



TRANSLATION FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

**Policy on the Remuneration of Directors of the
Compañía de Distribución Integral Logista Holdings, S.A.
("LOGISTA") for 2019-2021**

**Date: Approval of the Board of Directors
23rd January, 2018**

CONTENTS

1. Preamble	4
1.1 Regulatory framework	4
1.2 Proposed resolution	6
2. The Company's internal regulations	7
3. General principles of the Policy on the Remuneration of Directors	11
3.1 Principles and bases	11
3.2 Characteristics of the Policy on the Remuneration of Directors in their capacity as such	13
3.3 Characteristics of the Policy on the Remuneration of Executive Directors	14
4. Components of the remunerative system applicable to Directors in their capacity as such	15
5. Components of the remunerative system applicable to Executive Directors	17
5.1 Fixed Remuneration	19
5.2 Variable Remuneration	20
5.2.1 Short-Term (annual) Variable Remuneration	22
5.2.2 Deferred medium- and long-term (multiannual) Variable Remuneration	23
5.2.3 Ex-post adjustments to variable remuneration: "clawback" clause	27
5.2.4 Obligation to keep Company shares	28
5.3 Long-term savings schemes	28

5.4 Remuneration in kind	28
6. The main terms and conditions of Executive Directors' contracts	29
7. The incorporation of new Directors	30
8. Implementation of the Policy	31
9. Term of validity of the Remuneration Policy	31

1. Preamble

1.1 Regulatory framework

Royal Legislative Decree no.1/2010, of 2nd July, approving the consolidated text of the Law of Capital Companies (hereinafter, the “**LCC**”) establishes, among other things, the requirement that listed capital companies must have a policy for the remuneration of their Directors. It also stipulates that the said policy must conform to the system of remuneration laid down by statute, and must be approved by the general shareholders’ meeting at least every three years, as a separate item of the agenda.

In accordance with Article 529 novodecies of the LCC and Transitional Provision 2 a) of Law 31/2014, which amends the LCC to improve corporate governance, the policy on the remuneration of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. (the “**Company**” or “**LOGISTA**”) and of its subsidiary companies (hereinafter described as the “**Logista Group**” or the “**Group**”) is included in the annual report on the remuneration of Directors relating to fiscal year 2013-2014 (hereinafter, “**IARC 2013-2014**”), on which the General Meeting of the Company’s Shareholders (hereinafter the “**General Meeting**” or the “**General Shareholders’ Meeting**”), held on 17th February, 2015, voted favourably. Consequently, in accordance with the said Transitional Provision, it will be understood to be the Remuneration Policy for the three following years, 2016, 2017 and 2018.

Sections 3 and 5 of Article 529 novodecies of the LCC stipulate that any amendment or substitution of the remuneration policy during its term of validity will require the approval of the general shareholders' meeting, and that any remuneration received by Directors for the exercise or termination of their functions and for the performance of executive duties will be in accordance with the policy on the remuneration of Directors that is in force at the time, apart from remuneration which has been expressly approved by the general meeting.

Following the approval by the *Comisión Nacional del Mercado de Valores* (National Securities Market Commission), on 18th February, 2015, of the Code of Good Governance of listed companies (hereinafter, the "**CGG**"), which gives more details about the recommendations for the remuneration of Directors, the Appointments and Remuneration Committee (hereinafter, the "**Appointments and Remuneration Committee**" or the "**ARC**") of the Company's Board of Directors (hereinafter, the "**Board of Directors**" or the "**Board**") carried out a detailed review of the remuneration policy contained in the 2013-2014 IARC.

The General Shareholders' Meeting of 21st March, 2017, in line with the Code of Good Governance, modified part of the Policy on the Remuneration of Directors in order to:

- i) Include, in the contractual terms and conditions of executive directors, "ex-post" adjustments to their short-, medium- and long-term Variable Remuneration, and the obligation to keep the Company shares which they receive because of their participation in medium- or long-term Variable Remuneration Plans, and to
- ii) Reconcile the receipt of both the fixed remuneration of the Chairman of the Board of Directors and the fixed remuneration of the Chairman of the Appointments and Remuneration Committee, even when both offices are discharged by the same person.

In order to fulfil the Company's commitment to adequate monitoring of changes in regulations, of the best market practices, and of recommendations and guidelines for corporate governance, the ARC has proposed to the Board of Directors an amendment to the aforementioned remuneration policy, which the Board of Directors has decided to submit to the Ordinary General Shareholders' Meeting.

