allowances and daily allowances for attendance at meetings of the Board and of its Delegated or Consultative Committees.

In relation to the part concerning Executive Directors, the Company's General Meeting of 21st March, 2017, modified the Policy on the Remuneration of Directors which had been approved by the General Meeting on 17th February, 2015, so as to include in their contractual terms and conditions Recommendations 59, 62 and 63 of the Code of Good Governance of Listed Companies, namely:

- A) The obligation of Executive Directors to return any Variable Remuneration received in the short, medium or long term (under the 'clawback' clause) if any of the following circumstances should arise during the two years following its receipt:
  - a) The payment of all or part of the Variable Remuneration is found to have been made on the basis of false or seriously erroneous information.
  - b) Losses (negative EBIT) in the Logista Group, attributable to the Executive Director.
  - c) A material re-formulation of the Logista Group's financial statements.
  - d) The sanctioning of an Executive Director due to a serious breach of the Code of Conduct or of other internal regulations, provided that that breach damaged the Group's image and reputation in the eyes of its markets, customers, suppliers or regulators.
- B) The obligation of Executive Directors to keep shares which they consolidate, under the Plans for deferred Variable Remuneration, in the medium or long term, whose value is equivalent to twice their Fixed Annual Remuneration.

The Board of Directors of the Company, in its meetings of 18<sup>th</sup> July and 17<sup>th</sup> September, 2014, and 31<sup>st</sup> October 2017, fixed the remuneration of the Chairman and those of the other Directors, in their capacities as such, by fixed remuneration plus daily allowances for attendance at meetings of the Board and of its Committees which are within the limits laid down by the General Meeting

of Shareholders on 17<sup>th</sup> February, 2015.

The General Meeting of 21<sup>st</sup> March, 2017, approved the compatibility of the drawing of the fixed remuneration of the Chairperson of the Board of Directors as well as the fixed remuneration established for the Chairperson of the Appointments and Remuneration Committee, even though both roles are performed by the same person.

On the other side, the General Meeting of 4<sup>th</sup> June, 2014 agreed on the introduction of the 2014 Long-Term General and Special Incentive Plans, and the General Meeting of 21<sup>st</sup> March, 2017, agreed on the introduction of new Long-Term General and Special Incentive Plans 2017. Their basic characteristics are detailed in section A.4.

The General Meeting of 21<sup>st</sup> March 2018, at the proposal of the Board of Directors, approved the Remuneration Policy for the Directors, effective for the Fiscal Years 2019, 2020 and 2021, with a previous justifying report of the Appointments and Remuneration Committee of 23<sup>rd</sup> January 2018, issued in accordance with the provisions of article 529 novodecies 2 of the Capital Companies Act.

The aforementioned Policy validates the principles and foundations on which is based the Policy currently in force.

### **A.1.3 The criteria used to establish the Company's remuneration policy**

The Board, at the proposal of the Appointment and Remuneration Committee, considered the following aspects in order to formulate the Policy currently in force, as well as the new Policy 2019-2021:

- i) What is laid down in the Articles of Association and the Board's Regulations. Particularly, the remuneration of the Directors, in their capacity as such, will consist of a fixed monthly amount in cash and certain daily allowances for attendance at meetings of the Board and of its Committees, within the maximum annual amount fixed by the General Meeting as the remuneration to be paid to the whole group of Directors, in their capacities as such.

Additionally, the Directors can be remunerated in shares of the Company, the granting of options on the same, or by any other system related to the value of the shares, the effective application of which will require the agreement of the General Meeting.

Regardless of the remuneration which they receive by virtue of their status as Directors, Executive Directors are remunerated for performing executive functions within the Company or the Group.

- ii) The applicable regulations.
- iii) The objectives set by the Group's Business Plan, and which, among other things, enable the establishment of the metrics to which the variable annual and long-term remunerations are linked.
- iv) Market data.
- v) Guidelines, principles and recommendations of Corporate Governance, institutional investors and proxy advisers.

The Remunerations Policy, within the framework described above, seeks to appropriately remunerate the Directors, in their capacity as such, in accordance with their actual commitment and the functions and responsibilities assigned to each Director, their membership of the Board's Committees, and other objective circumstances which the Board considers as relevant in relation to the position which they hold on the Board and/or the Committees, and the contributions of value that they make.

Following the recommendations of the Good Governance Code, the Directors, in their capacity as such, do not have (i) variable remuneration systems neither in cash nor in shares or rights over shares or instruments referred to the value of the share (ii). life insurances, or (iii) long-term savings systems or other systems of social security.

The total remuneration of Executive Directors consists basically of: (i) a Fixed Remuneration in cash, (ii) a short-term variable Remuneration in cash, (iii) a long-term variable Remuneration in shares, through shares Plans and, (iv) a complementary pension plan, linked to retirement and additional payments in kind

#### **A.1.4 The relative importance of the variably remunerated items compared with those of fixed remuneration, and the criteria used to determine the different components of the directors' remunerative packages (the remunerative mix)**

With regard to the remunerative mix (fixed remuneration + short-term variable remuneration + long-term incentives), it can be shown that, in a scenario of standard achievement of objectives, for the Chief Executive Officer approximately 25% of the total remuneration would be fixed and approximately 75% would be variable. For the Board Secretary Director, the proportions would be 35% fixed remuneration and 65% variable remuneration.

A.2 Information about the preparatory work and the decision-making process that were involved in the determination of the remuneration policy, and the role played, when necessary, by the Remuneration Committee and other controlling bodies in its formulation. This information will include, when appropriate, the mandate given to the Remuneration Committee, its composition, and the identity of the external advisors whose services were used to define the remuneration policy. Information will also be given, if applicable, about the kind of Directors who intervened in the definition of that policy.

#### **Explain the process of defining the remuneration policy**

##### **A.2.1 Preparatory Work and Decision-making**

During Fiscal Year 2014, the Appointments and Remuneration Committee, as part of the regular review of the policy governing the Board of Directors' remuneration, undertook an exercise of analysis of the remuneration of the Chairman, the Executive Directors and the External Directors.

With regard to the Executive Directors, the Committee, in order to determine the Company's referencing market, fixed a series of objective criteria which were used to select the comparable companies, and which were as follows: (i) a sufficient number of companies to obtain results that were representative and statistically reliable and solid; (ii) information about size: turnover, market capitalisation, assets and number of employees; (iii) extent of responsibility: companies quoted both on the IBEX35 and on the continuous market; (iv) distribution by sector: a multi-sectorial

sample with a homogenous distribution among sectors of activity.

In connection with the design of the 2014 General and Special Long-Term Incentives Plan and with the design of 2017 General and Special Long-Term Incentives Plan, the Company's Board of Directors had the advice from Garrigues Human Capital Services.

Once both Plans had been initially approved by the Board of Directors, the latter, in its meeting of 24th January, 2017, proposed to the General Meeting that it approve the implementation of both Plans, and the awarding to the Executive Directors, in each of the Consolidation Periods of both Plans, of the maximum Initial Incentive permitted by the Plans (100% of the short-term Variable Remuneration in the General Plan, and 75% of the Fixed Annual Remuneration in the Special Plan). The General Meeting of 21st March, 2017, approved both proposals.

