

Compañía de Distribución Integral Logista Holdings, S.A.

Financial Statements for the year ended
30 September 2015 and Directors'
Report, together with Independent
Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Compañía de Distribución Integral Logista Holdings, S.A.:

Report on the Financial Statements

We have audited the accompanying financial statements of Compañía de Distribución Integral Logista Holdings, S.A. ("the Company"), which comprise the balance sheet at 30 September 2015 and the income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended ("2015").

The Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation of the accompanying financial statements so that they present fairly the equity, financial position and results of operations of the Company in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2.1 to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the directors' preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

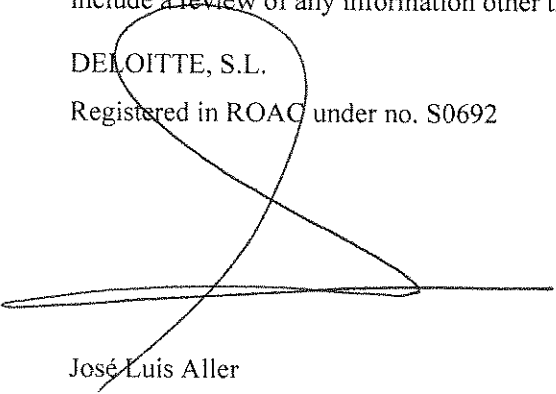
In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Compañía de Distribución Integral Logista Holdings, S.A. at 30 September 2015, and the results of its operations and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2015 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2015. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.

Registered in ROAC under no. S0692



José Luis Aller

28 October 2015

Compañía de Distribución Integral Logista Holdings, S.A.

**Financial Statements for the year ended
30 September 2015 and Directors'
Report**

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 13). In the event of a discrepancy, the Spanish-language version prevails.

COMPañÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

BALANCE SHEET AT 30 SEPTEMBER 2015
(Thousands of Euros)

| ASSETS | Notes | 30-09-2015 | 30-09-2014 | EQUITY AND LIABILITIES | Notes | 30-09-2015 | 30-09-2014 |
|------------------------------------------------------------|-------|----------------|----------------|-----------------------------------------|-------|----------------|----------------|
| NON-CURRENT ASSETS: | | | | EQUITY: | 6 | 968,999 | 968,098 |
| Non-current investments in Group companies and associates- | 5.1 | 969,596 | 968,638 | SHAREHOLDERS' EQUITY: | | 968,999 | 968,098 |
| Equity instruments | | 969,596 | 968,638 | Share capital- | | 26,550 | 26,550 |
| | | | | Share premium | | 867,808 | 942,148 |
| | | | | Reserves | | (176) | (176) |
| | | | | Other contributions of the shareholders | | 959 | - |
| | | | | Prior years' loss | | (424) | - |
| | | | | Interim dividend | | (31,860) | - |
| | | | | Treasury shares | | (670) | - |
| | | | | Profit for the period | | 106,812 | (424) |
| CURRENT ASSETS: | | | | CURRENT LIABILITIES: | 9 | 1,783 | 804 |
| Current investments in Group companies and associates- | | 1,186 | 264 | Payables to Group companies | | - | 623 |
| Cash and cash equivalents- | 9 | 1,155 | 259 | Trade and other payables- | | 1,783 | 181 |
| Cash | | 31 | 5 | Payable to suppliers | | - | 97 |
| | | 31 | 5 | Staff | | 46 | - |
| | | 31 | 5 | Other debts with public authorities | | 1,737 | 84 |
| TOTAL ASSETS | | 970,782 | 968,902 | TOTAL EQUITY AND LIABILITIES | 7 | 970,782 | 968,902 |

The accompanying Notes 1 to 14 are an integral part of the balance sheet at 30 September 2015.

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

INCOME STATEMENT FOR THE YEAR ENDED

30 SEPTEMBER 2015

(Thousands of Euros)

| | Notes | 2015 | 2014 (*) |
|-----------------------------------------------|-----------------------|----------------|--------------|
| Revenue | 5.1, 8.1 y 9 | 108,413 | - |
| Income from investments in equity instruments | | 108,413 | - |
| Staff costs | | (850) | (231) |
| Wages, salaries and similar expenses | 8.2 | (850) | (231) |
| Other Operating expenses | | (476) | - |
| Other Results | | - | (371) |
| PROFIT FROM OPERATIONS | | 107,087 | (602) |
| Finance costs- | | (960) | (5) |
| On debts to Group companies and associates | 9 | (960) | (5) |
| FINANCIAL LOSS | | (960) | (5) |
| PROFIT BEFORE TAX | | 106,127 | (607) |
| Income tax | 7.2, 7.3 y 7.4 | 685 | 183 |
| PROFIT FOR THE YEAR | | 106,812 | (424) |

(*) It relates to a period of 4 months and 18 days. Presented for comparison purposes only.

The accompanying Notes 1 to 14 are an integral part of the 2015 income statement.

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2015

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

| | 2015 | 2014 |
|-------------------------------------------------------------|----------------|--------------|
| PROFIT PER INCOME STATEMENT (I) | 106,812 | (424) |
| TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II) | - | - |
| TOTAL TRANSFERS TO PROFIT OR LOSS (III) | - | - |
| TOTAL INGRESOS Y GASTOS RECONOCIDOS (I+II+III) | 106,812 | (424) |

The accompanying Notes 1 to 14 are an integral part of the 2015 statement of recognised income and expense.

COMPañÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

30 SEPTEMBER 2015

B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousands of Euros)

| | Share Capital | Share Premium | Reserves | Other contributions of the shareholders | Prior years loss | Interim dividend | Treasury shares | Profit / (Loss) for the Period | Total |
|---------------------------------------------------|---------------|---------------|----------|-----------------------------------------|------------------|------------------|-----------------|--------------------------------|-----------|
| BALANCE AT 13-05-2014 (incorporation date) | 60 | - | - | - | - | - | - | - | 60 |
| Total recognised income and expense | - | - | - | - | - | - | - | (424) | (424) |
| Transactions with shareholders: | 26,490 | 942,148 | (176) | - | - | - | - | - | 968,462 |
| - Capital increase (Notes 6.1) | 26,490 | 942,148 | (176) | - | - | - | - | - | 968,098 |
| BALANCE AT 30-09-2014 | 26,550 | 942,148 | (176) | - | - | - | - | (424) | 106,812 |
| Total recognised income and expense | - | - | - | - | - | - | - | 106,812 | 106,812 |
| Transactions with shareholders: | - | - | - | - | (424) | - | - | 424 | - |
| - Distribution of profit 2014 | - | - | - | - | (424) | - | - | 424 | - |
| - Operations with treasury shares (Nota 6.6) | - | - | - | - | - | - | (670) | - | (670) |
| - Long term incentive plan | - | - | - | 959 | - | - | - | - | 959 |
| - Dividends | - | (74,340) | - | - | - | (31,860) | - | - | (106,200) |
| BALANCE AT 30-09-2015 | 26,550 | 867,808 | (176) | 959 | (424) | (31,860) | (670) | 106,812 | 968,999 |

The accompanying Notes 1 to 14 are an integral part of the 2015 statement of recognised income and expense.

COMPañÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 SEPTEMBER 2015

(Thousands of Euros)

| | Notes | 2015 | 2014 (*) |
|-----------------------------------------------------------------------|-------------|------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | 105,954 | (678) |
| Profit for the year before tax | | 106,127 | (607) |
| Adjustments for | | 960 | (247) |
| Finance costs | 9 | 960 | 5 |
| Expenses recognised directly in equity | 6.4 and 7.2 | - | (252) |
| Changes in working capital | | (173) | 181 |
| Trade and other payables | | (97) | 97 |
| Other current liabilities | 7 | (76) | 84 |
| Other cash flows from operating activities | | (960) | (5) |
| Interest paid | | (960) | (5) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | (105,928) | 683 |
| Proceeds and payments relating to equity instruments | 6 | (670) | 60 |
| Company's incorporation | | - | 60 |
| Acquisition of treasury shares | | (670) | - |
| Proceeds and payments relating to financial liability instruments | 9 | 942 | 623 |
| Proceeds from issue of borrowings from Group companies and associates | | 77,835 | 623 |
| Repayment of debts to group companies | | (76,893) | - |
| Dividends payment and remuneration of other equity instruments | | (106,200) | - |
| Dividends payment | | (106,200) | - |
| NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS | | 26 | 5 |
| Cash and cash equivalents at beginning of year | | 5 | - |
| Cash and cash equivalents at end of year | | 31 | 5 |

(*) It relates to a period of 4 months and 18 days. Presented for comparison purposes only.

The accompanying Notes 1 to 14 are an integral part of the 2015 statement of cash flows.

Compañía de Distribución Integral Logista Holdings, S.A.

Notes to the Financial Statements for the
year ended 30 September 2015

1. Company activity

Compañía de Distribución Integral Logista Holdings, S.A., was incorporated as a sociedad anónima (Spanish public limited company) on 13 May 2014, with its sole shareholder being Altadis S.A.U., a company belonging to the Imperial Tobacco Group PLC. On the same date the Company was registered at the Mercantile Registry as a sole-shareholder company.

The Company's registered office is at Polígono Industrial Polvoranca, calle Trigo, número 39, Leganés (Madrid).

On 4 June 2014, the Company effected a capital increase with all shares subscribed by Altadis S.A.U. through non-monetary contribution of shares representing 100% of the share capital of Compañía de Distribución Integral Logista, S.A.U., until that time the parent company of the Logista Group, from then onwards, the Company became the Parent of the aforementioned Group.

The activity performed by the Company since its incorporation has been that of a holding company. The company is the Parent of a distributor and logistics operator Group, which provides various distribution channels with a wide range of value added products and services, including tobacco and tobacco by-products, convenience goods, electronic documents and products (such as mobile phone and travel card top-ups), drugs, books, publications and lottery tickets. In order to provide these services, the Group has a complete infrastructure network which spans the whole value chain, from picking to POS delivery.

The Company, as parent of a group of subsidiaries, prepares consolidated financial statements separately in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). The consolidated financial statements of Logista Group for 2015 were formally prepared by its directors at the Board of Directors meeting held on 27 October 2015.

In the year ended 30 September 2015, the consolidated financial statements, in comparison with these separate financial statements, reflect an increase in assets of EUR 5,507,251 thousand, in revenue of EUR 9,453,611 thousand and in profit of EUR 2,381 thousand. This effect also includes the impact of applying the EU IFRSs to the consolidated financial statements.

The offering of shares in the Company comes to an end on 14 July 2014, and its shares are currently listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (see Note 6).

In turn, Altadis, S.A.U., the Company's parent, belongs to the Imperial Tobacco Group PLC, which is governed by the corporate legislation in force in the United Kingdom, and whose registered office is at 121 Winterstoke Road, Bristol, BS3 2LL (United Kingdom). The consolidated financial statements of the Imperial Tobacco Group PLC for 2014 were formally prepared by its Directors at the Board of Directors meeting held on 4 November 2014.

2. Basis of presentation of the financial statements

2.1. Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- a) The Spanish Commercial Code and all other Spanish corporate law.
- b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007.
- c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- d) All other applicable Spanish accounting legislation.

2.2. Fair presentation

The financial statements for 2015, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for the corresponding period. These financial statements, which were formally prepared by the Company's Directors, will be submitted for approval by the General Meeting, and it is considered that they will be approved without any changes.

The financial statements for 2014 were approved at the Annual General Meeting held on 17 February 2015.

2.3. Accounting principles applied

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon.

2.4. Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The calculation of allowances for financial assets (see Note 4.1 and 5.1).
- The assessment of the long-term obligations to employees of the companies in the Group headed by the Company (see Notes 4.4 and 6.7).

Although these estimates were based on the best information available at the close of 2015, it is possible that future events may require these to be raised or lowered in the coming years. This would be done prospectively, recognising the effects of the changes in accounting estimates in the relevant future financial statements.

2.5. Comparative information

The information relating to 2014 included in these notes to the financial statements is presented solely for comparison purposes with that relating to 2015. The information relating to 2014 includes the operations carried on from the Company's incorporation on 13 May 2014 to 30 September 2014.

2.6. Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7. Materiality

In preparing these financial statements the Company omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of Materiality defined in the conceptual framework applicable to the Company.

3. Distribution of profit

The proposed distribution of the profit for 2015, amounting to EUR 106,812 thousand, that the Company's Directors will submit for approval by the shareholders at the Annual General Meeting is as follows (in thousands of euros):

| | 2015 |
|---------------------------|----------------|
| To legal reserve | 5,310 |
| To voluntary reserves | 2,843 |
| Dividends | 66,375 |
| Interim dividend | 31,860 |
| Offset of retained losses | 424 |
| Total | 106,812 |

In accordance with current legislation, the Company evaluated the liquidity statement at the approval date of the interim dividend. Based on this evaluation, dated June 24, 2015 the Company had available at 41,701 thousand euros credit line granted by Compañía de Distribución Integral Logista, S.A.U. with a limit of 77 million euros maturing September 30, 2015, expected to renew at maturity for an additional year and by the same amount.

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2015, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1. Financial Instruments

4.1.1. Financial Assets

Equity investments in Group companies

Group companies are deemed to be those related to the Company as a result of a relationship of control.

These investments are measured at cost or contribution value net, where appropriate, of any accumulated impairment losses. The method used to determine the value of the shares received through the non-monetary contribution made by Altadis, S.A.U. was to maintain the carrying amount of the contributed shares in the separate financial statements of the contributing company at the date of contribution.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the corresponding write-down is recognised through the income statement.

Value in use is calculated on the basis of an estimate of the future cash flows generated by each cash-generating unit, discounted at a rate which reflects the current value of money and the specific risks associated with the assets. Fair value is considered to be the value at which the asset in question could be disposed of under normal conditions, and it is determined on the basis of market data, comparable transactions, etc. In the absence of better evidence, the recoverable amount of the investment is taken to be the equity of the investee adjusted for any unrealised gains existing at the measurement date (including any goodwill).

Impairment losses and, where appropriate, their reversal, are recognised as an expense or as income, respectively, in the income statement.

At 30 September 2015, the Company's Directors had not tested for impairment the ownership interest in Compañía de Distribución Integral Logista, S.A.U. (see Note 5.1).

Loans and receivables

The loans granted are measured at their amortised cost, which is understood to be the initial value plus accrued interest and repayment premiums based on the effective interest rate, minus the principal and interest repayments, while also considering possible reductions due to impairment or uncollectibility.

Cash and cash equivalents

Cash includes both cash and demand deposits.

The Company derecognises a financial asset when it matures and collection is made or when the rights to the future cash flows have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

4.1.2. Financial liabilities

Trade payables, loans received and other accounts payable are initially recognised at fair value, which generally coincides with their nominal value, reduced by transaction costs, and are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.1.3. Equity instruments

Equity instruments issued by the Company are recognised in equity at the proceeds received, less issue and arrangement costs.

The acquisition by the Company of treasury shares is disclosed separately at cost as a reduction of equity in the balance sheet. No gain or loss is recognised in income statement on transactions involving own equity instruments.

4.2. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

4.3. Income tax

Tax expense (or tax income) comprises current tax expense (or current tax income) and deferred tax expense (or deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

In general, deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

The Company files consolidated income tax returns in Spain as part of the consolidated tax group the ultimate parent of which is Imperial Tobacco España, S.L.U.

4.4. Pension and other employee benefit obligations

On 4 June 2014, the Company's Board of Directors approved the 2014 long-term incentive plan structure (general plan and special plan), vesting from 1 October 2014 to 30 September 2019, which is made up of three blocks of three years each, with plan settlements taking place on completion of each block.

The terms of these plans recognise the right of certain workers of companies in the Group headed by the Company to receive a given number of Company shares at the end of the third year from commencement of each of the three blocks into which the plan is divided, taking into account the degree of achievement of certain internal financial and operating benchmarks, total shareholder return and profitability compared with other companies.

On 29 January 2015, the Board of Directors approved the list of beneficiaries (51 included in the general plan and 10 in the special plan) and made an estimate of the cost of the first block.

Since the aforementioned plan beneficiaries are employees of the Group headed by the Company, the estimate in this connection is recognised as an increased value of the investment under "Investments in Group Companies - Equity Instruments" (see Note 5.1), with a credit to "Equity" in the balance sheet.

As authorised by the Board of Directors, the Company acquired 40,614 treasury shares (see Note 6.6) to hedge this long-term incentive plan.

4.5. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.6. Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activity does not have a significant environmental impact.

4.7. Current and Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period, held-for-trading financial assets, and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, held-for-trading financial liabilities and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

4.8. Revenue

For accounting purposes, the Company classifies the dividends received as a result of its ownership interest in Compañía de Distribución Integral Logista, S.A.U. in revenue, since this ownership interest and the activities connected therewith constitute the Company's revenue-producing activity.

5. Financial assets

5.1. Non-current investments in Group companies

The detail of "Non-Current Investments in Group companies and associates" at 30 September 2015 and 2014 is as follows:

| | Thousands of Euros | |
|--------------------|--------------------|----------------|
| | 2015 | 2014 |
| Equity instruments | 969.596 | 968.638 |
| | 969.596 | 968.638 |

In 2015 the Company recognised as an increased value of its investment in Compañía de Distribución Integral Logista, S.A.U. the amount accrued with respect to the 2014 long-term incentive plan (for the period 2015-2017) relating to the shares that will be delivered to certain employees of this investee (or its subsidiaries), amounting to EUR 959 thousand (see Note 4.4).

On 4 June 2014, the sole shareholder, Altadis, S.A.U., increased capital by means of a non-monetary contribution of all of the shares of Compañía de Distribución Integral Logista, S.A.U. (see Note 1). The method used to determine the aforementioned contribution was to maintain the carrying amount of the shares of Compañía de Distribución Integral Logista, S.A.U. in the separate financial statements of Altadis, S.A.U. at the date of contribution, as at that date there were no consolidated financial statements prepared by an Imperial Tobacco Group PLC company at a higher consolidation level in Spain.

The most significant information in relation to Group company at 30 September 2015, is as follows:

| Company | Address | Direct % of ownership | Thousands of Euro | | | | | Carrying amount |
|---------------------------------------------------|-------------------------------------------------------------|-----------------------|-----------------------|---------------------|--------|---------------------|--------------|-----------------|
| | | | Data on the companies | | | | Total Equity | |
| | | | Share capital | Profit for the year | | Reserves and others | | Cost |
| Operating profit | Profit | | | | | | | |
| Compañía de Distribución Integral Logista, S.A.U. | C/ Trigo, 39. Poligono Industrial Polvoranca. Leganés | 100 | 26,550 | 59,941 | 76,884 | 121,638 | 225,072 | 969,596 |

On 16 February 2015, the Company, as sole shareholder of Compañía de Distribución Integral Logista, S.A.U., approved the distribution of a final dividend out of 2014 profit amounting to EUR 41,153 thousand, which is recognised under "Revenue" in the accompanying 2015 income statement. On 21 September 2015, an interim dividend out of 2015 profit was approved amounting to EUR 67,260 thousand, which is recognised under "Revenue" in the accompanying 2015 income statement.

5.2. Financial risk exposure

The management of the financial risks to which the Company is exposed in the course of its business activities constitutes one of the basic pillars of its activities aimed at preserving the value of its assets and its shareholder's investment.

The Company's activities are exposed to various financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company's financial risk management is centralised in Logista Group's Finance Division. This Division has established the mechanisms required to control based on the structure and financial position of the Company and on the economic variables of the business- exposure to interest rate and exchange rate fluctuations and credit and liquidity risk.

a) Credit risk:

The Company's main financial assets are cash, loans to Group companies and trade and other receivables. In general, the Group holds its cash and cash equivalents at banks with high credit ratings. Also, the Group is exposed to the credit risk or counter-party risk of the Imperial Tobacco Group, as a result of the cash transfer agreements entered into therewith.

b) Liquidity risk:

Working capital was at a deficit of EUR 597 thousand at 30 September 2015 (30 September 2014: EUR 540 thousand).

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its balance sheet, together with the credit and financing facilities obtained through the cash assignment agreement entered into with Imperial Tobacco Enterprise Finance Limited, an entity belonging to the Imperial Tobacco Group, PLC. (see Note 9)

c) Market risk (including interest rate, foreign currency and other price risks):

In relation to its cash and cash equivalents the Company is exposed to interest rate fluctuations that could have an effect on its results and cash flows, although due to the Company's lack of bank borrowings, management considers that this impact would not be material in any event.

The level of exposure of the equity and income statement to the effects of future changes in prevailing exchange rates is not significant.

The Company does not have any direct or indirect significant investments in foreign entities that operate in currencies other than the euro and does not perform significant transactions in countries with currencies other than the euro.

6. Equity**6.1. Share Capital**

At 30 September 2015, the Company's share capital amounted to EUR 26,550 thousand and was represented by 132,750,000 fully subscribed and paid shares of EUR 0.20 par value each, all of which are of the same class.

As indicated in Note 1, the Company was incorporated on 13 May 2014, with a share capital of EUR 60 thousand, divided into 300,000 shares of EUR 0.20 par value each, all of which are of the same class and fully subscribed and paid in cash by its Sole Shareholder, Altadis, S.A.U.

On 4 June 2014, Altadis, S.A.U. approved an increase in the Company's share capital of EUR 26,490 thousand, through the issuance of 132,450,000 new shares of EUR 0.2 par value each, together with a total share premium of EUR 942,148 thousand. The shares issued were of the same class as the outstanding shares and were fully subscribed and paid by Altadis, S.A.U. through the contribution to the Company of 44,250,000 registered shares representing all of the share capital of Compañía de Distribución Integral Logista, S.A.U. For these purposes, it should be noted that the aforementioned non-monetary contribution was subject to the required assessment by an independent expert appointed by the Mercantile Registry, pursuant to the Spanish Capital Companies Law and the Mercantile Registry Regulations.

