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ANNUAL REPORT OF THE ACTIVITIES OF THE

AUDIT AND CONTROL COMMITTEE

2014-2015



27 October 2015

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

AUDIT AND CONTROL COMMITTEE

Report on functions and activities

Financial year 2014-2015

1.- REGULATION

The Company's Audit and Control Committee was constituted by the Company's Board of Directors in the meeting held on 4 June 2014, before the shares were approved for listing on Spain's Official Stock Exchanges and the general aim is to assist the Board of Directors in the supervision of the financial statements, while exercising the function of controlling and ensuring good corporate governance.

The Committee is regulated in article 43 of the Articles of Association and in articles 15 and 17 of the Board of Directors' Regulations, Consolidated Text of 16 December 2014.

Pursuant to the aforementioned standards, the Board of Directors shall constitute an Audit and Control Committee, the members of which shall all be non-executive Directors, appointed by the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

The members of the Audit and Control Committee shall choose a President from among the independent Directors that form part thereof and these shall be replaced every four years and may be elected once a period of one year has elapsed since they stepped down.

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

The Board of Directors shall ensure that the members of the Audit and Control Committee and in particular its President, have knowledge and experience in relation to accounting, auditing or risk management in accordance with their functions, but they do not necessarily have to be experts.

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

- a) Report to the General Meeting of Shareholders on questions raised by shareholders within its area of competence.

- b) Submit the selection, appointment, re-election and substitution proposals for an external auditor to the Board of Directors, together with the terms and conditions of their contract and collect information from this person on a regular basis of the Audit Plan and the implementation thereof, as well as maintaining their independence while exercising their functions.
- c) Supervise the internal Audit services and activities and in particular the Annual Work Plan, as well as the appointment and replacement of the person responsible, which will functionally depend on the President of the Audit and Control Committee.
- d) Supervise the effectiveness of the Company's internal control systems and in particular, of the financial information and the risk systems, including the Company's fiscal systems, review the appointment and replacement of managers, and discuss the weaknesses of the internal control system while carrying out the audit with the Accounts Auditors or Audit Companies.
- e) Establish and supervise a procedure that enables the employees of the Company group to confidentially and, if deemed appropriate, anonymously, report any significant irregularities, particularly financial and accounting ones that they detect within the company.
- f) Establish relevant relationships with the external accounts auditors or audit companies in order to receive information about issues that could endanger the independence thereof, to be studied by the Committee and any others related to the development process of the accounts Audit and any other communications established in accounting laws and auditing regulations. In all cases, an annual written declaration shall be received from the external accounts auditors or auditing companies stating their independence from the Company or companies related thereto, directly or indirectly, as well as information about additional services they provide of any sort and those related to fees received from these companies by the abovementioned auditors or companies or by people or companies related thereto, pursuant to the provisions of the Law on Account Auditing.
- g) Issue a report on a yearly basis, before the report by the accounts auditor is issued, expressing an opinion on the independence of the accounts auditors or auditing companies. This report shall include, in all cases, details concerning the provision of additional services referred to in the preceding section, considered individually and as a whole, other than the legal audit and in relation to the independence or with the regulations governing audits.
- h) Inform the Board of Directors with regard to the Company's Annual Accounts, as well as the financial information that the Company must publish on a regular basis and send to the governing bodies or market supervising bodies.
- i) Monitor compliance with the legal requirements and the correct application of generally accepted accounting principles and report on the proposals to modify the accounting

principles and criteria suggested by Management and on the balance risks and other risks.

- j) Supervise the preparation process, the integrity and presentation of the mandatory financial information.
- k) Inform the Board of Directors beforehand in relation to operations concerning the creation or acquisition of ownership interests in companies with a special purpose or registered in countries or territories that are considered tax havens and in relation to obligations, actions, activities and transactions that involve or could involve conflicts of interest and, in general, in relation to the duties set forth in chapter IX of this Regulation.
- l) Review and report beforehand on the Annual Corporate Governance Report, the fulfilment of the Internal Regulation on Conduct in the Securities Markets, the fulfilment of this Regulation and in general, the Company's governance rules and submit the necessary improvement proposals. In particular, the Audit and Control Committee is responsible for receiving information and where applicable, issuing a report on the disciplinary measures to the members of the Company's senior management team.
- m) Preparing an Annual Report for the Board of Directors on the Audit and Control Committee's activities.
- n) Any other general or specific reporting and proposal functions entrusted thereto by the Board of Directors.
- o) Any other responsibility or function attributed by Law, the Articles of Association, or this Regulation.

