



Sustainable Development Report

General and financial information

Report profile, scope and coverage

This Sustainable Development Report provides an accurate and rigorous summary of the ethical, social, environmental and corporate governance performance of the DIA Group during the 2016 financial year, in all of the countries in which it operates: Spain, Portugal, Argentina, Brazil and China.

With this document, DIA maintains its effort to provide information transparency to the different stakeholders, encouraging an ongoing and fluid dialogue with them: customers, shareholders, franchisees, employees, suppliers and society in general.

In drawing up this report, DIA has followed current legal regulations and international reporting standards, specifically the recommendations of the Global Reporting Initiative (GRI) G4 version.

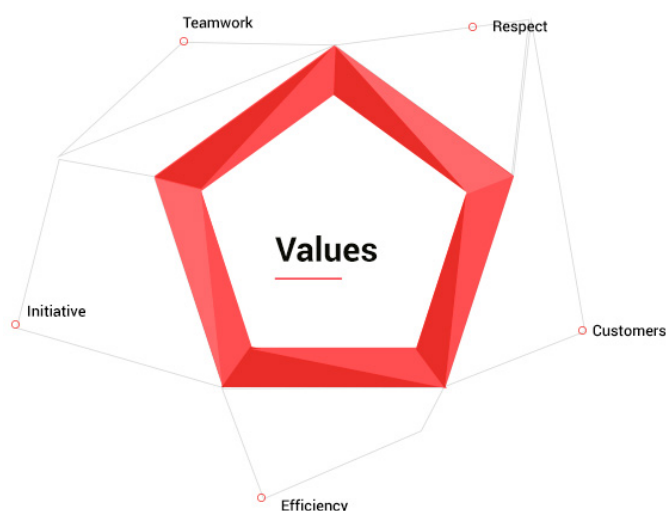
For data collection, Enablon SD-CSR (Sustainable Development-Corporate Social Responsibility) software has been applied, used by leading companies from all sectors in over 130 countries and GRI certified.

The information contained in this document is complemented by other information available on the website, www.diacorporate.com, in the Sustainable Development and CSR section, as well as in the rest of the reports that comprise this annual report: the Activities Report, the Financial Report and the Corporate Governance Report.



Distribuidora Internacional de Alimentación S.A., DIA, is a food, pharmacy, health and beauty distribution company, listed on the Madrid Stock Exchange, which has establishments in Spain, Portugal, Brazil, Argentina and China.

Dia's goal is to offer consumers solutions to their food and high-volume consumer goods needs based on a single market commitment to quality and price, while also satisfying the needs of DIA's employees, franchisees, suppliers and shareholders, as well as the society in which the company carries out its activity.



Team

We work as a team, in a coordinated way, with a common aim. We develop a positive relationship in order to leverage the talent of our employees, which allows us to achieve better results.

Customers

Our main aim is to ensure customer satisfaction.

Efficiency

We work to high standards and train our teams to take decisions based on professional criteria. We look for profitability in all our actions. We offer our clients the highest-quality products at the best prices.

Respect

We respect our commitments. We generate an atmosphere of trust and accept diversity and differences of opinion. This allows us to work in a climate of security, credibility, and respect for people.

Initiative

We are aware of changes in the markets in which we operate, and we come up with creative and innovative solutions.

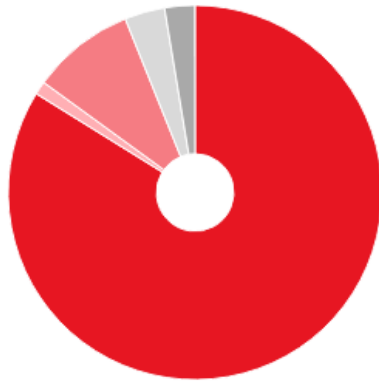
Financial indicators

	2015	2016
Gross sales under banner	10,546.7	10,550
Net sales	8,925.5	8,867.6
Adjusted EBITDA	610.1	625.1
Investment	563.3	345.4
Net debt	1,132.4	878.3
Adjusted net income	254.1	258.6

