REMUNERATION OF DIRECTORS ANNUAL REPORT

2019

Logista

ANNUAL REPORT ON **THE REMUNERATION OF DIRECTORS**

Logista

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ISSUER IDENTIFICATION DETAILS

FISCAL YEAR-END DATE: 30/09/2019

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 REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A) REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1. Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting

A.1.1. In any event, the following aspects should be reported:

- **Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.**
- **Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.**
- **Information on whether any external advisors took part in this process and, if so, their identity.**

The current Policy on the Remuneration of Directors ("the Policy" or "the Remuneration Policy") of the Compañía de Distribución Integral Logista Holdings, S.A., (hereinafter, "the Company") is the one that was approved by the General Shareholders' Meeting of 21st March, 2018, with validity for the financial years 2019, 2020 and 2021, at the proposal of the Board of Directors, following a specific justificatory report from the Appointments and Remuneration Committee of 23rd January, 2018, issued in compliance with Article 529 novodecies 2 of the Capital Companies Act.

The said Policy is based on the following principles:

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

ii) External competitivity.

iii) Rewarding in accordance with levels of responsibility and professional track record.

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

v) A link between remuneration and results: a significant proportion of the total remuneration of Executive Directors is variable, and its payment is linked to the achievement of financial, business and value-creation objectives which are pre-determined, specific, quantifiable and aligned with the Logista Group's Business Plan.

vi) Adherence to the Recommendations for Executive Directors which appear in the Code of Good Governance for Listed Companies published by the Comisión Nacional del Mercado de Valores (National Securities Market Commission) and in force at any given time.

The following criteria and rules were used to draw up the Policy:

i) Those laid down in the Bylaws and in the Board's Regulations. In particular, the remuneration of the Directors, in their capacity as such, will consist of a fixed monthly payment in cash and certain per diem allowances for attendance at meetings of the Board and its Committees, within the maximum annual amount fixed by the General Meeting as the total remuneration for all of the Directors, in their capacity as such.

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

Irrespective of the remuneration that they receive in their capacity of Director, Executive Directors are remunerated for the performance of executive duties within the Company or in the Group.

ii) The applicable legislation.

iii) The objectives set in the Group's Business Plan which allow, among other things, the establishment of the metrics to which the long-term annual variable remuneration is linked.

iv) Market information.

v) Guidelines, principles and recommendations from Corporate Governance, institutional investors and voting advisors.

Within the framework described above, the Remuneration Policy aims to remunerate the Directors, in their capacity as such, in an adequate manner, in accordance with their effective dedication, with the duties and responsibilities assigned to each Director, with membership of the Board's Committees and with other objective circumstances that the Board considers relevant in relation to the position that each occupies on the Board and/or the Committees, and the value that each contributes.

The total remuneration of Executive Directors is composed of different remunerative elements, essentially the following: (i) a fixed remuneration in cash, for membership of the Board; (ii) a salary, for their executive duties; (iii) an annual Short-Term Variable Remuneration in cash; (iv) a Long-Term Variable Remuneration in shares, through Share Plans (with three-year Consolidation Period) and (v) a supplementary social welfare scheme for retirement and other contingencies, and other remuneration in kind.

Advisors

The following advisors provide the Appointments and Remuneration Committee and the Board of Directors with services:

i) Garrigues Human Capital Services have advised the Committee on the design of the Company's 2014 and 2017 Long-Term General and Special Incentive Share Plans.

ii) Garrigues Human Capital Services have advised the Committee on the design and content of the Policy on Directors' Remuneration for 2019-2021.

iii) Willis Towers Watson has conducted a market research, in November 2018, on the remuneration of Executive Directors (Remuneration 2017-2018), and its comparison with positions and functions in Spanish listed companies, comparable to the Company.

A.1.2. Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company and measures to avoid conflict of interest, as the case may be.

Furthermore, state whether the company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and consolidated financial instruments, or if any clause reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate has been agreed.

The System of Remuneration for Executive Directors, laid down by the Policy, has the following characteristics:

- Remuneration is assigned for the performance of executive duties.

- The relationship between the fixed and variable components is balanced and efficient.

- The variable remuneration has a component of medium and long term, which drives the Directors' strategic performance, as well as a component which rewards the achievement of results in the short term. A suitable proportion of the variable remuneration is linked to (i) medium- and long-term objectives and (ii) the deferred awarding of shares in the Company.

- The system of remuneration is consistent with adequate and efficient risk management and with the Company's strategy, values and long-term interests, and is designed to promote the Company's long-term profitability and sustainability.

- It takes account of market trends and the principles and recommendations of good governance, and it effectively attracts and retains the best professionals.

The Remuneration Policy is thus designed to generate value in the Group, and seeks an alignment with the interests of the shareholders, with a prudent management of risk and with strict compliance with the current regulations governing the remuneration of directors of listed companies.

The remuneration of Executive Directors is a combination of Fixed Remuneration as a Director, Salary, Short- and Long-Term Variable Remuneration, and in a scenario of standard achievement of objectives, for the Chief Executive Officer approximately 25% of the total remuneration is fixed, and 75% is variable. For the Board Secretary, the proportions would be 35% fixed remuneration and 65% variable.

Each financial year, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, fixes the Salary of the Executive Directors, evaluates the achievement of the Objectives for the Short-Term Variable Remuneration, which is paid in cash, and sets the Objectives for that Remuneration for the following year.