The Audit and Control Committee shall meet as regularly as established, whenever its President or two of its members request a meeting and, at least four times a year. One of the meetings will be convened specifically to assess the efficiency and compliance with the Company's rules and governance procedures and to prepare the information to be approved by the Board of Directors and included in their annual public documentation.

All members of the management team or Company personnel required shall have to attend the Committee's sessions and collaborate and provide any available information. The Committee may also request the attendance of the Accounts Auditors at the meetings.

In order to fulfil its functions, the Audit and Control Committee may request advice from external professionals.

2.- COMPOSITION

At 30 September 2015, the Committee was formed as follows:

Job Title:	Members	Date of Appointment	Nature
President	Ms Cristina Garmendia Mendizábal	09.06.2014	Independent
Members	Mr Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
	Mr David Resnekov	09.06.2014	Proprietary
	Mr Eduardo Zaplana Hernández-Soro	09.06.2014	Independent
Non-member Secretary	Mr Rafael de Juan López	09.06.2014	-----

3.- ACTIVITIES

During the 2014-2015 financial period, the Company's Audit and Control Committee held eight meetings:

1st SESSION – 27 OCTOBER 2014

Present at this session were Mr Gregorio Marañón y Bertrán de Lis (President), Ms Cristina Garmendia Mendizábal, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), The Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director, (Mr Raúl Zúñiga), and the External Auditor (Deloitte).

The Audit and Control Committee carried out the following activities:

- External Audit Tasks

- Information was received from the External Auditor (Deloitte) concerning the level of progress of the Auditing work for the Company's Individual and Consolidated Accounts, which had been carried out according to the schedule planned beforehand.

- Financial Report for the second half year period

- The Company's Financial Report was studied and that of its subsidiary companies ("The Group"), for the second half year period (at 30 September 2014), which was sent on 4 November 2014 to the National Securities Market Commission (CNMV) and to the markets.

- A unanimous favourable opinion was issued on the abovementioned Financial Report and a proposal was put to the Board to prepare and send it to the CNMV and disseminate it via the Company's website.

- Annual Corporate Governance Report

- An initial 2013-2014 Annual Draft Report of the Corporate Governance was studied.

2nd SESSION – 19 NOVEMBER 2014

Present at this session were Mr Gregorio Marañón y Bertrán de Lis (President), Ms Cristina Garmendia Mendizábal, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director, (Mr Raúl Zúñiga), and the External Auditor (Deloitte).

The Audit and Control Committee carried out the following activities:

- Preparation of the Company's Annual Accounts (2013-2014)

- The Company's Individual and Consolidated Accounts were studied.
- The External Auditor informed that the Audit Report of the Individual and Consolidated Accounts, ended on 30-09-2014, would be unqualified.
- The materiality, for the purpose of the Consolidated Accounts, was seven million euros and four million euros for the Individual Accounts.
- A favourable opinion was issued on the preparation of the Company's Annual Accounts and the Consolidated Group for the year ended on 30 September 2014.

- Internal Control

- The External Auditor indicated that, pursuant to the provisions established in the audit's technical standards, a review had been carried out of the Group's Internal Control System and that, as a result of this task, no significant weaknesses had been detected in this regard.
- In particular, the Committee received the Report from the External Auditor on the review that had been carried out, pursuant to the Group's instructions, of the information of the Internal Control System of the Financial Information (SCIIF) included in section F) of the Annual Corporate Governance Report (ACGR), resulting in no relevant inconsistencies or incidents that could affect it. Notwithstanding the above, the External Auditor issued a

series of improvement recommendations, including, combining, updating and preparing the Manual of Accounting Policies and Financial Procedures in a single text.

- The Committee accepted the recommendations of the External Auditor concerning the Internal Control System of the Financial Information (SCIIF), agreeing that the relevant bodies (particularly the Corporate Finance Department) should adopt the decisions and measures deemed necessary.

- Annual Corporate Governance Report

- A favourable opinion was issued with regard to the Annual Corporate Governance Report (2013-2014) and the approval thereof was proposed to the Board of Directors.

- Independence of the Auditor

- The Report was approved on the independence of the Internal Auditor (Deloitte), with the end result being, in the opinion of the Committee, that Deloitte has acted independently in relation to the examination and verification of the Individual and Consolidated Accounts of Compañía de Distribución Integral Holdings, without this independence being affected, during the abovementioned period, by Deloitte providing services to the Company and its group of companies, in addition to those of the Account Auditing service.

- Report about the Activities of the Committee

- The Report on its Functions and Activities was unanimously approved for the 2013-2014 period, which was submitted to the Board of Directors, pursuant to article 17.2 of the Board's Regulation.