Sustainability indicators

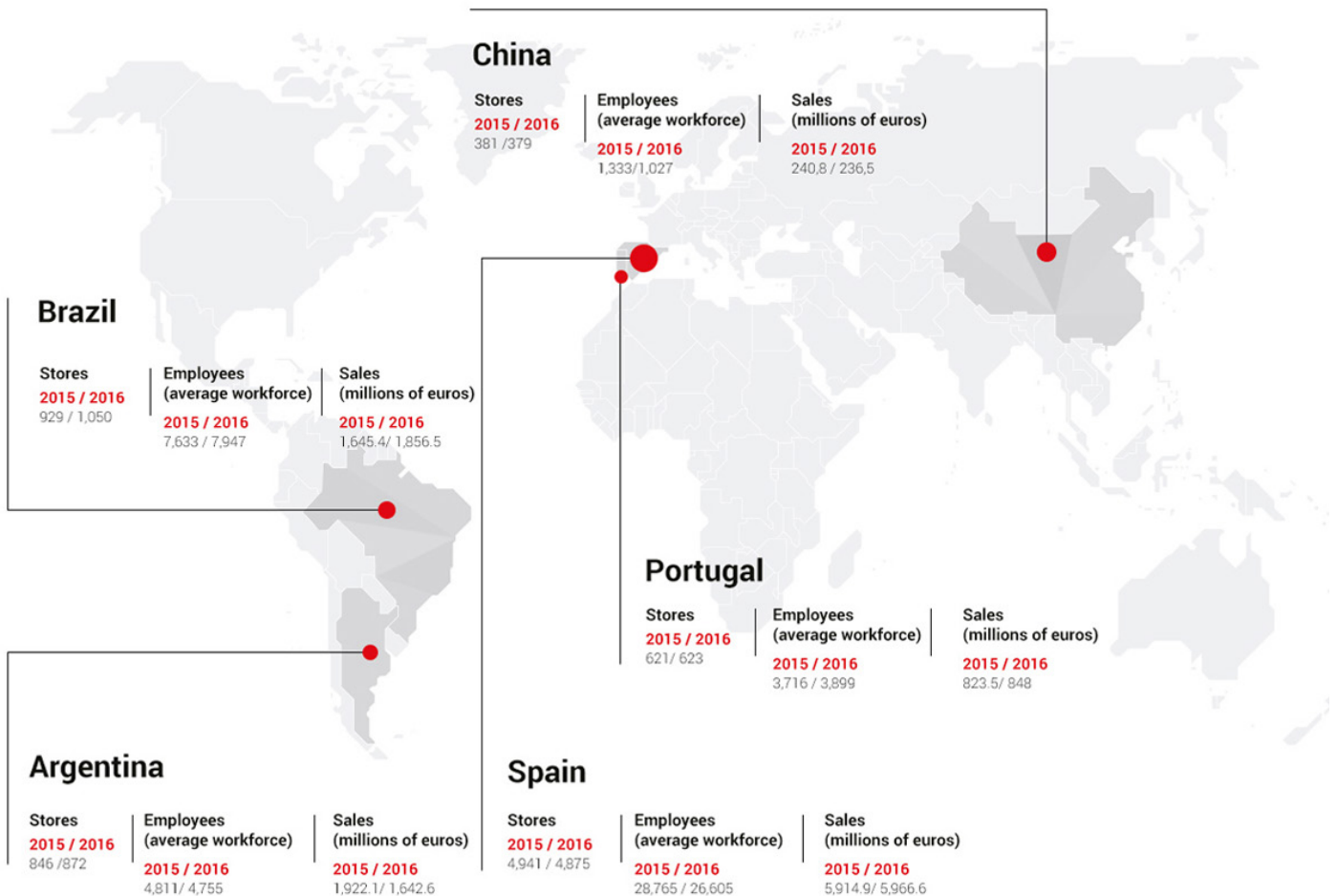
	2015	2016
Employees		
Number of employees (average workforce)	46,258	44,481
Training hours (thousands)	374	476
Health and Safety		
Work Accidents	2,527	2,677
Work absenteeism (%)	6.44	5.58
Environment		
Investments in environmental improvements (millions of euros)	26.955	6.96
CO2 emissions (millions of kg of eq. CO2)	131,170	142,502
Electricity consumption (Kwh/m ²)	309.08	334.07