In addition, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, determines the degree of achievement of the Objectives established to consolidate the total, partial, or nil award of free shares in the Company (Long-Term Variable Remuneration).

The maximum number of shares that may be consolidated by Executive Directors will be the Number of Recognized Shares at the beginning of each three-year Consolidation Period.

Executive Directors, in accordance with the Policy on Remuneration and the terms and conditions of their contracts, have the following obligations in connection with Short- and Long-Term Variable Remuneration:

A) The obligation to return Variable Remuneration received in the short, medium or long term (clawback clause) if, during the two years following its receipt, any of the following circumstances arise:

   a) Payment of the Variable Remuneration is found to have been made, entirely or partially, on the basis of false or seriously erroneous information.

   b) Losses of the Logista Group (negative EBIT) attributable to the Executive Director.

   c) A material re-formulation of the Logista Group's financial statements.

   d) An Executive Director is penalised for a serious breach of the Code of Conduct or an internal regulation, whenever that breach damaged the Group's image and reputation vis-à-vis the markets, customers, suppliers or regulators.

B) The obligation of Executive Directors to keep enough shares consolidated under the Deferred Variable Remuneration Plans to be equivalent in value to double their Fixed Annual Remuneration.

A.1.3. Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.

The Directors' Remuneration, for their activity as such in the financial year, is composed of the following elements:

a) A fixed annual sum in cash, adapted to the standard in the marketplace, and commensurate with the duties that they perform within the Board and its Committees, as follows:

   i) For the Chairman of the Board, the fixed monthly remuneration is 30,000 €.

   ii) The fixed monthly remuneration of the Board Members for their membership of the Board of Directors is 5,000 €.

   iii) The fixed monthly remuneration of the Chairman of the Appointments 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) Per diem allowances for attendance at meeting:

   i) Of the Board of Directors: 2,750 € per session.

   ii) Of the Audit and Control Committee: 1,600 € per session.

   iii) Of the Appointments and Remuneration Committee: 1,000 € per session.

In line with the recommendations of the Code of Good Governance, for Directors, in their capacity as such, there are no schemes for variable remuneration, either in cash, shares, share options, or share-based instruments, there is no life assurance, and there are no long-term savings schemes or other social welfare schemes.

Proprietary External Directors do not receive any remuneration as Directors of the Company.

The total amount earned by the Directors, in their capacity as such, in the financial year and for the items mentioned, amounts to 951,399 euros.

A.1.4. Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The Executive Directors, for the performance of their executive duties in the Company, earned the following salaries, paid in cash and received from the Compañía de Distribución Integral Logista, S.A.U. ("Logista", a wholly-owned subsidiary of the Company):

- Chief Executive Officer: 691,288 €
- Board Secretary: 307,143 €

A.1.5. Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

Only Executive Directors receive the following benefits and cash payments:

i) Life assurance (the premium for the year):

Chief Executive Officer: 5,912 €

Board Secretary: 8,615 €

ii) Health insurance (the premium for the year):

Chief Executive Officer: 2,399 €

Board Secretary: 3,562 €

iii) Company vehicle (the cost of the annual leasing):

Chief Executive Officer: 29,438 €

Board Secretary: 20,147 €

iv) Luncheon vouchers:

Chief Executive Officer: 2,393 €

Board Secretary: 2,393 €

A.1.6. Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The Variable Remuneration of the Executive Directors during the financial year was the following:

i) Short-Term Variable Remuneration (Annual):

- Chief Executive Officer: 867.377,80 €
- Board Secretary: 256.922,35 €

The Degree of Achievement of Objectives was 83% in the case of the Chief Executive Officer and 83% in the case of the Board Secretary..

The Achievement Objectives and their weightings were the following:

- Business Objectives: 50% Adjusted EBIT and 10% WC
- Return to Shareholder (compared with that of some other similar companies and stock indices): 25%
- Personal Contribution: 15%

The Short-Term Variable Remuneration of the Executive Directors is restricted to 150% of the Salary, for the Chief Executive Officer, and 100% of the Salary, for the Board Secretary.

ii) Long-Term Variable Remuneration

The Executive Directors participate in the Company's 2014 and 2017 General and Special Plans, under agreements of the General Shareholders' Meeting of 4th June, 2014, and 21st March, 2017, respectively, and to the maximum extent envisaged in both plans, in each of the three Consolidation Periods into which the same are divided, namely, 100% of the Variable Remuneration earned in the previous financial year (General Plans) and 75% of the Salary (Special Plans).

During the current financial year, the Second Consolidation Period (2015-2018) of the 2014 General and Special Plans was settled, by the award of free shares in the Company (corresponding to accruals of the previous fiscal year), and, in the current month of October, with the aim to meet the requirements of this Report (amount of earnings for the year), the Third Consolidation Period (2016-2019) of the 2014 General and Special Plans is also being settled, and the award of the free shares in the Company that were consolidated in that Third Period is pending.

- Settlement of the Second Consolidation Period (2015-2018) of the 2014 General and Special Plans

  The numbers of free shares that were consolidated during the financial year in order to settle the Second Consolidation Period of the 2014 General and Special Plans were 52,650 (54,894 shares initially recognized) in the case of the Chief Executive Officer and 20,735 (21,642 shares initially recognized) in the case of the Board Secretary; however, after the deduction of income tax, the Net Numbers of Shares, effectively awarded gratis by the Company, were 29,459 (Chief Executive Officer) and 11,686 (Board Secretary).