The new policy on the remuneration of the Company's Directors (hereinafter, the "**Remuneration Policy**" or the "**Policy**") retains the modifications made in 2017, in connection with (i) the introduction of ex-post adjustments to the variable remuneration of the Company's executive directors (hereinafter, "**Executive Directors**"), (ii) the obligation to keep shares received by Executive Directors as variable remuneration, and (iii) the inclusion in that Policy of the broad terms of the 2017 General and Special Long-Term Incentive Plans, which, at the proposal of the Board, and following a report from the ARC, were approved by the General Meeting on 21st March, 2017.

1.2 Proposed resolution

In view of the foregoing, the Board of Directors, in its meeting of 23rd January, 2018, and at the proposal of the ARC, approved this Remuneration Policy and therefore submitted it to the General Shareholders' Meeting, in accordance with the LCC.

Any remuneration received by Directors, in their capacity as such, for the exercise or termination of their office, and by Executive Directors for the performance of executive duties, will be in accordance with this Policy. The Policy has been approved by the Board of Directors, who took account of (i) the legal changes included in the said LCC, thus complying with the provisions of the LCC in relation to the remuneration of Directors; (ii) the Company's internal regulations (the Bylaws and the Rules of the Board of Directors) that were in force on the date of approval of the said Policy; (iii)

the principles and recommendations contained in the Code of Good Governance; and (iv) the resolutions adopted by the General Shareholders' Meeting.

2. The Company's internal regulations

Both the Company's Bylaws (hereinafter, the "**Bylaws**") and the Rules of the Company's Board of Directors of 26th January, 2016, (hereinafter, the "**Rules of the Board of Directors**") lay down the principles on which the Remuneration Policy is based. With regard to the remuneration of Directors, Article 39 of the Company's Bylaws stipulates the following:

"Article 39- REMUNERATION

The post of Director will be remunerated. The remuneration of Directors, in their capacity as such, will consist of a fixed monthly allowance in cash plus certain expenses to cover attendance at meetings of the Board of Directors and of its Delegated and Consultative Committees.

The remuneration policy for Directors will be approved by the General Shareholders' Meeting at least every three years, and must necessarily include, within the system of remuneration envisaged by this Article, the maximum amount of remuneration to be paid to the Directors as a whole, in their capacity as such.

It falls to the Board of Directors to determine the remuneration of each of the Directors, in their capacity as such. For that purpose, the Board will take account of the functions and responsibilities assigned to each Director, membership of Board Committees, and other objective circumstances which it considers as relevant.

In addition, Directors may be remunerated with Company shares, the granting of rights of option over the same, or by any other system based on the value of the shares, the effective application of which will require a resolution of the General Shareholders' Meeting, who will indicate, when applicable, the number of shares to be delivered, the exercise price for the option rights, the share value taken as a reference, the term of this remuneration system, and any other legal requirements. When Directors do not reside in the municipality where the Committee or Board Meeting is held, they will also be entitled to reimbursement of their travelling, subsistence and hotel expenses.

In the event that any of the Directors performs executive duties in the Company, whatever the nature of their legal relationship with the Company, and regardless of their remuneration as members of the Board of Directors, they will be paid a fixed amount in accordance with the services which they perform and the responsibilities which they assume, and also a variable amount, as well as being included in the pension and insurance schemes, including that of Social Security (when applicable) and the incentive schemes for the Company's Senior Management.

It falls to the Board of Directors to fix the remuneration of the Directors who perform executive duties and the terms and conditions of their contracts, in accordance with the provisions of the Law, of this Article, and of the remuneration policy for Directors approved by the General Shareholders' Meeting.

When Directors cease to exercise the executive functions agreed with the Company, that cessation not being due to any failure on the part of the Director, the latter will be entitled to the agreed amount of compensation, or, failing this, and except for the Chief Executive Officer, to the amount stated in their contract of employment with the Company existing at the time of their appointment as Director which, at least for this purpose, will be considered to be still in force. For this purpose, the remuneration will be considered to be their remuneration at the time of the cessation of their executive functions."

With regard to the remuneration of Directors, the Rules of the Board of Directors also stipulate that:

"Article 30.- Directors' Remuneration

1. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and to reward the commitment, abilities and responsibility which the post demands.

2. The remuneration of Directors, in their capacity as such, is governed by the provisions of the Bylaws and of the Policy on the Remuneration of Directors, which is approved by the General Meeting at least every three years, and which must necessarily include, within the remuneration system envisaged by the Bylaws, the maximum amount of the annual remuneration to be paid to the Directors as a whole, in their capacities as such.

The determination of the remuneration of each Director, in their capacity as such, is the task of the Board of Directors, who for that purpose will take account of the functions and responsibilities assigned to each Director, and any other objective circumstances deemed to be relevant.