Shareholder composition

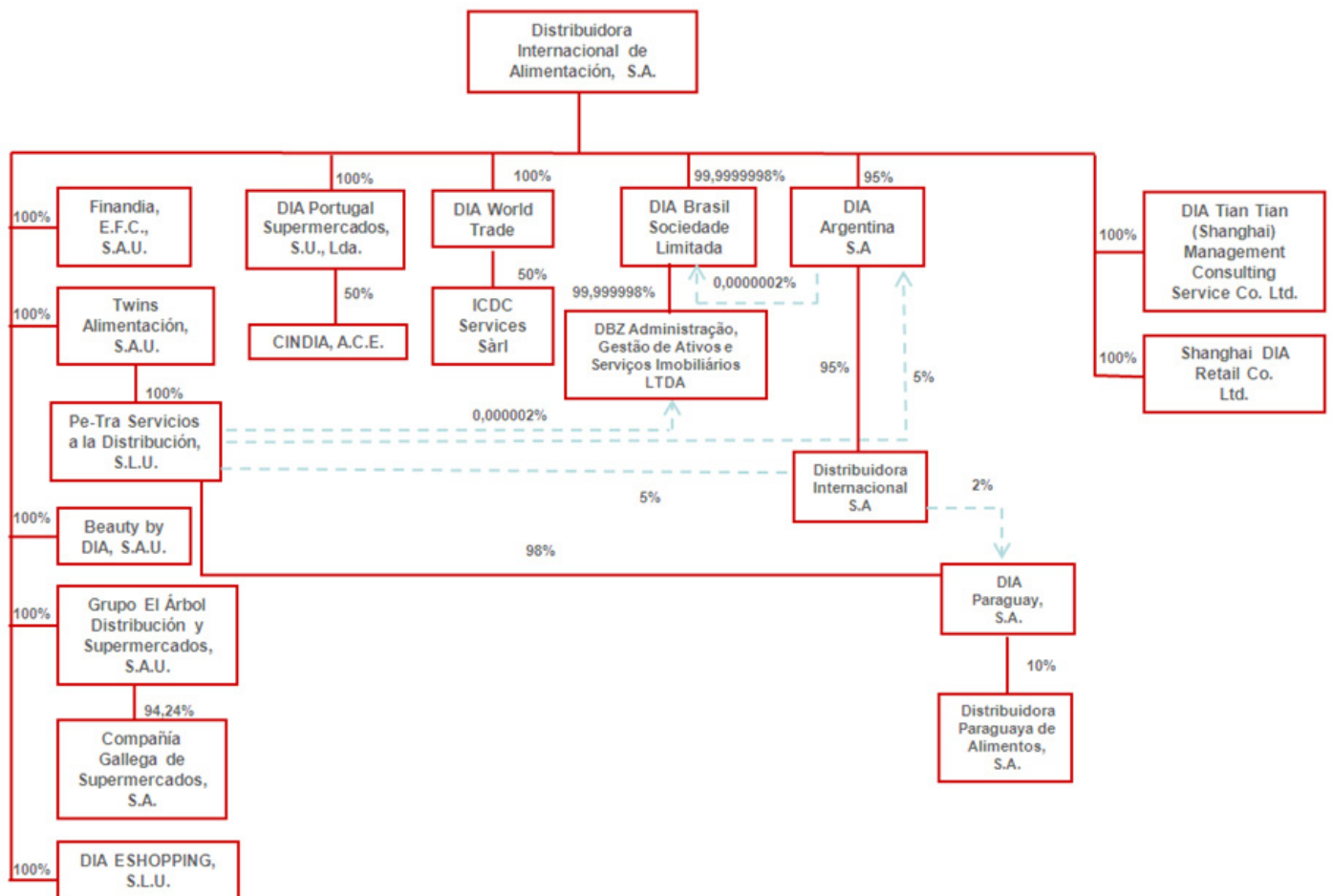


- Free Float 83.85 %
- Treasury stock 1.15 %
- Baillie Gifford & CO 8.92 %
- Blackrock INC. 3.48 %
- Black Creek Investment Management INC 2.61 %

International Presence



Shareholder structure



Letter from the Non-executive Chairwoman



Dear friends,

Once again, we have ended a successful year thanks to a business model focused on solidity and sustainable growth thanks to our strategy of quality at a good price for our customers, and above all focused on the loyalty that this and our innovations engender in our clients.

More than 40 million people trust in us when doing their shopping, which is a big responsibility that we take on with the highest level of commitment.

Accordingly, we have developed a transversal programme called “Proyecto Cliente”, which is centred on improving consumers’ experience at DIA. Our aim is to ensure that employees at all levels within the company become even more aware of the importance of our customers and calibrate their day-to-day actions with customer satisfaction in mind. Our staff has warmly received this successful initiative. In Spain alone, where we piloted this initiative, more than 2,000 employees from our offices, warehouses, and stores had the opportunity to be part of these working groups, contributing their views with ideas and initiatives that have already allowed us to undertake new projects.

We also want our social responsibility projects to be increasingly close to our staff and their families, which is why we strive for all of them to be able to participate and be with us. By way of example, I would mention the launch of our Superliga DIA in Spain, the race to support children with cancer in Sao Paulo, the help given to young mothers at risk of social exclusion in Portugal, and the campaign to collect clothes in Argentina, among many other initiatives.

Accompanying our customers, there are more than 4,000 of us, across a total of five countries in which we operate. We make up a committed team that is showing it is able to adapt to a changing environment with new answers to each of the increasingly demanding business needs, with innovation and digitalisation, but understanding at all times that the main focus of our activity is the consumer. I thank the entire team for the efforts made, and in whom I undoubtedly trust to attain our company's objectives for another year.

And we cannot forget our important travel companions, our franchisees and franchises: more than 3,500 entrepreneurs are travelling on this road with us. For us, their dedication, effort, and closeness to the client represent a source of inspiration and a fundamental part of growth. They deserve our recognition, and that of society, for their contribution and commitment to the development and progress of the local economy.

However, our commercial activity does not make us forget the obligations of transparency and good governance that we have as a listed company with our shareholders and with society in general. Accordingly, during 2016 we continued to work on corporate governance matters and, following the good governance recommendations, we have made public all our corporate policies, which readers of this report can easily find on our corporate website: www.diacorporate.com. Each of our upcoming annual reports will include detailed information about the degree of implementation of our policies.

We have also analysed and recommended changes in our organisation and our Board of Directors for 2017 to adapt to the new requirements and demands of our market and our society. We have done this to ensure that our organisation in Spain and other countries can deal with future demands in terms of knowledge of, and training in, new technologies, new infrastructures and materials, new trends and innovation in the distribution of food, cosmetics, and health and beauty products. Accordingly, we are involving our directors and employees in the digital transformation, and are training our teams and franchisees.

Furthermore, we have worked on the Social Responsibility Master plan for the 2017-2019 period, which, as of the publication date of this report, has been reviewed and validated by the Board of Directors, having previously been studied by the Audit Committee.

Our Social Responsibility master plan includes 16 lines of action that have materialised in more than 35 projects that cover aspects of corporate management, efficiency improvements in environmental management, an increase in the levels of satisfaction of our employees and of our franchisees, and which include specific social actions that require being increasingly closer to society as a whole.

I invite you to read this report which includes the details of what I have briefly summarised above, and I now sign off reiterating my thanks to everyone, and particularly our customers, employees, franchisees, suppliers, and you, the shareholders, for the trust that you place in our company year after year. This is why we will continue to work on making our company an example for everyone.