  The values of the Consolidated Shares were 1,155,141 €, in the case of the Chief Executive Officer, and 454,925.90 € in the case of the Board Secretary which, indeed, must be considered to be accrued at the end of the previous financial year (September 30, 2018).

- Settlement of the Third Consolidation Period (2016-2019) of the 2014 General and Special Plans

  The numbers of shares consolidated in this Period were 40,089, in the case of the Chief Executive Officer (52,005 shares initially recognized), and 14,289, in the case of the Board Secretary (18,703 shares initially recognized).

  The numbers of shares consolidated in the Third Consolidation Period of the 2014 General and Special Plans had not yet been communicated when this report was written. The Net Number of Shares to be awarded gratis by the Company will be that which results from deducting from the Number of Consolidated Shares the number of shares equivalent in value to the appropriate amount of income tax.

The shares awarded remain subject to the obligations of the Executive Directors to retain, and when appropriate, return them, as explained in Section A.1.2 above.

In the current financial year, the Value of the Consolidated Shares on the Consolidation Date (30th September, 2019,) is 716,791 euros, for the Chief Executive Officer, and 255,487 euros, for the Board Secretary.

A.1.7. Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are consolidated for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director.

State if the accrual or consolidation of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Executive Directors participate in Logista's Employment Pensions Plan (which applies to Logista's employees generally). It is a defined contribution plan, in which the Company's monthly contributions amount to 8.3% of the regulative salary (the Basic Salary in Logista's Collective Agreement for Level III of the professional category "Managers").

The Executive Directors also participate in the Directors' Social Welfare Plan, to which the Group makes contributions calculated on the basis of approximately 10% of the Salary and Short-Term Variable Remuneration of each Executive Director.

The contingencies covered are those of Retirement, Permanent Disability and Death, and also that of General Illness, in the case of the Directors' Plan.

The consolidated financial rights resulting from both Plans are consistent with the compensation for termination or early cessation or that deriving from the contractual relationship, under the terms agreed between the Company and the Director, and are not connected with the achievement of defined objectives, although, for the purposes of Logista's contribution, the Directors' Welfare Plan takes account of the Short-Term Variable Remuneration earned in the previous year.

A.1.8. Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of remuneration.

No payment of compensation to Directors is foreseen in the event of termination of their duties as such. Compensation is foreseen only in cases of termination of the exercise of any executive duties that they may perform, and details of this are given below.

There are no contracts with members of the administrative, managerial or supervisory bodies of the Compañía de Distribución Integral Logista Holdings, S.A., or of any of its subsidiaries, which envisage any benefits for those people as a result of the termination of their positions and duties.

The most important terms and conditions of the contracts signed by the Executive Directors with Logista are described below:

a) Change of control clause: In a case of change of control, the Board Secretary would be entitled to invoke this clause, which would entitle him to receive the same compensation as if the contract had been terminated by unfair dismissal. The stipulated amount would be double the Fixed Salary plus the Variable Remuneration.

b) Compensation for dismissal: The Chief Executive Officer and the Board Secretary are entitled to receive compensation if either of their relationships is terminated by unfair dismissal or if either of the directors requests the termination himself, under Article 50 of the Workers' Statute, or, in the case of the Board Secretary, if the termination is due to retirement. In these situations, the compensation consists of one year's remuneration (Fixed Salary and Variable Remuneration –see previous sections A.1.4, A.1.5 and A.1.6), for the Chief Executive Officer, and two years' remuneration (Fixed Salary and Variable Remuneration – see previous sections A.1.4, A.1.5 and A.1.6), for the Board Secretary.

   The contracts of the Chief Executive Officer and Board Secretary envisage the payment of an indemnity in cases of death or invalidity, to be received by the director or his heirs, and from which any amount received from the employer's life assurance policy is to be deducted.

c) Non-competition clauses: The contract of the Secretary of the Board of Directors includes an agreement on post-contractual non-competition, the term of which is 24 months. This agreement is remunerated, the compensation for the prohibition of competition being 12 monthly payments of Fixed Salary and Variable Remuneration, which are made throughout the period of the prohibition. In addition, the contracts of both Executive Directors include other clauses which are customarily included in this type of contract, being the usual market practices in this regard: confidentiality and professional secrecy, period of notice, compliance with internal regulations, etc.

d) Clauses covering the return of Short- and Long-Term Variable Remuneration and the keeping of the Net Consolidated Shares received, gratis, in implementation of the 2014 and 2017 General and Special Long-Term Incentive Plans (see section A.1.2).

A.1.9. State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, permanence and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

See Section A.1.8 above.

A.1.10. The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress, in consideration for services rendered other than those inherent in the post.

As at the date of issue of this report, no supplementary remuneration had been earned by the directors as consideration for services rendered other than those inherent in their posts.

A.1.11. Other remunerative items or by-products, as the case may be, of the company's granting the director advance payments, loans, guarantees or any other remuneration.

As at the date of issue of this report, no advance payments, credits or guarantees had been granted to any director.

A.1.12. The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that is not included in the previous sections, whether payment is satisfied by the company or another group company.