3. Directors who perform executive duties in the Company, whatever the nature of their relationship with it, and regardless of the remuneration which they receive by reason of their status as Directors, will be remunerated in accordance with the provisions of the Bylaws and of the Policy on the Remuneration of Directors approved by the General Meeting, which must necessarily consider the amount of the fixed annual remuneration, any changes in it during the period to which that Policy relates, the various parameters used to establish the variable components, and the main terms and conditions of their contracts, including, in particular, their term, the compensation for early cessation or for termination of the contractual relationship, and clauses covering exclusivity, post-contractual non-competition, and minimum term of service (loyalty).

It falls to the Board of Directors to fix the Directors' remuneration for the performance of their executive functions, and the terms and conditions of their contracts, in accordance with the provisions of the Bylaws and of the Policy on the Remuneration of Directors, with the vote in favour of two-thirds of its members. The Executive Directors concerned must not attend the deliberations or participate in the voting. The approved contract must be attached as an appendix to the minutes of the meeting.

All categories of executive functions for which remuneration may be obtained must be specified in the contract. If applicable, these include any compensation for early cessation from the position, within the limits, if any, fixed by the Bylaws, and also the amounts to be paid by the Company or a company in its Group as insurance premiums or contributions to savings schemes.

The Board of Directors will also set the objectives associated with the determination of the short-term, variable remuneration of the Executive Directors, as well as evaluating the degree of achievement of those objectives and the criteria established in any long-term Variable Remuneration Plans in which they may have been included.

4. The Board of Directors will ensure transparency in the Directors' remuneration, and to that end will record, in the Company's Annual Report, detailed information about all the remuneration received by each Director, whether in the capacity of Director, executive or any other capacity, from the Company or from any other company in the Company's group.

5. The Board of Directors will approve the Annual Report on Directors' Remuneration, in accordance with the relevant provisions, and it will be submitted to a consultative vote of the Ordinary General Meeting, as a separate item of the agenda."

"Article 31.- Non-Executive Directors' Remuneration

The Board of Directors and the Appointments and Remuneration Committee will adopt all such measures as are available to them to ensure that the remuneration of the non-executive Directors is in accordance with the system established in the Bylaws, with the Policy on the Remuneration of Directors, and with the following guidelines:

- a) The non-executive Director should be remunerated in accordance with the amount of time effectively devoted to the post;*
- b) The non-executive Director should be excluded from Company pension plans in cases of cessation, death or any other, and from remuneration consisting of shares in the Company or in companies in the Company's group, stock options, instruments indexed to the value of shares, or variable remuneration linked to the performance of the Company or of companies belonging to the Company's group;*
- c) The amount of the non-executive Director's remuneration should be calculated in such a way that it offers incentives for dedication, but is not an obstacle to his/her independence.*

In accordance with all of the foregoing, the principles and bases of the Policy on the Remuneration of Directors are described below.

3. General principles of the Policy on the Remuneration of Directors

3.1 Principles and bases

The remuneration of the Company's Directors is determined by taking account of (i) the regulations applicable to capital companies, viz., the LCC; (ii) the Bylaws, the Rules of the Company's Board of Directors and the Policy on the Remuneration of the Group's Senior Management (as they relate to Executive Directors); (iii) the objectives set in the Group's Business Plan (hereinafter, the "**Business Plan**"); and (iv) the resolutions adopted by the General Shareholders' Meeting.

In addition, when defining its Remuneration Policy, the Company ensures that it conforms to the principles of, and recommendations for, good corporate governance, the best market practice and the guidelines of institutional investors and proxy advisors (hereinafter, "**proxy advisors**").

In view of the foregoing, the general principles on which the Remuneration Policy is based are the following:

- The creation of value for the shareholder in a manner which is sustainable over time.
- Competitiveness, through the establishment of a remunerative framework which is aligned with the best practices in the marketplace, competitive in relation to that of comparable companies, and which attracts and retains the best professionals.
- Rewarding in accordance with levels of responsibility and professional track record.
- A reasonable balance between fixed and variable remuneration, reflecting adequate management of risks with the achievement of defined objectives.

- Remuneration linked to results: a significant proportion of the total remuneration of the Company's Executive Directors is variable, its payment being linked to the achievement of financial, business and value-creation objectives which are pre-determined, specific, quantifiable and aligned with the Business Plan.

The Remuneration Policy is designed to attract, retain and motivate the best professionals, while establishing a stable and durable link between remuneration, results and the shareholders' interests, thereby achieving the Group's long-term objectives.

Article 39 of the Bylaws stipulates that the position of Director must be remunerated, and specifies the remunerative systems applicable to Directors in accordance with their status.

In accordance with the aforementioned Article, and with Articles 30 and 31 of the Rules of the Board of Directors, the Remuneration Policy distinguishes between the remuneration of Directors in their capacity as such and the remuneration of Directors who perform executive duties.

The characteristics of the remunerative system for Directors, in their capacity as such, and of that of Executive Directors, are described below.