See additional information in Section H. Other Information of Interest.

### **A.2.2 Remuneration Committee: Mandate**

During fiscal year 2017-2018, the most relevant actions of this Committee in connection with the said Policy were the following:

- i) Proposal to the Board that it approve the Annual Report on the Directors' Remunerations, 2016-2017.
- ii) Assessment of the degree of achievement of the Group's Business Objectives for fiscal year 2016-2017.
- iii) Proposal to the Board that it settle the First Consolidation Period (2014-2017) of 2014 General and Special Long-Term Incentive Plans.
- iv) Proposal to the Board of Beneficiaries and of Shares to be awarded to Executive Directors and to other Beneficiaries under the Company's 2017 General and Special Share Plans (First Consolidation Period (2017-2020)).
- v) The setting of the Group's Business and Working Capital Objectives for 2017-2018.
- vi) Evaluation of the Executive Directors' short-term Variable Remuneration, 2016-2017.
- vii) Proposal of Executive Directors' Fixed Remuneration and short-term Variable Remuneration for 2018, consisting of increasing the 2017 Fixed Remuneration in 2.1%, and fixing the maximum short-term Variable Remuneration for 2017-2018 at 150% of the Fixed Remuneration in the case of the Chief Executive Officer, and at 100% of the Fixed Remuneration in the case of the Board Secretary (Proposals approved by the Board of Directors on 28th November, 2017).
- viii) Proposal to the Board that it approve the Rules of the 2017 General and Special Long-Term Incentives Plans.
- ix) Proposal to the Board that it approve the Shares Buy-Back Program of the Company (effective until 1<sup>st</sup> October 2018), to use them in the compliance performance of the General and Special Shares plans.
- x) Proposal to the Board of the Policy on the Directors' Remuneration 2019-2021, and issuance of the specific Report, legally required.
- xi) Proposal to the Board of Directors of a Policy on Selection of Board Members.

- xii) Self-assessment of its functioning, and proposal to the Board concerning self-assessment of the Board's own functioning during fiscal year 2017-2018, and an Action Plan.

### **A.2.3 Remuneration Committee: Composition**

In accordance with Article 43 bis of the Articles of Association and Article 18 of the Regulations of the Board of Directors, the Committee will be composed of a minimum of three Directors and a maximum of seven Directors, being most of them independent.

Currently, most of the members of the Appointment and Remuneration Committee are independent (3 out of 4).

The Committee is currently composed of the following: Mr. Gregorio Marañón y Bertrán de Lis (Chairman - Independent Director); Mr. John Matthew Downing (Proprietary Director); Mr. Alain Minc (Independent Director), and Mr. Jaime Carvajal Hoyos (Independent Director).

### **A.2.4 The external advisors that have rendered services to the Committee are the following:**

- i) Garrigues Human Capital Services, who advised the Committee on matters connected with the design of the 2014 and 2017 General and Special Long-Term Incentive Plans for Shares.
- ii) Garrigues Human Capital Services has advised the Committee, regarding the design and content of the Directors' Remuneration Policy for the period 2019-2021.

**A.3 Indicate the amount and the nature of the fixed elements, with a breakdown, if appropriate, of the remuneration for the performance by the executive directors of senior management functions, of the additional remuneration for performing the duties of Chairman or Member of a committee of the Board, of the daily allowances for participation in meetings of the Board or its committees, and of other fixed remuneration as directors, as well as an estimate of the resulting total fixed annual remuneration. Identify other benefits which are not paid in cash and the fundamental factors for which they are granted.**

### **Explain the fixed elements of the remuneration**

The Directors' Remuneration, for their activities as such, consists of the following remunerative elements:

- a) A fixed monthly amount in cash, in conformity with the standards of the market, and in accordance with the responsibilities which they hold within the Board and its Committees, as detailed below:
  - i) For the Chairman of the Board, the fixed monthly Remuneration amounts to 30,000 €.
  - ii) The fixed monthly Remuneration for the Board Members for their membership of the Board of Directors amounts to 5,000 €.
  - iii) The fixed monthly Remuneration of the Chairman of the Appointment and Remuneration Committee is 1,666.66 €.
  - iv) The fixed monthly Remuneration of the Chairman of the Audit and Control Committee is 1,666.66 €.

b) Allowances for attendance at meetings:

- i) Of the Board of Directors: 2,750 € per session.
- ii) Of the Audit and Control Committee: 1,600 € per session.
- iii) Of the Appointment and Remuneration Committee: 1,000 € per session.

Currently, the Non-Executive Directors, because of their status as such, do not receive any remuneration at all by way of pensions or life assurance, nor do they participate in remuneration plans related to the market value of the Logista share, even though that form of remuneration is considered in the Company's Articles of Association.

As mentioned earlier, the four External Proprietary Directors do not receive any remuneration for their membership of the Company's Board.

On the other hand, and as previously mentioned, for the performance of executive functions in the Company, the Executive Directors receive from Compañía de Distribución Integral Logista, S.A.U. (100% subsidiary of the Company), a Fixed Remuneration in cash, which is paid monthly. The amounts paid for the whole of fiscal year 2017-2018 were the following: Mr. Luis Egido Gálvez: 671.566 euros; Mr. Rafael de Juan López: 298.403 euros.

The Executive Directors participate in: (i) the Company's 2014 General Long-Term Incentive Plan in Shares; (ii) the Company's 2014 Special Long-Term Incentive Plan in Shares; (iii) The 2017 General Long-Term Incentive Plan in Shares; (iv) the 2017 Special Long-Term Incentive Plan in Shares; (v) Logista's Employment Pensions Plan, and (vi) the Directors' Welfare Plan, to which Logista makes contributions based on a percentage of the fixed and Variable Remuneration of each Director.

They also receive the following benefits and payments in kind: (i) life assurance; (ii) health insurance; (iii) a Company vehicle.

#### A.4 Explain the amount, the nature and the main characteristics of the variable components of the remunerative systems.

In particular:

- Identify each of the remunerative plans of which the directors are beneficiaries, their scope, the date of their approval, date of introduction, validity period and main characteristics. In the case of plans including options on shares and other financial instruments, the general characteristics of the plan will include information about the conditions for the exercise of the said options or financial instruments for each plan.
- Indicate any remuneration by way of participation in profits or bonuses, and the reason for which they were granted.
- Explain the fundamental parameters and the basis of any scheme of annual bonuses.
- The types of directors (executive directors, proprietary external directors, independent external directors or other external directors) who are beneficiaries of remunerative schemes or plans which incorporate a variable remuneration.
- The basis of the said schemes of variable remuneration or plans, the criteria chosen

for the evaluation of performance, the components and methods of evaluation to determine whether or not the said evaluation criteria have been fulfilled, and an estimate of the total amount of the variable remuneration to which the current remunerative plan gives rise, depending on the degree of achievement of the hypothesis or objectives taken as the reference.