The offering of shares in the Company came to an end on 14 July 2014, and its shares are currently listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

The only shareholder with an ownership interest of 10% or more in the Company's share capital at 30 September 2015 was Altadis, S.A.U., with an ownership interest of 70%.

At 30 September 2015, all shares of the Company have the same voting and dividend rights.

6.2. Share Premium

The Spanish Capital Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

On February 17, 2015 the Shareholders' General Meeting approved the distribution of a dividend of EUR 74,340 thousand, charged to Share premium.

6.3. Legal reserve

Under the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 30 September 2015, the legal reserve has yet to reach the legally stipulated minimum.

6.4. Interim Dividends

On 24 July 2015, the Company's Board of Directors approved the distribution of an interim dividend out of 2015 profit amounting to EUR 31,860 thousand, which has already been paid.

6.5. Reserves

The capital increase expenses incurred by the Company in the transaction described in Note 6.1 which were taken to reserves, amount to EUR 176 thousand, net of the related tax effect.

6.6. Treasury Shares

In September 2015 the Company purchased 40,614 treasury shares amounting to EUR 670 thousand in order to cover the long-term incentive plan described in Note 4.4.

6.7. Other shareholder contribution

In 2015 the Company recognised EUR 959 thousand in connection with the long-term incentive plans (see Note 4.4 and 5.1).

7. Tax matters

As indicated in Note 4.3, the Company files consolidated income tax returns as part of a consolidated tax subgroup, of which Compañía de Distribución Integral Logista, S.A.U. is the head and responsible for its obligations and, accordingly, the balance receivable arising from the income tax settlement for 2015 is recognised under "Current Investments in Group Companies and Associates" in the balance sheet at 30 September 2015 (see Note 9).

Law 27/2014 introducing certain amendments to tax legislation in relation to income tax was published on 27 November 2014 and came into force on 1 January 2015. The main change was a reduction in the standard tax rate, then at 30%, to 28% for the fiscal year commenced immediately after 1 January 2015, and 25% for fiscal years beginning after 1 January 2016.

7.1 Current tax receivables and payables

The detail of the current tax receivables at 30 September 2015 and 2014 is as follows:

| | Thousands of Euros | |
|--------------------------------------|--------------------|-----------|
| | 2015 | 2014 |
| Non-resident income tax withholdings | 1,664 | - |
| Income Tax | 73 | 84 |
| | 1,737 | 84 |

7.2 Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes is as follows:

| | Thousands of Euros | | | |
|------------------------------------------------|--------------------|--------------|----------|--------------|
| | 2015 | | 2014 | |
| | Decrease | Amount | Decrease | Amount |
| Accounting profit before taxes | | 106,127 | | (607) |
| Permanent differences: | | | | |
| Others | - | - | (3) | (3) |
| Capital increase expenses (Note 6.5) | - | - | (251) | (251) |
| Adjusted taxable profit (fiscal result) | | 106,127 | | (861) |
| Tax charge (30% of taxable profit) | | 31,839 | | (259) |
| Dividend double taxation tax credits | | (32,524) | | - |
| Tax refundable (Note 9) | | (685) | | (259) |

7.3 Reconciliation of accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

| | Thousands of Euros | |
|-------------------------------------------|--------------------|--------------|
| | 2015 | 2014 |
| Accounting profit for the year before tax | 106,127 | (607) |
| Permanent differences | - | (254) |
| Adjusted taxable loss | 106,127 | (861) |
| Tax charge (30% of taxable loss) | 31,839 | (259) |
| Dividend double taxation tax credits | (32,524) | - |
| Tax income recognised in equity | - | 76 |
| Income tax profit | (685) | (183) |

7.4 Breakdown of income tax profit

The reconciliation of the accounting profit to the income tax expense is as follows:

| | Thousands of Euros | |
|--------------------------|--------------------|--------------|
| | 2015 | 2014 |
| Current tax | (685) | (183) |
| Deferred tax | - | - |
| Income tax profit | (685) | (183) |

7.5. Tax credit carryforwards

At 30 September 2015, the Company did not have any tax credit carryforwards.

7.6 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. Given that the Company was incorporated on 13 May 2014, 2015 and 2014 are the only years open for review for income tax and other applicable taxes.

The Company's Directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax

treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

8. Income and expenses

8.1 Revenue

In 2015 the Company received the dividends described in Note 5.1 from Compañía de Distribución Integral Logista, S.A.U.

8.2 Staff costs

The balance of "Staff Costs" in the income statement for 2015 includes the expenses incurred directly by the Company in respect of remuneration of the Board of Directors. At 30 September 2015, the Company did not have any employees.

Remuneration of Senior Executives

The functions of Senior Executives are discharged by the members of the Logista Group's Management Committee. The remuneration earned in 2015 by the members of the Logista Group's Management Committee (excluding the executive directors), which is recognised in the financial statements of Compañía de Distribución Integral Logista, S.A.U., amounted to EUR 5,480 thousand (30 September 2014: EUR 5,136 thousands).

The period contributions to the pension plans for members of the aforementioned Management Committee for 2015 and 2014 amounted to EUR 45 thousand.

8.3 Audit fees

In 2015 and 2014 the fees for financial audit services provided by the auditor of the Company's financial statements, or by companies related to the auditor as a result of a relationship of control, common ownership or common management, were as follows:

| | Thousands of Euros | |
|-----------------------------------------|--------------------|-----------|
| | 2015 | 2014 |
| Audit services | 103 | 81 |
| Other attest services | 25 | - |
| Total audit and related services | 128 | 81 |
| Other services | 22 | 14 |
| Total professional services | 150 | 96 |

9. Balances and transactions with related parties

In 2015 the Company received the dividends described in Note 5.1 from Compañía de Distribución Integral Logista, S.A.U.

As of 12 June 2014, Imperial Tobacco Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S., entered into a new mutual agreement for a five-year credit line (automatically renewable for one year, unless either of the parties sends a notice opposing such renewal at least one year prior to maturity), with a maximum draw down limit of EUR 2,000 million.

The purpose of this agreement is to govern the terms and conditions under which Logista will lend, on a daily basis, its cash surpluses to Imperial Tobacco Enterprise Finance Limited for the purpose of optimising its cash flow, and the loans from Imperial Tobacco Enterprise Finance Limited to Compañía de Distribución Integral Logista Holdings, S.A., Compañía de Distribución Integral Logista, S.A.U. and Logista France, S.A.S. in order for the latter to be able to meet its cash needs arising from its operations. Under this agreement, all of the funds

generated by the Logista Group are concentrated in Spain on a daily basis in order to be subsequently transferred to Imperial Tobacco Enterprise Finance Limited through Compañía de Distribución Integral Logista, S.A.U.

The daily balance of this internal current account earns interest at the European Central Bank interest rate, plus a spread of 0.75%.

Under the aforementioned agreement, the Company has committed not to incur in any financial indebtedness with third parties not to pledge any of its assets but under qualified approval by the Board of Directors.

Also, on 18 June 2014, Compañía de Distribución Integral Logista, S.A.U. and the Company entered into a line of credit and surplus cash loan agreement the amount and maturity of which were modified in addenda dated 18 February 2015 and 7 September 2015, respectively. The credit limit amounted to EUR 77 million at 30 September 2015 and is fully available until 30 September 2016.

The average daily balance held under the aforementioned agreement has a cost equal to the European Central Bank rate plus a spread of 4% for credit drawdowns and earns interest at the same benchmark rate plus a spread of 0.75% for surplus cash loans. In 2015 the interest expense incurred as a result of the aforementioned agreement amounted to EUR 960 thousand (2014: EUR 5 thousand).

Also, Compañía de Distribución Integral Logista, S.A.U. is the head of and responsible for the obligations of the consolidated income tax subgroup to which the Company belongs, which in turn forms part of the consolidated income tax group the head of which is Imperial Tobacco España, S.L.U. (see Note 4.3). Accordingly, "Current Investments in Group Companies and Associates" includes EUR 685 thousand (2014: EUR 259 thousand) in connection with income tax payments to Compañía de Distribución Integral Logista, S.A.U. (see Note 7.2).

Remuneration of the Board of Directors

In 2015 the remuneration received by the members of the Board of Directors in their capacity as directors or members of the Board's standing committees, recognized under "Staff Costs" in the income statements, together with the remuneration received by directors who are also executives through Compañía de Distribución Integral Logista, S.A.U amounted to EUR 3.439 thousand.

In 2014 the remuneration received by the members of the Board of Directors of Compañía de Distribución Integral Logista, S.A.U. from 1 October 2013 to 3 June 2014 and by the members of the Company's Board of Directors from 4 June 2014 to 30 September 2014 in their capacity as directors or members of the Board's standing committees, including remuneration received by directors who are also executives, totalled EUR 2,929 thousand.

In addition, corporate contributions to pension plan for 2015 and 2014 corresponding to executive directors amounted to EUR 11 thousand.

In 2015 and 2014 the Company did not perform with the directors any transactions outside the ordinary course of business or other than on an arm's length basis.

The life insurance premium for the Group Executive Directors amounted to EUR 9 thousand in 2015 (2014: EUR 4 thousand).

The Board's composition is nine male Directors and one female Director.

Information on conflicts of interests on the part of Directors

As per art.229 of the Law on Corporations, no Director has informed any situation of direct nor indirect conflict of interests with the Company.

Composition of the Logista Group

As indicated in Note 1, the Company is the parent of the Logista Group. The Group is organised as detailed in Appendix I.

10. Guarantee commitments to third parties and other contingent liabilities

The Company does not have guarantee commitments to third parties at 30 September 2015.

11. Disclosures on the payment periods to suppliers. Additional Provision Three “Disclosure obligation” provided for in Law 15/2010, of 5 July

The detail of the disclosures required under Additional Provision Three of Law 15/2010, of 5 July, is as follows:

| Thousands of Euros | Amounts Paid and Payable at Year-End | | | |
|-----------------------------------------------------------------------|--------------------------------------|------------|------------|------------|
| | 2015 | | 2014 | |
| | Amount | % | Amount | % |
| Paid within the maximum payment period | 1,053 | 100 | 523 | 100 |
| Remainder | - | - | - | - |
| Total payments made in the year | 1,053 | 100 | 523 | 100 |
| Payables at year-end past due by more than the maximum payment period | - | - | - | - |

The figures shown in the foregoing table relate to suppliers of goods and services and, therefore, they include the figures relating to “Payable to Suppliers” and “Sundry Accounts Payable” under current liabilities in the balance sheet.

The weighted average period of late payment was calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers past due by more than the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period.

The maximum payment period applicable to the Company in 2015 under Law 11/2013, of 26 July, on combating late payment in commercial transactions, was 30 days unless the parties have entered into an agreement for a maximum period of 60 days.

12. Information on the environment

In matters concerning the environment, the Company complies strictly with all the requirements of applicable legislation and also looks for the best ways of reducing its environmental impact (waste reduction awareness campaigns and improvement of waste management; policies aimed at reducing atmospheric emissions and the use of water, electricity and paper; reduction of the use of containers and packaging by improving manufacturing processes, etc.). During the year ended at 30 September 2015 the Company has not incurred in any expenses or performed any investment to protect and improve the environment.

13. Events after the reporting period

No significant events have occurred subsequent since the end of 2015.

14. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I

Companies compromised within Logista Group

2015

| Company | Audit Firm | Registered Office |
|--------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Compañía de Distribución Integral Logista, S.A.U. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Compañía de Distribución Integral de Publicaciones Logista, S.L.U. | Deloitte | C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Distribérica, S.A.U. | No audit | C/ Electricistas, 3. P.I. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Publicaciones y Libros, S.A. | Deloitte | C/ Electricistas, 3. P.I. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Distribuidora del Noroeste, S.L. | BDO | Gandarón, 34 Interior- Vigo |
| Distribución de Publicaciones Siglo XXI Guadalajara, S.L.U. | No audit | C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara) |
| Distribuidora de Publicaciones del Sur, S.L. | BDO | Polígono Industrial ZaI, Carretera de la Esclusa s/n, Parcela 2, Módulo 4 (Sevilla) |
| Promotora Vascongada de Distribuciones, S.A. | No audit | C/ Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya) |
| Distribuidora de las Rías, S.A. | No audit | Polígono PO.CO.MA.CO, Parcela D-28. La Coruña |
| Distribuidora Valenciana de Ediciones, S.A. | Deloitte | Polígono Industrial Vara de Quart. c/ Pedrapiquera, 5. Valencia |
| Cyberpoint, S.L.U. | No audit | C/ Electricistas, 3. P.I. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Distribuidora del Este, S.A.U. | BDO | Calle Saturno, 11. Alicante |
| S.A. Distribuidora de Ediciones | Deloitte | C/ B, Sector B Polígono Zona Franca. Barcelona |
| La Mancha 2000, S.A.U. | BDO | Avda. Castilla La Mancha sn. Cabanillas del Campo. Guadalajara |
| Mídsid - Sociedade Portuguesa de Distribuição, S.A. | Deloitte | Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal) |
| Logista-Dis, S.A.U. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Logista Libros, S.L. | Deloitte | Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara |
| Logesta Gestión de Transporte, S.A.U. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Logesta Italia, s.r.l. | Deloitte | Via in Arcione 98. Roma |
| Logesta Lusa Lda. | No audit | Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal) |
| Logesta Polska Sp. z.o.o. | No audit | Flory nr 9, lok 6. kod-00-586 Warszawa (Polonia) |
| Logesta Deutschland GmbH | No audit | Pilotystr 4. 80538- München-(Alemania) |
| Logesta France, S.A.R.L. | No audit | 25 Av. Du Bois de la Pie. Z.I. Paris Nord. 93290 Tremblay (Francia) |
| Dronas 2002, S.L.U. | Deloitte | Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca |
| T2 Gran Canaria, S.A.U. | Deloitte | Urbanización El Cebadal. C/ Entrerrios, 3. Las Palmas de Gran Canaria |
| Logista Pharma, S.A.U. | Deloitte | Polígono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca |
| Be to Be Pharma, S.L.U | No audit | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Logista Italia, S.p.A. | Deloitte | Via in Arcione, 98. Roma (Italia) |
| Terzia, S.p.A. | Deloitte | Via in Arcione, 98. Roma (Italia) |
| Logista Transportes, Transitários e Pharma, Lda. | Deloitte | Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal) |
| Compañía de Distribución Integral Logista Polska, Sp.z.o.o. | Deloitte | Al. Jerozolimskie 133. Warszawa. Polonia |
| Logista France, S.A.S. | Deloitte | 27 avenue des Murs du Parc, 94300 Vincennes |
| Supergroup S.A.S. | Deloitte | 2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes |
| Société Allumetière Française, S.A.S. | Deloitte | 2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes |
| Dima Distribución Integral, S.L. | Deloitte Patricio Moreira, Valente & Asociados SROC | Polígono Industrial Los Olivos. C/Confianza, 1. Getafe. Madrid |
| Logesta Maroc, S.A. | No audit | 87 Rue Ahmed El .Casablanca (Marruecos) |

2014

| Company | Audit Firm | Registered Office |
|--------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Compañía de Distribución Integral Logista, S.A.U. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Compañía de Distribución Integral de Publicaciones Logista, S.L.U. | Deloitte | C/ Electricistas, 3. Pol. Ind. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Distribérica, S.A.U. | No audit | C/ Electricistas, 3. P.I. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Publicaciones y Libros, S.A. | Deloitte | C/ Electricistas, 3. P.I. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Distribuidora del Noroeste, S.L. | BDO | Gandarón, 34 Interior- Vigo |
| Distribución de Publicaciones Siglo XXI Guadalajara, S.L.U. | No audit | C/ Francisco Medina y Mendoza 2. Cabanillas del Campo (Guadalajara) |
| Distribuidora de Publicaciones del Sur, S.L. | BDO | Polígono Industrial Zal, Carretera de la Esclusa s/n, Parcela 2, Módulo 4 (Sevilla) |
| Promotora Vascongada de Distribuciones, S.A. | No audit | C/ Guipúzcoa 5. Polígono Industrial Lezama Leguizamón, Echevarri (Vizcaya) |
| Distribuidora de las Rías, S.A. | No audit | Polígono PO.CO.MA.CO, Parcela D-28. La Coruña |
| Distribuidora Valenciana de Ediciones, S.A. | Deloitte | Polígono Industrial Vara de Quart. c/ Pedrapiguera, 5. Valencia |
| Cyberpoint, S.L.U. | No audit | C/ Electricistas, 3. P.I. Pinares Llanos. Villaviciosa de Odón (Madrid) |
| Distribuidora del Este, S.A.U. | BDO | Calle Saturno, 11. Alicante |
| S.A. Distribuidora de Ediciones La Mancha 2000, S.A.U. | Deloitte | C/ B, Sector B Polígono Zona Franca. Barcelona |
| Midsid - Sociedade Portuguesa de Distribuição, S.A. | Grupo C&O Auditores | Avda. Castilla La Mancha sn. Cabanillas del Campo. Guadalajara |
| Logista-Dis, S.A.U. | Deloitte | Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal) |
| Logista Libros, S.L. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Avanza Libros, S.L. | No audit | Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara |
| Logesta Gestión de Transporte, S.A.U. | Deloitte | Avda Castilla La Mancha, 2, Nave 3-4 Polígono Ind La Quinta (Sector P-41) Cabanillas del Campo, Guadalajara |
| Logesta Italia, s.r.l. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Transportes Basegar, S.A. | Deloitte | Via in Arcione 98. Roma |
| Logesta Lusa Lda. | No audit | C/ Chavarri, S/N, Edificio Reimasa. Sestao (Vizcaya) |
| Logesta Polska Sp. z.o.o. | No audit | Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal) |
| Logesta Deutschland GmbH | No audit | Flory nr 9, lok 6. kod-00-586 Warszawa--(Polonia) |
| Logesta France, S.A.R.L. | No audit | Pilotystr 4. 80538- München-(Alemania) |
| Dronas 2002, S.L.U. | Deloitte | 25 Av. Du Bois de la Pie. Z.I. Paris Nord. 93290 Tremblay (Francia) |
| T2 Gran Canaria, S.A.U. | Deloitte | Pol. Industrial Nordeste, c/ Energía 25-29. Sant Andreu de la Barca |
| Logista Pharma, S.A.U. | Deloitte | Urbanización El Cebadal. C/ Entrerrios, 3. Las Palmas de Gran Canaria |
| Logilena Distribuidora Farmacéutica, S.L.U. | Deloitte | Polígono Industrial Nordeste. C/ Industria, 53-65. San Andreu de la Barca |
| Logista Italia, S.p.A. | Deloitte | C/ Trigo, 39. Polígono Industrial Polvoranca. Leganés |
| Terzia, S.p.A. | Deloitte | Via in Arcione, 98. Roma (Italia) |
| Logista Transportes, Transitários e Pharma, Lda. | Deloitte | Via in Arcione, 98. Roma (Italia) |
| Compañía de Distribución Integral Logista Polska, Sp.z.o.o. | Deloitte | Expansao del area ind. Do Pasill, Lote 1-A, Palhava. Alcochete (Portugal) |
| Logista France, S.A.S. | Deloitte | Al. Jerozolimskie 133. Warszawa. Polonia |
| Supergroup S.A.S. | Deloitte | 27 avenue des Murs du Parc, 94300 Vincennes |
| Société Allumetiére Française, S.A.S. | Deloitte | 2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes |
| Strator, S.A.S. | Deloitte | 2 rue Louis de Broglie, Parc de l'Esplanade77400 Saint-Thibault-des-Vignes |
| Dima Distribución Integral, S.L. | Deloitte Patricio Moreira, Valente & Asociados SROC | Parc d'activité de la Brèche, 9 rue Olof Palme, Bâtiment Euclide, 94000 Créteil |
| Logesta Maroc, S.A. | No audit | Polígono Industrial Los Olivos. C/Confianza, 1. Getafe. Madrid |
| | | 87 Rue Ahmed El .Casablanca (Marruecos) |

Compañía de Distribución Integral Logista Holdings, S.A.

Directors Report for financial year ended on 30 September 2015

Evolution and position of the Company in 2015

Due to its Holding Company condition, the Company has not operations and carries out its activity through its operating company, Compañía de Distribución Integral Logista S.A.U. and rest of the Group's companies.

Logista is the leading distributor of products and services to proximity retailers in Southern Europe, serving around 300,000 delivery points within capillary retail networks in Spain, France, Italy and Portugal, providing the best and fastest access to the market of tobacco and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries.

During the first complete fiscal year from its constitution, on May 13, 2014, and after its trading admission of the Company's shares in the Exchange Stock Markets of Madrid, Barcelona, Valencia and Bilbao on July 14, 2014, the Company's share price registered a very positive performance. Particularly, in the period from October 1, 2014 and September 30, 2015, the share price increased by 17.1% versus 11.7% decline of the IBEX 35 in the same period.

During the fiscal year 2015, revenues were 108,413 thousand euros. The Company's revenues come from the distribution of dividends paid by Group's companies.

The Company paid a share premium dividend for 74,340 thousand euros on 27 February 2015 paid a 2015 interim dividend for 39,825 thousand euros. Also, the Company acquired 40,614 own shares in the following dates:

| Date | Price | Number of shares |
|------------|-------|------------------|
| 18/09/2015 | 16.50 | 30,000 |
| 18/09/2015 | 16.41 | 7,500 |
| 20/09/2015 | 16.31 | 3,114 |

Risk Exposure

The main risks and uncertainties facing the Company are related to possible regulatory changes in the industries in which the Group operates, the normal operational risks arising in the ordinary course of business, and counterparty risks.

