

**Audit Report on Financial Statements  
issued by an Independent Auditor**

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.  
Financial Statements and Management Report  
for the year ended  
September 30, 2021**

## **AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 15)

To the Shareholders of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

### **Report on the financial statements**

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#### **Opinion**

We have audited the financial statements of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. (the Company), which comprise the balance sheet as at September 30, 2021, the income statement, the statement of changes in equity, the statement of cash flow, and the notes thereto for the year then ended ("2021").

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at September 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2.1 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

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#### **Basis for opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

### *Impairment of non-current investments in Group companies and associates*

**Description** At year-end 2021, the Company had recognized in non-current assets investments in the equity of group companies and associates amounting to 2,518 million euros, which represent 52% of the total assets.

The Company recognizes impairment losses whenever there is objective evidence that the carrying amount of said investments may not be recoverable, being the amount of the impairment loss the difference between the investment's carrying and recoverable amounts.

Recoverable amount is determined using complex estimates based on the application by Company Management of criteria, judgments, and hypotheses. We have determined this matter to be a key audit matter due to the significance of the amounts and the complexity inherent to the estimation process to determine the recoverable amount of these investments.

The information related to the criteria applied by Company Management and the principal hypotheses used in determining impairment losses from investments in group companies and associates are described in Note 4.1) to the accompanying financial statements.

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### **Our response**

Our audit procedures include, among others, the following:

- ▶ Understanding the processes established by Company Management to determine impairment on non-current investments in group companies and associates including assessment of the design and implementation of relevant controls.
- ▶ Analyzing indications of impairment and, where necessary, reviewing the model used by Company Management to determine recoverable amount in collaboration with our valuation specialists, focusing particularly on the model's mathematical coherence, the reasonableness of projected cash flows, discount rates, and long-term growth rates.
- ▶ Contrast the trading value of the Company at year-end.
- ▶ Reviewing the disclosures in the financial statements in accordance with the applicable financial reporting framework.

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## **Other information: management report**

Other information refers exclusively to the 2021 management report, the preparation of which is the responsibility of the Company's Directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained therein is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.

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### **Responsibilities of the Directors and the Audit and Control Committee for the financial statements**

The Directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Control Committee is responsible for overseeing the Company's financial reporting process.

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- ▶ Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Control Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Control Committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Control Committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Report on other legal and regulatory requirements

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### Additional report to the Audit and Control Committee

The opinion expressed in this audit report is consistent with the additional report we issued to the Audit and Control Committee on November 4, 2021.

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### Term of engagement

The ordinary general shareholders' meeting held on March 24, 2020 appointed us as auditors for 3 years, commencing for the year ending September 30, 2020.

ERNST & YOUNG, S.L.  
(Registered in the Official Register of  
Auditors under No. S0530)

(Signed on the original version in Spanish)

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María del Tránsito Rodríguez Alonso  
(Registered in the Official Register of  
Auditors under No. 20539)

November 4, 2021

# **Compañía de Distribución Integral Logista Holdings, S.A.**

Financial Statements for the  
year ended 30 September 2021  
and Director's Report

*Translation from the original issued in Spanish. In  
the event of discrepancy, the Spanish-language  
version prevails.*

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.**  
**BALANCE SHEET AT 30 SEPTEMBER 2021 AND 2020**  
(Thousands of Euros)

ASSETS	Notes	30-09-2021	30-09-2020	EQUITY AND LIABILITIES	Notes	30-09-2021	30-09-2020
<b>NON-CURRENT ASSETS:</b>		<b>2,517,861</b>	<b>972,703</b>	<b>EQUITY:</b>	<b>Note 7</b>	<b>1,391,557</b>	<b>1,259,669</b>
<b>Non-current investments in Group companies and associates-</b>	<b>Note 6.1</b>	<b>2,517,861</b>	<b>972,703</b>	<b>SHAREHOLDERS' EQUITY:</b>		<b>1,391,557</b>	<b>1,259,669</b>
Equity instruments		2,517,861	972,703	<b>Share capital</b>		<b>26,550</b>	<b>26,550</b>
				<b>Share premium</b>		<b>867,808</b>	<b>867,808</b>
				<b>Reserves</b>		<b>283,892</b>	<b>38,742</b>
				Legal reserves		5,310	5,310
				Other reserves		278,582	33,432
				<b>Other contributions of the shareholders</b>		<b>5,124</b>	<b>4,066</b>
				<b>Interim dividend</b>		<b>(54,116)</b>	<b>(51,569)</b>
				<b>Treasury shares</b>		<b>(14,346)</b>	<b>(10,681)</b>
				<b>Profit for the period</b>		<b>276,645</b>	<b>384,753</b>
				<b>NON - CURRENT LIABILITIES:</b>		<b>86,791</b>	-
				<b>Deferred tax liabilities</b>	<b>Note 8.5</b>	<b>86,791</b>	-
<b>CURRENT ASSETS:</b>		<b>2,304,407</b>	<b>291,863</b>	<b>CURRENT LIABILITIES:</b>		<b>3,343,919</b>	<b>4,897</b>
<b>Current tax receivables</b>	<b>Note 8</b>	<b>55,348</b>	<b>72,969</b>	<b>Group companies and associates debt short-term</b>	<b>Note 10</b>	<b>3,338,579</b>	-
<b>Current investments in Group companies and associates</b>	<b>Note 10</b>	<b>2,247,076</b>	<b>218,817</b>	<b>Trade and other payables-</b>		<b>5,340</b>	<b>4,897</b>
<b>Prepayments for current assets</b>		<b>47</b>	<b>40</b>	Payable to suppliers		1,075	766
<b>Cash and cash equivalents-</b>		<b>1,936</b>	<b>37</b>	Other debts with public authorities	<b>Note 8.1</b>	4,265	4,131
Cash		1,936	37				
<b>TOTAL ASSETS</b>		<b>4,822,267</b>	<b>1,264,566</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,822,267</b>	<b>1,264,566</b>

The accompanying Notes 1 to 15 are an integral part of the balance sheet at 30 September 2021.



**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021 AND 2020**  
**(Thousands of Euros)**

	Notes	2021	2020
<b>Revenue:</b>		<b>281,408</b>	<b>386,038</b>
Income from investments in equity instruments	Note 9.1	271,825	385,860
Finance income on investments to Group companies and associates	Note 10	9,583	178
<b>Finance costs:</b>	<b>Note 10</b>	<b>(11,492)</b>	<b>(131)</b>
On debts to Group companies and associates		(11,492)	(131)
<b>Staff costs:</b>	<b>Note 9.2</b>	<b>(1,052)</b>	<b>(1,038)</b>
Wages, salaries and similar expenses		(1,052)	(1,038)
<b>Other Operating expenses</b>		<b>(632)</b>	<b>(506)</b>
<b>Impairment and gains/(losses) on disposal of financial instruments</b>	<b>Note 6.1</b>	<b>4,551</b>	-
<b>PROFIT FROM OPERATIONS</b>		<b>272,783</b>	<b>384,363</b>
<b>Finance income:</b>		<b>3,952</b>	<b>13</b>
Other		3,952	13
<b>FINANCIAL LOSS</b>		<b>3,952</b>	<b>13</b>
<b>PROFIT BEFORE TAX</b>		<b>276,735</b>	<b>384,376</b>
Income tax	<b>Notes 8.3 &amp; 8.4</b>	(90)	377
<b>PROFIT FOR THE YEAR</b>		<b>276,645</b>	<b>384,753</b>

The accompanying Notes 1 to 15 are an integral part of the balance sheet at 30 September 2021.

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER**  
**2021 AND 2020**

**A) STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**(Thousands of Euros)**

	<b>2021</b>	<b>2020</b>
<b>PROFIT PER INCOME STATEMENT (Note 3)</b>	<b>276,645</b>	<b>384,753</b>
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>	-	-
<b>TOTAL TRANSFERS TO PROFIT OR LOSS</b>	-	-
<b>TOTAL RECOGNISED INCOME AND EXPENSE</b>	<b>276,645</b>	<b>384,753</b>

The accompanying Notes 1 to 15 are an integral part of the balance sheet at 30 September 2021.

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021 AND 2020**  
**B) STATEMENT OF CHANGES IN TOTAL EQUITY**  
**(Thousands of Euros)**

	Share Capital	Share Premium	Reserves	Other Contributions of the Shareholders	Interim Dividend	Treasury Shares	Profit / (Loss) for the Period	Total
<b>BALANCE AT 30-09-2019</b>	<b>26,550</b>	<b>867,808</b>	<b>29,381</b>	<b>6,052</b>	<b>(48,938)</b>	<b>(9,893)</b>	<b>165,539</b>	<b>1,036,499</b>
<b>Total recognised income and expense</b>	-	-	-	-	-	-	384,753	384,753
<b>Transactions with shareholders:</b>								
Equity-instrument-based transactions (Notes 7.5 and 7.7)	-	-	(144)	(1,986)	-	2,667	-	537
Operations with treasury shares	-	-	-	-	-	(3,455)	-	(3,455)
Distribution of profit 2019	-	-	9,505	-	48,938	-	(165,539)	(107,096)
Interim dividends	-	-	-	-	(51,569)	-	-	(51,569)
<b>BALANCE AT 30-09-2020</b>	<b>26,550</b>	<b>867,808</b>	<b>38,742</b>	<b>4,066</b>	<b>(51,569)</b>	<b>(10,681)</b>	<b>384,753</b>	<b>1,259,669</b>
<b>Total recognised income and expense</b>	-	-	-	-	-	-	276,645	276,645
<b>Transactions with shareholders:</b>								
Equity-instrument-based transactions (Notes 7.5 and 7.7)	-	-	(165)	1,058	-	1,283	-	2,176
Operations with treasury shares	-	-	(249)	-	-	(4,948)	-	(5,197)
Distribution of profit 2020	-	-	228,913	-	51,569	-	(384,753)	(104,271)
Interim dividends (Note 7.4)	-	-	-	-	(54,116)	-	-	(54,116)
Other equity movements (Note 7.8)	-	-	16,651	-	-	-	-	16,651
<b>BALANCE AT 30-09-2021</b>	<b>26,550</b>	<b>867,808</b>	<b>283,892</b>	<b>5,124</b>	<b>(54,116)</b>	<b>(14,346)</b>	<b>276,645</b>	<b>1,391,557</b>

The accompanying Notes 1 to 15 are an integral part of the balance sheet at 30 September 2021.

**COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 SEPTEMBER 2021 AND 2020**  
(Thousands of Euros)

	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>270,151</b>	<b>314,073</b>
<b>Profit before tax</b>		<b>276,735</b>	<b>384,376</b>
<b>Adjustments for-</b>		<b>(6,594)</b>	<b>(60)</b>
Finance costs	Note 10	11,492	131
Finance income		(13,535)	(191)
Valuation adjustments for impairment (+/-)	Note 6.1	(4,551)	-
<b>Changes in working capital-</b>		<b>901</b>	<b>(77)</b>
Trade and other payables		309	(77)
Other current liabilities		134	-
Other current assets		458	-
<b>Other cash flows from operating activities-</b>		<b>(891)</b>	<b>(70,166)</b>
Interest paid		(11,492)	(131)
Interest received		13,535	191
Collection/Payments for income tax		(2,934)	(70,226)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		<b>(268,252)</b>	<b>(314,060)</b>
<b>Payments for investments</b>		<b>(50)</b>	<b>-</b>
Group companies and associates		(50)	-
<b>Proceeds and payments relating to equity instruments-</b>	Note 6	<b>(5,196)</b>	<b>(788)</b>
Acquisition of treasury shares		(5,196)	(788)
<b>Proceeds and payments relating to financial liability instruments-</b>	Note 10	<b>(104,619)</b>	<b>(154,607)</b>
Proceeds from issue of borrowings from Group companies and associates		3,104,920	237,727
Repayment of debts to group companies		(3,209,539)	(392,334)
<b>Dividends payment and remuneration of other equity instruments-</b>		<b>(158,387)</b>	<b>(158,665)</b>
Dividends payment		(158,387)	(158,665)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,899</b>	<b>13</b>
Cash and cash equivalents at beginning of year		37	24
Cash and cash equivalents at end of year		1,936	37

The accompanying Notes 1 to 15 are an integral part of the balance sheet at 30 September 2021.

## **Compañía de Distribución Integral Logista Holdings, S.A.**

Notes to the annual Financial Statements for the year ended 30 de September de 2021

### **1. Company activity**

Compañía de Distribución Integral Logista Holdings, S.A., was incorporated as a sociedad anónima (Spanish public limited company) on 13 May 2014, with its sole shareholder being Altadis S.A.U., a company belonging to the Imperial Brands PLC Group. On 26 May 2014, the Company was registered in the Mercantile Registry as a sole-shareholder company.

The Company's registered office is at Polígono Industrial Polvoranca, calle Trigo, número 39, Leganés (Madrid).

On 4 June 2014, the Company effected a capital increase with all shares subscribed by Altadis S.A.U. through non-monetary contribution of shares representing 100% of the share capital of Compañía de Distribución Integral Logista, S.A.U., until that time the parent company of the Logista Group, from then onwards, the Company became the Parent of the aforementioned Group.

The offering of shares in the Company came to an end on 14 July 2014, and its shares are currently listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (see Note 6).

The reporting period of most of the Group companies starts on 1 October of each year and ends on 30 September of the following year. The twelve-month period ended 30 September 2021 will hereinafter be referred to as "2021"; the period ended 30 September 2020 as "2020", and so on.

The activity performed by the Company since its incorporation has been that of a holding company. The company is the Parent of a distributor and logistics operator Group, which provides various distribution channels with a wide range of value added products and services, including tobacco and tobacco by-products, convenience goods, electronic documents and products (such as mobile phone and travel card top-ups), drugs, books, publications and lottery tickets. In order to provide these services, the Group has a complete infrastructure network, which spans the whole value chain, from picking to POS delivery.

On 22 March 2021 and 7 April 2021, respectively, and effective for accounting purposes from 1 October 2020, the simplified merger by absorption between Compañía de Distribución Integral Logista Holdings, S.A. (the Absorbing Company) and Logista Investments, S.L.U. (the Absorbing Company) was registered with the Madrid Mercantile Registry. (Absorbing Company) and the company Logista Investments, S.L.U. (Absorbed Company). (see Note 5).

The Company, as parent of a group of subsidiaries, prepares consolidated financial statements separately in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). The consolidated financial statements of Logista Group for 2021 were formally prepared by its directors at the Board of Directors meeting held on 4 November 2021.

On 20 July 2021 there was a change in the majority shareholder of the Company to Imperial Tobacco Limited, an entity belonging to the Imperial Brands PLC group, which is governed by the commercial legislation in force in the United Kingdom, with registered office at 121 Winterstoke Road, Bristol BS3 2LL (United Kingdom). The consolidated financial statements of the Imperial Brands PLC group for the year ended 31 December 2020 were authorized for issue by the directors at a meeting of the board of directors held on 17 November 2020.

## **2. Basis of presentation of the financial statements**

### **2.1 Regulatory financial reporting framework applicable to the Company**

These financial statements were formally prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- a. The Spanish Commercial Code and all other Spanish corporate law.
- b. Law on Corporations consolidated text.
- c. The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the amendments thereto introduced by Royal Decrees 1159/2016 and 602/2016.
- d. The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- e. All other applicable Spanish accounting legislation.

### **2.2 Fair presentation**

The financial statements for 2021, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for the corresponding period. These financial statements, which were formally prepared by the Company's Directors, will be submitted for approval by the General Meeting, and it is considered that they will be approved without any changes.

The financial statements for 2020 were approved at the Annual General Meeting held on 4 February 2021.

### **2.3 Accounting principles applied**

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon.

### **2.4 Key issues in relation to the measurement and estimation of uncertainty**

In preparing the accompanying financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The calculation of allowances for financial assets (see Note 4.1).
- The assessment of the long-term obligations to employees of the companies in the Group headed by the Company (see Note 4.4).
- The assessment of the income tax expense (see Note 4.3).

Although these estimates were based on the best information available at the close of 2021, it is possible that future events may require these to be raised or lowered in the coming years. This would be done prospectively, recognising the effects of the changes in accounting estimates in the relevant future financial statements.

## **2.5 Comparative information**

The information relating to 2020 included in these notes to the financial statements is presented solely for comparison purposes with that relating to 2021.

## **2.6 Grouping of items**

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

## **2.7 Materiality**

In preparing these financial statements the Company omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of Materiality defined in the conceptual framework applicable to the Company.

## **2.8 Going Concern**

At 30 September 2021 the Company had negative working capital 1,039 million of Euros (286,966 thousand of Euros positive working capital at 30 September 2020). However, practically all of the current liabilities relate to debts with Group companies that could be increased and the Company's directors consider that the cash flows generated by the Company and the financing facilities available with the Group companies Imperial Brands Finance PLC and Compañía de Distribución Integral Logista, S.A.U. are sufficient to meet the current liabilities (see Note 10). Accordingly, the Directors of the Company have prepared the annual accounts on a going concern basis.

## **3. Distribution of profit**

The proposed distribution of the profit for 2021, amounting to 276,645 thousand of euros, that the Company's Directors will submit for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of Euros
To voluntary reserves	112,347
Dividends	110,182
Interim dividend (Note 7.4)	54,116
	<b>276,645</b>

In accordance with the regulations in force, the Company assessed the liquidity status at the date of approval of the interim dividend. Based on this assessment, on 22 July 2021 the Board of Directors, on the basis of the net profit recorded as at 30 June 2021 of 88 million of euros, considered sufficient for the payment of the approved interim dividend, taking into account the existing treasury shares, approved the distribution of this interim dividend.

#### **4. Accounting policies and measurement bases**

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for 2021, in accordance with the Spanish National Chart of Accounts, were as follows:

##### **4.1 Financial instruments**

###### *4.1.i Financial assets*

###### *Equity investments in Group companies*

Group companies are deemed to be those related to the Company as a result of a relationship of control.

These investments are measured at cost or contribution value net, where appropriate, of any accumulated impairment losses. The method used to determine the value of the shares received through the non-monetary contribution made by Altadis, S.A.U. (prior main shareholder of the company) was to maintain the carrying amount of the contributed shares in the separate financial statements of the contributing company at the date of contribution.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the corresponding write-down is recognised through the income statement.

Value in use is calculated on the basis of an estimate of the future cash flows generated by each cash-generating unit, discounted at a rate which reflects the current value of money and the specific risks associated with the assets. Fair value is considered the value at which the asset in question could be disposed of under normal conditions, and it is determined on the basis of market data, comparable transactions, etc.

Impairment losses and, where appropriate, their reversal, are recognised as an expense or as income, respectively, in the income statement.

The Company uses the budgets and business plans, which generally cover a three-year period, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are built are based on each type of business and the experience with and knowledge of the performance of each of the markets in which the Company operates.

The estimated cash flows are extrapolated to the period not covered by the business plan using a zero-growth rate and an expense structure that is similar to that of the last year of the business plan.

The most relevant assumptions used in testing for impairment were as follows:

	2021		2020	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Iberia, tobacco and related products	8,36%	0,00%	7,14%	0,00%
Italy, tobacco and related products	9,20%	0,00%	-	-
Francia, tobacco and related products	6,45%	0,00%	-	-
Iberia, transportation	7,57%	0,00%	-	-
Iberia, other businesses: Pharma	7,24%	0,00%	-	-



The discount rate applied is usually a pre-tax measurement based on the risk-free rate for 10-year bonds issued by the governments in the relevant markets, adjusted by a risk premium to reflect the increase in the risk of the investment based on the country in question and the systematic risk of the Company.

The parameters considered in defining the foregoing discount rates were as follows:

- Risk-free bonds: 10-year bonds in the benchmark market of the CGU (Cash-Generating Unit).
- Market risk premium: year-on-year average risk Premium in each country in which the Group is presented.
- Unleveraged Beta: industry average, on a case-by-case basis.
- Debt/equity ratio: industry average.

At 30 September 2021 the Company's directors have concluded that the entities Logista Polska, S.p.A. and Logista Payments, S.L.U. are impaired by 198 thousand of euros and 36 thousand of euros, respectively. In addition, reversals of impairments recorded at Logista France Holdings, S.A.S. amounting to Euros 3,314 thousand and of the provision for other liabilities transferred from the simplified demerger and merger operation (see Note 5) amounting to 1,471 thousand of euros have been recorded (see note 6.1).

At 30 September 2020, the Company's directors concluded that none of the Company's investees were impaired. (See Note 6.1).

#### *Loans and receivables*

The loans granted are measured at their amortised cost, which is understood to be the initial value plus accrued interest and repayment premiums based on the effective interest rate, minus the principal and interest repayments, while also considering possible reductions due to impairment or uncollectibility.

#### *Cash and cash equivalents*

Cash includes both cash and demand deposits.

The Company derecognises a financial asset when it matures and collection is made or when the rights to the future cash flows have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

#### *4.1.ii Financial liabilities*

Trade payables, loans received and other accounts payable are initially recognised at fair value, which generally coincides with their nominal value, reduced by transaction costs, and are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

#### *4.1.iii Equity instruments*

Equity instruments issued by the Company are recognised in equity at the proceeds received, less issue and arrangement costs.

The acquisition by the Company of treasury shares is disclosed separately at cost as a reduction of equity in the balance sheet. No gain or loss is recognised in income statement on transactions involving own equity instruments.

## **4.2 Revenue and expense recognition**

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the income statement.

In accordance with the Resolution of the Spanish Accounting and Auditing Institute (I.C.A.C.) 79/2009 Consultation 2, on the classification in the individual annual accounts of the income and expenses of a holding company, whose principal activity is the holding of investments and the financing of the operations carried out by its investees, the Company classifies the income and expenses arising from the holding of financial instruments (dividends, interest and financial expenses associated with the financing of investees, changes in the fair value of financial instruments, impairment losses and results on disposal) as operating profit or loss.

## **4.3 Income tax**

Tax expense (or tax income) comprises current tax expense (or current tax income) and deferred tax expense (or deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

In general, deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

From 2017 onwards, the Company is the parent of the tax group, with tax Group number 548/17 assigned.

## **4.4 Pension and other employee benefit obligations**

On 20 December 2016, the Board of Directors of the Company approved the long-term incentive plan (the General Plan and the Special Plan), for the period from 2017 to 2022, implemented in three blocks of three years each, with the first block starting on 1 October 2017.

On 23 January 2018, the Board of Directors approved the list of beneficiaries of the first block (2017-2020), with 58 beneficiaries included in the General Plan and 9 beneficiaries considered in the Special Plan. The total estimated cost of the first block of the plan amounts to 2,933 thousand euros. This first Consolidation Period closed on 30 September 2020 with a total of 62,821 shares delivered in December 2020 for a total cost of 966 thousand euros. These shares were delivered in some cases net of income tax.

On 29 January 2019, the Board of Directors approved the list of beneficiaries of the second block (2018-2021), with 60 beneficiaries included in the General Plan and 9 beneficiaries considered in the Special Plan. The total estimated cost of the second block of the plan amounts to 3,240 thousand euros.

On 28 January 2020, the Board of Directors approved the list of beneficiaries of the third block, with 62 beneficiaries included in the General Plan and 9 beneficiaries considered in the Special Plan. The total estimated cost of the third block of the plan amounts to 3,023 thousand euros.

On 26 November 2019, the Company's Board of Directors approved the Logista Group's 2020-2025 Long-Term Incentive Plan (the General Plan and the Special Plan), which accrues from 1 October 2020 and matures on 30 September 2025 and is implemented in three three-year blocks, with settlements occurring at the end of each block. This Plan was replaced by the 2020 Plan, which the Board of Directors approved on 28 January 2020, configuring it as an extension of the old 2017 Plan. This Plan was launched by the Board of Directors on 27 October 2020, with a single vesting period ending on 30 September 2023, with a list of beneficiaries and a maximum number of shares to be distributed for the vesting period 2021-2023 of 62 beneficiaries for the General Plan and 11 beneficiaries for the Special Plan, amounting to 2,812 thousand euros.

On 4 February 2021, the Board of Directors of the Company approved the Long-Term Incentive Plan structured in three overlapping cycles of three years each. The plan will start on 1 October 2021 and, consequently, new cycles will be launched in October 2022 and October 2023.

The Company holds 674,423 treasury shares to cover the incentive plans in force.

On 29 September 2020, the Board of Directors of the Company extended until 1 October 2021, the Extended Share Buyback Programme (up to 722,273 shares, or 0.5% of the share capital) of the Company to cover the share buyback needs for the Long Term Incentive Plan 2020.

Finally, on 22 September 2021 the Board of Directors of the Company has approved the purchase of own shares up to a maximum of 233,000 shares and until 1 October 2022, to cover the new incentive plan to be approved in November 2021.

#### **4.5 Related party transactions**

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

In mergers and divisions of a business, the items acquired are generally valued at the amounts at which they were recorded in the individual annual accounts of the transferring company.

#### **4.6 Environmental assets and liabilities**

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimize environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activity does not have a significant environmental impact.

#### **4.7 Current and Non-current classification**

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realized within twelve months from the end of the reporting period, held-for-trading financial assets, and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, held-for-trading financial liabilities and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

#### **4.8 Revenue**

In accordance with the Resolution of the Spanish Accounting and Audit Institute (I.C.A.C.) 79/2009 Consultation 2, regarding the classification in the individual annual accounts of the income and expenses of a holding company, whose main activity is the holding of shares and the financing of the operations carried out by its investees, the Company classifies dividend income and interest accrued on financing granted to its investees under the heading "Revenue" in the income statement.

### **5. Merger by absorption**

#### **Simultaneous partial demerger and simplified merger by absorption**

On 18 December 2020, the Board of Directors of the Company unanimously approved the common plan for the partial demerger of Compañía de Distribución Integral Logista, S.A.U. ("Demerged Company") in favour of Logista Investments, S.L.U. ("Grantee Company or Absorbed Company") and the simultaneous simplified merger between Compañía de Distribución Integral Logista Holdings, S.A. (the "Acquiring Company") and the absorbed Company, approved by the members of the Board of Directors of the acquiring Company and by the Sole Shareholder of the Absorbed Company, all within the framework of the reorganisation of the current corporate structure of the Logista Group.

On 3 March 2021, the deed of partial split and simultaneous simplified merger by absorption was executed and signed, through the partial split of Compañía de Distribución Integral Logista, S.A.U. ("demerged Company") in favour of Logista Investments, S.L.U. ("Grantee Company or Absorbed Company") and simultaneous simplified merger between Compañía de Distribución Integral Logista Holdings, S.A. ("the Absorbing company") and the absorbed Company (see Note 1 of these financial statements).

In order to comply with the provisions of article 86 of the Corporate Income Tax Law, the Company states that:

- The tax periods in which the transferor, Compañía de Distribución Integral Logista S.A.U., acquired the transferred assets are:

Transferred assets	Business name	Acquisition tax period
Investee companies in Spain	Logista-Dis, S.A.U.	2001
	Dronas 2002, S.L.U.	2003
	Logesta Gestión de Transporte, S.A.U.	2002
	La Mancha 2002, S.A.U.	2000
	Compañía Distribución Integral de Publicaciones Logista, S.L.U.	2005

	Distribuidora del Noroeste, S.L.	2006
	Logista Libros, S.L.	2005
	Logista Payments, S.L.U.	2019
Investee companies in France	Logista Francia Holding, S.A.	2004
	Logista Francia, S.A.S.	2012
Investee companies in Italy	Logista Italia, S.p.A.	2004
Investee companies in Poland	Logesta Polska Sp. Zoo	2006
	Logista Polska, S.p. Zoo	2007

- The last balance sheet closed by the transferor is for the year 2021.
- There are no assets acquired that have been included in the accounting books at a value other than that at which they appeared in the books of Compañía de Distribución Integral Logista S.A.U.
- In relation to the tax benefits enjoyed by Compañía de Distribución Integral Logista S.A.U., in its capacity as transferor, in respect of which the Company must assume compliance with certain requirements, it should be noted that by virtue of the universal succession whereby the Company acquires the tax rights and obligations of the transferor, the Company acquires the right to deduct the financial goodwill arising between 2004 and 2006, corresponding to the purchase of Etinera S.P.A. (currently Logista Italia) in accordance with the provisions of the Spanish Companies Law. (now Logista Italia) in accordance with the applicable tax regulations, and also transfers (see note 5) the deferred tax liability corresponding to this item amounting to 80,055 thousand of Euros.

The transactions have been carried out under the Special Regime for mergers, splits, contributions of assets, exchange of securities and change of registered office of a European Company or a European Cooperative Society from one Member State to another Member State of the European Union.

The Company is the beneficiary of the assets and liabilities received, as well as the contractual position in each one of contracts and/or obligations by acquiring both rights and obligations.

The detail of the assets and liabilities of the Absorbed Company is as follows:

(Thousand of Euros)	Note	1 October 2020
<b>NON CURRENT ASSETS</b>		
Long-term investments in group and associated companies	<b>6</b>	1,558,517
<b>CURRENT ASSETS</b>		
Short-term investments in group companies and associates	<b>10</b>	1,887,264
<b>TOTAL ASSETS</b>		<b>3,445,781</b>
<b>NON CURRENT LIABILITIES</b>		
Deferred tax liabilities	<b>8.5</b>	80,055
Provision for other long-term liabilities	<b>6</b>	1,471
<b>CURRENT LIABILITIES</b>		
Short-term liabilities to group and associated companies	<b>10</b>	3,330,056
<b>TOTAL LIABILITIES</b>		<b>3,411,582</b>

As a result of these operations, a decrease in the value of the investment held in Compañía de Distribución Integral Logista, S.A.U. of 34,199 thousand of euros has been recorded (see Note 6.1).

### **Demerger - Portugal**

On 19 January 2021, the Company approved the project for the partial spin-off of Compañía de Distribución Integral Logista, S.A.U. ("demerged Company"), with the consequent transfer, without being extinguished, of part of the Company's assets and liabilities, which are concentrated in three independent and autonomous economic units, to the Portuguese company CDIL Companhia de Distribuicao Integral Logista Portugal, S.A. ("beneficiary Company"), which will acquire, by universal succession, all the rights and obligations inherent to the part of the assets and liabilities to be split.

The transactions have been carried out under the special regime for mergers, spin-offs, contributions of assets, exchange of securities and change of registered office of a European Company or a European Cooperative Society from one Member State to another Member State of the European Union.

Notwithstanding the above-mentioned deeds of both demerger and merger projects were registered in the Commercial Register on 22 March 2021 and 7 April 2021. The date from which the transactions would take effect for accounting purposes is 1 October 2020, i.e. back to the first day of the financial year in which the transactions are approved.

Both reorganisation operations are aimed at reorganising the Group's companies in order to adapt the legal form and corporate structure of the group to the underlying material reality of the different lines of business that are more efficient after the restructuring so that, on the one hand, Compañía de Distribución Integral Logista Holdings, S.A. is allowed to act as a holding company directly in the other companies by acquiring stakes in the companies previously owned by Compañía de Distribución Integral Logista Holdings, S.A.U., to act as a holding company directly in the other companies by acquiring the shares in the companies previously owned by Compañía de Distribución Integral Logista S.A.U. And, on the other hand, the objective of protecting the businesses developed by the different companies is achieved, guaranteeing their continuity and independence, in particular (i) for the main business developed by the spun-off company, Compañía de Distribución Integral Logista S.A.U., and (ii) for Portugal, with the subsidiarisation of the branch.

## **6. Financial assets**

### **6.1 Non-current investments in Group companies**

The detail of "Non-Current Investments in Group companies and associates" at 30 September 2021 and 2020 is as follows:

2021

	Thousand of Euros				
	30.09.20	Additions by merger (Note 5)	Additions	Disposals	30.09.21
<b>Cost:</b>					
Equity Investments	972,703	1,558,517	19,092	(35,531)	2,514,781
<b>Total cost:</b>	<b>972,703</b>	<b>1,558,517</b>	<b>19,092</b>	<b>(35,531)</b>	<b>2,514,781</b>
<b>Impairment / Reversals</b>	-	-	(234)	3,314	3,080
<b>Total non-current investments</b>	<b>972,703</b>	<b>1,558,517</b>	<b>18,858</b>	<b>(32,217)</b>	<b>2,517,861</b>

2020

	Thousand of Euros			
	30.09.19	Additions	Disposals	30.09.2020
<b>Cost:</b>				
Equity Investments	974,689	2,401	(4,387)	972,703
<b>Total cost:</b>	<b>974,689</b>	<b>2,401</b>	<b>(4,387)</b>	<b>972,703</b>
<b>Impairment / Reversals</b>	-	-	-	-
<b>Total non-current investments</b>	<b>974,689</b>	<b>2,401</b>	<b>(4,387)</b>	<b>972,703</b>

As explained in Note 5, the Company has carried out a business reorganisation in 2021.

On 11 November 2020, the Company constitute the company CDIL Companhia Distribuicao Integral Logista, S.A. with a share capital of 50 thousand of Euros. The company's corporate purpose is the marketing, purchase and sale, including the import and export, storage and distribution of tobacco and other tobacco-related products, conducting all of its activities in Portugal.

On 14 June 2021 the Company agreed, as Sole Shareholder of its investee Dronas 2002, S.L.U., the distribution of an interim dividend in kind for the financial year 2020-2021 of Dronas 2002, S.L.U. for a total amount of 16,651 thousand euros consisting of the transfer of all the shares held by Dronas 2002, S.L.U. in the companies Logista Pharma, S.A.U. and Logista Pharma Canarias, S.A.U., with a book value of 14,994 thousand euros and 1,657 thousand euros, respectively. The agreed transfer took full effect as from 2 June 2021. This interim dividend in kind has been recorded against equity in accordance with the applicable accounting regulations (see Note 7.8).

