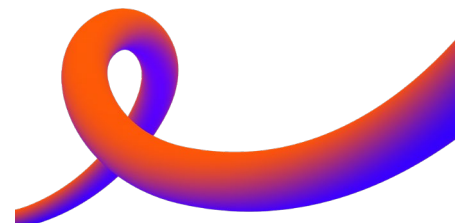


**ANNUAL REPORT ON THE FUNCTIONS AND ACTIVITIES OF
THE APPOINTMENTS AND REMUNERATION COMMITTEE**

FY 2020-2021



COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.



1.- REGULATION

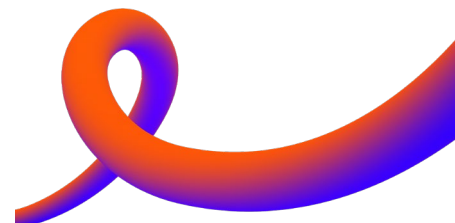
The Company's Appointments and Remuneration Committee was formed by the Company's Board of Directors at its meeting on 4 June 2014, prior to its shares being listed on the Official Stock Exchanges of Spain.

The operation of the Committee is regulated in Article 529 quidecies of the Capital Companies Act, in Article 18 of the Company's Articles of Association, in Articles 15 and 17 of the Regulations of the Board of Directors, and in the Company's Policy on the Selection of Directors, approved by the Board of Directors on 19 December 2017.

2.- COMPOSITION

The Committee, as of September 30, 2021, maintains the same composition as in the previous year, which is as follows:

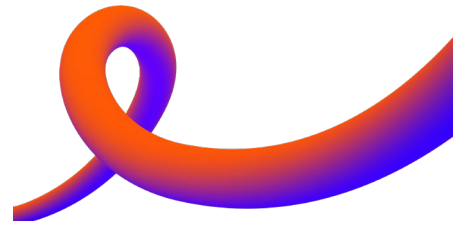
Position	Members	Date of first appointment	Category
Chairman	Mr. Gregorio Marañón y Bertrán de Lis	09.06.2014	Independent
Members	Mr. John Downing	09.06.2014	Proprietary
	Mr. Alain Minc	24.04.2018	Independent
	Mr. Luis Isasi Fernandez de Bobadilla	29.09.2020	Independent
Secretary(non-member)	Ms. María Echenique Moscoso del Prado	19.12.2019	-----



3.- FUNCTIONS

In accordance with the aforementioned regulations, the Appointments and Remuneration Committee exercises the functions set out in the Capital Companies Act, and follows the recommendations stated in the CNMV's Technical Guide to 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. Setting a representation target for the less-represented sex on the Board of Directors and ensuring that selection procedures do not suffer from biases that make it difficult to appoint female Directors.
- Submitting to the Board of Directors proposals for appointments of independent Directors and reporting on the proposed appointments of the other Directors, in particular that of the Chief Executive Officer; reporting on the proposed appointments of the Chairperson and the Secretary of the Board.
- Examining and organizing the succession of the Chairperson and of the Chief Executive of the Company; reporting on the proposals for appointment and dismissal of senior managers whom the Chief Executive may propose to the Board and the basic terms and conditions of their contracts.
- Proposing to the Board of Directors, for approval by the General Meeting, the Policy on Directors' Remuneration, ensuring that it is applied properly, and proposing to the Board, for its approval, the individual remuneration of the executive Directors and the other terms and conditions of their contracts.



4.- OPERATION

The Company's Appointments and Remuneration Committee held five meetings during the 2020-2021 financial year.

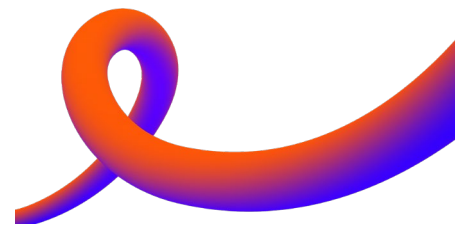
The Committee had prepared in advance a calendar of meetings to be held during the financial year, setting out the dates of the meetings and the various topics to be discussed.

The meetings were called by the Secretariat of the Committee, at the request of its Chairman, with at least the notice set out in its Regulations, although meetings have normally been convened more in advance, in order to allow more time for the preparation of topics. 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, although the meetings were generally held in person at the Company's offices, the COVID crisis on several occasions obliged the members of the Committee to take part through videoconference mechanisms. It is expected that this situation will be resolved in the coming year, given the apparent improvement in the health situation.

The meetings were generally attended by all members, although there was occasional resort to proxies. The Corporate Director of Human Resources usually attended the Committee's meetings as a guest, and the Chief Executive Officer was also present, having been invited by the Chairman.

The self-assessment of the operation of the Committee concluded that it was highly satisfactory. The result of the self-evaluation of the performance of the functions of the Committee's Chairman was also highly satisfactory.