The Group complies with all the requirements to operate in the various markets and industries in which it carries on its business activities, and it has established, through its organisational structure, the appropriate procedures and controls to enable it to identify, prevent and mitigate the risks of change in the regulatory framework and, similarly, to comply with the obligations imposed by the various legislations applicable to it. Although in this management report we will focus on the risk management and control systems of financial risks, for a broader description of risk management and control systems of the Group see point E of the Annual corporate governance report. Also, in point F, the Internal Control System for the Group's financial information is described.

The main risks and uncertainties facing the Group are related to possible regulatory changes in the industries in which it operates, the normal operational risks arising in the ordinary course of business, which are insured externally, and counterparty risks, highlighting:

- The Group's Businesses are subject to compliance of numerous general and industry laws and regulations, with European, national, regional and local reach, in every country where it operates, exposing the Group to potential failures to comply and the corresponding sanctions or claims and, on the other hand, to increasing costs for supervision of compliance and control.
- European Directive 2014/40/UE (3 April 2014) establishes tighter rules for tobacco products, that could affect the sold volume, related, among others, to labelling, ingredients, track and trace and cross-border trade. The transposition period in their respective member States ends on 20 May 2016.

- Liberalization in the main markets where the Group operates as tobacco derived products authorized distributor where currently exists a State monopoly for retail sale of these products could affect results, if the measures already planned by the Group were not implemented.
- Main operational risks may occur are related to theft of tobacco in facilities and during transport associated to increases in insurance premiums, as well as to technological risks associated to the lack of (or faulty) availability of the Information System.

The Group could also be affected by the risks arising from the adverse economic climate worldwide and their possible impact on consumption in the markets and industries in which the Group is present.

From a financial perspective, the Group's main financial assets are cash and cash equivalents, trade and other receivables and investments. These items represent the Group's maximum exposure to credit risk. So, the main financial risks for the Group could be summarized in:

Safeguarding of assets: the Group's Financial Management has as one of its main objectives to safeguard the Group's assets value in all business units and countries where it operates (Spain, France, Italy, Portugal and Poland, mainly) through the risk analysis and prevention and optimizing the management of the main claims. The financial department analyses the accidental risks which could affect the Logista Group, in its assets and also in its activity, and according to these risks, establishes the external insurance coverage contracts which considers necessary.

Credit risk: The main financial assets of the Group are cash and cash equivalents, credits to Group companies, trade receivables and other receivables. In general, the Group deposits its cash and cash equivalents in entities holding a high credit rating. The Group presents as well a exposure to credit or counterparty risk with the Imperial Tobacco Group by virtue of the subscribed treasury agreements.

The Group controls the insolvency and delinquency risks establishing credit limits and through the establishment of demanding conditions in respect to collection periods; that commercial risk is spread among a high number of clients with short collection periods, being the main Group's clients newsstands and tobacconists. So, the credit risk exposure to third parties is not very significant, and the Group has, always if considered, Insurance Policies to mitigate the impact of possible defaults, although this default rate in all geographies in which the Group operates is very low.

The Group estimates that at 30 September 2015 the level of exposure to credit risk of its financial assets is not significant.

With regard to liquidity risk, the Group maintains enough cash and cash equivalents to face the payments derived from its usual activities. Also, if punctually financing is required, the Group has available credit lines.

Respect the exposure to interest rate risk, considering the low level of the Group's financial debt, the Management of the Company considers the impact from a potential increase in interest rates which could have in the consolidated annual accounts is not significant.

Also, the level of exposure to the net equity and the P&L account in terms of future changes in the current exchange rates is not relevant; due to the volume of transactions of the Group in non-Euro currencies is not significant.

The risk management to which is exposed the Logista Group in the performance of its activities is one of the basic cornerstones of its management in order to preserve the Group's value assets. With a focus on a global management of the Group's risk, the risk management system is structured and defined to reach the strategic and operational objectives. This risk control system is monitored and supervised by the Audit and Control Committee of the Board of Directors. This Audit and Control Committee delegates these competencies in the Internal Control Committee.

This Internal Control Committee is chaired by the Group's Financial Management and has the double objective of i) to ensure the continuous development and implementation of the Group's Internal Control System in all countries and businesses, as well as ii) to promote and coordinate the work for annually updating the Group's risk map and propose approval to the competent bodies.

Significant events for the Company after the reporting period

No events significantly affecting the accompanying financial statements took place after the end of 2015.

Outlook for the Company

As the Company is a holding company, the Company's outlook is linked to the performance of the companies that form the Logista Group.

Research and development activities

The Company did not make any investments in research and development activities in 2015.

Treasury shares

At 30 September 2015, the Company hold 40,614 own shares.

Use of financial instruments

The Company does not perform transactions with financial instruments that might affect the correct measurement of the assets or liabilities recognised in the balance sheet.

Annual Report on Corporate Governance

It is included as a separated section of the Directors Report.

**ANNUAL REPORT ON CORPORATE GOVERNANCE
OF LISTED PUBLIC LIMITED COMPANIES**

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

ISSUER IDENTIFICATION DETAILS

FISCAL YEAR-END DATE: 30/09/2015

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)

A OWNERSHIP STRUCTURE

A.1 Complete the following table about the share capital of the Company:

| Date of last amendment | Share Capital (€) | Number of shares | Number of voting rights |
|------------------------|-------------------|------------------|-------------------------|
| 04/06/2014 | 26,550,000.00 | 132,750,000 | 132,750,000 |

Please state whether there are shares of different classes with different rights attached thereto:

NO

A.2 List the direct and indirect owners of significant holdings in your company at the date of the fiscal year end, excluding the Directors:

| Name (person or company) of the shareholder | Number of direct voting rights | Number of indirect voting rights | % on total of share capital |
|---------------------------------------------|--------------------------------|----------------------------------|-----------------------------|
| ALTADIS SAU | 92,925,001 | 0 | 70.00% |
| ALLIANZ GLOBAL INVESTORS GMBH | 0 | 6.716.072 | 5,06% |
| FIDELITY INTERNATIONAL LIMITED | 0 | 1.392.458 | 1,05% |

| Name (person or company) of indirect owner of shareholding | Through: Name (person or company) of direct owner of shareholding | Number of voting rights |
|------------------------------------------------------------|-------------------------------------------------------------------|-------------------------|
| IMPERIAL TOBACCO GROUP PLC | ALTADIS SAU | 92,925,001 |
| ALLIANZ GLOBAL INVESTORS GMBH | ALLIANZ GLOBAL INVESTORS FUND | 4.197.259 |

Indicate the most significant movements in shareholding structure that have taken place over the fiscal year:

| Name (person or company) of the shareholder | Transaction date | Transaction Description |
|---------------------------------------------|------------------|-------------------------------------------|
| KAMES CAPITAL PLC | 14/01/2015 | Fell below the 3% share capital threshold |
| ALLIANZ GLOBAL INVESTORS GMBH | 15/05/2015 | Surpassed the 5% share capital threshold |
| FIDELITY INTERNATIONAL LIMITED | 19/05/2015 | Surpassed the 1% share capital threshold |
| HSBC HOLDINGS PLC | 27/05/2015 | Fell below the 3% share capital threshold |

A.3 Complete the following tables on the members of the Board of Directors of the company, who have voting rights attached to shares in the company:

| | |
|---------------------------------------------------------|-------|
| Total % of voting rights held by the Board of Directors | 0.00% |
|---------------------------------------------------------|-------|

Complete the following tables on the members of the Board of Directors who have rights over shares in the company:

| Shareholder | Number of direct voting rights | Indirect Voting Rights | Number of equivalent shares | Percentage |
|----------------------|--------------------------------|------------------------|-----------------------------|------------|
| LUIS EGIDO GÁLVEZ | 61.971 | 0 | 61.971 | 00,05% |
| RAFAEL DE JUAN LÓPEZ | 29.328 | 0 | 29.328 | 00,02% |

A.4 Indicate, where applicable, the family, business, contractual or corporate relationships existing between the owners of significant holdings, to the extent that they are known by the company, unless these be scarcely relevant or stem from the ordinary course of trade:

A.5 Indicate, where applicable, the business, contractual or corporate relationships existing between the owners of significant holdings and the company and/or its group, unless these be scarcely relevant or stem from the ordinary course of trade:

| |
|--------------------------------------------------------|
| Name of the related person or company |
| IMPERIAL TOBACCO GROUP PLC |
| COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, SA |

Kind of relationship: Contractual

Description: "ITG-LOGISTA HOLDINGS RELATIONSHIP FRAMEWORK AGREEMENT", dated June 12, 2014.

ITG undertakes to maintain and respect the freedom of management and decision making of the administrative and managerial bodies of the Company, and the neutrality principle in its commercial and services relations with third parties, also establishing the confidentiality of the business information of the Company and the separation of their respective IT systems.

The Framework Agreement also regulates related transactions between both companies, and the government and administration of the Company.

| |
|-----------------------------------------------|
| Name of the related person or company |
| IMPERIAL TOBACCO ENTERPRISE FINANCE LIMITED |
| COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA SAU |

Kind of relationship: Contractual

Description: "INTRA GROUP LOAN FACILITY AGREEMENT", dated June 12, 2014

Agreement on a reciprocal credit facility, for five years (with a yearly tacit renewal), with a maximum disposal limit of two thousand million euros.

According to this agreement, Compañía de Distribución Integral Logista SAU (100% subsidiary of the Company) will daily lend to ITG FINANCE its cash excess, at the base rate of the European Central Bank, plus a margin of 0.75%. If Logista has to get into debt to meet the needs of its working capital, it can reciprocally borrow the amount from ITG FINANCE.

A.6 Indicate whether the company has been informed of any parasocial agreements affecting the company

pursuant to the provisions of sections 530 and 531 of the Act on Capital Companies ("Ley de Sociedades de Capital"). If so, describe them briefly and list the shareholders bound by the agreement:

NO

Indicate whether the company knows of the existence of concerted actions among its shareholders. If so, give a brief account thereof:

NO

In the event that during the year any modification or breaking of those pacts or agreements or concerted actions has occurred, indicate it expressly:

N/A

A.7 Indicate if there is any legal or natural person who exerts control or could exert control over the company in accordance with section 4 of the Stock Exchange Act. If so, identify it/them:

YES

| |
|---------------------------------------------------|
| Name (person or company) |
| IMPERIAL TOBACCO GROUP PLC |
| Remarks |
| INDIRECT PARTICIPATION OF 70% THROUGH ALTADIS SAU |

A.8 Complete the following tables on the treasury stock of the company:

At fiscal year-end closing

| Number of direct shares | Number of indirect shares(*) | Total % on share capital |
|-------------------------|------------------------------|--------------------------|
| 40.614 | 0 | 0,03% |

(*) Through:

List the significant variations, in accordance with the provisions of *Real Decreto* 1362/2007, occurred during the fiscal year:

A.9 Give details of the conditions and term of the current mandate given by the General Meeting of Shareholders to the Board of Directors to issue, acquire or transfer company's own shares

The General Meeting of Shareholders of June 4, 2014 authorised the Board of Directors to acquire Company's own shares in the following terms:

To authorize the Board of Directors so that pursuant to the provisions established in Article 146 of the Act on Capital Companies ("Ley de Sociedades de Capital"), it may acquire, at all times, shares in COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., provided that:

- i) the face value of the shares acquired, in addition to those already held by the Company and/or its subsidiaries, does not exceed 10% of the share capital of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., and
- ii) the acquisition, including any shares that the Company or person acting in its own name but on behalf of the Company may have acquired or previously held, does not result in the Company's net equity falling below the share capital amount plus any restricted reserves foreseen by the regulations or the By-laws.

Furthermore, to authorize the subsidiaries so that, notwithstanding the relevant authorisation of their General Meeting of Shareholders, pursuant to said Article 146, they may at all times acquire shares in COMPAÑÍA DE

DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., provided that the face value of the acquired shares, in addition to those already held by the Company and/or its subsidiaries, does not exceed 10% of the share capital of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

Said acquisitions may be carried out through a purchase, swap, donation, allocation or non-recourse debt and, in general, under any other form of acquisition for consideration. In any case, the shares to be purchased will be circulating shares that are fully paid up.

The Board of Directors of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. or of its subsidiaries may agree to purchase the Company's shares in one or more transactions, for a maximum price that does not exceed 20% of their listed price, and for a minimum price that is not less than the face value of 0.20 Euros per share.

This authorization is granted for a five-year term, calculated as of the date of this General Meeting. To expressly allow, for the purposes of Article 146.1.a), last paragraph, of the Act on Capital Companies ("Ley de Sociedades de Capital"), that any share acquired by COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. or its subsidiaries, further to this authorization, be used or attached, in whole or in part, for its transfer, amortization or delivery to directors of the Company, and managers and other employees of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. and its Subsidiaries Companies.

A.10 Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. Namely, report the existence of any restrictions that might hinder the take-over of control of the company by purchasing its shares on the market.

NO

A.11 Indicate whether the General Meeting of Shareholders has resolved the taking of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007:

NO

If applicable, describe any measures that have been approved and the terms on which any restrictions will become ineffective.

A.12 Indicate whether the company has issued securities that are not traded on a Community regulated market.

NO

If applicable, indicate the different share classes and the rights and obligations conferred by each.

B GENERAL MEETING OF SHAREHOLDERS

B.1 Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Act on Capital Companies (ACC) in connection with the quorum required to hold a valid General Meeting of Shareholders.

NO

B.2 Indicate and, if applicable, explain whether there are differences with the rules provided by the Act on Capital Companies (ACC) for the passing of corporate resolutions:

NO

Describe how they differ from the rules established in the ACC.

B.3 Indicate the rules applicable to amendment to the Articles of Association. Namely, report the majorities established to amend the Articles of Association, and, if any, the rules to safeguard shareholders' rights when amending such Articles.

The rules applicable are the ones provided in articles 285 to 294 of the Act on Capital Companies (Royal –Law Decree of July 2, 2010).

B.4 Give the attendance figures for the general meetings held during the year to which this report refers and the previous year:

| Date GMS | % attendance in person | Attendance data | | | Total |
|------------|------------------------|-----------------------|-------------------|--------|---------|
| | | % attendance by proxy | % distance voting | | |
| | | | Electronic Vote | Others | |
| 04/06/2014 | 0.00% | 100.00% | 0.00% | 0.00% | 100.00% |
| 17/02/2015 | 70,39% | 12,56% | 0,00% | 0,00% | 82,95% |

B.5 Indicate whether there are any by-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders.

NO

B.6 Indicate whether it has been resolved that certain resolutions entailing a structural change of the company ("subsidiarization", trading of core operational assets, transactions equivalent to the liquidation of the company, etc..) must be put to the approval of the general meeting, even if not expressly required by commercial laws.

YES

B.7 Indicate the address and means of access to the company's website, to the information on corporate governance and other information on the general meetings which must be made available to shareholders through the Company's website.

The section "Shareholders and Investors", included in chapter "Corporate Governance", sub-chapter "Annual Corporate Governance Reports", of the corporate website (<http://www.grupologista.com>), provides the most relevant information on the Company's corporate governance and General Meeting of Shareholders.

C ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1 Board of Directors.

C.1.1 Maximum and minimum number of directors provided in the Articles of Association

| | |
|-----------------------------|----|
| Maximum Number of Directors | 15 |
| Minimum Number of Directors | 10 |

C.1.2 Complete the following table with the members of the Board:

| Name (person or company) of the Director | Representative | Post on the Board | Date of first appointment | Date of latest appointment | Election procedure |
|------------------------------------------|----------------|--------------------|---------------------------|----------------------------|--------------------|
| GREGORIO MARAÑÓN Y BERTRÁN DE LIS | | CHAIRMAN | 13/05/2014 | 13/05/2014 | GMS |
| LUIS EGIDO GÁLVEZ | | CEO | 13/05/2014 | 13/05/2014 | GMS |
| RAFAEL DE JUAN LÓPEZ | | SECRETARY DIRECTOR | 13/05/2014 | 13/05/2014 | GMS |
| CRISTINA GARMENDIA MENDIZÁBAL | | DIRECTOR | 04/06/2014 | 04/06/2014 | GMS |
| EDUARDO ZAPLANA HERNÁNDEZ- SORO | | DIRECTOR | 13/05/2014 | 13/05/2014 | GMS |
| STÉPHANE LISSNER | | DIRECTOR | 13/05/2014 | 13/05/2014 | GMS |
| RICHARD GUY HATHAWAY | | DIRECTOR | 24/03/2015 | 24/03/2015 | BY CO-OPTION |
| DAVID IAN RESNEKOV | | DIRECTOR | 13/05/2014 | 13/05/2014 | GMS |
| JOHN MATTHEW DOWNING | | DIRECTOR | 13/05/2014 | 13/05/2014 | GMS |
| NICHOLAS JAMES KEVETH | | DIRECTOR | 13/05/2014 | 13/05/2014 | GMS |

| | |
|---------------------------|----|
| Total number of Directors | 10 |
|---------------------------|----|

Indicate the vacancies occurred on the Board of Directors during the period:

| Name (person or company) of the Director | Director type when the vacancy occurred | Date of leave |
|------------------------------------------|-----------------------------------------|---------------|
| DON ADAM BRITNER | Proprietary Director | 24/03/2015 |

C.1.3 Complete the following tables about the members of the board and their different categories:

EXECUTIVE DIRECTORS

| Name (person or company) of the Director | Committee which proposed that member's appointment | Position in the organisational chart of the Company |
|------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| LUIS EGIDO GÁLVEZ | APPOINTMENTS AND REMUNERATION | CEO |
| RAFAEL DE JUAN LÓPEZ | APPOINTMENTS AND REMUNERATION | SECRETARY |

| | |
|-------------------------------------|--------|
| Total number of executive Directors | 2 |
| % on total Board members | 20.00% |

EXTERNAL PROPRIETARY DIRECTORS

| Name (person or company) of the Director | Committee which proposed that member's appointment | Name (person or company) of the significant shareholder being represented or who has proposed the appointment |
|------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| RICHARD GUY HATHAWAY | APPOINTMENTS AND REMUNERATION | IMPERIAL TOBACCO GROUP PLC |
| DAVID IAN RESNEKOV | APPOINTMENTS AND REMUNERATION | IMPERIAL TOBACCO GROUP PLC |
| JOHN MATTHEW DOWNING | APPOINTMENTS AND REMUNERATION | IMPERIAL TOBACCO GROUP PLC |
| NICHOLAS JAMES KEVETH | APPOINTMENTS AND REMUNERATION | IMPERIAL TOBACCO GROUP PLC |

| | |
|------------------------------------------------|--------|
| Total number of external proprietary Directors | 4 |
| % on total Board members | 40.00% |

EXTERNAL INDEPENDENT DIRECTORS

Name (person or company) of the Director

GREGORIO MARAÑÓN Y BERTRÁN DE LIS

Mr. Marañón is the Chairman of Compañía de Distribución Integral Logista Holdings S.A. He also currently serves as Chairman of Roche Pharma; Chairman of Universal Music (Vivendi); Director of Prisa and is member of its Executive Committee and serves as Chairman of its Nominations and Remunerations Committee; Chairman of the Advisory Board of Spencer & Stuart; member of the Advisory Board of Aguirre Newman. He is Chairman of the Board and the Executive Committee of the Teatro Real opera house and the El Greco 2014 Foundation, and Vicechairman and Chairman of the Executive Committee of the Ortega-Marañón Foundation. Mr. Marañón is also a member of the Madrid Bar Association. Before taking on these roles, Mr. Marañón was a member of the Board of Argentaria and BBVA (1994-2004), Director of Altadis (2004 – 4 June 2014), Director of VISCOFAN (2002- April 2014), General Manager at Banco Urquijo (1976-1983) and President of BANIF (1983-1984). Mr. Marañón received his Bachelor of Laws in 1964 from Complutense University of Madrid, and his Master in Advanced Management in 1979 from IESE Business School.

Name (person or company) of the Director

CRISTINA GARMENDIA MENDIZÁBAL

Profile

Ms. Garmendia is a Director of Compañía de Distribución Integral Logista Holdings S.A. Partner and Founder of Ysios Capital Partners; Chairwoman of SYGNIS, a German-Spanish listed company; Founder of international advisory firm Science & Innovation Link Office (SILO); Board member of the companies Everis, Seguros Pelayo, Corporación Financiera Alba and Gas Natural SDG; President of Grupo Genetrix; Advisory Board member of ISS World; Advisory Board member of Broseta Attorneys; Advisory Board member of the Professional Council of ESADE Business School; Advisory Board member of the Foundation for Women in Africa; and Advisory Board member of the NGO ONGAWA Engineering for Human Development. She is also a Board Member of the University of Sevilla, a patron of Antonio de Nebrija University and the SEPI Foundation (2014), a Board member of the Spain-Colombia Business Partnership (AEEC) and serves as an advisor on the International Advisory Committee to the Productive Transformation Program (PTP) for the government of Colombia. She served as Minister of Science and Innovation for the Spanish Government (2008-2011). She has a Doctoral degree in Biological Sciences, with a specialization in Genetics and her MBA from IESE Business School, University of Navarra.