Ana María Llopis

DIA Group Non-executive Chairwoman

DIA and corporate responsibility

The DIA Group works actively towards economic progress and the creation of value in all the communities in which it operates, building trust with its customers and other stakeholders, with an offer of quality food at the best prices on the market. The efficient management of its resources, together with an unwavering commitment to profitable and sustainable growth, are carried out through an integrated system at all levels of the group, in keeping with internationally recognised values of social, environmental and good governance criteria.

The company bases these lines of action on a General Policy of Corporate Social Responsibility, approved by the Board of Directors and adapted to the recommendations of Good Governance of the National Securities Market Commission (CNMV), which serves as the framework reference for all of the group's constituents and companies in different areas: responsible management, commitment to people and collectives with which it has dealings, quality and price, franchises, and environmental protection.

During 2016, the company worked on the development of three fundamental aspects in matters of Social Responsibility:

- Evaluation and subsequent approval of Corporate policies of the different areas.
- Development and definition of a materiality analysis that enables the identification of risks and opportunities, as well as the priority issues for its stakeholders.
- Presentation of the 2017-2020 CSR Master Plan, which constitutes the road map in this area and aligns actions with company policies.

CSR General Policy

- Promote best Corporate Governance practices, giving priority to transparency, ethical business management and adequate risk management.
- Manage both financial and non-financial risks in a responsible manner, as well as the opportunities arising from the evolution of the Group and its environment.
- Create and maintain responsible, fluid and two-way communication with stakeholders (consumers, employees, franchisees, suppliers, civil society and shareholders) to gain a better understanding of their expectations and efficiently adapt business operations to their satisfaction.
- Work towards continuous improvement in all processes to favour access to quality food at the best prices for customers, linking the company's social activity with access to food for the most disadvantaged and vulnerable groups, with special emphasis on children.
- Promote good responsible purchasing practice and healthy food, as well as provide thorough nutritional information about the products for the benefit of the customer.
- Ensure maximum protection and privacy of customers and franchisees through strict compliance with existing regulations.

- Promote respect for diversity, developing adequate conditions for the functioning of teams with different capabilities.
- Support equal opportunities between men and women.
- Promote the safety and health care of all people that form part of the company.
- Support the professional training and development of people that form part of the company, promoting reconciliation of family and working life.
- Contribute to better management of natural resources and the environment through energy efficiency, innovation and awareness among employees to minimise the negative impacts caused by our activity.
- Give impetus to and ensure compliance with, the United Nations Global Compact.

CSR Organisation at DIA



The DIA Group has a Corporate Social Responsibility organisational structure that is supervised directly by the Board of Directors through its Audit and Compliance Committee, which is comprised of five independent directors.

The company structures its principles in these matters through its Corporate Social Responsibility Policy, undertaking action at all levels through a Master Plan that articulates priorities according to needs and establishes lines of action.

The subsequent report is the responsibility of the CSR Committee, led by the Director of Sustainable Development, comprised of the managers of the Group's CSR material issues (definitors), who are responsible for defining the performance indicators and for verifying that the managers in the functional area of each country (contributors) report accurate information and data in accordance with the established requirements. In this process, the recommendations of the GRI (Global Reporting Initiative) are followed, using the management software Enablon SD-CSR (Sustainable Development – Corporate Social Responsibility).

To ensure the reliability and accuracy of the data, for the response of the indicators, contributing users attach the data reported to the supporting documentation that justifies the information entered in the system, which allows the traceability of the same, as well as enabling its verification.

To guarantee and make this process more reliable, it is essential that the data complete three levels of validation.

- **Country Level:** Each country is responsible for reporting its sustainable development in the same way that it is responsible for its Income Statement.
- **Functional Level:** Beyond the validation at the country level, there is a second validation at functional level, which is performed by the functional managers of the corporate team. They verify that their functional area has been reported in all countries in accordance with the definitions that they themselves have given and that have been published in Enablon.
- **Corporate Level.** The third level of validation is corporate, performed by the coordinator of the group. If an error is detected (in any of the three validation levels), actions are taken to authenticate it.

The CSR Committee gathers and verifies the information received from the different departments every three months, in accordance with the previous definitions made in accordance with the defined KPIs.

Goals for 2017

General

Approval of the 2017-2019 Master Plan by the Audit and Compliance Committee of the Board of Directors.



POSITIONING

Manage the **POSITIONING** of the DIA Group in accordance with the expectations of its priority stakeholders.



ORGANISATION

Involve the **ORGANISATION** in a shared vision of CSR, aligned in all countries of the DIA Group.



MANAGEMENT

Pursue improved **MANAGEMENT** of the DIA Group in CSR aspects.



BALANCED SCORECARD

Implementation of the Balanced Scorecard for the monitoring of the Master Plan and the evaluation of compliance with Corporate Policies.

By area



ENVIRONMENT

Improved efficiency of the company's resources for a lower environmental impact and greater cost savings.



SOCIAL RESPONSIBILITY

Establishment of checkpoints for the observance of human rights in the links before and after us in the supply chain.



CORPORATE GOVERNANCE

Convey to shareholders, investors and/or non-financial information analysts all relevant information from a perspective of sustainability and CSR in DIA.



HUMAN RESOURCES

Ensure principles of equality within the company.

