

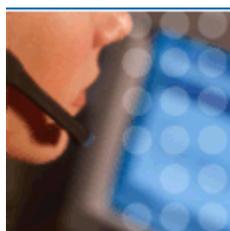
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*ANNUAL REPORT ON THE FUNCTIONS AND ACTIVITIES OF THE*

*AUDIT AND CONTROL COMMITTEE*

*2019-2020*

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**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.****(THE COMPANY)****AUDIT AND CONTROL COMMITTEE****REPORT ON FUNCTIONS AND ACTIVITIES****Fiscal year 2019-2020****1.- REGULATION**

The Company's Audit and Control Committee ("the Committee") was established by the Company's Board of Directors at its meeting on 4 June 2014, prior to the Company's shares being listed on the Official Stock Exchanges of Spain, and its general mission is to assist the Board of Directors in supervising financial statements and in exercising the control function, and to ensure good corporate governance.

The Committee is regulated in article 43 of the Company's Articles of Association, in articles 15 and 17 of the Regulations of the Board of Directors, and in the Regulations of the Audit and Control Committee, according to the recommendations of the Technical Guide on Audit Committees of public interest entities, approved by the CNMV on 17 June 2017. Such Regulations have been adapted to the new recommendations contained in the 2020 drafting of CNMV's Code of Good Governance for Listed Companies.

**2.- COMPOSITION**

As of 30 September 2020, the Commission was composed as follows:

Position	Members	Date of appointment	Nature
Chairman	Mr. Alain Minc	25.09.2018	Independent
Spokesperson	Mr. Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
	Ms. Cristina Garmendia Mendizábal	09.06.2014	Independent
	Ms. Pilar Platero Sanz	24.03.2020	Independent
	Mr. Richard Hathaway	24.04.2018	Proprietary
Non-Member Secretary	Ms. María Echenique Moscoso del Prado	19.12.2019	-----

During the year, Ms. Pilar Platero Sanz joined the Committee; she has significant experience in accounting, which will help strengthen the Committee's existing capacities in this regard. Moreover, after the dismissal of the previous Secretary of the Board, who acted as Secretary of the Committee, the functions of Secretary were taken over by the new Secretary of the Board, Ms. María Echenique Moscoso del Prado.

### 3.- FUNCTIONS

According to the aforementioned regulations, on top of any other functions that may be additionally attributed to the Committee, the Company's Audit and Control Committee has functions set out in the Capital Companies Act. Moreover, the Committee's Regulations have included those functions that are recommended in the CNMV's Technical Guide for Audit Committees of public interest entities.

Accordingly, the Committee's main functions may be summarized as follows:

- Supervision of the preparation process, integrity and submission of financial information, particularly of the annual accounts, ensuring proper application of the accounting principles
- Supervision of internal control systems related to financial, non-financial and sustainability information
- Supervision and updating of the Company's risk control model, including tax and reputational risk (including corruption risks), watching for its effectiveness
- Supervision of the reporting of non-financial and on sustainability information
- Concerning the external auditor, to propose, where appropriate, their appointment and to watch for the proper performance of its functions, and the deployment of its Audit Plan, particularly ensuring its independence, and watching for the audit results to have no qualifications
- Concerning the Internal Audit function, which reports directly to the Committee itself, approving and supervising the implementation of the Internal Audit Plan, supervising the activities of the said Unit and watching for its independence, as well as assessing said function, setting the remuneration of the Corporate Director of Internal Auditing and approving the Unit's budget
- Supervision of the Company's corporate governance model and Internal Codes of Conduct, making proposals for improvement, particularly including the Group's compliance system and the Whistleblowing Channel

- Actions in the area of related-party transactions

#### 4.- OPERATION

During the 2019-2020 financial year, the Company's Audit and Control Committee held six sessions.

The Committee had advance sight of a schedule of operations over the course of the financial year, setting out the dates of the meetings and the various topics to be discussed.

All the meetings were called by the Secretariat of the Committee, at the request of its Chairperson, with at least the notice set out in its Regulations. The documentation deemed necessary and relevant to deal adequately with the topics included in the respective agendas was distributed with the calls.