During 2021, the Company reversed the impairment of its interest in Logista France Holdings, S.A.S. for an amount 3,314 thousand of Euros. In addition, it has reversed the provision for other liabilities transferred from the simplified demerger and merger transaction (see Note 5) in the amount of 1,471 thousand of Euros.

At 30 September 2021 the Company Directors have concluded that the entities Logista Polska, S.p.A. and Logista Payments, S.L.U. are impaired by 198 thousand of Euros and 36 thousand of Euros, respectively (no impairment at 30 September 2020) (see Note 4.1).

During 2021 the Company has recognised as an increase in the value of its investment in Compañía de Distribución Integral Logista, S.A.U. the amount accrued for long-term incentive plans amounting to 2,391 thousand of Euros (2,401 thousand of Euros in 2020) and as a lower value the settlement of the Third Consolidation Period (2016-2019) plus shares of the remaining blocks of the 2017 Incentive Plan in the amount of 1,333 thousand of Euros (in 2020 the higher value of the investment was 4,387 thousand Euros) (see Note 4.4)

The most significant information relating to the Group company as at 30 September 2021 and 2020, in individual data, is as follows:

2021

Company	Address	Direct % Ownership		Thousand of Euros							
		Direct	Indirect	Share Capital	Data of the Companies			Carrying Value			
					Profit for the Year		Reserves and Other	Total Equity	Cost	Reversal / (Impairment) in the Year	Acumulated Impariment
Operating Profit	Profit										
Compañía de Distribución Integral Logista S.A.U (*)	Madrid	100	-	26,550	62,547	124,313	68,851	219,714	939,561	-	-
Logista-Dis, S.A.U. (*)	Madrid	100	-	902	4,615	2,139	(180)	3,221	1,203	-	-
Dronas 2002, S.L.U. (*)	Barcelona	100	-	12,562	22,602	25,794	(11,374)	26,982	21,293	-	-
Logesta Gestión de Transporte, S.A.U. (*)	Madrid	100	-	1,000	3,356	3,650	(3,801)	849	4,510	-	-
La Mancha 2000, S.A.U. (*)	Guadalajara	100	-	1,352	214	168	182	1,702	1,352	-	-
Distribuidora del Noroeste, S.L. (*)	Vigo	49	51 (**)	307	64	48	996	1,350	271	-	-
Compañía de Distribución Integral de Publicaciones Logista, S.L.U. (*)	Madrid	100	-	1,100	(275)	(227)	1,556	2,429	-	-	-
Logista Libros, S.L. (*)	Guadalajara	50	-	500	5,700	4,464	4,780	9,743	1,490	-	-
Logista Payments, S.L.U. (*)	Madrid	100	-	200	(46)	(34)	(2)	164	200	(36)	-
Logista Pharma, S.A.U. (*)	Barcelona	100	-	4,368	11,034	8,273	(317)	15,734	14,994	-	-
Logista Pharma Canarias, S.A.U. (*)	Barcelona	100	-	120	1,487	1,133	485	1,738	1,657	-	-
CDIL Companhia de Distribuição Integral Logista, S.A.	Portugal	100	-	50	5,076	10,082	28,089	38,221	50	-	-
Logista France Holding, S.A.S. (*)	Tremblay (France)	100	-	11,108	-	-	(131)	10,977	-	3,314	-
Logista France, S.A.S. (*)	Vincennes (France)	100	-	107,250	58,489	47,461	(19,250)	135,461	920,161	-	-
Logista Italia, S.p.A. (*)	Rome (Italy)	100	-	15,164	94,637	78,270	3,057	96,491	605,627	-	-
Logesta Polska, S.p. Z.o.o. (*)	Warsaw (Poland)	49	51 (***)	216	184	163	11	390	129	-	-
Logista Polska, Z.o.o (*)	Warsaw (Poland)	100	-	260	826	629	1,196	2,085	2,283	(198)	-
									<b>2,514,781</b>	<b>3,080</b>	-

(\*) Unaudited figures.

(\*\*) Investee through Compañía de Distribución Integral de Logista de Publicaciones Logista, S.L.U.

(\*\*\*) Investee company through Logesta Gestión de Transporte, S.A.U.

2020

Company	Address	Direct % Ownership		Thousand of Euros							
		Direct	Indirect	Share Capital	Data of the Companies			Carrying Value			
					Profit of he Year		Reserves and Others	Total Equity	Cost	Reversal / (Impairment) in the Year	Acumulated Impariment
Operating Profit	Profit										
Compañía de Distribución Integral Logista S.A.U (*)	Madrid	100	-	26,550	54,972	258,082	76,162	360,794	972,703	-	-

(\*) Audited figures as at 30 September 2020



The market capitalization of the Company as of September 30, 2021 and 2020 amounts to 2,417.4 million euros and 1,938.2 million euros, respectively.

During the years 2021 and 2020, the Company received from its investees 271,825 thousand euros and 385,860 thousand euros in dividends (see Note 9.1).

## **6.2 Financial risk exposure**

The management of the financial risks to which the Company is exposed in the course of its business activities constitutes one of the basic pillars of its activities aimed at preserving the value of its assets and its shareholder's investment.

The Company's activities are exposed to various financial risks: market risk (including exchange rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company's financial risk management is centralised in Logista Group's Finance Division. This Division has established the mechanisms required to control based on the structure and financial position of the Company and on the economic variables of the business- exposure to interest rate and exchange rate fluctuations and credit and liquidity risk.

### **a. Credit risk:**

The Company's main financial assets are cash and loans to Group companies. In general, the Group holds its cash and cash equivalents at banks with high credit ratings.

### **b. Liquidity risk:**

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its balance sheet, together with the credit and financing facilities obtained through the cash assignment agreement entered into with Imperial Brands PLC Group. (see Note 9).

### **c. Market risk (including interest rate, foreign currency and other price risks):**

In relation to its cash and cash equivalents the Company is exposed to interest rate fluctuations that could have an effect on its results and cash flows, although due to the Company's financial structure, management considers that this impact would not be material in any event.

The level of exposure of the equity and income statement to the effects of future changes in prevailing exchange rates is not significant.

The Company does not have any direct or indirect significant investments in foreign entities that operate in currencies other than the euro and does not perform significant transactions in countries with currencies other than the euro.

## **6.3 Exposure to risk. Covid-19 situation**

### Identified risks

In the current environment there remains a degree of uncertainty generated by the coronavirus pandemic and the restrictions on mobility and activity that may be put in place by different governments, but to a lesser extent than in previous periods.

### Actions taken to mitigate risks

In any case, this risk is mitigated, given that Logista is engaged in the supply and distribution of products to sales networks providing essential services, tobacconists, pharmacies, service stations, kiosks, and is therefore obliged to maintain its activities, in any case, guaranteeing the supply and delivery of these

products to retail establishments, and therefore these annual accounts are presented on a going concern basis.

#### Impacts at present and potential impacts in the future

The governments of Spain, Portugal, France and Italy have adopted measures to limit opening hours, mobility, shop closures and selective confinements, but, in general, these measures have been less drastic than those adopted in the previous year. However, as was the case then, Logista maintained business as usual in most of the businesses which, once again, were considered core activities.

The negative effects on results as a result of COVID-19 were offset by cost-cutting measures and the adoption of certain strategic decisions, which made it possible to translate certain positive trends derived from the situation created by the pandemic in certain sectors into increases in activity.

The positive impacts of the pandemic situation, which were already observed in the previous year, include increased activity in e-commerce distribution, pharmaceutical distribution, the development of services to manufacturers, as well as the improved performance of tobacco volumes distributed in France as a result of the measures to limit mobility, particularly across borders.

The Company estimates that the impact of the pandemic will not be as significant in 2021 as in 2020.

## **7. Equity**

### ***7.1 Share capital***

At 30 September 2021 and 2020, the Company's share capital amounted to 26,550 thousand of euros and was represented by 132,750,000 fully subscribed and paid shares of EUR 0.2 per value each, all of which are of the same class.

As indicated in Note 1, the Parent was incorporated on 13 May 2014 with a share capital of 60 thousand of euros, divided into 300,000 shares of EUR 0.2 par value each, all of the same class, which were fully subscribed and paid in cash by the Parent's sole shareholder, Altadis, S.A.U.

On 4 June 2014, Altadis, S.A.U. approved a capital increase of 26,490 thousand of euros at the Parent, which was subscribed by means of a non-monetary contribution through the issue of 132,450,000 new shares of EUR 0.2 par value each, with a total share premium of 942,148 thousand of euros. The shares issued were of the same class as the outstanding shares, and they were fully subscribed and paid by Altadis, S.A.U. by means of the contribution to the Parent of the 44,250,000 registered shares representing the entire share capital of Compañía de Distribución Integral Logista, S.A.U. (which was, until that time, the Parent of the Logista Group). In this connection, it should be noted that the aforementioned non-monetary contribution was subject to the requisite appraisal by an independent expert appointed by the Mercantile Registry, in accordance with the Consolidated Spanish Limited Liability Companies Law and the Mercantile Registry Regulations.

The offering of shares in the Company came to an end on 14 July 2014, and its shares are currently listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

On 20 July 2021 Altadis, S.A.U. agreed to sell its stake in Compañía de Distribución Integral Logista Holdings, S.A., representing 50.01% of the share capital, to Imperial Tobacco LTD, a company also belonging to the Imperial Brands PLC Group.

The only shareholder holding 10% or more of the share capital of the Company as at 30 September 2021 is Imperial Tobacco Limited with a percentage of 50.01%. In 2020 the only shareholder with a percentage of 10% or more in the share capital of the Company was Altadis, S.A.U. with a percentage of 50.01%. (See Note 1).

At 30 September 2021 all the Company's shares have equal voting and dividend rights.

## **7.2 Share premium**

The Spanish Capital Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

In 2015 the Company distributed dividends with charge to the share premium of 74,340 thousand of euros.

There has been no movement in this caption at 30 September 2021 and 2020.

## **7.3 Legal reserve**

Under the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, unless other reserves are not available for this purpose.

At 30 September 2021, the legal reserve has reached the legally stipulated minimum.

## **7.4 Interim dividends**

On 22 July 2021, the Company's Board of Directors approved the distribution of an interim dividend out of 2021 profit amounting to 54,116 thousand of euros for which payment has already been made on 27 August 2021 (51,569 thousand of euros in 2020) (See Note 3).

## **7.5 Other reserves**

These reserves are freely available. The Company recognized changes occurred in 2021 relate to 2020 not distributed profit to the shareholders amounting 228,913 thousand and the negative effect of the settlement of the First Consolidation Period (2017-2020) in addition to 2017 Incentive Plan amounting 165 thousand.

## **7.6 Treasury shares**

The Company holds 800,623 treasury shares amounting to 14,346 thousand of euros, of which 674,423 shares are earmarked to cover the long-term incentive plan payable in treasury shares for a total amount of 12,284 thousand of euros (522,273 treasury shares amounting to EUR 10,681 thousand as at 30 September 2020).

On 20 January 2021, the Company entered into a liquidity contract with the bank Banco Santander, S.A., the purpose of which is to promote the liquidity and regularity of the Company's share price. This contract is in accordance with the liquidity contract model included in Circular 1/2017 of 26 April of the National Securities Market Commission (CNMV) on liquidity contracts. The total number of shares allocated to the securities account associated with the Liquidity Agreement is 120,000 shares and the term of the agreement is 12 months from that date.

### 7.7 Other shareholder contribution

This heading also includes the annual allocation for 2021 and 2020 to the Share Plan blocks, amounting to 2,391 thousand euros and 2,401 thousand euros, respectively (see Notes 4.4 and 6.1). In addition, the current year includes an application of Euros 1,333 thousand in respect of the settlement of the first Consolidation Period of the 2017 General Plan and Special Plan (see Notes 4.4 and 6.1). In 2020, an application of €4,387 thousand was recognised in respect of the settlement of the Third Consolidation Period of the General Plan and the 2014 Special Plan.

### 7.8 Other shareholder contribution

On 14 June 2021 the Company agreed, as Sole Shareholder of its investee Dronas 2002, S.L.U., the distribution of an interim dividend in kind for the financial year 2020-2021 of Dronas 2002, S.L.U. for a total amount of 16,651 thousand euros consisting of the transfer of all the shares held by Dronas 2002, S.L.U. in the companies Logista Pharma, S.A.U. and Logista Pharma Canarias, S.A.U., with a book value of 14,994 thousand euros and 1,657 thousand euros, respectively. The agreed transfer took full effect as from 2 June 2021. This interim dividend in kind has been recorded against equity in accordance with the applicable accounting regulations (see Note 6.1).

### 7.9 Earnings per share

Basic earnings per share are determined by dividing the Company's net profit (after tax) by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held.

The calculation of earnings per share is as follows:

	Thousand of Euros	
	2021	2020
Net profit for the year (thousand of euros)	276,645	384,753
Weighted average number of issued shares (thousand of shares) (*)	131,982	132,228
<b>Beneficio por acción (euros)</b>	<b>2.09</b>	<b>2.91</b>

(\*) As at 30 September 2021, the Parent Company of the Group holds 800,623 treasury shares.

At 30 September 2021, taking into account treasury shares that are subject to the long-term incentive plans, the calculation of diluted earnings per share would result in an amount of EUR 2.09 per share (30 September 2020: EUR 2.91 per share).

## 8. Tax matters

As indicated in Note 4.3, since 18 September 2017 the Company has been head of a consolidated tax group and responsible for its obligations; therefore, the amount receivable of EUR 55.348 thousand in 2021 (2020: EUR 72,969 thousand) arising from the consolidated tax group's tax return for 2021 is disclosed under "Other Accounts Receivable from Public Authorities" in the balance sheet as at 30 September 2021.

### 8.1 Current tax receivables and payables

The detail of the current tax receivables at 30 September 2021 and 2020 is as follows:

	Thousand Euros	
	2021	2020
Non-resident income tax withholdings	2,660	2,852
Personal Income Tax withholdings	1,605	1,279
	<b>4,265</b>	<b>4,131</b>

### 8.2 Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes is as follows:

	Thousand Euros	
	2021	2020
Accounting profit before taxes	276,735	384,376
Permanent differences:		
Dividends (Note 9.1)	(271,825)	(385,860)
Non-deductible Expenses	-	60
(Endowment) / Reversal of portfolio of group companies	(4,551)	-
<b>Adjusted taxable profit (fiscal result)</b>	<b>359</b>	<b>(1,424)</b>
Temporary differences:		
Amortisation of goodwill	(26,947)	-
<b>Adjusted tax base (tax result)</b>	<b>(26,588)</b>	<b>(1,424)</b>

In 2021 and 2020 the Company applied the treatment provided for in Article 21.1 of the Spanish Income Tax Law in relation to the dividends received from its subsidiary and, therefore, considered them to be exempt from inclusion in the income tax calculation. In addition, the Company recognizes as a permanent difference the recognition and reversal of impairment in its investees (see Note 6.1).

Temporary differences in 2021 correspond to the amortization of the goodwill of the investee company Logista Italia, S.p.A. (See Note 5).

### 8.3 Reconciliation of accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

	Thousands of Euros	
	2021	2020
Accounting profit for the year before tax	276,735	384,376
Permanent differences	(276,376)	(385,860)
Non-deductible Expenses	-	60
Temporary differences:		
Amortisation of goodwill	(26,947)	-
<b>Adjusted taxable loss</b>	<b>(26,588)</b>	<b>(1,424)</b>
Tax charge (25% of taxable loss)	(6,647)	(356)
Deductions	-	(21)
Corporate tax adjustment (Note 8.5)	6,737	-
<b>Income tax profit</b>	<b>90</b>	<b>(377)</b>

#### 8.4 Breakdown of income tax profit

The reconciliation of the accounting profit to the income tax expense is as follows:

	Thousand of Euros	
	2021	2020
Current tax	(6,647)	(377)
Deferred tax (Note 8.5)	6,737	-
<b>Income tax profit</b>	<b>(90)</b>	<b>(377)</b>

#### 8.5 Changes in deferred tax liabilities

Movements in deferred taxes in 2021 are as follows. At 30 September 2020 there were no movements in deferred taxes.

2021

	Thousand of Euros				
	30.09.20	Additions by merger	Additions	Disposals	30.09.21
Deferred tax liabilities	-	80,055	6,736	-	86,791
	-	<b>80,055</b>	<b>6,736</b>	-	<b>86,791</b>

As a result of the transaction described in Note 5, the Company in the simplified takeover merger process reflects in its balance sheet an amount of 80,055 thousand Euros corresponding to the potential obligation to pay the deferred tax generated in the purchase of Logista Italia, S.p.A. in respect of the amortisation of up to 100% of the goodwill of Logista Italia, S.p.A.

On 30 March 2012, Royal Decree-Law 12/2012 came into force in Spain, introducing various tax and administrative measures aimed at reducing the public deficit, which limited the tax deduction of this goodwill to a maximum of 1% annually. From 2017 onwards, the tax deduction is again applied at a maximum of 5% per year.

#### 8.6 Tax credit carryforwards

At 30 September 2021, the Company does not have any tax credit carryforwards (2020: 226 thousand of euros).

#### 8.7 Years open for review and tax audits

Under current legislation, taxes cannot be considered definitively settled until the returns filed have been inspected by the tax authorities or the four-year statute of limitations period has elapsed. The Company has the last four years open for inspection for all applicable taxes. In addition, at 30 September 2020, the tax authorities were reviewing 2013, 2014, 2015 and 2016 for corporate income tax and 2014, 2015 and 2016 for withholding tax, and the aforementioned audits had been completed at year-end 2021 without any adjustments.

The Company's directors consider that the settlements of the aforementioned taxes have been properly made and, therefore, even if discrepancies arise in the interpretation of the tax regulations applicable to the transactions during the year open to inspection, any resulting liabilities, should they materialise, would not have a material effect on these financial statements.

## **9. Income and expenses**

### **9.1 Income from investments in equity instruments**

In 2021 and 2020, the Company received 271,825 thousand Euros and 385,860 thousand Euros in dividends from its investees (see Note 6.1).

	Thousand Euros	
	2021	2020
Compañía de Distribución Integral Logista S.A.U.	203,638	385,860
Logista-Dis, S.A.U. (*)	5,435	-
Dronas 2002, S.L.U. (*)	7,600	-
Logesta Gestión de Transporte, S.A.U. (*)	4,444	-
La Mancha 2000, S.A.U. (*)	268	-
Logista Libros, S.L. (*)	1,240	-
Logista Pharma, S.A.U. (*)	1,800	-
Logista Pharma Canarias, S.A.U. (*)	289	-
Logista France, S.A.S. (*)	29,975	-
Logista Italia, S.p.A. (*)	16,605	-
Logesta Polska, S.p.A. (*)	44	-
Logista Polska, S.p.A. (*)	488	-
<b>TOTAL</b>	<b>271,825</b>	<b>385,860</b>

(\*) Entities in which the Company has a stake following the merger and partial spin-off approved on 18 December 2020 (See Note 5).

### **9.2 Staff costs**

The balance of "Staff Costs" in the income statement for 2021 and 2020, amounting to 1,052 thousand Euros and 1,038 thousand Euros, respectively, includes the expenses incurred directly by the Company in respect of remuneration of the Board of Directors. At 30 September 2021 and 2020, the Company did not have any employees.

#### *Remuneration of Senior Executives*

The senior executive functions are discharged by members of the Management Committee, which consists of 9 members at 30 September 2021 (9 members in 2020).

The functions of Senior Executives are discharged by the members of the Logista Group's Management Committee. The remuneration accrued in 2021 by the members of the Logista Group's Management Committee (excluding the executive directors), which is recognised in the financial statements of Compañía de Distribución Integral Logista, S.A.U., amounted to 4,114 thousand euros (30 September 2020: 5,417 thousand euros).

The period contributions to the savings schemes for members of the aforementioned Management Committee for 2021 and 2020 amounted to 299 thousand euros 285 thousand euros, respectively.

### 9.3 Audit fees

In 2021 and 2020 the fees for individual and consolidated financial audit services provided by the auditor of the Company's financial statements, or by companies related to the auditor as a result of a relationship of control, common ownership or common management, were as follows:

	Thousand Euros	
	2021	2020
	EY	EY
Total audit and related services		
Audit services	10	10
Other attest services	35	35
Total audit and related professional services	<b>45</b>	<b>45</b>
Other services	-	-
<b>Total professional services</b>	<b>45</b>	<b>45</b>

From 30 September 2021 until the date of preparation of the individual financial statements for the financial year 2021, the fees invoiced for non-audit services provided by the company's auditor, Ernst & Young, S.L., amounted to 35 thousand Euros (in the financial year 2020 by Ernst & Young, S.L. amounted to 31.5 thousand Euros).

## 10. Balances and transactions with related parties

### 10.1 Balances with related parties

Balances at 30 September 2021 and 2020 with Group, associated and related companies are as follows:

2021

	Thousand Euros		
	Current Financial Receivable (Note 10.1)	Accounts Receivable Fiscal Consolidated (Note 10.1 y Note.7)	Current Financial Payables (Note10.1)
<b>Parent Company:</b>			
Imperial Tobacco Limited	-	-	-
<b>Companies with control over the Company:</b>			
Imperial Brands Finance PLC (Note10.1)	1,887,264	-	-
<b>Investees of the Company</b>			
Compañía de Distribución Integral Logista S.A.U.	322,484	37,328	581,399
Logista France, S.A.S. (*)	-	-	1,657,736
Logista Italia, S.p.A. (*)	-	-	1,099,444
	<b>2,209,748</b>	<b>37,328</b>	<b>3,338,579</b>

(\*) See Note 5 for an explanation of the simplified merger operation.



2020

	Thousand Euros		
	Current Financial Receivable (Note 10.1)	Accounts Receivable Fiscal Consolidated (Note 10.1 y Nota.7)	Current Financial Payables (Note 10.1)
<b>Parent Company:</b> Imperial Tobacco Limited	-	-	-
<b>Companies with control over the Company:</b> <b>Investee of the Company</b> Compañía de Distribución Integral Logista S.A.U.	197,092	21,725	-
	<b>197,092</b>	<b>21,725</b>	-

(\*\*) On 20 July 2021 the Company changed its majority shareholder (See Note 1).

### **Balances and transactions with Imperial Brands**

As of 12 June 2014, Imperial Tobacco Enterprise Finance Limited, Compañía de Distribución Integral Logista Holdings, S.A., Compañía de Distribución Integral Logista, S.A.U., Logista Italia, S.p.A. and Logista France, S.A.S., entered into a new mutual agreement for a five-year credit line (automatically renewable for one year, unless either of the parties sends a notice opposing such renewal at least one year prior to maturity), with a maximum draw down limit of EUR 2,000 million. As of 1 December 2015 the maximum draw down limit was increased to EUR 2,600 million. The purpose of this agreement is to govern the terms and conditions under which group companies will lend, on a daily basis, its cash surpluses to Imperial Tobacco Enterprise Finance Limited for the purpose of optimizing its cash flow, and the loans from Imperial Tobacco Enterprise Finance Limited to Compañía de Distribución Integral Logista, S.A.U. in order for the latter to be able to meet its cash needs arising from its operations.

Imperial Tobacco Enterprise Finance Limited changed its corporate name on February 29, 2016 to Imperial Brands Enterprise Finance Limited.

On 21 March 2018, Imperial Brands Enterprise Finance Limited transferred the rights and obligations under the aforementioned credit line agreement to Imperial Brands Finance PLC., and the maturity was extended to 12 June 2024 (automatically renewable for additional one-year periods, unless notified otherwise by any of the parties at least one year before maturity).

On September 1, 2020, an addendum to the credit line agreement was signed in which the maximum drawdown limit was extended to 4,800 million Euros until October 31, 2020, a period during which Imperial Brands is bound to repay the amounts loaned in excess of EUR 2,600 million if it loses investment grade based on the S&P or Moody's ratings. Additionally, the addendum stipulates that Imperial Brands PLC, as the head of the Group, guarantees Logista the fulfillment of all the obligations of the contract until the expiration of the same. As at 30 September 2021, the maximum drawdown limit is 2.6 billion of euros.

The daily balance of this internal current account earns interest at the European Central Bank interest rate, plus a spread of 0.75%. Interest is calculated daily on a 360-day basis and is added to the nominal value of the debt quarterly.

Under the aforementioned agreement, the Company has committed not to incur in any financial liabilities with third parties not to pledge any of its assets but under qualified approval by the Board of Directors.

As a consequence of the common project for the partial spin-off of Compañía de Distribución Integral Logista, S.A.U. ("Divided Company") in favor of the company Logista Investments, S.L.U ("Beneficiary Company or Absorbed Company") and simultaneous simplified merger between Compañía de Distribución Integral Logista Holdings, S.A. (Absorbing Company) and the Absorbed Company, approved by the

members of the Board of Directors of the Absorbing Company and by the Sole Shareholder of the Absorbed Company, approved on December 18, 2020, the Company has absorbed the fee receivable associated with the Credit line maintained with Imperial Brands Finance PLC for the amount of 1,887,264 thousand euros. As of September 30, 2021, the amount of the account receivable amounts to 1,887,264 thousand euros.

#### **Balances and transactions with Compañía de Distribución Integral Logista, S.A.U.**

On 18 June 2014, Compañía de Distribución Integral Logista, S.A.U. and the Company entered into a credit line and cash pooling agreement, the amount and maturity of which were amended in addenda to the agreement. The drawable limit is 115 million euros, and the maturity date is 30 September 2021. At the date of preparation of these financial statements, the parties had agreed to extend this agreement for an additional year. At 30 September 2021 the company had no amount drawn down against this credit facility and had lent 322,484 thousand euros (at 30 September 2020 the company had no amount drawn down against this credit facility and had lent 197,092 thousand euros).

The average daily balance held under the aforementioned agreement has a cost equal to the European Central Bank rate plus a spread of 2.2% (with a 2.2% minimum) for credit drawdowns and earns interest at the same benchmark rate plus a spread of 0.75% for surplus cash loans. In 2021, the interest expense incurred as a result of the aforementioned agreement amounted to 0 euros (2020: 131 thousand euros) and 1,485 thousand euros of interest income (2020: 178 thousand euros).

With effect from 3 March 2021, the Company formalised Compañía de Distribución Integral Logista, S.A.U. in which it confers and entrusts Compañía de Distribución Integral Logista, S.A.U. with the provision of financial services, understood as such the financial services of treasury management, loans, financial guarantees or any other financial service that the Company may require from Compañía de Distribución Integral Logista, S.A.U. During the 2021 financial year, treasury management consisted of;

- Re-invoicing of the financial income accrued on the account receivable from Imperial Brands Finance PLC in the amount of 1,887,264 thousand euros, the accrual of interest on which has been managed through Compañía de Distribución Integral Logista, S.A.U. and,
- Accrual of cashpooling debit positions with Compañía de Distribución Integral Logista, S.A.U. that have taken place during 2021.

This cash management has a net impact on the income statement in 2021 of 8.098 thousand euros of financial income (see note 10.2).

At 30 September 2021 the Company has a financial account payable amounting to 581,399 thousand euros (0 thousand euros in 2020).

Also, the Company is head of, and responsible for the obligations of, the consolidated income tax group. Consequently, the Company recognised an account payable to Compañía de Distribución Integral Logista, S.A.U. of 37,328 thousand euros under "Debts with Group Companies and Associates" (2020: 21,725 thousand euros) (see Note 7).

#### **Balances and transactions with Logista Italia, S.p.A.**

As a result of the joint plan for the partial spin-off of Compañía de Distribución Integral Logista, S.A.U. ("Demerged Company") in favour of Logista Investments, S.L.U. ("Beneficiary Company or Absorbed Company") and the simultaneous simplified merger between Compañía de Distribución Integral Logista Holdings, S.A. (Absorbing Company) and the Absorbed Company, explained in Note 5. (the absorbing company) and the absorbed company, as explained in Note 5, the Company has included in its balance sheet a financial debt with Logista Italia, S.p.A. amounting to 2,773,060 thousand euros at the date of the transaction. At 30 September 2021, this financial debt amounts to Euros 1,099,444 thousand euros, accruing a financial expense of 4,649 thousand euros in the income statement.

The aforementioned financial relations contract is remunerated at the interest rate of the European Central Bank plus a spread of 0.75%.

### **Balances and transactions with Logista France, S.A.S.**

As a result of the joint project for the partial spin-off of Compañía de Distribución Integral Logista, S.A.U. ("Demerged Company") in favour of Logista Investments, S.L.U. ("Beneficiary Company or Absorbed Company") and the simultaneous simplified merger between Compañía de Distribución Integral Logista Holdings, S.A. (Absorbing Company) and the Absorbed Company, explained in Note 5. (the absorbing company) and the absorbed company, as explained in Note 5, the Company has included in its balance sheet a financial debt with Logista France, S.A.S. amounting to 557 thousand euros at the date of the transaction. At 30 September 2021, this financial debt amounts to 1,657,736 thousand euros, accruing a financial expense of 6,843 thousand euros in the income statement.

The aforementioned financial relations contract is remunerated at the interest rate of the European Central Bank plus a spread of 0.75%.

### **10.2 Related party transactions**

Details of the Company's transactions during the year with Group companies, associates, its majority shareholder and related parties are as follows:

2021

	Thousand of Euros		
	Dividends (Note 9.1)	Financial Income (Note10.1)	Financial Expenses (Note10.1)
<b>Parent Company:</b>			
Imperial Tobacco Limited	-	-	-
<b>Companies with control over the Company:</b>			
Imperial Brands Finance PLC	-	-	-
<b>Investees of the Company</b>			
Compañía de Distribución Integral Logista S.A.U.	203,638	9,583	-
Logista-Dis, S.A.U. (*)	5,435	-	-
Dronas 2002, S.L.U. (*)	7,600	-	-
Logesta Gestión de Transporte, S.A.U. (*)	4,444	-	-
La Mancha 2000, S.A.U. (*)	268	-	-
Logista Libros, S.L. (*)	1,240	-	-
Logista Pharma, S.A.U. (*)	1,800	-	-
Logista Pharma Canarias, S.A.U. (*)	289	-	-
Logista France, S.A.S. (*)	29,975	-	6,843
Logista Italia, S.p.A. (*)	16,605	-	4,649
Logesta Polska, S.p.A. (*)	44	-	-
Logista Polska, S.p.A. (*)	488	-	-
	<b>271,825</b>	<b>9,583</b>	<b>11,492</b>

(\*)See Note 5 for an explanation of the simplified merger operation.

2020

	Thousand of Euros		
	Dividends (Note 9.1)	Financial Income (Note10.1)	Financial Expenses (Note10.1)
<b>Parent Company:</b>			
Altadis, S.A.U. (**)	-	-	-
<b>Companies with control over the Company:</b>			
Imperial Brands Finance PLC	-	-	-
<b>Investee of the Company</b>			
Compañía de Distribución Integral Logista, S.A.U.	385,860	178	131
	<b>385,860</b>	<b>178</b>	<b>131</b>

(\*\*) On 17 July 2021 the Company changed its majority shareholder (See Note 1).

During the financial years 2021 and 2020 the Company has received dividends from its investees as described in Note 9.1.

Financial income and expenses mainly correspond to interest accrued on short-term loans granted to these companies (see Note 10.1).

### 10.3 Remuneration o Board Directors

In 2021 and 2020 the remuneration accrued by the members of the Board of Directors by reason of their membership of the Board of Directors or of any of its delegated committees for all items, included under the heading Personnel expenses in the accompanying income statement, together with the remuneration accrued through Compañía de Distribución Integral Logista, S.A.U. by the members of the Board who are also executives, amounts to 4,447 thousand euros and 7,205 thousand euros, respectively.

Contributions to savings schemes for executive directors in 2021 and 2020 amounted to 279 thousand euros and 385 thousand euros, respectively.

The amount of the life insurance premium for executive directors amounted to EUR 16 thousand in 2021 and EUR 6 thousand in 2020 in each year, respectively.

The Company has long-term incentive plans for executive directors, the cost and characteristics of which are detailed in Note 4.4.

The Directors' civil liability bonus amounts to 139 thousand euros and 66 thousand euros in 2021 and 2020, respectively.

In addition, in 2021 and 2020 the Company has not entered into any transactions with the members of the Board of Directors outside the ordinary course of business or transactions under conditions other than normal market conditions.

The members of the Board of Directors are 7 men and 5 women.

### 10.4 Information on conflicts of interests on the part of Directors

As per art.229 of the Law on Corporations, no Director has informed any situation of direct nor indirect conflict of interests with the Company.

### **11. Guarantee commitments to third parties and other contingent liabilities**

The Company does not have guarantee commitments to third parties nor other contingent liabilities identified at 30 September 2021 and 2020.

### **12. Disclosures on the payment periods to suppliers. Additional Provision Three "Disclosure obligation" provided for in Law 15/2010, of 5 July**

Set forth below are the disclosures -the detail of payments made to suppliers- required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions.

	Days	
	2021	2020
Average period of payment to suppliers	25	27
Ratio of transactions settled	25	27
Ratio of transactions not yet settled	23	10

	Thousands of Euros	
	2021	2020
Total payments made	441	590
Total payments outstanding	-	1

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

The figures shown in the foregoing table relate to suppliers of goods and services and, therefore, they include the figures relating to "Payable to Suppliers" and "Sundry Accounts Payable" under current liabilities in the balance sheet.

The maximum payment period applicable to the Company in 2021 under Law 11/2013, of 26 July, on combating late payment in commercial transactions, was 30 days unless the parties have entered into an agreement for a maximum period of 60 days.