Value generated and distributed

Gross sales under the DIA banner amounted to EUR-10.550bn, 10.2% higher than in the previous year in local currency. The positive business performance implied the enrichment of the areas in which the group is present, through the creation of employment, the promotion of ancillary activities arising from the work of suppliers and subcontractors, and the payment of taxes to Public Administrations.

Economic value generated, distributed and retained

	12/31/2015	12/31/2016
Economic value generated	9,113,544	8,995,115
Net business turnover	8,925,454	8,867,621
Other income	96,215	110,976
Tax and profits	82,610	-
Financial income	9,265	12,089
Income from intangible assets	-	4,336
Income from companies using the equity method	-	93
Economic value distributed	8,710,634	8,703,283
Goods and other consumables	7,018,881	6,942,007
Personnel expenses	847,233	846,103
Operating expense	644,034	653,549
Income from intangible assets	12,340	-
Financial expenses	65,291	64,121
Tax on profits	-	69,119
Dividends (*)	122,855	128,384
Economic value retained	402,910	291,832

(*) Dividends at 12/31/2016 correspond to the proposed distribution of profit for financial year 2016 that will be submitted for approval, while dividends at 12/31/2015 correspond to those paid in financial year 2016 against the previous year's profit.



Sustainable Development Report

DIA and responsible management

Corporate Policies

As a consequence of the recommendations of the new Code of Good Governance of the CNMV, approved in 2015, DIA has been working since then on the adaptation and subsequent publication of its corporate policies. The first step implemented in December 2015, was the approval by the Board of Directors of a renewed Corporate Social Responsibility policy, transversal to all the actions of the company, which includes the principles assumed voluntarily by DIA in regard to its various stakeholders.

The CSR Policy constitutes a reference framework prior to the development of the rest of the policies that the company maintains with regard to its stakeholder relations.

On 11 December 2015, the Board of Directors of DIA approved its Shareholder Communication Policy, Fiscal Policy, Risk Management Policy, Media Relations Policy in the Information Area and, lastly, the Environmental Policy. In 2016, the Franchise Relation policy, the Corporate Food Quality and Safety policy and the Policy for the Prevention of Crime and Anti-corruption have been approved and published, all of which are available on the company's corporate website.

At the closing date of this report, the two remaining policies have been approved and published: The Human Resources Policy and the Customer Relationship Policy. To measure the implementation of each of the policies and fulfil the Recommendations of the Code of Good Governance of the CNMV, the DIA Group has developed a series of indicators that are reported to the Audit Committee of the Board of Directors, which has been attributed the company's Social Responsibility functions.

General Corporate Social Responsibility Policy

DIA Group (DIA) is a company committed to social welfare and the impacts caused by its activities.

DIA's General Corporate Social Responsibility (CSR) Policy constitutes the framework applied by DIA at corporate level in order to meet its commitments in the following fields:

- **Responsible management.** Compliance with the best practices of Corporate Governance and the establishment of a framework based on ethics, transparency and efficient risk management.
- **Commitment to the people and groups it works with.** Employment generation, development of the franchise, supplier agreements, collaboration on social programs and humanitarian aid and creating value for shareholders and society.
- **Franchises.** Offer franchisees the knowledge and the right tools to efficiently manage their business.
- **Quality and price.** Offer consumers solutions to their food needs and consumer products based on a single undertaking on the market in terms of quality and price.
- **Environmental protection.** DIA innovates in its daily work to reduce energy consumption, limit the environmental footprint of its logistics activities, and properly manage its emissions, consumption and waste.

In order to create value in society, DIA has made a strong commitment to environmental respect and sustainability through efficient management of resources, allowing access to quality food at affordable prices, and generating wealth and confidence in the communities where it operates.

In line with this purpose, the General CSR Policy promotes the achievement of the objectives set in the DIA strategic plan and the better positioning of the company in the market.

CSR Principles

Efficiency, Initiative, Respect, Team and Customer are the values that define DIA and act as a reference for professional ethics and appropriate decision-making. These values are the basis for the development of DIA's General CSR Policy, which is articulated through twelve basic principles that uphold its purpose of achieving profitable growth and reflect its commitment to the social and natural environment:

- Promote the **best Corporate Governance practices**, giving priority to transparency, ethical business management and proper risk management.
- Responsible management of both financial and non-financial **risks as opportunities** arising from the Group's performance and the environment.
- Create and maintain **responsible, fluid and bidirectional communication with interest groups** (consumers, employees, franchisees, suppliers, civil society and shareholders) to better understand their expectations and adapt business performance with a view to satisfying them efficiently.
- Work to continuously improve all processes to promote access to **quality food at the best prices** for the consumer, also linking the company's social action with access to nutrition for the most disadvantaged and vulnerable groups, paying special attention to children.
- Promote good practices in terms of responsible **purchasing and healthy eating**, as well as providing comprehensive nutritional information about the products for the benefit of the consumer.
- Ensure maximum **protection and privacy of consumers and franchisees** through full compliance with existing regulations.
- Promote respect for **diversity** by developing the adequate conditions for the functioning of teams with different capabilities.
- Support **equality** between men and women.
- Promote the **safety and health** care of all individuals within the company.
- Support the **training and professional development** of those who form part of the company, promoting a good work-life balance.
- Contribute to better **management of natural resources and the environment**, through energy efficiency, innovation and employee awareness to minimise the negative impacts caused by our activities.
- Promote and ensure **compliance with the United Nations Global Compact**.

