
ANNUAL REPORT ON THE FUNCTIONS AND ACTIVITIES OF THE

APPOINTMENTS AND REMUNERATION COMMITTEE

2019-2020



COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.**(THE COMPANY)****APPOINTMENTS AND REMUNERATION COMMITTEE****Report on functions and activities****Fiscal Year 2019-2020****1.- REGULATION**

The Company's Appointments and Remuneration Committee was formed by the Company's Board of Directors at its meeting on 4 June 2014, prior to its shares being listed on the Official Stock Exchanges of Spain.

The operation of the Committee is regulated in article 529 quidecies of the Capital Companies Act, in article 43 bis of the Company's Articles of Association, in articles 15 and 18 of the Regulations of the Board of Directors, and in the Company's Director Selection Policy, approved by the Board of Directors on 19 December 2017.

2.- COMPOSITION

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

Post	Members	Date of First Appointment	Nature
Chairperson	Mr. Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
Board Members	Mr. John Downing	09.06.2014	Proprietary
	Mr. Alain Minc	24.04.2018	Independent
	Mr. Luis Isasi Fernández de Bobadilla*	29.09.2020	Independent
Non-Member Secretary	Ms María Echenique Moscoso del Prado	19.12.2019	-----

* Mr. Luis Isasi was appointed on 29 September 2020 and he accepted his appointment on 1 October 2020

During the financial year, there has been a change in the composition of the Committee, due to the sudden death of Mr. Jaime Carvajal Hoyos in September 2020. In view of this, action was immediately begun to propose a replacement to the Board, and on 29 September 2019, the Committee proposed that Mr. Luis Isasi join the Board as an independent Member, and it presented a report favouring his appointment as a member of the Committee. The Board finally agreed to these appointments at its session on 29 September.

3.- FUNCTIONS

According to the aforementioned regulations, the Appointments and Remuneration Committee exercises the functions set out in the Capital Companies Act, and it follows the recommendations in the CNMV's Technical Guide for Appointments and Remuneration Committees of public interest entities. Accordingly, the Committee's main functions may be summarized as follows:

- Assessment of the skills, knowledge and experience needed on the Board. To set a representation target for the less-represented sex on the Board of Directors and ensure that selection processes do not suffer from biases that make it difficult to appoint female Directors.
- To submit to the Board of Directors the proposals for appointments of independent Directors and to report the proposed appointments of the remaining Directors, in particular that of the Chief Executive Officer; to report the proposed appointments of the Chairperson and the Secretary of the Board.
- To examine and organize the succession of the Chairperson and of the chief executive of the Company; to report on the proposals for appointment and dismissal of senior managers whom the chief executive may propose to the Board and the basic conditions of their contracts.
- To propose to the Board of Directors for approval by the General Meeting the Directors' Remuneration Policy, ensuring it is applied properly, and by proposing to the Board, for its approval, the individual remuneration of the executive Directors and the remaining conditions of their contracts.

4.- OPERATION

The Appointments and Remuneration Committee of the Company held nine sessions during the 2019-2020 financial year.

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. However, the number of meetings initially planned was exceeded by a long way due to the major changes to the composition of the Board of Directors due to the various unexpected circumstances that arose during the financial year.

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. The Corporate Director of Human resources usually attended the Committee's meetings a guest, sometimes accompanied by external advisers. The Chief Executive Officer was also present, having been invited by the Chairperson.

The self-assessment of the operation of the Committee has concluded that it was highly satisfactory. 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 Appointments and Remuneration Committee of the Company worked intensely; the following is a summary:

a) Appointments

In the financial year 2019, the Appointments and Remuneration Committee was strongly involved in the various important changes made to the composition of the Board.