### **13. Information on the environment**

In matters concerning the environment, the Company complies strictly with all the requirements of applicable legislation and also looks for the best ways of reducing its environmental impact (waste reduction awareness campaigns and improvement of waste management; policies aimed at reducing atmospheric emissions and the use of water, electricity and paper; reduction of the use of containers and packaging by improving manufacturing processes, etc.). During the year ended at 30 September 2021 and 2020 the Company has not incurred in any expenses or performed any investment to protect and improve the environment.

### **14. Events after the reporting period**

No significant events have occurred subsequent since the end of the year ended 30 September 2021.

**15. Explanation added for translation to English**

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.1). Certain accounting practices applied by the Company that conform to that regulatory framework may not conform with other generally accepted accounting principles and rules. In the event of discrepancy, the Spanish-language version prevail.

# Compañía de Distribución Integral Logista Holdings, S.A.

Directors Report for financial  
year ended 30<sup>th</sup> September 2021

## 1. EVOLUTION AND POSITION OF THE COMPANY IN 2021

Due to its Holding Company condition, the Company has not operations and carries out its activity through its operating company, Compañía de Distribución Integral Logista, S.A.U. and rest of the Group's companies.

Logista provides high value-added logistics services, specialising in distribution to local retailers in southern Europe, serving around 200,000 points of sale within capillary retail networks in Spain, France, Italy and Portugal, providing the best and fastest access to the market of tobacco and convenience products, electronic top-ups, pharmaceuticals, books, publications and lotteries. Logista, also, distributes tobacco products to wholesalers in Poland.

The Logista's share price was 18.21 euros at closing of fiscal year 2021 (September 30, 2021). Therefore, the Logista's market capitalization amounted 2.417,4 million euros at closing of fiscal year 2021.

During the fiscal year 2021, revenues were 281,408 thousand euros. The Company's revenues come from the distribution of dividends paid by Group's companies.

The Company paid a FY2020 final dividend amounted 104.3 million euros on February 26, 2021, and paid a 2021 interim dividend for 54.1 million euros on August 27, 2021.

Besides the own shares acquired in accordance with the liquidity agreement signed with Banco Santander S.A. on January 20, 2021, the Company acquired 342,606 own shares during the fiscal year 2021, mainly to cover undertakings to award shares in the future, under the directors' long-term remuneration schemes of the Group of which the Company is the head. These shares were acquired in the following dates:

Date	Number of shares	Average price
30/09/2021	6,335	18.23
29/09/2021	6,335	18.11
28/09/2021	6,335	18.16
27/09/2021	6,335	18.35
24/09/2021	6,335	18.38
23/09/2021	6,335	18.59
26/10/2020	18,500	14.12
23/10/2020	18,500	14.16
22/10/2020	18,162	14.16
21/10/2020	17,739	14.12
20/10/2020	17,362	14.20
19/10/2020	16,874	14.23
16/10/2020	16,501	14.26
15/10/2020	16,311	14.21
14/10/2020	16,660	14.37

13/10/2020	16,301	14.38
12/10/2020	17,000	14.44
09/10/2020	16,313	14.46
08/10/2020	16,041	14.48
07/10/2020	16,064	14.43
06/10/2020	16,262	14.58
05/10/2020	16,656	14.54
02/10/2020	16,637	14.48
01/10/2020	16,713	14.63

### **1.1 Research and Development activities**

The Company did not make any investments in research and development activities in the fiscal year 2021.

### **1.2 Treasury shares**

At 30 September 2021, the Company holds 800,623 own shares.

### **1.3 Outlook for the Company**

As the Company is a holding company, the Company's outlook is linked to the performance of the companies that form the Group.



## 2. RISK EXPOSURE

The system of corporate Risk Management of the Company is included in the Group's General Policy on Risk Management, approved on July 21, 2020, and modified on September 22, 2021 intended to introduce an integrated system of risk management designed as a tool to help Logista's Board of Directors and Management to optimise results, thereby increasing their capacity to create and maintain value.

This Policy specifies the obligatory actions that have to be taken to control and manage external and internal risks of whatever kind that could at any time affect the achievement of Logista's objectives. It also assigns responsibilities, defines the categories of risks and the appetite for risk, sets out measures by which to manage it and to monitor the system regularly so that it also enables resources to be allocated efficiently, ensures the reliability of financial and non-financial information, sets the standards in relation to transparency and good corporate governance and enlarges the range of available opportunities.

The categories or types of risk are defined in this Policy, in the financial risks are included the fiscal and credit risks deriving from operations of the Company.

Likewise, Fiscal strategy described at Fiscal Policy of Logista Group, of which the Company is the head, states, as part of its key objectives the following:

- To minimize the fiscal risks associated with the operations and strategic decisions of each company, ensuring that the tax payable is appropriate and in proportion to the operations of the Businesses, the material and human resources, and the business risks of the Group.
- To define the fiscal risks and determine the Objectives and Activities of internal Control, and to set up systems for reporting fiscal compliance and for keeping documentary records, integrated with the Group's General Framework of Internal Control.

Logista's General Policy on Internal Control, of 25th April, 2017, sets out the general framework for the control and management of the external and internal risks of whatever kind which, according to the Map of Risks in effect at any time, could affect the achievement of the Company's objectives.

The Company, considering its nature as entity of public interest due to its shares are trading in the Stock Market, and being the holding company of the Logista Group, presents as main risk the risk derived from a possible incompliance of the regulatory framework to which it is subject. However, the Company presents a low tolerance respect this risk and has established policies, procedures and controls that allow to identify, prevent and mitigate this risk, as well as to comply with the obligations imposed by the various legislations applicable to it.

On the other hand, from a financial perspective, the main financial risks that the Company faces can be summarized in:

The Company's main financial assets are cash and cash equivalents and credits to Group's companies that represent the Company's maximum exposure to credit risk. In general, the Company deposits its cash and cash equivalents in entities holding a high credit rating. Likewise, the Company presents an exposure to credit risk with Imperial Brands by virtue of the subscribed treasury agreements.

The Company estimates that at September 30, 2021 the level of exposure to credit risk of its financial assets is not significant.

To ensure the liquidity and be able to pay all its payments commitments derived from its usual activities, the Company maintains enough cash and cash equivalents, as well as, credit lines through the subscribed treasury agreements, ultimately, with Imperial Brands Finance PLC, entity belonging to the Imperial Brands Group, PLC Group.

Respect the exposure to interest rate risk, considering the no-financial debt of the Company, the Management considers the impact from a potential increase in interest rates which could have in the attached annual accounts is not significant.

Also, the level of exposure to the net equity and the P&L account in terms of future changes in the current exchange rates is not relevant.

From a fiscal point of view, the main risk that the Company faces is derived from the possibility of modifications in the tax regulations, than might impact directly in the results and cash management of the Company.

With regard to Brexit, there is no longer any risk associated with the United Kingdom's exit from the European Union, which has not affected Logista, given it does not trade with or move goods to or from the UK, and the fact that Logista does not have any funding from its shareholder in either euros or sterling, and is therefore not affected by fluctuations in interest or exchange rates.

### **Risk from the pandemic due to COVID-19**

Due to the nature of the Company, without commercial activity, at the individual level it is not impacted by the risk of the COVID-19 pandemic. Although, given that it is the head of the Group, it could be indirectly affected by the evolution of the activity of said Group.

New waves of the pandemic have been recorded throughout the financial year, reaching their peak in the second quarter. This contrasts with the previous year when the pandemic started practically at the end of the second quarter.

As a result, the situation during the first six months of this financial year cannot be compared to the same period last year since the pandemic did not affect business in the countries in which Logista operates during the first quarter and almost the entire second quarter. From the second half of the year however, when comparing business in the context of COVID-19 for both financial years, the overall economic situation this year has been more positive than in 2020.

Any negative impact that COVID-19 may have had on results this year has been offset by cost-cutting measures and by taking a number of strategic decisions which have ensured that positive trends in some sectors resulting from the pandemic have been converted into business growth. As a result, the economic/financial impact of COVID in the annual accounts of the Group of which the Company is the head, is estimated to be immaterial contrasting with the 14 million euros net negative impact estimated last year.

### **3. USE OF FINANCIAL INSTRUMENTS**

The Company does not perform transactions with financial instruments that might affect the correct measurement of the assets or liabilities recognised in the balance sheet.

### **4. SIGNIFICANT EVENTS FOR THE COMPANY AFTER THE REPORTING PERIOD**

No events significantly affecting the accompanying financial statements took place after the end of the fiscal year 2021.

### **5. ANNUAL REMUNERATION REPORT**

The annual remuneration report is presented in Annex 1 and is an integral part of the management report.

### **6. ANNUAL REPORT ON CORPORATE GOVERNANCE**

It is included as a separated section of the Directors Report.

**Annex I – ANNUAL REPORT ON DIRECTORS REMUNERATION OF LISTED COMPANIES**

**ANNEX I TEMPLATE**

**ANNUAL REPORT ON DIRECTORS REMUNERATION OF LISTED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

YEAR END-DATE

30/09/2021

TAX ID (CIF) A-87008579

Company name:

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

Registered office:

C/ TRIGO 39 – Polígono Industrial Polvoranca – 28914 Leganés (Madrid)

## ANNUAL REPORT ON DIRECTORS REMUNERATION OF LISTED COMPANIES

### A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1. Explain the current Director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive Directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards Directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

- Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- Information on whether any external advisors took part in this process and, if so, their identity.

The General Shareholders' Meeting of Compañía de Distribución Integral Logista Holdings, S.A. (hereinafter, "the Company"), held on 4 March 2021, approved a Remuneration Policy 2021-2023 (the "Remuneration Policy 2021-2023" or "the Policy"). It should be noted that, in accordance with the provisions of Transitional Provision 1 of Law 5/2021, of 12 April, which amends the Consolidated Text of the Capital Companies Act, the Board plans to submit a new remuneration policy adapted to the requirements of the new wording of article 529 novodecies of the Capital Companies Act, a policy that the Company has begun to work on for approval by the General Shareholders' Meeting to be probably held in February 2022.

Therefore, this Report refers to the Remuneration Policy 2021-2023, which is the policy in force at the time of approval of this Report. This Policy introduced certain changes to the remuneration policy previously in force, maintaining its structure in general terms, but seeking to simplify it.

It should also be noted that the 2021 General Shareholders' Meeting approved an amendment to the Bylaws, which eliminates the possibility of non-executive directors receiving remuneration in Company shares, and established the possibility of implementing mechanisms to facilitate the removal of executive directors, in line with those established for the Company's senior executives.

Thus, the Remuneration Policy 2021-2023:

- distinguishes between remuneration received for the exercise of non-executive functions and remuneration received for the exercise of executive functions.
- With regard to non-executive functions, directors in their capacity as such receive a fixed remuneration and attendance fees, and the possibility of receiving remuneration in shares has been eliminated in the Bylaws, in accordance with best corporate governance practices.
- Remuneration for the performance of executive duties comprises (i) fixed remuneration, (ii) short-term (annual) variable remuneration in cash, and (iii) long-term (multi-year) variable remuneration in shares, with the structure of the previous incentive plans having been simplified and a single plan implemented, maintaining the three-year vesting periods. The executive Directors also benefit from a supplementary social welfare system, linked to retirement and other contingencies, and other remuneration in kind, in line with that received by the Group's management team. In any case, it should be noted that executive Directors also receive the remuneration that corresponds to their membership of the Board of Directors and the performance of non-executive duties.

In establishing this Policy, the Board has taken into consideration international governance criteria on remuneration: (i) clarity; (ii) simplicity; and (iii) risks management.

- Clarity: The Company is committed with transparency and communication with all stakeholders, including shareholders, employees and analysts.
- Simplicity: A simple remuneration framework has been chosen, comprising fixed and variable remuneration elements and simplifying the structure of the long-term variable remuneration. This provides a clear vision for both the Company's executive directors and shareholders about the main goals of the entity.
- Risks Management: The remuneration structure is aligned with the Company's risk management, and includes clawback and malus clauses.

The Remuneration Policy 2021-2023 was examined and reported on by the Appointments and Remuneration Committee at its meeting of 18 December 2020, before the Board agreed on its proposal to the General Shareholders' Meeting held in February 2021, where it was finally approved. The Company was assisted in the preparation of such Policy, from a legal perspective, by Gómez Acebo y Pombo Abogados. With regard to the aspects of remuneration analysis and mix, and its comparison with other companies, the Company was advised by Willis Tower Watson, which has advised the Company, taking into account the main market references.

In addition, the remuneration for executive and non-executive functions for the 2021-2022 financial year was approved at the meeting of the Board of Directors of the Company on 4 November 2021, following analysis by the Appointments and Remuneration Committee. At that meeting, the Board also set the annual and multi-annual variable remuneration targets for Executive Directors for the following year.

- Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the Director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

Only executive directors receive variable remuneration.

The remuneration system for executive Directors established in the Remuneration Policy 2021-2023 has the following characteristics:

- Remuneration is assigned for the performance of executive functions.
- It presents a balanced and efficient relationship between fixed and variable components.
- The variable remuneration has a short-term and long-term component, and is designed to boost the performance of the Directors in strategic and sustainability terms. The long-term, multi-year variable remuneration is structured around a mechanism for the delivery of shares in the Company itself on a deferred basis over time.
- The remuneration system is compatible with appropriate and effective risk management and with the Company's business strategy, values and long-term interests, and is aimed at promoting the long-term profitability and sustainability of the Company.
- It takes into account market trends and good governance principles and recommendations, with the aim of being effective in attracting and retaining the best professionals.

The Policy is, therefore, oriented towards the generation of value in the Group, seeking alignment with the interests of shareholders, with prudent risk management and in compliance with current regulations on the remuneration of Directors of listed companies.

With regard to the balanced relationship between fixed and variable components, these components have been fixed considering the different executive functions that both directors perform in the Company. That is why the remuneration mix for Executive Directors (fixed remuneration as Director, salary, short- and long-term variable remuneration), in a scenario of standard compliance with objectives, for the Chief Executive Officer approximately 20% of total remuneration is fixed and 80% is variable.

For the Secretary Director, the distribution would be 48% fixed remuneration and 62% variable remuneration.

Likewise, the determination of the variable remuneration objectives for executive Directors has been designed in an attempt to maintain an appropriate balance not only in terms of time (distinguishing between short and long-term variable remuneration) but also from the perspective of the design of the objectives of each of the two types of variable remuneration (annual and multi-year), as explained below. These objectives are identical to those applied to senior management.

Annual variable remuneration is based on short-term operational, economic or financial objectives. However, long-term variable remuneration, which consists of a mechanism for the delivery of shares in the Company, also addresses objectives linked to the creation of shareholder value (comparative share performance) and environmental sustainability, thus specifically considering a long-term approach and linked to the creation of value in the Company.

In any case, it should be noted that the degree of compliance with the operating objectives is determined by the Board of Directors after the Company's annual accounts have been audited, which makes it possible to take into account, where appropriate, any qualifications that may be made to reduce the amount of variable remuneration. Likewise, the sustainability objectives have been linked to compliance with certain environmental sustainability objectives (reduction of quantified CO2 emissions, inclusion or maintenance of presence in environmental sustainability indexes).

The reduction of exposure to risk has been structured around (i) the establishment of a 3-year remuneration horizon for executive Directors, (ii) the obligation to hold shares and (iii) contractual claw back and malus clauses, in line with that established for the Company's senior management.

With regard to the time horizon, long-term variable remuneration is specifically designed to ensure that the evaluation process considers long-term results, taking into account the underlying economic cycle of the Group. This remuneration, which consists of the delivery of shares, is articulated through share delivery plans that overlap over time. The duration of each of the vesting cycles is 3 years, so that the shares corresponding to Executive Directors are only delivered 3 years after the launch of the corresponding cycle, and once the Board of Directors has determined the objectives achievement degree for each vesting cycle.

Likewise, as an element to minimise exposure to the risk of long-term variable remuneration, the obligation of executive Directors to maintain a package of shares of those delivered in application of the long-term incentives equivalent to 2 years of annual fixed remuneration is foreseen.

Lastly, the contracts of executive Directors have "malus" clauses to cancel the payment of long-term variable remuneration, as well as "clawback" clauses in the terms explained below.

- Amount and nature of fixed components that are due to be accrued during the year by Directors in their capacity as such.

The remuneration of the directors in their capacity as such consists of a fixed annual allowance and per diems for attending the corresponding meetings. The Board of Directors held on 4 November 2021, at the proposal of the Appointments and Remuneration Committee, agreed to keep unchanged the Directors remuneration in their capacity as such, in a moderation exercise. This way, the resulting remuneration is as follows:

- a) Remuneration, in cash, fixed monthly, in line with market standards, based on the positions held on the Board and its Committees, in accordance with the following detail:
  - i) The fixed monthly remuneration of the Chair of the Board, in such capacity amounts to €30,600.
  - ii) The fixed monthly remuneration of the Directors as members of the Board of Directors amounts to €5,100.
  - iii) The fixed monthly remuneration of the Chair of the Appointments and Remuneration Committee, in such capacity, is €1,700.
  - iv) The fixed monthly remuneration of the Chair of the Audit and Control Committee, in his/her capacity of such, is €1,700.
- b) Per diem for attendance at meetings:
  - i) From the Board of Directors: €2,805 per meeting.
  - ii) From the Appointments and Remuneration Committee: €1,020 per meeting.
  - iii) From the Audit and Control Committee: €1,632 per meeting.

In accordance with the recommendations of the CNMV Code of Good Governance, the directors in their capacity as such do not have (i) variable remuneration systems either in cash, shares or rights over shares, or instruments referenced to the value of the share (ii) life insurance, or (iii) long-term savings systems or other social welfare systems.

The proprietary directors waive the right to receive any remuneration as directors of the Company.

The remuneration for the Chairs (of the Board and of the Committees) is additional to the remuneration as Directors.

The fixed remuneration during the current financial year will therefore amount to 836,400 euros. The remuneration accrued as per diems will depend on the number of meetings of the different bodies of the Board that are finally held.

At the time of determining the amounts of these remunerations, the Board has taken into consideration, besides the specific circumstances of the Company, and the need to attract and retain talent, the information contained in the 2020 CNMV Report on remuneration of listed companies' directors.



- Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive Directors.

To facilitate the monitoring of this report, it should be noted that the fixed remuneration of executive directors is established by calendar year (from 1 January to 31 December), while the variable remuneration of executive directors is accrued at the close of the Company's fiscal year (30 September), taking into account the fixed remuneration applicable at that time.

The CEO's fixed remuneration has been set on the basis of the remuneration agreed at the time of his incorporation to the Company in 2019. To determine such amount, the report of Willis Towers Watson was used, which advised the Company in relation to its ability to attract talent, professional experience of the candidate and alignment with the market. Since then, in a containment exercise, there have been very moderate increases, aligned with those applied to the remaining management staff of the Group.

With regard to the Secretary Director, her fixed remuneration was determined at the time of her incorporation to the Company in January 2020, taking into account the Remuneration Policy of Senior Management and the salary band of the Group's senior managers. In this sense, it should be noted that in the incorporation of senior managers, the Company works on the design of an attractive remuneration package, which adequately remunerates their experience and capabilities, but allowing growth within these salary bands. Once this initial fixed remuneration was determined, in the closed year a very moderate increase was applied, in line with that of the general update applied to senior management remuneration, without rising in the salary scale.

The Executive Directors shall receive a fixed remuneration, paid in cash, for the performance of their executive duties in the Company. This remuneration was set at the following amounts for the year 2022 (1 January to 31 December):

- Mr. Iñigo Meirás Amusco (Chief Executive Officer): 828,240 euros
- Ms. María Echenique Moscoso del Prado (Secretary Director): 238,119 euros

These amounts were fixed at the Board of Directors' meeting of 4 November 2021 and correspond to a 2% increase versus previous salaries.

In order to determine such increase, the Board considered the data contained in specific reports of independent external advisors (Willis Towers Watson's Salary Budget Planning Report for 3Q 2021). The average increase estimation for Spanish Companies according to such report amounts to c. 2,4%. The Board has taken a prudent approach, and even considering the existing uncertainties with regards to inflation rates, it has decided on the above mentioned increase.

- Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the Director.

Only the executive directors have a remuneration package in kind similar to that of the Company's management team. In particular, executive directors are beneficiaries of life insurance, with an annual premium of 5,152 euros. This package also includes medical assistance insurance and a company car.

The Company has taken out and pays the global premium corresponding to a Directors' and Executives' civil liability insurance policy that covers all Directors, both executive

and non-executive. In this policy, the Directors are considered as insured parties for the liabilities that may be demanded of them as a result of the performance of the activities inherent to their functions. In particular, both the contracts of the Chief Executive Officer and the Secretary Director require the Company to take out a civil liability insurance policy. As the civil liability insurance has been taken out globally, it is not possible to calculate the part of the insurance attributable to the Directors as remuneration in kind, but in any case, its individual amount is not significant.

- Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the Director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Variable remuneration metrics are a set of financial and non-financial criteria aligned with key short- and long-term objectives. The financial metrics are based on relevant indicators of the Company's performance and shareholder return, the latter aspect being considered for the purposes of long-term remuneration. Non-financial metrics are a complement aimed at ensuring the Company's sustainability and its commitment with key stakeholders, including employees, suppliers and customers.

As indicated above, only executive directors shall receive variable remuneration, in accordance with the following parameters:

i) Short-Term Variable Remuneration (Annual)

The compliance objectives and their weighting for the Chief Executive Officer are as follows:

- Business Objectives: 60% Adjusted EBIT and 15% WC
- Personal Contribution: 25%

The compliance objectives and their weighting for the Secretary Director are as follows:

- Business Objectives: 40% Adjusted EBIT and 10% WC
- Personal Contribution: 50%

Section 3.2.1 of the Remuneration Policy 2021-2023 establishes that the short-term variable remuneration of executive directors may be based on up to 150% of their fixed remuneration, which will be multiplied by the degree of achievement of objectives in the year, with a maximum degree of achievement of up to 120%, although lower percentages may be established depending on the functions performed by the executive directors.

The following criteria, among others, have been used to establish this limit: (i) motivate and reinforce the Company's results, for which it is considered convenient to encourage the over-achievement (ii) promote flexibility, allowing the variable components of remuneration to have space enough for modulation according to the functions carried out by each of the executive directors; and (iii) strengthen competitiveness and attraction. It is important to note that the Company continues to safeguard austerity and risk management, so the limits of short-term variable remuneration have not been extended to 200% of fixed remuneration, a practice that is frequent in the praxis of listed companies.

#### ii) Long-Term Variable Remuneration (Multi-year)

Due to their overlap in time, the following Long-Term Incentive Plans remain in force during the 2021-2022 financial year:

- 2017 Long-Term Incentive Plans (General and Special Plans): third vesting cycle, launched in 2019 and vesting in September 2022.
- 2020 Long-Term Incentive Plan (General and Special Plan): with single vesting period, vesting in September 2023, the launch of which was agreed in October 2020 (fiscal year expired 2019-2020; see section B.7 below, which reflects its characteristics).
- 2021-2023 Long-Term Incentive Plan: with three vesting cycles, the first of which was launched in October 2021 and vests in September 2024.

Accordingly, during the current financial year 2021-2022:

- Vesting of the third vesting cycle of the 2017 Long-Term Incentive Plans (General and Special Plans), which expires on 30 September 2022, to which both executive Directors were invited, will occur on 30 September 2022.
- In accordance with the provisions of the Remuneration Policy 2021-2023, which envisages the launch of a single Long-Term Incentive Plan, the Board of Directors on 4 November 2021 agreed to launch the first vesting cycle of the aforementioned Incentive Plan with effect from October 2021, vesting in September 2024. Both executive Directors are beneficiaries of the Plan.

The operation of these Long-Term Incentive Plans is based on the initial recognition of a number of shares with potential for consolidation, which are settled over a period of 3 years, depending on the degree of compliance with defined objectives.

The different objectives and related weights of the Long-Term Incentive Plans that are accrued or launched in the current financial year 2021-2022 are described below:

The objectives for the vesting of the Third Vesting Period of the 2017 General Incentive Plan are set out in the Regulations of 26 November 2017 and subsequent amendments,

- EBIT: 50%
- Comparative profitability with other companies: 50%

The objectives for the consolidation of the Third Consolidation Period of the 2017 Special Incentive Plan are set out in the Regulation of 26 November 2017 and subsequent amendments:

- EBIT: 33%
- Comparative profitability with other companies: 67%

The consolidation objectives of the first cycle of the Long-Term Incentive Plan 2021-2023 are as follows:

- EBIT: 65%
- Comparative profitability with other companies: 25%.
- Sustainability objectives: increase in kilometres travelled by the fleet with low-emission vehicles and CDP List maintenance. 10%

When addressing the degree of compliance of the comparative profitability target with other companies, the Board has determined that this comparative has to take into account the evolution of a selected group of companies in the context of the Company's activities, among its main customers and among competitors with similar characteristics (BAT Plc., Deutsche Post AG., ID Logistics, Imperial Brands Plc., JTI Inc., McKesson Corp., Philip Morris International, Inc., Stef, S.A., XPO Logistics).

It is also taken into account the evolution of the share price against certain relevant stock indexes attending to the characteristics of the Company (IBEX medium cap index, IBEX top dividend total return index).

The maximum number of shares to be received at the end of the Third Consolidation Period of the General Incentive Plan 2017 (that will consolidate on 30<sup>th</sup> September 2022) is equivalent to 100% of the amount of the annual variable remuneration accrued by each Director during the previous year (or 100% of the amount of the expected annual variable remuneration, in the event that he/she has not been an executive Director in the previous year), divided by the weighted average listed price of the Company's shares in the thirty trading sessions prior to the date of recognition. This value is 75% of the fixed remuneration in relation to the 2017 Special Long-Term Incentive Plan. In accordance to it, the maximum number of shares to be consolidated at the end of the fiscal year, and subject to the achievement of objectives of each Plan, is as follows:

- a) Chief Executive Officer:
  - 2017 General Plan: 57.971
  - 2017 Special Plan: 28.986
- b) Secretary Director:
  - 2017 General Plan: 4.444
  - 2017 Special Plan: 2.222

With regards to the 2021-2023 Long-Term Incentive Plan, the number of shares to be recognized is 225% of the corresponding fixed remuneration, on the basis of which a percentage is applied to incentivise over-compliance up to 125% of the initial incentive.

Long Term Incentive Plan 2021-2023:

a) Chief Executive Officer: 225% of the fixed remuneration, on which targets are applied to encourage over-achievement of up to 125% of the initial incentive.

b) Secretary Director: 65% of the fixed remuneration, on which targets are applied to encourage over-achievement of up to 125% of the initial incentive.

Accordingly, the number of shares potentially recognized in the 2021-2023 Incentive Plan for both Directors was determined at the Board of Directors' meeting held on November 4, 2021 and is as follows:

**a)** Chief Executive Officer: 98.332 shares

**b)** Secretary Director: 8.167 shares

As mentioned above, the remuneration parameters have been specifically designed to take into account both the personal performance of the Directors and the short and long-term performance of the Company. As also explained above, the degree of compliance with objectives is not determined until the duly audited annual accounts are available.

Likewise, as an element to minimise exposure to risk, the obligation of Executive Directors to maintain a package of shares of those delivered in application of the long-term incentives equivalent to 2 years' fixed annual remuneration is also envisaged.

In addition, the Remuneration Policy 2021-2023 provides for the possibility, within the framework of the incorporation of executive directors to the Board, of additional payments linked to the achievement of the objectives set out in the long-term remuneration plans. It should be noted that, at the time of the Secretary Director incorporation to the Company (when she did not yet have the status of Director), an extraordinary bonus was included in her contract, which has been maintained, according to these previous contractual commitments and under the aforementioned provisions of the Directors' Remuneration Policy. Such exceptional bonus could reach a maximum of 64,400 euros gross per annum. It will be paid in December 2021 and December 2022, subject to the achievement of the same objectives of the long-term remuneration plans, that will consolidate in September 2021 and September 2022. This extraordinary bonus cannot be consolidated.

- Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which Directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of Directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the Director.

Indicate whether the accrual or vesting of any of the long-term savings' plans is linked to the attainment of certain objectives or parameters relating to the Director's short- or long-term performance.

The executive directors participate in the Group's Employment Pension Plan (generally applicable to Group employees). This Plan is a defined contribution plan and the monthly contributions made by the Company correspond to 6.9% of the regulatory salary (Base Salary of the Logista Collective Bargaining Agreement for Level III of the "Management" professional group).

The executive directors also participate in the Directors' Welfare Plan, in which the Group makes contributions calculated on the basis of a percentage of approximately 10% of the salary and short-term variable annual remuneration of each executive Director.

The contingencies covered are those of retirement, permanent disability and death, and, in addition, those of general illness, in the case of the Social Welfare Plan for Executives.

The vested economic rights derived from both Plans are compatible with the indemnity for termination or early retirement or derived from the contractual relationship, since these plans are not compensatory in nature, but are additional benefits that are part of the annual remuneration to which the Executive Directors have a contractual right. In this line, the amounts contributed by the Company to these plans are included in section C of this report.

Plans are not linked to the achievement of certain objectives, although the Directors' Pension Plan takes into account, for the purposes of Logista's contribution, the short-term variable remuneration accrued in the previous year.

- Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the Director, whether at the company's or the Director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the Director to any kind of remuneration.

No indemnity payments are envisaged for Directors in the event of termination of their functions as such. Compensation payments are only envisaged in the event of termination in the exercise of the executive functions they may perform, if any. In relation to this aspect, the scheme applicable to executive directors is as follows:

- a) Change of control clause: in the event of a change of control, the executive Directors shall be entitled to an indemnity equivalent to 1 year's fixed and short-term variable remuneration.
- b) Severance payment: the Chief Executive Officer and the Secretary Director are entitled to receive a severance payment, in the event of termination of the relationship by unilateral decision of the Company without just cause, equivalent to one year's fixed and variable remuneration in the short term.
- c) Compensation for justified unilateral decision of the Director: in addition to the event of a change of control, the Chief Executive Officer is entitled to compensation equivalent to one year's fixed and variable remuneration in the short term if the company is in serious and culpable breach of its obligations, or if the Chief Executive Officer ceases to be the sole Chief Executive Officer of the Company. As regards the Secretary Director, she is entitled to the same indemnity in the event of a serious breach by the Company of its obligations, including the loss of the position of Secretary to the Board or General Secretary-Legal Director.
- d) Non-competition clauses: the Chief Executive Officer's contract includes a 12-month post-contractual non-competition agreement. This agreement is remunerated, and the compensation for the non-competition restriction is an

annuity of fixed remuneration and annual variable remuneration in the short term. With regard to the Secretary Director, after joining the disengagement plan launched by the Company ("Plan 60"), to which we will refer below, she assumes a 12 months non-competition obligation, in the event that her exit from the Company occurs within the framework of the said Plan.

- e) "Malus" and "claw back" clauses: the contracts of the executive Directors have "malus" clauses that allow the Company to cancel the payment of long-term variable remuneration, as well as "clawback" clauses to demand the return of both short and long-term remuneration already paid, in certain cases during the 2 years following their settlement and payment. These events are defined in the Remuneration Policy 2021-2023 and are as follows:
- The fact that the settlement and payment of said remuneration has been produced totally or partially on the basis of information whose falsity or serious inaccuracy is clearly proven a posteriori.
  - Material restatement with a material adverse impact on the financial statements when so considered by the external auditors (except for changes in accounting standards).
  - Sanctioning of the executive Director for serious breach of the Law or the Code of Conduct and other applicable internal regulations, if the breach has seriously damaged the image and reputation of the Logista Group or its perception by the markets, customers, suppliers or regulators, among others.

Compensation is also provided for in the event of non-compliance with the notice periods under the terms explained in the following section.

The Board of Directors, at its meeting of September 22nd, 2021, agreed, under the current Remuneration Policy, the implementation of a disengagement plan for Company's top managers ("Plan 60"). The main objective of this Plan is to facilitate the planning of the succession of the Company's key positions, promoting at the same time a very long-term relationship with such managers, and also minimising the financial impacts of any departures of senior managers in the fiscal years in which they occur.

For the design of this scheme, which is a common practice in the market, the Company has made a significant effort to ensure its alignment with these practices and for this it has considered necessary to have independent external advice. To this end, it has selected two advisors of recognized prestige who have participated in the design of the mechanism: Mercer Consulting S.L.U. and J&A Garrigues S.L.P.

Plan 60 is addressed to members of the top management, who will be individually invited, considering the already explained objectives. The Board agreed to invite the Board Secretary by virtue of her capacity of General Counsel and top manager, but not the Chief Executive Officer.

To cover this extraordinary remuneration, the Company will annually make contributions to a deferred life insurance policy, of which the Company itself is the policy holder and beneficiary, quantified in 20% of the Total Annual Remuneration (fixed remuneration plus annual variable remuneration target of 100%) of the Secretary Director. The Secretary Director's right to receive the extraordinary remuneration, which includes the accumulated contributed amounts until that moment and their financial profitability, arises at the time of her disengagement from the Company by mutual agreement from a certain age or in extraordinary circumstances of disability, permanent disability and similar circumstances. The collection of these amounts will be incompatible with the collection of any compensation that the Director may be entitled to receive as a result of the termination of her relationship with the Company. The collection of these amounts includes the acceptance of a contractual non-compete agreement for 12 months.

In accordance with Recommendation 64 of the CNMV Good Governance Code of Listed companies, and that of proxy advisors, the Secretary Director's contract has also been adjusted to include the provision that the total amount of the extraordinary remuneration insured, will not exceed the equivalent of two years of the total annual remuneration of the Secretary Director at the time of accrual of said remuneration.

