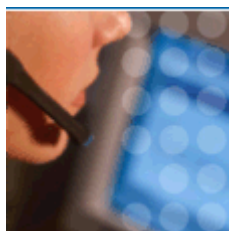


***STATUTORY AUDITOR INDEPENDENCE ANNUAL REPORT***

***AUDIT AND CONTROL COMMITTEE***

***2016-2017***



## **1. INTRODUCTION**

In accordance with the section 4 (f) of the article 529 fourteenth of the Corporate Law passed on the Law 31/2014 of December 3<sup>rd</sup> amending the Corporate Law for the corporate governance improvement, and by virtue of the provisions of the article 17.2 of the Rules of the Board of Directors, where it is established that: *“On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report in any event must cover the details of the provision of the additional services referred to in the preceding section, taken individually and as a whole, other than the legal audit, as regards independence of the auditors and regulations governing audits”*.

This document pronounces on the evaluation of the additional services rendered, individually and as a whole, others than the statutory audit, and related to the independence or to the applicable regulations affecting the Statutory Auditors, as well as the precautions observed in order to ensure its independence, according to the Law 22/2015 of June 20<sup>th</sup> of Accounts Auditing (“Audit Law” from now on). Consequently, the Audit and Control Committee prepares this report.

## **2. RECRUITMENT CONDITIONS**

The Annual Shareholders' Meeting held on March 21<sup>st</sup>, 2017 agreed to appoint as auditors for the annual accounts of the Company and of its consolidated Group for the years 2017,2018 and 2019 to Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L. in joint action.

Fees related to audit services of the financial statements of the year 2016-2017, rendered to Grupo Logista by Deloitte, S.L. amount € 817 Thousand, and those rendered by PricewaterhouseCoopers Auditores, S.L., amounted € 488 Thousand.

Hiring process is set up before the beginning of the duties of the external auditors for the current fiscal year, and was previously informed by the Audit and Control Committee on April 25<sup>th</sup>, 2017.

Related to the terms and conditions of the audit contract, the Audit and Control Committee has verified that the obligation to rotate the Statutory Auditor is satisfied.

Regarding the audit services agreed both with Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., the Audit and Control Committee considers that they have not been influenced or affected by the rendering of other additional services or based on any contingency or condition other than the changes in the context discussed to set the audit fees, according to stated at the Audit Law.

### 3. NON- AUDIT FEES RENDERED BY DELOITTE

The breakdown of the services invoiced during the fiscal year 2016-2017, not considering the fees for the account auditing are presented in the following table:

	<u>Thousand Euros</u>
Other Verification Services	37
Transfer Pricing	60
Other services	41
<b>Total</b>	<b>138</b>

#### 3.1. OTHER VERIFICATION SERVICES

This heading includes:

- Fees paid for the limited review of the half-year financial statements of the Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiaries, according to the half-year financial statements review international regulations of the independent auditor of the ISRE 2410.
- Fees paid for reviewing and issuing the report on the Internal Control over Financial Reporting Framework (ICOFR) released to the market for the fiscal year 2015-2016, included in the Corporate Governance Annual Report. The scope of the review procedures used by the auditor shall be defined according to the circular note E14/2013, of July 19<sup>th</sup> 2013, of the " Instituto de Censores Jurados de Cuentas" of Spain.
- The execution of the required verifications on the disclosure of containers and packaging that has to be annually sent to ECOEMBES, to be attached to the self-assessment of the related taxes.

#### 3.2. TRANSFER PRICING

- Fees paid for assistance in the transfer pricing supporting the documentation update for the different entities of the Group.

#### 3.3. OTHER SERVICES

Detail of other services fees invoiced during the current fiscal year are the following:

- Advice in preparation of the Corporate Social Responsibility Report of Compañía Integral de Distribución Logista Holdings, S.A, belonging to fiscal year 2015-2016.
- Fees paid by advice given in the inventory process of one of the Portuguese subsidiaries of vending machines.

- Fees paid in France related to a potential acquisition.
- Review of the translation of the Annual Account reports of Compañía Integral de Distribución Logista S.A.U. and Compañía Integral de Distribución Logista Holdings, S.A. from Spanish to English.

Also, during the year it has been committed services related to obtain a “SSAE16 SOC1 Type 2” report for Logista Pharma subsidiary, to be executed next fiscal year.