3.2 Characteristics of the Policy on the Remuneration of Directors in their capacity as such

The application of the principles listed in point 3.1 above, in relation to the remuneration system of the Company's Directors in their capacity as such, produces the following characteristics in their remuneration:

- Remuneration in accordance with the positions, duties and responsibilities assumed by the Director in the Board of Directors and its Committees. In this regard, the remuneration of each Director differs from that of the others, the amounts of the fixed remuneration being greater in the case of the Chairman of the Board of Directors (hereinafter, the "**Chairman of the Board**") and of its delegated Committees. The amounts paid as expenses for attendance at meetings also vary, depending on whether the meetings are those of the Board of Directors, the Audit and Control Committee (hereinafter, the "**Audit and Control Committee**") or the ARC.
- It is reasonable for their reward to reflect their dedication, skill and responsibility, without being an obstacle to their duty of loyalty or independence of judgement.
- It is aligned with the standards of corporate governance and with market conditions, taking account of the Group's characteristics and activity.
- Finally, and in accordance with the recommendations of the Code of Good Governance, Directors, in their capacity as such, have no (i) systems of variable remuneration, either in cash or in shares, stock options or rights over shares or instruments referenced to the share value; (ii) life assurance; or (iii) long-term savings schemes or other pension schemes.

3.3 Characteristics of the Policy on the Remuneration of Executive Directors

The characteristics of the remunerative system for Directors who perform executive duties are the following:

- Remuneration is assigned for the performance of executive duties.
- There is an effective balance between its fixed and variable components.
- The variable remuneration has a medium- and long-term component which stimulates Directors' strategic performance, and another component which rewards the obtention of results in the short term. A sufficient proportion of the variable remuneration is linked to (i) medium- and long-term objectives, and (ii) the deferred award of the Company's own shares.
- The remunerative system is consistent with an appropriate and efficient management of risk and with the Company's business strategy, values and long-term interests, and is orientated towards promoting the Company's profitability and long-term sustainability.
- It takes account of market trends and of the principles and recommendations of good governance, and is effective in attracting and retaining the best professionals.

Thus the Policy on Remuneration is orientated towards the generation of value in the Group, and seeks to be aligned with the interests of the shareholders, with prudent risk management and with strict compliance with current regulations governing the remuneration of directors of listed companies.

There follows a description of the components of the remunerative system which is specific to Directors and Executive Directors, for the exercise of their executive functions, and which is based on the aforementioned principles.

4. Components of the remunerative system applicable to Directors in their capacity as such

The remuneration of the Directors in their capacity as such consists of a fixed monthly amount in cash, in conformity with the standards of the marketplace, and in accordance with the responsibilities which they hold within the Board and its Committees. The remuneration will also include allowances for attendance at meetings, which will take account of the degree of responsibility, and will depend on whether the duties are performed in a meeting of the Board of Directors, of the Audit and Control Committee or of the Appointments and Remuneration Committee. These allowances will not prevent the reimbursement of duly documented expenditure on travelling to the meetings, and on sustenance and hotel accommodation, incurred by Directors who do not reside in the municipality where the Board or Committee meetings are held.

The General Meeting, when approving the Remuneration Policy, fixes the maximum amount of annual remuneration to be paid to Directors in their capacity as such. The Board of Directors will be the body responsible for determining the remuneration of each Director, in his/her capacity as such, for which purpose it will consider and evaluate the functions and responsibilities assigned to each Director, membership of the Board's committees, and other objective circumstances which it considers relevant.

For the purposes of Article 39 of the Bylaws and of Article 217.3 of the LCC, the General Meeting of the Company's Shareholders that was held on 17th February, 2015, gave approval to the fixing at 1,300,000 euros of the maximum amount of annual remuneration to be paid to the Directors as a whole (in their capacity as such) for fixed remuneration plus allowances for attendance at Board and Committee Meetings, an amount which will remain unchanged until the General Shareholders' Meeting resolves to modify it.

For its part, the Appointments and Remuneration Committee suggested to the Board of Directors that Board Members, in their capacity as such, should

receive, in 2018-2019, the same fixed remuneration and allowances for attendance at Board and Committee Meetings as were established by resolutions of the Board of Directors on 18th July and 17th September, 2014, and on 31st October, 2017, within the above-mentioned maximum, as follows:

- Fixed monthly remuneration in cash:
 - For the Chairman of the Board, the fixed monthly remuneration amounts to 30,000 euros.
 - The fixed monthly remuneration for Board Members (except proprietary Directors) for their membership of the Board of Directors amounts to 5,000 euros.
 - The fixed monthly remuneration of the Chairman of the Appointments and Remuneration Committee is 1,666.66 euros.
 - The fixed monthly remuneration of the Chairperson of the Audit and Control Committee is 1,666.66 euros.
- Allowances for attendance at meetings:
 - Of the Board of Directors (except for proprietary Directors): 2,750 euros per session.
 - Of the Audit and Control Committee: 1,600 euros per session.
 - Of the Appointments and Remuneration Committee: 1,000 euros per session.