With regards to the CEO, it should be noted that the amount of compensation he may receive in the event of termination of his contract is already contractually below such limit (1 year of fix and short term variable remuneration in any case of termination plus 1 year of fix and variable annual remuneration for non-compete agreement.).

The 2021 Company's contribution to cover its potential obligations *vis a vis* the Secretary Director under Plan 60 amounts 68,000 Euros, however this amount will only be vested if the Secretary Director's contract is terminated within the framework of the said Plan 60.

- Indicate the conditions that contracts of executive Directors performing senior management functions must contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive Director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

In addition to the previous section, the content of the contractual clauses was reviewed by the Board of Directors in the 2019-2020 financial year to bring them into line with best market practices on the occasion of the entry of the new executive directors.

The duration of the contracts of the executive directors is indefinite and does not include permanence clauses.



The notice clauses are as follows:

**a) Chief Executive Officer**

- By voluntary unilateral decision of the Chief Executive Officer: at least 12 months' notice, with the obligation to pay the Company, in the event of non-compliance with this period, an indemnity equivalent to one year's fixed and variable short-term remuneration corresponding to the period of notice not given.
- By unilateral decision without just cause by the Company: at least 12 months' notice, with the obligation to pay the Chief Executive Officer, in the event of non-compliance with this period, an indemnity equivalent to one year's fixed and short-term variable remuneration corresponding to the period of notice not given.

**b) Secretary Director:**

- By voluntary unilateral decision of the Secretary Director: at least 3 months' notice, with the obligation to pay the Company, in the event of non-compliance with this period, an indemnity equivalent to one year's fixed and variable short-term remuneration corresponding to the period of notice not given.
- By unilateral decision without just cause by the Company: at least 3 months' notice, with the obligation to pay the Chief Executive Officer, in the event of non-compliance with this period, an indemnity equivalent to one year's fixed and short-term variable remuneration corresponding to the period of notice not given.

**The contracts of both executive directors include "Garden leave" clauses, by virtue of which, in the event of notification by the director to the Company of the desire to terminate the contractual relationship by unilateral decision of the executive Director, the Company may agree to terminate the director's duties and require him to cease rendering services, in which case he will remain on paid leave until the termination.**

- The nature and estimated amount of any other supplementary remuneration that will be accrued by Directors in the current year in consideration for services rendered other than those inherent in their position.

At the date of issue of this Report, no additional remuneration had accrued to the directors in consideration for services rendered other than those inherent to their position.

- Other items of remuneration such as any deriving from the company's granting the Director advances, loans or guarantees or any other remuneration.

At the date of issue of this Report, no advances, loans or guarantees have been granted to any director.

- The nature and estimated amount of any other planned supplementary remuneration to be accrued by Directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

At the date of issue of this Report, there is no other supplementary remuneration not included in the above sections.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- A new policy or an amendment to the policy already approved by the General Meeting.
- Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

As indicated above, in accordance with Transitional Provision 1 of Law 5/2021, of 12 April, which amends the Consolidated Text of the Capital Companies Act, the Board will submit a new Remuneration Policy adapted to the requirements of the aforementioned Law to the next General Shareholders' Meeting, which is expected to be held in February 2022.

A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

The direct link to the document published on the Company's website, which contains the Remuneration Policy 2021-2023, in force during the financial year, is the following: [Remuneration Policy 2021-2023 Logista.com](https://www.logista.com/informacion-inversores/informacion-financiera-y-governance/remuneracion).

A.4 Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative.

The shareholders gave their support to the Remuneration Report for the 2019-2020 financial year with a percentage of 81.13%. In response to that vote and to proxy advisors' recommendations, in this report, and following a previous analysis of the Appointments and Remuneration Committee, the Board has focused its efforts on increasing the transparency and clarity of the information presented, systematizing the information in the different sections to clearly differentiate the aspects relating to the application of the Remuneration Policy in the current financial year (2021-2022) from its application in the closed financial year (2020-2021), as well as providing additional data and supplementary explanations that allow a better understanding of the application of the Remuneration Policy for the Company's Directors.

In this line, data have been provided on the targets applied for the determination of the amounts to be received by executive directors, under the variable remuneration scheme, in the short and long term, as well as additional explanations on the objectives pursued in the configuration of the limits of the annual variable remuneration,

Likewise, taking into consideration Recommendation 64 of the CNMV Code of Good Governance of listed companies and the reflections of proxy advisors regarding the compensations, the Company has decided to improve the explanations regarding the compensations set for the CEO and the Secretary Director, which in no case may exceed the equivalent of two years of total annual remuneration.

## **B** OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

B.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

As stated in section A, during the year 2020-2021 the Remuneration Policy 2021-2023 was submitted for approval by the General Shareholders' Meeting, which, while continuing with the previous policy, consolidates the line of simplification initiated with the previous policy, by simplifying the long-term remuneration scheme. In addition, the possibility was introduced of establishing mechanisms for the removal of executive directors to encourage the retention of talent, the configuration of which, within the general framework designed by the Policy, the Board has been working on, taking into account the best corporate governance practices.

In the performance of these tasks, the Company has relied on external advisors, as follows:

- (i)** In the drafting of the Remuneration Policy 2021-2023, from a legal perspective, Gómez Acebo y Pombo Abogados, as well as Willis Towers Watson, provided advice on package analysis and remuneration mix.
- (ii)** In preparing the 2021-2023 Long-Term Incentive Plan, external advice was provided by Willis Towers Watson and Garrigues Human Resources (Garrigues).
- (iii)** Mercer Consulting S.L.U. and J&A Garrigues S.L.P. have advised on the preparation of the Disengagement Plan.

The individual remuneration of the directors in their capacity as such was approved at the Board meeting of 27 October 2020, at which it was agreed to maintain unchanged the amounts that had been received until then. This decision was preceded by the corresponding meeting of the Appointments and Remuneration Committee.

At that same meeting, it was agreed to update the fixed remuneration of the executive Directors for the performance of executive duties, as well as the settlement of their variable remuneration for the previous year. Said settlement therefore took place when the annual accounts for the 2019-2020 financial year were drawn up, which did not contain any qualifications by the external auditor.

**B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued and that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.**

The remuneration scheme applied by the Company configures the remuneration of directors in their capacity as such and that of Directors in the exercise of executive functions differently.

The Appointments and Remuneration Committee has followed a formal and transparent procedure to propose the design of the Remuneration Policy, as well as to propose the remuneration packages of directors. No executive director has participated in decisions concerning his/her own remuneration.

With regard to remuneration for the exercise of non-executive functions, the establishment of fixed remuneration and attendance fees for all directors is considered to be an effective instrument for reducing exposure to excessive risks and the incorporation of the long-term vision.

With regard to the exercise of executive or delegated functions, as explained in section A., the measures adopted to eliminate the assumption of excessive risks are linked to the specific business objectives established, which are only evaluated once the annual accounts have been audited and prepared, as well as the existence of malus and claw back clauses, and the establishment of a long-term remuneration plan, consisting of the delivery of shares, which includes both operational economic objectives and objectives for the creation of value for the shareholder and sustainability with a long-term time horizon adjusted to the economic cycles of the Company. This is complemented by the obligation of the executive directors to maintain a number of shares of the shares delivered under the various remuneration plans equivalent to two years of their annual fixed remuneration.

Thus, the remuneration of executive directors is balanced into 3 main components: (i) a fixed component that accrues in any case, so that it does not involve any exposure to risk (ii) a variable component with a time horizon of one year, fundamentally linked to specific and measurable business objectives which, being recurring, prevents it from encouraging the assumption of excessive risks. This is reinforced by the fact that it is evaluated after the annual accounts have been audited and prepared, and (iii) a long-term (multi-year) variable component, which, in addition to operational objectives, takes into account, as mentioned above, shareholder value creation and sustainability objectives.

The measurement of shareholder value creation and sustainability objectives has been objectified through the reference to shareholder profitability compared to other listed companies and reference to international sustainability indices, as well as quantified targets for the reduction of CO2 emissions. In addition, this scheme has been complemented by the obligation of executive Directors to retain a significant package of shares during the performance of their duties, equivalent to twice their annual fixed remuneration.

As indicated above, there is a reasonable balance between the variable components not only in terms of the time horizon, but also in material terms, as the annual variable remuneration tends to meet operating objectives that address the performance of the Company's various businesses, while the multi-year variable remuneration also addresses the long-term interests of shareholders and sustainability issues.

The variable remuneration of the current executive directors was determined once the Board of Directors had the audited accounts of the Company. Both the annual variable remuneration and the multi-year variable remuneration have a "malus" and "claw back" clause system during the 2 years following their settlement and payment.

**B.3 Explain how the remuneration accruing and vested during the year complies with the provisions of the current remuneration policy.**

Furthermore, report on the relationship between the remuneration obtained by the Directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in Directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

With regard to the remuneration of the Board for the exercise of non-executive functions, it should be noted that the total remuneration accrued during the financial year 2020-2021 does not exceed the maximum figure established in the Remuneration Policy 2021-2023.

As regards the amount of the annual variable remuneration of the executive directors, it has been determined once the Board has had the audited annual accounts and is fundamentally linked to the performance of the Company's main indicators as detailed in this section B and, therefore, is consistent with the current Remuneration Policy 2021-2023. With regard to multi-year variable remuneration, the initial determination of the shares recognized to them, which will be consolidated over the horizon foreseen in the different Plans in which they participate, has been carried out in accordance with the parameters and in the terms established in section B.8 below.

**B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes against, if any:**

	Number	% of total
Votes cast	108.020.882	81,372

	Number	% of votes cast
Votes against	24.646.290	22,8162
Votes in favour	82.459.258	76,3364
Abstentions	915.334(*)	0,8472

(\*) 184 blank votes have been included as abstentions.

**B.5 Explain how the fixed components accrued and vested during the year by the Directors in their capacity as such were determined and how they changed with respect to the previous year**

As mentioned above, the Board decided to maintain the fixed components of the remuneration of the directors in their capacity as such unchanged.

Accordingly, the remuneration received by the directors in their capacity as such was as follows:

- a) Remuneration, in cash, fixed monthly, in line with market standards, based on the positions held on the Board and its Committees, in accordance with the following detail:
  - i) The fixed monthly remuneration of the Chair of the Board, in such capacity amounts to €30,600.
  - ii) The fixed monthly remuneration of the Directors as members of the Board of Directors amounts to €5,100.
  - iii) The fixed monthly remuneration of the Chair of the Appointments and Remuneration Committee, in such capacity, is €1,700.
  - iv) The fixed monthly remuneration of the Chair of the Audit and Control Committee, in his/her capacity of such, is €1,700.
- b) Per diem for attendance at meetings:
  - i) From the Board of Directors: €2,805 per meeting.
  - ii) From the Appointments and Remuneration Committee: €1,020 per meeting.
  - iii) From the Audit and Control Committee: €1,632 per meeting.

In accordance with the recommendations of the CNMV Code of Good Governance Code, the directors in their capacity as such do not have (i) variable remuneration systems either in cash, shares or rights over shares, or instruments referenced to the value of the share (ii) life insurance, or (iii) long-term savings systems or other social welfare systems.

The proprietary directors waive the right to receive any remuneration as directors of the Company.

The remuneration for the Chairs (of the Board and of the Committees) is additional to the remuneration as Directors.

Fixed remuneration over the financial year 2020-2021 therefore amounted to 836,400 euros. The remuneration accrued as per diems amounted to 216,036 euros, so that the total remuneration of the Board for the exercise of non-executive functions remained below the maximum limit for such remuneration established in the Remuneration Policy of 1,600,000 euros.

**B.6 Explain how the salaries accrued and vested by each of the executive Directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.**

As indicated above, it should be borne in mind that the fixed remuneration of executive directors is established by calendar year (from 1 January to 31 December), while the variable remuneration of executive directors is accrued and settled at the close of the financial year (30 September of each year), taking into account the fixed remuneration applicable at that time.

For the calendar year 2021, the fixed remuneration of the executive directors was set at 812,000 euros gross per year for the Chief Executive Officer and 233,450 euros gross per year for the Secretary Director, as stated in the Remuneration Policy 2021-2023. Therefore, the accrued amount as fixed salary, for the financial year 21, is of 809,000€, for the CEO, and of 232,587.50€, for the Secretary Director.

In order to determine this remuneration, the remuneration established for executive directors in the 2020-2022 Remuneration Policy was used as a starting point, and was increased very moderately, by 1.5%. This adjustment is the one applicable to the Company's management collective within the range of remuneration adjustment identified by Willis Tower Watson as applicable to similar companies.

For their variable remuneration and other remuneration items, see the following sections.

**B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.**

In particular:

- Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the Directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.
- In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
- Each Director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive Director, external proprietary Director, external independent Director or other external Director).
- Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems

With regard to the short-term (annual) variable remuneration for the period 2020-2021, of which only the executive directors are beneficiaries, it should be noted that the Board of Directors carried out a review of these objectives in order to bring them into line with best market practices, a process in which external advice was sought. As a result, no changes were made to the objectives for the annual variable remuneration of the Chief Executive Officer, as it was confirmed that they were in line with these practices. However, in the case of the Secretary Director, in view of the nature of the functions she performs, linked to a more corporate sphere, and in line with the remuneration policy of comparable companies, it was considered appropriate to reduce the weight of business objectives and increase the weight of personal contribution to 50%.

By establishing the objectives and goals of the short-term variable remuneration, the Board of Directors seeks that the incentives encourage the material implementation of the Company's strategy, encouraging the over-achievement of objectives. It also intends that the incentives are compatible with the Company's culture on Risk Management.

Thus, the annual objectives were set at the Board of Directors' meeting of 18 December 2020, following a favourable report from the Appointments and Remuneration Committee. These objectives were as follows:

a) Chief Executive Officer:

- Business Objectives: total 75%.
  - 60% Adjusted EBIT
  - 15% WC
- Personal Contribution: 25%

b) Secretary Director

- Business Objectives: total 50%.
  - Adjusted Ebit 40%.
  - WC: 10%
- Personal Contribution: 50%

Within the margin set in the Remuneration Policy 2021-2023 in section 3.2.1, the short-term variable remuneration of the Chief Executive Officer takes as a basis up to 150% of the fixed remuneration which is multiplied by the degree of achievement of objectives reached in the year, with a maximum degree of achievement of 120%. In the case of the Secretary Director, the basis is 45% of the fixed remuneration.

The criteria for measuring the Company's variable remuneration were set out in Appendix III of the Logista Group's Variable Remuneration Policy 1/2011, approved by the Board on 28 April 2011, with successive updates. These metrics are designed to align the remuneration of executive directors with the Company's results, introducing mechanisms that encourage over-achievement. Thus, the annual variable remuneration only accrues once 95% of the target objective has been met in the case of business objectives. Once 100% of the target business objective is exceeded, the variable remuneration rewards overachievement with a remuneration that can reach up to 120%.



As indicated above, the variable remuneration of the executive directors is settled annually on 30 September, once the audited annual accounts are available, which guarantees the correct application of the business aggregates.

In view of the foregoing, the degree of achievement of objectives in the year expired was estimated as follows:

a) Chief Executive Officer

- Business Objectives:

- Group's EBIT Objective, with a target of 283 million euros, and an achievement of 301 million euros. This objective has a weight of 65% on variable remuneration, and it will consolidate with an achievement of 112%, as per Group's short-term variable remuneration metrics.

- Group's Working Capital Objective, with a target of 3,123M€ and an achievement of 3,163M€. This objective has a weight of 15% on the total variable remuneration and it will consolidate as per metrics, with an achievement of 102%.

- Personal goals (including environmental sustainability):

- CEO Personal objectives have a weight of 25% and its achievement degree, approved by the Company's Board of Directors, has been of 100%.

According to this objectives achievement, the amount of the CEO's short-term variable remuneration is of € 1,309,350.

b) Secretary Director

- Business Objectives:

- Group's EBIT Objective, with a target of 283 million euros and an achievement of 301 million euros. This objective has a weight of 40% on variable remuneration, and it will consolidate with an achievement of 112% as per Group's short-term variable remuneration metrics.

- Group's Working Capital Objective, with a target of 3,123M€ and an achievement of 3,163M€. This objective has a weight of 10% on the total variable remuneration and it will consolidates as per metrics, with an achievement of 102%.

- Personal goals (including environmental sustainability):

- Secretary Director's personal objectives have a weight of 50% and its achievement degree, approved by the Company's Board of Directors, has been of 97%.

According to this objectives achievement, the amount of the Secretary Director's short-term variable remuneration is of 108,729.30 €.

Explain the long-term variable components of the remuneration systems

### **Long-Term Variable Remuneration**

During the year ended 2020/2021, the second period of the General and Special Plans of the 2017 Long-Term Incentive Plan in which only the Chief Executive Officer participates was consolidated, and the invitation to participate in the General and Special Plans of the 2020 Long-Term Incentive Plan in which both executive directors participate was also launched.

For the design of the new 2021-2023 Incentives Plan, that was approved by the General Shareholders' Meeting held on February 4<sup>th</sup>, 2021, the Board has taken into consideration governance international criteria in matters related to remuneration, in particular those of (i) simplicity and (ii) risks management.

- **Simplicity:** a simple remuneration framework has been chosen, which includes a single long-term Incentive Plan, and simplifies the previous structure of two Plans. The Incentive Plan provides a clear vision for both the Company's executive directors and shareholders on the main goals of the entity.
- **Risks management:** the incentives structure is aligned with the Company risks management, which includes clawback and malus clauses.

#### **a) Consolidation of the second period of the General and Special Plans 2017.**

The Board, at its meeting of November 4, 2021, determined the number of shares vested by the Chief Executive Officer under the second vesting period of the 2017 General and Special Plans, a period in which the Secretary Director does not participate, and whose vesting ended on September 30, 2021. Such shares are as follows:

- a) Shares accrued by the Chief Executive Officer under the 2017 General Plan (second vesting period): 22,285 of a maximum of 53,548 shares, which vested 70%.
- b) Shares accrued by the Chief Executive Officer under the 2017 Special Plan (second vesting period): 9,551, out of a maximum of 26,774, which vested at 60%.

The criteria used for this consolidation and established by the Board of Directors are as follows:

#### **General Plan 2017:**

1. Company's Comparative Shareholder Return (CSR) Criteria (50%): Achievement of 40%.
2. Financial profitability criterion, measured by the Logista group's operating profit (50%): Achievement of 100%.

#### **Special Plan 2017:**

1. Company's Comparative Shareholder Return (CSR) Criteria (67%): achievement of 40%.
2. Financial profitability criterion, measured by the Logista group's operating profit (33%): achievement of 100%.

In any case, it should be noted, as mentioned above, that the determination of the degree of compliance with the operating objectives is made by the Board of Directors after the Company's annual accounts

have been audited, which makes it possible to take into account, where appropriate, any qualifications that may be made to reduce the amount of variable remuneration.

The transfer of the shares to be consolidated will be free of charge, and will be subject to the maintenance and return clauses indicated in section A.1.2 above

In addition, both directors, as mentioned above, were invited to the 2020 General and Special Shares Plans. These Plans, approved by the General Shareholders Meeting held in 2020, have the particularity of covering a single consolidation period, unlike the other long-term incentive plans implemented by the Company, where there are 3 consolidation periods. These 2020 Incentive Plans were configured as a transition to the new model defined in the 2021-2023 Plan, characterized by greater simplicity.

Under 2020 Plans, the Board of Directors' of December 18, 2020 recognized to both directors the following numbers of shares outstanding to vest:

- Mr Iñigo Meirás Amusco: 80,110 shares initially recognised under the General Plan and 41,294 shares initially recognised under the Special Plan.
- Ms María Echenique Moscoso del Prado: 4,977 shares initially recognised under the General Plan and 3,166 shares under the Special Plan.

Both 2020 Plans have the following objectives:

1.- Comparative Shareholder Return Criteria (CRR) of the Company, which compares the profitability of the Company with the profitability of other companies and general indices that constitute the Reference Group ("CRR"), on which the consolidation, in whole, in part or in no part, of twenty-five percent (25%) of the Number of Recognised Shares will depend.

2.- Financial Profitability Criterion, measured by the Group's Operating Profit, on which the consolidation in whole, in part or in full of sixty-five percent (65%) of the number of conditional shares will depend.

3.- Sustainability Criteria, measured by the reduction of CO2 emissions by the Logista Group fleet, as well as the inclusion in the CDP-List, on which the consolidation of all, part or none of the remaining ten percent (10%) of the number of conditional actions will depend.

Lastly, during the year ended 2020/2021 the vesting of the Third Consolidation Period of the General and Special Plans of the 2017 Long-Term Incentive Plan is maintained, the characteristics of which are reflected in section A.1 of this report.

**B.8 Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.**

Not applicable

**B.9 Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the Directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the Director.**

The executive directors participate in the Group's Employment Pension Plan (generally applicable to Group employees). This Plan is a defined contribution plan and the monthly contributions made by the Company correspond to 6.9% of the regulatory salary (Base Salary of the Logista Collective Bargaining Agreement for Level III of the "Management" professional group).

The executive directors also participate in the directors' Welfare Plan, in which the Group makes contributions calculated on the basis of a percentage of approximately 10% of the salary and short-term variable annual remuneration of each executive director.

The contingencies covered are those of retirement, permanent disability and death, and, in addition, those of general illness, in the case of the Executives Plan.

The vested economic rights derived from both Plans are compatible with the indemnity for termination or early retirement or derived from the contractual relationship, under the terms established between the Company and the Director, and are not linked to the achievement of certain objectives, although the Directors' Pension Plan takes into account, for the purposes of Logista's contribution, the short-term variable remuneration accrued in the previous year.

According to this prevision scheme, the Directors' accrued contribution of this financial year are of 215,718€, for the CEO, and 62,596€ for the Secretary Director. The amount for the Secretary Director includes an extraordinary contribution of 25,714.28€, established in her contractual agreement framework.

**B.10 Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the Director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by Directors during the year last ended.**

Not applicable

**B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive Directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive Directors during the year, unless these have already been explained in Section A.1.**

The Board of Directors' meeting of 22 September 2021 approved the Annex to the contract of the Secretary Director, which regulates her adherence to the Executive Disengagement Plan (Plan 60) with the particularities and main characteristics described in section A of this report.

**B.12 Explain any supplementary remuneration accrued by Directors in consideration of the provision of services other than those inherent in their position.**

Not applicable

**B.13 Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.**

Not applicable

**B.14 Itemise the remuneration in kind accrued by the Directors during the year, briefly explaining the nature of the various salary components.**

The Company has taken out and pays the global premium corresponding to a directors' and Executives' civil liability insurance policy that covers all directors, both executive and non-executive. In this policy, the directors are considered as insured parties for the liabilities that may be demanded of them as a result of the performance of the activities inherent to their functions. In particular, both the contracts of the Chief Executive Officer and the Secretary director require the Company to take out a civil liability insurance policy. As the civil liability insurance has been taken out globally, it is not possible to calculate the part of the insurance attributable to the directors as remuneration in kind, but in any case, its individual amount is not significant.

Only the executive directors have a remuneration package in kind similar to that of the Company's management team. In particular, the executive Directors are beneficiaries of life insurance, with an annual premium of 4,677.72 euros. This package also includes medical assistance insurance and company vehicle, amounting to the following amounts:

- a) Chief Executive Officer: 40,868.45 euros
  
- b) Secretary Director: 34,995.58 euros

**B.15 Explain the remuneration accrued by any Director by virtue of payments made by the listed company to a third company in which the Director provides services when these payments seek to remunerate the Director's services to the company.**

Not applicable

**B.16 Explain any item of remuneration other than the foregoing, whatever its nature or the group company paying it, especially when this is considered a related party transaction or its settlement distort the true and fair picture of the total remuneration accrued by the Director.**

As stated in section A, the Board of Directors of September 22, 2021 agreed the inclusion of the Secretary Director in the scheme of the so-called Plan 60, for which coverage the Company has implemented a deferred life insurance. We refer to the explanations given in that section, although

it is highlighted that this scheme does not accrue in the year, but when, where appropriate, the termination of the contract takes place by mutual agreement when a certain age is reached, and that the maximum amounts to be received are limited to two years of total fix remuneration. The accrued and non-consolidated amounts, according to the corresponding contribution to the said scheme in the year were of 67,701 euros.

### ☐ ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2021
GREGORIO MARAÑÓN Y BERTRÁN DE LIS	Chairman-Independent	From 01/10/2020 to 30/09/2021
ÍÑIGO MEIRÁS AMUSCO	CEO	From 01/10/2020 to 30/09/2021
MARIA ECHENIQUE MOSCOSO DEL PRADO	Secretary Director - Executive	From 01/10/2020 to 30/09/2021
CRISTINA GARMENDIA MENDIZÁBAL	Director - Independent	From 01/10/2020 to 30/09/2021
LUIS ISASI FERNANDEZ DE BOBADILLA	Director - Independent	From 01/10/2020 to 30/09/2021
ALAIN MINC	Director - Independent	From 01/10/2020 to 30/09/2021
PILAR PLATERO SANZ	Director - Independent	From 01/10/2020 to 30/09/2021
LILLIAN ALICE BLOHM	Director - Proprietary	From 06/05/2021 to 30/09/2021
JOHN MATTHEW DOWNING	Director - Proprietary	From 01/10/2020 to 30/09/2021
MARIE D'WITT	Director - Proprietary	From 01/10/2020 to 30/09/2021
LISA ANNE GELPEY	Director - Proprietary	From 01/10/2020 to 01/04/2021
RICHARD GUY HATHAWAY	Director - Proprietary	From 01/10/2020 to 30/09/2021
JOHN MICHAEL JONES	Director - Proprietary	From 01/10/2020 to 22/07/2021
MURRAY HENRY MCGOWAN	Director - Proprietary	From 23/07/2020 to 30/09/2021

**C.1 Complete the following tables regarding the individual remuneration of each Director (including remuneration received for performing executive duties) accrued during the year.**

**a) Remuneration from the reporting company:**

**i) Remuneration accruing in cash (thousands of euros)**

Name	Fixed Remuneration	Per diem allowance	Remuneration for memberships of the board committees	Salary	Shor-term variable remuneration	Long-term variable remuneration	Indemnification	Other Items	Total year 2021	Total year 2020
GREGORIO MARAÑÓN	428	39	20						487	494
ÍÑIGO MEIRÁS	61	22							83	70
MARIA ECHENIQUE	61	22							83	50
CRISTINA GARMENDIA	61	34							95	99
LUIS ISASI	61	27							88	0
ALAIN MINC	61	38	20						119	128
PILAR PLATERO	61	34							95	86
LILLIAN ALICE BLOHM										
JOHN MATTHEW DOWNING										
MARIE D'WITT										
LISA ANN GELPEY										
RICHARD GUY HATHAWAY										
JOHN MICHAEL JONES										
MURRAY HENRY MCGOWAN										

**Remarks**

It should be noted that, as already explained in section A, the fixed remuneration of executive Directors is established by calendar year (from 1 January to 31 December), while the variable remuneration of executive Directors is accrued and settled at the close of the Company's fiscal year (30 September), taking into account the fixed remuneration applicable at that time.

**ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments**

Name	Name of Plan	Financial Instruments at start of the year		Financial Instruments grating during the year		Financial Instruments vested during the year				Instruments matured but not exercised	Financial Instruments at end of the year	
		No. of instruments	No. of Equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of Vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
IÑIGO MEIRAS	"2017 Long Term Incentive Plan (General and Special Plans)" 2PC	80.322	80.322			31.836	31.836	18,21	580			
	"2017 Long Term Incentive Plan" (General and Special Plans)Third Period of consolidation	86.957	86.957								86.957	86.957
	"2020 Long Term Incentive Plan" (General and Special Plans)			121.404	121.404						121.404	121.404
MARÍA ECHENIQUE	"2017 Long Term Incentive Plan" (General and Special Plans) 2PC											
	"2017 Long Term Incentive Plan" (General and Special Plans)Third Period of consolidation	6.666	6.666								6.666	6.666
	"2020 Long Term Incentive Plan" (General and Special Plans)			8.143	8.143						8.143	8.143



iii) Long-term savings schemes

NOT APPLICABLE

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year n		Year n-1	
	Year n	Year n-1	Year n	Year n-1	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
	Director 1							

iv) Details of other items

NOT APPLICABLE

Name	Item	Amount of remuneration
Director 1		

**b) Remuneration of company directors for seats on the boards of other group companies(\*)**

**i) Remuneration accruing in cash (thousands of euros)**

<b>Name</b>	<b>Fixed Remuneration</b>	<b>Per diem allowances</b>	<b>Remuneration on for memberships of board committees</b>	<b>Salary</b>	<b>Short Term Variable Remuneration</b>	<b>Long Term Variable Remuneration</b>	<b>Indemnification</b>	<b>Other Items</b>	<b>Total year 2021</b>	<b>Total Year 2020</b>
<b>ÍÑIGO MEIRÁS</b>				<b>809</b>	<b>1309</b>				<b>2118</b>	<b>1812</b>
<b>MARIA ECHENIQUE</b>				<b>233</b>	<b>109</b>				<b>342</b>	<b>201</b>

**Remarks**

**This table includes the remuneration received in the exercise of executive functions, which is paid through Compañía de Distribución Integral Logista, S.A.U., 100% subsidiary of the Company.**

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

NOT APPLICABLE

Name	Name of plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1											
	Plan 2											

Remarks

iii) Long-term savings schemes

Director	Remuneration for the vested rights of savings schemes
Íñigo Meirás Amusco	216
María Echenique Moscoso del Prado	63

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year 2021		Year 2020	
	Year 2021	Year 2020	Year 2021	Year 2020	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
	Íñigo Meirás	216	181			398		181
María Echenique	63	92			156		92	

iv) Details of other items

Name	Item	Amount of remuneration
Íñigo Meirás	Social Welfare Systems	41
María Echenique	Social Welfare Systems	35

**c) Summary of remuneration (thousands of euros):**

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each Director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies				
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in year 2021, company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in year 2021, group
GREGORIO MARAÑÓN	487				487					0
IÑIGO MEIRÁS	83	580			663	2118		216	41	2375
MARIA ECHENIQUE	83				83	342		63	35	440
CRISTINA GARMENDIA	95				95					0
LUIS ISASI	88				88					0
ALAIN MINC	119				119					0
PILAR PLATERO	95				95					0
LILLIAN ALICE BLOHM										
JOHN MATTHEW DOWNING										
MARIE D'WITT										
LISA ANN GELPEY										
RICHARD GUY HATHAWAY										
JOHN MICHAEL JONES										
MURRAY HENRY MCGOWAN										

**D** OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

Please note, that the annual Company's contribution to cover its potential obligations *vis a vis* the Secretary Director under Plan 60 has been disclosed in section A of this report.

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This annual remuneration report was approved by the Board of Directors of the company in its meeting of November 4<sup>th</sup>, 2021.

Indicate whether any director voted against or abstained from approving this report.

Yes  No

**ANNEX I TEMPLATE**

**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

**YEAR END-DATE**

**30/09/2021**

**TAX ID A-87008579**

**Company name:**

**Compañía de Distribución Integral Logista Holdings, S.A.**

**Registered office:**

**Calle Trigo 39 – Polígono Industrial Polvoranca – 28914 Leganés (Madrid)**





**ANNUAL CORPORATE GOVERNANCE REPORT  
OF LISTED PUBLIC LIMITED COMPANIES**

**A OWNERSHIP STRUCTURE**

**A.1 Complete the table below with details of the company's share capital:**

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
04/06/2014	26.550.000,00	132.750.000	132.750.000

Indicate whether there are different classes of shares with different associated rights:

Yes

No

**A.2 List the company's significant direct and indirect shareholders at year end, excluding directors:**

Name or company name of shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Imperial Brands Plc, of which:	0	50.008	0	0	50.008
Imperial Tobacco Limited	50.008	0	0	0	50.008
Capital Research and Management Company	0	4.941	0	0	4.941
of which: Capital Income Builder, INC	4.875	0	0	0	4.875

**Indicate the most significant changes in the shareholder structure during the year:**

<b>Most significant changes</b>
<p>- During the fiscal year, the indirect stake that Imperial Brands Plc holds in the Company has been transferred from Altadis, S.A.U. to Imperial Tobacco Limited, a company wholly owned by Imperial Brands Plc. This latter, therefore, remains the indirect controlling shareholder of the Company.</p> <p>- Capital Research and Management Company and Capital Income Builder informed on 5 and 6 February 2021, respectively, that they had crossed down the 5% threshold of participation in the Company's stake.</p>

**A.3 Complete the following tables on members of the company's Board of Directors holding voting rights on the company's shares:**

Name or company name of director	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments		
	Direct	Indirect	Direct	Indirect		Direct	Indirect	
<b>Gregorio Marañón y Bertrán de Lis</b>	0	0.02 <sup>(1)</sup>	0		0	0.02	0	0
<b>Iñigo Meirás Amusco</b>	0.02 <sup>(2)</sup>	0	0		0	0	0	0

**Remarks**

(1) Mr. Gregorio Marañón, Chairman of the Company's Board of Directors, has 0,016% of indirect voting rights in the Company (through the Company Cigarral de Inversiones, S.L.), represented by 21,832 shares.

(2) Mr. Iñigo Meirás, Chief Executive Officer of the Company, has 0,017% of direct voting rights in the Company, represented by 23,174 shares.