As at the date of issue of this report, there was no other supplementary remuneration that was not included in the previous sections.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

- **A new policy or a modification of the policy already approved by the General Meeting.**
- **Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.**
- **Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.**

On 23rd July, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, and making use of the powers granted by the General Meetings of 4th June, 2014, and 21st March, 2017, which approved, respectively, the application of the 2014 General and Special Plans and of the 2017 General and Special Plans, agreed that the profitability of the Company's share (which is included as an Objective, in the Short and Long Term Variable Remuneration of Executive Directors, and also as an Objective, for the Group's employees to which the Long Term Variable Remuneration system applies), as of this financial year, will be determined by comparing the total profitability of the share during the financial year (in the case of the Short-Term Variable Remuneration), or during the Consolidation Period (in the case of the Long Term Variable Remuneration), with the total profitability for shareholders of the companies and general indices comprising the Reference Group ("CSR"), the composition of which was also agreed by the Board. Consequently, effective from this financial year, the Criterion of Total Shareholder Return ("TSR"), which only considered the profitability of the Company's share measured by itself, will not be applied.

In the adoption of the above decision, the Board of Directors and the Appointments and Remuneration Committee have taken into account the following:

The evolution in the price of the Company's share has been identified – definitively, it would seem, in the current financial year – with the evolution in the share prices of tobacco manufacturers, which have been strongly affected by the fall in volumes and by the prohibitions on the consumption and sale of tobacco.

Although Logista does not operate in the manufacturing market, and its basic strategy – which is widely known – is to extend the activity of distribution to products other than tobacco, the markets persist in regarding Logista as a company that is directly and fundamentally related to tobacco.

As a result, the price of the Logista share is now very far from the target price estimated by analysts and from the Company's true value and this has happened in a fiscal year that is expected to be a record in terms of the Group's results.

With the above decision, the Board of Directors attempts to maintain the ultimate purpose of the Short and Long Term Remuneration Systems, which is to retain and motivate the personnel subject to those Systems, having also recorded the high degree of satisfaction with the record results achieved by the Group in this financial year.

A.3. Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.

The direct link to the document published in the Company's website, and which shows the Policy on the Remuneration of Directors, in force in the financial year, is the following:

http://www.grupologista.com/en/inversores/Documents/PolicyRemunerationsDirectors2019_2021.pdf

A.4. Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

Not applicable

B) OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.1. Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

i) Remuneration of the Directors in their capacity as such

See Section A.1.5 above

ii) Salary of Executive Directors

See Section B.6 below

iii) Short-Term Variable Remuneration of the Executive Directors

- On 26th November, 2018, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, implementing the Policy on Remuneration:

  a) Re-validated the upper limit of Short-Term Variable Remuneration fixed by the Board on 28th November, 2017 (150% of the Salary, in the case of the Chief Executive Officer, and 100% of the Salary, in the case of the Board Secretary), the weighting of Objectives (50%, Business Objectives; 25%, Return to Shareholders; and 15%, Personal Contribution) and the metrics for their evaluation.

  b) Fixed the Achievement Objectives for Short-Term Variable Remuneration in financial year 2018-2019 (Business Objectives: Adjusted EBIT and Working Capital (WC)); Return to Shareholders and Personal Contribution of the Executive Directors to the overall results and added value of the Group (Logista).

- On 23rd July, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, decided that the Total Return to Shareholders should be determined in comparison with the Total Return, in the financial year, of comparable companies and general indices, in line with the identical determinations adopted in connection with the Long-Term Incentive Plans (See Section A.2 above).

- On 29th October, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, evaluated the degree of achievement of the Objectives on which the Short-Term Variable Remuneration of the Executive Directors depends (see Section B.7 below).

iv) Long-Term Variable Remuneration

- On 29th January, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee:

  a) Settled the Second Consolidation Period (2015-2018) of Logista's 2014 General and Special Long-Term Incentive Plans, in accordance with the Regulations of both Plans. The Degree of Consolidation of the Shares Initially Recognized for the said Consolidation Period was 96.35% in the 2014 General Plan and 95.30% in the 2014 Special Plan. In essence:

		Number of Recognized Shares	Number of Shares Consolidated *gratis*
Chief Executive Officer	2014 General Plan	31,368	30,223
	2014 Special Plan	23,526	22,427
Board Secretary	2014 General Plan	10,184	9,812
	2014 Special Plan	11,458	10,923

  These are the consolidated shares on the last day of the previous financial year (September 30, 2018).

  b) Quantified the Financial Objective and the Consolidation Percentage for the Second Consolidation Period (2018-2021) of the 2017 General and Special Plans.

  c) Recognized the following numbers of shares as being those of the Executive Directors in the said Consolidation Period 2018-2021 of the 2017 Plans:

	2017 General Plan	2017 Special Plan
Chief Executive Officer	45,277	23,316
Board Secretary	13,405	10,360

- On 23rd July, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, agreed that the Company's share profitability will be determined, by comparing it to the profitability of other companies and general indices, included in the Reference Group (see Section A.2 above).

- On 29th October, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, settled the Third Consolidation Period (2016-2019) of Logista's 2014 General and Special Long-Term Incentive Plans, in accordance with the Regulations of both Plans. The Degree of Consolidation of the Shares Initially Recognized for the said Consolidation Period was 80% in the 2014 General Plan and 73,2% in the 2014 Special Plan. In essence:

		Number of Recognized Shares	Number of Shares Consolidated *gratis*
Chief Executive Officer	2014 General Plan	29,717	23,774
	2014 Special Plan	22,288	16,315
Board Secretary	2014 General Plan	8,801	7,041
	2014 Special Plan	9,902	7,248

The Number of Net Shares will be transmitted to the Executive Directors, in the next financial year, deducting from the Number of Consolidated Shares the number of shares equivalent in value to the appropriate amount of income tax.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.