Name (person or company) of the Director

EDUARDO ZAPLANA HERNÁNDEZ-SORO

Profile

Mr. Zaplana is a Director of Compañía de Distribución Integral Logista Holdings S.A. He is currently an Advisor to the President of Telefónica, S.A. Prior to his current roles, Mr. Zaplana held various positions in the Spanish Public Administration, including Mayor of Benidorm (Alicante) (1991-1994), Deputy in the Parliament of Valencia (1991-2002),); Spokesman for the Grupo Parlamentario Popular in the Parliament of Valencia (1991-1995), President of the Generalitat of Valencia (1995-2002), First Deputy Chairman of the Committee of the Regions and Speaker of the Delegation of the Committee of the Regions at the Convention on the Future of Europe (2002-2003), Minister of Labor and Social Affairs of the Spanish government (2002-2004), Senator for the Comunidad Valenciana (2002-2004), Government Spokesman Minister (2003-2004); Deputy for Valencia and Spokesman for the Grupo Parlamentario (2004-2008), as President and founder of Decuria Consulting, S.L. (2008-2014) in strategic consulting. Mr. Zaplana received his Bachelor of Laws in 1991 from the University of Alicante. He worked as a lawyer to 1991.

Name (person or company) of the Director

STÉPHANE LISSNER

Profile

Mr. Lissner is a Director of Compañía de Distribución Integral Logista Holdings S.A. Currently, he is the General Manager of the Opéra Nationale in Paris. Prior to his present role, he served as Musical Director of the Wiener Fest Wochen in Vienna, General Manager and Artistic Director of the Teatro alla Scala in Milan; Director of the Festival International d'Aix-en-Provence (1998-2006); Co-Director of the Théâtre des Bouffes du Nord with Peter Brook in Paris (1998-2005), Director of the Teatro de la Opera de Madrid (1995-1996); General Director of the Orchestre de Paris (1993-1995), Administrator (1983-1988) and General Manager (1988) of the Théâtre du Châtelet in Paris, Professor of Management of Cultural Institutions at the Université Paris-Dauphine (1984), Director of the Printemps du Théâtre (1984), Director of the Centre Dramatique National in Nice (1978-1983); and Secretary General of the Théâtre d'Aubervillier (1977-1978). Mr. Lissner received his baccalauréat in 1971. He was appointed an Officier de l'Ordre National du Mérite, an Ufficiale Ordine al Merito of the Italian Republic, and a Chevalier de la Légion d'Honneur.

| | |
|---------------------------------------|--------|
| Total number of independent directors | 4 |
| Total % of Board members | 40,00% |

Indicate whether any director considered as an independent director receives from the company or from its group any amount or benefit on any grounds other than the remuneration for his/her directorship, or maintains or has maintained over the last year, a business relationship with the company or any company in its group, either in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained any such relationships.

N/A

Where applicable, include a reasoned statement from the board with the reasons why it deems that such director can perform his/her duties as an independent director.

List the reasons why they cannot be considered proprietary or independent, as well as their ties, whether with the company or its management or with its shareholders:

Name (person or company) of the Director

Company, officer or shareholder with whom the director has ties

Reasons:

Indicate the variations that, where appropriate, have occurred during the period in the category of each director:

C.1.4 Complete the following table with information about the number of female directors over the last 4 years, as well as the nature of their directorship

| | Number of female directors | | | | % of total director of each type | | | |
|----------------|----------------------------|------------------|------------------|------------------|----------------------------------|------------------|------------------|------------------|
| | Fiscal year 2015 | Fiscal year 2014 | Fiscal year 2013 | Fiscal year 2012 | Fiscal year 2015 | Fiscal year 2014 | Fiscal year 2013 | Fiscal year 2012 |
| Executive | 0 | 0 | N.A. | N.A. | 0.00% | 0.00% | N.A. | N.A. |
| Proprietary | 0 | 0 | N.A. | N.A. | 0.00% | 0.00% | N.A. | N.A. |
| Independent | 1 | 1 | N.A. | N.A. | 10.00% | 10.00% | N.A. | N.A. |
| Other external | 0 | 0 | N.A. | N.A. | 0.00% | 0.00% | N.A. | N.A. |
| Total: | 1 | 1 | N.A. | N.A. | 10.00% | 10.00% | N.A. | N.A. |

C.1.5 Explain the measures, if any, that have been taken to try to include on the Board of Directors a number of female directors that would mean reaching a balanced presence of women and men.

Explanation of measures

As stated in section k) of Article 18.2 of the Board of Directors Regulations, the Appointments and Remuneration Committee shall ensure that selection processes are not implicitly biased in such a way that female directors' selection is prevented.

C.1.6 Explain the measures, if any, taken by the Appointments and Remuneration Committee to ensure that selection processes are free from any implied bias hindering the selection of female directors and that the company deliberately seeks and includes potential female candidates who meet the professional profile sought:

Explanation of measures

N/A

When despite any measures that might have been taken, the number of female directors is low or zero, explain the reasons:

Explanation of measures

The Company was incorporated on May 13th 2014, being appointed as Directors the majority of the Board of Directors of Compañía de Distribución Integral Logista S.A.U. (currently, 100% owned subsidiary of the Company). On June 4th 2014, a Member of the Board was withdrawn by the General Meeting of Shareholders and the unique current female Director was appointed.

C.1.7 Explain the form of representation of the board of shareholders with significant stakes:

Imperial Tobacco Group PLC is represented at the Board by four directors (Messrs. Downing, Hathaway, Keveth y Resnekov), in accordance with the Framework Agreement of June 12, 2014, which rules the relations between Imperial Tobacco Group and the Company.

All other shareholders with a significant stake in the Company are not represented at the Board.

C.1.8 Describe, if applicable, the reasons why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital:

State whether formal petitions for presence on the Board have been received from shareholders whose stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been satisfied:

NO

C.1.9 State whether any director has stood down before the expiry of his/her term of office, whether the director has given reasons to the Board and by through which channels, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

Director Name

ADAM BRITNER

Reasons: Professional reasons derived from his position in Imperial Tobacco Group (whom he represents at the Board)), that prevent him from regularly attending the meetings of the Board of Directors.

C.1.10 Indicate, in the event that there are any, the powers that have been delegated to the chief executive officer(s):

Name of the CEO:

LUIS EGIDO GÁLVEZ

Description:

He has been delegated all the faculties of the Board of Directors that can be delegated according to the Law and the Bylaws, excluding the faculties that, according to Article 38 of the Bylaws of the Company, require the approval of the resolution by, at least, the 70% of the members of the Board of Directors.

C.1.11 Identify, where appropriate, the members of the Board who hold the position of director or officer in other companies that are part of the group of the listed company:

| Name (person or company) of the director | Company name of the entity of the Group | Position |
|------------------------------------------|-----------------------------------------------------------------|---------------------|
| LUIS EGIDO GÁLVEZ | COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA SAU | EXECUTIVE PRESIDENT |
| LUIS EGIDO GÁLVEZ | LOGISTA ITALIA SpA | DIRECTOR |
| LUIS EGIDO GÁLVEZ | BANCA ITB SpA | DIRECTOR |
| RAFAEL DE JUAN LÓPEZ | COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA SAU | SECRETARY DIRECTOR |
| RAFAEL DE JUAN LÓPEZ | LOGISTA PHARMA | DIRECTOR |
| RAFAEL DE JUAN LÓPEZ | LOGISTA ITALIA, SPA | DIRECTOR |
| RAFAEL DE JUAN LÓPEZ | COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL DE PUBLICACIONES LOGISTA S.L. | CHAIRMAN |
| RAFAEL DE JUAN LÓPEZ | DRONAS 2002, SLU | DIRECTOR |

C.1.12 List in detail, where appropriate, the directors of your company that are members of the Boards of Director of other companies that are listed on official stock markets in Spain that are not part of the group, whose aforementioned membership has been communicated to the company:

| Name of the director (person or company) | Name of listed company | Position |
|------------------------------------------|----------------------------------|------------|
| GREGORIO MARAÑÓN Y BERTRÁN DE LIS | PROMOTORA DE INFORMACIONES, S.A. | DIRECTOR |
| CRISTINA GARMENDIA MENDIZÁBAL | CORPORACIÓN FINANCIERA ALBA | DIRECTOR |
| CRISTINA GARMENDIA MENDIZÁBAL | SYGNIS AG | CHAIRWOMAN |
| CRISTINA GARMENDIA MENDIZÁBAL | GAS NATURAL SDG, S.A. | DIRECTOR |

C.1.13 State and, if applicable, explain whether the company has established rules regarding the number of boards on which its directors may sit:

YES

Explanation of the rules

Persons involved in prohibition or legal incompatibility processes may not be appointed as Directors of GRUPO LOGISTA. Moreover, the Directors of GRUPO LOGISTA may become part at the same time, and with the limitation provided by law, of a maximum of nine boards of directors of listed companies other than GRUPO LOGISTA.

C.1.14 State the Company's general policies and strategies over which the Board in plenary session has approval rights:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------|-----|
| The investment and financial policy | YES |
| The definition of the structure of the group of companies | YES |
| The corporate governance policy | YES |
| The corporate social responsibility policy | YES |
| The strategic or business Plan, as well as management goals and annual budgets | YES |
| The policy regarding compensation and assessment of performance of senior managers | YES |
| The enterprise risk management and control policy as well as the periodic monitoring of the internal information and control systems. | YES |
| The dividends policy as well as the treasury stock policy and especially the limits thereto | YES |

C.1.15 Indicate the overall remuneration for the Board of Directors:

| | |
|-------------------------------------------------------------------------------------------------------------------------------|-------|
| Remuneration of the Board of Directors (thousand euros) | 3,460 |
| Amount of overall remuneration corresponding to the rights accumulated by directors with respect to pensions (thousand euros) | 2,151 |
| Overall remuneration (thousand euros) | 5,611 |

C.1.16 Identify the senior managers who are not also directors and indicate the total remuneration accrued in their favour during the fiscal year:

| Name (person or company) | Position |
|---------------------------|------------------------------------------------------|
| PASCAL AGERON | GENERAL MANAGER - TOBACCO, TELECOMS & STRATOR FRANCE |
| JAN BABST | CORPORATE DIRECTOR OF INFORMATION SERVICES |
| LAURENT BENDAVID | PRESIDENT GENERAL MANAGER – LOGISTA FRANCE |
| ANTONIO GARCÍA VILLANUEVA | CORPORATE RESOURCES DIRECTOR |
| MIGUEL GÓMEZ PRADO | CEO - LOGISTA PHARMA |
| RAFAEL MARTÍ FERNÁNDEZ | CORPORATE HUMAN RESOURCES DIRECTOR |

| | |
|--------------------------|---------------------------------------------------------------|
| GLORIA MARTÍN GIMENO | INVESTORS RELATIONS AND STRATEGIC ANALYSIS CORPORATE DIRECTOR |
| DAVID MARTÍNEZ FONTANO | CEO - LOGISTA ITALIA |
| FRANCISCO PASTRANA PÉREZ | GENERAL MANAGER - TOBACCO AND CONVENIENCE IBERIA |
| PABLO REBOLLO PERICOT | GENERAL MANAGER - NACEX & INTEGRA 2 |
| MANUEL SUÁREZ NORIEGA | CORPORATE FINANCE DIRECTOR |
| LAURA TEMPLADO MARTÍN | INTERNAL AUDIT DIRECTOR |

| | |
|-----------------------------------------------------|-------|
| Total remuneration senior managers (thousand euros) | 5,480 |
|-----------------------------------------------------|-------|

C.1.17 Identify, if appropriate, the members of the board who also sit on the Board of Directors of companies of significant shareholders and/or in entities of their group:

| Nombre o denominación social del Consejero | Denominación social del accionista significativo | Cargo |
|--------------------------------------------|--------------------------------------------------|----------|
| JOHN DOWNING | ATTENDFRIEND LIMITED | DIRECTOR |
| | BRITISH TOBACCO COMPANY LIMITED | DIRECTOR |
| | FONTEM UK LIMITED | DIRECTOR |
| | IMPERIAL BRANDS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO ALTADIS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (1) | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (2) | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (3) | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (4) | DIRECTOR |
| | IMPERIAL TOBACCO ENTERPRISE FINANCE LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO HOLDINGS (1) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO INITIATIVES | DIRECTOR |
| | IMPERIAL TOBACCO IRELAND UNLIMITED COMPANY | DIRECTOR |
| | IMPERIAL TOBACCO LACROIX LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO MANAGEMENT (1) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO MANAGEMENT (2) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS POLSKA LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS (1) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS (2) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS LIMITED | DIRECTOR |
| | ITG BRANDS LIMITED | DIRECTOR |
| | JOSEPH & HENRY WILSON LIMITED | DIRECTOR |
| NEWGLADE INTERNATIONAL UNLIMITED COMPANY | DIRECTOR | |
| PARK LANE TOBACCO COMPANY LIMITED | DIRECTOR | |
| RIZLA UK LIMITED | DIRECTOR | |

| | | |
|-----------------|--------------------------------|----------|
| NICHOLAS KEVETH | FONTEM UK LIMITED ^o | DIRECTOR |
|-----------------|--------------------------------|----------|

| | | |
|--|------------------------------------------------|----------------|
| | IMPERIAL TOBACCO FINANCE PLC | DIRECTOR |
| | IMPERIAL TOBACCO HOLDINGS (2007) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO HOLDINGS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO INTERNATIONAL LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO SOUTH AFRICA, S.A. | VICE PRESIDENT |
| | ITG BRANDS LIMITED | DIRECTOR |

| | | |
|----------------|------------------------------------------------|----------|
| DAVID RESNEKOV | ATTENDFRIEND LIMITED | DIRECTOR |
| | BRITISH TOBACCO COMPANY LIMITED | DIRECTOR |
| | CONGAR INTERNATIONAL UK LIMITED | DIRECTOR |
| | FONTEM UK LIMITED | DIRECTOR |
| | IMPERIAL BRANDS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO ALTADIS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (1) | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (2) | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (3) | DIRECTOR |
| | IMPERIAL TOBACCO CAPITAL ASSETS (4) | DIRECTOR |
| | IMPERIAL TOBACCO ENTERPRISE FINANCE LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO FINANCE PLC | DIRECTOR |
| | IMPERIAL TOBACCO HOLDINGS (1) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO HOLDINGS (2007) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO HOLDINGS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO INITIATIVES | DIRECTOR |
| | IMPERIAL TOBACCO LACROIX LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS POLSKA LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS (1) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS (2) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS (3) LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS HOLDINGS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO OVERSEAS LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO PENSION TRUSTEES LIMITED | DIRECTOR |
| | IMPERIAL TOBACCO SOUTH AFRICA, S.A. | CHAIRMAN |
| | ITG BRANDS LIMITED | DIRECTOR |
| | JOSEPH & HENRY WILSON LIMITED | DIRECTOR |
| | LA FLOR DE COPAN UK LIMITED | DIRECTOR |
| | PARK LANE TOBACCO COMPANY LIMITED | DIRECTOR |
| | RIZLA UK LIMITED | DIRECTOR |
| | TABACALERA DE GARCIA UK LIMITED | DIRECTOR |

Detail, if appropriate, the relevant affiliations other than those considered in the above paragraph that link board members to significant shareholders and/or companies in their group:

Name (person or company) of the related Board member:

RICHARD GUY HATHAWAY

Name (person or company) of the related significant shareholder:

IMPERIAL TOBACCO GROUP PLC

Relationship description:

DIRECTOR OF FINANCE STRATEGIC INICIATIVES

Name (person or company) of the related Board member:

JOHN MATTHEW DOWNING

Name (person or company) of the related significant shareholder:

IMPERIAL TOBACCO GROUP PLC

Relationship description:

COMPANY SECRETARY

Name (person or company) of the related significant shareholder:

NICHOLAS JAMES KEVETH

Name (person or company) of the related significant shareholder:

IMPERIAL TOBACCO GROUP PLC

Relationship description:

DIRECTOR OF FINANCE AND PLANNING DEPARTMENT OF IMPERIAL TOBACCO GROUP

Name (person or company) of the related significant shareholder:

DAVID IAN RESNEKOV

Name (person or company) of the related significant shareholder:

IMPERIAL TOBACCO GROUP PLC

Relationship description:

IMPERIAL TOBACCO GROUP FINANCIAL CONTROLLER

C.1.18 State whether the regulations of the Board of Directors have been amended during the fiscal year:

YES

Description of the amendments

The Regulations of the Board of Directors were amended by resolution of the Board of Directors meeting of December 16, 2014, to adapt them to the provisions of Act 31/2014, of December 3, of modification of the Capital Companies Act to improve the Corporate Governance

C.1.19 Indicate the procedures for the selection, appointment, re-election, assessment and removal of directors. Give details of the authorised bodies, the procedures to follow and the criteria to be used in each of the procedures:

Directors' Appointments

The appointment, ratification, re-election and removal of Directors correspond to the General Meeting, without prejudice to the authority of the Board of Directors to make appointments by co-option.

If during the term for which a Director was elected that Director ceases to be a Director of the Company, for any reason, the Board of Directors, to fill the vacancy, may appoint a Director by co-option.

The co-option will be governed by the provisions of law, with the Director appointed by the Board not necessarily being required to be a shareholder of the Company.

The appointment of Directors by the system of co-option in accordance with the provisions of law will be effective until the first following General Meeting, which must ratify the appointment or designate the person that thereafter is to fill the position, or until the holding of the next following General Meeting, if the vacancy occurs after the call of the General Meeting, and before it is held.

Proposal of appointment or re-election of Directors corresponds to the Appointments and Remuneration Committee, in the case of independent Directors, and to the Board of Directors itself, in other cases.

A proposal of appointment, re-election or removal of any non-independent Director in addition must be preceded by a report of the Appointments and Remuneration Committee.

The proposal in any event must attach a justifying report of the Board of Directors, which evaluates the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Meeting or of the Board of Directors itself.

The provisions of this section also are applicable to individuals who are appointed as representatives of a Director that is a legal person. The proposal of the individual representative must be submitted to a report of the Appointments and Remuneration Committee.

The Board Regulations state the following competencies (among others) for the Appointments and Remunerations Committee (Articles 18.2 a), c) and d) of the Regulations):

- Evaluating the skills, knowledge and experience required on the Board. For these purposes, it will define the functions and skills required of candidates that are to fill each vacancy and will evaluate the time and dedication necessary for them to be able to effectively perform their duties.
- Making proposals to the Board of Directors of independent Directors to be appointed by co-option or for submission to decision by the General Shareholders Meeting, and proposals for re-election or removal of those Directors by the Meeting.
- Inform about the appointment, ratification, reappointment and removal of non-independent Directors, as well as the appointment and removal of the Managing Director/s and of the members of the Executive Committee, and the permanent delegation of its relevant faculties to them.

Appointment of External Directors. Incompatibilities

The Board of Directors and the Appointments and Remuneration Committee, within the scope of their competencies, shall endeavour to ensure that the candidates are selected from among persons of recognised solvency, competence and experience, and that have the necessary availability for the proper performance of their duties as Directors, and shall be particularly rigorous in choosing the persons to cover the posts of Independent Directors.

In the case a Director is a legal entity, the requirements indicated will also be applicable to the individual representing the organisation, and, in addition, the Director duties set out in these Regulations will also be enforceable on a personal level. Persons involved in prohibition or legal incompatibility processes may not be appointed as Directors of the Company. Moreover, the Directors of the Company may become part at the same time, and with the limitation provided by Law, of a maximum of nine boards of directors of listed companies other than the Company (Article 23 of the Board of Directors' Regulations)

Re-election of Directors

The proposals for re-election of Directors that the Board of Directors decides to present to the General Meeting of Shareholders shall be subject to a formal procedure, which must necessarily include a report issued by the Appointments and Remuneration Committee in which the quality of work and dedication to the post of the proposed Directors during the preceding term of office is evaluated.

The Board of Directors shall endeavour to ensure that the External Directors who are re-elected do not always remain assigned to the same Committee (Article 24 of the Board of Directors' Regulations).

Term of office

Directors shall occupy their post during the period established in the By-Laws, which shall in no case exceed four years, and may be re-elected.

Directors appointed by the Board of Directors by co-opting to fill a vacancy pursuant to these Regulations shall occupy their posts until the date of the next General Meeting of Shareholders, unless their appointment is ratified by such General Meeting of Shareholders (Article 25 of the Board of Directors' Regulations).

Board Assessment

The Board of Directors will dedicate at least one meeting a year to assessing its operation and the quality of work performed by Committees.

Debates and Voting

In accordance with the provisions in article 27 of the Board Regulations, Directors concerned with any appointment, re-election or removal proposals will not intervene in debates and voting on those matters.

C.1.20 Indicate whether the Board of Directors has proceeded to assess its activity during the year:

NO

If so, explain to what degree the self-assessment has led to significant changes in its internal organisation and the procedures applicable to its activities:

C.1.21 Indicate the circumstances under which directors must resign:

In accordance with the provisions of Article 26 of the Board Regulations, Directors shall leave their posts when the term for which they were appointed ends and when is so decided at the General Meeting of Shareholders, or when the Board of Directors requests it according to circumstances detailed below, in the use of the attributes accorded them by Law or by the By-Laws.

Directors must place their post at the disposal of the Board of Directors and formally resign as a Director, if the Board of Directors considers it appropriate based on the following counts:

- a) When they are removed from the executive posts to which their appointment as Directors was associated;
- b) When they are involved in any of the scenarios of incompatibility or prohibition envisaged by the Law;
- c) When Directors have performed acts that are contrary to the diligence with which they are obliged to perform their duties, infringed their duties and obligations as Directors;
- d) When their presence on the Board could jeopardise the interests of the Company or cause serious damage to the Company's good name.
- e) When, having been appointed on the proposal of a significant shareholder, the latter notifies the Company, at any time, of the decision of the shareholder not to reappoint him at the end of his term, or when the significant shareholder transfers, all its shareholding in the Company.