<b>Total percentage of voting rights held by the Board of Directors</b>	<b>0,02</b>
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**Breakdown of the indirect holding:**

Name or company name of director	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
Mr. Gregorio Marañón y Bertrán de Lis	Cigarral de Inversiones, S.L.	0,02	0	0,02	0

**A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:**

Not applicable

**A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:**

<u>Related parties names or corporate names</u>
Imperial Brands PLC
Compañía de Distribución Integral Logista Holdings, S.A.

**Kind of relationship:** Contractual

**Brief description:**

**“ITG-LOGISTA HOLDINGS RELATIONSHIP FRAMEWORK AGREEMENT”, dated June 12<sup>th</sup>, 2014.**

Imperial Brands PLC (formerly named Imperial Tobacco Group-ITG) undertakes to maintain and respect the freedom of management and decision making of the administrative and managerial bodies of the Company, and the neutrality principle in its commercial and services relations with third parties, also establishing the confidentiality of the business information of the Company and the separation of their respective information systems.

The Framework Agreement also regulates related transactions between both companies, and the government and administration of the Company.

<u>Related parties names or corporate names</u>
Imperial Brands Finance PLC
Compañía de Distribución Integral Logista, S.A.U. and Compañía de Distribución Integral Logista Holdings, S.A.

**Kind of relationship:** Contractual

**Brief description:**

**“INTRA GROUP LOAN FACILITY AGREEMENT”, dated June 12<sup>th</sup>, 2014, amended on December 1<sup>st</sup>, 2015, and extended on March 21<sup>st</sup> 2018.**

Agreement on a reciprocal credit facility, in force until June 12, 2024 (with a yearly tacit renewal), with a maximum disposal limit of two thousand six hundred million euros, temporarily extended only for once, from 1 September to 31 October 2020, to four thousand and eight hundred million euros, considering the expected treasury status, pursuant to the contractual amendment agreed on 1 September.

According to this Agreement, Compañía de Distribución Integral Logista S.A.U. (100% subsidiary of the Company) will daily lend Imperial Brands Finance PLC (formerly named Imperial Tobacco Finance PLC), its cash excess, at the base rate of the European Central Bank, plus a margin of 0.75%.

If Logista has to get into debt to meet the needs of its working capital, it can reciprocally borrow the amount from Imperial Brands Finance PLC.

**A.6 Describe the relationships, unless insignificant for both parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of directors that are legal persons.**

**Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.**

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship / post
Ms. Lillian Alice Blohm	Imperial Brands PLC	Imperial Brands PLC	Ms. Blohm is one of the five proprietary Directors representing Imperial Brands PLC. She is also the Strategy Director in Manufacturing and Supply Area (MS) of such company.
Ms. Marie Ann D'Wit	Imperial Brands PLC	Imperial Brands PLC	Ms. D'Wit is one of the five proprietary Directors representing Imperial Brands PLC. She is also the Deputy Chief Financial Officer of such company
Mr. John Matthew Downing	Imperial Brands PLC	Imperial Brands PLC	Mr. Downing is one of the five proprietary Directors representing Imperial Brands PLC. He is also the Imperial Group's General Secretary and Secretary of its Board of Directors.
Mr. Richard Guy Hathaway	Imperial Brands PLC	Imperial Brands PLC	Mr. Hathaway is one of the five proprietary Directors representing Imperial Brands PLC. He is also the Corporate Development Director of such company.
Mr. Murray Henry McGowan	Imperial Brands PLC	Imperial Brands PLC	Mr. McGowan is one of the five proprietary Directors representing Imperial Brands PLC. He is also the Chief Strategy and Development Officer.

**A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:**

Yes  No

**Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:**

Yes  No

**A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:**

Yes  No

Name of individual or company	
IMPERIAL BRANDS PLC	
Remarks	
Indirect Participation of 50.008%, through Imperial Tobacco Limited	

**A.9 Complete the following table with details of the company's treasury shares:**

**At the close of the year:**

Number of direct shares	Number of indirect shares	Total percentage of share capital
800,623	0	0.6

**A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.**

The General Meeting of Shareholders of March 21, 2018 authorised the Board of Directors to acquire Company's own shares in the following terms:

"To authorize the Board of Directors so that pursuant to the provisions established in Article 146 of the Act on Capital Companies ("Ley de Sociedades de Capital"), it may acquire, at all times, shares in COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., provided that:

- i) the face value of the shares acquired, in addition to those already held by the Company and/or its subsidiaries, does not exceed 10% of the share capital of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., and
- ii) the acquisition, including any shares that the Company or person acting in its own name but on behalf of the Company may have acquired or previously held, does not result in the Company's net equity falling below the share capital amount plus any restricted reserves foreseen by the regulations or the By-laws.

Furthermore, to authorize the subsidiaries so that, notwithstanding the relevant authorisation of their General Meeting of Shareholders, pursuant to said Article 146, they may at all times acquire shares in COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A., provided that the face value of the acquired shares, in addition to those

already held by the Company and/or its subsidiaries, does not exceed 10% of the share capital of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

Said acquisitions may be carried out through a purchase, swap, donation, allocation or non-recourse debt and, in general, under any other form of acquisition for consideration. In any case, the shares to be purchased will be circulating shares that are fully paid up.

The Board of Directors of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. or of its subsidiaries may agree to purchase the Company's shares in one or more transactions, for a maximum price that does not exceed 20% of their listed price, and for a minimum price that is not less than the face value of 0.20 Euros per share.

This authorization is granted for a five-year term, calculated as of the date of this General Meeting.

To expressly allow, for the purposes of Article 146.1.a), last paragraph, of the Act on Capital Companies ("Ley de Sociedades de Capital"), that any share acquired by COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. or its subsidiaries, further to this authorization, be used or attached, in whole or in part, for its transfer, amortization or delivery to directors of the Company, and managers and other employees of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. and its Subsidiaries Companies, or in accordance with and in implementation of Long-Term Incentive Plans consisting of the delivery of Company shares or of options on Company shares."

**A.11 Estimated floating capital:**

	%
<b>Estimated floating capital</b>	44.41

**A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.**

Yes  No

**A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.**

Yes  No

**A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.**

Yes  No

## **B** GENERAL SHAREHOLDERS' MEETING

**B.1** Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.

Yes  No

**B.2** Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes  No

**B.3** Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

The rules for amending the Company's Articles of Association are those provided in the Articles 285 to 294 of the Act on Capital Companies (Royal Legislative Decree of July 2<sup>nd</sup>, 2010).

**B.4** Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data				Total
	% physically present	% present by proxy	% distance voting		
			Electronic voting	Other	
<b>26/03/2019</b>	50.21	33.87	0.00	0.00	84.08
Of which floating capital:	0.20	33.87	0.00	0.00	34.07
<b>24/03/2020</b>	0.06	30.90	0.00	50.68	81.64
Of which floating capital:	0.06	30.90	0.00	0.67	31.63
<b>04/02/2021</b>	0.06	30.44	0,00	50,87	81.37
Of which floating capital:	0.06	30.44	0,00	0.86	31.36

**B.5** Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes  No

**B.6** Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes  No

**B.7** Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes  No

**B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.**

The address of the company's website is [www.logista.com](http://www.logista.com). The most relevant information on the Company's corporate governance and other information on the General Meetings is available in the section "Shareholders and Investors"/ "Corporate Governance"/ "Annual Corporate Governance Reports", and through the same section, "General Meeting 2021" or "Previous General Meetings".



## **C** STRUCTURE OF THE COMPANY'S ADMINISTRATION

### **C.1 Board of Directors**

#### **C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:**

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	10
<b>Number of directors set by the general meeting</b>	12

#### **C.1.2 Complete the following table on Board members:**

<b>Name of Director</b>	<b>Natural Person representative</b>	<b>Director Category</b>	<b>Position on the Board</b>	<b>Date first appointed to Board</b>	<b>Last re-election date</b>	<b>Method of selection to Board</b>
Mr. Gregorio Maraño	---	Independent	Chairman	13/05/2014	24/03/2020	General Shareholders' meeting
Mr. Íñigo Meirás	---	Executive	CEO	19/12/2019	24/03/2020	General Shareholders' meeting
Mrs. María Echenique	---	Executive	Secretary Director	24/03/2020	24/03/2020	General Shareholders' meeting
Ms. Cristina Garmendia	---	Independent	Director	04/06/2014	21/03/2018	General Shareholders' meeting
Mr. Luis Isasi	---	Independent	Director	29/9/2020	04/02/2021	General Shareholders' meeting
Mr. Alain Minc	---	Independent	Director	24/04/2018	26/03/2019	General Shareholders' meeting
Ms. Pilar Platero	---	Independent	Director	26/11/2019	24/03/2020	General Shareholders' meeting
Ms. Lillian Alice Blohm	---	Proprietary	Director	06/05/2021	06/05/2021	Co-option
Mr. John Matthew Downing	---	Proprietary	Director	13/05/2014	21/03/2018	General Shareholders' meeting
Ms. Marie Ann D'Wit	---	Proprietary	Director	24/03/2020	24/03/2020	General Shareholders' meeting
Mr. Richard Guy Hathaway	---	Proprietary	Director	24/03/2015	26/03/2019	General Shareholders' meeting
Mr. Murray Henry McGowan	---	Proprietary	Director	22/07/2021	22/07/2021	Co-option

<b>Total number of directors</b>	<b>12</b>
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Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
Lisa Ann Gelpey	Proprietary	24/03/2020	01/03/2021	---	Yes
John Michael Jones	Proprietary	26/03/2019	22/07/2021	---	Yes

**Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting**

Both directors sent the corresponding letter explaining the reasons for their resignations.

Regarding Ms. Gelpey, her resignation was motivated by the fact that she ceased to provide her services to Imperial Brands Plc.

In the case of Mr. Jones, his resignation is motivated by giving the opportunity to join the Board of the Company to other members of Imperial Brands Plc.

**C.1.3 Complete the following tables on the members of the Board and their categories:**

**EXECUTIVE DIRECTORS**

**NAME OR COMPANY NAME OF DIRECTOR:**

**Mr. ÍÑIGO MEIRÁS**

**POST IN ORGANISATIONAL CHART OF THE COMPANY:**

CHIEF EXECUTIVE OFFICER

**PROFILE:**

Íñigo Meirás is a Law Graduate from Madrid's Complutense University and obtained an MBA from the Instituto de Empresa (IE).

He started his professional career in Ferrovial in 1992, and after holding different positions, in 2009, he was appointed General Manager and CEO, position he held until September 2019. Prior to joining Ferrovial, he worked at Holcim Ltd. and Grupo Carrefour.

He has been member of several Board of Directors in Spain, UK, Ireland, Greece, Germany, USA, Canada, Colombia, Chile and Australia: Swissport International (Switzerland), BAA (now HAH, in UK), and Amey Plc (UK), among others.

**NAME OR COMPANY NAME OF DIRECTOR:**

**MS. MARIA ECHENIQUE**

**POST IN ORGANISATIONAL CHART OF THE COMPANY:**

SECRETARY DIRECTOR

**PROFILE:**

Ms. María Echenique holds a Law Degree from the Universidad Complutense de Madrid, and a Diploma in English Law by the University of Kent at Canterbury. She is a civil servant (Cuerpo Superior de Administradores Civiles del Estado), on leave.

From 2010 she has held different positions in NATURGY ENERGY GROUP, S.A.'s Legal Services where, additionally, she was appointed Deputy Secretary of the Board of Directors. Before, Mrs. Echenique performed different duties in the Spanish Public Administration, such as technical advisor in the Economy Ministry and advisor in the Science & Technology Ministry.

Mrs. María Echenique was appointed Secretary of the Board of Compañía de Distribución Integral Logista Holdings on Dec. 19th, 2019 and executive Director by the General Shareholders' Meeting of 24/03/2020.

She also performs functions of Head of the Company's legal services, as General Counsel of the Company.

<b>Total number of executive directors</b>	2
<b>Percentage of Board</b>	16.67%

## **PROPRIETARY DIRECTORS**

### **NAME OF DIRECTOR:**

**MS. LILLIAN ALICE BLOHM**

### **NAME OR COMPANY NAME OF THE SIGNIFICANT SHAREHOLDER REPRESENTED OR THAT HAS PROPOSED THEIR APPOINTMENT:**

IMPERIAL BRANDS PLC

### **PROFILE:**

Ms. Blohm graduated with honours in Law & Sociology (Exeter University, UK). She joined Imperial in Group Legal in December 2006, where she was responsible for the legal and corporate affairs of the UK market for four years before she moved into the Group Corporate Affairs team.

At the end of 2012 she moved into the manufacturing and supply area (MS). She is currently Strategy Director in MS.

### **NAME OF DIRECTOR:**

**Mr. JOHN MATTHEW DOWNING**

### **NAME OR COMPANY NAME OF THE SIGNIFICANT SHAREHOLDER REPRESENTED OR THAT HAS PROPOSED THEIR APPOINTMENT:**

IMPERIAL BRANDS PLC

### **PROFILE:**

Mr. John Matthew Downing joined the Imperial Brands (former Imperial Tobacco) legal department in 2005 and currently serves as Group Company Secretary of Imperial Brands PLC.

Prior to joining Imperial, he worked in the corporate department of Linklaters in both London and SE Asia (from 1998 to 2005). Mr. Downing received a Bachelor of Arts (Honors) in History from the University of Cambridge in 1993, after which he completed a conversion course in Law, passing with Distinction in 1995.

### **NAME OF DIRECTOR:**

**Ms. MARIE ANN D'WIT**

### **NAME OR COMPANY NAME OF THE SIGNIFICANT SHAREHOLDER REPRESENTED OR THAT HAS PROPOSED THEIR APPOINTMENT:**

IMPERIAL BRANDS PLC

### **PROFILE:**

Ms. Marie Ann D'Wit joined Imperial Brands in 2017 and serves as Deputy Chief Financial Officer of Imperial Brands PLC.

Prior to joining Imperial, Ms. D'Wit held senior finance positions at Ferguson Plc, Dixons Carphone Plc, and Cadbury Schweppes Plc in both London and New York and started her career in banking & capital markets with JPMorgan Cazenove and PwC. Ms. D'Wit received a Bachelor Science (Honours) in Molecular Physics & Chemistry and is a member of the Institute of Chartered Accountants of England and Wales.

Ms. D'Wit sits on the Supervisory Board of Reemstma Cigarettenfabriken GmbH.

**NAME OF DIRECTOR:**  
**Mr. RICHARD GUY HATHAWAY**

**NAME OR COMPANY NAME OF THE SIGNIFICANT SHAREHOLDER REPRESENTED OR THAT HAS PROPOSED THEIR APPOINTMENT:**  
IMPERIAL BRANDS PLC

**PROFILE:**

Mr. Richard Guy Hathaway serves as Corporate Development Director at Imperial Brands, and was previously Director of Finance Strategic Initiatives and responsible for leading the Risk Management function.

Prior to joining Imperial Brands, he has developed part of his professional career in KPMG, where he held various different positions in the UK and Europe and was a partner, initially in the audit practice (2000-2007) and then the Transaction Services division (2007-2012). He also worked for ADS Anker. Mr. Hathaway received a Bachelor of Mathematics (Honors) (1988) from Oxford University in 1988, and is Fellow of the Institute of Chartered Accountants in England & Wales.

**NAME OF DIRECTOR:**  
**Mr. MURRAY HENRY MCGOWAN**

**NAME OR COMPANY NAME OF THE SIGNIFICANT SHAREHOLDER REPRESENTED OR THAT HAS PROPOSED THEIR APPOINTMENT:**  
IMPERIAL BRANDS PLC

**PROFILE:**

Mr. McGowan holds a first class honours degree in Actuarial Mathematics and Statistics from Heriot-Watt university, Edinburgh.

He has a strong background in strategy and operations from his time in McKinsey, where he started his professional career, working with a range of leading global FMCG businesses, and more recently from various strategic and operational leadership roles for the likes of Costa Coffee (Whitbread), The Restaurant Group, Yum! Brands and Cadbury.

He joined Imperial Brands Plc.in 2020, as Group Strategy and Transformation Director, currently serving as Chief Strategy and Development Officer. He is also part of the Imperial Executive Committee. He is responsible for leading all elements of group strategy and operational transformation, and the definition of the new five year strategic plan for the Group.

<b>Total number of proprietary directors</b>	<b>5</b>
<b>Percentage of the Board</b>	<b>41,67%</b>

## **EXTERNAL INDEPENDENT DIRECTORS**

### **NAME OF DIRECTOR:**

**Mr. GREGORIO MARAÑÓN Y BERTRÁN DE LIS**

### **PROFILE:**

Mr. Gregorio Marañón is the Chairman of the Compañía de Distribución Integral Logista Holdings S.A. He also serves as Chairman of Universal Music and of Air City Madrid Sur; he is member of the Board of Directors of Patrimonio Nacional and Chairman of the Board of the Teatro Real opera house.

He has a wide experience in the financial, business, academic and legal spheres, having being General Manager of Banco Urquijo, Chairman of Banif, Chairman and founder of Gescapital, and Director in BBVA, Argentaria, Banco de Jerez and Zurich Seguros. He also was Chairman of Roche Farma, and member of the Advisor Board of Vodafone, among other positions.

He was awarded the Grand Cross of Alfonso X el Sabio; the Gold Medal for Merit in Fine Arts; the Gold Medal of Castilla-La Mancha Region, and the Gold Medal of Madrid city. He was appointed Commandeur de la Légion d'Honneur Française and Commendatore della Ordine de la Stella della Repubblica Italiana.

Mr. Marañón received his Bachelor of Laws from Complutense University of Madrid (1964), and completed an Advanced Management Program at the IESE Business School. He is Doctorate Honoris Causa by the University of Castilla-La Mancha.

### **NAME OF DIRECTOR:**

**Ms. CRISTINA GARMENDIA MENDIZÁBAL**

### **PROFILE:**

Ms. Cristina Garmendia Mendizábal obtained her PhD in Biological Sciences, specializing in Genetics. She completed her PhD in Molecular Biology in the laboratory of Dr Margarita Salas, Severo Ochoa National Center for Molecular Biology. She completed her academic training with an MBA from the IESE Business School of the University of Navarra.

She was Minister of Science and Innovation of the Spanish Government during the IX Legislature. After leaving the Government, she restarted her responsibilities in the venture capital firm of which she is a partner and founder, Ysios Capital, and founded the consulting firm Science & Innovation Link Office (SILO) and the Spanish-American company Satlantis Microsats.

She is president of the COTEC Foundation and sits on several advisory boards, university boards and boards of directors, including Caixabank, Mediaset and Grupo Logista.

She is an advisor to the European Commission as a member of the High Level Group (HLG), which has formulated the recommendations for the design of the IX Framework Program (2021-2027) of the European Union and is an advisor to the European Space Agency (ESA) to formulate recommendations on the future of space projects.

Her work and entrepreneurial vision has been recognized on several occasions with awards for research and business innovation.

**NAME OF DIRECTOR:****Mr. LUIS ISASI FERNÁNDEZ DE BOBADILLA****PROFILE:**

Mr. Isasi holds a degree in Business Administration from the University of Sevilla and has a MBA from Columbia University in 1982.

He began his career in Abengoa in 1976, and after occupying different executive positions in JP Morgan in New York and in First National Bank of Chicago in London, he joined Morgan Stanley as the General Manager of the Investment Bank Division for Europe and, since 1997, Country Head and Chairman of Morgan Stanley in Spain, he leaved this position in March 2020. He has also been a Board member of Madrileña Red de Gas, S.A., of Sociedad Rectora Bolsa de Madrid, S.A., and of Grifols S.A., where he also was Chairman of its Audit Committee and member of its Appointments and Remuneration Committee.

He is today the Non-Executive Chairman of the Board of Santander Spain and External Board Member of Banco Santander, S.A., as well as Member of its Executive Committee and Appointments and Remuneration Committee.

**NAME OF DIRECTOR:****Mr. ALAIN MINC****PROFILE:**

Mr. Alain Minc is a graduate of the Ecole des Mines de Paris and of ENA. After serving as Inspecteur des Finances, he joined Compagnie de Saint-Gobain in 1979, as Chief Financial Officer.

In 1986, Mr. Minc became Vice-Chairman of CIR International (Compagnie Industriali Riunite International) and General Manager of Cerus (Compagnies Européennes Réunies) which were the non-Italian affiliates of Benedetti Group.

In 1991, he founded his own consultancy company, AM Conseil.

He has been Board member of numerous companies and the Chairman of the Supervisory Board of Le Monde, the leading French newspaper (19/12/94 to 11/02/2008). Today he is Chairman of AM Conseil and Sanef. He is Commandeur de la Légion d'Honneur (France); Commander of the British Empire; Grand Cross of the Order of Civil Merit (Spain).

Mr. Alain Minc wrote more than 30 books on different subjects (economics, history, social and politics, among others).

**NAME OF DIRECTOR:****Ms. PILAR PLATERO SANZ****PROFILE:**

Ms. Pilar Platero holds a Law Degree from the Complutense University of Madrid. State Comptroller and Auditor, Tax Inspector and Audit and Accounting Technician of the Ministry of Finance. Member of the Accounts Auditors Official Register.

She held various management positions at the Spanish Government General Comptroller Office, as State Auditor and Delegated Comptroller at the national museums *Museo del Prado* and *Centro de Arte Reina Sofía*, as well as in the cabinets of the Minister of Finance and the State Secretary for Budgets and Expenditures. She has been Undersecretary of the Ministry of Finance and Public Administrations, and President of the Spanish state-owned industrial holding company (SEPI).

In the private sector, she is today member of the Amper's Board of Directors and was partner of Equipo Económico and also an advisor for the Inter-American Development Bank (IDB).

<b>Number of independent directors</b>	<b>5</b>
<b>Percentage of the Board</b>	<b>41,67%</b>

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

NO

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Not applicable

### OTHER EXTERNAL DIRECTORS

Other external directors will be identified and the reasons why they cannot be considered proprietary or independent and links, either with the company, its directors, or its shareholders, will be detailed:

Not applicable

Indicate the variations that, if any, have occurred during the period in the category of each director:

Not applicable

**C.1.4** Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year 2021	Year 2020	Year 2019	Year 2018	Year 2021	Year 2020	Year 2019	Year 2018
<b>Executive</b>	1	1	0	0	50	50	0,00	0,00
<b>Proprietary</b>	2	2	0	0	40	40	0,00	0,00
<b>Independent</b>	2	2	1	1	40	40	10.00	10.00
<b>Other External</b>	0	0	0	0	0	0	0,00	0,00
<b>Total:</b>	5	5	1	1	41.67	41.67	10.00	10.00

**C.1.5** Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes   No  Partial policies



If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

<u>Description of policies, objectives, measures and how they have been applied, and results achieved</u>
<p>During the fiscal year, the Board approved a new set of Rules for the Board of directors. These came into force at the same time as the modifications to the Bylaws which were agreed by the General Meeting of February, 2021. The new Rules pay special attention to diversity of gender. In particular, an Article 7 is included, relating to the composition of the Board. Without prejudice to the shareholders' power to make proposals, paragraph 1 b) of that Article expressly indicates the Board's obligation to ensure that at least 40% of the members of the Board of Directors are female. The Company's internal regulatory provisions have thus anticipated the objective recommended by the CNMV (<i>Comisión Nacional del Mercado de Valores</i>: National Securities Market Commission) for 2022.</p> <p>The Company's Board of Directors had already approved (on 19th December, 2017) the Policy on the Selection of Board Members, which was based on, among other principles, "diversity in gender, experience and knowledge".</p> <p>The said Policy establishes that the <i>"Board of Directors will ensure that the procedures for the selection of its members will favour diversity in their gender, experience and knowledge, and will not be affected by any latent bias which could entail discrimination, and, in particular, that they will facilitate the selection of female Board Members"</i>.</p> <p>Following the considerable adjustment that was made last year to the composition of the Board, which resulted in a female presence on the Board of 42%, in the current year, the Board has maintained its commitment with the gender diversity. As explained, it has introduced, through Article 7.1 b) of its Rules, the means of ensuring that at least 40% of the members of the Board of Directors are women. This aspect was given special consideration in this year's renewals, which resulted in the maintenance of that female presence of 42%, which anticipated the Recommendations of the good governance of the CNMV.</p> <p>It should also be pointed out that the Board of Directors, in its meeting in September, 2020, approved a skills matrix for the Board that is in line with the best practices in corporate governance, and this has proved to be useful in promoting variety on the Board. In this context, it should be noted the strengthening of the strategic profiles which resulted from the new arrivals on the Board this year.</p>

**C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:**

Explanation of measures
<p>Please see section C.1.5 above, concerning female directors.</p> <p>The Appointments and Remuneration Committee oversees the Diversity and Inclusion Plans of the Company, ensuring the fulfilment of the inclusion agreed objectives. These Diversity Plans</p>

are aimed, among other topics, to promote the female presence in all the Company levels, in particular in the Company's top management positions.

In particular, with regard to female top managers, it should be noted that two of the Management Committee members (out of the eight senior management members, including the Chief Executive Officer), are ladies who were recently appointed to those positions. Since the renewal of the Board on December 2019, from the three positions renewal in the Management Committee, two of them have been occupied by women.

**If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:**

Not applicable

**C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.**

The Committee always verifies that there has been compliance with the 40% female presence requires by Article 7.1. b) of the Board's Rule as well as with the requirements of the Policy on the Selection of Board Members in this regard. All of this entirely within the context of the Company's current shareholding structure, and while observing the shareholders' right to proportional representation. In particular, the Committee has ensured that in these procedures there is an appropriate balance of criteria such as skills, experience and variety of candidates considering the skills matrix of the Board.

Thus, since the firm commitment was made to diversity of gender, the Committee has ensured that the percentage of female Board Members has been maintained. In this way, by means of the renewals occurring during this fiscal year, the 42% female component has been maintained and this complies with Article 7.1 b) of the Board's Rules (at least 40%) and with the Good Governance Recommendations of the CNMV in advance.

Furthermore, in the Directors renewal processes occurring during the fiscal year, it has been remarked one of the key skill matrix of the Board, reinforcing its strategic profile.

**C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:**

Not applicable

**Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:**

Yes  No

**C.1.9 Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:**

<b>Name or company name of director or committee</b>	<b>Brief description</b>
Mr. Iñigo Meirás Amusco	He has been delegated all the faculties that can be delegated according to the Law and the Bylaws, excluding the faculties that, according to Article 13.4 of the Bylaws of the Company, require the approval of the resolution by, at least, the 70% of the members of the Board of Directors. It should be note, that for efficiency reasons and pursuant to the recent modifications of the Act on Capital Companies ("Ley de Sociedades de Capital"), the Board of Directors has delegated in the Chief Executive Office the approval of minor related parties transactions, subject the relevant reporting system to the Board and to the Audit and Control Committee.

**C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:**

<b>Name or company name of director</b>	<b>Company name of the group entity</b>	<b>Position</b>	<b>Does the director have executive powers?</b>
Mr. Iñigo Meirás Amusco	Compañía de Distribución Integral Logista, S.A.U.	Chairman of the Board of Directors and CEO	YES
Mr. Iñigo Meirás Amusco	Logista Italia, S.p.A.	Chairman of the Board of Directors	NO
Mr. Iñigo Meirás Amusco	Logista Payments, S.L.U.	Chairman of the Board of Directors	NO
Mr. Iñigo Meirás Amusco	Terzia, S.p.A.	Chairman of the Board of Directors	YES
Ms. María Echenique Moscoso del Prado	Compañía de Distribución Integral Logista, S.A.U.	General Secretary	YES

**C.1.11 List any directors or representatives of legal-person directors of your company who are members of the Board of Directors or representatives of legal-person directors of other companies listed on regulated markets other than group companies of which the company has been informed:**

<b>Name or company name of director</b>	<b>Company name of the listed entity</b>	<b>Position</b>
Ms. Cristina Garmendia	Mediaset España Comunicación, S.A.	Independent Director and Member of the Appointments and Remuneration Committee. Member of the Audit and Compliance Committee.
Ms. Cristina Garmendia	CaixaBank, S.A.	Independent Director and member of the Innovation, Technology and Digital Transformation Committee. Member of the Audit Committee and member of the Remuneration Committee.
Mr. Luis Isasi	Banco de Santander S.A.	Director
Ms. Pilar Platero	AMPER, S.A.	Independent Director. Chairman of the Audit and Control Committee and member of the Sustainability Committee

**C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:**

Yes  No

<b>Explanation of the rules and identification of the document where this is regulated</b>
Article 21.3 of the Rules of the Board of Directors stipulates that members of Logista's Board of Directors may only form part, at the same time and within the restrictions established by law, of a maximum of four boards of directors of listed companies other than Logista. This means a reduction in the number of boards on which Logista's Board Members may sit, compared to those previously established.

**C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:**

<b>Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)</b>	<b>4,447</b>
<b>Amount of pension rights accumulated by directors currently in office (thousands of euros)</b>	<b>554</b>
<b>Amount of pension rights accumulated by former directors (thousands of euros)</b>	<b>0</b>

**C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:**

<b>Name</b>	<b>Position</b>
Mr. Pascal Ageron	General Manager - France
Mrs. María Pilar Colás Castellote	General Manager – Italy
Mr. Carlos García-Mendoza Klaiber	Strategy Corporate Director
Mr. Juan José Guajardo-Fajardo Villada	Human Resources Corporate Director
Mr. Antonio Mansilla Laguía	Resources Corporate Director
Mr. Francisco Pastrana Pérez	General Manager - Iberia and Poland
Mr. Manuel Suárez Noriega	Chief Financial Officer
Ms. Laura Templado Martín	Internal Audit Corporate Director

<b>Number of women in senior management</b>	<b>2</b>
Percentage of total senior management	<b>25</b>

<b>Total senior management remuneration (thousand euros)</b>	<b>4.114</b>
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<b>Remarks</b>
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The information provided in this section about the number and percentage of female members of senior management only takes account of the positions in the General Management in Italy and in the Corporate Directorate of Internal Auditing.

However, it should be noted that Board Member Mrs. Echenique, in her capacity of General Secretary and Corporate Director of Legal Services, also forms part of the Group's Management Committee. When we include this position, the information about the number of women and their percentage of the total number of senior managers is as follows:

- Number of women: 3
- Percentage: 33.33%

**C.1.15 Indicate whether the Board regulations were amended during the year:**

Yes  No

Description of amendment (s)
<p>During the fiscal year, the Company undertook a thorough review of its main corporate policies with a view to update and simplify them, and progressing in the practices involved in good governance. In this connection, the General Shareholders' Meeting that was held in February, 2021, approved the new wording of the Bylaws and of the Rules for the General Shareholders' Meeting.</p> <p>Similarly, and in co-ordination with those modifications, the Board of Directors in its meeting of 18th December, 2020, approved a new Regulation and notified the General Meeting of its content (enter into force on 4 February 2021). The fundamental objectives of the approval of the new text were the following:</p> <ol style="list-style-type: none"><li>1. To simplify the Company's rules of corporate governance, facilitating their understanding and avoiding the mere repetition of regulatory texts which are already directly applicable to the Company, thus minimising the need to change the text whenever there are changes in the regulations.</li><li>2. To include the most detailed rules governing corporate bodies in their respective corporate texts (Rules for the General Shareholders' Meeting, and also the Board's Rules).</li><li>3. To include technical improvements and good corporate governance practices (restricting the number of members of Committees to five; adapting the functions of the Audit and Control Committee to the latest recommendations of the CNMV; granting individual directors the right to propose items for inclusion in agendas; restricting the number of additional Board Meetings, etc.).</li></ol> <p>Another of these improvements, and in line with the Board of Director's commitment on diversity of gender, it is expressly provided that the Board of Directors, when proposing to the General Shareholders' Meeting the appointment of any director, will ensure that at least 40% of the members of the Board are women. This is also in accordance with the new recommendations of the good governance code of the CNMV (Art. 7).</p> <p>Finally, the Board of Directors that was held on 22 July 2021 approved a new draft of the Article 33.2 of the Board of Directors' Regulations to regulate the participation of the proprietary directors in the related parties transaction resolutions, establishing a mechanism which reconcile the new legal provision regarding the potential participation of such directors in the deliberation and voting on the resolutions thereon, according to the best practices for Good Governance.</p>

**C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.**

**Directors' Selection**

Logista has a Policy on Selection of Board Members, approved by the Board of Directors of December 19, 2017, based on the principles of non-discrimination and equal treatment, gender diversity, experience, knowledge, transparency and compliance with the good governance recommendations. In this same vein, the Appointments and Remuneration Committee of June 2020 approved an Action Plan in order to implement the Recommendations of the Technical Guide of the CNMV in relation to Appointments and Remuneration Committees, and subsequently, the Board of Directors of September 2020 approved a skill matrix for the Board, to be considered in the future selection processes, that was updated in September 2021, after the new incorporations to the Board occurred during the year.

The Board of Directors and the Appointments and Remuneration Committee, within the scope of their competencies, shall endeavour to ensure that the candidates fulfil the principles established in the Policy on Selection of Board Members, and shall be particularly rigorous in choosing the persons to cover the posts of independent directors.

The directors of the Company may become part at the same time, and with the limitation provided by Law, of a maximum of four boards of directors of listed companies other than the Company (Article 21 of the Board of Directors' Regulations).

**Directors' Appointments**

The appointment, ratification, re-election and removal of directors correspond to the General Meeting, without prejudice to the authority of the Board of Directors to make appointments by co-option, according to Law.

Proposal of appointment or re-election of directors corresponds to the Appointments and Remuneration Committee, in the case of independent Directors, and to the Board of directors itself, in other cases.

The proposal of appointment, re-election or removal of any non-independent Director must be preceded by a report of the Appointments and Remuneration Committee, as well as of a justifying report of the Board of Directors, which evaluates the competence, experience and merits of the proposed candidate.