3rd SESSION – 16 DECEMBER 2014

Present at this session were Mr Gregorio Marañón y Bertrán de Lis (President), Ms Cristina Garmendia Mendizábal, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egidio Gálvez).

The Audit and Control Committee carried out the following activities:

- Corporate Governance

- It received a Report from the Board Secretary concerning the following:

“Law 31/2014 of 3 December, modifying the Capital Company Act for the improvement of corporate governance, which will come into force on 25 December, makes it mandatory for capital companies to adapt to its provisions in the first General Meeting held after the 1 January 2015; in our case, the General Meeting is scheduled for the 17 February.

It is therefore imperative that the announcement of the General Meeting must include the modification of the Articles of Association in the points of the Agenda, together with the modification of the Board's Regulation and that of the Board of Directors, both dated 4 June 2014.”

- Similarly, it was informed by the Board Secretary about the basic lines of the changes to Law 31/2014, regarding the General Meeting, Board of Directors (duties of Directors, remuneration of Directors) among other issues.

The Audit and Control Committee unanimously approved:

- i) To issue a favourable report on the proposal to modify specific articles of the Regulation of the General Meeting and of the Regulation of the Company's Board of Directors with the aim of adapting them to the provisions of Law 31/2014 of 3 December, modifying the Capital Company Act for the improvement of Corporate Governance.
- ii) To propose the content of the mandatory report to the Board of Directors, which the Board of Directors must submit to the General Meeting, concerning the modification of certain articles of the Regulation of the Board of Directors.

4th SESSION – 29 JANUARY 2015

Present at this session were Mr Gregorio Marañón y Bertrán de Lis (President), Ms Cristina Garmendia Mendizábal, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director, (Mr Raúl Zúñiga).

The Audit and Control Committee carried out the following activities:

- Quarterly Financial Report

- The Corporate Finance Director presented the Committee with the Quarterly Financial Report (first quarter of the financial year – 1 October to 31 December 2014), which shall be sent to the CNMV and to the markets.
- It received a report from the Internal Audit Director concerning the abovementioned Financial Report.
- It unanimously agreed to issue a favourable report on the abovementioned Financial Report and to submit a proposal to the Board to prepare and send it to the CNMV and disseminate it via the Company's website.

- Replacement of the Internal Audit Director

- It approved the replacement of the Internal Audit Director (Mr Raúl Zúñiga), and the appointment of a new Internal Audit Director for the Group (Ms Laura Templado Martín), with the aim of adjusting the Internal Audit services to the Company's new situation, as a listed Company.

5th SESSION – 27 APRIL 2015

Present at this session were Ms Cristina Garmendia Mendizábal (President), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director (Ms Laura Templado), and the External Auditor (Deloitte).

The Audit and Control Committee analysed the following subjects:

- Financial Report for the First Half Term of the financial year (1 October 2014 to 31 March 2015).

With regard to this issue, the Committee:

- i) Was informed by the External Auditor about the verification tasks on this Half-Yearly Financial Report, which was carried out pursuant to Standard NIC 34 "Intermediate Financial Information".

After highlighting issues deemed to be relevant, it concluded that as a result of the limited review of the Company's consolidated intermediate financial statements for the first half of the financial year, these had been prepared pursuant to the requirements of the NIC 34 without any significant aspects being identified.

- ii) It was informed by the Corporate Finance Director of the exact content of the Financial Report for the First Half Year Period.
- iii) A unanimous favourable opinion was issued on the abovementioned Financial Report and a proposal was put to the Board to prepare and send it to the CNMV and disseminate it via the corporate website.

- Internal Regulations: “Regulations on Investments, Divestitures, Financial Indebtedness and Other Actions of the Company and its subsidiary companies” and “Regulation on the Functions and Responsibilities of the Company’s Internal Audit and that of its subsidiary companies

With regard to this issue, the Committee:

- i) Received a report from the Board Secretary regarding the main content of both Regulations, submitted to the Committee's report.

“The Regulation on Investments, Divestitures, Financial Indebtedness and Other Actions of the Company and its subsidiary companies” complies with the fact that the Company has been formed as the parent company of Compañía de Distribución Integral Logista, S.A.U. and of all the subsidiary companies of the latter company and includes the competencies of the Company’s Board of Directors, in issues included in the proposed Regulation, in compliance with the provisions of article 38 of the Articles of Association.

The Draft Regulation governs the approval and communication of investments, divestitures, financial indebtedness and other activities of Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiary companies.

With the exception of the provisions concerning the competencies of the Board on this matter, the Draft coincides with the content of the preceding Regulation of 15 July 2009.