— If appropriate, the periods laid down for deferral or postponement of payment and/or any periods of retention of shares or other financial instruments will be notified.

### **Explain the variable elements of the remuneration schemes**

On the date of issue of this Report, the remunerative policy for Executive Directors, in relation to the variable components, was the following:

#### i) Short-term Variable Remuneration

The Board of Directors, at its meeting of 28<sup>th</sup> November 2017, and at the proposal of the Appointments and Remuneration Committee:

- Fixed the degree of achievement of objectives for the Executive Directors in the 100%, for the fiscal year 2016-2017, within the maxima fixed by the Board of Directors of 29<sup>th</sup> November 2016 (150% and 100% of the Fixed Annual Remuneration, respectively, for the CEO and for the Board Secretary Director).

- Fixed the Achievement Objectives of the Executive Directors, for the short-term Variable Remuneration in fiscal year 2017-2018, the weighting of the Objectives fixed, and the corresponding metrics. Specifically, a matrix has been designed which combines, for the Business Objectives, the following metrics: the Group's working capital and its EBIT.

- Decided that the Short-term Variable Remuneration of the Executive Directors for fiscal year 2017-2018, would be limited to a maximum of 150% of the Salary for Mr. Luis Egido Gálvez (CEO) and to 100% of the Salary for Mr. Rafael De Juan López (Board Secretary Director).

- Fixed the 2019 Fixed Remuneration for the Chief Executive Officer in 675.086 euros a year and in 299,947 euros a year for the Board Secretary Director.

#### ii) 2014 General and Special Long-Term Incentive Plans

The Executive Directors Mr. Luis Egido Gálvez and Mr. Rafael de Juan López, by agreement of the General Meeting of 4<sup>th</sup> June 2014, and of the Board of Directors, are Beneficiaries of the Company's 2014 General and Special Long-Term Share Incentive Plans, up to a maximum limit, in each of the three Consolidation Periods, of 100% of the variable Remuneration accrued in the previous fiscal year (General Plan) and of 75% of the Annual Fixed Remuneration (Special Plan).

#### iii) 2017 General and Special Long-Term Incentive Plans

The Executive Directors, D. Luis Egido Gálvez and Mr. Rafael de Juan López, by agreement of the General Meeting of 21<sup>st</sup> March 2017, are Beneficiaries of the 2017 General Plan and Special Plan, up to a maximum limit, in each of the three Consolidation Periods, of 100% of the variable Remuneration accrued in the previous fiscal year (General Plan), and of 75% of the Annual Fixed Remuneration (Special Plan).

### **1. 2014 General Long-Term Incentive Plan**

See additional information in Section E.

The Number of the Company's shares recognized as the entitlements of the Chief Executive Officer and the Board Secretary Director – which are the maximum numbers which can be consolidated -, for the First Consolidation Period (2014-2017) of the General Plan were 35,412 and 13,304, respectively; for the Second Consolidation Period (2015-2018), they were 31,368 and 10,184, respectively and for the Third Consolidation Period (2016-2019), they were of 29,717 and 8,801 shares, respectively.

### **2. 2014 Special Long-Term Incentive Plan**

See additional information in Section E.- Other Information of Interest.

The Number of the Company's Shares recognized as the entitlements of the Chief Executive Officer and the Board Secretary Director – which are the maximum numbers which can be consolidated -, for the First Consolidation Period (2014-2017) of the Special Plan was, respectively, 26,559 and 16,024, for the Second Consolidation Period (2015-2018), 23,526 and 11,458, and for the Third Consolidation Period (2016-2019), it was of 22,228 and 9,902 respectively.

### **3. 2017 General Long-Term Incentive Plan**

See additional information in Section E.- Other Information of Interest.

The Number of the Company's shares recognized as the entitlements of the Chief Executive Officer and the Board Secretary Director – which are the maximum numbers which can be consolidated -, for the First Consolidation Period (2017-2020) were 49,914 (Chief Executive Officer) and 14,785 (Board Secretary Director).

### **4. 2017 Special Long-Term Incentive Plan**

See additional information in Section E.- Other Information of Interest.

The Number of the Company's shares recognized as the entitlements of the Chief Executive Officer and the Board Secretary Director – which are the maximum numbers which can be consolidated -, for the First Consolidation Period (2017-2020) were 25,481 (Chief Executive Officer) and 11,322 (Board Secretary Director).

Whether all, part or none of the shares of the 2014 and of the 2017 Plans, are consolidated, depends on the requirements of the Company's Board of Directors and on the degree of achievement of the objectives which it has set, as well as on the respective Rules of the Plans.

The transfer of consolidated shares will be free of charge, and will be subject to the Retention and Return clauses mentioned in section A.1.2. above.

The Number of Consolidated Shares, free of charge, in February 2018, for the liquidation of the First Consolidation Period (2014-2017) of the 2014 General and Special Plans was 61.033, for the Chief Executive Officer, and 28.870, for the Board Secretary Director; while the number of net shares, effectively delivered free of charge by the Company, after deduction of compensation for income tax, was 34,698 (Chief Executive Officer) and 17.484 (Board Secretary Director).

[A.5 Explain the main characteristics of the schemes for long-term savings, including](#)

retirement and other survivor benefits, that are partially or wholly financed by the company, whether they be granted internally or externally, with an estimate of their amount or equivalent annual cost, indicating the type of plan, whether it is of defined contribution or defined benefit, the conditions for consolidation of the financial rights in favour of the directors, and its compatibility with any type of compensation for early termination or ending of the contractual relationship between the company and the director.

Also show the contributions for the director's benefit to defined-contribution pension plans; or the increase in the director's consolidated rights, in the case of contributions to defined-benefit pension plans.

#### **Explain the long-term savings schemes**

The Executive Directors participate in Logista's Employment Pensions Plan. It is a defined-contribution plan and the monthly contributions made by the Company are of 8.3% of the base salary.

The Executive Directors also participate in the Directors' Welfare Plan, to which the Group makes contributions of approximately 10% of the annual Salary plus short-term Variable Remuneration of each Director.

**A.6 Indicate any compensations agreed or paid on the termination of the director's functions.**

#### **Explain the compensation payments**

No payment of any kind of compensation to Directors is foreseen in cases of termination of their functions as such. The payment of compensation is only foreseen in cases of termination of executive functions which, if applicable, could be carried out as detailed in section A.7 below.

There are no contracts with members of the administrative, management or supervisory bodies of Compañía de Distribución Integral Logista Holdings, S.A. or of any of its associated companies in which benefits are envisaged for those people as a consequence of the termination of their positions and functions.