**Re-election of Directors**

The proposals for re-election of directors that the Board of Directors decides to present to the General Meeting of Shareholders shall be subject to a formal procedure, which must necessarily include a report issued by the Appointments and Remuneration Committee in which the quality of work and dedication to the post of the proposed directors during the preceding term of office is evaluated.

**Term of office**

Directors shall occupy their post during the period established in the By-Laws, which shall in no case exceed four years, and may be re-elected.

**Removal of Directors**

In accordance with the provisions of Article 25 of the Board of Directors' Regulations, directors shall leave their position when the term for which they were appointed ends and when so decided at the General Shareholders' Meeting, or when the Board of Directors requests it, in the use of the attributes accorded both to the General Shareholders' Meeting and to the Board by Law or by the By-Laws, in a series of assessed cases, among which the new Regulation specifically includes the cases in which Logista's credit and reputation may be put at risk, in the terms recommended in the latest draft of the Code of Good Governance of listed companies. In

all these cases, directors must place their position at the disposal of the Board of Directors and if the Board deems appropriate, formally resign as a director.

It is also foreseen that the Board of Directors may only propose the removal of independent directors before the expiry of their statutory term of office, when they find due cause, based on a previous report from the Appointments and Remuneration Committee.

To these effects, due cause will be presumed when directors take up new positions or responsibilities that prevent them from allocating sufficient time to the performance of a Board member's duties, or cause them to be in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent. Such removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transactions alter the Company's capital structure.

**C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:**

<b>Description of amendments</b>
<p>During the year 2020-2021, the Board has been working to implement the action plan that was approved the previous year as a result of the self-evaluation carried out in that same year. The salient components were:</p> <ol style="list-style-type: none"> <li>1. The scheduling of each meeting of the Audit and Control Committee so that it will normally be held on the day before the Board Meeting, thus allowing more time for debating.</li> <li>2. The arranging of specific meetings with the Company's top management to familiarise members with those directors and with the Company's various lines of business.</li> <li>3. The approval of a welcoming programme for new Board Members.</li> <li>4. The approval of succession plans for the Chairman and for the Chief Executive Officer.</li> </ol>

**Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.**

<b>Description of the evaluation process and areas evaluated</b>
<p>The self-assessment in relation to fiscal year 2020-2021, was referred to the following:</p> <ol style="list-style-type: none"> <li>1. The Board of Directors of the Company, in the following aspects: <ul style="list-style-type: none"> <li>• General questions</li> <li>• Meetings of the Board</li> <li>• Functions and Responsibilities</li> <li>• Composition</li> </ul> </li> <li>2. The Audit and Control Committee, in the following aspects: <ul style="list-style-type: none"> <li>• Composition</li> <li>• General questions</li> <li>• Meetings</li> <li>• Functions and Responsibilities</li> </ul> </li> <li>3. The Appointments and Remuneration Committee, in the following aspects: <ul style="list-style-type: none"> <li>• Composition</li> <li>• General questions</li> <li>• Meetings</li> <li>• Functions and Responsibilities</li> </ul> </li> </ol>

4.- The Chairman of the Board (Performance)

5.- The CEO (Performance)

6.- The Secretary of the Board (Performance)

In accordance with the corresponding recommendation of the CNMV Code of Good Governance, no external advice has been hired in the 2020-2021 self-assessment, no external advice has been hired as the three years referred to in those Recommendations have not elapsed, although the experience accumulated from previous external evaluations has been valued in the current self-assessment process.

**C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.**

Not applicable

**C.1.19 Indicate the cases in which directors are obliged to resign.**

In accordance with article 25 of the Board Regulations, directors must place their post at the disposal of the Board of Directors and formally resign as a Director, if the Board of Directors considers it appropriate based on the following counts:

- a) When they are removed from the executive posts to which their appointment as directors was associated;
- b) When they are involved in any of the scenarios of incompatibility or prohibition envisaged by the Law;
- c) When directors have performed acts that are contrary to the diligence with which they are obliged to perform their duties, infringed their duties and obligations as directors;
- d) When their presence on the Board could jeopardise the interests of Logista or cause serious damage to Logista's good name. In particular, directors should inform the Board of any criminal charges brought against them and the progress of any subsequent trial.

For this purpose, the director shall immediately inform the Board of any situation affecting him/her which could damage such credit and reputation and, in particular, of any criminal cases in which they appear as prosecuted, as well as, where appropriate, of their procedural vicissitudes. The Board of Directors should open an investigation as soon as possible and, in light of the particular circumstances, decide, following a report of the Appointments and Remuneration Committee, whether or not to take any measures, such as opening an internal investigation, requesting the resignation of the Director or proposing his/her dismissal

The Board should give a reasoned account of all such determinations in the Annual Corporate Governance Report, unless there are special circumstances to justify it, which must be recorded in the minutes. This is detrimental to the information that the Company is to disseminate, if appropriate, at the time of the adoption of the corresponding measures, when, after analysis by the Board itself, the Board determines that there are situations affecting the director, whether or not relating to his performance in the Company, which damage the Company's credit and reputation.

- e) When, a director representing a significant shareholder notifies Logista, at any time, of the decision of the shareholder not to reappoint him at the end of his term, or when the significant shareholder transfers, all its shareholding in Logista. Additionally, if such shareholders reduce their stakes, thereby losing some of their entitlement to appoint directors, the latter's number should be reduced accordingly.



**C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?**

Yes  No

**If so, describe the differences.**

<b>Description of differences</b>
<p>According to the provisions of Article 13 of the Company By-Laws, the Board shall approve resolutions by absolute majority of the directors attending the meeting, either in person or via proxy.</p> <p>Notwithstanding the above, the adoption of any resolutions related to any of the matters set out below will require the positive vote of at least 70% of the directors, as rounded up in case that the application of that percentage does not result in a whole number of directors, that form part of the Board of Directors and will not be delegated:</p> <ul style="list-style-type: none"><li>a) Any increase or decrease in Logista's corporate capital or the issuance by Logista of any debt securities or other ordinary securities.</li><li>b) Approval of an annual budget in relation to capital spending, investments and other financial commitments to be made by Logista over the course of the following year (the "<b>Annual CapEx Budget</b>").</li><li>c) Any decision relating to the acquisition of all or part of any third-party business, whether through the purchase (directly or indirectly) of shares, assets or third-party interests (including those derived from a merger or business combination), by Logista or any member of its corporate group.</li><li>d) Any decision relating to the disposal of all or part of any business in favour of a third party, whether through the disposition (directly or indirectly) of shares, assets or other interests (including those deriving from a merger or business combination), by Logista or any member of its corporate group.</li><li>e) Any decision by the Company to establish strategic arrangements, joint ventures or any other arrangements that entail the sharing or distribution of benefits or assets.</li><li>f) Any decision by the Company to incur or agree to incur (directly or indirectly) capital expenditures, investment expenses or any other financing commitment with respect to any transaction that exceeds €1,000,000.00 in the aggregate, unless such capital expenditure, investment expense or other financing commitment (including the amount of such capital expenditure, investment expense or other financing commitment) is contemplated in the Annual CapEx Budget for such period, which has been approved in accordance with clause (b) of this Article.</li><li>g) Any decision by the Company to amend the terms of its loans or debts originating from loan agreements or the granting of security or to obtain or incur loans or debts originating from new loan agreements.</li><li>h) The creation of any mortgage, pledge, lien, charge, assignment of the foregoing or any other security relating to Logista that may be granted outside the ordinary course of business.</li><li>i) The decision to delegate any power vested in the Board of Directors to a Chief Executive Officer or to delegate any power vested in the Board to any committee thereof.</li></ul> <p>For purposes of calculating a majority of the directors for purposes of the adoption of the foregoing resolutions, any directors who have a conflict of interest and must thus abstain from voting shall not be included in the denominator by reference to which a majority is calculated.</p>

**C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.**

Yes  No

**C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:**

Yes  No

**C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:**

Yes  No

**C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.**

According to the provisions of article 19.1 of the Board Regulations, directors must attend Board meetings and, when they cannot do so in person, they shall arrange for their representation and vote to be granted in favour of another Board member, including appropriate instructions. The delegation may be made by letter, fax, telegram, e-mail, or by any other valid means acknowledged in writing. Non-executive directors may do so only to another non-executive director.
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**C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.**

Number of board meetings	8
Number of board meetings held without the chairman's presence	0

**Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:**

Not applicable

**Indicate the number of meetings held by each Board committee during the year:**

Number of meetings held by the executive committee	N/A
Number of meetings held by the audit committee	7
Number of meetings held by the nomination and remuneration committee	5

**C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:**

<b>Number of meetings in which at least 80% of directors were present in person</b>	8
<b>Attendance in person as a % of total votes during the year</b>	93.75%
<b>Number of meetings with attendance in person or proxies given with specific instructions, by all directors</b>	5
<b>Votes cast in person and by proxies with specific instructions, as a % of total votes during the year</b>	93.75%

**C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:**

Yes  No

**Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:**

<b>Name</b>	<b>Position</b>
Manuel Suárez Noriega	Chief Financial Officer

**C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.**

In accordance with the provisions of Article 16 of the Board of Directors' Regulations and Article 5.1 of the Regulations of the Audit and Control Committee, the Audit and Control Committee is responsible for supervising and assessing the process of drawing up and the integrity of the financial, reviewing compliance with regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.

In this respect, the Audit and Control Committee has the following functions:

1. Prior analysis of economic and financial information, including the analysis of the main assumptions and magnitudes, changes in the consolidation perimeter, and evaluation of the potential impacts arising from changes in the Accounting Standards.
2. Supervision of the annual planning of the audit of accounts, as well as the Internal Control System of Financial Information and the Integrated Report.
3. Quarterly attendance of external auditors at the Audit and Control Committee, which allows managing in advance possible aspects that could have a significant financial impact on the Group's assets, results or reputation.
4. Annual attendance of external auditors at the Board of Directors to detail the results of their Audit work.

Historically, the Company's audit opinion reports have been filed without qualification.

**C.1.29 Is the secretary of the Board also a director?**

Yes  No

**C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.**

Relations between the Board and the Company's external auditors are channelled through the Audit and Control Committee.

In this regard, it should be noted that the Committee's functions in relation to the accounts auditor are fully consistent with the Recommendations for good governance of the CNMV, with its Technical Guide for Audit Committees, and with current legislation. Thus, in addition to its duties required by the applicable law, Articles 16 of the Board's Rules and 4 of the Regulations of the Audit and Control Committee, assign the following functions in relation to the accounts auditor:

- a) Investigating the circumstances of any resignation of an external auditor.
- b) Ensuring that the remuneration for the work of external auditors does not adversely affect the quality of their work or their independence;
- c) Ensuring that the Company communicates, via the *Comisión Nacional del Mercado de Valores*, information about any change of auditor, including a statement about any disagreements with the outgoing auditor and, if there were any, about their nature.
- d) Ensuring that the external auditor holds a meeting every year with the full Board of directors to report on the work done and on developments in the Company's accounting situation and risks.
- e) Ensuring that the Company and the external auditor observe the current regulations governing the provision of services other than accounting services, the limits on the concentration of the auditor's business and, in general, the other regulations governing auditors' independence.

In addition, Art.12 of the Audit and Control Committee's Rules stipulates that the Committee must set up an effective channel for regular communication with the auditor who is principally responsible for auditing accounts, and must ensure that communications between the Committee and the external auditor are smooth and permanent, in accordance with the rules governing the activity of accounts auditing, and without jeopardising the auditor's independence or the efficiency with which the auditing work and procedures are carried out.

It should be noted that, in accordance with Art. 529 quaterdecies f) of the Capital Companies Act, the Committee issues annually, and prior to the issue of the report on the auditing of the accounts, a report in which an opinion is expressed about whether the independence of the accounts auditors or auditing companies has been compromised. This report, which is published in the Logista's website sufficiently well in advance of the Company's Ordinary General Meeting, contains a reasoned appraisal of the provision of additional services, other than that of legal auditing, performed by the external auditors.

The said report will contain all relevant information about the services contracted, about the analysis of independence carried out by the Committee, and in particular, about the total amount of the fees received.

In this connection, any request for additional services is submitted for approval to the Audit and Control Committee after the analysis of the pertinent documentation prepared by the Corporate Director of Finances. To that end, the documentation shall include sufficient information to facilitate the evaluation by the Audit and Control Committee.

The said meeting of the Audit and Control Committee will be attended by the Corporate Director of Finances, to whom Committee Members may address additional questions about the specific proposal. When the answers to any such questions have been received, the Audit

and Control Committee will proceed to evaluate the said proposal, requesting, if this is thought necessary, additional information or clarifications from any of the Company's employees or from the auditors themselves, and will then approve the proposal if it deems that appropriate. It should be noted that such approval is recorded in the minutes of the Audit and Control Committee's meeting, together with any additional instructions which the Audit and Control Committee may have given in relation to any proposal.

In the specific matter of the accounts auditor's remuneration, the Board of Directors must refrain from engaging any auditing firm whose projected fees for all items exceed five per cent of its total income in the previous fiscal year.

The Board of Directors publicly discloses the total amount of fees which it has paid to the auditing firm for services other than accounts auditing.

In accordance with Logista's Policy on information for, and contact with, shareholders, institutional investors and proxy advisors, and on dissemination of economic, financial, non-financial and corporate information, updated by the Board this year, relations with analysts, investors and proxy advisors are based on the principles of transparency, veracity, immediacy, relevance, consistency, sufficiency, clarity and non-discrimination. Within the Company the unit entrusted specifically with dialogue with each of these groups, the Directorate of Investor Relations, regularly holds informative meetings with them, at the time of the presentation of financial information.

During every contact with financial analysts, the Company always takes particular care to avoid compromising its independence and to observe the internal codes of conduct that are customary in this area, and which are designed to separate services of analysis from those of consultancy.

**C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:**

Yes

No

**C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:**

Yes

No

	Company	Group companies	Total
<b>Amount invoiced for non-audit services (thousands of euros)</b>	60	47	107
<b>Amount invoiced for non-audit work/Amount for audit work (in %)</b>	73%	5%	11%

**C.1.33** Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes

No

**C.1.34** Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	2	2

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	25%	25%

**C.1.35** Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes

No

<b>Details of the procedure</b>
<p>Under Article 18 of the Rules of the Board of Directors, the calling of ordinary meetings is effected by letter, fax, telegram or electronic mail, or by any other means which provides evidence of receipt. This has to be done with a minimum of two days' notice, and a longer period of notice is usual.</p> <p>Except in the event of a justifiable reason for proceeding otherwise, the call includes the agenda of the meeting, which is accompanied by a summary of the information which is relevant and necessary for deliberation and the adoption of resolutions about the subjects dealt with. A clear indication is given of those matters about which the Board of Directors has to make a decision or resolution, so that the Board Members can first study or collect the information needed for the decision.</p> <p>In those exceptional situations in which, due to urgency, the Chairman wishes to submit for the Board's approval decisions or resolutions about matters which do not appear on the agenda, the prior, express consent of the Board Members present in the meeting will be required, and that consent will be duly recorded in the minutes.</p> <p>In addition, Chapter VII of the Board's Rules establishes the right and the duty of Board Members to adequately inform themselves and prepare for meetings of the Board and of the delegated bodies or Committees of which they are members. Requests for information are channelled through the Chairman of the Board, the Chief Executive Officer or the Board Secretary, any of whom will deal with them directly or arrange for the Board Members to have the appropriate internal interlocutors. Board Members may also ask for the contracting, at Logista's expense, of legal advisors, accountants, financiers or other experts.</p>

**C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:**

Yes

No

**Explain the rules**

Article 25.2 d) of the Board's Rules includes the obligation of Board Members to offer their resignation to the Board when their continuance on the Board could jeopardise Logista's interests or damage the Company's credit or reputation. In particular, they are obliged to inform the Board of any criminal proceedings in which they are being investigated, and of the vicissitudes of those proceedings.

To that end, Board Members must immediately inform the Board of any situation affecting them which could damage that credit or reputation, particularly any criminal proceedings in which they are being investigated, and of the vicissitudes of those proceedings. The Board of Directors will consider the situation as quickly as possible, and, based on its specific circumstances and a report from the Appointments and Remuneration Committee, will decide whether or not it needs to take any measures, such as the opening of an internal investigation, asking the Board Member concerned to resign, or proposing their dismissal. The Board of Directors will give a reasoned account of all of this in the Annual Report on Corporate Governance, unless there are special circumstances which obviate the need for this, in which case they will be recorded in the minutes. This will be without prejudice to the information which the Company has to disseminate, if appropriate, at the time when the corresponding measures are taken, when, after the Board's own analysis, it decides that there are indeed situations affecting the Board Member, whether or not related to his or her actions within the Company itself, which damage the Company's credit and reputation.

**C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:**

Yes

No

**C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.**

The Company has not entered into any agreement under these terms.

**C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.**

**Number of beneficiaries:** 9

**Type of beneficiaries:** CEO, Secretary Director and certain senior managers

**Description of the resolution:**

**(i) CEO**

- Compensation equivalent to one annuity of fixed plus short-term variable remuneration in the following cases:
  - Termination of the contract at the will of the CEO for serious breach of the contract by the Company, or if it ceases to be the sole CEO of the Company, or if there is a change of control in Logista's shareholding.
  - Termination of the contract at the Company's will without justifying cause
- Post-contractual non-compete clause: Duration of twelve months. Compensation equivalent to one annuity of fixed plus short-term variable remuneration .

**(ii) Secretary Director**

- Compensation equivalent to one annuity of fixed plus short-term variable remuneration in the following cases:
  - Termination of the contract at the will of the Secretary Director for serious breach of the contract by the Company, loss of her condition of Secretary to the Board or General Secretary-Head of Legal Department, the Company, or if there is a change of control in Logista's shareholding.
  - Termination of the contract for voluntary and unilateral decision of the Company, implying the cessation in all her positions, without justifying cause.

In addition, the Board of Directors, at its meeting of September 22nd, 2021, agreed, under the current Remuneration Policy, the implementation of a disengagement plan for Company's top managers ("Plan 60"), which the Secretary Director has been invited to, by virtue of her capacity of General Secretary of the Company. The main objective of this Plan is to facilitate the planning of the succession of the Company's key positions, promoting at the same time a very long-term relationship with such managers, and also minimising the financial impacts of any departures of senior managers in the fiscal years in which they occur.

To cover this extraordinary remuneration, the Company will annually make contributions to a deferred life insurance policy, which the Company itself is the policy holder and beneficiary of, quantified in 20% of the Total Annual Remuneration (fixed remuneration plus annual variable remuneration target of 100%) of the Secretary Director. The Secretary Director's right to receive the extraordinary remuneration, which includes the contributed accumulated amounts until that moment and their financial profitability,



arises when she disengages from the Company by mutual agreement, from certain age or in extraordinary circumstances of disability, permanent disability, or other similar circumstances. The collection of such amounts is incompatible with any another compensation for contract termination, and includes a 12 months non-compete obligation.

The total amount of the insured extraordinary remuneration shall not exceed the equivalent to two years' of the Secretary Director's total annual remuneration, at the time of accrual of such remuneration (Recommendation 64 of the Good Governance Code of listed companies of the CNMV).

**(iii) Senior Managers**

- Compensation in the event of termination of the relationship for unfair dismissal or by the will of the worker on the rightful cause (9 contracts). The compensation to be paid, as the case may be, shall be (i) a minimum of one year and a half or two years of fixed and variable remuneration, unless the legal compensation is higher, or (ii) a certain amount, or (iii) the recognition of seniority accrued within the Group.
- In the event of a change in the shareholding involving a change of control of the Company (2 contracts), the compensation shall be, as the case may be, of (i) an amount equivalent to a minimum of two years of fixed and variable remuneration, unless the legal compensation for unfair dismissal is higher, or (ii) a certain amount.
- Post-contractual non-compete clause (9 contracts): Compensation, as the case may be, shall be of between eighteen and twenty-four months of gross annual salary plus variable remuneration.
- 4 members of the Management Committee, besides the Secretary Director, have been invited to the so called Plan 60.

**Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:**

	<b>Board of Directors</b>	<b>General shareholders' meeting</b>
<b>Body authorising the clauses</b>	<b>X</b>	-----

<b>Are these clauses notified to the General Shareholders' Meeting?</b>	<b>NO</b>
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In accordance with the applicable law, these contracts are communicated to the relevant competent bodies. The Directors' Remuneration Policy contains the general framework for these clauses for executive directors and this policy is approved by the Shareholders General Meeting. The Board of Directors approves the contracts of the executive directors and the basic contractual conditions applicable to top Management of the Company.

## C.2 Committees of the Board of Directors

### C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

#### AUDIT AND CONTROL COMMITTEE

Name	Position	Category
Mr. Alain Minc	Chairman	Independent
Ms. Cristina Garmendia	Member	Independent
Mr. Gregorio Marañón	Member	Independent
Ms. Pilar Platero	Member	Independent
Mr. Richard Guy Hathaway	Member	Proprietary

<b>% of proprietary directors</b>	<b>20%</b>
<b>% of independent directors</b>	<b>80%</b>
<b>% of external directors</b>	<b>00%</b>

The Audit and Control Committee has been entrusted (article 16 of the Regulations of the Board of Directors), in addition to the functions established in the Law, those resulting from the application of the recommendations contained in the Technical Guide of Audit Committees of the CNMV, namely:

#### In relation to information and internal control systems:

- a) Supervising and assessing the process of drawing up and the integrity of the financial and non-financial information, as well as the control and management of financial and non-financial risks systems related to the Company and its group - including operational, technological, legal, social, environmental, political and reputational or corruption-related systems - reviewing compliance with regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b) Ensuring the independence of the unit handling the internal audit function; proposing the selection, appointment, and cessation of the head of the internal audit service; proposing the service's budget; approving or proposing to the Board of Directors its priorities and annual internal audit work plan, ensuring that it focuses primarily on the main risks (including reputational risks); receiving regular reports on its activities; and verifying that the senior managers are acting on the findings and recommendations of its reports.

The head of the unit handling the internal audit function will present an annual work programme to the Committee, for its approval or for the Board's approval, will directly inform the Committee of its implementation, including any incidents or limitations arising during the implementation, and of the results and follow up of its recommendations, and will submit a report on its activities at the end of each year.

- c) Setting up and supervising a procedure which allows employees and other people in relation with the Company, such as directors, shareholders, contractors or subcontractors and/or suppliers, to report irregularities of potential importance, including financial, accounting and any other irregularities, within Logista or its Group. Such a mechanism shall ensure confidentiality and, in any event, provide for cases in which communications may be made anonymously, respecting the rights of the complainant and the person accused.
- d) Ensure in general that established internal control policies and systems are implemented effectively in practice.

**In relation to the external accounts auditor:**

- e) Investigating the circumstances of any resignation of an external auditor.
- f) Ensuring that the remuneration for the external auditor's work does not adversely affect its quality or independence.
- g) Ensuring that the Company notifies the CNMV of any change of external auditor as a material event, and that such notification is accompanied by a statement about any disagreements with the outgoing auditor, and the reasons for the same.
- h) Ensuring that the external auditor attends, annually, the plenary session of the Board of Directors to inform it about the work done and about developments in the Company's risk and accounting situations.
- i) Ensuring that the Company and the external auditor comply with existing rules on the provision of services other than audit services, limits on the concentration of the auditor's business and, in general, all other rules on the independence of auditors.

**In relation to the corporate governance:**

- j) Supervision of compliance with the Company's environmental, social and corporate governance policies and rules, as well as the Company's Internal Codes of Conduct, also ensuring that corporate culture is aligned with its purpose and values. In particular, it is the responsibility of the Audit and Control Committee:
  - (i) Oversee the application of the general policy for communication of financial and economic information, non-financial corporate information, as well as communications with shareholders and investors, proxy advisors and other interests groups. Also, the communications and relationship of the Company with small and medium shareholders will be supervised.
  - (ii) Regularly evaluate and review the Company's corporate governance system and the environmental and social policy, to confirm that they are fulfilling their purpose of promoting the corporate interest and catering appropriately for the legitimate interests of the other stakeholders.
  - (iii) Supervise that Company's practices in environmental and social aspects are in line with the strategy and policy set.
  - (iv) Monitor and evaluate the Company's interaction with its stakeholder groups.
- k) Any other responsibility or function assigned to it by Law, by the Bylaws, by these Regulations or by the Board of Directors.

The Audit and Control Committee will meet as frequently as may be decided, either each time its Chairman calls a meeting or whenever two of its members request one, and in any event at least four times per year. In the current fiscal year, said number of meetings has exceeded four, as mentioned in section C.1.25.

The Audit and Control Committee makes its decisions or recommendations by an absolute majority of the members present or represented in its meetings.

The information to be dealt with in their meetings is made available to the Board Members sufficiently well in advance to enable them to study and analyse it. Company personnel are regularly invited, so as to allow Committee Members to formulate questions and ask for the explanations which they need in order to make decisions. However, those personnel do not take part in the debates or in the decision-making, and this avoids any bias in the exercise of the Committee Members' duties.

In this connection, any member of the management team or any other member of the Company or Group can be obliged to attend meetings of the Committee, and to collaborate with it and provide it with the information which they possess, and the Committee may require that person to attend without the presence of any other director. The Committee may also require the accounts auditors to attend its meetings.

So that it can perform its duties, the Committee has at its disposal the means and resources that are necessary for independent functioning. Its requests for resources are channelled through the Secretary to the Company's Board of Directors.

For a better performance of its duties, the Audit and Control Committee may obtain advice from professional people outside the Company.

Among the main activities of the Audit and Control Committee during financial year 2020-2021 the following shall be remarked:

- Planning of the Committee activities for next financial year
- Proposals for the update and review of the Company's main corporate governance policies (By-laws, General Shareholders Meeting Regulations, Board Regulations, Audit and Control Committee Regulations).
- Proposals for the approval of a new Code of Conduct and update of corporate policies (sustainability, corporate governance, information, etc...)
- Information and Supervision of the Periodic Financial Information that the Company submits to the CNMV and to the markets, and of the non-financial information.
- Information and submission to the Board of Directors of the Individual and Consolidated Annual Accounts of the relevant fiscal year, as well as of the Interim Condensed Consolidated Financial Statements.
- Supervision of the Degree of Compliance with the Model for the Prevention of Risks from Crime. Implementation of the new Model and supervision of Compliance Committee and the management of the whistleblowing channel.
- Quarterly and annual monitoring of the Internal Audit Plan activities during 2020-2021, and approval of 2021-2022 Plan and its budget.
- Supervision of the Risk Map of the Group.
- Monitoring of the Internal Control activities of the Group, including the System of Internal Control over Financial Reporting (ICFR).
- Annual Evaluation of the Internal Audit Unit and establishment of the Business and Individual Objectives for the Short-Term Variable Remuneration of the Corporate Director of Internal Audit.
- Supervision of Accounts Audit fees, and planning of the accounts audit for the financial year.
- Authorization for the provision by auditors of the Company or of companies of the Group, of services other than accounts auditing.

- Supervision of the Integrated Report.
- Report-Proposal to the Board of Directors of the Annual Report on Corporate Governance for the fiscal year.
- Report on the Auditor independence.
- Self-assessment of its functions and composition during the fiscal year.
- Elaboration of the related party's transactions report.

**Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.**

<b>Name of directors with experience</b>	Mr. Richard Guy Hathaway Mr. Alain Minc Ms. Pilar Platero
<b>Date of appointment of the chairperson</b>	26/03/2019

## APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
Mr. Gregorio Marañón	Chairman	Independent
Mr. Alain Minc	Member	Independent
Mr. Luis Isasi	Member	Independent
Mr. John Matthew Downing	Member	Proprietary

<b>% of proprietary directors</b>	25%
<b>% of independent directors</b>	75%
<b>% of external directors</b>	0%

**Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.**

The Appointments and Remuneration Committee has the following competencies (art. 17 of the Board Regulations), in addition to those established by the Law:

- a) Inform about the proposals for the appointment and removals of the Chairman, Vice-Chairman, Secretary and Deputy-Secretary of the Board of Directors.
- b) Examining and organising, in the manner deemed suitable, succession of the Chairman and the first executive of the Company and, if applicable, making proposals to the Board so that this succession occurs in an orderly and planned way.
- c) Ensuring compliance with Logista's remuneration policy, periodically reviewing such policy, including share-based remuneration systems and their application, and ensuring that the individual compensation is proportionate to the amounts paid to other directors and senior officers in the Company.
- d) Ensuring that selection processes are not implicitly biased in such a way that female directors' selection is prevented.
- e) Ensuring that conflicts of interest do not undermine the independence of any external advice the Committee engages.
- f) Verifying the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Report.
- g) Verifying, on an annual basis, compliance with the Directors' selection policy and setting out its findings in the Annual Corporate Governance Report.
- h) Drafting an Annual Report for the Board of Directors describing the activities of the Appointment and Remuneration Committee. The Report shall be published in Logista's website well in advance of the Annual General Meeting.
- i) Any other competence or duty conferred by the Law, the By-Laws or these Regulations.

The Appointments and Remuneration Committee will meet every time it is called by its Chairman or two of its members' request, and when the Board of Directors or its Chairman request the issuance of a report or the adoption of agreements and at least four times per year.

The Appointments and Remuneration Committee adopts decisions or make recommendations by voting majority of the total number of its members.

The information to be discussed in the sessions is made available to directors well in advance for their study and analysis. Company staff are regularly invited to allow Committee's members to ask questions and request the necessary explanations for decision-making, although such staff do not participate in discussions or decision-making, thus avoiding bias in the exercise of the functions of Committee members. There is an obligation on company staff to attend meetings when required to do so. The Committee may also seek the assistance of external experts.

Main activities during financial year 2020-2021:

- Submission to the Board of the Annual Report on Directors' Remuneration.
- Evaluation of the degree of achievement of the Group's Business Objectives (Bonus) and Proposal of Setting of the Group's Business Objectives.
- Evaluation of the Short-Term Variable Remuneration of the executive directors.
- Setting of the Fixed Remuneration of executive Directors.
- Reports on proposals for directors' appointments and cessation.
- Reports on the cessation and appointment of Senior Managers.
- Proposal to the Board regarding the settlement of the Long Term Remuneration Plans.
- Preparation of a new long term remuneration plan.
- Proposal of candidates for the succession of the Chairman and the CEO, according to the provisions of the Succession Plan
- Proposal of a disengagement plan for top managers (Plan 60), by mutual agreement, at a certain age.
- Monitoring of diversity measures implemented by the Company
- Analysis of the main legislative initiatives that are relevant for the functions of the Committee (new Capital Companies Act)
- Self-assessment of its composition and functions, and proposal of Board self-assessment report and the proposal of improvement actions.

**C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:**

	Number of female directors							
	2021		2020		2019		2018	
	Number	%	Number	%	Number	%	Number	%
<b>Audit committee</b>	2	40	2	40,00	1	25,00	1	25,00
<b>Appointments and Remuneration committee</b>	0	0	0	0,00	0	0,00	0	0,00

**C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.**

Besides the Capital Companies Act, the By-Laws of the Company (Articles 15 to 18) and the Board of Directors' Regulations (Articles 14 to 18) contain the rules governing the Board Committees. It should be noted that the Board's Rules, which may be consulted on the corporate website [www.logista.com](http://www.logista.com), have been modified during the current fiscal year, as detailed in Section C.1.15 of this Report.

The Audit and Control Committee is also governed by its own Regulations, which have been modified to adapt them to the Recommendations of the CNMV Code of Good Governance.



## **D** RELATED PARTY AND INTRAGROUP TRANSACTIONS

### **D.1 Describe, if applicable, the procedure and competent bodies for the approval of related party and intragroup transactions.**

Article 33 of the Board's Rules stipulates that, except in matters which are legally the responsibility of the General Meeting, the Board of Directors, following a report from the Audit and Control Committee, formally reserves to itself cognizance of, and if appropriate, authorisation for, related-party transactions (transactions of the Company with Board Members or significant shareholders). To authorise, when appropriate, a related-party transaction, the Board of Directors will primarily consider the social interest, evaluating the transaction in terms of equal treatment of shareholders and of market conditions.

On occasion, the Company has also made use of its option, under Article 529 duovicies.4 of the Capital Companies Act, to delegate approval of certain transactions. Accordingly, the Chief Executive Officer may approve transactions between companies which form part of the same group when those transactions take place in the ordinary course of management and in market conditions, up to a maximum of 1 million euros, reporting to the following Audit and Control Committee meeting. The delegation of transactions agreed by virtue of contracts whose standard terms and conditions are applied *en masse*, which are made at prices or rates that are fixed in a general manner, and whose value does not exceed half of the Company's net turnover, has also been agreed, with the same reporting obligation.

Board Members who may be affected by a related-party transaction, whether personally or when representing shareholders on the Board, cannot take part in debates or voting on the agreements, except in cases of intra-Group transactions, with the consent of the Board.

The Company reports on the aforementioned related-party transactions in the Annual Report on Corporate Governance, in the regulated Financial Reporting, and in the Report on the Annual Accounts, in the cases and to the extent allowed by law.

Article 32 of the Rules also states that Board Members must inform the Board of Directors of any situation in which they themselves or people linked to them could find themselves in conflict, directly or indirectly, with the Company's interests or those of companies in its Group.

In addition, the Framework Agreement of 12th June, 2014, between the Company and Imperial Brands PLC (formerly called the Imperial Tobacco Group), states that all related-party transactions and, in general, any transaction which could pose a conflict of interests affecting the Logista Group and the Imperial Brands Group, have to be concluded in market conditions, in accordance with circumstances reasonably fixed between two independent operators, with the principle of equal treatment of shareholders, and with the principle of neutrality upheld by the Framework Agreement itself.