The second Draft Regulation governs the functions, competencies and responsibilities of the Group’s Internal Audit, as well as the principles and criteria governing the actions of the Group’s Audit Department.”

- ii) A favourable opinion was unanimously issued on both draft Regulations and the approval thereof was submitted to the Board of Directors.

- Compliance Indicators for the Internal Audit Plan

The Internal Audit Director presented the Committee with an initial document proposing the compliance indicators for the Internal Audit Plan and the method of monitoring the recommendations of the Internal Audit, which will be reported to the Committee.

6th SESSION – 23 JUNE 2015

Present at this session were Ms Cristina Garmendia Mendizábal (President), Mr Gregorio Marañón y Bertrán de Lis, Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director (Ms Laura Templado), and the External Auditor (Deloitte).

The Audit and Control Committee analysed the following matters:

- Monitoring of the Internal Audit Plan

- It was informed of the monitoring of the 2014-2015 Internal Audit Plan (third quarter) by the Internal Audit Director who indicated that, at the current date, 68% of the Plan's actions had already been implemented, and who reported the most significant tasks performed.
- Finally, the Internal Audit Director informed the Committee that the crime prevention model was going to be updated, with the help of Deloitte, with the aim of adapting it to the requirements of the Crime Prevention Programmes established by Organic Law 1/2015 of 30 March, on the Reform of the Criminal Code.

- Addendum to the 2014-2015 Internal Audit Plan

- The Internal Audit Director informed the Committee that, by going public in June 2014, the Group is carrying out the documentation tasks of all the financial information review and authorisation procedures and the SCIIF description, to be published in the securities markets, establishing those responsible, together with the descriptive documentation of the flow of activities and controls of the different types of transactions that could affect the financial statements in material terms ("SCIIF Processes").

In order to comply with this requirement within this fiscal period of the first year as a listed company, the Internal Audit Director suggested preparing an addendum to the Audit Plan, approved by the Audit and Control Committee on 17 September 2014 and to include a new SCIIF process supervision activity.

- The Committee unanimously approved the abovementioned amendment to the 2015-2016 Internal Audit Plan.

- Quarterly Report Model of the Internal Audit activities

- The Internal Audit Director proposed the model which consists of the following sections:

A. Executive Summary of the Quarter

It shall indicate the number of audit activities carried out, the total number of measures implemented during the quarter and accumulated at the end of each quarter, as well as the fulfilment percentage of the Internal Audit Plan.

B. Summary of Conclusions and Plan of Action

This section shall indicate the rating (Insufficient, Improvable, Correct or Not Rated) and the impact (High, Intermediate or Low) of the audits carried out.

C. Monitoring Actions

This section of the Report shall indicate the Actions Implemented, derived from the recommendations of the Internal Audit and the recommended actions still to be implemented.

D.- Audit Plan

It will indicate the progress, modifications (added or cancelled) that have been carried out within the annual Audit Plan and the reason for these modifications.

E.- Other Activities

- Internal monitoring system of financial information
- Model for the prevention of criminal offences
- Letter of recommendations from the external auditor
- Other

F.- Internal Audit Organisation

Mr Marañón asked for the Report to also include the reputational impact and not only the economic impact.

- The Audit and Control Committee unanimously approved the Report model that has been outlined herein, including the assessment of the reputational impact.

- External Auditor Fees 2014-2015

- The Internal Audit Director, pursuant to the provisions of article 47 of the Board Regulation, proposed the approval of the External auditor fees (Deloitte) to the Committee, for verification work carried out on the Company's Annual Accounts and for that of the companies that form part of its Group and for carrying out other tasks and services.

Deloitte's fees for verification work carried out on the Company's Individual and Consolidated Annual Accounts and that of the Group's companies in Spain, Portugal, Italy, France and Poland for the 2014-2015 financial period are €1,090,147 which is a drop of €24,700 compared with the fees for the previous financial period.

Deloitte verifies practically 100% of the Group's companies, with the exception of some Publication companies, which are audited by BDO (with the fees for this financial year being €38,120) and the accounting control which, in Italy, is mandatory pursuant to the "Collegio Sindicale" (€171,000).

Furthermore, the Internal Audit Director informed the Committee of the nature and the fees for the work (different from the accounting verification), which are expected to be entrusted to Deloitte and which amount to €253,680.

- Lastly, the Audit and Control Committee unanimously approved the abovementioned fees for Deloitte, for the accounting verification works and other services provided to Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiary companies during this financial year, as well as the fees outlined for BDO and the Collegio Sindicale (Italy), expressly ordering the Internal Auditing Department to negotiate a fee improvement with Deloitte.