**A.7 Indicate the obligatory conditions of the contracts of anyone who, as an executive director, performs senior management functions. Among other things, they must contain information about the duration, the limits to the amounts of compensation, the minimum contract term, the notice periods and the payments in lieu of such notice, and any other clause relating to joining bonuses, compensation or redundancy payments for early termination or ending of the contractual relationship between the company and the executive director. They must also include the agreements relating to non-competition, exclusivity, term or post-contractual loyalty and non-competition.**

#### **Explain the terms and conditions of executive directors' contracts**

The most relevant conditions of the Contracts signed by Executive Directors with Logista are described below:

a) Change-of-control clauses: if there is a change of control, the Board Secretary Director would be able to invoke this clause, which allows him to receive the same compensation as in cases of termination by unfair dismissal. The amount laid down amounts to double the fixed salary plus Variable remuneration.

b) 'Golden Parachute' clauses: the Chief Executive Officer and the Board Secretary Director have the right to receive compensation in case of cessation of the relationship due to unfair dismissal, or if the termination of the contract is requested by the director himself or herself under Article 50 of the *Estatuto de los Trabajadores* (Workers' Statute) or, in the case of the Board Secretary Director, because of retirement. In these circumstances, the compensation consists of one year's remuneration (fixed salary and variable remuneration) for the Chief Executive Officer, and two years' remuneration (fixed salary and variable remuneration) for the Board Secretary Director. In either case, this provision will only apply if the legal compensation for the director concerned would be less than that shown in these clauses.

The contracts of the Chief Executive Officer and of the Board Secretary Director provide for a payment in cases of death or disability, to be paid to the director or his heirs, and from which the amount received from the employer's life assurance policy is deducted.

c) Non-competition clauses: the Board Secretary Director's contract includes a clause relating to post-contractual non-competition for 24 months. This agreement carries with it a remuneration, which is the compensation for the restriction of non-competition, and which amounts to 12 months' fixed and variable salary. It will be paid monthly during the period of the non-competition restriction. In addition, the contracts of each Executive Director contain other clauses which are normally included in this type of contracts, and which conform to the usual market practices in this matter: confidentiality and professional secrecy, notice periods, compliance with internal regulations, etc.

d) Clauses covering the return of short-, medium- and long-term Variable Remuneration and the retaining of the shares received under the 2014 and 2017 General and Special Incentive Plans (see sections A.1.2 and A.13.3).

**A.8 Explain any supplementary remuneration earned by directors as consideration for services provided which are different from those inherent in their positions.**

#### **Explain the supplementary remuneration**

As of the date of issue of this Report, no supplementary remuneration had been earned by Directors as consideration for services provided which are different from those inherent in their positions.

**A.9 Indicate any remuneration in the form of advances, credits or guarantees granted, with an indication of the rate of interest, their essential characteristics and the amounts that may have been returned, and also the obligations assumed by each recipient by way of guarantee.**

#### **Explain the advances, credits and guarantees granted**

As of the date of issue of this Report, no advances, credits or guarantees had been granted to any Director.

#### A.10 Explain the principal characteristics of remuneration in kind.

##### **Explain the remuneration in kind**

As part of their remuneration in kind, the Executive Directors have the following benefits:

- i) a company vehicle;
- ii) a life assurance covering death and disability;
- iii) a health insurance.

A.11 Indicate the remuneration earned by the director by virtue of the payments which the quoted company makes to a third entity in which the director provides services, when the purpose of those payments is to remunerate the latter for his or her services in that company.

##### **Explain the remuneration earned by the director by virtue of the payments which the quoted company makes to a third entity in which the director provides services**

As of the date of issue of this Report, no remuneration of this kind had been earned.

A.12 Any remunerable concept other than the foregoing, whatever may be its nature or the entity in the group which pays it, especially when it can be considered as a related transaction or when its issue distorts the true picture of the total remunerations earned by the director.

##### **Explain the other remunerative concepts**

As of the date of issue of this Report, no remunerative concept other than those explained in the foregoing sections was envisaged within the Directors' remunerative system.

A.13 Explain the actions taken by the company, in connection with the system of remuneration, to reduce exposure to excessive risks and to adapt the system to the company's long-term objectives, values and interests. Included will be, if applicable, references to: measures envisaged to ensure that the remunerative policy is adapted to the company's long-term results, measures which establish an appropriate balance between the fixed and variable components of the remuneration, measures adopted in relation to staff categories whose professional activities have a material repercussion on the entity's risk profile, recovery formulae or clauses for claiming the return of the variable components of remuneration based on results when such components have been paid on the basis of data whose inaccuracy was manifestly demonstrated later and measures envisaged for the avoidance of any conflicts of interest, if applicable.

##### **Explain the actions taken to reduce risks**

A.13.1 The remunerative policy of the Company and of the Group is designed to take into consideration the Group's long-term strategy and results:

- a) The total remuneration of the Executive Directors is composed of different remunerative elements, basically consisting of: (i) a Salary, (ii) a short-term variable Remuneration and (iii) a long-term variable Remuneration.
- b) The Plans for long-term variable Remuneration fit into a pluri-annual framework, in order to guarantee that the process of evaluation is based on long-term results which take account of the underlying economic cycle of the Company and of its Group. This remuneration is granted and will be paid in the future in the form of shares in the Company.

A.13.2 The Remuneration Policy for the Senior Management of the Company and of its Group (also applicable to Executive Directors), approved by the Board of Directors of 25<sup>th</sup> October 2016, establishes an appropriate balance between the fixed and variable components of the remuneration:

- a) The design of the scheme of Executive Directors remuneration represents a balanced and efficient relationship between the fixed and variable components, as shown in section A.1.4 above.
- b) In this way, the variable components of the remuneration have enough flexibility to allow them to be adjusted even to the point where they are completely eliminated. In a scenario in which the objectives linked to the variable remuneration were not achieved, the Executive Directors and Senior Management would only receive their Salary.

With regard to the measures adopted in relation to those categories of staff whose professional activities have a material repercussion on the entity's risk profile:

- i) The Appointment and Remuneration Committee is responsible for proposing to the Board the remunerative policy for Directors and Senior Managers, and the individual remuneration of the Executive Directors. In practice, the Committee's purview extends to about 150 managers, subject to the short-term variable Remuneration system. Included in this group are those professionals whose activities could have a material repercussion on the entity's risk profile.
- ii) It should also be noted that the Company's Audit and Control Committee participates in taking decisions related to the short-term variable Remuneration of the Executive Directors, by checking the economic/financial data which could form part of the objectives set in connection with the said remuneration, because, in the first place, it is that Committee which first has to check the results of the Company and of the Group as the basis for calculating the corresponding objectives.

A.13.3 With regard to recovery formulae or clauses for claiming the return of the variable components of remuneration based on results when such components have been paid on the basis of data whose inaccuracy was manifestly demonstrated later, and to measures envisaged for the avoidance of any conflicts of interest, the following is indicated:

The General Shareholders' Meeting of 21st March, 2017, modified the Policy on the Remuneration of Directors by including in its contractual terms and conditions Recommendations 59, 62 and 63 of the Code of Good Governance of Listed Companies, thereby imposing on Executive Directors the following obligations:

- i) The obligation, in certain circumstances, to return the short-, medium- and long-term Variable Remuneration which they have received, and
- ii) The obligation to retain that number of Company Shares, received under long-term Incentive Plans, whose value equates to twice their salary (see section A.12 above).