**D.2 Describe any transactions that are significant, either because of the amount involved or the subject matter, entered into between the company or entities within its group and the company's significant shareholders:**

<b>Name or Company Name of Significant Shareholder</b>	<b>Name or Company Name of the Company or Entity of the Group</b>	<b>Nature of the Relationship</b>	<b>Transaction Type</b>	<b>Amount (thousand euros)</b>
Altadis S.A.U.	Compañía de Distribución Integral Logista, S.A.U.	Commercial	Purchase of finished or not finished goods	312,583
Altadis S.A.U.	Compañía de Distribución Integral Logista, S.A.U.	Commercial	Services provision	12,996
Imperial Brands Finance PLC	Compañía de Distribución Integral Logista, S.A.U.	Contractual	Interests paid	17,588
SEITA	Logista France, S.A.S.	Contractual	Purchase of finished or not finished goods	213,308

**D.3 Describe any transactions that are significant, either because of their amount or the subject matter, entered into between the company or entities within its group and directors or managers of the company:**

Not applicable

**D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the consolidation process and do not form part of the company's ordinary business activities in terms of their purpose and conditions.**

**In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:**

See D.2 above

**D.5 Report any material transactions carried out by the company or entities belonging to its group with other related parties that have not been reported in the previous sections.**

Not applicable

**D.6 List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.**

Article 32 of the Board Regulations rules the conflict of interest that may affect directors and their related parties. From this regulation, as well as from the provisions of the Law, results the obligation of the directors (i) to report to the Board of Directors any situation of conflict that they may have with the interest of the Company and (ii) to refrain from

intervening in the deliberations that affect matters in which the director, or his/her related parties, are personally interested.

In addition the new draft of the Code of Conduct of Logista approved by the Board of Directors on its meeting held in 22 July 2021, contains a specific regulations regarding the conflict of interest resolution which it is applicable to all the Group's employees and in consequence to its senior managers. The employees have the obligations to report any situation of a possible conflict of interest, abstain from getting involved in the matter and comply with all the corrective measures that may be imposed.

Where an Executive Director is involved, the conflict will be managed according to the applicable law. Where a Corporate Manager, General Manager or Business Manager is involved, the potential conflict of interest will be managed by a specific Committee integrated by the Group's Compliance Officer, the Corporate Human Resources Manager, and the Corporate Internal Audit Director (this latter will act as an advisor without the rights to vote).

**D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.**

Yes

No

**Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:**

Yes

No

**Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported**

The Company is indirectly controlled by Imperial Brands Plc. and their relationship is ruled by the Framework Agreement of 12 June 2014, in the terms explained in section D.1 above.

As a provider of logistics and other value-added services, the Company provides its services to different Companies within the Imperial Group, in the context of their usual commercial operations and under market conditions.

**Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:**

**Mechanisms for resolving possible conflicts of interest**

Eventual conflicts of interest are resolved through the regime of related-party transactions and conflicts of interest described in the previous sections

## **E RISK MANAGEMENT AND CONTROL SYSTEMS**

### **E.1 Explain the scope of the company's Risk Management and Control System, including tax risk.**

The Corporate Risk Management System of the Company and its subsidiaries is set forth in the Risks Management General Policy updated on September 22<sup>nd</sup>, 2021..

The Company's General Risk Management Policy, applicable to each of the businesses and countries as well as to the corporate areas, aims to implement an integrated risk management system, in order to provide a tool to Logista's Board of Directors and Management to optimize results, in order to improve their capacities to create, preserve and, ultimately, achieve value.

This Policy establishes the action commitments for the control and management of external and internal risks, of any nature, that may affect Logista at any time in order to achieve its objectives, specifically:

- **To implement an integrated risk management system** and provide a comprehensive and joint vision of them, **which allows identifying and managing risk throughout Logista**, thus improving the ability of Management to manage Risks efficiently and support decision-making.
- **To allocate responsibilities to participants**, defining the roles and responsibilities of the different bodies involved in Risk Management System.
- **Consider, in a general, a predefined typology of risks:** to generally define the categories or types of risk, financial and non-financial that may affect the group, classified in environmental, business, and financial, compliance, operational and technological and reputational. Among the Risks of a financial nature, the tax Risks derived from Logista's operations are include.
- **To determine the risk profile or Risk Appetite.**
- **To establish measures foreseen to Risk Management.**
- **Periodically supervise the risk management model:** evaluating the adequacy of risks classification considering the environment and Logista reality, as well as the correct operation of the Risk Management Model.
- **To allow an efficient allocation of resources.**
- **To ensure reliability of Financial and non-financial Information**
- **To define guidelines for transparency and Good Corporate Govern**
- **To increase the range of opportunities available**

Furthermore, fiscal strategy described at Fiscal Policy of the Company, states, as part of its key objectives the following:

- To minimize the fiscal Risks associated with the Company's operations and strategic decisions, thus ensuring that the tax payable is appropriate and in proportion to the operations of the Businesses, the material and human resources, and the business Risks of the Group.

- To define the fiscal Risks and determine the Objectives and Activities of Internal Control, and to set up systems for reporting fiscal compliance and for keeping documentary records, integrated with the Group's General Framework of Internal Control.

On the other hand, the Group's Internal Control General Policy of April 25<sup>th</sup>, 2017, establishes a general action framework for controlling and management of internal and external Risks of any nature, which may affect Logista, in accordance with the Risk Map in place at all times in the achievement of its objectives.

The Risk Management methodology used is developed according to the following scheme, as described in its Risk Management Procedure: establishment of objectives and context, identification of potential Risks, analysis of Risks, evaluation of Risks (impact, probability of occurrence and speed), risk treatment (assume, mitigate, transfer, eliminate and pursue), control and continuous review of the Risk Management process, information and communication.

Additionally, it considers the different risk tolerances when rating each gross risk quantitatively and qualitatively based on certain impact assessment criteria that allow determining its position within the general risk appetite scheme.

The criteria used to determine the impact are: regulatory, economic-financial, legal and compliance, health and safety, impact on processes, reputational and strategic.

Once the risks have been evaluated, based on these criteria, together with the assessments of the probability of occurrence of the Risks, the determination of their speed based on the estimation of their occurrence and the assessment of the risk tolerance, the risks are transferred and incorporated into the tools used in the Risk Management System (Risk Register and Risk Maps), in order to inform and correctly monitor them by the corresponding bodies.

On the other hand, Logista counts with criminal risk prevention models, in which risk events according to the activities carried out by Logista, are identified and evaluated, as well as the controls for their prevention, mitigation and detection, including those responsible for its execution and its independent verification. Tax offences are included among the list of crimes that have been considered in the model for their prevention.

## **E.2 Identify the bodies within the company responsible for preparing and executing the Risk Management and Control System, including tax risk.**

The Company's Risk Management Procedure, which develops the Risks Management General Policy approved by the Board of Directors, also establishes the following roles and responsibilities:

### **The Board of Directors**

Pursuant to art. 529 ter of the Act on Capital Companies ("Ley de Sociedades de Capital"), the Board of Directors has to approve the Risk Management Policy, including tax Risks, as well as the supervision of the internal reporting and control systems, in particular those for financial information.

Likewise, it corresponds to determine the level of risk to be assumed by Logista, ensure that the Audit and Control Committee has the necessary powers to carry out its task, and supervise the operation of the Audit and Control Committee.

### **The Audit and Control Committee**

Among others, according to art. 16.2 of the Board of Directors Regulations, the Audit and Control Committee shall have the following competencies in relation to the supervision of the management and control of Risks:

- a) Supervising and assessing the process of drawing up and the integrity of the financial and non-financial information, as well as the control and management of financial and non-financial risks systems related to the Company and its group - including operational, technological, legal, social, environmental, political and reputational or corruption-related systems - reviewing compliance with regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria. Furthermore, it shall oversee the functions of the Risk and Control Management Unit.
- b) Ensuring in general that established internal control policies and systems are implemented effectively in practice.

### **The Management Committee**

Its basic functions are the following:

- a) To define Logista's Risk strategy and ensure its proper implementation in accordance with Risk Management systems, and communicate to the Risks Owners the guidelines that may be determined.
- b) To supervise the most relevant Risks and make decisions regarding their management and control, such as determining the mitigation strategies for the main risks
- c) To promote and disseminate Logista's Risk culture among all its employees
- d) To advise the Corporate Internal Audit Directorate on all aspects considered relevant for Risk Management.
- e) To make, when required, a proposal for risk appetite and tolerances for approval by the Board of Directors, after deliberation by the Audit and Control Committee.

### **The Corporate Internal Audit Directorate as Risk and Control Management Unit.**

The Corporate Internal Audit Directorate, in its role as Risk Control and Management Unit, will assume the following functions:

- a) To coordinate Logista's risk identification and evaluation process, supporting the Risks Managers in this process, supervising that the main risks are identified, evaluated and managed in such a way that they are at the risk levels that are considered acceptable. Ensuring the proper functioning of the Risk Management system.
- b) To keep the Logista Risk Map update
- c) To cooperate with the Management Committee in the definition of Logista's Risk Strategy and provide support in the relevant decisions that said Committee must adopt in terms of Risk management.
- d) Ensure that the Risk Management system offers risk mitigating measures in line with Logista's Risk strategy.

- e) Periodically report the status and evolution of the main risks, as well as the result of the process of updating and evaluating them to the Management Committee, as well as prior to their reporting to the Audit and Control Committee and, when applicable, to the Logista Board of Directors.

### **Risk and Processes Owners**

Generally, this function is occupied by the Business Directors and Corporate Directors related to the Risks that correspond to them according to their activity or area of responsibility. They are the owners of the risks and therefore, the ultimate direct managers of risk responsible in their respective areas, which include, among others, the following functions:

- a) Execution of the Risk strategy established by the Management Committee and any guidelines determined by Logista's organizational units in terms of Risks, at all times in relation to Risk Management
- b) Detect situations of Risks and opportunities that affect the achievement of Logista's objectives within its area of responsibility
- c) Report their Risks, through their participation in the risk reporting process established for this purpose and through the tools made available to them, and communicating to the Corporate Internal Audit Directorate how many risks arise, the plans and mitigating actions proposed, as well as the degree of advancement or implementation thereof.

In the event that a new significant Risk is eventually detected outside of the aforementioned periodic review process, such situation must be communicated to the Corporate Internal Audit Directorate for its elevation, if applicable, to the Management Committee for the purposes of its inclusion, where appropriate, in the Risk Map and subsequent information to the Audit and Control Committee, for appropriate purposes.

- d) Analyse and evaluate the identified risks they face in achieving their objectives, according to the available methodology.
- e) Define the most appropriate response for each of its Risks, identifying and / or where appropriate, designing and defining the control activities and internal standards necessary for managing its risks, assigning responsibility for them among the members of its Businesses or Corporate Directorates (the "Control Owners").
- f) Ensure and promote that the control activities designed for each of the identified risks are carried out in a timely manner.
- d) Supervise the implementation of the different action plans and corrective actions defined for mitigation.

**E.3 Indicate the main risks, including tax risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.**

**Environment Risks:**

- The current situation is marked by the evolution of the coronavirus pandemic, despite the improvement in the health situation, there is uncertainty about the future evolution of the pandemic in view of the potential restrictions caused by the new virus variants or the trend of infections with its consequences in the economy, employment and therefore, consume rates.
- The evolution of the different activities in the geographical areas in which the Group operates may be affected by an alteration in the political, social and/or in the macroeconomic conditions worldwide and in particular by the conditions existing in Spain, France, Italy, Portugal and Poland, and the Group may be subject to new regulations, as well as structural changes that could affect the purchasing power of customers and changes in consumption habits and patterns.
- Derived from the economic crisis and in the face of an increase in unemployment rates, there is a risk that illicit trade and tobacco smuggling will increase significantly, which could negatively affect the volumes of tobacco distributed.

**Business Risks:**

- Liberalization in the main markets where the Group operates as tobacco products authorized distributor where currently exists a State monopoly for retail sale of these products could affect results, if the measures already planned by the Group were not implemented.
- Risk of the different business growth of the Group, to compensate the potential acceleration of the rate reduction in the tobacco market, jointly with a decoupling of such market in relation with the sustainability policies.
- Digitization brings benefits and opportunities for Logista, risks associated with an incorrect strategy in the execution and technological definition, may affect the viability of Logista's business models, as well as its competitive position with the associated costs derived from lost opportunities. The irruption of new technologies in our businesses impacts the organization models and the control framework with the inherent risks associated with such change.

**Operational and Technological Risks:**

- Damages to systems as a result of deliberate attacks by third parties, as the Group is exposed to threats and vulnerabilities due to the regular use of information technologies and systems in the development of its activities, which may jeopardize the protection of the information and the continuity of the systems, including compromising the privacy and integrity of the information, or suffering data theft or fraud.
- Theft of tobacco in facilities and during transport associated to increases in insurance premiums.
- In the event of great magnitude, there is a risk of stoppage of operations, or that the continuity plans envisaged to manage disaster scenarios in the required times and conditions, do not allow to ensure the levels of services, nor the availability of the information systems.



### **Regulatory Compliance Risks:**

- Logista's Businesses are subject to compliance of numerous general and industry laws and regulations, with European, national, regional and local reach, in every country where it operates, exposing the Group to potential failures to comply and the corresponding sanctions or claims and, on the other hand, to increasing costs for supervision of compliance and control.
- In the ordinary course of its activities, the Company could be involved in litigation, either as a claimant or a defendant, derived from a potential interpretation of laws, regulations or contracts, as well as the result of legal actions that could be carried out, the results of which are, by nature, uncertain.

### **Financial Risks/ Tax Risks:**

- Like any other wholesale business, payment cycles for products purchased from tobacco manufacturers and point-of-sale collection cycles do not match. Along with this, the Logista Group's payment of its tax obligations to the tax authorities is made in a different cycle from that of manufacturers and points of sale. In case of liquidity needs of the governments of the countries in which the group operates, any potential change in the tax payment cycles, as well as a potential significant increase in taxes, (for example: VAT and special taxes), would derive in a negative effect for the business, since it would cause a worsening of the prospects of the financial situation, the operating result, and the cash management of the Group.
- The main activity of tobacco sales is subject to specific tax regulations, which in turn are complex due to the different geographical segments in which the Group operates. In this sense, there are different tax disputes pending of resolution that require value judgments by Logista in order to estimate the probability that these liabilities will materialize, for which the risk is provisioned based on the opinion of legal experts and the possibility of passing them on to third parties. Currently, the Group has certain years subject to inspection on certain taxes.
- One of the fundamental objectives of the Group is to preserve the value of the Group's assets, by analysing and preventing risks and optimizing the management of major claims. However, there is a risk of impairment in the fair value of assets, in relation to the high Registered Goodwill, given that the Group has a significant amount of assets and investments, with a considerable impact on the income statement.
- Derived from the usual operations of business with its clients, Logista is exposed to commercial credit risk.

#### **E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.**

To ensure Logista's activities are aligned with the level of risk that Logista considers appropriate in the development of its activities and with its business model, inherent in its strategy and corporate culture, and therefore, through an effective and active management, allows risks to be kept within tolerance thresholds. In general lines, it is the following:

Logista presents a higher risk profile in the face of technological Risks that could materialize, since, within the framework of Logista's strategy, it is a key element to provide logistics services with high added value and, therefore, with a high level of technological advance.

Due to the particularity of the business and the markets where the Group is present, it has a moderate Risk profile, therefore Risk Management has to be done considering the following:

- a) Achieve those strategic objectives defined by the Group, keeping a level of uncertainty under control.
- b) Maximize the level of guarantee to shareholders.
- c) Protect Group financial results and reputation.
- d) Take care of stakeholders interests (shareholders, customers and manufacturers).

However, the Group has a low tolerance towards the Risk in what concerns to policies, laws and regulations compliance, including tax regulation.

#### **E.5 Indicate which risks, including tax risks, have materialised during the year.**

Risks materialized throughout the year are regular operational Risks, in the ordinary course of business, particularly theft of tobacco in the company facilities and during transport, not affecting the Logista's financial results as the merchandise was properly insured, and also, liabilities for the resolution of fiscal litigation processes, ruled against the Group, not affecting significantly the Logista's financial results, as these were properly provisioned, as well as other litigations of non-fiscal character. Furthermore, it has occurred extreme climate contingencies that Logista has successfully managed, performing its services according to the level of performance agreed with its clients.

In all cases the established control systems have allowed their mitigation, either the impact of Risk, neither its probability of occurrence. In general, the Internal Control and Risk Management Systems of Logista Group have allowed the allocation of several Risks in a low Risk profile, moreover some of them have been finalized without negative impact for the Group.

During the current year, the risk of pandemic has been maintained, due to the persistence of COVID-19 on a global scale. Although the advances in the vaccination process have meant an improvement compared to the previous year situation, uncertainties remain. Anyway, given the nature of the businesses and activities and services provided by the Group, the current crisis is having a lower impact compared to other sectors.

#### **E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.**

The methodology to elaborate the Risk Map forces the evaluators to assess the Risks before and after considering the mitigating controls and action plans established for each case. The Risk Management Procedure states which action has to be done (Eliminate, Mitigate, Transfer, Pursue or Assume), and also an action plan will be defined.

See below the main existing controls for the Risks identified in the E.3 section:

### **Environment Risks**

- According to the plan established by Logista at the beginning of the Coronavirus pandemic crisis, the Company has continued with its operations, adapting to the new circumstances the corrective and contingency measures, as well as several safeguard for employees and collaborators. This has allowed the Company to continue with its operations.
- Logista permanently monitors the evolution of the different activities, as well as its regulatory, social and political environment, adapting its strategy and objectives to the different conditions that arise in the countries in which it operates.
- In relation to tobacco trade, more stringent product traceability protocols have been implemented, as required by European Directive 2014/40/EU, which established stricter rules, among others, labelling, ingredients, traceability and border sales, which can affect the volume of snuff sold. Logista collaborates with the State Security Forces and Corps in the fight against illicit trade.

### **Business Risks**

- The effect of liberalizing the main markets in which the Group operates as tobacco-related products distributor where currently there is a state monopoly for retail sale. Such possible negative effect would be mitigated by the business diversification strategy followed by the Group, and the capacity to sell tobacco through the large capillary point of sales network.
- The digital transformation is part of Logista's strategic and considers when thinking on clients, competition, data, innovation and values.

### **Operational and Technological Risks**

- Logista has developed and updated a Cybersecurity Plan, which includes specific action measures.
- With regard to thefts, highest security standards have been implemented, and Insurance Policies have been contracted, which reduce risks to tolerable levels.

### **Regulatory Compliance Risks**

- Logista permanently monitors the regulatory and legislative processes that could affect its activities, in order to anticipate possible changes sufficiently in advance for their proper management. Likewise, it has specific rules and procedures that regulate the framework of action of its activities, as well as the existence of models for the Prevention of criminal risks, all under the principle of "zero tolerance" with fraud and corruption.
- Logista defends itself judicially, as well as monitors its litigation, counting, where appropriate, with the support of external expert advisors.

### **Financial/Tax Risks**

- Changes in the group's payment cycles may force it to look for external sources of financing: The most exposed Businesses to the credit risk of their clients, are strengthening the management of the recovery circuits of debt to shorten the collection terms, as well as more closely monitoring the assigned credit limits, promoting the obtaining of bank guarantees.

- The Company promotes strict compliance with the applicable tax regulations, monitoring and supervising compliance with tax obligations centrally in the Group, with the collaboration of tax advisers and law firms of recognized prestige as support in the presentation of tax returns and the subsequent liquidations, as well as in the case of special operations and, when appropriate, in their legal defence.
- The finance department carries out an analysis of the accidental risks that may affect to Logista, both in its assets and in the performance of its activity and establishes the contracting of external insurance coverage that it deems appropriate. In relation to the Goodwill, the Group performs impairment tests.
- Logista controls the risks of insolvency by setting credit limits and establishing strict conditions regarding collection terms; commercial risk is distributed among a large number of clients with short collection periods, being the main number of clients, tobacco shops, so that exposure to credit risk to third parties outside the Group is not very significant, and it counts, when necessary, with Insurance Policies to mitigate the impact of possible non-payments.

Regarding the procedures followed to ensure that the Board of Directors responds to the new challenges that arise, the Audit and Control Committee supervises twice a year the evolution of the different key Risks, as well as its response strategies and associated mitigation plans, including fiscal ones, and approves and issues the Group Risk Map Update. In those two quarters in which the said complete update is not presented, the Audit and Control Committee is informed about the most significant changes in the main Risks, which allows identifying new threats, as well as managing Risks in advance.

The Committee reports quarterly to the Board of Directors on its work of supervision of the Control and Risk Management Systems. In accordance with the Board's new agenda, an update on the Group's main risks is presented to the Board of Directors twice during the year and the levels of tolerance and risk appetite are discussed.

## **F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)**

**Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.**

### **F.1 The entity's control environment**

**Report on at least the following, describing their principal features:**

**F.1.1. The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.**

The Logista System for the Internal Control of Financial Reporting (hereinafter 'ICFR') forms part of the Company's Internal Control System and is integrated by all the processes carried out by the Board of Directors, the Audit and Control Committee, Senior Management and the Logista Group personnel. It provides reasonable security in relation to the reliability of the financial information which is released to the markets.

Article 5 of the Board of Directors Regulations ('The general role of supervision'), lays down as one of its responsibilities the definition and approval of the Company policies and general strategies, and in particular, the Control and Management of Risks Policy, including fiscal Risks, and the supervision of the internal systems of reporting and control, including financial reporting. It also defines the ultimate responsibility of the Board of Directors over the financial information which, as a listed company, has to be published regularly, and its responsibility to formulate the annual accounts and present them to the General Shareholders' Meeting.

In accordance with the provisions of Article 16 of the Board of Directors Regulations and article 5 of Audit and Control Committee Regulation, the functions of the Audit and Control Committee are the following:

*In relation to information and internal control systems:*

a) Supervising and assessing the process of drawing up and the integrity of the financial and non-financial information, as well as the control and management of financial and non-financial risks systems related to the Company and its group - including operational, technological, legal, social, environmental, political and reputational or corruption-related systems - reviewing compliance with regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.

b) Ensuring the independence of the unit handling the internal audit function; proposing the selection, appointment, and cessation of the head of the internal audit service; proposing the service's budget; approving or proposing to the Board of Directors its priorities and annual internal audit work plan, ensuring that it focuses primarily on the main risks (including reputational risks); receiving regular reports on its activities; and verifying that the senior managers are acting on the findings and recommendations of its reports.

The head of the unit handling the internal audit function will present an annual work programme to the Committee, for its approval or for the Board's approval, will directly inform the Committee of its implementation, including any incidents or limitations arising during the implementation, and of the results and follow up of its recommendations, and will submit a report on its activities at the end of each year.

c) Setting up and supervising a procedure which allows employees and other people in relation with the Company, such as Directors, shareholders, contractors or subcontractors and/or suppliers, to report irregularities of potential importance, including financial, accounting and any other irregularities, within Logista or its Group. Such a mechanism shall ensure confidentiality and, in any event, provide for cases in which communications may be made anonymously, respecting the rights of the complainant and the person accused.

d) Ensure in general that established internal control policies and systems are implemented effectively in practice.

*In relation to the external accounts auditor:*

a) In case of resignation of an external auditor, investigating the circumstances for such resignation.

b) Ensuring that the remuneration for the external auditor's work does not adversely affect its quality or independence.

c) Ensuring that the Company notifies the CNMV of any change of external auditor as a material event, and that such notification is accompanied by a statement about any disagreements with the outgoing auditor, and the reasons for the same.

d) Ensuring that the external auditor attends, annually, the plenary session of the Board of Directors to inform it about the work done and about developments in the Company's risk and accounting situations.

e) Ensuring that the Company and the external auditor comply with existing rules on the provision of services other than audit services, limits on the concentration of the auditor's business and, in general, all other rules on the independence of auditors.

Furthermore, the Internal Control Direction, integrated in the Financial Corporate Directorate, is the responsible unit for the design, implementation and monitorization of the Internal Control Systems of the Financial Information. Therefore:

a) Determines on an annual basis the materiality and scope of the ICFR, calculating and evaluating for each company in the Group, the quantitative and qualitative significant accounts and their impact in the ICFR.

b) Determines the structure, implementation and deployments of the ICFR, keeping the GRC tool updated, as a basis for the internal control management (SAP GRC Process Control) and updates the supporting documentation develop for each business (narratives and processes flow charts and risk and control matrixes).

c) Continuously motorizes the defined ICFR controls implementation, and communicates the results of such monitorization through a continued periodical report to Control Coordinators, other players of each business and companies and to the Financial Corporate Directorate.

ICFR monitorization is executed with the SAP GRC control tool that has been deployed during this year in the most relevant companies in Spain. In this tool the Company manages the risk and control matrixes for the operating and supporting process of the Group and all interested have accessed to it. The Internal Audit Corporate Direction can also follows the monitorization carried out under this scheme and its results. SAP GRC process control manages ICFR processes and control responsibilities of all areas, and not only of those of the Financial Corporate Directorate.

The Internal Control Unit monthly monitors the identified ICFR controls on the Group processes and asks to the managers of each control the evidence of their adequate implementation. It also coordinates and promotes the periodically revision of the controls designed. The testing of the effectivity of the controls, the revision of their design, their outcome and modifications (if any), remain recorded and filed in the SAP GRC Process Control tool in those companies where such tool is implemented, and in adequately protected files in those companies where this implementation is still pending.

For the next fiscal year, the Company will work in the implementation of the Process Control tool in the rest of countries and companies. In those companies where the tool is not available the ICFR design, follow up and monitorization, is done using SAP GRC process control methodology in a more manual way.

- d) Validates the ICFR design modifications proposals done by the process owners, Internal Control Coordinators, Corporate or Business Directors. It develops new processes or sub-processes.
- e) Coordinates the evaluation of the financial information risks and the its periodical update, and updates the ICFR risk matrix.
- f) Collaborates with the Internal Audit Corporate Direction, maintaining its independence, and provide support in the implementation of the ICFR recommendations arising out of the supervision tasks performed by such Direction.
- g) Is in charge of the training of the ICFR users.

The Financial Corporate Directorate is responsible for the establishment and definition of the accounting policies and of rules and procedures related with the generation of such information, in order to ensure the quality and authenticity of the financial information. For this purposes, the Financial Corporate Directorate has financial structures adapted to local needs in each country where it operates, and has set a Financial Controller in each business that, among other, has the role to fulfil the ICFR procedures.

The Corporate Internal Audit Directorate has, among others established in the Internal Audit Rules, has the role of evaluating whether the procedures, activities and Internal Control objectives, which constitute the Group's Internal Control System and the ICFR system are adequate, effective and efficient, and whether they ensure to the Company, the Audit and Control Committee and the Board of Directors and if applicable the senior management an effective supervision of the financial and non-financial Risks Management and Control System, promoting, recommendations for their strengthening, if necessary.

**F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:**

- **Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.**
- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

- **Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**
- **Training and periodic refreshment programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

The Board of Directors has the general mission to determine and supervise the financial and business objectives of the Company, taken decisions on strategic, plans and policies for their accomplishment. It promotes and supervises the management of the Company as well as the fulfilment of the previously set objectives, and ensures the existence of adequate management and organization structure under the effective supervision of the Board.

However the general policy of the Board of Directors is to delegate the ordinary management of the Group in the executive bodies and Management Committee of the Company, except in all those issues where according to the law, the Company by-laws or the Board of Directors Regulation such delegations is not possible.

Furthermore, the Appointment and Remuneration Committee has the role to give an opinion on the appointment and separation proposals on top managers that may be brought by the top executive to the Board.

The top management informs, designs, promotes and approves, if applicable, the modifications of the Group's, Corporate and Business Directorates organic structures. It identifies needs, inefficiencies and improvements in the design of such structures and defines responsibility lines and ensures the adequate tasks distribution.

The Human Resources Corporate Direction implements procedures for the update of the Corporates and subsidiaries organic structures that are documented through corresponding functional charts. Such charts indicate authority lines up to certain organizational level.

Logista has a set of internal rules and regulations that assign responsibilities and segregate roles of the different areas of the Group. Furthermore, it has job descriptions that show main responsibilities of each position.

In particular, the Financial Corporate Directorate has charts that set the composition of the financial departments, of each subsidiary and business unit; there are rules and procedures that compile information on the task performed by the different members of such departments, as well as the responsibilities of key personnel involve in the production of financial statements.

The communications of such charts is published in the intranet where much relevant changes in the organization structure are also published, and the intranet also includes the relevant data of Logista's employees and the reporting lines.



- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

Logista's Board of Directors, in its meeting of October 27<sup>th</sup> 2020 meeting, and with the previous favourable opinion of the Audit and Control Committee, reviewed and updated the Logista's compliance model. In this sense, it approved a new Compliance System structure in three fundamental pillars; the Code of Conduct, the Criminal Risk Prevention Manual and the Whistleblowing Channel.

In that meeting the Board of Directors approved the creation of the Compliance Committee of the Group. It is a collective body with autonomous initiative and control functions and organically depends from the Audit and Control Committee. It also supports the Committee in the supervision of the performance of the Compliance System.

In Spain, such task is directly by the Compliance Committee. In other countries where the Group operates the Group's Compliance Committee supervises and monitors the implementation of the Compliance System by the relevant local Compliance Units.

In its July 22 2021 meeting, with the favourable opinion of the Audit and Control Committee, Logista's Board of Directors approved the new Code of Conduct for the Group that substitutes the previous one issued by its controlling shareholder, Imperial Brands PLC.

The Code of Conduct contains the rules and ethical principles that govern the Group's activities, it sets the behaviour requisites that all members of the Group must comply with in their daily work and is the fundamental basis for all policies and procedures of the Group, that have to be interpreted and implemented within the Code framework. It also expressly recognizes a business culture and philosophy based on the principles of legal compliance, honesty, management integrity, and transparency in the relation with each shareholders, workers, suppliers, clients, communities and other stakeholders.

Logista Code of Conduct is available for any interested person in the corporate web site ([www.logista.com](http://www.logista.com)) and is also published in the intranet for all employees. Logista also has already produced a brief document that contains the main characteristics and ethical principles of the Code.

All Logista's employees are obligated to comply with the Code of Conduct as well as the internal policies and procedures. New employees must expressly commit themselves to comply with it by signing a document in which furthermore they are informed on how to easily access to it. Logista has an English, Spanish, French, Italian, Portuguese and Polish version of the Code to ensure its adequate dissemination and comprehension in all the countries where it operates. In order to improve knowledge and awareness of the Group's employees on Compliance matters, a compulsory training programme for all employees and new comers has been set.

In particular, the Code of Conduct contains the following obligations:

- To maintain honest, precise and complete financial and non-financial commercial registries, so that they accurately reflect the transactions or events to which they are related.
- To ensure that our financial and non-financial statements, regulatory reports and other publicly disclosed information comply with all applicable and accepted accounting principles, applicable laws and regulations and our internal Policies and Procedures.

- Comply with all local and national laws relating to the accurate and complete maintenance of our financial and non-financial business records.
- Be honest, objective and loyal in the performance of recordkeeping responsibilities.
- Not to prepare or submit misleading information.
- Not to make a dishonest or deceptive entry in any report or record.
- Not to create an unrecorded or improperly described fund.

Furthermore, there is a specific Code of Conduct for the Italian subsidiaries (Codigo Ético) approved by the respective Board of Directors within the context of the Legislative Decree 232/01. They described in a detailed way all the process of the Italian subsidiaries including those related to the elaboration of financial information that are further analysed by the Management and Control bodies required by Italian legislation.

Regarding the analysis of possible misconduct the Board has assign such role to the Compliance Committee of the Group under the supervision of the Audit and Control Committee. The Chairman of the Compliance Committee personally takes part in the Audit and Control Committee to inform on the activities deployed by the Compliance Committee, the claims received under the whistleblowing channel, and on any other issues that Audit Committee may think relevant.

- **Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**

The Board of Directors Regulation assign to the Audit and Control Committee the responsibility to establish and supervise a procedure that allow employees and any other person, such as Directors, shareholders, contractors or subcontractors and suppliers, to communicate the potential relevant irregularities, including financial and accounting irregularities, related to Logista that they may find in the company of the Group. Such mechanism guarantees confidentiality and established the cases in which communications may be done in an anonymous way, respecting the rights of the claimant and the affected party.

On the October 27 2020, in the context of the revision and update of Logista's Compliance Model, the Board of Directors after the favourable opinion of the Audit and Control Committee approved and updated of the Whistleblowing Policy of the Group, giving the Compliance Committee the role to manage the whistleblowing channel.

According to such Policy members of the Group and any legitimate party may communicate behaviours, facts or omission that may amount to noncompliance with the principles ethic values, laws and internal policies applicable to Logista's Grupo including any type of financial and accounting malpractices. Furthermore, such Policy includes the general principles and guarantees related to the communication and further procedure of the claim.

The Compliance Committee is in charge of receiving all claims under the whistleblowing channel, however when the claim involves facts, companies or Group members outside Spain, investigation procedures including final resolution corresponds to the local compliance unit that has to periodically report to the Compliance Committee of the investigated claim indicating, if applicable, the conclusion that have been reached.

In all cases when a claim is admitted the Compliance Committee informs to the Audit and Control Committee. If the claim involves a member of the Board of Directors a Corporate Director a General Director or a Business Director the Chairman or the Secretary of the Compliance Committee must immediately inform Audit and Control Committee.

With regards to the confidentiality of the claims, the Policy contains within its general principles a guarantee of confidentiality and, where applicable local legislation allows it, a guarantee of its anonymous character.