**The hiring of these services has been done according to stated at art. 14. Incompatibility causes of Audit Law, not being included in the prohibited services according to that Law. There have not been neither incompatible services rendered in the period covered between the beginning of the first year before the fiscal year belonging the Annual Accounts, according to stated at Article 21. Duration of incompatibilities, of Law 22/2015 of June 20<sup>th</sup>.**

#### **4. NON- AUDIT FEES RENDERED BY PRICEWATERHOUSECOOPERS**

The breakdown of the services invoiced during the fiscal year 2016-2017, not considering the fees for the account auditing are presented in the following table:

	<u>Thousand Euros</u>
Reporting package to Imperial Brands, PLC	127
Other Verification services	18
<b>Total</b>	<b>145</b>

##### **4.1. OTHER VERIFICATION SERVICES**

This heading includes:

- Review of the consolidation reporting package sent to Imperial Brands, PLC. of Compañía Integral de Distribución Logista Holdings, S.A, for the six-month period ended March 31<sup>st</sup>, for the nine-month period ended June 30<sup>th</sup>, and the issuing of an update report regarding the key aspects of the audit.
- Fees paid for the limited review of the half-year financial statements of the Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiaries, according to the half-year financial statements review international regulations of the independent auditor of the ISRE 2410.

##### **4.2. OTHER SERVICES**

Also, during the year it has been committed services related to obtain a “SSAE16 SOC1 Type 2” report for Logista Italy subsidiary, to be executed next fiscal year.

**The hiring of these services has been done according to stated at art. 14. Incompatibility causes of Audit Law, not being included in the prohibited services according to that Law. There have not been neither incompatible services rendered in the period covered between the beginning of the first year before the fiscal year belonging the Annual Accounts, according to stated at Article 21. Duration of incompatibilities, of Law 22/2015 of June 20<sup>th</sup>.**

## **5. PROPORTION OF INCOME**

In the Rules of the Board, section 46.2 “Relations with Auditors”, exposes that *“The Board of Directors shall refrain from hiring those audit firms whose projected fees including all items exceed five per cent of its total revenues during the previous financial year”* and *“The Board of Directors shall make public the total fees paid to the audit firm for services other than auditing”*.

During the fiscal year 2016-2017, Grupo Logista has hired audit services and other non-audit services:

- To Deloitte S.L., amounting a total of € 951 Thousand, which represent a 0.0026 % of the annual revenues disseminated by Deloitte global for its fiscal year 2016-2017.
- To PricewaterhouseCoopers Auditores, S.L., amounting a total of € 951 Thousand, which represent a 0.0019 % of the annual revenues disseminated by PricewaterhouseCoopers Auditores, S.L. global for its fiscal year 2016-2017.

## **6. INDEPENDENCE DISCLOSURE FROM THE STATUTORY AUDITOR**

On October 31<sup>st</sup>, 2017, the audit partners in charge of the issuance of the statutory audit report for the consolidated accounts of Compañía de Distribución Integral Logista Holdings, S.A., have confirmed to the Audit and Control Committee their independence.

The document developed by the Group Statutory Auditors, attached as Annex to this report, contains the written confirmation of their independence in relation to the Group and its subsidiaries, as well as the information regarding the additional services other than the Statutory audit, considered both individually and as a whole, rendered to the aforementioned companies by the auditors or related persons.

During fiscal year 2016-2017 the Statutory Auditors have not revealed in the Audit and Control Committees any issue that could impair their independence.

## **7. CONCLUSION**

The Audit and Control Committee unanimously agrees sending to the Board of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. the present report, where it is certified that the Statutory Auditors, Deloitte S.L. and PricewaterhouseCoopers Auditores, S.L., have been and acted independently, in relation to the issuance of the report after the examination and evaluation of the annual accounts, individual and consolidated, of the Compañía de Distribución Integral Logista Holdings, S.A., regarding the fiscal year 2016-2017.

Furthermore, it has been concluded that there are no objective reasons that would allow contesting the Statutory Auditors independence, and that such independence has not been threatened or impaired during the fiscal year 2016-2017, due to the rendering of non-audit services.

The current report is the one that has been approved by the Audit and Control Committee in its session held on October 31<sup>st</sup>, 2017.

Leganés, October 31<sup>st</sup>, 2017

**D. Rafael de Juan López**  
Audit and Control Committee Secretary