The remuneration policy of the Company and of the Group is designed by considering the Group's strategy and long-term results:

a) The total remuneration of the Executive Directors is composed of different remunerative elements, fundamentally: (i) a salary, (ii) a short-term variable remuneration and (iii) a long-term variable remuneration.

b) The long-term variable Remuneration Plans are part of a multi-annual context, thus ensuring that the evaluation process is based on long-term results and takes 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 Company shares.

The Policy on the Remuneration of the Senior Management (which is also applicable to the Executive Directors) of the Company and of the Group, approved by the Board of Directors on 25th October, 2016, establishes an appropriate balance between the fixed and the variable components of the remuneration:

a) The design of the remuneration scheme for the Executive Directors shows a balanced and efficient relationship between the fixed and the variable components, as indicated in Section A.1.4 above.

b) The variable components of the remuneration thus have enough flexibility to be adjusted even to the point of eliminating them completely. In a scenario in which the objectives linked to the variable remuneration were not achieved, the Executive Directors and the Senior Management would receive their salaries only.

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

i) The Appointments and Remuneration Committee is responsible for proposing to the Board the remuneration policy for the Directors and Senior Managers, and the individual remuneration of each Executive Director. In practice, approximately 150 directors fall within the Committee's purview, and within the system of short-term variable remuneration. Included in this group are those professionals whose activities can have a material impact on the entity's risk profile.

ii) It should also be noted that the Company's Audit and Control Committee participates in the process of making decisions about the short-term variable remuneration of the Executive Directors by verifying the economic and financial data that can form part of the objectives laid down in that remuneration system, since that Committee is required to make a prior verification of the results of the Company and of the Group as the basis for the calculation of the relevant objectives.

With regard to the recovery formulae or clauses that are used to claim the return of the variable components of the remuneration that are based on results, when those components were paid on the basis of data that were subsequently shown to be manifestly incorrect, and the measures intended to avoid conflicts of interest:

The General Shareholders' Meeting of 21st March, 2017, modified the Policy on the Remuneration of Directors so as to include, in the contractual terms and conditions, Recommendations 59, 62 and 63 of the Code for the Good Governance of Listed Companies, which establishes the obligation of Executive Directors:

i) In certain situations, to return the short-, medium- or long-term Variable Remuneration received, and

ii) To keep the Company Shares that were received in implementation of long-term Incentive Plans, in the number equivalent in value to double the director's salary.

These same provisions are included in the Policy on the Remuneration of Directors for 2019-2021, approved by the General Meeting on 21st March, 2018.

B.3. Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measurements of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

The remuneration accrued over the fiscal year by the Directors, as such, and by the Executive Directors, complies with the provisions of the Remuneration Policy of the Directors, and with the resolutions of the Board of Directors.

B.4. Report on the result of the consultative vote at the General Shareholders" Meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% of total
Votes cast	111,634,889	84.09%

	Number	% cast
Votes against	1,799,483	1.61%
Votes in favour	104,449,554	93.56%
Abstentions	5,385,852	4.82%

B.5. Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year.

The Company's Board of Directors, in its meetings of 18th July and 17th September, 2014, and of 31st October, 2017, fixed remunerations of the Chairman and those of the other Directors in their capacity as such by fixed Remuneration and per diem allowances for attendance at meetings of the Board and of its Committees that are within the limits laid down by the General Shareholders' Meeting of 17th February, 2015 (1,300,000 euros as the maximum annual amount).

The General Meeting of 21st March, 2017, approved the accounting for the receipt of the fixed remuneration of the Chairman of the Board of Directors and of the fixed remuneration established for the Chairman of the Appointments and Remuneration Committee, even though both duties are performed by the same person.

The fixed components and the attendance fees accrued during the year 2018-2019 by the Directors in their capacity as such are the same as they were in financial year 2017-2018.

B.6. Explain how the salaries accrued by each of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

In its meeting of 28th November, 2018, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, fixed the salaries of the Executive Directors (the Chief Executive Officer and the Board Secretary) for 2019, increasing them by 3.2% compared with their salaries for 2018.

B.7. Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.

In particular:

- Identify each of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated.

  In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (consolidation) and to exercise these options or financial instruments, including the price and term to exercise them.

- Each of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remuneration systems or plans that include variable remuneration.

- As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Explain the short-term variable components of the remuneration systems

In its meeting of 29th October, 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, evaluated the achievement of the Objectives set for the Short-Term Variable Remuneration for 2018-2019 at 83% for the Chief Executive Officer, and at 83% for the Board Secretary, with the following breakdown of Achievement by Objectives:

- Business Objectives: (Adjusted EBIT and Working Capital) (Weightings of 50% and 10% respectively

  i) Achievement: 112% EBIT and 120% WC

  ii) Consolidation: according to metrics stipulated in the Logista Group's Policy governing the System of Variable Remuneration, of 28th April, 2011, the consolidation degree has been of 56% and 12%, respectively, of the Short-term Variable Remuneration.