- Report on the Regulation and proposed approval to the Board: "The Company's Information and Communication Policy with Shareholders, Securities Markets and Public Opinion".

The Board Secretary, Mr Juan, informed the Committee of the main content of the Regulation submitted to the opinion of the Committee, before the approval by the Council, if deemed necessary.

The aim of the Regulation is to define and implement an Information and Communication Policy for the Company with shareholders, market securities and public opinion, establishing:

- i) The Company's general principles and criteria of action in relation to this Policy;
- ii) The information, communication and contact instruments implemented within the Company;
- iii) In particular the Company's action criteria in communication and contact with shareholders, analysts and large investors, professionals or experts.

The Regulation establishes that the Company's Board of Directors is responsible for supervising the information that is provided to shareholders and to the securities markets, for providing shareholders with the ability to exercise their rights and for approving the Corporate Information and Periodic Financial Information. The Board shall carry out its functions with unity of purpose and independence of judgement, with the aim of fulfilling the corporate purpose established in the Articles of Associations, guided by the interest of the company, providing equality of treatment to shareholders in the same position and pursuant, also, to the following general principles or criteria:

1. Transparency and veracity of the external and internal information. In particular, this principle shall be strictly applied to the Company's actions with regard to securities markets, providing the market immediately, except when permitted by law, with all the relevant information for shareholders and investors, by informing the National Securities Market Commission.

2. Equality of treatment for all the shareholders in the same position, providing they are not affected by a conflict of interest with the Company or competitors thereof or of one of the Group's companies.

Notwithstanding this principle, the Company may establish specific lines of communication or hold meetings or roadshows with large investors, to debate general issues concerning the progress of business or issues of interest for these investors, strictly respecting the prohibition to unlawfully disclose Privileged Information.

3. Promotion of the informed participation of shareholders in General Meetings and enabling them to exercise their rights. In particular, the Company shall provide the adequate channels in order to know the proposals put forward by shareholders in relation to the management of the Company and its group of companies.
4. Strict compliance, in all cases, with the regulatory provisions concerning the subjects included in this Policy and especially regulations governing market abuse and the prohibition of unlawfully disclosing Privileged Information.

The Regulation also governs:

- The institutional advertising and definition instruments for Information (National Securities Market Commission, regarding Regulated Financial Information and Relevant Matters, Corporate Website and Dissemination by other means).
 - Advertising and Dissemination of Relevant Information
 - Relationship with institutional or qualified Journalists and Investors
- The Committee issued a unanimous favourable opinion on the proposal and invited the Board of Directors to approve it.

7th SESSION – 24 JULY 2015

Present at this session were Ms Cristina Garmendia Mendizábal (President), Mr Gregorio Marañón y Bertrán de Lis Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director (Ms Laura Templado), and the external auditor (Deloitte).

The Audit and Control Committee analysed the following matters:

- The Company's Financial Report for the Third Quarter of the financial period.

With regard to this issue:

- i) The Corporate Finance Director disclosed the exact content of the Company's Financial Report and that of its subsidiary companies for the third quarter of the financial period, which was sent to the CNMV on 30 July.
- ii) The External Auditor (Deloitte) informed the Committee about the progress of the work and about its annual audit plan, together with the main changes to the recently approved auditing laws of Spain.
- iii) The Committee issued a unanimous favourable opinion on the abovementioned Financial Report and a proposal was put to the Board to prepare and send it to the CNMV and disseminate it via the corporate website.

The External Auditor informed the Committee about the following aspects:

1) New regulations derived from Law 22/2015, of 20 July on Account Auditing

General

SUBJECT	EUROPEAN UNION	LAW 22/2015 on Account Auditing
Report to the Audit Committee (AC)	<ul style="list-style-type: none"> • Required 	<ul style="list-style-type: none"> • Required Will be available for Supervisors.
Other subjects	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Mandatory for Public Interest Entities to have a Committee • Audit Committee Supervision: CNMV
Firm rotation	<ul style="list-style-type: none"> • 10 years extendable to 20 with tender and 24 with joint audit (transitional period) 	<ul style="list-style-type: none"> • 10 years extendable to 14 with joint audit (transitional period)
Partner rotation	<ul style="list-style-type: none"> • 7 years (3 with dissociation) 	<ul style="list-style-type: none"> • 5 years (3 with dissociation)
Non-audit services	<ul style="list-style-type: none"> • Similar to the IFAC ones plus fiscal ones • Exceptions through materiality • 70% quota 	<ul style="list-style-type: none"> • Same as EU • Not contemplated • Same as EU
Entities of Public Interest	<ul style="list-style-type: none"> • Listed Entities, Financial Entities and Insurance Companies 	<ul style="list-style-type: none"> • Listed Entities, Financial Entities and Insurance Companies • INCN>€2.000 million (**) • Workforce>4.000 employees (**)