These same provisions are contained in the Policy on the Remuneration of Directors 2019-2021, as approved by the General Meeting of 21<sup>st</sup> March, 2018.

## **B POLICY ON REMUNERATION ENVISAGED FOR FUTURE YEARS**

Section repealed.

## **C SUMMARY OF THE WAY IN WHICH THE POLICY ON REMUNERATION WAS APPLIED DURING THE COMPLETED FINANCIAL YEAR**

C.1 Explain in summary form the main characteristics of the structure and remunerative concepts of the policy on remuneration that was applied during the completed fiscal year, which gives rise to the details of the individual remunerations earned by each of the directors reflected in section D of this report, together with a summary of the decisions taken by the board for the application of the said concepts.

### **Explain the structure and remunerative concepts of the policy on remunerations that was applied during the fiscal year**

1<sup>st</sup>. With regard to the Executive Directors, details of the structure and the remunerative concepts of the policy on remuneration that was applied during fiscal year 2017-2018 are given below:

- i) Fixed Remuneration: The Executive Directors received the Fixed Remuneration that resulted from the application of their current contracts signed with Logista (100% subsidiary of the Company).
- ii) Fixed Remuneration: Mr. Luis Egido Gálvez and Mr. Rafael de Juan López earned a fixed Remuneration for their membership of the Board of the Company.
- iii) Daily Allowances: Mr. Luis Egido Gálvez and Mr. Rafael de Juan López earned Daily Allowances for their attendance at the Board Meetings of the Company.
- iv) Short-term variable remuneration: Since the fiscal year 2017-2018, this is fixed at 150 per 100 of the Annual Fixed Remuneration, in the case of the Chief Executive Officer, and at 100 per 100 of the Annual Fixed Remuneration, in the case of the Board Secretary Director. At its meeting on 28<sup>th</sup> November, 2017, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, assessed the degree of achievement of the Executive Directors' Objectives, for the purpose of determining the short-term variable Remuneration for 2016-2017, as 100%.
- v) Long-term variable remuneration: Executive Directors are Beneficiaries of the Company's 2014 General and Special Long-Term Incentives Plans.

The First Consolidation Period of both Plans is of three years. It began on 1<sup>st</sup> October, 2014, and ended on 30<sup>th</sup> September, 2017, although the Period was not liquidated until 23<sup>rd</sup> January 2018.

In accordance with the Rules of the Company's 2014 Long-Term General and Special Incentive Plans, the Operating Profit obtained by the Group, the Total Return to the Shareholder and the Shareholder Profitability, compared with other similar companies, in the 2014-2017 Consolidation Period have been determined. The Appointment and Remuneration Committee, in accordance with those rules, then calculated the Degree of Achievement of Objectives for the Shares Consolidation, arriving at 98.6% (General Plan) and 98.3% (Special Plan).

In the meeting of 23<sup>rd</sup> January, 2018, the Board of Directors, at the proposal of the Appointment and Remuneration Committee, recognized, in consequence, the following Number of Consolidated Shares, for the said Consolidation Period 2014-2017:

- for Mr. Luis Egido Gálvez, 34,916 Shares (General Plan) and 26,107 Shares (Special Plan), and
- for Mr. Rafael de Juan López, of 13,118 Shares (General Plan) and 15,752 Shares (Special Plan).

The Net Shares transferred, free of charge, that resulted, after deducting the income tax from the Number of Consolidated Shares indicated, was, by both General and Special Plans, of 34,698 (Chief Executive Officer), and 17,484 (Board Secretary Director), as indicated in section A.4 above.

Additionally, the Board of Directors, in implementation of the Agreement of the General Meeting of Shareholders of 21<sup>st</sup> March 2017, included the Chief Executive Officer, Mr. Luis Egido Gálvez, and the Board Secretary Director, Mr. Rafael de Juan López, as Beneficiaries of the Company's 2017 General and Special Share Plans, recognizing, for the First Consolidation Period (2017-2020), their respective Conditional Entitlement to the Numbers of Free Shares in the Company that are shown below, the requirements, periods and objectives laid down in both Plans having been fulfilled:

<b>A) General Share Plan 2017 (First Consolidation Period) (2017-2020)</b>	
<b>Mr. Luis Egido Gálvez</b>	49,914
<b>Mr. Rafael de Juan López</b>	14,785
<b>B) Special Share Plan 2017 (First Consolidation Period) (2017-2020)</b>	
<b>Mr. Luis Egido Gálvez</b>	25,481
<b>Mr. Rafael de Juan López</b>	11,322

(vi) Benefits: Logista's Employment Pension Plan; Logista's Managers' Welfare Plan; company vehicle; life assurance and health insurance.

2<sup>nd</sup>. With regard to the Directors, in their capacity as such, details of the structure and the remunerative concepts of the policy on remuneration that was applied during fiscal year 2017-2020 are given below:

- Board and Committees of the Company
  - i) Fixed remuneration for membership of the Board:
    - Chairman: 30,000 euros per month.

Other Directors (except Proprietary Directors): 5,000 euros per month.

- ii) Fixed remuneration for the Chairman of the Audit and Control Committee:  
1,666.66 euros per month.
- iii) Fixed remuneration of the Chairman of the Appointment and Remuneration Committee:  
1,666.66 euros per month.
- iv) Daily allowance for attendance at Board Meetings:  
Chairman and Directors (except Proprietary Directors): 2,750 euros per attendance.
- v) Daily allowance for attendance at meetings of the Audit and Control Committee (except Proprietary Directors):  
Chairman and Member Directors: 1,600 euros per attendance.
- vi) Daily allowance for attendance at meetings of the Appointment and Remuneration Committee (except Proprietary Directors):  
Chairman and Member Directors: 1,000 euros per attendance.

**D DETAILS OF THE INDIVIDUAL REMUNERATIONS EARNED BY EACH DIRECTOR**

<b>Name</b>	<b>Type</b>	<b>Period of earnings fiscal year 2018</b>
Mr. Gregorio Marañón Y Bertrán De Lis	Independent	From 01/10/2017 until 30/09/2018
Mr. Luis Egido Gálvez	Executive	From 01/10/2017 until 30/09/2018
Mr. Rafael De Juan López	Executive	From 01/10/2017 until 30/09/2018
Ms. Cristina Garmendia Mendizábal	Independent	From 01/10/2017 until 30/09/2018
Mr. Eduardo Zaplana Hernández-Soro	Independent	From 01/10/2017 until 30/09/2018
Mr. Stéphane Lissner	Independent	From 01/10/2017 until 30/09/2018
Mr. Alain Minc	Independent	From 01/10/2017 until 30/09/2018
Mr. Jaime Carvajal Hoyos	Independent	From 01/10/2017 until 30/09/2018
Mr. John Matthew Downing	Proprietary	From 01/10/2017 until 30/09/2018
Mr. Richard Guy Hathaway	Proprietary	From 01/10/2017 until 30/09/2018
Mr. Richard Charles Hill	Proprietary	From 01/10/2017 until 30/09/2018
Mr. Amal Pramanik	Proprietary	From 01/10/2017 until 30/09/2018
Mr. David Ian Resnekov	Proprietary	From 01/10/2017 until 30/09/2018

D.1 Complete the charts below relating to the individual remuneration earned by each director (including the remuneration for exercising executive functions) during the fiscal year.