- Return to the Shareholder (Weighting of 25%) (measured in comparison with the companies and general indices agreed by the Board of Directors on 23rd July, 2019):

  i) Achievement: 0

- Personal Contribution to the Logista Group's overall Results and added-value (Weighting of 15%):

  i) The Board of Directors, on a proposal from the Appointments and Remuneration Committee, has assessed an achievement of 100%, that means a consolidation of 15% of the Short-term Variable Remuneration.

Only the Executive Directors (the Chief Executive Officer and the Board Secretary) –and not the rest of Directors-, receive Short-Term Variable Remuneration.

Explain the long-term variable components of the remuneration systems

Long-Term Variable Remuneration

The Executive Directors participate in the Company's 2014 and 2017 General and Special Plans, by resolutions of the General Shareholders' Meetings of 4th June, 2014, and 21st March, 2017, within the maximum amounts envisaged in both Plans, in each of the three Consolidation Periods, each of three years, into which they are divided; with an Initial Recognized Incentive of 100% of the Short-Term Variable Remuneration earned in the previous financial year (General Plans) and 75% of the Salary (Special Plans).

1. 2014 Long-Term General Incentive Plan

   See the Additional Information in Section D "Other Information of Interest".

   The Number of Company Shares Recognized as belonging to the Chief Executive Officer and the Board Secretary, which were the maximum numbers of shares that they could consolidate, were, for the Third Consolidation Period (2016-2019), 29,717 and 8,801 shares respectively.

   See previous Section B.1.iv), in relation with the Consolidated Shares for the said Period.

2. 2014 Long-Term Special Incentive Plan

   See the Additional Information in Section D "Other Information of Interest".

   The Number of Company Shares Recognized as belonging to the Chief Executive Officer and the Board Secretary, which were the maximum numbers of shares that they could consolidate, were, for the Third Consolidation Period (2016-2019), 22,228 and 9,902 respectively.

   See previous Section B.1.iv), in relation with the Consolidated Shares for the said Period.

3. 2017 Long-Term General Incentive Plan

   See the Additional Information in Section D "Other Information of Interest".

   The Number of Company Shares Recognized as belonging to the Chief Executive Officer and the Board Secretary, which were the maximum numbers of shares that they could consolidate, were, for the First Consolidation Period (2017-2020), 49,914 and 14,785 respectively, and for the Second Consolidation Period (2018-2021), 45,227 and 13,405 shares respectively.

The Recognized Shares will be consolidated wholly, in part or not at all, on 30th September 2020 (First Period) and on 30th September 2021 (Second Period).

4. 2017 Long-Term Special Incentive Plan

See the Additional Information in Section D "Other Information of Interest".

The Numbers of Company Shares Recognized as belonging to the Chief Executive Officer and the Board Secretary, which were the maximum numbers of shares that they could consolidate, were, for the First Consolidation Period (2017-2020), 25,481 and 11,322 respectively, and for the Second Consolidation Period (2018-2021), 23,316 and 10,360 shares respectively.

The Consolidation of Shares, in whole, in part or not at all, both in the 2014 and 2017 Plans, is subject to the requirements and fulfilment of the objectives set by the Board of Directors of the Company and their respective Regulations.

The Transfer of the Shares that are consolidated will be free of charge, and will be subject to the maintenance and return clauses indicated in section A.1.2 above.

B.8. Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been consolidated and deferred or, in the case of the latter, consolidated and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

Not applicable

B.9. Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions to consolidate economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

See Section A.1.7.

B.10. Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract in the terms provided for therein, accrued and/or received by directors during the year ended.

Not applicable

B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

Not applicable

B.12. Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

Not applicable (See Sections A.1.10 and A.1.12).

B.13. Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations taken on by way of guarantee or collateral.

Not applicable (See Section A.1.11).

B.14. Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

Not applicable (See Section A.1.5).

B.15. Explain the remuneration accrued by directors by virtue of payments settled by the listed company to a third company in which the director renders services when these payments seek to remunerate the director's services to the company.

Not applicable

B.16. Explain any other items of remuneration other than those mentioned in the previous sections, whatever their nature or the group company that settles the payment, particularly when this is a related operation or its settlement distorts the true image of the total remuneration accrued by the director.

Not applicable

C) ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2019
Mr. Gregorio Marañón y Bertrán de Lis	Independent Chairman	From 1-10-2018 until 30-09-2019
Mr. Luis Egido Gálvez	Chief Executive Officer	From 1-10-2018 until 30-09-2019
Mr. Rafael de Juan López	Executive Director	From 1-10-2018 until 30-09-2019
Mr. Jaime Carvajal Hoyos	Independent Director	From 1-10-2018 until 30-09-2019
Ms. Cristina Garmendia Mendizábal	Independent Director	From 1-10-2018 until 30-09-2019
Mr. Alain Minc	Independent Director	From 1-10-2018 until 30-09-2019
Mr. John Mathew Downing	Proprietary Director	From 1-10-2018 until 30-09-2019
Mr. Richard Guy Hathaway	Proprietary Director	From 1-10-2018 until 30-09-2019
Mr. John Michael Jones	Proprietary Director	From 1-10-2018 until 30-09-2019
Mr. Amal Pramanik	Proprietary Director	From 1-10-2018 until 30-09-2019

C.1. Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) **Remuneration in cash (thousand euros)**