C.1.22 Explain if the function of chief executive of the company is incumbent on the office of chairman of the Board. Where appropriate, indicate the measures that have been adopted to limit the risks of the accumulation of power in a single person:

NO

Indicate and, if applicable, explain whether rules have been established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the assessment by the Board of Directors:

YES

Explanation of the Rules

According to the provisions of Article 33 1.d) of the Board of Directors' Regulations, a Director can urge those people with the ability to summon meetings to call an extraordinary Board meeting or include the items in the agenda of the first meeting that they deem appropriate to be discussed by the Board.

C.1.23 Are enhanced majorities, other than the legal majorities, required for any type of decision?

YES

Explanation of the differences

According to the provisions of Article 38 of the Company By-Laws, the Board shall approve resolutions by absolute majority of the Directors attending the meeting, either in person or via proxy. Notwithstanding the above, the adoption of any resolutions related to any of the matters set out below will require the positive vote of at least 70% of the Directors, as rounded up in case that the application of that percentage does not result in a whole number of Directors, that form part of the Board of Directors and will not be delegated:

- a) any increase or reduction in the share capital of the Company in accordance with article 7 of these By-laws, or the issuance by the Company of any bonds or securities pursuant to Title III of these By-laws.
- b) the approval of an annual plan in relation to the capital expenditure, investments and other funding commitments to be carried out by the Company in the following year (the "Annual Capex Plan");
- c) the acquisition of all or part of any business of any third party whether by way of the purchase (whether direct or indirect) of shares, assets or other like interests of any third party (including by way of merger or business combination) by the Company or any member of its Group;
- d) the disposal of all or part of any business to any third party whether by way of the disposal (whether direct or indirect) of shares, assets or other like interests (including by way of merger or business combination) by the Company or any member of its Group;
- e) any decision of the Company to enter into any partnership or joint venture or any other arrangement to share or distribute profits or assets;
- f) any decision of the Company to incur or agree to incur, whether directly or indirectly, any capital expenditure, investment or other funding commitment in respect of any matter in excess of €1,000,000 in aggregate save to the extent that such capital expenditure, investment or other funding commitment (including the amount of such capital expenditure, investment or other funding commitment) is set out in the Annual Capex Plan for that period that has been approved in accordance with section (b) above;
- g) any decision of the Company to amend the terms of its borrowing or indebtedness in the nature of borrowing or grant guarantees, or to create or incur borrowing or indebtedness in the nature of new borrowing
- h) the creation of any mortgage, pledge, lien, charge, assignment of any of such securities, hypothecation or other security interest in relation to the Company, other than a security interest created by operation of law as a result of the ordinary course of business of the Company; and
- i) any decision to delegate any powers of the Board of Directors to a Managing Director, or to delegate any powers of the Board to any Committee of the Board.

For the purposes of counting the majority of members of the Board of Directors for the adoption of the abovementioned resolutions, the members of the Board that may be under a conflict of interest and that shall abstain from voting, shall be discounted from the total number of members of the Board on which shall be calculated said majority.

C.1.24 Explain whether there are any specific requirements other than those relating to the Directors, in order to be appointed chairman:

NO

C.1.25 Indicate if the chairman has a casting vote:

NO

C.1.26 Indicate if the Articles of Association or the Board of Directors' regulations establish any age limits for the directors:

NO

C.1.27 Indicate if the Articles of Association or the Board's Regulations establish a limited term of office for independent directors, other than those established by law:

YES

| | |
|------------------------|----|
| Maximum term of office | 12 |
|------------------------|----|

C.1.28 Indicate whether the Articles of Association or the Board of Directors' Regulations establish specific rules for proxy voting in the Board of Directors, the way this must be done and, namely, the maximum number of proxies a director may have and whether it is mandatory to grant proxy to a director of the same type. If so, briefly give details on such rules.

According to the provisions of Article 37 of the By-Laws and Article 20 of the Board of Directors' Regulations, when Directors are unable to personally attend a Board meeting, they shall endeavour to arrange for their representation and vote to be granted in favour of another Board member, and to include appropriate instructions. The delegation may be made by letter, fax, telegram or e-mail.

The number of delegations is not limited. Non-executive Directors may only delegate another non-executive Director.

C.1.29 Indicate the number of meetings that the Board of Directors has held during the fiscal year. Likewise, state, where appropriate, the times that the Board has met without its Chairman being present. In calculating this number, proxies granted with specific instructions will be counted as attendances:

| | |
|---------------------------------------------------------------|----|
| Number of Board meetings | 11 |
| Number of Board meetings without the presence of the Chairman | 0 |

Indicate the number of meetings held over the fiscal year by the different committees of the Board:

| Committee | Number of meetings |
|-----------------------------------------|--------------------|
| APPOINTMENTS AND REMUNERATION COMMITTEE | 4 |
| AUDIT AND CONTROL COMMITTEE | 8 |

C.1.30 Indicate the number of meetings held by the Board of Directors during the fiscal year attended by all its members. In calculating this number, proxies granted with specific instructions will be counted as attendances:

| | |
|--------------------------------------------------------------|---------|
| Attendance of Directors | 11 |
| % of attendance over the total votes during the present year | 100.00% |

C.1.31 Indicate if the individual and consolidated annual accounts that are presented for approval to the board are previously certified:

NO

Identify, if pertinent, the person or persons certifying the individual and consolidated annual accounts of the company for their formulation by the Board:

C.1.32 Explain, where appropriate, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts being presented to the General Meeting of Shareholders with qualifications in the auditors' report:

In accordance with the provisions of Article 47.4 of the Board of Directors' Regulations, the Board of Directors will ensure accounts are prepared in such a way that there is no place for qualifications on the auditor's behalf. Nevertheless, when the Board considers that it must uphold its criterion, it shall publicly explain the nature and scope of the discrepancy.

C.1.33 Is the Secretary of the Board of Directors a Director?

YES

C.1.34 Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the appointment and removal thereof have been reported upon by the Appointments and Remuneration Committee and approved by the Board in plenary session.

Procedures

According to the provision of article 13.1 of the Board of Directors' Regulations, the Board of Directors, following the proposal by the Chairman and the report of the Appointments and Remuneration Committee will appoint a Secretary who need not be a Director. The same procedure will be followed to agree the removal of the Secretary.

| | |
|------------------------------------------------------------|-----|
| Does the Appointments Committee report on the appointment? | YES |
| Does the Appointments Committee report on removal? | YES |
| Does the Board in plenary session approve the appointment? | YES |
| Does the Board in plenary session approve removal? | YES |

Is the secretary of the Board responsible for especially ensuring compliance with good governance recommendations?

YES

Remarks

As well as the functions assigned by Law and the By-Laws, the Regulation of the General Meeting of Shareholders or by the Regulations of the Board of Directors, and the Internal Conduct Regulation of the Company in matters relative to securities markets, the Secretary will be entrusted with the following duties:

- a) Keeping the records of the Board of Directors, reflecting the conduct of meetings in the minute books and

certifying the content thereof and the resolutions adopted.

- b) Ensuring that the actions of the Board of Directors comply with applicable regulations and with the provisions of the By-Laws, the other internal regulations and the GRUPO LOGISTA corporate governance criteria and principles, and in particular, with the rules stated in the Board of Directors Regulations.
- c) Assisting the Chairman in seeing to it that the Directors receive the relevant information for performance of their duties, sufficiently in advance and in the appropriate format.
- d) Verifying compliance with provisions arising from regulatory bodies and the consideration, if applicable, of their recommendations.

C.1.35 Indicate, where appropriate, the mechanisms established by the company to preserve the independence of the external auditor, the financial analysts, investment banks and credit rating agencies.

Relations of the Board with external auditors will take place via the Audit and Control Committee.

The Board of Directors shall refrain from hiring those audit firms whose projected fees including all items exceed five per cent of its total revenues during the previous financial year. The Board of Directors shall make public the total fees paid to the audit firm for services other than auditing.

In addition, the Audit and Control Committee has among its competencies, the following:

To establish appropriate relationships with external auditors or audit firms to gather information on those matters which may put their independence at risk, for examination by the Committee, and any other matters relative to the development of Account auditing, as well as any other communications schedules in Account auditing legislation and Auditing technical regulations. In any event it must receive from the auditors or audit firms written confirmation on an annual basis of their independence against the Company or entities directly or indirectly related thereto, as well as information on additional services of any kind provided to such entities by such auditors or persons or entities related thereto, pursuant to the Accounting Audit Law ("Ley de Auditoría de Cuentas").

C.1.36 Indicate whether during the fiscal year the Company has changed its external auditors. Identify, where appropriate, the external auditor and the outgoing one:

NO

If there have been any disagreements with the outgoing auditor, explain what they were about:

C.1.37 Indicate if the audit firm carries out work for the company and/or its group other than that of auditing and, in such case, declare the amount of the fees received for said work and the percentage that it represents of the fees charged to the company and/or its group:

YES

| | Company | Group | Total |
|--------------------------------------------------------------------------------------------|---------|---------|---------|
| Amount of work other than auditing (thousand euros) | 0 | 185 | 185 |
| Amount of work other than that of auditing / total amount charged by the audit firm (in %) | 0.00% | 100.00% | 100.00% |

C.1.38 State whether the audit report on the Annual Accounts for the prior fiscal year has observations or qualifications. If so, state the reasons given by the Chairman of the Audit and Control Committee to explain the content and scope of such observations or qualifications:

NO

C.1.39 Indicate the number of consecutive fiscal years that the current audit firm has been auditing the annual accounts of the company and/or its group. Likewise, indicate the percentage that represents the number of years audited by the current audit firm over the number of years in which the annual accounts have been audited:

| | Company | Group |
|-----------------------------------------------------------------------------------------------------------|---------|---------|
| Number of consecutive years | 2 | 14 |
| Number of years audited by the present audit firm / Number of years that the company has been audited (%) | 100.00% | 100.00% |

C.1.40 Indicate and where appropriate give details whether there is any procedure for directors to get external advice:

YES

Details of the procedure

In order to be assisted in performing their duties, External Directors may request that the Company hires the services of legal advisors, accountants, financial experts or others.

This commission must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of their duties.

The decision to hire such experts must be reported to the Company's Chairman and may be rejected by the Board of Directors if there is evidence of the following:

- a) it is not necessary for the correct performance of the duties commissioned to the External Directors;
- b) its cost is not reasonable in relation to the significance of the problem and the Company's assets and revenues,
- c) the technical assistance which is sought may be adequately provided by the Company's own experts and technical professionals; or
- d) there is a risk for preserving the confidentiality of the information that must be given to the expert. (Article 29 of the Board Regulations).

Also, in accordance with the provisions of articles 17.5 and 18.5 of the Board Regulations, the Audit and Control Committee and the Appointments and Remuneration Committee may obtain external professional advice.

C.1.41 Indicate and, where appropriate, give details if there is a procedure to enable the directors to have the necessary information to prepare the meetings of the administrative bodies in a timely manner:

YES

Details of the procedure

Summoning of ordinary sessions will be performed by letter, fax, telegram or e-mail, or by any other means which provides evidence, and this notification will be authorised with the signature of the Chairman, or the person substituting the Chairman, or the signatures of the Secretary or Deputy-Secretary following the Chairman's orders. The call will be effectuated with a minimum notice of two days. Except for justified cause, the call will include an agenda for the meeting and will be accompanied by a summary of all the necessary information relevant to deliberation and adoption of resolutions regarding the matters to be considered. Furthermore, Article 32 of the Board Regulations sets as one of the obligations of the Director, to gather information and prepare suitably for Board meetings as well as meetings of the delegated bodies or Committees he is a member of.

Finally, and according to Article 28 of the Board Regulations, Directors have the duty to demand and the right to receive from the Company such appropriate and necessary information allowing them to fulfil their obligations. This right to information is extensible to all the companies of the Company Group, whether these are national or foreign.

With the aim of not disturbing the ordinary management of the Company, the exercise of information duties will be channelled through the Chairman, Managing Director or the Secretary of the Board of Directors, who will assist the Director's request providing the information directly, facilitating contacts with the relevant department in the organisation or deciding on the measures so that examination tasks may be performed in situ.

C.1.42 Indicate and, where applicable give details, whether the Company has established any rules requiring Directors to inform –and, if applicable, resign– under circumstances that may undermine the credit and reputation of the Company:

YES

Explain the rules

In accordance with article 26.2 of the Board Regulations, Directors must place their post at the disposal of the Board of Directors and formally resign as a Director, if the Board of Directors considers it appropriate based on the following counts:

- a) When they are removed from the executive posts to which their appointment as Directors was associated;
- b) When they are involved in any of the scenarios of incompatibility or prohibition envisaged by the Law;
- c) When Directors have performed acts that are contrary to the diligence with which they are obliged to perform their duties, infringed their duties and obligations as Directors;
- d) When their presence on the Board could jeopardise the interests of the Company or cause serious damage to its good name.
- e) When, having been appointed on the proposal of a significant shareholder, the latter notifies the Company, at any time, of the decision of the shareholder not to reappoint him at the end of his term, or when the significant shareholder transfers, all its shareholding in the Company.

C.1.43 State whether any member of the Board of Directors has informed the Company that he has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for any offences covered in Section 213 of the Act on Capital Companies:

NO

Indicate whether the Board of Directors has considered the matter. If so, give a reasoned explanation of the grounds for the decision taken as to whether or not the director should retain his/her directorship or, where applicable, describe the actions taken or planned to be taken by the Board of Directors as at the date of this report.

C.1.44 Detail significant agreements reached by the company that come into force, are amended or terminated in the event of a change in control of the company stemming from a public takeover bid, and its effects.

The Company has not reached any agreement that may come into force in the event of a change in control of the Company from a public takeover bid.

C.1.45 Identify in aggregate terms and indicate in detail any agreement between the company and its directors, manager or employees which include any indemnity, severance or golden parachute clauses, for cases of resignation or wrongful dismissal or if the contractual relationship comes to an end as a result of a public takeover bid or other kinds of transactions.

Number of beneficiaries: 14

Category of beneficiaries:

CERTAIN SENIOR MANAGERS

Agreement description:

- Compensation in the case of wrongful dismissal (11 agreements). The compensation to pay, depending on the case, will be of 3 months' salary, or of 1 or 2 years of fix and variable salary, unless the legal compensation is higher.
- Compensation for post-contractual non-compete clause (14 agreements): 6 or 12 months of fix and variable salary.
- Compensation in case of change of control (4 agreements): minimum of 24 months of fix and variable salary.

All these agreements, excepting one, were executed before the admission to listing of the Company's shares.

Indicate whether these contracts have to be notified and/or approved by the company's bodies or those of its group:

| | | |
|-----------------------------------------------|--------------------|---------------------|
| | Board of Directors | The General Meeting |
| Decision-making body approving the provisions | Yes | No |

| | |
|-------------------------------------------------------------------------------------|----|
| Is information about these clauses provided to the General Meeting of Shareholders? | No |
|-------------------------------------------------------------------------------------|----|

C.2 Committees of the Board of Directors

C.2.1 Give details of all the committees of the Board of Directors, their members and the proportion of proprietary and independent directors in such committees:

APPOINTMENTS AND REMUNERATION COMMITTEE

| Name | Office | Category |
|-----------------------------------|----------|----------------------|
| GREGORIO MARAÑÓN Y BERTRÁN DE LIS | CHAIRMAN | Independent |
| JOHN MATTHEW DOWNING | MEMBER | Proprietary Director |
| STÉPHANE LISSNER | MEMBER | Independent Director |
| EDUARDO ZAPLANA HERNÁNDEZ-SORO | MEMBER | Independent Director |

| | |
|-------------------------------|--------|
| % of executive directors | 0.00% |
| % of proprietary directors | 25.00% |
| % of independent directors | 75.00% |
| % of other external directors | 0.00% |

AUDIT AND CONTROL COMMITTEE

| Name | Office | Category |
|-----------------------------------|------------|----------------------|
| CRISTINA GARMENDIA MENDIZABAL | CHAIRWOMAN | Independent |
| GREGORIO MARAÑÓN Y BERTRÁN DE LIS | MEMBER | Independent |
| DAVID IAN RESNEKOV | MEMBER | Proprietary Director |
| EDUARDO ZAPLANA HERNÁNDEZ-SORO | MEMBER | Independent Director |

| | |
|-------------------------------|--------|
| % of executive directors | 0.00% |
| % of proprietary directors | 25.00% |
| % of independent director | 75.00% |
| % of other external directors | 0.00% |

C.2.2 Complete the following table with information on the number of female directors sitting on board committees over the last four years:

| | Number of female Directors | | | | | | | |
|-----------------------------------------|----------------------------|--------|--------|--------|--------|-------|--------|-------|
| | 2015 | | 2014 | | 2013 | | 2012 | |
| | Number | % | Number | % | Number | % | Number | % |
| APPOINTMENTS AND REMUNERATION COMMITTEE | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| AUDIT AND CONTROL COMMITTEE | 1 | 25.00% | 1 | 25.00% | 0 | 0.00% | 0 | 0.00% |

C.2.3 State whether the Audit and Control Committee has the following duties:

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles. | YES |
| Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known. | YES |
| Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the findings and recommendations contained in its reports. | YES |
| Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company. | YES |
| Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired. | YES |
| Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account. | YES |
| Ensure the independence of the external auditor. | YES |

C.2.4 Give a brief description of the organisational and working rules, as well as the responsibilities, attributed to each of the committees of the board.

The Company has created the Audit and Control Committee, in accordance with the provisions of Article 43 of the Company By-Laws, and the Appointments and Remuneration Committee, in accordance with Article 43 bis of the Company By-Laws..

Common rules

Appointment of members of the Audit and Control Committee and the Appointments and Remuneration Committee shall be performed by the Board of Directors and they all must fulfil the condition of being non-Executive Directors.

The Appointments and Remuneration Committee shall evaluate the profile of the persons best suited to participate in various Committees and shall make the corresponding proposals to the Board.

The Audit and Control and the Appointments and Remuneration Committees shall appoint a Chairman from among the Independent Directors.

Except in cases in which other majorities for adopting resolutions have been established, the Committees shall approve resolutions by the majority of its present or represented members.

The conclusions or proposals formulated in its meetings shall be reflected in minutes which shall be accounted for in a plenary session of the Board of Directors.

The Audit and Control Committee

The Board of Directors will ensure that the members of the Audit and Control Committee and, in particular, its Chairman have knowledge and experience in matters concerning accounting, auditing and risk management which are suited to their responsibilities, without needing to be experts in these matters.

Notwithstanding other duties the Board of Directors may entrust it, the Audit and Control Committee will have the following competencies:

- a) Inform the General Meeting of Shareholders on the matters raised by the shareholders relating to the matters under its competence.
- b) Refer to the Board of Directors the proposals for selection, appointment, re-election and replacement of the outside auditor, as well as the conditions of the engagement thereof
- c) Supervising internal audit services and activities and, in particular, the Annual Work Plan.
- d) Supervising the effectiveness of the internal control systems of the Company, associated with relevant Company's risks.
- e) Establish and supervise a procedure which allows employees from the Company group to confidentially report irregularities.
- f) Establish appropriate relationships with external auditors or audit firms to gather information on those matters which may put their independence at risk.
- g) On an annual basis, prior to the audit report, issue a report on the independence of the auditors.
- h) Inform the Board of Directors of the Company's Annual Financial Statements, as well as the regulated financial information.
- i) Monitor compliance with legal requirements and proper application of generally accepted accounting principles, and report on proposals for modification of accounting criteria and principles suggested by Management, and on and off balance sheet risks
- j) Supervise the preparation, integrity and fair presentation of the regulated financial information.
- k) Examining and previously reporting on the Corporate Governance Annual Report, on the compliance with the Internal Code of Conduct on Securities Market and with the Board Regulations and, in general, with the Company's governance rules, as well as putting forward proposals for its improvement.
- l) Drafting an Annual Report for the Board of Directors describing the activities of the Audit and Control Committee.
- m) Any other reporting and proposal functions it is tasked with by the Board of Directors.
- n) Any other competence or function under the law, the By-Laws or the Regulations of the Board.

The Audit and Control Committee shall meet as periodically as determined, whenever called by its Chairman or requested by two of its members, and in any event at least four times per year.

The Appointments and Remuneration Committee

The Appointments and Remuneration Committee will be comprised of non-executive Directors, and at least two of its members must be Independent Directors. It will have the following competencies:

- a) Assessing the necessary competencies, knowledge and experience on the Board of Directors.
- b) Propose the appointment, ratification, reappointment and removal of External Independent Directors, and report the appointment, ratification, reappointment and removal of the other Directors, as well as the appointment and removal of the CEO's.
- c) Inform about the proposals for the appointment and removals of the Chairman, Vice-Chairman, Secretary and Deputy-Secretary of the Board of Directors.
- d) Examining or organising, in the manner deemed suitable, succession of the Chairman and the first executive.
- e) Reporting appointments and removals of Senior Managers which the first executive proposes to the Board of Directors.
- f) Proposing the following to the Board of Directors for its approval:

- i) Compensation policies for Directors and senior management.
 - ii) The Annual Report on Remuneration of Directors
 - iii) Individual compensation for Executive Directors and any other conditions pertaining to their contracts.
 - iv) The basic conditions in the contracts of Senior Managers.
- g) Ensuring compliance with the Company's remuneration policies.
- h) Ensuring that selection processes are not implicitly biased in such a way that selecting female Directors is prevented.
- i) Any other competence or duty conferred by the Law, the By-Laws or Board Regulations.