Prohibited and Allowed Services

Prohibited

- Fiscal Services: Taxes on Earned Income and Customs Rights
- Legal Services: General Counsel
- Payroll services, contracting management staff, definition of organisational structure
- Promotion, trading or subscription of shares in the audited company

- Services related to the trading, structure and distribution of the capital and the investment strategy.
- Internal auditing services
- Accounting services and preparation of accounting records and financial statements.
- Implementation of internal control or risk management procedures related to the preparation and/or control of financial information.
- Services for the implementation of applications that affect the IT systems that generate financial information.
- Services that involve any type of intervention in the management or decision making processes of the audited company.

Allowed under conditions (non-significant impact, protection and approval by the Audit and Control Committee)

- Appraisal services
- Actuarial appraisals
- Fiscal Services: Fiscal advice, fiscal compliance, tax calculations, search for subsidies and fiscal incentives, assistance with inspections

Goodwill

Article 39.4 of the Code of Commerce now reads as follows:

“Intangible fixed assets are assets with a defined useful life. When the useful life of these assets cannot be estimated in a reliable manner, they shall be amortised over a period of ten years, unless another legal provision or regulation establishes a different period.

Goodwill may only be recorded in the balance sheet assets when acquired for valuable consideration. Unless proved otherwise, the useful life of the goodwill shall be assumed to be ten years.”

2) External Audit Plan

Mr Aller (Deloitte), finally prepared the summary of the Audit Plan, of the work team and of the most relevant audit risks, indicating the automatic controls established by the Group in terms of Sales, Supplies, Inventories and Special Taxes.

3) Determining the materiality

Deloitte’s work is designed to identify material errors that affect the overall financial statements. For this purpose, Mr Aller pointed out that the Group’s ordinary consolidated result had been identified as a reference parameter.

In this respect:

- The materiality has been calculated as 5% of the Group's pre-tax consolidated result expected for the end of the financial year.
- Qualitative parameters are also taken into account.
- In the case of disclosures in the annual accounts, omissions shall be communicated.
- For the purpose of subsidiary reports, those auditing the components shall report all adjustments in excess of 400 thousands of euros.

4) Audit Strategy

Lastly, Mr Aller informed the Committee of the Group's most relevant risks, which is where the Account Audit will focus its reviews and verifications.

- External Audit Fees

- The Committee definitively approved Deloitte's fees for the External Audit for Spain, Portugal, France, Italy and Poland, at the sum of €1,039,480.

- Payment of an interim dividend charged to the Net Profit of the financial year.

- The Committee received a report from the Corporate Finance Director about the plan required for the Company to achieve a sufficient Net Profit to distribute, charged thereto, the dividends expected by the market, during the current financial year, without having to distribute the dividends charged to the Company's unrestricted reserves.

This involves having to distribute a dividend to the Company on account of LOGISTA, S.A.U

- The Committee approved the proposal.

8th SESSION – 29 SEPTEMBER 2015

Present at this session were Ms Cristina Garmendia Mendizábal (President), Mr Gregorio Marañón y Bertrán de Lis Mr David Resnekov and Mr Eduardo Zaplana Hernández-Soro (Board Members).

Also present were the Chief Executive Officer of the Company, (Mr Luis Egido Gálvez), the Corporate Finance Director, (Mr Manuel Suárez Noriega), the Internal Audit Director (Ms Laura Templado).

The Committee's Agenda included the following matters:

- Annual Draft Report of the Corporate Governance 2014-2015

- The Committee analysed the first draft of the Annual Corporate Governance Report, the definitive approval of which was given by the Board of Directors on 27 October, when the Company's consolidated Annual Accounts were drawn up and those of its Group for the 2014-2015 financial period.

- Monitoring of the 2014-2015 Internal Audit Plan (Annual Report)

- The Committee received a report from the Internal Audit Director on the activity carried out during the 2014-2015 financial period.

Overall, the fulfilment level was high (92% of the activities outlined in the 2014-2015 Internal Audit Plan, modified by the addendum approved by the Committee on 23 June 2015), for Iberia, Italy, France and Information Systems, without any actions or omissions being detected that have or could have a significant effect on the Group's results for the financial year, its systems or operations.