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's Committees	Salary	Short-term Variable Remuneration	Long-term Variable Remuneration	Severance pay	Other grounds	Total in 2019	Total in 2018
Mr. Gregorio Marañón y Bertrán de Lis	420	42	20	0	0	0	0	0	482	450
Mr. Luis Egido Gálvez	60	22	0	0	0	0	0	0	82	80
Mr. Rafael de Juan López	60	22	0	0	0	0	0	0	82	80
Mr. Jaime Carvajal Hoyos	60	29	0	0	0	0	0	0	89	5
Ms. Cristina Garmendia Mendizábal	60	35	10	0	0	0	0	0	105	109
Mr. Alain Minc	60	42	10	0	0	0	0	0	112	40
Mr. John Mathew 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. John Michael Jones	0	0	0	0	0	0	0	0	0	0
Mr. Amal Pramanik	0	0	0	0	0	0	0	0	0	0

ii) **Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments**

MR. LUIS EGIDO GÁLVEZ											
Name of Plan	Financial instruments at start of year 2019		Financial instruments granted at start of year 2019		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2019	
	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/handed over	Price of the consolidated shares (thousand €)	Net profit from shares handed over or consolidated financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
General Free Shares Plan 2014	29,717	29,717	0	0	23,774	23,774	425	425	0	0	0
Special Free Shares Plan 2014	22,288	22,288	0	0	16,315	16,315	291	291	0	0	0
General Free Shares Plan 2017	49,914	49,914	45,277	45,277	0	0	0	0	0	95,191	95,191
Special Free Shares Plan 2017	25,481	25,481	23,316	23,316	0	0	0	0	0	48,797	48,797

MR. RAFAEL DE JUAN LÓPEZ												
Name of Plan	Financial instruments at start of year 2019		Financial instruments granted at start of year 2019		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2019	
	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/handed over	Price of the consolidated shares (thousand €)	Net profit from shares handed over or consolidated financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
General Free Shares Plan 2014	8,801	8,801	0	0	7,041	7,041	125	125	0	0	0
Special Free Shares Plan 2014	9,902	9,902	0	0	7,248	7,248	129	129	0	0	0
General Free Shares Plan 2017	14,785	14,785	13,405	13,405	0	0	0	0	0	28,190	28,190
Special Free Shares Plan 2017	11,322	11,322	10,300	10,300	0	0	0	0	0	21,682	21,682

iii) Long-term saving systems

Not applicable

iv) Details of other items

Not applicable

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousand euros)

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's Committees	Salary	Short-term Variable Remuneration	Long-term Variable Remuneration	Severance pay	Other grounds	Total in 2019	Total in 2018
Mr. Gregorio Marañón y Bertrán de Lis	0	0	0	0	0	0	0	0	0	0
Mr. Luis Egido Gálvez	0	0	0	691	867	0	0	0	1,558	1,855
Mr. Rafael de Juan López	0	0	0	307	257	0	0	0	564	672
Mr. Jaime Carvajal Hoyos	0	0	0	0	0	0	0	0	0	0
Ms. Cristina Garmendia Mendizábal	0	0	0	0	0	0	0	0	0	0
Mr. Alain Minc	0	0	0	0	0	0	0	0	0	0
Mr. John Mathew 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. John Michael Jones	0	0	0	0	0	0	0	0	0	0
Mr. Amal Pramanik	0	0	0	0	0	0	0	0	0	0

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Not applicable

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
MR. LUIS EGIDO GÁLVEZ	263

MR. LUIS EGIDO GÁLVEZ							
Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Systems with consolidated economic rights		Systems with unconsolidated economic rights	
Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
263	172			2,357	2,094		

Name	Remuneration from consolidation of rights to savings system
MR. RAFAEL DE JUAN LÓPEZ	96

MR. RAFAEL DE JUAN LÓPEZ							
Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Systems with consolidated economic rights		Systems with unconsolidated economic rights	
Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
96	65			762	666		

iv) Details of other items

Name	Item	Amount remunerated
Mr. Luis Egido Gálvez	See Section A.1.5	40
Mr. Rafael de Juan López	See Section A.1.5	34

c) Summary of remunerations (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

	Remuneration accrued in the company					Remuneration accrued in group companies				
Name	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Gross profit from options exercised	Remuneration for other items	Total Year 2019 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Gross profit from options exercised	Remuneration for other items	Total year 2019 group
Mr. Gregorio Marañón y Bertrán de Lis	482	0	0	0	482	0	0	0	0	0
Mr. Luis Egido Gálvez	82	716	0	0	798	1,558	0	263	40	1,861
Mr. Rafael de Juan López	82	254	0	0	336	564	0	96	34	694
Mr. Jaime Carvajal Hoyos	89	0	0	0	89	0	0	0	0	0
Ms. Cristina Garmendia Mendizábal	105	0	0	0	105	0	0	0	0	0
Mr. Alain Minc	112	0	0	0	112	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. John Michael Jones	0	0	0	0	0	0	0	0	0	0
Mr. Amal Pramanik	0	0	0	0	0	0	0	0	0	0
Total	**952**	**970**	**0**	**0**	**1,922**	**2,122**	**0**	**359**	**74**	**2,555**

Remarks

Total remuneration for directors for fy 2018-2019 (company + group) = 4,477 thousand euros

D) OTHER INFORMATION OF INTEREST

If there are any relevant aspects of directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

D.1. Additional Information related to Long-term Incentive Plans (Section B.7)

1. 2014 Long-Term General Incentive Plan

This is intended for the Executive Directors and certain other directors and employees of the Group who are characterised by a high performance and future projection. The total duration will be for five years, and will be divided into three Consolidation Periods of three years.