The Appointments and Remuneration Committee will meet every time it is called by its Chairman or two of its members request, and when the Board of Directors or its Chairman request the issuance of a report or the adoption of agreements.

C.2.5 Indicate, where appropriate, the existence of rules for the Board's committees, the place where they are available for consultation and any modifications introduced during the fiscal year. In turn, please indicate if an annual report has voluntarily been prepared on the activities of each committee.

The By-Laws of the Company (Articles 41 to 43 bis) and the Board of Directors' Regulations (Articles 15 to 18) contain the rules governing the Board Committees. See Section C.2.4 preceding.

A report about the activities carried out by the Audit and Control Committee and by the Appointments and Remuneration Committee during the present fiscal year has been prepared and is available in the corporate web page of the Company (www.grupologista.com).

C.2.6 Indicate if the composition of the delegated or executive committee reflects the participation on the Board of the different directors in accordance with their categories:

NO

If not, explain the composition of its Delegated or Executive Committee

The Company By-Laws (Articles 41 to 43) and the Board Regulations (Article 15 to 18) contain the rules governing the Committees of the Board. No Executive Committee has been established.

D RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

D.1 Identify the competent body and explain the procedure, if any, to approve related- party and intra-group transactions:

Competent body for approving Related-Party Transactions

The Board of Directors, subject to prior approval of the Audit and Control Committee.

Procedure to approve Related-Party Transactions

Article 39 of the Board of Directors' Regulations state that the Board formally reserves the knowledge and authorization, previous report of the Audit and Control Committee, of Related-Party Transactions, except for such matters that are legally within the competence of the General Meeting. To authorise, if appropriate, the Related-Party Transactions, the Board of Directors first and foremost shall serve the interests of the Company, evaluating the transaction from the standpoint of equitable treatment of shareholders and market conditions.

No authorisation of the Board of Directors shall be required in connection with Related-Party Transactions that simultaneously satisfy the following three conditions: (i) that they are conducted under contracts whose terms and conditions are standardised and apply on an across-the-board basis to many customers; (ii) that they are conducted at prices or rates established generally by the party acting as supplier of the goods or services in question; (iii) that the amount thereof does not exceed one per cent of the Company's annual revenues.

In the case of ordinary transactions, a general authorisation of the line of operations and its execution conditions shall be sufficient. The Directors affected by the related-party transaction, either personally, or to the shareholders

whom they represent in the Board, in addition to not intervene in the decision or exercise or delegate their right to vote, they will be absent from the meeting room, while the Board deliberates and votes on the related-party transaction.

The Company shall report on the mentioned related-party transaction mentioned, in the Annual Report on Corporate Governance, in the regulated financial information, and in the notes to the Financial Statements, to the extent by Law.

Likewise, Article 34 of the Board Regulations states that Directors shall report to the Board of Directors any situations involving a direct or indirect conflict, either personally or through persons linked to him, with the interests of the Company or the companies in its Group.

Also, the Framework Agreement dated 12 June 2014, signed between the Company and Imperial Tobacco Group, establishes that all Related-Party Transactions and, in general, any transaction that may pose a conflict of interest affecting the Group and the ITG Group should be arranged under market conditions that, according to the circumstances, would have been reasonably stipulated by two independent operators and in accordance with the principle of equal treatment of shareholders and the principle of neutrality established in that same Framework Agreement.

Explain whether the approval of Related-Party Transactions has been delegated, indicating the body or parties in which said approval has been delegated, if any.

It has not been delegated.

D.2 Give details of any significant transactions on account of the amount involved or relevant on account of their nature, carried out between the company, or entities of its group, and the significant shareholders of the Company:

| Name of the significant shareholder (person or company) | Name of the company or entity of its group (person or company) | Nature of the relationship | Type of Transaction | Amount (thousand euros) |
|---------------------------------------------------------|----------------------------------------------------------------|----------------------------|-------------------------------------------------------|-------------------------|
| ALTADIS SAU | COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, SAU | Commercial | Purchase of finished or not finished goods | 392.019 |
| ALTADIS SAU | LOGISTA-DIS, SA | Commercial | Purchase of finished or not finished goods | 5.796 |
| ALTADIS SAU | COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, SAU | Commercial | Sales of services | 4.446 |
| Imperial Tobacco Group PLC | COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, SAU | Contractual | Financial interests related to the treasury agreement | 10.883 |
| Total | | | | 413.144 |

D.3 Give details of any significant transactions on account of the amount involved or relevant on account of their nature, carried out between the company, or entities of its group, and the directors or officers of the Company:

D.4 Give details of the significant transactions carried out with other companies belonging to the same group, provided that these are not eliminated in the process of preparing the consolidated financial statements and do not form part of the ordinary business of the company as regards its object and conditions.

In any event, provide information on any intra-group transaction with companies established in countries or territories considered tax havens:

D.5 State the amount of the transactions carried out with other related parties.

624,361 (thousand euros).

D.6 Give details of the mechanisms established to detect, determine and resolve any potential conflicts of interest between the Company and/or its group and its directors, officers or significant shareholders.

Article 34 of the Board Regulations rules the conflict of interest that may affect Directors and their related parties, requiring both of them to (i) report to the Board of Directors any situation involving a direct or indirect conflict, either personally or through persons linked to them, with the Company's interests and (ii) refrain from intervening in the agreements or decisions relating to the transaction to which the conflict of interests refers. Related persons are the persons described in article 231 of the Spanish Companies Act ("Ley de Sociedades de Capital").

The Director should report any stakes held directly or indirectly and personally or by related persons in the share capital of a company with the same, similar or complementary activity that constitutes the corporate purpose, as well as positions or functions they discharge, as well as performing either personally or for another party similar or complementary activities, to the ones which constitutes the social purpose of the Company.

Directors should abstain in engaging in professional or commercial transactions with the Company unless the situation of conflict of interests is reported previously and the Board, subject to a report from the Audit and Control Committee, approves the transaction.

Furthermore, Section 8 of the Company Internal Regulations for Conduct establishes the conduct regulations regarding conflicts of interest. In particular, the Company Internal Regulations for Conduct establishes the general principles of independence, abstention and confidentiality that persons subject to it must observe. These Regulations also state the procedure that persons subject to them must follow to previously report any situation of conflict of interest. These transactions must be previously authorised by the Company Board of Directors, in case of conflict of interests affecting Directors and Senior Management of the Company, and by the Company CEO, in all other cases.

Also, the Framework Agreement provides that when a related-party transaction personally affects a Director or the shareholder he represents at the Board, he must abstain from intervening in the decision, as well as from voting or delegating his vote. He will also leave the Board meeting room, while the Board deliberates and votes on such related transaction. Nevertheless, the Proprietary Directors appointed by or representing Imperial Tobacco must be present in each debate and voting regarding the Framework Agreement or the Treasury Agreements (even though they will not be able to vote regarding these matters).

D.7 Is more than one company of the Group listed in Spain?

NO

Identify the subsidiaries listed in Spain:

Listed subsidiaries

Indicate whether the respective areas of activity and any business relations between them, and any business relations between the listed subsidiary and other group companies, have been publicly and precisely defined;

Describe any business relations between the parent company and the listed subsidiary, and between the listed subsidiary and other group companies.

Identify the mechanisms established to resolve any potential conflicts of interest between the listed subsidiary and the other companies of the group:

Mechanisms for resolving possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Describe the Risk Management System in place at the company.

The Corporate Risk Management System of the Company and its subsidiaries (hereafter, the Group) is set forth in the General Internal Control Policy of February, 8th 2012.

This policy establishes a general action framework for controlling and management of internal and external risks of any nature, which may affect the Group, in accordance with the risk map in place at all times in the achievement of its objectives (Corporate Governance risks, market risks, financial risks, regulatory risks, business risks, operational risks, penal risks and reputational risks, among others) ("the Internal Control System").

The Internal Control System, which forms an integral part of the Group risk management is a process designed in order to provide a reasonable degree of security in achieving the following objectives:

- 1) Reliability of Financial Reporting
- 2) Compliance with applicable group policies, plans, laws and standards
- 3) Safeguarding of assets
- 4) Economic and efficient use of resources
- 5) Effectiveness and efficiency of operations

The Group Internal Control Committee was set up in order to develop this policy. Among its responsibilities, the aforementioned Committee is intended to foster and coordinate the updating of the Group risk map.

E.2 Identify the bodies responsible for preparing and implementing the Risk Management System.

The Board of Directors

Among its non-delegable faculties, the Board of Directors has to approve the general policies and strategies of the Group, and among them, the control and risk management policy, including tax risks, as well as the supervision of the internal reporting and control systems, in particular those for financial information.

Audit and Control Committee

Among others, the Audit and Control Committee shall have the following competencies:

- i) Supervise the effectiveness of the internal control of the Group, related to relevant risks, review the appointment or removal of people in charge, as well as to discuss with the accounts auditors or audit companies, the significant weaknesses of the internal control system, detected during the auditing process
- ii) To inform the Board about the Annual Financial Statements as well as the financial information required by the applicable regulations, which have to be sent to the market regulating or supervisory bodies (before its delivery),
- iii) To monitor compliance with the legal requirements and the generally accepted accounting principles, as well as inform on proposals by the Management to modify accounting principles and criteria, and balance sheet and off-balance sheet risks.

Internal Control Committee

The Grupo Logista Internal Control Committee is comprised of the Corporate Financial Director, who acts as Chairman, the Group's Administration and Internal Control Director, the Human Resources Director, a representative of the Legal Department, the Corporate Resources Director as well as the General Managers of the 3 most important business units of the Group, and by the Internal Auditor, who shall act as Secretary, without voting rights.

This Committee depends on the Audit and Control Committee of the Board of Directors, hierarchical and functionally. The Committee has the following basic functions:

- To promote and coordinate the work for annually updating the Group's risk map and propose approval to the

competent bodies.

- Analysis and evaluation of Internal Audits results and plans for implementation of recommendations.
- To validate the proposals of the Internal Control Process Owners or Coordinators, or Business or Corporate Directors, for defining, updating and developing new processes or subprocesses, as well as the Control Objectives and Control Activities.
- To standardize the reporting the Chief Executive Officer, Corporate Managers and Business Managers wish to receive on a regular basis, in their respective areas.

In relation with the Penal Risks Prevention Model, the Internal Control Committee also acts as Unit of Control and Follow-Up of Penal Risks, in relation with the direct penal responsibility of the legal persons, established by Spanish laws.

Process Manager or Process Owner: Employees responsible for the design, process development and detection of risks and opportunities that may affect them. They are also responsible for the implementation of policies and internal control standards. They should identify the Control Objectives and Control Activities to Control Owners, reporting on it all to the Internal Control Coordinators.

Internal Control Coordinators: They are responsible for promoting the implementation, development and coordination of the Internal Control System through Control Objectives and Activities. Generally, this function will be occupied by financial officers of the Business and Corporate Management that makes up the Group.

Control Owner: Employees responsible for carrying out control on processes and informing, through reporting, on checks made to the Process Owner. They should suggest improvements and corrective actions to the Process Owner.

Corporate Finance Directorate

The Corporate Finance Director promotes risk management, requesting the completion of the risk assessment to the Control Owners and to the Business General Managers, on the basis of single methodology and instructions.

Internal Audit Department

The Internal Auditor, besides its functions as such, fosters, coordinates and documents the proceedings and works of the Internal Control Committee.

E.3 Indicate the main risks which may prevent the company from achieving its targets.

The methodology applied by the Group classifies main risks in four main categories:

- **Operational risks** are those directly associated with the execution of transactions and its due administration and control including, among others, risks associated to information systems (technological risks), environment, human resources, legal risks, compliance with industrial regulations, as well as penal risks. Financial risks are included in this category, being understood as risks relating to the Group exposure to price variations and variable market, such as exchange rate, interest rate, etc..., credit risks derived from contract obligations, as well as tax risks derived from the Group operations.
- **Project risks** are those associated with major changes taking place in Businesses, including new systems implementations, changes of location to new warehouses and launch of new business or products initiatives, etc, having, basically, all of them in common, that at the end of the project the risk disappear.
- **Strategic risks** are those risks associated with developing activity in its specific sector, including exposure to regulatory changes and adaptation of strategy and business model to changes in its activity environment.
- **Emerging risks** are those derived from the political and macroeconomic situation, which affect many companies and organisations.

Particularly, in the Group Risk Map the following risks were identified, among others:

Operational risks:

- Theft of tobacco in facilities and during transport associated to increases in insurance premiums.

- Technological risks associated to the lack of (or faulty) availability of the Information Systems.
- Risk of impairment of fair value of assets, in relation with goodwill high carrying value
- Commercial credit risk derived from the usual business operations with customers
- Tobacco illicit trade and contraband impacting in distributed tobacco volumes.
- Penal risk (commission of crimes within the company and/or in the benefit of the Group) or Risks associated to litigation in which the Groups is currently part, either as plaintiff or defendant

Project risks:

- Delays or mistakes in implementation of new systems and business initiatives could lead to additional costs to the Group and to delay or even impede the achievement of the strategic objectives, due to the settlement of unrealistic or too ambitious deadlines, deficient planning and project management methodology that sets aside the risks arising throughout the project execution, etc.

Strategic risks

• Regulatory change risks:

- The Grupo Logista Businesses are subject to compliance of numerous general and industry laws and regulations, with European, national, regional and local reach, in every country where it operates, exposing the Group to potential failures to comply and the corresponding sanctions or claims and, on the other hand, to increasing costs for supervision of compliance and control.
- European Directive 2014/40/UE (3 April 2014) establishes tighter rules for tobacco products, that could affect the volume sold, related among others, to labelling, ingredients, track and trace and cross-border trade. The transposition period in their respective member States ends on May, 20th 2016.
- Liberalization in the main markets where the Group operates as tobacco products authorized distributor where currently exists a State monopoly for retail sale of these products could affect results, if the measures already planned by the Group were not implemented.

Emerging risks:

- Group's business could be adversely affected by the deterioration of the economic conditions in the markets in which it operates (mainly Spain, Portugal, France and Italy).

E.4 Identify if the company has a risk tolerance level.

Group risk management methodology considers different risk tolerances when rating gross risks, both with quantitative and qualitative criteria, and assessing the risk impact which allocate each risk in the general scheme of risk appetite. Criteria used by the group are: regulatory compliance, financial-economical impact, safety and security, impact in processes and reputational impact.

These criteria, together with ratings over likelihood rating, are added to the tools used for risk management (risk register and risk map), on order to report and monitor and adequate follow-up of key risks by the corresponding bodies.

General Risk management Policy defined the position of the Company regarding a risk typology, such as:

Group has a low tolerance regarding law and regulation compliance, including tax regulation,

In general, due to the particularity of the business and the markets where the Group is present, has a moderate risk profile, therefore risk management has to be done considering the following:

- A) Achieve those strategic objectives defined by the Group, keeping a level of uncertainty under control.
- b) Maximize the level of guarantee to shareholders.
- c) Protect Group financial results and reputation.
- d) Take care of stakeholders interests (shareholders, customers and manufactures).

Highlight that in the strategic Group framework, providing high added value logistical services with a high level of technological innovation, presents higher level of tolerance considering the technological risks that could occur.

E.5 Identify any risks which have occurred during the year.

Regular operational risks, in the ordinary course of business, particularly theft of tobacco in the company facilities and during transport, not affecting the Group's financial results as the merchandise was properly insured.

Liabilities for the resolution of fiscal litigation processes, ruled against the Group, not affecting the Group's financial results, as they were properly provisioned in previous fiscal years.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to.

The methodology to elaborate the Group Corporate Risk Map, based on the individual risk evaluation of the businesses, forces the evaluators to assess the risks before and after considering the mitigating controls and action plans established for each case, ending up with the residual risk classification (Severe, High, Moderate or Low).

See below the main existing controls for the risks identified in the E.3 section:

Operational risks

- Theft of tobacco in the company facilities and during transport.

The following measures reduce both the impact and the likelihood to a tolerable risk level:

- o Follow up of maximum security standards.

- o Insurance Policies.

- Technological risks:

- o Existence of Contingency Plans periodically tested, analyzed and monitored by the Information Security Committee.

- o The Group Data Centers are permanently monitored

- Regarding the goodwill high carrying value, the Group undertakes impairment test according to the IFRS.

- Regarding tobacco illicit trade and contraband, the Group is developing projects together with the manufacturers to establish more demanding track and trace protocols, in compliance with the European Directive of April, 3rd 2014.

- In relation to Compliance and Crime Prevention within the Group's companies, the following controls currently exist:

- o The Group has a Code of Conduct and periodically asks employees to undertake training on its contents.

- o The Group has an Internal Channel for denunciations and irregularities, with policies and procedures available to every employee in the Group intranet.

- o The Corporate Legal Department centralizes supervision of most significant contracts all across the Group.

- o There are Policies for investment, expenditures, indebtedness and other transactions, that require a strict approval and communication workflow.

- o Also, adapted to the specific characteristics of the penal codes in Spain and Italy, in addition to the Group Code of Conduct, there are specific Manuals for crime prevention in these countries according to which, in case of lack of compliance with the controls and general behavior principles stated in them and in the Group Code of Conduct, disciplinary actions could be taken against the offenders.

- o There are specific procedures for preventing money laundering in the Group, being the Regulatory Compliance

Directorate the body in charge addressed as the valid interlocutor with the SEPBLAC.

Project risks

- The Group uses project management methodologies based on best practices, follow strict investment approval procedures and formally manages the available capacity and the change or migration risk.

Strategic risks

- Risk of regulatory changes

o The Corporate Legal Department centralizes the review of the most relevant contracts within the Group, to ensure that they strictly comply with Laws, and that the third parties contracting with the Company comply with the principles of the Code of Conduct.

o The effect of liberalizing the main markets in which the Group operates as tobacco-related products authorized distributor where currently there is a State monopoly for retail sale would, if there is a negative effect, mitigated by the business diversification strategy followed by the Group, and the capacity to sell tobacco through the large capillary point of sales network.

Emerging risks

- The markets most affected by the poor economic evolution, and the Businesses most exposed to its customer credit risks, are reinforcing the procedures for the recovery of debts to shorten the terms, as well as reducing and tightly monitoring the credit limits, fostering the obtaining of bank guarantees.

F INTERNAL SYSTEMS FOR THE CONTROL AND MANAGEMENT OF RISKS RELATED TO THE PROCESS OF FINANCIAL REPORTING (ICOFR)

Describe the mechanisms which constitute the systems for the control and management of risks related to the process of financial reporting (ICOFR) in your entity.

F.1 The entity's control environment

Report on the following as a minimum, indicating their main characteristics:

F.1.1 The bodies or departments responsible for (i) the existence and maintenance of adequate and effective ICOFR; (ii) the implementation of those ICOFR and (iii) the supervision of those ICOFR.

The Grupo Logista system for the internal control of financial reporting (hereinafter 'ICOFR') forms part of the Grupo Logista internal control system and consists of the whole of the processes carried out by the Board of Directors, the Audit & Control Committee, Senior Management and the Grupo Logista personnel to provide reasonable security in relation to the reliability of the financial information which is released to the markets.

Article 5 of the Rules of the Board of Directors of 16th December, 2014, entitled 'The general role of supervision', lays down as one of its responsibilities the definition and approval of The Grupo Logista policies and general strategies, and in particular, the policy on control and management of risks, including fiscal risks, and the supervision of the internal systems of reporting and control, and in particular, of financial reporting. It also defines the ultimate responsibility of the Board of Directors over the financial information which, as a quoted company, the Company has to publish regularly, and its responsibility to formulate the annual accounts and present them to the General Shareholders' Meeting.

In accordance with the provisions of Article 43 of the By-Laws, the Grupo Logista has an Audit & Control Committee, whose responsibilities in relation to the ICOFR, according to Article 17.2 of the Board's Rules, are the following:

- To supervise the effectiveness of the Grupo Logista systems of internal control, and in particular of the financial reporting and the systems for risks management, including the fiscal risks of the Grupo Logista, to review the appointment and replacement of its managers, and to discuss with the Auditors of Accounts or Auditing Companies the weaknesses in the internal control system that were detected during the auditing.

- To report to the Board of Directors on the Grupo Logista Annual Accounts, and on the financial information which the Grupo Logista has to publish regularly and send to the bodies which regulate or supervise the markets.
- To keep watch over the compliance of the legal requirements and the correct application of the generally accepted accounting principles, and to report on the Management's proposals for the modification of accounting principles and criteria, and on the risks on and off the balance sheet.
- To supervise the preparation of the mandatory financial information, its completeness and its presentation.
- To make proposals to the Board of Directors concerning the selection, appointment, re-election and replacement of the external auditor, and also the terms and conditions of his engagement, and to collect from him regular information about the Audit Plan and its execution, and also preserving his independence in the exercise of his functions.
- To supervise the services and activities of Internal Audit, especially the Internal Audit Annual Plan and the appointment and replacement of its manager, who will functionally report to the Chairman of the Audit and Control Committee.

Among other functions, the Internal Control Committee establishes the responsibility to validate the proposals of the internal control process managers or co-ordinators, or of corporate or business managers, to define, update and develop new processes or sub-processes and the objectives of control and control activities, including all those which are related to the ICOFR.

The Finance Corporate Directorate is the body responsible for defining the systems of internal control over financial information. In this regard, it establishes and defines the policies, guidelines and procedures related to the generation of the said information, in order to guarantee the quality and authenticity of the financial information generated and monitors its compliance.

