
STATUTORY AUDITOR INDEPENDENCE ANNUAL REPORT

AUDIT AND CONTROL COMMITTEE

2019-2020



I. INTRODUCTION

In accordance with section 4 (f) of the article 529 fourteenth of the Capital Companies Law passed on by the Law 31/2014 of December 3rd amending the Capital Companies 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, it is established that: *“The Audit and Control Committee will have the following responsibilities [...] in relation to the accounts auditor: [...] Annually issuing, prior to the issue of the audit report, a report in which an opinion is expressed about whether the independence of the auditors or auditing firms has been compromised. This report, which will be published in the Company’s website sufficiently in advance of the Company’s Annual General Meeting, will have to include, in any event, a detailed evaluation of the provision of each and every additional service referred to in the preceding paragraph, considered individually and as a whole, apart from the legal audit, in relation to the independence of the accounts auditing and to the regulations governing that auditing.”*

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 20th of Accounts Auditing (“Audit Law” from now on). Consequently, the Audit and Control Committee prepares this report.

II. RECRUITMENT CONDITIONS

The Annual Shareholders' Meeting held on March 24th, 2020 agreed to appoint as auditors for the annual accounts of the Company and of its consolidated Group for the years 2020, 2021 and 2022 to Ernst & Young, S.L. (“EY” from now on).

The tender process for choosing external auditor was carried out in accordance with the provisions of the Audit Act 22/2015, of July 20, which, in its article 40, establishes the rules on hiring, rotation and appointment of auditors; and in accordance with the provisions of Regulation (EU) No. 537/2014 of the European Parliament, of April 16, 2014.

Hiring process was 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 January 28th, 2020.

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 met.

Fees related to audit services of the financial statements of the year 2019-2020, rendered to Logista Group by EY amount € 857.5 Thousand (including € 95.0 Thousand of reporting to the main shareholder) which were analyzed and approved by the Audit and Control Committee in its session of January 28th, 2020.

Regarding the audit services agreed with EY, 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 the Audit Law, and according to what the auditors have expressed in their Independence Report.

III. COMMUNICATION WITH THE AUDITOR

The Audit and Control Committee has maintained the opportune relations with the auditor to receive information on issues that may pose a threat to their independence and any other related to the process of developing the audit of accounts, as well as those other communications foreseen in the legislation of audit of accounts and in the technical norms of audit.

During the 2019-2020 financial year, the auditor of accounts have not informed the Audit and Control Committee of any issue that may jeopardize their independence.

IV. NON-AUDIT FEES RENDERED BY EY INCLUDED IN THE CONSOLIDATION OF THE LOGISTA GROUP

The breakdown of the services invoiced during the fiscal year 2019-2020, not considering the audit services mentioned in section II, are presented in the following table:

	Thousand Euros
H1 limited review (a)	25
Financial information internal control system (SCIIF) report (a)	15
Non-financial information statement report (a)	20
Audit report for interim dividend distribution in Italy (b)	25
Other services (a)	4
Total	89

(a) As approved by the Audit & Control Committee on 28 January 2020

(b) As approved by the Audit & Control Committee on 21 July 2020

It should be noted that the nature of these works are closely related to the audit of accounts, not involving a risk or threat to the independence of the accounts audit itself.

Therefore, the hiring of these services to EY has been done according to art. 14. Incompatibility causes of Audit Law, not being included in the prohibited services according to that Law.

V. PROPORTION OF INCOME

The Rules of the Board, sections 46.2 and 46.3 “Relations with Auditors”, state that *“The Board of Directors will refrain from engaging any auditing firm whose projected fees, including all items, exceed five per cent of its total revenues during the previous financial year.”* and *“The Board of Directors will make public the total fees paid to the auditing firm for services other than auditing.”*

During the fiscal year 2019-2020, Logista Group has hired audit services and other non-audit services to EY amounting a total of € 946.5 thousand, which represent a 0.55% of the annual revenues of Ernst & Young S.L for its fiscal year 2018-2019.

VI. INDEPENDENCE DISCLOSURE FROM THE STATUTORY AUDITOR

On October 27th, 2020, the audit partner 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, 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 2019-2020, the Statutory Auditor have not revealed in the Audit and Control Committees any issue that could impair their independence. In addition, EY has declared that, in application of their internal procedures, they have not identified circumstances that, individually or as a whole, could result in a significant threat to their independence and, therefore, could be grounds for incompatibility.

VII. 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 Auditor, EY, has 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 2019-2020.

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

- EY has confirmed in writing their independence in accordance with the provisions of Regulation (EU) No. 537/2014 of April 16, 2014 on the specific requirements for the legal audit of entities of public interest, Law 22 / 2015, of July 20, of Audit of Accounts, the Royal Decree 877/2015, of October 2 that

approves the Regulation of the Law of Audit, and in the technical norms of audit issued by the Institute of Accounting and Audit of Accounts.

- The fees corresponding to the audit services are set by the auditor prior to the start of their duties for the entire period in which they must perform them. The fees are not influenced or determined by the provision of additional services, nor are they based on contingencies or conditions other than changes in the circumstances that serve as the basis for setting the fees.
- Fees for the services provided do not constitute a significant percentage of the total annual income of the auditor.
- During the fiscal year 2019-2020, the Audit and Control Committee has established the appropriate relationships with EY in order to receive information on those issues that could put their independence at risk.
- In the information obtained through the aforementioned communication channels, no aspects have been identified that question compliance with the auditor's regulatory norms regarding the auditor's independence and, in particular, no aspects of such nature related to the provision of additional services, individually considered and as a whole, other than the legal audit, have been identified.
- The Audit and Control Committee has analyzed all the proposals for contracting services with the Accounts Auditor in the fiscal year 2019-2020, other than the account audit service, in order to ensure that they are not incompatible with his work as auditors, thus not calling into question his independence, in accordance with the limitations established in the current legislation.

The current report is the one that has been approved by the Audit and Control Committee in its session held on October 26th, 2020.

Leganés, October 26th, 2020

Mrs. María Echenique Moscoso del Prado
Audit and Control Committee Secretary