Annual allocations were made to certain Beneficiaries (including the Executive Directors, in accordance with the resolution of the General Meeting of 4th June, 2014) in financial years 2014, 2015 and 2016.

In essence, the Plan's scheme of functioning, contained in its Rules of Application, is as follows:

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, recognizes for certain Beneficiaries (including the Executive Directors) a Recognized Initial Incentive, which will be, as a maximum, the Short-Term Variable Remuneration earned by each Beneficiary during the financial year immediately preceding the date of granting of the Incentive, which will be divided by the weighted average of the Company's share price in the thirty trading sessions preceding the date of Recognition, thus determining the Number of Recognized Conditioned Shares.

The number of Company shares which, if appropriate, will be consolidated gratis for each Beneficiary will depend on:

i) the duration of the Beneficiary's presence in the Group: the appropriate Consolidation Period will need to have elapsed, and an employment relationship or, if applicable, commercial/work relationship with the Company or its subsidiary companies will need to have been maintained during that period;

ii) the achievement of the Objectives set for the Consolidation of Shares in each Consolidation Period:

a) 50% of the Number of Recognized Shares is consolidated in accordance with the criterion of Return to Shareholders compared with that of other companies (CSR). The CSR compares the Company's TSR with the TSR of companies which operate in the same or a similar sector of activity, and with general indices.

On 23rd July, 2019, the Board of Directors, making use of the General Meeting's authorisation of 4th June, 2014, considered it necessary, in order for the Long-Term Incentive Plans to fulfil the purpose for which they were introduced (the motivation and retention of directors and other key personnel), to stipulate that the returns on the Company's Share should be compared with those of the other companies and general indices that constitute the Reference Group.

The Board Meeting of the same date stipulated that the Reference Group for the Consolidation Period 2016-2019 should be composed of the following companies:

1) Companies operating in the manufacture of tobacco:

- Philip Morris International Incc.
- British American Tobacco PLC
- Japan Tobacco International, S.A.
- Imperial Brands PLC
- Scandinavian Tobacco Group A/S

2) Companies engaged, entirely or partly, in activities similar to those of the Company:

- STEF
- Deutsche Post AG
- Celesio (McKesson Europe AG)

3) General indices:

- IBEX Medium Cap.
- IBEX Top dividendo TR

b) The remaining 50% of the Number of Recognized Shares are consolidated during the Consolidation Period in accordance with one or more internal criteria of a financial or operational nature, and connected with the degree of achievement of the objective during the Consolidation Period, compared with what was forecast for that objective in the Logista Group's business plans;

iii) The Achievement, to the minimum degree stipulated, of the Objective for the Consolidation (the "Consolidation Percentage").

The Consolidation Percentages laid down in the Rules are the following:

a) CSR Criterion:

Percentile range of the Company's CSR	Consolidation Percentage
Below the median of the Reference Group	0%
At or above the median of the Reference Group	40%
At or above the third quartile of the Reference Group	90%
At or above the 90th percentile of the Reference Group	100%

b) Operating Profit (EBIT) Criterion:

Degree of achievement of the objective	Consolidation percentage
<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% o más	100.00%

2. 2014 Long-Term Special Incentive Plan

This applies only to the Executive Directors and certain other directors of the Logista Group who contribute greatly to it, and bring high value to it.

The Special Plan has the same validity period as the General Plan, and is subject to the same requirements and to identical criteria and Share Consolidation Percentages, with the following exceptions:

i) Each Beneficiary is recognized as having a Conditional Right to Free Shares whose value will be equivalent to a certain percentage of the salary. That percentage will be determined every year, will be a maximum of 75% of the salary in the case of the Executive Directors and 50% of the salary in the case of the other Beneficiaries, and will be called the "Recognized Initial Incentive".

ii) The Number of Shares to be consolidated will be weighted as follows (Resolution of the Board of Directors on 23rd July, 2019):

- CSR Criterion: 67% of the Number of Recognized Shares
- EBIT Criterion: 33% of the Number of Recognized Shares

The shares which, when appropriate, are consolidated by the Executive Directors and Senior Managers, both under the 2014 General Plan and under the 2014 Special Plan, are subject to:

i) Their Retention Clause, in a quantity equivalent to twice the Fixed Annual Remuneration, in the case of the Executive Directors, and for a period of one year in the case of Senior Managers (see A.1.2. above).

ii) The Return Clause, if, during the two years following the consolidation, there is an occurrence of any of the circumstances mentioned in A.1.2. above.

3. 2017 Long-Term General and Special 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 and Special Plans are similar in functioning, requirements and consolidation criteria to the 2014 General and Special Plans (resolution of the Board of Directors of 23rd July, 2019), and include the indicated clauses relating to the return and the retention of Consolidated Shares.

The Rules of both Plans were approved by the Board of Directors on 28th November, 2017, and were modified on 29th January and 23rd July, 2019.

This annual remuneration report was approved by the Board of Directors of the company on 29th October 2019.

State whether any director voted against or abstained from approving this report.

Yes ☐ No ☒

Logista

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