In addition, among the functions defined in the rules of Internal Auditing, the Management of the Internal Audit Department has that of providing the Grupo Logista, and in particular its Senior Management, its Board of Directors and its Audit and Control Committee, with a reasonable degree of assurance in relation to the following points:

- That the significant risks of the Grupo Logista are identified and managed effectively and efficiently, and that proposals are made to the competent bodies of any strengthening measures that are considered necessary in any of the component parts of The Grupo Logista Internal Control System (Control Environment, Risk Evaluation, Control Activities, Information and Communication, and Supervision);
- That in particular, there is adequate supervision of the system for the internal control of financial reporting (ICOFR).

F.1.2. If they exist, especially in connection with the process of preparing financial information, the following elements:

Departments and/or mechanisms entrusted with: (i) the design and review of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and rôles; and (iii) ensuring that the procedures for disseminating this information throughout the entity are sufficient.

According to Article 6 of its Rules, the general purpose of the Board of Directors of the Grupo Logista is to determine and supervise the Grupo Logista business and financial objectives, agreeing on the strategy, the plans and the policies by which to achieve them, propelling and supervising the management of the Group and the achievement of the established objectives, and ensuring the existence of adequate management and organisation, under effective supervision of the Board.

Notwithstanding the foregoing, the policy of the Board is to delegate the ordinary management of the Group to the executive bodies and the management team, except in those matters which, according to the Law, the By-Laws or the Board's Rules, cannot be delegated.

For this reason, the Appointments and Remunerations Committee has the responsibility, among others, to advise on the proposals for the appointment or severance of senior directors which the Chief Executive proposes to the

Board.

Among the roles of the senior management are the design and review of the organisational structure of the different units of corporate business, for the purpose of identifying needs, inefficiencies and areas for improvement in the design of those structures, and the definition of the lines of responsibility and authority, and the appropriate distribution of tasks and roles.

The Corporate Directorate of Human Resources has procedures for updating the organisational structures at corporate level and of each of the Grupo Logista subsidiaries. These procedures are documented in organisation charts, which show the lines of authority up to a certain organisational level.

The Grupo Logista has a range of internal regulations governing the allocation and division of responsibilities and the segregation of functions in the different areas of the Company. The system of evaluation of the Grupo Logista performance contains, in an individualized manner, the main responsibilities of each job.

Specifically, the Corporate Financial Directorate has organisation charts showing the composition of the Financial Departments of each of the subsidiaries and business units; it also has regulations and procedures containing information about the tasks carried out by the different members of those departments, and in its systems for performance evaluation it has information about the responsibilities included in the jobs of the key personnel involved in the preparation of the financial statements.

Dissemination is through the corporate Intranet which is used for internal communications, and through which the Grupo Logista regulations, procedures and instructions, as well as information about the most important changes occurring in the organisational structure, are disseminated. Furthermore, in the Corporate Intranet Directory one may find complete information about each of the employees of the Grupo Logista, including the post occupied and the reporting lines.

According to Framework agreement of 12th June 2014, signed by the Company and Imperial Tobacco Group PLC, internal control systems of the Grupo Logista, including those over financial information and internal audit standards, are coordinated with systems and standards of Imperial Tobacco Group, if necessary, to facilitate Imperial Tobacco Group the developments and dissemination of their own regulated financial information.

- **The code of conduct, the approving body, the degree of dissemination and instruction, the principles and values included (with an indication of whether there are specific references to the record of operations and the preparation of financial information), the body responsible for analysing breaches and proposing corrective actions and sanctions.**

The Grupo Logista has adopted the Code of Conduct issued by its controlling shareholder, Imperial Tobacco Group PLC, which has been approved by its Board of Directors. There is, in addition, a Code of Conduct which applies specifically to The Grupo Logista companies in Italy (the 'Código Etico'), approved by the Board of Directors of Logista Italia, S.P.A., within the framework of Legislative Decree 231/01, which governs the regulation of compliance in the matter of criminal risks, and which describes in detail all the processes of the Grupo Logista Italian companies, including the preparation of financial information, which are in turn analysed by the governing and control bodies legally required in Italy.

The Grupo Logista Code of Conduct may be consulted on the Corporate intranet.

All the employees of the Grupo Logista have to commit themselves to its compliance and as a prove of that, they must sign a 'recognition' document, confirming that they have read the Code of Conduct and will observe its provisions. The Group Logista has versions of this document in English, Spanish, French, Italian, Portuguese and Polish, so that it can be correctly disseminated and understood in all the countries in which it operates.

The Code of Conduct lays down the principles of responsible behaviour which all the employees have to observe, and offers a practical guide to the way in which important ethical and legal matters should be dealt with. As fundamental values it includes business integrity, responsible commercial practice, trust, respect and responsibility. Each of the general principles is elaborated on in the body of the Code.

In particular, within the principle of responsible commercial practice, there is a section on accuracy in accounting and the keeping of financial records and notifications, of which the main obligations are explained below:

- To report and record all our financial information accurately and objectively.

- To ensure that accurate and complete financial and commercial records are kept.
- To ensure that all the financial reports, notifications, forecasts and analyses for which we are responsible are transmitted honestly and accurately.
- To observe all of the laws, external requirements and procedures of the Company when transferring financial and commercial information.
- To co-operate openly with the Grupo Logista Compliance Department and with our external auditors.
- To strive to identify any potentially erroneous representation of the accounts, data or records, or any occurrence of potential fraud or deception, and to inform the local, regional or departmental heads of finances, the Director of Accounting, Forecasting and Taxation or the Grupo Logista Compliance Manager of any worry or doubt about the accuracy of the financial reports.

The Code of Conduct itself and its complaints procedure lay down a procedure for notifying, recording and investigating possible breaches of the Code of Conduct as well as the principles of the investigations and the disciplinary measures, including dismissal, and the rights of appeal.

The body ultimately responsible for these activities is the Audit and Control Committee itself.

- **The complaints channel, which enables notifications of financial and accounting irregularities, of any possible breaches of the Code of Conduct, or of any irregular activities in the organisation to be made to Audit Committee, together with, if appropriate, information about their confidential nature.**

The Grupo Logista has a Policy and Procedure for Complaints or Irregularities ("Whistleblowing"), which is an adaptation of that of its controlling shareholder Imperial Tobacco Group PLC.

The said procedure, which may be consulted by any employee of the Grupo Logista, serves to denounce any irregularity, breach or behaviour that is unethical, illegal or contrary to the Group's policies, and defines the channels of communication of the Code of Conduct and the method of dealing with claims, including those relating to any kind of financial or accounting irregularity.

With regard to the confidentiality of complaints, the procedure is that when an employee asks for the report to remain confidential, all reasonable efforts will be made to protect the employee's name and to find other, independent evidence relating to the case. If internal or external circumstances arise which prevent the investigation from proceeding without the employee's name being revealed, the employee's consent will be sought first.

The Rules of the Board of Directors assign to the Audit and Control Committee the responsibility for establishing and supervising a procedure which enables employees of the Grupo Logista, confidentially and, if appropriate, anonymously, to denounce potentially important irregularities, especially financial or accounting ones, which they notice within the Company.

- **Programmes for the training and regular updating of staff involved in the preparation and reviewing of financial information, and in the evaluation of the ICOFR, covering at least the following: accounting principles, auditing, internal control and management of risks.**

Within the system for annually assessing performance, personal development is encouraged, and any need for training in the said subjects is detected and then reflected in the Annual Training Plan.

The Human Resources Department, in collaboration with each of the business units, is responsible for defining the Grupo Logista Annual Training Plan, in which the training needs of the staff, including those involved in the generation and issue of financial information, and the internal control and management of risks, are identified.

In this way, training courses are given annually to those of the staff who are involved in the preparation and reviewing of financial information.

In order to ensure that the regulatory modifications and updating which are required to guarantee the reliability of financial information are understood and applied, the departments involved in the preparation and supervision of financial information keep themselves permanently informed of any such modification through different institution's

bulletins.

Specifically, the Departments of Internal Audit and Internal Control, responsible for the preparation and supervision of the ICOFR, attend training courses and seminars on subjects related to internal auditing, internal control, risks management and regulatory compliance.

F.2 Evaluation of risks in financial reporting

Report on at least the following:

F.2.1. The main characteristics of the process of identifying risks, including those of error or fraud, in relation to:

- **Whether the process exists and has been documented.**

The Grupo Logista has a specific internal control policy for the process of identifying risks in the Group. It is an interactive and continuous process, and is incorporated into strategy and planning, and a procedure for the management of risks. The policy and the procedure together define the basic principles and methods to be followed in the Group, and they are reflected in the Grupo Logista map of risks.

The said map of risks is prepared from assessments of the impact and probability of each risk, made by those responsible for the processes in all the Grupo Logista companies, who take into consideration variables both quantitative and qualitative; there is a map of the Grupo Logista risks and there are also maps of specific risks for each company and business unit.

In the model that has been introduced for risk management, the important internal and external risks of a financial nature which can affect their activities have been identified and prioritised, using a pre-defined methodology. Among these, the risks of fraud and risk of error in valuation and financial reporting are considered to be relevant when categorising the financial risks.

- **Whether the process covers all of the objectives of the financial assertions (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated, and if so, how often.**

In the methodology used for the preparation of the risk and control matrices of the ICOFR, the Group has established the identification and description of each of the risks in the processes that are relevant for the purposes of the ICOFR, and their effect on the objectives of the financial assertions, which are to ensure that the transactions, facts and events fulfil: existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations.

The Grupo Logista has developed an instruction for maintenance of SCIF documentation, in which is reflected that the review of these documentation must be a continuous and constantly updated process. Nevertheless, at least annually, at the beginning of the fiscal year, process owners will do a review of the documentation in order to guarantee a proper maintenance.

Those General Principles are explicitly formulated at the "Best practices of financial internal control" instruction, mandatory for all the Grupo Logista and in the Accounting Manual for the Grupo Logista.

- **The existence of a process of identification of the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities.**

The Grupo Logista consolidation perimeter is determined monthly by the Financial Corporate Directorate, based on the consolidation procedure called "accounting principles, valuation rules and table of consolidated accounts". This procedure establishes the system to be followed to define the consolidation perimeter and to ensure that it is correctly updated, so that nothing is omitted from the consolidated financial information.

In the applicable consolidated financial statements at the close of the financial year, in accordance with the

methods of inclusion applicable in each case, all those companies belonging to the Grupo Logista, joint businesses and companies associated with it were included in accordance with the content of the IFRS. For that purpose, the Consolidation Department has a detailed checklist of all the companies belonging to the Grupo Logista, and carries out a specific, regular analysis of the consolidation criteria to be applied.

- **Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.**

In its system of Risk Management, the Grupo Logista considers the following categories of risk, which may be distinguished according to their nature or their consequences:

- **Operational risks** are those directly associated with the execution of transactions and its due administration and control including, among others, risks associated to information systems (technological risks), environment, human resources, legal risks, compliance with industrial regulations, as well as penal risks. Financial risks are included in this category, being understood as risks relating to the Grupo Logista exposure to price variations and variable market, such as exchange rate, interest rate, etc..., credit risks derived from contract obligations, as well as tax risks derived from the Group operations.

- **Project risks** are those associated with major changes taking place in Businesses, including new systems implementations, changes of location to new warehouses and launch of new business or products initiatives, etc, having, basically, all of them in common, that at the end of the project the risk disappear.

- **Strategic risks** are those risks associated with developing activity in its specific sector, including exposure to regulatory changes and adaptation of strategy and business model to changes in its activity environment.

- **Emerging risks** are those derived from the political and macroeconomic situation, which affect many companies and organisations.

The Grupo Logista has also introduced a Model for the Prevention of Criminal Risks, covering the legal risks considered in the Manual for the Prevention of Offences, and also a Crime prevention system in their Italian subsidiaries to comply with Legislative Decree 01/231.

- **The Entity's Governing Body which supervises the process.**

The Board of Directors of the Company, through its Audit and Control Committee, is the body ultimately responsible for supervising the process of evaluating risks.

The Grupo Logista Risk Management process is led by the Chairman of the Grupo Logista Internal Control Committee (the Corporate Financial Director), and is co-ordinated and supervised by the Management of Internal Auditing.

F.3 Control activities

Indicate whether the entity has at least the following, and if so, indicate their main characteristics:

F.3.1. Procedures for the review and authorisation of the financial reporting and the description of the ICOFR, for publication in the securities markets, identifying their managers, and documents describing the flows of activities and controls (including those related to the risk of fraud) of the different types of transaction which can materially affect the financial statements, including the procedure for accounts closure and the specific review of the relevant opinions, estimates, valuations and projections.

The regulated financial information to be sent to the markets complies with the provisions of Royal Decree 1362/2007 of 19th October, and Circular 1/2008 of 30th January of the CNMV (*Comisión Nacional del Mercado de Valores* : National Securities Market Commission).

The Grupo Logista has a series of procedures for closing and reporting, and instructions on Good Practices for

Internal Financial Control which define a series of manual and automatic checks that are used to verify financial information, prevent fraud, and ensure compliance with current legislation and the generally accepted accounting principles. There is also a formal procedure for accounts closure in which the financial information is prepared by each economic/financial manager of each subsidiary company or business, which is verified by the Consolidation and Reporting Department, and approved, before publication, by Grupo Logista Corporate Management of Finances. It is also checked by the external auditors. Finally, it is analysed by the Audit and Control Committee, which reports to the Board of Directors, the latter being the body which finally approves it and agrees to its publication and dissemination to the markets, as explained in section F.1.1.

With regard to the specific review of the relevant opinions, estimates, valuations and projections, the Grupo Logista has an Instruction about financial Provisions which describes the manner of dealing with each of the provisions which the companies in the Grupo Logista may make, and which is designed to reduce the risk of error in processes related to specific transactions.

In addition, every quarter, the Financial Directors and Controllers of the Grupo Logista Businesses and/or Companies issue a certificate in which they declare that the Grupo Logista General Policy on Internal Control has been complied with as regards reconciliation of key accounts and controls. Every year, they also issue a representation letter in which they certify:

- That they were themselves responsible for preparing the financial statements reported at the close of the financial year, and for any other breakdown produced.
- That the financial statements were obtained from the Company's accounting records, which reflect all its transactions and its assets and liabilities.
- That the Company's accounting records correspond to what was produced by the consolidation tool in accordance with the local accounting standards plus the adjustments necessary to align them with the IFRS.
- That the concepts included in each account correspond to those in the Group's Accounting Plan and Manual.
- That the estimates and important decisions were made on the basis of the latest information available in the business and are sufficiently well documented and justified.
- That responsibility is accepted for the reliability of the information contained in the consolidated financial statements of the Company or subgroup (where applicable) at the close of the financial year.

Furthermore, and with regard to the documentation describing the flows of activities and controls of the different types of transaction which can materially affect the financial statements, the Grupo Logista has prepared the required documentation which describes the control activities which cover all the purposes of controlling financial reporting for the Grupo Logista, by means of its corresponding ICOFR risk and control matrices, in accordance with the recommendations made by the CNMV in its "*Guía de Control Interno sobre la Información Financiera de las Entidades Cotizadas*" (Internal control guide on the financial information of the listed companies).

The aforementioned risk and control matrices contain information about, among other matters, the activity of control, the risk which has to be reduced, how often it has to be carried out and by whom, and the definition of critical control and fraud control.

F.3.2. Policies and procedures for the internal control of information systems (including security of access, management of changes, implementation of the same, operational continuity and segregation of functions) which support the entity's processes connected with the preparation and publication of financial information.

The Grupo Logista uses information systems to keep an adequate record and control of its operations, so their correct functioning is crucial for the Grupo Logista.

The Management of Information Systems within the Management of Corporate Resources is responsible for the Grupo Logista information and telecommunications systems. Among its functions is that of providing the Information Systems Department with a set of policies, procedures and technical and organisational means to ensure the

completeness, availability, confidentiality and continuity of the corporate information, including the financial information.

The regulations relating to the internal control of the information systems are available to all the employees through the Grupo Logista intranet, and consist of:

- The General Policy on Internal Control
- The strategic framework of the Information Systems
- The Protection of the Information Systems
- The Policy governing the Security of the Information Systems
- The Security Procedure for the Information Systems
- The IS Standards Manual.

The General Policy on Internal Control establishes the guidelines and directives relating to the management of the risks associated with the management and use of information systems and, specifically, in areas such as the control of access, the management of changes, the implementation of the same, operational continuity and the segregation of functions. This General Policy on Internal Control is complemented by the pertinent internal regulations established for that purpose.

The control of access is based on the setting-up of mechanisms of identification and authentication, on the establishment of profiles based on the minimum and indispensable requirements of the workstations, and on the segregation of functions through the definition of the incompatibilities existing between the functions carried out by the business areas and the resulting complementary activities.

The creation, modification or revocation of users or profiles is subject to an authorisation procedure controlled by the managers concerned.

Changes in the information systems and their subsequent operation are regulated by an internal policy which defines the turning-points, the requirements and the bodies governing the life span of the changes, with the aim of ensuring continuity in the Grupo Logista operations and the reliability and confidentiality of the changes made.

The availability of the information systems and the continuance of their functioning following an incident are guaranteed by a recovery plan for use in cases of corporate disaster. The plan establishes levels of criticality for each of the information systems, based on the risk associated with it, and on the maximum times for recovery defined by the Grupo Logista. To prepare for the eventuality of an incident, procedures have been designed and tested to identify the situations, in which the plan should be implemented, the scale of operation of each particular manager, and the method of implementing the plan. There is an annual calendar of tests of the plan for recovery from disasters affecting the Grupo Logista information systems.

The Grupo Logista has designed and implemented a matrix for the segregation of functions which segments the privileges of the users according to the minimum resources and information that are indispensable for the correct performance of the tasks associated with the workstations in the users' areas. In addition, and to complement the matrix for the segregation of functions, a set of measures and/or activities complementary to the segmentation of privileges has been established, such as the inclusion in the model of a group of users with greater privileges, with the aim, after an express request and while keeping track of the operations carried out, of supporting the operations of the corresponding users' area.

F.3.3. Policies and procedures of internal control designed to supervise the management of activities subcontracted to third parties, and of those aspects of evaluation, calculation or valuation entrusted to independent experts, and which can materially affect the financial statements.

For the current financial year, none of the processes resulting in the presentation of financial information with a material impact on the individual or consolidated financial statements of the Grupo Logista have been externalised, so the Grupo Logista has not required reports about the effectiveness of the controls established by entities outside the Grupo Logista, other than the requirements of the policies for contracting third parties which the Grupo Logista

uses in its Purchasing Policy.

However, as the result of the valuations is not significant, the Grupo Logista does repeatedly use reports of independent experts for the valuation of certain commitments to employees' benefits, and for the valuations of certain properties.

The Corporate Management of Finances monitors the work of those experts in order to check: competence, training, accreditation and independence, the validity of the data and methods used, and the reasonableness of the hypotheses used, if applicable.

F.4 Information and communication

Indicate whether the entity has at least the following, and if it has, indicate their main characteristics:

F.4.1. A specific function to define the accounting policies and to keep them up-to-date (an area or department of accounting policies) and to resolve doubts or conflicts arising from their interpretation, while maintaining fluid communication with those responsible for the operations in the organisation, and a manual of accounting policies which is updated and communicated to the units through which the entity operates.

The functions of the Management of Consolidation and Reporting, belonging to the Finance Corporate Directorate, are to define and communicate the accounting policies and keep them up-to-date, and it also has to answer enquiries about the accounting standards and their interpretation.

The Management of Consolidation and Reporting keeps abreast of changes in the accounting standards by means of communications with the external advisors and through the training which they themselves receive. These changes have to be analysed, and when they are applicable, the Accounting Policies defined in the accounting manual have to be updated.

The issue of all types of accounting standards is centralised in the Finance Corporate Directorate through their Management of Consolidation and Reporting department, which will be responsible for following and, if appropriate, applying, the modifications published in the regulations.

The Grupo Logista has a Manual of Accounting Policies, the purpose of which is to establish and describe the accounting policies and the Accounts Plan to which the financial information of all the Grupo Logista companies, the management information and the formation and formulation of the Grupo Logista Individual and Consolidated Annual Accounts must mandatorily be submitted.

In this way, it is intended to ensure that the content of the financial information and of the Individual and Consolidated Annual Accounts of the Grupo Logista are homogenous, consistent, accurate and harmonised, and that they are prepared on time.

F.4.2. Mechanisms for collecting and preparing financial information in homogenous formats, for application and use by all the units in the entity or the Group, and which support the principal financial statements and the notes, and the information given about the ICOFR.

The Grupo Logista main ERP tool is the 'SAP', which is used to record, at individual level, the accounting transactions from which financial information is obtained for the subsidiaries of the Grupo Logista. All the companies which constitute the Grupo Logista work in accordance with the same plan of accounts, which is homogenous and common to the whole Grupo Logista, contained in the Accounting Manual, and updated continuously.

The consolidated financial statements are prepared centrally from the financial statements which are reported in the established format by each of the Grupo Logista subsidiaries. To do that, the Grupo Logista has HFM consolidation software, which the Grupo Logista subsidiaries and companies use for reporting, and which enables the data to be aggregated, homogenised and analysed at individual and consolidated levels. In the consolidation process there are checks to ensure the correctness of the consolidated financial statements.

In addition, the Consolidation and Reporting Department has a series of internal guidelines – such as the procedures for consolidation, for inter-company transactions and for reporting, which are applicable to all the companies which constitute the Grupo Logista – which establish the mechanisms for collecting and preparing financial information in homogenous formats, the general rules, rules for the insertion of entries, for the approval of manual entries, opinions and estimates (including valuations and relevant projections) and a system for communicating financial information to the senior management and ensuring the homogeneity of the process of drawing up financial information.