These principles are integrated into the Group management system and in its professional standards, that allow DIA to program, monitor and improve its performance; meeting the expectations of its interest groups.

Scope and governance of the general csr policy

The DIA's General CSR Policy establishes the corporate reference framework to ensure its proper compliance and is applicable to all companies and countries that form part of the Group.

The Board of Directors approves the DIA's General CSR Policy and oversees its compliance, ensuring respect of the laws and regulations in its relations with interest groups, compliance in good faith with its obligations and contracts, and respect for the customs and good practices of the sectors in which it operates.

The DIA Appointments and Remuneration Committee has the following functions in relation to the General CSR Policy:

- **Reviewing** the General CSR Policy, ensuring that it is aimed at value creation.
- **Monitoring the strategy** and practices of Corporate Social Responsibility and assessing their degree of compliance.
- **Overseeing and evaluating** the processes associated with the various interest groups.
- **Evaluating** all aspects relating to the company's non-financial risks, including those of an operational, technological, legal, social, environmental, political and reputation-related nature.
- **Coordinating the reporting process** of non-financial and diversity-related information, in accordance with applicable regulations and the international reference standards.

DIA has an organisational structure which is governed by principles and internal rules approved and monitored by Senior Management. This regulation provides for the creation of a CSR Committee, led by the Corporate and Resources Director, and composed of managers responsible for each of the concrete areas in DIA's CSR policy (definers). This body is responsible for defining performance indicators and ensuring that those responsible for the functional areas in each country (contributors) report the required information in accordance with the established truthfulness and accuracy criteria.

Memberships and collaborations

DIA is committed to adopting the most relevant international and national standards in the field. Since March 2012, DIA has been a member of the United Nations Global Compact (UN Global Compact), the aim of which is to achieve the voluntary commitment of its member entities to Social Responsibility, through the application of the Ten Principles set out in the Compact, based on respect for human, labour and environmental rights, in addition to anti-corruption.

Group General Human Resources Policy

The DIA Group is formed by loyal, meticulous professionals who constantly strive to realize the organization's values through a professional culture based on honesty, good faith, integrity, commitment to the DIA Group project, and respect for employment rights.

Against this backdrop, the General Human Resources Policy is the corporate benchmark for people management and contains the spheres of action delivering a response to the DIA Group's commitment to job creation and to its professionals, through the following values:

- Efficiency, based on working meticulously, and creating teams for professional decision-making, together with the search for cost-effectiveness in all actions;
- Initiative, taking heed of any changes occurring in the markets in which the DIA Group is engaged and anticipating them through creative and innovative solutions;
- Respect for commitments, creating an atmosphere of confidence and accepting diversity and differences of opinion, resulting in a safe, credible, and respectful working environment;
- Team work, with a common purpose and in a coordinated manner, creating positive relationships which harness people talent to accomplish optimum results;
- Customer focus, with satisfaction as a proposed maximum.

These defining values of the DIA Group are the basis for the development of the present policy, which is supported by three strategic mainstays for people management within the organization:

- Customer designed: A customer-based working culture;
- Focused on the employee: An organization which supports professional development and fosters employee commitment;
- Digital transformation: A different approach to work enabling greater adaptability, efficacy, and innovation to satisfy customer and employee needs.

Policy purpose

As a multinational Group specializing in the distribution of food, drugstore, beauty, and health products DIA is aware of the need to adapt its human resource policies to the different cultural, labor, and business realities (i.e. competitors or customer profiles) within the different countries where it is located to ensure the success of its global project.

Furthermore, franchises and partnerships are a key element of the DIA Group business. These associates are ambassadors of the DIA brand, and must be committed to ongoing excellence in quality of service and products, in

keeping with the Company values.

In this regard, the General Human Resources Policy:

- Contains common bases and principles (i.e. symmetry with business goals, digital transformation), to be considered by the Group as a whole, in keeping with the business cycle stage of each area.
- Acknowledges the existence of idiosyncrasies in the different societies, countries and businesses forming the DIA Group and the need for flexibility in its local adaptation to certain policies (i.e. recruitment, communication, etc.).
- Establishes the directives applicable to the human resources area, to recruitment, and agreement signing with franchises and other partners, always in compliance with business needs, commitments reached and in accordance with the prevailing legislation at each particular time and country.

The purpose of all of this is to enable the:

- Recruitment, training and development of expert professionals;
- Integration of all professionals into the values and culture of the organization;
- Guarantee of a first-rate, stable, and safe employment;
- Design of a relevant offer to the employee throughout his or her working life;
- Promotion of long-term commitment with pride in belonging;
- Raising of awareness with regard to customer value;
- Development of talent management plans in keeping with business goals;
- Leadership of the DIA Group as a benchmark employer;
- Fostering of collaborative relationships and knowledge transfer to franchises, partners, and associates in people management areas.