As mentioned earlier, External Proprietary Directors do not receive any remuneration for their membership of the Board of Directors, nor for attending its meetings or those of its Committees.

These amounts will remain fixed until the Board of Directors resolves to change them, and will always be within the maximum annual amount of the remuneration of Board Members, in their capacity as such, that was approved by the General Shareholders' Meeting of 17th February, 2015, on which a report will be included in the annual report on Directors' remuneration which will be submitted annually for the consideration of the General Shareholders' Meeting, and which must contain the relevant details required by Law.

The remuneration of Directors, in their capacity as such, is aligned with Recommendation 57 of the CGG, so they do not receive variable remuneration, nor any remuneration from pensions or life assurance policies, nor do they participate in remunerative plans based on the quoted price of the Company's shares, even though that form of remuneration is considered in the Company's Bylaws.

5. Components of the remunerative system applicable to Executive Directors

Articles 39 of the Bylaws and 30 of the Rules of the Board of Directors provide that Directors who perform executive duties, whatever may legally be the nature of their relationship to the Company, and regardless of the remuneration described in the preceding section, will be remunerated with a fixed amount, appropriate for their services and responsibilities, and a variable amount, and also by their inclusion in the pension, insurance and incentive schemes set up for the Senior Management.

In addition, and in accordance with the provisions of the said Articles, Directors, for carrying out their executive duties, may also be remunerated by the award of shares or share option rights or any remunerative system based on the value of the share, after agreement of the General Meeting.

In accordance with the foregoing, the remunerative system for the Company's Executive Directors may include the following components, which will have no

bearing on the remuneration which they receive for belonging to the Board of Directors and attending its meetings, as specified in section 4 above:

Component		Purpose
Fixed Remuneration		Determined in accordance with their services and responsibilities, and after ensuring that it is competitive in comparison with remuneration in comparable entities.
Variable Remuneration	Short-term (annual)	To conform to the most usual remunerative practices in the marketplace and to link remuneration to the achievement of annual objectives, in line with the Business Plan.
	Deferred: medium- and long-term (multiannual)	To strengthen the medium- and long-term commitment to the Company's shareholders. Effected by means of plans for Consolidation Periods overlapping with deferred settlement in Company shares. Each Consolidation Period is of three years.
Long-term savings schemes		To constitute a complementary savings scheme linked to retirement.
Remuneration in kind		To offer a competitive remunerative package in line with the customary market practices.

5.1 Fixed Remuneration

The fixed remuneration reflects their level of responsibility in the Group, the office held and their professional experience, ensuring that it is competitive compared with that paid in companies comparable to the Logista Group, in order to attract and retain the best professionals.

In order to determine it and make any updates, the Appointments and Remuneration Committee takes into account, in addition to the criteria explained above, the specific characteristics of each post and the dedication which it demands, and also market analyses prepared by specialised independent consultancies. The purpose of all of this is to ensure that remuneration is appropriate for the role performed, and that it is competitive within the marketplace.

Based on the foregoing factors, the Appointments and Remuneration Committee proposes the amount of the annual remuneration, for approval by the Board.

Accordingly, and at the proposal of the Appointments and Remuneration Committee, the Board of Directors agreed, in its meeting of 28th November, 2017, on fixed remuneration for 2018 amounting to 675,086 euros for Mr. Luis Egido Gálvez in his capacity of Chief Executive Officer (hereinafter, the "**Chief Executive Officer**") and to 299,947 euros for Mr. Rafael Juan López as Board Secretary/Director (hereinafter, the "**Director/Secretary**").

To the amount of fixed remuneration received in their capacity of Executive Directors has to be added the remuneration deriving from their membership of the Board of Directors and the allowances for attendance at Board Meetings.

No significant variations in Fixed Remuneration are foreseen during the term of the Remuneration Policy. In any case, the Board of Directors will review

this remuneration annually in case it needs to be adjusted in accordance with the criteria previously described (degree of responsibility assumed in the Organisation, roles performed, professional experience, and any market analyses made by external third parties) or with developments in the Company.

In certain situations, the Appointments and Remuneration Committee could recognize, for example, special needs to retain and motivate which justify increases in Fixed Remuneration.

If appropriate, the reasons would be explained in the corresponding Annual Report on Directors' Remuneration which, in accordance with Article 541 section 4 of the LCC, would be submitted to a consultative vote of the General Shareholders' Meeting.

5.2 Variable Remuneration

The Appointments and Remuneration Committee is responsible for proposing the Remuneration Policy for Executive Directors to the Board of Directors.