5.- ACTIVITIES

During the 2020-2021 financial year, the Company's Appointments and Remuneration Committee worked intensely; the following is a summary:

a) Appointments

In 2020, two vacancies for Proprietary Directors arose within the Board, which motivated the exercise of the Committee's functions in this area:

Both directors sent letters explaining the reasons for their resignations:

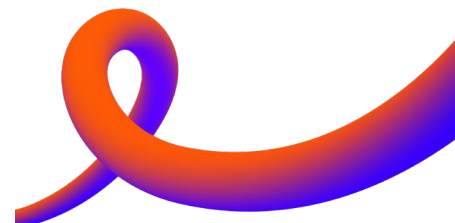
- Ms. Lisa Gelpey resigned on 1/03/2021 because she had ceased to provide her services to Imperial Brands Plc.
- Mr. John Jones resigned on 22/07/2021, in order to give the opportunity to join the Board of the Company to other members of Imperial Brands Plc.

In a context of full respect for the shareholders' right to proportional representation, and their right to propose candidates for appointment as Directors, the Committee has ensured that these procedures take into account both the internal corporate regulations, including the Policy on the Selection of Directors, and the Board's skill matrix. In view of this, special attention was paid to gender diversity and to the strengthening of strategic skills. As a result, the Committee issued reports in favour of the appointment of the Directors proposed by Imperial Brands Plc, Ms. Lillian Blohm and Mr. Murray McGowan.

Likewise, the Board's skill matrix has been updated, as an appropriate instrument to take into account in future incorporations of Board members and to properly assess its composition.

b) Diversity

Both the Committee and the Company's Board of Directors and management pay special attention to gender diversity. The fruit of this is that 42% of the current Board of Directors are female, including one Executive director, and this 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 the said recommendations. As has been pointed out, this was one of the elements that were considered at the time of renewal of the Directors.



It should also be noted that the Company's diversity strategy has also been monitored, not only at Board level, but also at the level of the organization as a whole.

c) Remuneration

The Committee's activity has also been particularly intense this year. Besides the usual activity related to annual remuneration, it was proposed to the General Shareholders' Meeting held in February 2021 that it approve a new Remuneration Policy that would replace the previous one. In this new Remuneration Policy, the structure of the long-term incentive has been simplified, and the possibility of deferred payments has been introduced as a means of talent retention, contributing to the organization of the succession of the top management within the Group.

In this sense, a new 2021-2023 Long-Term Incentive Plan was designed, simplifying the Plans in force until now, which were structured around two different Plans (General Plan and Special Plan), and introducing a single Incentive Plan, with objectives aligned with the long-term performance of the Company and the profitability for its shareholders, substantially maintaining the maximum remuneration opportunity for Executive Directors.

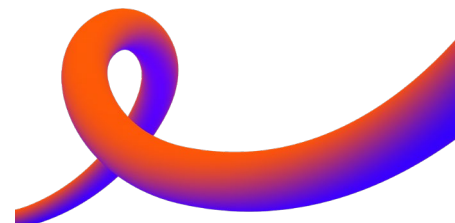
Secondly, and under the said Policy, a mechanism of deferred payments has been designed, aimed at facilitating the planning of the succession of the Company's senior managers and retaining talent, and also aimed at minimising the financial impacts of any departures of senior managers in the fiscal years in which they occur, in the terms explained in the Annual Directors' Remuneration Report of the Company. The said Plan includes for the Board Secretary, a limitation of any potential payment to two years' of total remuneration, in accordance with Recommendation 64 of the CNMV's Code for the Good Governance of Listed Companies,

To all of the foregoing should be added the activities that are usually considered when fixing Directors' remuneration.

d) Other matters

First, it should be emphasised that, in accordance with the provisions of the Succession Plan for the Chairman and the Chief Executive Officer that was approved during the previous fiscal year, the Committee participated in, and issued its report on, the process of implementing the said Plan, in which the procedure to be followed in these situations, and the Directors leading it, were regularised.

The changes posed by the new wording of the Capital Companies Act in relation to the content of the Policy on Directors' Remuneration, and of the Annual Report on Directors' Remuneration, have been analysed in preparation for their implementation during fiscal year 2021-2022.



As a result of the arrival of new Board Members to fill the vacancies arising on the Board, the Board's Set of Skills has been updated, resulting in a strengthening of its overall experience of executive aspects, and also in a strengthening of its competence in almost all the categories, especially in Strategy and Technology (crucial areas for the Board).

The Committee has been monitoring the implementation of the Company's plans and actions in the fields of safety and health, in particular in connection with the situation created by COVID, and with the changes in the rate of accidents, which declined encouragingly during the fiscal year.

Finally, the Committee led the Board's process of self-evaluation, noting, on the one hand, the full implementation of the Action Plan which arose from the same evaluation in the previous fiscal year, and on the other hand, the highly satisfactory, and close to excellent, functioning of all its constituent members, including its Chairman, Chief Executive Officer and Secretary.

Some measures for improvement have been proposed, basically designed to strengthen the Board's debates about strategy and risks, and to make progress in the planning of the senior management's succession.

6.- CONCLUSION

In view of the foregoing, it can be concluded that the Appointments and Remuneration Committee operated normally during the 2020-2021 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 November 4th, 2021 meeting.

Leganés, November 4th, 2021

The Secretary of the Committee,

María Echenique Moscoso del Prado