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STATUTORY AUDITOR INDEPENDENCE ANNUAL REPORT

AUDIT AND CONTROL COMMITTEE

2014-2015



27 October 2015

1. INTRODUCTION AND BACKGROUND

In accordance with the section 4 (f) of the article 529 fourteenth of the Corporate Law passed on the Law 31/2014 of December 3rd amending the Corporate Law for the corporate governance improvement, and by virtue of the provisions of the article 17.2 of the Rules of the Board of Directors, where it is established that: “On an annual basis, prior to the audit report, issue a report containing an opinion on the independence of the auditors. This report in any event must cover the details of the provision of the additional services referred to in the preceding section, taken individually and as a whole, other than the legal audit, as regards independence of the auditors and regulations governing audits”.

This document pronounces on the evaluation of the additional services rendered, individually and as a whole, others than the statutory audit, and related to the independence or to the applicable regulations affecting the Statutory Auditors, Deloitte S.L., as well as the precautions observed in order to ensure its independence, according to the “Reformed Text of the Statutory Auditor Law”, approved by Spanish Royal Legislative Decree 1/2011, on July 1st (the “Statutory Auditor Law”). Consequently, the Audit and Control Committee develops the present report.

Please note the Law 22/2015 of June 20th, regarding the statutory audit comes into force, according to its 14th additional disposition of July 16th, 2016, therefore, at the closure of the current fiscal year, shall apply the Spanish Royal Legislative Decree 1/2011, of July 1st.

2. BREAKDOWN OF FEES FOR SERVICES OTHER THAN THE STATUTORY AUDIT:

The breakdown of the services contracted, not considering the fees for the Statutory Audit, as well as the invoiced amount during the fiscal year 2014-2015 it is presented in the following table:

OTHER SERVICES Deloitte (€)	Committed amount	Invoiced amount
CORPORATE DEFENSE	31.500	15.750
GRC PROJECT	50.000	14.895
INTERNAL CONTROL FRAMEWORK	15.000	-
FISCAL POLICY	4.000	-
RISK MANAGEMENT POLICY	4.000	-
Internal Audit Services	104.500	30.645
HALF-YEAR LIMITED REVIEW	25.000	25.000
ICOFR REPORT	14.000	18.000
ECOEMBES	14.625	14.625
Verification services	53.625	57.625
TRANSFER PRICING	122.000	87.500
OEA CERTIFICATION	60.000	-
Fiscal advice services	182.000	87.500
TRANSLATION SERVICES	9.500	9.500
Other services	9.500	9.500
Total	349.625	185.270

2.1. INTERNAL AUDIT SERVICES

2.1.1. Updating of the Spanish Penal Risks Framework (Corporate Defense)

a. **Contracted amount:** 31,500 € / **Invoiced** 15,750 €.

b. **Service description:**

To carry out a diagnostic of the Group current Penal Risks Framework in order to evaluate the degree of alignment with the reform of the Penal Code through the Organic Law 1/2015 of March 30th.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

In the engagement letter, the following clauses are signed in order to ensure the auditor independence during this advisory project:

- LOGISTA will be responsible to lead the Project, carry out all the functions and make all the decisions particular to it, control and monitor the project progress, being substantially involved in the project.
- LOGISTA will be responsible of reviewing and approving all the deliverables produced by the work team and as a result of the project in general. All the information provided by the company for the project will be previously reviewed and validated by Logista.
- LOGISTA will analyze the adequacy of the service provided by Deloitte, assuming the responsibility on it and its results.
- As long as the results of our services included advice or recommendations, Logista will be responsible of any decision regarding them, as well as their implementation.
- It won't be the subject of the professional services rendered through this proposal, to participate in the decision-making process. Our attendance to the committees will be as mere advisors as long as the company considers it necessary, and once heard our comments, when required, the decision-making process will start without our participation.

2.1.2. SAP GRC Project Migration

a. **Contracted amount:** 50,000 € / **Invoiced** 14,895 €.

b. **Service description:**

To migrate the current GRC version based on JAVA (GRC AC 5.3_20.0) to the version based on ABAP (GRC AC 10.1). This SAP module manages both the access roles to the transactions and the segregation of duties.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

This Project is a consulting activity on the GRC system (Governance, Risk and Compliance) to migrate the supporting platform, not making any modification to the role design or to the segregation of duties, already defined by the Group.

Notwithstanding the above, before awarding the project to Deloitte, it was requested an independence confirmation letter to ensure that extent.

2.1.3. Updating of the Internal Control Framework

a. **Contracted amount:** 15,000 € / **Invoiced** 0 €.

b. **Service description:**

To review the Internal Control General Policy develop by the Group in order to ensure that it correctly defines the organization operating scheme, and to evaluate the mechanisms used by the organization to ensure that all the applicable regulatory requirements are considered, as well as the market best practices. To adapt the framework to the new COSO.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

As long as the results of the aforementioned service are recommendations and advice, the Group is the ultimate responsible to adopt them or to make any decision regarding them, and their implementation, considering there are no independence issues.