Action timeline

The General Human Resources Policy is based on the following seven areas of action which guide the DIA Group commitment to job creation and people management:

- SRecruitment and hiring of professionals
- Equality and diversity

- Talent management and development
- Work-life balance
- Safe and healthy working environment
- Commensurate income
- Labor relations

Recruitment and hiring of professionals

The DIA Group believes that the recruitment and hiring of the best professionals is critical to its company success and in integrating people into the values and culture of the organization (“DIA profile”), which involves:

- Commitment to employment stability and the promotion of hiring locally. A balance is to be achieved between personal needs and the values defining the DIA Group;
- Efficacy in recruitment processes, ensuring their professionalism and quality throughout the organization;
- Assessment and recruitment of candidates in accordance with the desired profiles, based on strict objective criteria of merit and capacity, and ensuring transparency and professionalism of the process with equal treatment of all candidates;
- Coherent job description and appraisal, with objective criteria;
- Profile specialization in keeping with corporate reality;
- Horizontal and vertical mobility for professionals to cover internal vacancies in their own or a different area of the business.

Equality and diversity

In the DIA Group respect for people stems from an open, inclusive, and collaborative working culture based on merit, where team work is rewarded and people are encouraged to perform their best.

The DIA Group respects prevailing legislation in all countries and centers of work, and promotes equal opportunities, non discrimination in the workplace, cultural diversity and respect for human labor rights, which involves:

- Compliance with prevailing labor laws and best practices in equality and employee diversity;
- Acknowledgment of different abilities, ensuring equal opportunities and promoting the integration of all employees (people with different abilities) and the most disadvantaged groups;

- Promotion of equal opportunities and equal pay for all employees within the organization;
- Awareness-raising and sensitization of employees through the development of initiatives and joint projects promoting equality and diversity in the labor force. El reconocimiento de las capacidades diferentes, velando por la igualdad de oportunidades y favoreciendo la integración de todos los empleados, (personas con capacidades diferentes) y de aquellos colectivos más desfavorecidos;

Talent management and development

The DIA Group job assessment system continuously and distinctively manages and develops the talents of the DIA Group employees. This is a basic tool for consistently developing the mechanisms of people management to fit in with the realities of the organization, enabling it to:

- Identify and acknowledge the value an employee and his or her different functions may offer at the different levels of company structure;
- Provide the organization with a flexible tool with which to carry out the integration and reorganization processes to better respond to customer demands;
- Detect needs and provide opportunities for international mobility;
- Participate in continuous training and development of skills, in accordance with business and customer needs;
- Be transparent, professional, and dynamic in company talent development procedures;
- Implement and develop a talent management system;
- implement and develop a succession plan for core-ability posts and professionals within the organization;
- implement and develop a plan for identifying high-potential individuals in the organization;
- Develop positive aspects which have an effect on the high performance of employees through the implementation of action plans;
- Foster internal mobility opportunities through a global vacancy system;
- Assess performance and the establishment of incentives for harnessing and retaining talent;
- Actively listen and involve employees.

International mobility in the DIA Group is a tool for expansion and professional development. The DIA Group promotes international mobility processes in addition to its commitment to the development of local talent and employment, and promotes the spread of knowledge and subsequent location, thus controlling the costs associated with these relocations.

Work-life balance

The DIA Group recognizes the need for a balanced working environment which takes into account employees' personal and working lives. This leads to better performance in the workplace in addition to increasing pride in belonging to the organization, through:

- An open and transparent working culture based on confidence, understanding, and commitment between professionals;
- The establishment of a working environment where professional, personal, and family lives may coexist harmoniously.
- The development of certain initiatives and benefits for employees to ensure their well-being.

Safe and healthy working environment

The DIA Group is aware of the importance of health and safety at work for all employees and collaborating third parties. It therefore promotes a safe and healthy working environment in all areas of the organization, through the following commitments:

- Compliance with prevailing legislation and best practices in health and safety;
- Diligent action in individual protection and that of those who form part of the DIA Group environment, including suppliers and associates;
- Reduction in the rate of accidents and an improvement in security in all value chain stages;
- Implementation, development, and securing of necessary prevention measures in the organization;
- Promotion of a culture of prevention and well-being through awareness and constant training of employees throughout the organization;
- Fostering of all employees' participation in the promotion of health and safety, cooperating jointly to increase the organization's safety standards;
- Monitoring of employee health with regards to workplace-related risks;
- Improvement of employee well-being through healthy behavioral habits;
- Demand for compliance of the safety regulations established by the DIA Group from suppliers and associates, involving them in the risk-preventative culture established in the organization.

Commensurate income

The DIA Group maintains a remuneration policy aimed at attracting, motivating and retaining a workforce capable of meeting all its business challenges. The DIA Group pursues the right balance of excellence among its employees

through a carefully executed indemnity process comprising:

- A remuneration system based on the principles of balance and positioning in keeping with market forces, which acknowledges employee abilities, responsibilities, merits, and performance;
- The assurance of transparency and equal salary policies for the same jobs;
- A competitive salary base which complies with legislation;
- A variable salary based on short and long term incentives to promote business goal accomplishment and challenging personal objectives;
- The linking of a major part of the DIA Group Management salary to value creation objectives, aligning remuneration with shareholder interests and medium term strategic plans;
- The incorporation of best practices and directives from corporate investors and other international bodies, for the administration and design of remuneration;
- The drive to offer a benefits package to employees in keeping with local particularities.

Labor relations

The DIA Group recognizes the right of its employees to both freedom of association and the right to collective bargaining within the established legal frameworks of the company sector environment.