In the design of the remunerative scheme the proportions of fixed and variable components are balanced and effective. In a scenario of standard achievement of objectives, for the Chief Executive Officer approximately 22 per cent of the total remuneration would be fixed, and 78 per cent would be variable, and in the case of the Director/Secretary, the fixed remuneration would 25 per cent of the total and the variable remuneration would be 75 per cent of it.

There is enough flexibility in the variable components of the remuneration to allow them to be modulated even to the extent of eliminating them completely. In a scenario in which the objectives linked to the Variable Remuneration are not achieved, Executive Directors only receive their Fixed Remuneration.

The fixed remuneration has a short-term (annual) component and a medium- and long-term (multiannual) component, and is paid partly in cash and partly in Company shares. This remuneration is subject to the achievement of objectives which are specific, quantifiable and directly in line with the interests of the Company, the shareholders and the other stakeholders, inasmuch as they contribute to the creation of value for the Company.

In line with the recommendations of the Code of Good Governance, the Variable Remuneration of the Executive Directors: (i) is based on the achievement of short-, medium- and long-term objectives; (ii) includes objectives linked to the creation of value in the Company; (iii) includes a significant proportion which is paid in the form of Company shares; and (iv) is subject to periods of deferment and to ex-post adjustment clauses.

Throughout the year, the Appointments and Remuneration Committee monitors the objectives which are linked to annual and multiannual objectives.

In this task of monitoring and evaluating, the ARC has the support of the Economic and Financial Directorate which is responsible for the Group's management control, and which provides the audited results. The final evaluation, based on the relevant complete measurement period, also considers the quality of the results in the long term, and any associated risk. The Company's Audit and Control Committee first checks those of the Group's results which are taken into account in the calculation of the objectives set in connection with the receipt of the annual variable remuneration.

5.2.1 Short-Term (annual) Variable Remuneration

In line with the recommendations of the Code of Good Governance, the annual Variable Remuneration is designed to provide incentives for the creation of value and sustainability in the Company, by means of the prior setting of objectives that are specific and quantifiable.

The characteristics of the annual Variable Remuneration system, including (i) the maximum levels of remuneration; (ii) the objectives and the metrics for evaluating the degree of their achievement; and (iii) the degree of achievement of the proposed objectives, are determined annually by the Board of Directors, at the proposal of the Appointments and Remuneration Committee, in order to ensure that they are sufficiently demanding in relation to the Company's strategic priorities and business situation.

The main objectives to which the short-term Variable Remuneration is linked are specific economic and financial ones, pre-determined, quantifiable, aligned with the Company's interests and envisaged in the Group's strategic plans, and compatible with the Total Return for the Shareholder and with the achievement of individual value-creation objectives.

For fiscal year 2018-2019, financial objectives have been set, and are based on operating profit and working capital.

Settlement of the Variable Remuneration is effected entirely in cash.

In the Annual Report on Directors' Remuneration, which is submitted every year for consideration by the General Shareholders' Meeting, detailed information will be included about (i) the objectives and the metrics; (ii) the degree of achievement of objectives; and (iii) the maximum amount of the annual Variable Remuneration.

5.2.2 Deferred medium- and long-term (multiannual) Variable Remuneration

In view of the provisions of Article 39 of the Bylaws, and in accordance with the recommendations of the Code of Good Governance, part of the variable remuneration of the Executive Directors has the following characteristics:

- Its payment is deferred; it is part of a multiannual framework so as to ensure that the evaluation is based on long-term results and takes account of the Group's underlying economic cycle, thus following Recommendation 59 of the CGG.
- It is linked to the concession of shares in the medium term and the long term, thus following Recommendation 61 of the CGG.
- The minimum period for the receipt of this remuneration is three years, so this remuneration is constituted for three-year periods. This ensures that shares are not received until three years after the right to receive them has been granted, thus following Recommendation 62 of the CGG.

Executive Directors participate as beneficiaries in (i) the 2014 General Long-Term Incentive Plan; (ii) the 2014 Special Long-Term Incentive Plan; (iii) the 2017 General Long-Term Incentive Plan; and (iv) the 2017 Special Long-Term Incentive Plan.

The general characteristics of these Plans are as follows:

- 2014 General Long-Term Incentive Plan (hereinafter, "LTIP 2014"):

The plan is intended for Executive Directors and certain other directors and employees of the Group who have high performance and future potential.

Its total term is of five years, divided into three consolidation periods of three years each (2014-2017, 2015-2018 and 2016-2019).