- Furthermore, the Committee received a report from the Internal Audit Director on the level of fulfilment of the recommendations made by the Internal Audit, derived from the Audit Plans for Iberia, Italy, France, Poland and Information Systems, noting that the level of fulfilment is satisfactory, taking into account that various recommended actions have been suspended or are no longer relevant, given the organisational changes and the information systems, which already include them or exceed them. In all cases, none of the recommendations significantly affected the results of the financial year or the Group's operations.

- Other Internal Audit activities during the 2014-2015 financial period

- The Internal Auditor informed the Committee about the following aspects:
 - i) Given that this is the Group's first full year as a listed company, the Company has established an action plan to update and document its internal control mechanisms for financial information with the recommendations of the CNMV concerning the SCIIF. In this regard, regular meetings have been held to monitor and review the documentation generated in order to ensure the correct level of compliance with the provisions established in the "Guide for the preparation of management Reports of Listed companies issued by the CNMV". Furthermore, drafts have been prepared of specific policies and procedures required in order to adjust the Group's internal control system to the requirements of listed companies and new regulatory environments, such as:
 - Internal Audit Charter (Internal Audit Regulation)
 - Fiscal Policy
 - Risk Management Policy

- Risk Management Procedure
- Instruction on the maintenance of the internal control system for financial information

ii) Model for the prevention of Criminal Offences

During the 14/15, financial period, a number of audit activities have been carried out in relation to the supervision of different control activities identified in the Manual. Coverage has been given to the prevention of offences such as smuggling (Audit on the Monitoring of the Contract signed with the CMT for the management of seizures and Surprise visits to Tobacco Branches), Social Security offences (Review of the Selection and Homologation of Carriers at Logesta and Review of the Payroll Process in Dronas and Logesta) prevention of money laundering and bribery (Review of Payments in Spain).

No situations or circumstances have been identified that indicate that any offence has been committed or that could lead to criminal liability for the Group and no fraudulent behaviour or issues were detected in the payment samples reviewed.

Similarly, in collaboration with Deloitte, the Model for the Prevention of Offences is being adapted to the recent reforms operated by Law 1/2015, due to come into effect, introducing significant changes in relation to the liability of legal entities.

iii) Investiture of branches

The Internal Audit has collaborated with the Resources Corporate Management and Internal Control Department in the investitures of the sales delegates in the guaranteed branches, carrying out debt, labour and physical safety review procedures, together with inventories and physical counts, as a result of the change of management in these centres.

iv) External Auditor

The letter of recommendations for the year ending on 30 September 2013 carried out by the external auditor included a series of suggested improvements, most of which were implemented with the implementation of the SCIIF and the imminent approval of the Groups' Accounting Policies Manual, Consolidation and Reporting by the Corporate Finance Management Department.

Furthermore, the Internal Audit has reviewed the scope and has coordinated the planning of the audit for financial year 14/15, with the aim of guaranteeing the correct coverage of the financial statements reviewed by the external auditor and obtaining relative security over the accounts of the Group's different companies. Also, as a result of this scope and planning, the external audit fees have been reviewed for this fiscal year.

v) Other

Pursuant to the functions entrusted to the internal auditor and as Secretary of the Internal Control Committee, four-monthly Committee meetings have been held.

The Internal Audit, acting as the promoter, coordinator and entity in charge of documenting the activities and work of the Internal Monitoring Committee, has prepared the updated risk map for the entire Group, the result of which is expected to be taken to the Audit and Control Committee in October.

- The Audit and Control Committee unanimously states that it has been informed of the ongoing activities of the 2014/2015 Internal Audit Plan, together with the other activities carried out during the aforementioned period.

- Reports and proposed approval to the Board of Directors, of the following internal regulations: “The Company’s fiscal policy and that of their subsidiary companies” and “ Regulation on the Company’s Risk Management and that of its subsidiary companies”

- The Committee received the following report from the Secretary of the Committee and the Board:

Law 31/2014, of 3 December, modifying the Capital Company Act for improved corporate governance (hereinafter "Law 31/2014") and the Regulation of the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A., Consolidated Text of 16 December 2014, include, among the non-delegable powers of the Company's Board of Directors:

“the establishment of the Company’s fiscal strategy and risk control and management policy, including fiscal policies and the supervision of its internal information and control systems.”

In accordance with that, The Company’s Board of Directors must approve the Group’s Fiscal Policy and General Risk Management Policy.

A) Fiscal Policy

The general objectives and principles of action of the Group’s Fiscal Strategy are, among others, the following:

- To ensure compliance with applicable tax legislation, both nationally and internationally.