2.1.4. Fiscal Risks Policy

a. **Contracted amount:** 4,000 € / **Invoiced:** 0 €.

b. **Service description:**

Advice in the review and updating of the Group Fiscal Policy, and guidance in the possible GAPs of the Fiscal Policy regarding the latest developments and trends.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

The draft of Fiscal Policy has been developed by the Group, expressing Deloitte recommendations for improvement and technical advice about the Policy. As long as the results of those services are recommendations and advise, the Group is the ultimate responsible to adopt them or to make any decision regarding them, and their implementation, considering there are no independence issues.

2.1.5. Risk Management Policy

a. **Contracted amount:** 4,000 € / **Invoiced:** 0 €.

b. **Service description:**

Advice in the review and updating of the Group Risk Management Policy, and guidance in the possible GAPs of the Risk Management Policy regarding the latest developments and trends. Proposing modifications to ensure the updating and integrity of the Group Risk Management Policy.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

The Group wants to rely on the advice and technical guidance from experts in this matter. Therefore, it has requested the review of the new framework developed by the Group, being the Group who has performed the updating and improvement of the Policy, and who assumes the responsibility of including the resulting recommendations and their implementation.

2.2. VERIFICATION SERVICES

2.2.1. Limited Review of the half-year Financial Statements under the NIC34

a. **Contracted amount:** 25,000 € / **Invoiced** 25,000 €.

b. **Service description:**

Limited review of the half-year financial statements of the Compañía de Distribución Integral Logista Holdings, S.A. and its subsidiaries, according to the half-year financial statements review international regulations of the independent auditor of the ISRE 2410 published by the International Federation of Accountants (IFAC) in order to provide a baseline about whether the auditor has detected any issue that could lead to a non-favourable opinion about the preparation, in all the significant aspects, in conformity with the financial statement regulatory framework applicable to the company.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

It is a mandatory verification service due to the Group being listed, which work does not affects the Independence of the auditor regarding the Statutory Audit, but rather complementary.

2.2.2. Report on the Internal Control over Financial Reporting Framework (ICOFR)

a. **Contracted amount:** 14,000 € / **Invoiced** 18,000 € (fees corresponding to FY1314).

b. **Service description:**

Review and issuance of the corresponding report, from the Statutory Auditor, about the ICOFR released to the market for the fiscal year 2015, included in the Corporate Governance Annual Report. The scope of the review procedures used by the auditor shall be defined according to the circular note E14/2013, of July 19th 2013, of the Instituto de Censores Jurados de Cuentas de España, where it is published the "Guide to the performance and audit report model referred to the information related to the internal control over financial statement framework for listed companies".

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

On July 15th 2013 was published in the CNMV web page the "Guide to the performance and audit report model referred to the information related to the internal control over financial statement framework for listed companies". In that official document of the CNMV, in its section 2.14, it is established regarding who has to perform this evaluation and issue the report: "...the realization of this kind of engagements, generally, it is expected to be performed by the Statutory Auditor of the company".

Therefore, and in response to the small amount of the invoiced fees for this engagement, it is not considered as a threat to the independence of the Statutory Auditor.

2.2.3. Annual disclosure of containers and packaging – ECOEMBES.

a. **Contracted amount:** 14,625 € / **Invoiced** 14,625 €.

b. **Service description:**

The execution of the required verifications on the disclosure of containers and packaging that has to be annually sent to ECOEMBES, in Spain and France, to be attached to the self-assessment of the related taxes.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

Regardless of the small amount of the invoiced fees for this service, this kind of engagements is performed, generally, by the Statutory Auditor, in order to take advantage the knowledge of the information and control systems of the company, facilitating the review y reduces the cost of the report, not being a threat to the auditor independence.

2.3. TAX ADVISORY SERVICES

2.3.1. Transfer pricing

a. **Contracted amount:** 122,000 € / **Invoiced** 87,500 €.

b. **Service description:**

Assistance in the transfer pricing documentation update for the different entities of the Group in Spain, France, Poland, Italy and the coordination of Portugal.

c. **Considerations on the independence and incompatibilities provided by the Statutory Auditor:**

This is a recurrent engagement from previous years.

At the beginning of the service rendering, years ago, it was required and obtained a confirmation on the absence of incompatibility to render this kind of services, which are limited to assist the company in the development of the supporting documentation for the intercompany transactions.

2.3.2. Authorized Economic Operator Certification (OEA)

a. **Contracted amount:** 60,000 € / **Invoiced** 0 €.

b. **Service description:**

Assistance services in the obtaining of the OEA certification in Italy. Since August 2014, Logista Italy receives guidance and assistance for the preparation of the required documentation to obtain the OEA certification in Italy identical to the already obtained by other companies of the Group.