This Plan envisages the right to acquire, free of charge, a certain number of Company shares, calculated as follows:

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

The Number of Company Shares which will be awarded to each Beneficiary will depend on:

- (i) The beneficiary's tenure in the Group;
- (ii) The achievement of the objectives set for consolidation of shares in each of the consolidation periods:
 - a) 25 per cent of the number of recognized shares are consolidated in accordance with the total return to shareholders (hereinafter, "**TRS**").
 - b) A further 25 per cent of the number of recognized shares are consolidated in accordance with the criterion of profitability compare with that of other companies (hereinafter, "**CRS**"). The CRS compares the TRS of the Company with that of companies operating in the same or a similar sector of activity, in accordance with the comparison group determined by the Board of Directors in each consolidation period.

- c) The remaining 50 per cent of the number of recognized shares is consolidated in accordance with one or several internal criteria, of a financial or operational nature, during the consolidation period, related to the degree of achievement of the objective during the consolidation period, compared with the forecast for that objective contained in the Business Plan.

For the Consolidation Periods 2014-2017, 2015-2018 and 2016-2019, the Board of Directors has decided to use the criteria of EBIT and working capital.

- (iii) Whether there has been achievement of the minimum objective set for consolidation in the Rules of the LTIP 2014, approved by the Board of Directors on 19th November, 2014, the last amendment to which was that of 24th January, 2017.

- 2014 Special Long-Term Incentive Plan (hereinafter, "SLTIP"):

This Plan is only applicable to the Executive Directors and certain other directors who make high added-value contributions to the Group.

Its total term is of five years, divided into three consolidation periods of three years each (2014-2017, 2015-2018 and 2016-2019).

This Plan envisages the right to acquire, free of charge, a certain number of Company shares. The "Recognized Initial Incentive" will be, as a maximum, equivalent to a certain percentage of each beneficiary's fixed annual salary, to be determined in each cycle, and with a maximum of 75 per cent in the case of Executive Directors.

The requirements, objectives and consolidation percentages for the three Consolidation Periods are the same as those for the LTIP 2014, and are laid down in the Rules of the Special Plan of 19th November,

2014, the last amendment to which was made on 24th January, 2017, while the percentages of the number of recognized beneficiaries' shares to be consolidated in accordance with the criteria of TRS, CRS and EBIT are, respectively, 35 per cent, 32 per cent and 33 per cent.

The General Shareholders' Meeting of 4th June, 2014, approved the introduction of the 2014 General and Specific Plans and their basic characteristics.

- 2017 General and Special Share Plans:

The General Shareholders' Meeting of 21st March, 2017, approved the introduction of new, 2017 Long-Term Incentive Plans (the General Plan and the Special Plan), whose term would be of five years, divided into three Consolidation Periods (2017-2020, 2018-2021 and 2019-2022).

In respect of the Beneficiaries for whom they are intended, their manner of functioning, their requirements and the criteria for their consolidation, the 2017 General and Special Plans are similar to the 2014 General and Special Plans.

The Rules of both of the 2017 Plans were approved by the Board of Directors on 28th November, 2017.

The Number of Recognized Shares of Executive Directors and the Number of Shares that they consolidate in accordance with the Rules of the different General and Special Plans of 2014 and 2017, approved by the Board of Directors, appear and will appear in the Annual Reports on Directors' Remuneration, and in the official records about the entity in the CNMV (*Comisión Nacional del Mercado de Valores*: National Securities Market Commission) (Communication Model of Circular 8/2015, of 22nd December).

5.2.3 Ex-post adjustments to variable remuneration: “clawback” clause

In order to align the Variable Remuneration of the Executive Directors with Recommendation 63 of the CGG, the General Meeting of 21st March, 2017, approved the inclusion of this clause among the Executive Directors’ contractual terms and conditions, so that, during the two years following the settlement and payment of the Variable Remuneration (both short-term and deferred medium- and long-term), the Company would be able to insist that Executive Directors repay up to 100 per cent of the said Variable Remuneration, or even to offset that repayment against other remuneration, of any kind, that they were entitled to receive, whenever any of the following circumstances arise:

- When it becomes clear that the settlement and payment of the Variable Remuneration were made entirely or partly on the basis of false or seriously inaccurate information.
- When losses occur in the Group (negative EBIT) during the clawback period, and are attributable to the management of the Executive Directors.
- When there is a material re-formulation of the Group’s financial statements, which is considered as such by the external auditors, except when it results from a change in the accounting regulations.
- When an Executive Director has been sanctioned for a serious breach of the Code of Conduct or of other internal regulations applying to him or her, whenever the breach damaged the image and reputation of the Logista Group in the eyes of its markets, customers, suppliers or regulators, among others.

The Board of Directors, at the proposal of the Appointments and Remunerations Committee, will decide whether there have been circumstances which should trigger the application of this clause, and if so,

the amount of Variable Remuneration, if any, to be refunded to the Company or to companies in the Group.