**a) Remuneration earned in the company which is the subject of this report:**

**i) Remuneration in cash (in thousands of €)**

Name	Salary	Fixed remuneration	Daily Allowances	Variable short-term remuneration	Variable long-term remuneration	Remuneration for membership of the Board's committees	Compensations		Other items	Total fiscal year 2018	Total fiscal year 2017
Mr. Gregorio Marañón y Bertrán De Lis	0	403	47	0	0	0	0	0	0	450	444
Mr. Luis Egidio Gálvez	0	55	25	0	0	0	0	0	0	80	84
Mr. Rafael De Juan López	0	55	25	0	0	0	0	0	0	80	86
Ms. Cristina Garmendia Mendizábal	0	74	35	0	0	0	0	0	0	109	116
Mr. Stéphane Lissner	0	35	17	0	0	0	0	0	0	52	89
Mr. Eduardo Zaplana Hernández-Soro	0	35	30	0	0	0	0	0	0	65	99
Mr. Alain Minc	0	25	15	0	0	0	0	0	0	40	0
Mr. Jaime Carvajal Hoyos	0	5	0	0	0	0	0	0	0	5	0
Mr. John Matthew Downing	0	0	0	0	0	0	0	0	0	0	0
Mr. Richard Guy Hathaway	0	0	0	0	0	0	0	0	0	0	0
Mr. Richard Charles Hill	0	0	0	0	0	0	0	0	0	0	0
Mr. Amal Pramanik	0	0	0	0	0	0	0	0	0	0	0
Mr. David Ian Resnekov	0	0	0	0	0	0	0	0	0	0	0

ii) Remuneration schemes based on shares

LUIS EGIDO GÁLVEZ 2014 GENERAL AND SPECIAL PLANS IN PERFORMANCE SHARES												
Implementation Date	Options entitlement at the beginning of FY 2018					Options allocated During FY 2018						
	No. Options	No. Affected Shares	Strike Price (€)	Strike period		No. Options	No. Affected shares	Strike Price (€)	Strike Period			
04/06/2014	168,870	168,870	0,00	01/10/2017 - 01/10/2018 - 01/10/2019		0	0	0,00	n/a			
Conditions: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.												
Shares delivered during FY 2018			Options exercised during FY 2018				Options due and not exercised	Options as at FY2018 end				
No. Shares	Price	Amount	Strike Price (€)	No. Options	No. Affected Shares	Gross Profit (€K)	No. Options	No. Options	No. Affected Shares	Strike Price (€)	Strike Period	
61,023	0.00	0	0.00	61,971	61,971	1.143	0	106,899	106,899	0.00	01/10/2018 - 01/10/2019	
Other requirements for exercise: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations. See previous Section A.4												

**LUIS EGIDO GÁLVEZ**

**2017 GENERAL AND SPECIAL PLANS IN PERFORMANCE SHARES**

Implementation Date	Options entitlement at the beginning of FY 2018				Options allocated During FY 2018			
	No. Options	No. Affected Shares	Strike Price (€)	Strike period	No. Options	No. Affected shares	Strike Price (€)	Strike Period
21/03/2017	0	0	0,00	n/a	75,395	75,395	0,00	01/10/2020

Conditions: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.

Shares delivered during FY 2018			Options exercised during FY 2018				Options due and not exercised	Options as at FY2018 end			
No. Shares	Price	Amount	Strike Price (€)	No. Options	No. Affected Shares	Gross Profit (€K)	No. Options	No. Options	No. Affected Shares	Strike Price (€)	Strike Period
0	0.00	0	0.00	0	0	0	0	75,395	75,395	0.00	01/10/2020

Other requirements for exercise: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.  
See previous Section A.4

**RAFAEL DE JUAN LÓPEZ**
**2014 GENERAL AND SPECIAL PLANS IN PERFORMANCE SHARES**

Implementation Date	Options entitlement at the beginning of FY 2018				Options allocated During FY 2018			
	No. Options	Affected Shares	Strike Price (€)	Strike period	No. Options	No. Affected shares	Strike Price (€)	Strike Period
04/06/2014	69,673	69,673	0.00	01/10/2017 - 01/10/2018 - 01/10/2019	0	0	0.00	n/a

Conditions: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.

Shares delivered during FY 2018			Options exercised during FY 2018				Options due and not exercised	Options as at FY2018 end			
No. Shares	Price	Amount	Strike Price (€)	No. Options	No. Affected Shares	Gross Profit (€K)	No. Options	No. Options	No. Affected Shares	Strike Price (€)	Strike Period
28,870	0.00	0	0.00	29,328	29,328	541	0	40,345	40,345	0.00	01/10/2018 - 01/10/2019

Other requirements for exercise: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.  
See previous Section A.4

**RAFAEL DE JUAN LÓPEZ**
**2017 GENERAL AND SPECIAL PLANS IN PERFORMANCE SHARES**

Implementation Date	Options entitlement at the beginning of FY 2018				Options allocated During FY 2018			
	No. Options	No. Affected Shares	Strike Price (€)	Strike period	No. Options	No. Affected shares	Strike Price (€)	Strike Period
21/03/2017	0	0	0,00	n/a	26,107	26,107	0,00	01/10/2020

Conditions: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.

Shares delivered during FY 2018			Options exercised during FY 2018				Options due and not exercised	Options as at FY2018 end			
No. Shares	Price	Amount	Strike Price (€)	No. Options	No. Affected Shares	Gross Profit (€K)	No. Options	No. Options	No. Affected Shares	Strike Price (€)	Strike Period
0	0.00	0	0.00	0	0	0	0	26,107	26,107	0.00	01/10/2020

Other requirements for exercise: Free Shares Delivery. The number of Shares to be consolidated is subject to the fulfilment of requirements and objectives set forth in the Plans Regulations.