During the financial year, though the meetings were generally held in-person at the company's offices, the COVID crisis on several occasions led the members of the Committee having to take part through videoconference mechanisms. This situation is expected to continue into next year, until the health situation has returned to normal.

The meetings were generally attended by all the members, albeit there was occasional resort to proxies. Both the Corporate Director of Internal Audit and the Corporate Director of Finance have attended the Committee meetings as regular guests. The Chief Executive Officer was also present, having been invited by the Chairperson, as were other members of the management team.

Finally, it must also be noted that the external Auditors appeared three times at the Committee; in October, for the closing of the yearly annual accounts; in April, for the supervision of the semi-annual financial information, and in July, for the submission of the annual work plan and update to the relevant matters in that period.

The self-evaluation of the operation of the Committee, carried out in coordination with the Appointments and Remuneration Committee, has concluded that its operation was highly satisfactory, notwithstanding there are areas for improvement. Hence, it has been decided to bring the Committee's sessions forward to the afternoon before the Board meeting in the next financial year, in order to better structure the debate times of both bodies. The result of this self-evaluation with regard to the performance of the functions of the President of the Commission is also highly satisfactory.

## 5.- ACTIVITIES

During the 2019-2020 financial year, the Audit and Control Committee has been intensely active in performing its functions, exercising its powers and issuing whatever reports were required or which it was asked for. Its main areas of activity are summarized below.

### **a) Financial statements and other non-financial information**

The Committee supervised the process of preparing all the financial information published by the company, ensuring the proper application of accounting principles and that the consolidation perimeter is properly determined. Likewise, the presentations of results notified to the market as well as the information concerning corporate social responsibility and sustainability have been supervised.

### **b) Relations with the external auditor**

During this tax year, the Committee led the process of selecting new auditors, which concluded with the appointment of E&Y, S.L. It has maintained contact with them to guarantee adequate transition in its work and it has ensured that its independence is respect, particularly regarding contracting services other than auditing from them.

### **c) Financial information and risk control systems**

The Committee has ensured that the internal control system, in particular, the ICOFR system functions properly. During this tax year, moreover, its activity has been especially intense in the area of risks, having led the process of reviewing the Company's Risk Map, which has resulted in its being updated.

### **d) Internal Audit**

The Committee has ensured that the Internal Audit Department functioned properly, which reports directly to it. The Audit Plan has been approved and its implementation has been supervised. Likewise, it has ensured the independence of the function and that it has sufficient resources.

### **e) Corporate governance and compliance**

The Committee's work has been particularly intense in this area. The new Good Governance Recommendations for Listed Companies approved by the CNMV have been analyzed. Although it has been established that the Company was already complying with most of them, particularly as regards gender diversity, adaptation actions have been proposed which, among other things, have included amending the Board's Regulations.

Moreover, various regulations of singular importance within the company's corporate Governance model have been reviewed, such as the new Internal Code of Conduct regarding the Securities Market, which was notified to the CNMV.

In the field of Compliance, with the assistance of an external advisor, the Group's Compliance structure has been reviewed, with a view to reinforcing it. The result of this analysis was the creation of a new Unit, the Compliance Committee, which reports directly to the Committee itself, which is responsible for implementing the corporate compliance model and also takes over management of the Group's Reporting Channel. The Commission has also proposed that the Board appoint the Chairperson of said Committee as the group's compliance Officer.

**f) Related-party transactions**

The Committee regularly exercised its functions in this area.

**g) Self-evaluation of its operation**

The Committee has evaluated its own performance during this financial year. The result of the analysis made has resulted in a highly satisfactory assessment of both its operation and the work of its Chairperson. Notwithstanding this, suggestions for improvement have been concerning the organization of debate times for the next tax year, which is why, from here on, the Committee's meetings shall take place the afternoon before the Board meeting.

**6.- CONCLUSION**

In view of the foregoing, it can be concluded that the Audit and Control Committee operated normally during the 2019-2020 financial year, fully exercising the functions entrusted to it without undue interference, with respect to both current regulations and its internal operating rules.

This Report is the one that was unanimously approved by the members of the Audit and Control Committee at the 26 October 2020 meeting.

Leganés, 26 October 2020.

The Secretary of the Committee,

María Echenique Moscoso del Prado