Confidentiality on the identity of the claimant is guarantee *vis a vis* any other body of the Company in all stages of the procedures and such identity will not be disclosed to any third party or to the investigated persons. When a claim is received, it is codified so that there is not nominative relation between the claimant and the investigated person. Minutes of the Compliance Committee and any other documentation are made anonymous after the terms of Data Protection Regulations have been reached.

As an exception and in accordance with the applicable regulations the identity of the claimant may be disclosed to Administrative or Judicial Authorities in the context of an investigation arising out of the malpractices claim.

The Whistleblowing Channel Policy has been developed in all the countries where the Group is present through a local procedure that regulates all the aspects that may be required in such countries, adjusting the Policy to the particular requirements of each local legislation.

- **Training and periodic refreshment programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

Within the annual performance evaluation, the Company encourages personal development and therefore, it detects training needs that are included in the annual training plan.

The Human Resource department in collaboration with business Units, is responsible for the definition of the Annual Training Plan of the Group in which training needs are summarized including the needs of those people that take part in the process of generating risk control and financial information.

Therefore, such people take part in annual training courses. In particular this year there have been external training courses on internal control of financial information, COSO ERM certification, function segregation, cybersecurity, excel tools (formulation, macro and dynamics charts) and Power BI, among others.

To guarantee the understanding and application of the legislative modifications required to ensure the accuracy of the financial information, the departments engaged of the elaboration and supervision of such financial information are continually informed of any modification that may affect such tasks. This update is made through an external newsletter as well as through the attendance to the relevant seminaries, and technical updates such the national meeting for risk management.

## F.2 Assessment of risks in financial reporting

Report on at least the following:

### F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- **Whether the process exists and is documented.**
- **Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.**
- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.**
- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**
- **The governing body within the company that supervises the process.**

Logista has a specific selection of policies for the process of identifying Risks in the Group

- The General Policy on Internal Control has the purpose of establishing a model or general framework of action of the Logista Group for Control and Management of external or internal Risks of whatever kind, which could affect the Group. It contains the Risk and Control model and the principles in which it is based; clear definition of objectives and context evaluation, risk identification and analysis in all levels of the Group, risk exposure and evaluation with special attention to the financial information fraud risk, organization response against risks and supervision of the correctness and efficacy of the internal control system.

The Internal Control Procedure defines and regulates the Control activities that Logista must follow, to avoid or attenuate these internal and external risks; it also defines the responsible Units, involving as much as possible the whole organization, and established the applicable methodology, aimed at the definition of common objectives and the promotion of transparent communication.

- Also, the Risk Management Policy and the Risk Management Procedure describe Risks Management as an interactive and continuous process, incorporated into strategy and planning process. The Policy and the Procedure together define the basic principles and methods to be followed in Logista for the control and management of risks of any nature, which may affect Logista at any time to achieve its objectives.

In the methodology used for Risks Management implemented in the Group, during the phase of identification and prioritization of risks, those risks of a financial nature are considered; among these, the risks of fraud, of error in valuation, of manipulation of financial statements, of non-authorized operation, and errors in financial reporting are considered to be relevant when categorizing the financial risks.

The Risks Management process is reflected in a Risks Register, which is prepared from assessments of the impact, probability and speed of each Risk, made by those

responsible for the processes in all the Logista Group companies, who take into consideration variables both quantitative and qualitative.

Its output is the Logista Group Risks Map: there is a consolidated Risks Map of the Logista Group and also there are maps of specific Risks for each Company and Business unit or Corporate Directorate, linked to key Business and Corporate Directorates' processes.

There is also, in the documentation of the Internal Control System associated with each of the relevant processes with an impact on financial information, an inventory of specific Risks of financial information, prioritized and classified, among others, by fraud, compliance, errors and valuation categories.

- **Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.**

Additionally, on an annual basis, Internal Control Department makes an assessment, by each Business and Company, of the significant accounts, both at quantitative and qualitative level, which are later on linked to the different processes, and which results are gathered in what is denominated as ICFR Scope Matrix, and that allow to identify material sections of the financial statements and to prioritize the relevant operational and supporting processes that have impact in financial information.

Taking the Scope Matrix as a reference, the Group develops the identification and description of each of the transactional Risks linked to the relevant processes resulting of such evaluation, as well as the impact on the financial information objectives (financial assertions); existence and occurrence, integrity, rights and obligations, valuation, presentation and breakdown. This analysis is documented at the ICFR Risks and control matrix.

The Corporate Financial Directorate developed in 2016 an instruction for "ICFR documentation", in which premises to be followed are exposed in order to guarantee an adequate documentation maintenance. More explicitly, it is reflected that the review of these documentation must be a continuous and constantly updated process. Nevertheless, at least annually, at the beginning of the fiscal year, Internal Control Coordinator will do a general review of the documentation in order to guarantee a proper maintenance and communication. In case no update needs to be done to the current documentation, this fact will be communicated both to Internal Control Department which evaluates the modifications requested and make the amendments.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.**

The Logista Group consolidation perimeter is determined monthly by the Financial Corporate Directorate, based on the "Annex 23-Consolidation Procedure" of the "Finance Accounting Manual, Consolidation and Reporting of Logista Group and its Subsidiary Companies. This Procedure establishes the system to be followed to define the consolidation perimeter and to ensure that it is correctly updated, so that nothing is omitted from the consolidated financial information.

In the Group consolidated financial statements at the close of the financial year, in accordance with the methods of inclusion applicable in each case, all those companies belonging to the Logista Group, joint businesses and companies associated with it were

included in accordance with the content of the IFRS. For that purpose, the Consolidation Department has a detailed checklist of all the companies belonging to the Logista Group, and carries out a specific, regular analysis of the consolidation criteria to be applied.

- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**

Logista's Risk Management System, considers the following categories of risk, that allow to consider differences as per their nature or their consequences:

- **Environment Risks:** including those events regarding economic, social and political matters. Also, due to the regulated nature of the tobacco market, main business of the Group, the risks regarding any modification to the tobacco regulations fall into this category.
- **Business Risks:** enclosing in this category any risk regarding the behaviour of the different agents present in the businesses of the Group, such the relationship with the tobacco manufacturers, or the entrance of new competitors.
- **Operational and Technological Risks:** those related to the regular Company's operations, such as process inefficiency, technology problems, non-compliance with quality or environment standards, or those resulting from errors in the execution of the activities.
- **Regulatory Compliance Risks:** resulting from non-compliance with existing regulations affecting the Company, including the internal policies and procedures, as well as those regarding the legal regulations that subject Logista, the penal Risks and the compliance with the both the legal regulations and the internal policies regarding the Internal Control of Financial Reporting.
- **Financial/Fiscal Risks:** considering those risks regarding the Company's exposure to price and other market variables fluctuations, such as the exchange rate, interest rate, oil price, etc. Furthermore, credit risks resulting from contractual liabilities, as well as fiscal Risks from the Company's activities lie into this category.
- **Reputational Risks:** including those events that could negatively affect the Group or the Company image and, therefore, its value, resulting from a behaviour under the stakeholders expectative, including those related to corruption

Logista has also introduced, in different countries, as explained before, the Criminal Risks Prevention Model.

In the process of identifying risks, according to these categories, the possible effects derived from the materialization of said risks are taken into account.

- **The governing body within the company that supervises the process.**

Article 16.2 of the Board of Directors Regulations assigns to the Audit and Control Committee the role to supervise and evaluate the Risk Management and Control Systems. Within its context, Article 5 of the Audit and Control Committee Regulations sets the following roles for the Committee:

1. Supervision of the frequency of the risk management system of the Company, reviewing the appointment and substitution of the responsible persons and where applicable presenting recommendations or proposal to the Board of Directors and establishing the corresponding monitoring term.

2. Supervision of the Risk Control Management Unit that will have the role, among others to ensure the good functioning of the Risk Management and Control Systems. In particular, it will ensure that all important risk that affect the Company are identified and managed and adequately quantified. It will actively participate in the elaboration on the risk strategic and important decision of its managers and will procure that the Risk Control Management System mitigate risk adequately within the framework of the Policy established by the Board of Directors.

### **F.3 Control activities**

**Report on whether the company has at least the following, describing their main characteristics:**

- F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.**

#### **Financial Information authorization and review procedures**

The regulated financial information to be sent to the markets complies with the provisions of Royal Decree 1362/2007 of 19<sup>th</sup> October, and Circular 3/2018 of June 26<sup>th</sup>, of the CNMV.

Logista has an “Accounting Policy Manual”, issued by the Corporate Finance Directorate, which defines a series of manual and automatic checks that are used to verify financial information, prevent fraud, the risk of error, and ensure compliance with current legislation and the generally accepted accounting principles. There is also a formal procedure for accounts closure in which the financial information is prepared by each economic/financial manager of each subsidiary company or business, which is verified by the Consolidation and Reporting Department, and approved, before publication, by the Logista Finance Corporate Directorate. It is also checked by the external auditors. Finally, it is analysed by the Audit and Control Committee, which reports to the Board of Directors, the latter being the body which finally approves it and agrees to its publication and dissemination to the markets, as explained in section F.1.1. Such Committee meets periodically in order to supervise, among others, financial information that must be released to the markets as well as any other issues that may be address to the Board of Directors.

In addition, every quarter, Financial Directors and Controllers of the Logista Group Businesses and/or Companies issue a certificate in which they declare that the Logista Group General Policy on Internal Control has been complied with as regards reconciliation of key accounts and controls. Every year, they also issue a representation letter in which they certify:

- That they were themselves responsible for preparing the financial statements reported at the close of the financial year, and for any other breakdown produced.
- That the financial statements were obtained from the Company’s accounting records, which reflect all its transactions and its assets and liabilities.

- That the Company's accounting records correspond to what was produced by the consolidation tool in accordance with the local accounting standards plus the adjustments necessary to align them with the IFRS.
- That the concepts included in each account correspond to those in the Group's Accounting Plan and Manual.
- That the estimates and important decisions were made on the basis of the latest information available in the business and are sufficiently well documented and justified.
- That responsibility is accepted for the reliability of the information contained in the consolidated financial statements of the Company or subgroup (where applicable) at the close of the financial year.

Furthermore, the Internal Control Direction monitors the ICFR deployment, informing the Financial Corporate Directorate and Financial Controllers of the Business Units on the results. Internal Audit Corporate Director has accessed to the documents that evidence the monitorization of each process, business and company.

**Descriptive documentation of activity flows and controls:**

With regard to the documentation describing the control and activities flows, Logista Group has prepared for each business the main processes with ICFR impact, so that, ICFR documentation contains the particularities of the different business and activities carried out by the Group. For each of these processes, a narrative and a flow chart is prepared, describing the process and the main implementing activities. Control and risk matrix are also prepared, containing the controls that allow response to those risks associated with financial information, identifying key risk as well as their owners in each business or corporate area, their automatization, periodicity and the rest of information or characteristic of the control.

The IFCR Documentation has been developed both for the material corporate processes (General Accounting, Consolidation, Fiscal Management, Treasury, Human Resources and Purchases of Non-inventory assets, mainly), as well as for those relevant Business / Country operational processes for the IFCR, such as purchases, sales, stock and logistics services.

**Specific review of relevant judgments, estimates, assessments and projections:**

With regard to the specific review of the relevant opinions, estimates, valuations and projections, the Logista Group, as part of their Accounting Manual, has an specific annex about financial Provisions which describes the manner of dealing with each of the provisions which the companies in the Logista Group may make, and which is designed to reduce the risk of error in processes related to specific transactions.

Additionally, the Corporate Financial Director presents to the Audit and Control Committee, in order to facilitate said Body the review of regulated financial information, a detail with the main estimates and valuations made in the period under supervision, as well as the main ones hypothesis or methodology used for these estimates.



**F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.**

Logista uses information systems to keep an adequate record and control of its operations, so their correct functioning is crucial for the Logista Group.

The Information Systems Directorate within the Corporate Resources Directorate, is responsible for Logista's information and telecommunications systems. Among its functions is that of providing the Information Systems Department with a set of policies, procedures and technical and organizational means to ensure the completeness, availability, confidentiality and continuity of the corporate information, including the financial information.

The regulations, available to all the employees through Logista's intranet and relating to the internal control of the information systems, is mainly contained in the following internal rules:

- The Internal Control General Policy
- The strategic framework of the Information Systems
- The Information Security Policy
- The Information Security Procedure
- The Technical Instruction for Roles Maintenance

The Internal Control General Policy establishes the guidelines and directives relating to the management of the risks associated with the management and use of information systems.

The Information Security Policy formulates a reference framework and a set of guidelines and general principles that must be followed by all the Organization, to guarantee the Security of the Group's information and systems as well as the responsible units in relation with this issues.

Information Security Procedure, estates, among other, the following premises:

- Management and control of access to the Logista's information systems, whose general aim is to prevent and as much as possible avoid non authorize access to the said systems and:
  - i. Establishes a procedure for granting Users rights of logical access to the Logista Group Information Systems, and for modifying and revoking them.
  - ii. Defines the identification requirements of an authorized User to access the Information Systems.
  - iii. Establishes specific control measures for access to Group Network Services and source codes.
  - iv. Establishes specific control measures for access to Information Process Equipment.

- Acquisition, development and maintenance of information systems, which establishes a process to ensure that security is built into the lifecycle of Information Systems. It also describes the control procedure for changes to Business Applications within Logista, and the management on changes in standard market software packages.
- Security in operations, in order to maintain and manage the processing of Information and Information Systems in Logista on a continuous and secure basis, and to guarantee that the technological services provided by the Corporate Directorate for Information Systems are being provided normally, the operational procedures necessary for this purpose (such as those relating to backups and recovery of Systems, monitoring, task planning, installation and configuration of Systems, etc.) are documented by this Department. Additionally, in this Procedure there is a specific section concerning Communications Security Management (Network Infrastructure Security Management, Network Device Security, Firewall Policy, and Wireless Networks).
- Continuity and redundancy in information security, which describes the requirements to ensure the continuity of the Systems during any major event or disaster that may occur; the availability of the Technology Infrastructure in terms of redundancy, and the continuity of the functions of the different businesses.

Regarding segregation of duties, Logista has designed and implemented a matrix for the segregation of functions, which segments the privileges of the users according to the minimum resources and information that are indispensable for the correct performance of the tasks associated with the workstations in the users' areas. In addition, and to complement the matrix for the segregation of functions, a set of measures and/or activities complementary to the segmentation of privileges has been established, such as the inclusion in the model of a group of users with greater privileges, with the aim, after an express request and while keeping track of the operations carried out, of supporting the operations of the corresponding users' area.

Finally, the Technical Instruction for Roles Redesign defines the specific guidelines that should be taken into account when designing the roles, their classification, their nomenclature and the structure they should have, existing a classification and nomenclature specifically for those "SOD Roles", which are those containing critical transactions managed by the Segregation of Duties Model.

The ICFR Group's scheme identifies the general controls over applications and systems that take part in the preparation of financial information or that support key controls that included:

- Security Information Policy
- Existence of remedies planning
- Segregation of Functions Policy
- Logista Assets Policy
- Group's commitments with the integrity of information
- Business continuity plan procedure
- Existence of a Security Committee

During 2021 at least quarterly meeting of the Security Committee have been held to follow up the recommendations and actions plans implemented by the Group regarding information security.

**F.3.3 Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.**

For the current financial year, none of the processes resulting in the collection of financial information with a material impact on the individual or consolidated financial statements of the Logista Group have been externalised, so the Logista has not required reports about the effectiveness of the controls established by entities outside the Group, other than the requirements of the policies for contracting third parties which the Logista Group uses in its Purchasing Policy.

However, as the result of the valuations is not significant, the Logista Group does repeatedly use reports of independent experts for the valuation of certain commitments to employees' benefits, and for the valuations of certain properties.

The Financial Corporate Directorate monitors the work of those experts in order to check: competence, training, accreditation and independence, the validity of the data and methods used, and the reasonableness of the hypotheses used, if applicable.

**F.4 Information and communication**

**Report on whether the company has at least the following, describing their main characteristics:**

**F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.**

The functions of the Consolidation and Reporting Directorate, under the Financial Corporate Directorate, are to define and communicate the accounting policies and keep them up-to-date, and it also has to answer enquiries about the accounting standards and their interpretation.

The Consolidation and Reporting Directorate is kept informed of changes in the accounting standards by means of communications with the external advisors and through the training which they themselves receive. These changes have to be analysed, and when they are applicable, the Accounting Policies defined in the accounting manual have to be updated. The issue of all types of accounting standards is centralised in the Finance Corporate Directorate through their Management of Consolidation and Reporting department, which will be responsible for following and, if appropriate, applying, the modifications published in the regulations.

Logista has a Manual of Accounting Policies, update on 2017, aimed at establishing and describing the accounting policies and the Accounts Plan to which the financial information of all the Logista Group companies, the management information and the formation and formulation of the Logista Group Individual and Consolidated Annual Accounts must mandatorily be submitted.

In this way, it is intended to ensure that the content of the financial information and of the Individual and Consolidated Annual Accounts of the Logista Group are homogenous, consistent, accurate and harmonised, and that they are prepared on time.

The Manual contains and explains the key Good practices of Internal Financial Control of the Group; the rules of registration and valuation and accounting of the most significant elements of the assets and liabilities of the Group's Accounting; the rules for preparation the Financial information, and how they should be applied to the operations carried out by the Group; the consolidation and reporting rules, and in particular, contain different annexes for each of the headings of the financial statements and other areas of special relevance, such as the treatment of long-term incentive plans and recording of provisions, for example.

**F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.**

Logista's main ERP tool is the 'SAP', which is used to record, at individual level, the accounting transactions from which financial Information is obtained for the subsidiaries of the Logista Group. All the companies which constitute the Logista Group work in accordance with the same plan of accounts, which is homogenous and common to the whole Logista Group, contained in the Accounting Manual.

The consolidated financial statements are prepared centrally from the financial statements which are reported in the established format by each of the Logista Group subsidiaries. To do that, the Logista Group has HFM consolidation software, which the Logista Group subsidiaries and companies use for reporting, and which enables the data to be aggregated, homogenised and analysed at individual and consolidated levels. In the consolidation process, there are checks to ensure the correctness of the consolidated financial statements.

In addition, the Consolidation and Reporting Department, as part of the Accounting Manual, has developed a series annexes– such as the procedures for consolidation, for inter-company transactions and for reporting, which are applicable to all the companies which constitute the Logista Group – which establish the mechanisms for collecting and preparing financial information in homogenous formats, the general rules, rules for the insertion of entries, for the approval of manual entries, opinions and estimates (including valuations and relevant projections) and a system for communicating financial information to the senior management and ensuring the homogeneity of the process of drawing up financial information.

Logista's Board of Directors on its May 5 2021 meeting approved the Policy on Information and Contact with Shareholders Institutional Investors, Proxy Advisor and on Dissemination of Financial, Non-Financial and Corporate Information of Logista. It establishes the principles and general behaviour criteria in relation the dissemination of financial, non-financial and corporate information; available information communication and contact instruments as well as the internal contacts and channels designated to deploy it.

The said Policy established that the Board of Directors as the highest supervision body of financial, non-financial and corporate information must ensure the widest dissemination and quality of the information given to stakeholders and the market in general.

## F.5 Supervision of the functioning of the system

Report on at least the following, describing their principal features:

**F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.**

Through the Corporate Internal Audit Directorate, entrusted with the Supervision of the Internal Control System of Financial Reporting, the Audit and Control Committee has carried out the following supervision activities during the fiscal year:

- Approval of the audit activities related to ICFR to be executed according to Annual Internal Audit Plan for 2020-2021, which includes the review of the key controls of the Fiscal Corporate Procedure, key controls on the non-inventory purchases processes, the revision of the acquisition process of the convenience business in SAF, the review of the stock operative process in Spain, France and Italy and the review control of Pharma, sales operational process.
- Quarterly monitoring of the results of the ICFR reviews performed by the Internal Audit Corporate Directorate, including the evaluation of the impact of the weaknesses detected in the financial information, as well as the progress on the action plan implementation resulted during the audit reports.
- Review of the information about the ICFR which is included in the Annual Report on Corporate Governance.
- Review of the report of the External Auditor's opinion on this subject.

Logista has an Corporate Internal Audit Directorate with functional dependence on the Chairman of the Audit and Control Committee, composed by 8 employees, and a budget item for outsourcing Audit services in France.

Its Internal Audit Policy, approved by the Board in 2015, and updated in 2021, after the proposal of the Audit and Control Committee, defines the purpose, authority and responsibility of the activity of Internal Auditing, and its position within the organisation. Within the responsibilities of the said function, the following competencies (among others), are established:

- To evaluate whether the processes, activities and aims of Internal Control which constitute the Logista Group System of Internal Control are adequate, effective and efficient, and guarantee the Group, the Audit and Control Committee, and the Board of Directors of the Logista Group the effective supervision of the system of management and control of risks, of financial and non-financial nature, making recommendations for its strengthening;

With regard to planning, communication with the Audit and Control Committee, and implementation of corrective measures, the following responsibilities are defined in the Internal Audit Policy:

- In an open dialogue with Top Management and the Audit and Control Committee, the drawing-up of an Annual Internal Audit Plan based on an appropriate methodology of risk, and, if appropriate, on the needs expressed by the Businesses

or Corporate Directorates or the Compliance Committee. The work involved in the Annual Plan must be mainly orientated towards the Group's important Risks as well as to the main compliance risk and, in particular, to those defined under the Criminal Risk Prevention Model. The Plan must envisage work for special, ad hoc requirements during the year. The Annual Plan, and any updating of the Plan, will be sent to the Audit and Control Committee for its approval;

- The performance of the work described in the approved Auditing Plan, as well as any special work or project, requested by the Management, the Audit and Control Committee, the Board of Directors, by the Chief Executive Director or by the senior Management that, attending its own nature and characteristics, it considers relevant its performance, adopting all the necessary safeguards necessities for the Audit Internal function.
- The preparation and despatch of regular (at least quarterly) summary reports to the Audit and Control Committee, on the results of the activity of Internal Audit, the deployment of the Internal Audit Annual Plan, or of other actions not included in the Plan, as well as on the monitoring of the recommendations it may have made and, where applicable, on the need of human and economic resources within the Internal Audit Professional Practices International Framework, the results of the Quality and Improvement Assurance Programme, as well as any other non-fulfilment. Furthermore the Audit Internal Corporate Directorate will elaborate for its submission to the Audit and Control Committee, a list with the key indicators, objectives and results, budget, to value the Internal Audit performance;
- The information to the Senior Management, and if applicable, to the Compliance Committee, in relation with the review activities performed and to collaborate with the business and/or Corporate Directorate, as well as the Compliance Committee, in the definition of the action plans to comply with their recommendations, and supervision of their starting-up and implementation;

According to its Internal Audit Plan, approved by the Audit and Control Committee, activities related to ICFR supervision have been carried out. More specifically, a Strategic Plan 2021-2023 has been prepared in which the rotation criteria of the CNMV Guide of June 2010 are adopted, which allows defining the scope of the ICFR evaluation by carrying out an evaluation that covers the entire of the ICFR in each fiscal year or throughout several fiscal years, in which case for each of them, rotation policies of areas of the financial statements or locations may be established for periods not exceeding two or three years, depending on various factors such as whether it has already been reviewed, process changes, etc. ...

Subject to review in the current fiscal year have been most of the fiscal corporate process, the key controls of the non-inventory purchases corporate process, the convenience products purchase process in SAF, being in progress the review of the operative controls in Pharma and the stock operative process in Spain, Italy and pending the review in France.

Furthermore, the Company has performed the following reviews not related with the ICFR but that include in their scope the review of some ICFR controls: stock management in Maddaloni warehouse, in the Alcochete and in the Croissy warehouses.

As part of ICFR evaluation process, which conclusions are included in audit reports for each audited business and process, the operative efficiency of the critical controls described at the existing ICFR documentation is verified, this means: it is evaluated if there are significant internal control deficiencies related to financial information; if so, the financial impact is measured, and corrective measures are set up in order to solve them resulting in action plans. Deficiencies are classified in the audit reports according to criticality, a responsible is appointed and they are monitored until its final solution.

During the current fiscal year, no internal control deficiencies have been detected with significant impact on financial statements, although adjustments or reclassifications not significant are reported to the Audit and Control Committee, if any.

**F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.**

The Audit and Control Committee meets at least quarterly with the aim of obtaining and analysing the necessary information in order to fulfil the responsibilities entrusted to it by the Board of Directors. There is an annual activities calendar in order to facilitate the proper planning of functions that the Audit and Control Committee is assigned, and execute the periodical activities, without prejudice that during the year extraordinary subjects could come to light or the planned ones could be subject to changes. This calendar has been prepared on the basis of the provisions of the Capital Companies Law, the Recommendations of the good governance of the CNMV and the Technical Guide on Audit Commissions of public interest entities and the Regulations of the Board of Directors. In this document, it is determined those sessions attended by the Corporate Internal Audit Director, the External Auditors, and fiscal experts or other experts when this is considered necessary.

In this regard:

- The external auditors are present at, and report on, all the sessions of the Committee in which regulated financial information and accounts formulations are analysed. In those sessions, the external auditors report to the Committee on important Auditing and Accounting matters, and on the recommendations identified as those which would enable the Internal Control System to improve. They also present the planning of the Accounts Auditing, their methodology, legislative innovations, and any other information considered to be useful.
- Corporate Internal Audit Director has full access to the Audit Committee, attending its sessions as a guest. Issues, among others, quarterly information, both about detected significant Internal Control weaknesses, including agreed actions plans arising out of the audits with a view to correcting the detected weaknesses in Internal Control, and also, about the state and evolution of these action plans until their proper implementation.

Additionally, the Chairman of the Audit and Control Committee issues to the Board of Directors a summary report of the matters dealt with in these committees, which summarize the significant weaknesses in Internal Control identified during the review processes, the analysis of the annual accounts, as well as any other financial information to be disclosed, the status of action plans, or any other subjects that have been entrusted to the Audit and Control Committee.

Finally, both the Financial Corporate Directorate and the Internal Audit Corporate Directorate, hold private meetings with the Chairman of the Audit and Control Committee, to discuss the scope of the sessions, the work, its conclusions, the information to present in the Audit and Control Committee, as well as any other information deemed appropriate.

## **F.6 Other relevant information**

No other relevant information regarding the ICFR implemented in the Group has been revealed, which has not been broken down into the sections corresponding to this epigraph F.

## **F.7 External auditor's report**

### **Report:**

**F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.**

Logista has submitted for review by the external auditors the information about the ICFR that was sent to the markets for this fiscal year.

The scope of the auditors' review procedures was in accordance with Circular E14/2013 of 19th July, 2013, of the Instituto de Censores Jurados de Cuentas de España, in which the 'Guide to Action and Model Auditor's Report relating to the System of Internal Control of Financial Reporting (ICFR) in quoted entities'.



## **G** DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies  Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies  Complies partially  Explain  Not applicable

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies  Complies partially  Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies  Complies partially  Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies  Complies partially  Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies  Complies partially  Explain

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies  Complies partially  Explain

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies  Complies partially  Explain

Up-to-date, auditors have never included qualification or reservation in relation to the annual accounts, so it has not been necessary to inform the general meeting.

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies  Complies partially  Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies  Complies partially  Explain  Not applicable

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies  Complies partially  Explain  Not applicable

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies  Complies partially  Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies  Explain

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies  Complies partially  Explain

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies  Complies partially  Explain

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies  Explain

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies  Explain

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
- e) Company shares and share options that they own.

Complies  Complies partially  Explain

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than

3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies  Complies partially  Explain  Not applicable

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies  Complies partially  Explain  Not applicable

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies  Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies  Complies partially  Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies  Complies partially  Explain  Not applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies  Complies partially  Explain  Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies  Complies partially  Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies  Complies partially  Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies  Complies partially  Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies  Complies partially  Explain  Not applicable

29. That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies  Complies partially  Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies  Explain  Not applicable

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies  Complies partially  Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies  Complies partially  Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies  Complies partially  Explain

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies  Complies partially  Explain  Not applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies  Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.

**d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.**

**e) Performance and input of each director, paying special attention to those in charge of the various Board committees.**

**In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.**

**Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.**

**Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.**

**The process and the areas evaluated must be described in the annual corporate governance report.**

Complies  Complies partially  Explain

**37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

Complies  Complies partially  Explain  Not applicable

**38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

Complies  Complies partially  Explain  Not applicable

**39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

Complies  Complies partially  Explain

**40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Complies  Complies partially  Explain

**41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Complies  Complies partially  Explain  Not applicable

**42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

**1. With regard to information systems and internal control:**

**a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the**



control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies  Complies partially  Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies  Complies partially  Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies  Complies partially  Explain  Not applicable

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies  Complies partially  Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies  Complies partially  Explain

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies  Complies partially  Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies  Explain  Not applicable

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies  Complies partially  Explain

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies  Complies partially  Explain

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies  Complies partially  Explain

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and their minutes be made available to all directors.

Complies  Complies partially  Explain

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies  Complies partially  Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies  Complies partially  Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies  Complies partially  Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies  Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies  Complies partially  Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies  Complies partially  Explain  Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies  Complies partially  Explain  Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies  Complies partially  Explain  Not applicable

- 61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.**

Complies  Complies partially  Explain  Not applicable

- 62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.**

**An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.**

**The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.**

Complies  Complies partially  Explain  Not applicable

- 63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies  Complies partially  Explain  Not applicable

- 64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.**

**For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.**

Complies  Complies partially  Explain  Not applicable

## **H** FURTHER INFORMATION OF INTEREST

- 1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.**
- 2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.**

**Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.**

- 3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.**

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on November 4<sup>th</sup>, 2021.

Indicate whether any director voted against or abstained from approving this report.

Yes  No

Auditor's report on the "Information relating to  
Internal Control over Financial Reporting  
(ICFR-SCIIF in Spanish)" of Compañía de Distribución Integral  
Logista Holdings, S.A. for the fiscal year ended on  
September 30<sup>th</sup>, 2021

COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.



AUDITOR'S REPORT ON THE "INFORMATION RELATING TO INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR-SCIIF IN SPANISH)" OF COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A. FOR THE FISCAL YEAR ENDED ON SEPTEMBER 30<sup>TH</sup>, 2021

Translation of a report originally issued in Spanish. In the event of discrepancy the Spanish-language version prevails

To the Directors  
of COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.

At the request of the Board of Directors of Compañía de Distribución Integral Logista Holdings, S.A. (the Company), and in accordance with our engagement letter dated September 15, 2021, we have performed certain procedures on the accompanying "ICFR-related information" included in the Annual Corporate Governance Report of Compañía de Distribución Integral Logista Holdings, S.A. for the fiscal year ended on September 30<sup>th</sup>, 2021, which summarizes the Company's internal control procedures regarding annual financial information.

The Board of Directors is responsible for taking appropriate measures to reasonably ensure the implementation, maintenance, supervision, and improvement of a correct internal control system, as well as preparing and establishing the content of all the related accompanying ICFR data.

It is worth noting that apart from the quality of design and operability of the Company's internal control system in relation to its annual financial information, it only provides a reasonable, rather than absolute, degree of security regarding its objectives due to the inherent limitations to the internal control system as a whole.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our evaluation of the internal control system of the Company was to establish the scope, nature, and timing of the audit procedures performed on the Company's financial statements. Therefore, our internal control assessment, performed for the audit of the aforementioned financial statements, was not sufficiently extensive to enable us to issue a specific opinion on the effectiveness of the internal control over the regulated annual financial information issued.

For the purpose of issuing this report, we exclusively applied the following specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review on the internal control system, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Company's annual financial information for the fiscal year ended on September 30<sup>th</sup>, 2021, described in the accompanying ICFR.

Consequently, had we performed procedures additional to those shown in the abovementioned Guidelines, or carried out an audit or review on the internal control system of regulated annual financial information, other matters might have come to our attention which would have been reported to you.

Since this special engagement does not constitute an audit of the financial statements or a review in accordance with prevailing audit regulations in Spain, we do not express an opinion in the terms established therein.

The following procedures were applied:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is provided in the disclosure information included in the Management Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the Annual Corporate Governance Report model established by CNMV Circular 5/2013 of June 12, 2013 and subsequent amendments, the most recent one being CNMV Circular 1/2020 of October 6 (hereinafter, the CNMV Circulars).
2. Question personnel in charge of preparing the information described in the above section 1, to: (i) obtain an understanding of its preparation process; (ii) obtain information making it possible to evaluate whether the terminology employed is in line with reference framework definitions; (iii) gather information regarding whether the described control procedures are implemented and functioning within the Company.
3. Review the explanatory documentation supporting the information described in section 1 above, which should, mainly, include that information directly provided to those in charge of preparing the descriptive ICFR information. This documentation includes reports prepared by the internal audit function, senior executives and other internal/external specialists in their role supporting the Audit and Control Committee.
4. Compare the information contained in section 1 above with the Company's ICFR knowledge obtained as a result of performing the procedures within the framework of auditing the financial statements.
5. Read the minutes of the Board of Directors Meetings, Audit and Control Committee, and other Company commissions in order to evaluate the consistency between issues described in the minutes related to the ICFR and information discussed in section 1 above.
6. Obtain the representation letter related to the work performed, duly signed by those responsible for preparing and authorizing the issuance of the information discussed in section 1 above.

As a result of the procedures applied on the ICFR related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements of the article 540 of the Spain's Corporate Enterprises Act, and CNMV Circulars on ICFR description in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

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María del Tránsito Rodríguez Alonso

November 4, 2021