- To pay all mandatory taxes pursuant to the applicable legal system in each area in which the Group operates.
- To submit all the Group's fiscal declarations in each country in due time, even when it does not entail the payment of taxes.
- To maintain a fiscal policy that enables the value to be maximised for shareholders and the Group's cash flow optimisation, always operating in compliance with applicable laws.
- To comply with the internal and external transparency principle within the Group and with regard to third parties, in transactions and in information, in particular, related to the Fiscal Authorities.
- To encourage full communication and collaboration with Fiscal Authorities. Relationships with Fiscal Authorities in the countries in which the Group operates, shall be based on trust, collaboration, loyalty and shall be guided by the principle of good faith, notwithstanding legitimate controversies that, respecting the preceding principles and in defence of public interest, may be generated with these Administrations in relation to the interpretation of applicable regulations.
- To help to combat illegal trade in cooperation with Fiscal Authorities.

For the execution of the Fiscal Strategy, the Board assumes, among others, the following best tax practices:

- Internal dissemination of this Policy which represents a Code of Conduct and Compliance with fiscal regulations, associated with best tax practices.
- To decide on tax matters on the basis of a reasonable interpretation of applicable regulations and a close relationship with the Group's activities, avoiding aggressive fiscal schemes and acting with complete transparency.
- Not to use ingenious schemes which are not related to the Group's activities with the aim of reducing its tax burden.
- Not to carry out transactions with associated companies for the exclusive purpose of undermining the tax bases or transferring profits to low taxation territories.
- Carry out transactions for their normal market value, following the arm's length principle, with associated companies and comply with documentation obligations with regard to the transfer prices established by tax laws. The Group shall review their transfer price policy on a regular basis with the aim of updating it and adjusting it to current legislation and the reality of the business.

- Avoid non-transparent tax avoidance schemes, with these understood to be those that prevent the relevant tax authorities from knowing the end person in charge of the activities or the last titleholder of the relevant goods or rights.
- Not to form or acquire companies registered in tax havens with the aim of obtaining tax benefits, with the exception of the normal activities carried out by the Group in these territories or as a result of being acquired by indirect ownership interests in other companies.
- Follow the recommendations of the best tax practices code in the countries in which the Group is present, assuming those derived from being an Authorised Economic Operator (AEO) and fiscal regulations concerning foreign commercial relationships.

The Regulation also governs:

- 1) Transactions with significant tax implications (“Tax havens, Special purpose companies, Transfer Prices and other transactions with special tax implications”), which shall be approved by the Board, with a prior report being obtained from the Audit and Fiscal Committee.
 - 2) The relevant deciding, monitoring and controlling entities.
 - 3) The communication and information systems
 - 4) The whistle blowing channel in relation to breaches of the Corporate Fiscal Policy.
- Similarly, the Committee was informed by the Internal Audit Director of the content of the General Risk Management Policy, which, in summary, is as follows:
 - 1) It establishes the Group’s risk factors, grouping them together into categories (Environment, Business, Related to Decision-Making, Financial, Compliance with Regulations, Transactions and Reputational)
 - 2) It determines the general and specific objectives sought by the Risk Management system (Obtaining reasonable security for the fulfilment of the Group's strategic and operational objectives, Forming part and supporting the decision making processes, Delimiting the risk profile or appetite, Facilitating a common Risk language and methodology, Enabling an efficient allocation of resources, Guaranteeing the reliability of the Financial Information, Establishing guidelines for Good Corporate Governance, Assigning responsibilities to participants).
 - 3) It indicates the Group’s basic action criteria, with the aim of controlling and mitigating risks.
 - 4) It governs the roles and responsibilities with regard to the Risk Management System (Board of Directors, Audit and Control Committee, Internal Control

Committee, Corporate Finance Management, Process Managers, Control and Internal Audit Managers).

- The Audit and Control Committee unanimously agrees to favourably inform and therefore, propose to the Board of Directors the approval of the following Regulations:
 - 1) Fiscal Policy of the Group
 - 2) Risk Management General Policy of the Group

Legal Information

- The Committee received a report from the Secretary of the Committee and the Board concerning the modification of the Law on Smuggling, implemented by Law 34/2015, of 21 April modifying the General Tax Law, which drops the amount for the value of contraband tobacco in serious administrative violations (above €1,000 below €6,000) and very serious (above €6,000).

Law 34/2015 also increases the administrative fines for contraband tobacco, including, as a new fine, the suspension or definitive closure of establishments involved in administrative violations.

These modifications will come into effect on 22 December 2015.

This Report has been unanimously approved by the members of the Audit and Control Committee, at its meeting held on 27 October 2015.

Leganés, 27 October 2015.

The Secretary of this Committee,

Rafael de Juan López