F.5 Supervision of the functioning of the system

Report on at least the following, indicating their main characteristics:

F.5.1. The supervisory activities of the ICOFR carried out by the Auditing Committee, and whether the entity has an internal auditing function which has among its responsibilities that of supporting the Committee in its work of supervising the system of internal control, including the ICOFR. Also report on the scope of the evaluation of the ICOFR that was carried out during the financial year, and on the procedure by which the person responsible for carrying out the evaluation communicates its results, on whether the entity has a plan of action which details any necessary corrective measures, and on whether its impact on the financial reporting has been considered.

Given that the current financial year is the Grupo Logista first complete year as a quoted entity, the Grupo Logista has drawn up a plan of action to update its mechanisms for the internal control of financial reporting using the recommendations in the CNMV's Circular on the subject of the ICOFR. In this regard, through the Management of Internal Auditing, the Audit and Control Committee has been informed of the degree of fulfilment of the said plan of action. In addition, the Audit and Control Committee has reviewed the report of the External Auditor's opinion on this subject, and the information about the ICOFR which is included in the Annual Report on Corporate Governance.

The Grupo Logista has a Corporate Internal Auditing Department, with functional dependence on the Chairman of the Audit and Control.

In its Internal Audit Charter, approved by the Board through its Audit and Control Committee, the purpose, authority and responsibility of the activity of Internal Auditing, and its position within the organisation are defined. Among the responsibilities of the said function are the following (among others):

- To evaluate whether the processes, activities and aims of internal control which constitute the Grupo Logista System of Internal Control are adequate, effective and efficient, and guarantee the Group, the Audit and Control Committee, and the Board of Directors of the Grupo Logista the effective supervision of the system of management and control of risks, if necessary making recommendations, either directly or through the Grupo Logista Management of Internal Control, for its strengthening;
- In particular, to ensure that there is adequate supervision of the system of internal control of financial reporting (ICOFR).

With regard to planning, communication with the Audit and Control Committee, and implementation of corrective measures, the following responsibilities are defined in the Internal Audit Charter:

- In an open dialogue with the Management and the Audit and Control Committee, the drawing-up of an Annual Plan for Internal Auditing based on an appropriate method of risk management, and, if appropriate, on the needs expressed by the Businesses or Corporate Directorates. The work involved in the Annual Plan must be mainly orientated towards the GROUP's important risks. The Plan must envisage work for special, *ad hoc* requirements during the year. The Annual Plan, and any updatings of the Plan, will be sent to the Audit and Control Committee for its approval;
- The performance of the work described in the approved Auditing Plan, and the activities of verification, inspection and review described in the Internal Auditing Plan;
- The preparation and despatch of regular (at least quarterly) summary reports to the Audit and Control Committee, on the results of the activity of Internal Auditing in fulfilment of the Annual Plan for Internal

Auditing, or of other actions not included in the Plan, and on the monitoring by the Businesses and the Corporate Directorates or the Senior Management of the recommendations made;

- Collaboration with the Businesses and/or Corporate Directorates in the definition of the plans of action to comply with their recommendations, and supervision of their correct starting-up and implementation;

In view of the special circumstances of the current financial year, which is the first complete year as a quoted company, the scope of the evaluation of the ICOFR by the Internal Audit Department was the following:

- The drawing-up of a diagnosis of the degree of internal control of financial reporting existing in the Grupo Logista in relation to the 'Guide to the preparation of reports on the management of quoted entities issued by the CNMV', and the establishment of a plan of action with the pertinent corrective measures to align the control systems with the aforementioned Guide.
- The regular monitoring of the degree of fulfilment of the said plan of action and its communication to the Audit and Control Committee by means of the regular activity reports of the Internal Audit Department.
- The reviewing of the models for the internal control of financial reporting, and in particular, the identification of financial risks and the adequate design of internal controls to reduce them.
- The beginning of the fieldwork in one of the material processes for the ICOFR, after the approval by the Audit and Control Committee of that activity as a complement to the Auditing Plan for the financial year.

F.5.2. Whether the entity has a discussion procedure by which the accounts auditor (in accordance with what is established in the NTA), the function of internal auditing and other experts can inform the senior management or the entity's administrators of the significant weaknesses in internal control that were identified during the annual review of the accounts or during any other processes that were entrusted to them. And also, whether the entity has a plan of action aimed at correcting the weaknesses observed or mitigating their effect.

The Audit and Control Committee meets at least quarterly with the aim of obtaining and analysing the necessary information in order to fulfil the responsibilities entrusted to it by the Board of Directors. There is a plan of the subjects which have to be dealt with in the agendas of the Auditing Committees, including the sessions attended by the Management of Internal Auditing, the Accounts Auditor, and fiscal experts or other experts when this is considered necessary. In this regard:

- The external auditors are present at, and report on, all the sessions of the Committee in which regulated financial information and accounts formulations are analysed. In those sessions, the external auditor reports to the Committee on important Auditing and Accounting matters, and on the recommendations identified as those which would enable the internal control system to improve. He also presents the planning of the Accounts Auditing, its methodology, legislative innovations, and any other information considered to be useful.
- The Management of Internal Auditing has full access to the Audit Committee, attending its sessions as a guest, and issuing information, at least weekly, both about detected significant weaknesses in internal control and about the state of the action plans arising out of the audits with a view to correcting the detected weaknesses in internal control.

In addition, the Chairman of the Audit and Control Committee has private discussions with the Management of Internal Auditing and with the External Auditor, in order to obtain information about the scope of their work, its results and the content of their reports, and any other information considered to be useful.

F.6 Other relevant information

Not applicable.

F.7 The External Auditor's report

Report on:

F.7.1. Whether the information about the ICOFR that has been sent to the markets was subject to review by the external auditor, in which case the entity should include the corresponding report as an annexe. If it was not reviewed, the entity should explain the reasons for this.

The Grupo Logista has submitted for review by the external auditor the information about the ICOFR that was sent to the markets for financial year 2015. The scope of the auditor's review procedures was in accordance with Circular E14/2013 of 19th July, 2013, of the *Instituto de Censores Jurados de Cuentas de España*, in which the 'Guide to Action and Model Auditor's Report relating to the system of Internal Control of Financial Reporting (ICOFR) in quoted entities', which is attached as an annexe, was published.

G DEGREE TO WHICH THE GOOD GOVERNANCE RECOMMENDATIONS HAVE BEEN FOLLOWED

Indicate the degree of conformance of the company to the recommendations of the Unified Good Governance Code.

If any recommendation is not complied with or complied in part by the Company, a detailed explanation of the reasons should be included, providing shareholders, investors and the market in general with sufficient information to assess the company's course of action. General explanations will not be acceptable.

1. The By-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies

2. When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:

a) Their respective areas of activity, and any business dealings between them as well as between the controlled listed company and other companies belonging to the Group;

b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: D.4 and D.7

Not applicable

3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Meeting of Shareholders for approval:

a) The transformation of listed companies into holding companies through "subsidiarization" or reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;

b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;

c) Transactions whose effect is tantamount to the liquidation of the Company.

See section: B.6

Complies

4. Detailed proposals of the resolutions to be adopted at the General Meeting of Shareholders, including the information to which recommendation 27 refers, are made public at the time of publication of the notice of the

General Meeting of Shareholders.

Complies

5. Matters that are substantially independent are voted on separately at the General Meeting of Shareholders, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

- a) To the appointment or ratification of Directors, issues which shall be voted on individually;
- b) In the event of amendments of the Articles of Association, to each article or group of articles that is substantially independent of one another.

Complies

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for different clients can divide their votes in accordance with the instructions given by such clients.

Complies

7. The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it operates and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies

8. The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to supervise and control that Management meets the goals set while pursuing the company's interest and corporate purpose. As such, the Board in plenary session reserves for itself the right to approve:

- a) The company's policies and general lines of strategy, and in particular:
 - i) The strategic or business Plan as well as the management goals and annual budgets;
 - ii) The investment and financing policy;
 - iii) The design of the structure of the corporate Group;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;
 - vi) The policy for compensation and assessment of the performance of senior managers;
 - vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.
 - viii) The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.

See sections: C.1.14 and E.2

- b) The following decisions:
 - i) At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.
 - ii) The compensation of Directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.
 - iii) The financial information that the Company must periodically disclose publicly due to its status as listed company.

- iv) Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Meeting of Shareholders.
- v) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the Group.
- c) Transactions made by the company with Directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("Related-Party Transactions").

However, Board authorization need not be required in connection with Related-Party Transactions that simultaneously meet the following three conditions:

- 1st They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;
- 2nd They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;
- 3rd The amount thereof is not higher than 1% of the annual revenues of the Company.

It is recommended that Related-Party Transactions be approved by the Board after favourable report of the Audit and Control Committee or, where appropriate, such other committee handling the same function; and that the Directors affected thereby should neither exercise nor delegate their votes, and should be absent from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the Board in plenary session.

See sections: D.1 and D.6

Complies

9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no less than five and no more than fifteen members.

See section: C.1.2

Complies

10. External proprietary and independent directors are a vast majority on the Board and the number of executive Directors is the minimum necessary number, bearing in mind the complexity of the corporate Group and the percentage interest held by the executive Directors in the company's share capital.

See sections: A.3 and C.1.3.

Complies

11. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1st In large cap companies, where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.

2nd In case of companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: A.2, A.3 and C.1.3

Explain

Imperial Tobacco Group, indirect holder of 70% of the share capital of the Company, is represented at the Board by four directors, in accordance with the Framework Agreement dated 12 June 2014, that governs the relations between both Companies. The Framework Agreement establishes the following, regarding the Board composition:

- i) the number of members of the Board may not be less than ten nor greater than the maximum statutory limit of fifteen.
- ii) the maximum number of Executive directors will be two; and
- iii) the number of Proprietary Directors representing Imperial Tobacco on the Company's Board of Directors will not exceed the number of Independent Directors by more than two, providing that other proprietary directors have not been appointed to represent shareholders other than Imperial Tobacco. Nevertheless, if there are proprietary directors on the Company Board other than the ones appointed by Imperial Tobacco, Imperial Tobacco reserves the right to appoint new directors, so that the number of the latter comprises the absolute majority of the members of the Board.

12. The number of independent directors represents at least one-third of the total number of directors.

See section: C.1.3

Complies

13. The status of each director is explained by the Board at the General Meeting of Shareholders at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the appointments committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Complies

14. Where female directors are few or non-existent, the appointments committee takes steps to ensure that, when new vacancies are filled:

- a) Recruitment processes do not have an implied bias that hinders the recruitment of female directors;
- b) The company deliberately seeks women with the target professional profile and includes them among the potential candidates.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies

15. The Chairman, being responsible for the effective running of the Board, ensures that Directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of Directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular assessments of the Board and, where appropriate, of the Managing Director or Chief Executive Officer.

See sections: C.1.19 and C.1.41

Complies

16. Where the Chairman of the Board is also the chief executive officer, one of the independent Directors is authorized to request the calling of a Board meeting or the inclusion of new items on the agenda; to coordinate and echo the concerns of external Directors; and to lead the Board's assessment of the Chairman.

See section: C.1.22

Not applicable

17. The Secretary of the Board takes particular care to ensure that the Board's actions:

- a) Adhere to the letter and the spirit of Laws and their implementing regulations, including those approved by the regulatory authorities;
- b) Comply with the Articles of Association and the Regulations of the General Meeting of Shareholders, the Board of Directors' Regulations and other regulations of the company;
- c) Are informed by those good governance recommendations included in this Unified Code as the company has subscribed to.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and removal are reported by the Appointments Committee and approved by the Board in plenary session; and that such appointment and removal procedures are set forth in the Board's Regulations.

See section: C.1.34

Complies

18. The Board meets with the frequency required to perform its duties effectively, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.

See section: C.1.29

Complies

19. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: C.1.28

Complies

20. Where Directors or the Secretary express concerns about a proposal or, in the case of the Directors, regarding the running of the company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

Complies

21. The Board in plenary session assesses the following on a yearly basis:

- a) The quality and efficiency of the running of the Board;
- b) On the basis of the report submitted by the Appointments Committee, the performance of their duties by the Chairman of the Board and by the chief executive officer;
- c) The running of its Committees, on the basis of the report they submit;

See sections: C.1.19 and C.1.20

Explain

During this fiscal year, the Board has not celebrated any session to evaluate its activity.

22. All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the Articles of Association or the Board's Regulations provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.

See section: C.1.41

Complies

23. All Directors are entitled to call on the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.

See section: C.1.40

Complies

24. Companies organize induction programs for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.

Explain

The Board Regulations (Art. 22.3) state that the Company will provide necessary support to new Directors so that these may acquire swift and sufficient knowledge on the company as well as its corporate governance rules. Likewise, the Company may establish, if necessary, help programmes for Directors.

Until now, the Company has not established any help programme for Directors.

25. Companies require that Directors devote sufficient time and effort to perform their duties effectively, and, as such:

- a) Directors inform the Appointments Committee of their other professional duties, in case they might detract from the necessary dedication;
- b) Companies lay down rules about the number of boards on which their Directors may sit.

See sections: C.1.12, C.1.13 and C.1.17

Complies

26. The proposal for the appointment or re-election of Directors that the Board submits to the General Meeting of Shareholders, as well as their interim appointment through the co-opting system, are approved by the Board:

- a) On the proposal of the Appointments Committee, as regards independent Directors;
- b) After report of the Appointments Committee, as regards the remaining Directors.

See section: C.1.3

Complies

27. Companies post the following information regarding Directors on their websites, and keep such information updated:

- a) Professional and biographical profile;
- b) Other Boards of Directors of listed or unlisted companies on which they sit;
- c) Indication of the Director's category, stating, as regards proprietary Directors, the shareholder they represent or to whom they are related.
- d) Date of their first and subsequent appointments as a company Director; and
- e) Shares held in the company and options thereon held by them.

Complies

28. Proprietary Directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them does likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary Directors.

See sections: A.2 , A.3 and C.1.2

Complies

29. The Board of Directors does not propose the removal of any independent Director prior to the expiration of the term, set in the Articles of Association, for which he/she was appointed, except where good cause is found by the Board upon a prior report of the Appointments Committee. In particular, good cause shall be deemed to exist whenever the Director has failed to perform the duties inherent in his /her position or comes under any of the circumstances leading him/her to no longer being independent, pursuant to the provisions of Order EEC/461/2013.

The removal of independent Directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the share capital structure of the company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

30. Companies establish rules obliging Directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.

If a Director is indicted or tried for any of the crimes described in Section 213 of the Act on Capital Companies, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the Director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies

31. All Directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

Where the Board adopts material or reiterated resolutions about which a Director has expressed serious reservations, such director draws the pertinent conclusion and if he/she chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he/she is not a Director.

Complies

32. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a relevant fact, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See section: C.1.9

Complies

33. Remuneration paid by means of delivery of shares in the company or companies that are members of the Group, share options or instruments indexed to the price of the shares, and variable compensation linked to the company's performance or pension schemes is confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subject to the condition that the Directors hold the shares until they cease to hold office as directors.

Complies

34. The remuneration of external Directors is such as is necessary to compensate them for the dedication,

qualifications and responsibility required by their position, but is not so high as to jeopardize their independence.

Complies

35. The compensation linked to company results takes into account any qualifications included in the external auditor's report that reduce such earnings.

Explain

The Company does not have any internal rule in that sense, but in accordance with article 46.4 of the Board Regulations, the Board of Directors will ensure accounts are prepared in such a way that there is no place for exceptions on the auditor's behalf.

36. In the case of variable compensation, compensation policies include limits and technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies

37. Where there is an Executive Committee (hereinafter, the "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.

See sections: C.2.1 and C.2.6

Not applicable

38. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Not applicable

39. In addition to the Audit Committee mandatory under the Stock Exchange Act, the Board of Directors forms a single Appointments and Remuneration Committee, or an Appointments Committee and a Remuneration Committee.

The rules governing the make-up and operation of the Audit Committee and the Appointments and Remuneration Committee or committees are set forth in the Board's Regulations, and include the following:

a) The Board appoints the members of such Committees, taking into account the knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work.

b) These Committees are formed exclusively of external Directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive Directors or senior managers, when expressly resolved by the members of the Committee.

c) The Chairmen of the Committee are independent Directors.

d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties.

e) Minutes are prepared of their meetings, and a copy sent to all Board members.

See sections: C.2.1 and C.2.4

Complies

40. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit Committee, the Appointments Committee or, if they exist separately, to the Compliance or Corporate Governance Committee.

See sections: C.2.3 and C.2.4

Complies

41. The members of the Audit Committee and, particularly, the Chairman thereof, are appointed taking into account their knowledge and experience in accounting, auditing or risk management matters.

Complies

42. Listed companies have an internal audit function which, under the supervision of the Audit Committee, ensures the smooth operation of the information and internal control systems.

See section: C.2.3

Complies

43. The head of internal audit submits to the Audit Committee his/her annual work plan; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.

Complies

44. Risk control and management policy specifies at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks.
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;
- d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: E

Complies

45. It is incumbent on the Audit Committee:

1st With respect to the internal control and reporting systems:

- a) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.
- b) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.
- c) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.

2nd With respect to the external auditor:

- a) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.
- b) To monitor the independence of the external auditor, to which end:
 - i) The company reports a change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.
 - ii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies

46. The Audit Committee may cause any employee or officer of the company to appear before it, and even order their appearance without the presence of any other manager.

Complies

47. The Audit Committee reports to the Board, prior to the passing thereby of the relevant resolutions, on the following matters specified in Recommendation 8:

a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.

b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control Committee.

See sections: C.2.3 and C.2.4

Complies

48. The Board of Directors endeavours to present the annual accounts to the General Meeting of Shareholders without reservations or qualifications in the auditor's report and, in the exceptional cases where they do exist, both the Chairman of the Audit Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See section: C.1.38

Complies

49. The majority of the members of the Appointments Committee –or of the Appointments and Remuneration Committee, if one and the same– are independent directors.

See section: C.2.1

Explain

See Recommendation 12.

50. The Appointments and Remuneration Committee has the following duties, in addition to those stated in the earlier Recommendations:

a) To assess the qualifications, knowledge and experience needed in the Board, to define, as a consequence, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive officer, and if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.

c) To report on senior manager appointments and removals that the chief executive officer proposes to the Board.

d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Complies

51. The Appointments Committee consults with the Company's Chairman and chief executive officer, especially on

matters relating to executive Directors.

And that any Director may request that the Appointments Committee consider possible candidates to fill vacancies for the position of Director, if it finds them suitably qualified.

Complies

52. The Remuneration Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

- a) To propose to the Board of Directors:
 - i) The compensation policy for Directors and senior managers;
 - ii) The individual compensation of executive Directors and other terms of their contracts.
 - iii) The basic terms and conditions of the contracts with senior managers.
- b) To ensure compliance with the compensation policy set by the company.

See sections: C.2.4

Complies

53. The Remuneration Committee consults with the Chairman and chief executive officer of the Company, especially on matters relating to executive Directors and senior managers.

Complies

H OTHER INFORMATION OF INTEREST

1. If there is any other relevant aspect as regards corporate governance in the company or in group entities that has not been covered in this Report, but is necessary to include to provide more comprehensive and well grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.

2. In this section, any other information, clarification or nuance may be included that is related to the previous sections of the report, to the extent that they are relevant and not reiterative.

In particular, indicate if the company is subject to different legislation than the Spanish legislation in corporate governance matters and, where appropriate, include the information that the company is obligated to provide which is different to that required in this report.

3. The company may also indicate if it has voluntarily signed up to other international industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company at its meeting of 27 October 2015.

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

NO

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. FOR THE FISCAL YEAR ENDED ON 30 SEPTEMBER 2015

To the Directors of
Compañía de Distribución Integral Logista Holdings, S.A.:

As requested by the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. ("the Entity") and in accordance with our proposal-letter of 15 September 2015, we have applied certain procedures to the accompanying "Information relating to the ICFR" of Compañía de Distribución Integral Logista Holdings, S.A. for the fiscal year ended on 30 September 2015, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for the fiscal year ended on 30 September 2015 described in the accompanying information on the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required considering the minimum content described in section F, relating to the description of the ICFR system, of the ACGR form, as established in CNMV Circular 5/2013 of 12 June 2013.
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit and Control Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.
5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of article 540 of Corporate Enterprises Act and by CNMV Circular 5/2013 of 12 June 2013, published by the Spanish National Securities Market Commission for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Jose Luis Aller

October 28, 2015

Certificate on the issuance of the financial statements

Financial Statements and Directors Report for the year ended 30 September 2015, have been formally prepared by the Board of Directors, Compañía de Distribución Integral Logista Holdings, S.A, at its meeting on 27 October 2015 in order to be audited and approved by the Shareholders.

Corporate Governance Annual Report for the year ended 30 September 2015, which is part of Directors Report, is included below as a Directors Report separate section.

Financial Statements and Directors Report are set forth on 22 sheets, on the obverse only, all of which are signed by the Chairman and Secretary of the Board of Directors, who in witness whereof, have signed below:

D, Gregorio Marañón y Bertrán de Lis
Chairman

D, Luis Egido Gálvez
Chief Executive

D, Stéphane Lissner
Director

D^a, Cristina Garmendia Mendizábal
Director

D, Eduardo Zaplana Hernández-Soro
Director

Mr, John Matthew Downing
Director

Mr, Richard Guy Hathaway
Director

Mr, David Ian Resnekov
Director

D, Nicholas James Keveth
Director

D, Rafael de Juan López
Director and Secretary of the Board

Leganés, 27 October 2015