Consulting services rendered by Deloitte include the preparation and design of the tests to verify compliance with the requirements that will be necessary substantiate during the review process, in order to get the aforementioned certification.

Such works also provide recommendations for improvement on the security of stocks in the warehouses and in transit, as well as the improvement of certain security aspects related to personnel and the information systems.

c. Considerations on the independence and incompatibilities provided by the Statutory Auditor:

Such consulting services have been provided by Deloitte since 2008. Initially for Compañía de Distribución Integral Logista, S.A.U. and Logesta, extending the scope subsequently to Integra2, Nacex and Pharma.

By the nature of these services, they are not considered a threat to the Independence of the Statutory Auditor. The team performing these services belong to a different professional discipline within the audit firm, not participating the statutory audit team in these services.

2.4. OTHER SERVICES

2.4.1. Translation services

a. Contracted amount: 9,500 € / Invoiced 9,500 €.

b. Service description:

Translation of the annual account report (Spanish to English) corresponding to the FY 2013-14.

c. Considerations on the independence and incompatibilities provided by the Statutory Auditor:

By the nature of these services, they are not considered a threat to the Independence of the Statutory Auditor.

3. PROPORTION OF NON-AUDIT SERVICES OVER AUDIT FEES

Among the incompatibility grounds established in the statutory audit Law that could threaten the auditor independence, it is noteworthy the following: “the reception of income from audit services other than the statutory audit of the audited company, as long as these represent a significant share of the total income of the statutory auditor, regarding the average for the last 3 years”.

In the Rules of the Board, section 47 “Relations with Auditors”, exposes that “The Board of Directors shall refrain from hiring those audit firms whose projected fees including all items exceed five per cent of its total revenues during the previous financial year” and “The Board of Directors shall make public the total fees paid to the audit firm for services other than auditing”.

In order to ensure the Independence of the Statutory Auditor, the Audit and control Committee has followed up the fees regarding services rendered by the main Auditor other than the statutory audit compared with the fees regarding the statutory audit at its meeting in June 23rd 2015.

Deloitte S.L. has invoiced the Group fees regarding audit and audit-related services totalling 1,014 thousand €, which compared to the 185,270 € invoiced for non-audit services, does not represent a significant share of the auditor total annual revenues, regarding the average for the last 3 years.

4. INDEPENDENCE DISCLOSURE FROM THE STATUTORY AUDITOR

On October 27th, 2015, the audit partner in charge of the issuance of the statutory audit report for the consolidated accounts of Compañía de Distribución Integral Logista Holdings, S.A., has confirmed to the Audit and Control Committee his independence.

The document developed by the Group Statutory Auditor, attached as Annex to this report, contains the written confirmation of his independence in relation to the Group and its subsidiaries, as well as the information regarding the additional services other than the Statutory audit, considered both individually and as a whole, rendered to the aforementioned companies by the auditor or related persons.

The independence disclosure from the Statutory Auditor, given that it is performed according to the statutory audit Law, implies that the Statutory Auditor has not identified, for the fiscal year 2014-15, any of the incompatibility grounds established in the section 13 of the statutory audit Law that impairs the minimum necessary independence the auditor needs to perform its tasks regarding the Group.

Related to the terms and conditions pertaining the procurement set out in the section 19 of the Statutory Audit Law, and taking into account that the net revenues is higher than 50 million €, the Audit and Control Committee has verified that the obligation to rotate the Statutory Auditor signing the report each 7 years is satisfied. In particular, such rotation took place on 2013, being appointed the current partner D. José Luis Aller.

As regards the prohibitions stated in section 20 of the statutory audit Law, regarding post-audit prohibitions, from the Statutory Auditor disclosure it is followed that he has not committed any of them.

During fiscal year 2014-2015 the Statutory Auditor has not revealed in the Audit and Control Committees any issue that could impair his independence.

5. CONCLUSION

Regarding the audit services, the Audit and Control Committee considers that they have not been influenced or affected by the rendering of other additional services or based on any contingency or condition other than the changes in the context discussed to set the audit fees.

The Audit and Control Committee unanimously agrees sending to the Board of Directors of the Compañía de Distribución Integral Logista Holdings, S.A. the present report, where it is certified that the Statutory Auditor, Deloitte S.L., has been and acted independently, in relation to the issuance of the report after the examination and evaluation of the annual accounts, individual and consolidated, of the Compañía de Distribución Integral Logista Holdings, S.A., regarding the fiscal year 2014-2015.

Furthermore, it has been concluded that there are no objective reasons that would allow contesting the Statutory Auditor independence, and that such independence has not been threatened or impaired during the fiscal year 2014-2015, due to the rendering of non-audit services.

The above Report has been unanimously approved by all the members of the Audit and Control Committee, at its meeting held on 27 October 2015.

Leganés, 27th October 2015

Rafael de Juan López
Audit and Control Committee Secretary