See previous Section A.4

**iii) Long-term savings schemes**

**b) Remuneration earned by the directors of the company for their membership of the boards of other companies in the group:**

**i) Remuneration in cash (in thousands of €)**

Name	Salary	Fixed remuneration	Daily Allowances	Variable short-term remuneration	Variable long-term remuneration	Remuneration for membership of the Board's committees	Compensations	Other items	Total fiscal year 2018	Total fiscal year 2017
Mr. Gregorio Marañón y Bertrán De Lis	0	0	0	0	0	0	0	0	0	0
Mr. Luis Egido Gálvez	0	672	0	992	0	0	0	191	1.855	2.065
Mr. Rafael De Juan López	0	298	0	294	0	0	0	80	672	942
Ms. Cristina Garmendia Mendizábal	0	0	0	0	0	0	0	0	0	0
Mr. Stéphane Lissner	0	0	0	0	0	0	0	0	0	0
Mr. Eduardo Zaplana Hernández-Soro	0	0	0	0	0	0	0	0	0	0
Mr. Alain Minc	0	0	0	0	0	0	0	0	0	0
Mr. Jaime Carvajal Hoyos	0	0	0	0	0	0	0	0	0	0
Mr. John Matthew Downing	0	0	0	0	0	0	0	0	0	0
Mr. Richard Guy Hathaway	0	0	0	0	0	0	0	0	0	0
Mr. Richard Charles Hill	0	0	0	0	0	0	0	0	0	0
Mr. Amal Pramanik	0	0	0	0	0	0	0	0	0	0
Mr. David Ian Resnekov	0	0	0	0	0	0	0	0	0	0

**ii) Remuneration schemes based on shares**

iii) Long-term savings schemes

Name	Fiscal Year's contribution by the company (thousands of €)		Amount of accumulated funds (thousands of €)	
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2017
Mr. Luis Egido Gálvez	172	138	2.094	1.922
Mr. Rafael De Juan López	65	54	666	601

iv) Other benefits (in thousands of €)

<b>Mr. Luis Egido Gálvez</b>			
<b>Remuneration in the form of advances, credits granted</b>			
<b>Rate of interest for the transaction</b>		<b>Essential characteristics of the transaction</b>	
0.00		N/A	
<b>Life assurance premiums</b>		<b>Guarantees given to the directors by the Company</b>	
<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>
6	6	N/A	N/A

<b>Mr. Rafael De Juan López</b>			
<b>Remuneration in the form of advances, credits granted</b>			
<b>Rate of interest for the transaction</b>		<b>Essential characteristics of the transaction</b>	
0,00		N/A	
<b>Life assurance premiums</b>		<b>Guarantees given to the directors by the Company</b>	
<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>
9	9	N/A	N/A

**c) Summary of the remunerations (in thousands of €):**

The amounts of all the remunerative concepts contained in this report which were earned by the director must be shown in the summary, in thousands of euros.

In the case of the Long-Term Savings Schemes, the contributions or provisions made to this type of scheme must be included:

Name	Remuneration earned in the Company				Remuneration earned in companies of the group				Total		
	Total Remuneration in cash	Value of shares awarded	Gross profit of the options exercised	Total fiscal year 2018 company	Total Remuneration in cash	Value of shares awarded	Gross profit of the options exercised	Total fiscal year 2018 group	Total Fiscal Year 2018	Total Fiscal Year 2017	Contribution to savings scheme during fiscal year
Mr. Gregorio Marañón y Bertrán De Lis	450	0	0	450	0	0	0	0	450	444	0
Mr. Luis Egido Gálvez	80	0	1.143	1.223	1.855	0	0	1.855	3.078	2.149	172
Mr. Rafael De Juan López	80	0	541	621	672	0	0	672	1.293	1.028	65
Ms. Cristina Garmendia Mendizábal	109	0	0	109	0	0	0	0	109	116	0
Mr. Stéphane Lissner	52	0	0	52	0	0	0	0	52	89	0
Mr. Eduardo Zaplana Hernández-Soro	65	0	0	65	0	0	0	0	65	99	0
Mr. Alain Minc	40	0	0	40	0	0	0	0	40	0	0
Mr. Jaime Carvajal Hoyos	5	0	0	5	0	0	0	0	5	0	0
Mr. John Matthew Downing	0	0	0	0	0	0	0	0	0	0	0
Mr. Richard Guy Hathaway	0	0	0	0	0	0	0	0	0	0	0
Mr. Richard Charles Hill	0	0	0	0	0	0	0	0	0	0	0
Mr. Amal Pramanik	0	0	0	0	0	0	0	0	0	0	0
Mr. David Ian Resnekov	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>881</b>	<b>0</b>	<b>1.684</b>	<b>2.565</b>	<b>2.527</b>	<b>0</b>	<b>0</b>	<b>2.527</b>	<b>5.092</b>	<b>3.925</b>	<b>237</b>

**D.2 Report on the relation between the remuneration obtained by the directors and the results or other measurements of the entity's performance, explaining, if appropriate, how the variations in the company's performance may have influence the variation in the directors' remuneration.**

As indicated in section C above, the short-term Variable Remuneration of the Executive Directors is directly related to the Degree of Achievement of the Group's audited Objectives.

**D.2.1 Short-term Variable Remuneration**

The Board of Directors, at the proposal of the Appointment and Remuneration Committee, assessed the degree of achievement of the Executive Directors' Objectives, for the purpose of determining the short-term Variable Remuneration for fiscal year 2016–2017, as 150% and 100% for the Chief Executive Officer and the Board Secretary Director, respectively, of the maximum limits indicated in paragraph A.4 above.

**D.2.2 Long-term Variable Remuneration**

The consolidation of the Recognized Initial Incentive for the Executive Directors in the 2014 General and Special Long-Term Incentive Plans, for the Consolidation Period which began on 1<sup>st</sup> October, 2014 and ended on 30<sup>th</sup> September, 2017, depends, on a 50% and a 33%, respectively for each Plan, of the degree of achievement of the Group's target EBIT, set for the said Period.

In accordance with the regulations which govern these Plans, the degree of achievement of the objective (First Consolidation Period) was calculated at 98.6% for the General Plan, and 98.3% for the Special Plan (see C.1 above).

**D.3 Report on the result of the consultative vote of the general meeting on the annual report on remuneration in the past fiscal year, indicating the number of negative votes cast, if any:**

	<b>Number</b>	<b>% of the total</b>
<b>Votes cast</b>	112,380,995	84.65

	<b>Number</b>	<b>% of the total</b>
<b>Votes against</b>	7,722,814	6.87%
<b>Votes in favour</b>	94,993,167	84.52%
<b>Abstentions</b>	9,665,014	8.60%

## **E OTHER INFORMATION OF INTEREST**

If there are any relevant aspects of the directors' remuneration which could not be included in the other sections of this report, but which should be included in order to present more complete and reasoned information about the company's remunerative structure and practices in relation to its directors, please detail them briefly.

other sections of this report, but which should be included in order to present more complete and reasoned information about the company's remunerative structure and practices in relation to its directors, please detail them briefly.

### **Additional information on the process of defining the Remuneration Policy - Section A.2**

To draw up the Policy, the following structure was used:

- (i) For the remuneration system for non-executive Directors:
  - The principles and bases of the remuneration policy.
  - The maximum amount of the annual remuneration to be paid to the directors as a whole, in their capacity as such, and the justification for it.
  - A description of, and justification for, the remuneration system for the directors in their capacity as such. The different components of the remuneration and the parameters used to fix it.
  