5.2.4 Obligation to keep Company shares

In accordance with Recommendation 62 of the CGG, the General Meeting of 21st March, 2017, included among the contractual terms and conditions of Executive Directors that of keeping among their assets the shares which they receive as a result of their participation in plans for deferred medium- and long-term variable remuneration, until the value of those shares reaches the equivalent of double their fixed annual remuneration. Those shares may not be disposed of before they leave their post.

5.3 Long-term savings schemes

Executive Directors participate in Logista's Pension Plan for employees. It is a fixed-contribution plan, in which the Company makes monthly contributions of 8.3 per cent of the base salary.

They also participate in the Directors' Social Providence Plan, to which the Group makes contributions of approximately 10 per cent of the fixed remuneration (in the case of Executive Directors, the amount is stipulated in their respective contracts, separately from the amount which they receive for their membership of the Board of Directors and attendance at its meetings) and of each Director's annual Variable Remuneration.

5.4 Remuneration in kind

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

- a Company vehicle;
- health care;
- life assurance with invalidity cover.

6. The main terms and conditions of Executive Directors' contracts

In accordance with the provisions of Articles 39 and 43bis of the Bylaws, 5, 18 and 30 of the Board's Rules and 249, 249bis and 529 quincecies, sections e) and g) of the LCC, it falls to the Board of Directors, at the proposal of the Appointments and Remuneration Committee, to approve the remuneration of Directors who perform executive duties, and the terms and conditions of the contracts of Senior Directors, including Executive Directors.

A summary of the most important clauses of the contracts signed by the Company's Executive Directors is shown below:

- Term: Executive Directors' contracts are permanent.
- Notice: For termination at the Company's request or at the request of the Executive Director.
- Compensation: Pursuant to Article 39 of the Bylaws, the Chief Executive Officer and the Board Secretary/Director are entitled to receive compensation for termination of the relationship by unfair dismissal, or when the termination of the contract is at the request of the Director himself/herself by virtue of the provisions of Article 50 of the Workers' Statute, or, in the case of the Board Secretary/Director, because of retirement. In these situations, the compensation consists of one year's remuneration (fixed and variable) for the Chief Executive Officer, and two years' remuneration (fixed and variable) for the Board Secretary/Director. But this provision only applies if the legal compensation would be less than the compensation shown in this clause.

The contracts of the Chief Executive Officer and Board Secretary/Director provide for the payment of compensation in cases of death or invalidity, to be received by the Director or his/her heirs. The sum received by virtue of the life assurance policy taken out by the Company or by one of the companies in the Group is deducted from that compensation.

- Confidentiality
- Non-competition: The contract of the Board Secretary/Director includes a post-contractual non-competition agreement of 24 months' duration. That agreement is remunerated 12 monthly payments of fixed and variable remuneration as compensation for the restriction of non-competition, paid monthly throughout the period of the restriction due to the non-competition agreement.
- Change in Control: If there is a change in control, the Board Secretary/Director may use this clause, which will entitle him/her to receive the same compensation as if the contract had been terminated by unfair dismissal. The amount stipulated is twice the Director's remuneration (fixed plus variable).
- Exclusivity

The contracts of Executive Directors have been adapted to include the clauses covering clawback and the obligation to keep shares, in accordance with the provisions of sections 5.2.3 and 5.2.4 of this Policy.

7. The incorporation of new Directors

If new members join the Board of Directors during the term of this Policy, the remunerative system described in section 4 above will also apply to them.

Also applicable to any Executive Director who joins the Company during the term of the Remuneration Policy will be the remunerative system described in section 5 above, and when deciding which components of the remunerative system will apply to them, consideration will be given to the functions attributed to them, the responsibilities which they assume, their professional experience, the remuneration in the marketplace for that position, and anything else which the Appointments and Remuneration Committee and the Board of Directors

consider should be taken into account, which will be duly reflected in the contract to be signed between the Company and the new Executive Director.

8. Implementation of the Policy

Without prejudice to the provisions of the LCC in relation to the remuneration policy for directors, the Company's Board of Directors, after receiving the relevant reports from the Appointments and Remuneration Committee, will adopt, and regularly review, the general principles of the Remuneration Policy, and will be responsible for supervising its implementation. To that end, the Company's Board of Directors will review the principles and procedures contained in this document every year, in order to incorporate or, when appropriate, propose, amendments, adaptations, rules for implementation or regulatory criteria.

9. Term of validity of the Remuneration Policy

In accordance with the provisions of Article 529 novodecies of the LCC, this Remuneration Policy, provided that it is approved by the General Shareholders' Meeting, will be in force from 2019 until 2021 inclusive, apart from any amendments, adaptations, updates or substitutions which may be agreed upon at any time, which would be submitted for the approval of the Company's General Shareholders' Meeting.