In October 2019, Mr. Luis Egidio, until then CEO of the Company, died suddenly. As a result of that, the process to appoint a replacement began, driven by the Committee and the leadership of its Chairperson, all in accordance with the Director Selection Policy. This process gave rise, at first, to Ms. Pilar Platero joining in November, 2019, as an independent Director of the Company, having been proposed by the Committee itself. In December, after the dismissal of Mr. De Juan, Mr. Iñigo Meirás joined as the new CEO and Ms. María Echenique was appointed the Non-Board Member Secretary. In both processes, the Committee issued the relevant supporting reports.

The second major reorganization of the Board took place when the General Shareholders' Meeting was held. The Board, according to the strongest commitment to diversity, agreed to increase the female presence thereon, to which end the number of Board Members was increased and it was proposed that three new Lady Board Members be appointed, Ms. Echenique, Ms. Gelpy and Ms. D'Wit, the first as Executive director and the other two as Proprietary directors. Likewise, it was agreed to ratify the appointment by co-option of Ms. Platero. All these activities involved the drive and direct participation of the Committee, which issued the relevant favourable reports.

Finally, in September 2020, there occurred the unexpected death of the independent Director Mr. Jaime Carvajal Hoyos. The Committee, exercising its functions, proposed appointing Mr. Luis Isasi Fernández de Bobadilla as a new independent Director.

As regards the Company's senior management, the Committee has reported favourably on the proposed appointments, as well as on the basic conditions of their contracts, ensuring that they are consistent.

b) Diversity

As stated, the Committee, under the leadership of its Chairperson, has driven a process to reorganise the Board in which special attention has been paid to matters of gender diversity. The fruit of this is that the current Board of Directors is 42% female Directors, including one Executive director, which has allowed the Company to meet ahead of time the new gender diversity targets recommended by the CNMV in the new draft of its Good Governance Recommendations. This puts the Company at the forefront of compliance with said recommendation.

c) Remuneration

The Committee's activity was also particularly intense this year. Thus, it was proposed to the General Shareholders' Meeting held in March 2020 that it approve a new Remuneration policy that would replace the previous one, simplifying its content and adapting it to best practices in that area. Said Policy was approved by the General Meeting and it is being applied in full to the new Board and, in particular, to the Executive directors.

Likewise, a new Long-Term Incentive was designed for said Executive directors, consisting of handing over shares, which was approved by the aforementioned General Meeting.

Finally, it should be noted that the Committee has actively intervened in the process to approve the contracts of the new Executive directors, submitting a favorable report on both the contract for the new Chief executive and that of the Board-Member Secretary. Likewise, the Committee has issued a favourable opinion on the basic contractual conditions of senior managers who have been hired or promoted during the financial year.

d) Other matters

During the financial year the Committee analysed the recommendations in the CNMV Technical Guide for Appointment and Remuneration Committees of public interest entities. Although it has been found that a large number of these recommendations were accepted, an Action Plan was drawn up to progress their acceptance and which has led to, among other things, the approval of two singularly important initiatives proposed by the Commission .

On the one hand, a Succession Plan for the Chairperson and CEO of the Company has been approved, which is intended to ensure an orderly transition in the event of a vacancy, absence or the incapacity of any of them. In this context, an amendment to the Board Regulations has been proposed by the Committee to ensure that its Chairperson is independent: it was finally approved in September 2020.

Secondly, a Board Competencies Matrix has been approved, as an instrument to accompany and guide the Board's actions in the event of new appointments. 12 key competencies have been identified and the degree to which each is covered has been analysed; it has been

established that there is an adequate degree of coverage by the Board as a whole of the various areas identified.

Finally, the Committee led the Board's self-assessment process. Though this has resulted in highly satisfactory operation of all its bodies being recorded, some measures for improvement have been proposed, aimed at promoting interrelation with the Company's management team and better organisation of the Board's times.

6.- CONCLUSION

In view of the foregoing, it can be concluded that the Appointments and Remuneration 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.

The foregoing Report is the one that was unanimously approved by the members of the Appointments and Remuneration Committee at the 27 October 2020 meeting.

Leganés, 27 October 2020.

The Secretary of the Committee,

María Echenique Moscoso del Prado