- (ii) For the remuneration system for executive Directors:
  - Determination of, and justification for, the amount of the fixed annual remuneration and its variation in the period to which the policy relates (three years).
  - Description of, and justification for, the different parameters used to fix the variable components:
    - The chosen criteria for evaluating performance.
    - The evaluation components and methods for determining whether or not the said evaluation criteria have been fulfilled.
    - Alignment of the variable remuneration with the Company's interests and those of its shareholders.
    - Ex-post adjustments, mechanisms for deferment, and clauses for the 'clawback' of variable remuneration.
    - The keeping of shares received in implementation of Variable Remuneration Plans.
  - The main terms and conditions of their contracts, particularly:
    - The duration.
    - Compensation for early cessation or for termination of the contractual relationship.
    - Agreements covering exclusivity and post-contractual non-competition.

## **Additional Information on the Long-Term Incentive Plans - Section A.4**

### **1. 2014 General Long-Term Incentive Plan**

This is intended for Executive Directors and certain of the Group's senior Managers and employees who are characterized by high achievement and future impact. The total duration will be five years, which will be divided into three Consolidation Periods of three years, with annual awards being made in fiscal years 2014, 2015 and 2016.

The Recognized Initial Incentive will be, as maximum, the variable annual remuneration earned by each Beneficiary during the fiscal year immediately preceding the date of award of the Incentive, to be divided by the weighted average of the quoted price of the Company's shares in the thirty trading sessions prior to the date of Recognition.

The Number of the Company's Shares which, if appropriate, will be awarded free of charge to each Beneficiary will depend on:

- (i) the Beneficiary's tenure in the Group: it will be necessary for the relevant Consolidation Period to have been completed, and for an employment relationship or, if applicable, a commercial/employment relationship with the Company or its associated companies to have been maintained throughout it;
- (ii) the achievement of the objectives set for consolidation of Shares in each of the Consolidation Periods;
  - a) 25% of the Number of Recognized Shares are consolidated according to the Total Shareholder Return (TSR). The TSR is the sum of (i) the appreciation in the price of the Company's share during the Consolidation Period and (ii) the dividends per share distributed during that same period.

The Board has set the TSR for the Consolidation Period 2014-2017 at 4.3 € per share, for the Consolidation Period 2015-2018, at 3.83€ per share, and for the Consolidation Period 2016-2019 at 3.5€ per share.

- b) A further 25% of the Number of Recognized Shares are consolidated in accordance with the criterion of the comparative shareholder Return (CSR) of the Company compared with that of other companies. The CSR relates the TSR of the Company to the TSR of companies operating in the same or a similar sector of activity.

The Board has decided that the Comparison Group for the Consolidation Periods 2014-2017, 2015-2018 and 2016-2019 is composed of the following Companies: Philip Morris International Inc.; British American Tobacco p.l.c.; Japan Tobacco International SA; Imperial Tobacco Group PLC; MARR S.p.A; STEF; Deutsche Post AG; Norbert Dentressangle (this Company, only for the First and Second Consolidation Periods); Red Eléctrica de España, S.A.U.; Telecom Italia S.p.A.; Total S.A.; CTT – Correios de Portugal, S.A.

- c) The remaining 50% of the Number of Recognized Shares is consolidated in accordance with one or several internal criteria, of a financial or operational nature, during the Consolidation Period, related to the level of achievement of the objective during the Consolidation Period, compared with the forecast for that objective in the business plans of the Logista Group.

(iii) the achievement, in the minimum proportion laid down, of the Objective for Consolidation (“the Percentage of Consolidation”).

The Percentages of Consolidation laid down by the its Regulations are the following:

**a) Criterion TSR**

<b>DEGREE OF ACHIEVEMENT OF OBJECTIVE</b>	<b>PERCENTAGE OF CONSOLIDATION</b>
<75.00%	0.00%
75.00%	60.00%
77.50%	64.00%
80.00%	68.00%
82.50%	72.00%
85.00%	76.00%
87.50%	80.00%
90.00%	84.00%
92.50%	88.00%
95.00%	92.00%
97.50%	96.00%
100.00% or more	100.00%

**b) Criterion CSR:**

<b>Percentile range of the Company’s CSR</b>	<b>Percentage of Consolidation</b>
Below the median of the reference group	0%
From the median of the reference group	40%
From the third quartile of the reference group	90%
From percentile 90 of the reference group	100%

**c) Criterion Operating Profit (EBIT):**

<b>DEGREE OF ACHIEVEMENT OF OBJECTIVE</b>	<b>PERCENTAGE OF CONSOLIDATION</b>
<90.00%	0.00%
90.00%	50.00%
90.50%	52.50%
91.00%	55.00%
91.50%	57.50%
92.00%	60.00%
92.50%	62.50%
93.00%	65.00%
93.50%	67.50%
94.00%	70.00%
94.50%	72.50%
95.00%	75.00%
95.50%	77.50%
96.00%	80.00%
96.50%	82.50%
97.00%	85.00%
97.50%	87.50%
98.00%	90.00%
98.50%	92.50%
99.00%	95.00%
99.50%	97.50%
100.00% or more	100.00%

2) 2014 Special Long-Term Incentive Plan

The Plan is only applicable to the Executive Directors and certain Logista Group's Senior Managers, with a high added-value contribution to the Group.

The Special Plan has the same term of validity as the General Plan, is subject to the same requirements and has identical criteria and Share-Consolidation Percentages, with the following differences:

- i) Each Beneficiary has the conditional entitlement to receive Free Shares, in a certain percentage of their Fixed Annual Remuneration, to be calculated each year (with a maximum of 75% of the Fixed Remuneration in the case of Executive Directors, and a maximum of 50% of the Fixed Remuneration in the case of the other Beneficiaries). This is called the Recognized Initial Incentive.

ii) The Number of Shares to be consolidated, which will have the following weightings:

- TSR criterion: 35% of the Number of Recognized Shares
- CSR criterion: 32% of the Number of Recognized Shares
- EBIT criterion: 33% of the Number of Recognized Shares

Shares which, where applicable, are consolidated by Executive Directors and Senior Managers, under both the 2014 General and Special Plans, are subject to:

- The Retention Clause of those Plans, affecting an amount equivalent to twice their Fixed Annual Remuneration in the case of Executive Directors, and a period of one year in the case of Senior Managers (see preceding Section A.1.2).
- The Return Clause: when, in the two years following the consolidation, any of the circumstances mentioned in section A.1.2 above occurs.

#### **2017 General and Special Long-Term Incentive Plans**

Their validity period will be of five years, and will be divided into three Consolidation Periods (2017-2020, 2018-2021 and 2019-2022).

The 2017 General Plan and the 2017 Special Plan are similar in functioning, requirements and consolidation criteria to the 2014 General Plan and the 2014 Special Plan respectively, and they include the indicated clauses relating to the return and retention of Consolidated Shares.

At the date of this Report, the Rules of both Plans are awaiting the approval of the Company's Board of Directors. Consequently, no Recognized Shares have been granted yet to the Beneficiaries.

This Annual Report on Remuneration was approved by the Company's Board of Directors at its meeting on 30/10/2018.

Indicate whether there were any directors who voted against the approval of this report, or who abstained.

Yes      No