Furthermore, the DIA Group promotes a culture of continuous representation and dialog with all of its employees, both individually and collectively. The Group aims at firsthand knowledge and understanding of any concerns and of the level of satisfaction, to ensure long-term company success.

Responsibility and implementation

The DIA Group Board of Directors approves the General Human Resources Policy and adheres to it, ensuring its respect for legislation and internal regulations relating to the people who form part of the organization.

The DIA Group Human Resources strategic plan will establish the specific objectives and define the specific actions to be accomplished in the short, medium, and long term.

The DIA Group has a flexible, transparent, and constantly evolving human resources management system enabling it to adapt to a fast-changing business climate.

The system is supervised by senior management and is able to achieve organizational coherence, appreciate strategic issues and manage the workforce through common criteria.

Scope and outreach

The General Human Resources Policy is applied to all companies and countries forming part of the DIA Group.

The contents of this Policy must be complied with by all persons forming part of the DIA Group. Awareness and outreach of this Policy is therefore dependent on the communication tools available within the organization.

Corporate Policy

DIA establishes that in its relationships with Customers it must maintain a high commitment to honesty and professional responsibility.

Respecting commitments acquired with customers, honesty in both written and verbal relations and acting with integrity in all professional activities are objectives that have to be fulfilled.

This Guide to Good Practice in Customer relations is the document that sets out the principles that shall preside over these relationships. These principles should be understood as complementary guidelines to sector-specific regulations on advertising, the purpose of which is not to replace but rather to expand the responsibility of DIA in its relationships and communication with customers.

General Principles

- The company's commitment to customers/society. Brand values: transparency, closeness and quality, as well as humanity and equality, and how they lead towards responsible advertising with stable principles of action.
- Commitment to the truth and not mislead customers. Generally speaking, DIA's message is addressed to adults in a way that is transparent and comprehensible to them.
- Our marketing and advertising practices shall conform to the laws and the decisions imposed by the authorities regulating the sector.
- We show respect for the ethics and specific values of society through our marketing and advertising programs.
- We recognize that the purchasing decisions of a customer may be influenced by advertising and believe that we can facilitate decision making by providing information without exerting an influence in one direction or another. The purpose of the DIA advertising message is to inform and raise awareness of the

benefits of our range of products and services.

- We believe in the right to privacy and the lawful processing of customer information and, accordingly, all of our communication practices (off line and digital) comply with the legislation in this area.
- We maintain an ethical position in regard to advertising, environments and contexts that encourage the development of arguments concerning gender equality, sex, violence offensive behavior, discriminatory treatment towards other people, or in which the environments are not consistent with our corporate image, taking into consideration market standards and practices.
- DIA forms part of the Spanish Advertisers Association and is guided by the principles published by this association relating to the commercial communication of its brands. It also forms part of Autocontrol, entity that guarantees consumers legal, truthful and responsible communication. Consequently, DIA adheres to what has been established as good practice in commercial communication by the sector's main bodies. In each country in which it operates, DIA will observe the good communication practice identified by the leading advertising associations or, otherwise, market practices and uses.

Specific guides

The principles that govern our communication to customers, regardless of the means, are the following:

Legality

No mainstream media or relational DIA communication should be unworthy of the service which advertising provides to the market whose good operation it shall contribute to.

We submit ourselves to full compliance with laws and regulations, including retail sector-specific regulatory guides.

Our communication must respect current laws and especially the values, rights and principles recognized in laws.

Good faith

Our communication should never be a means to abuse the good faith of our current or potential Customers.

Misleading advertising

Our information will always be truthful and never misleading. Misleading advertising is understood to be advertising that in any way deceives or is likely to deceive those to whom it is addressed and which may change their economic behavior, whenever it has an impact on any of the following aspects:

- The existence or nature of the good or service.
- The main characteristics of the product, such as its availability, benefits, risks, execution, composition, accessories, method and date of manufacture or provision, delivery, fitness for purpose, usage, quantity, specification, geographical or commercial origin or the results to be expected from its use, or the results and material features of tests or checks carried out on the good or service.

- After-sale customer assistance and complaint handling.
- The extent of DIA's commitments, the motives for the commercial conduct and the nature of the commercial transaction or contract, as well as any statement or symbol indicating that DIA or the good or service are the object of direct or indirect sponsorship or direct or indirect approval.
- The price or the manner in which the price is set, or the existence of a specific price advantage.
- The need for a service, part, replacement or repair, and the modification of the price initially informed, unless there is a subsequent agreement between parties accepting this change.
- The nature, characteristics and rights of DIA, such as its identity and solvency, qualifications, situation, approval, affiliation or connections and its ownership of industrial, commercial or intellectual property rights or any awards and distinctions it may have received.
- Legal and conventional rights of the consumer or risks the latter might face.

Advertising will also be regarded as misleading when it omits information that the person to whom it is addressed needs in order to take an informed transactional decision and in doing so may materially distort the consumer's economic behavior. Our goal is to provide our customers with all the information they require for making purchasing decisions.

In this way, consumers will take into account all the features and circumstances of the advertising, as well as the limitations of the communication medium used. Where the medium imposes limitations of space or time, these limitations and any measures taken by the business person or professional to convey the necessary information by other means will be taken into account in deciding whether information has been omitted.

The visual presentation of our products will show as accurately and objectively as possible the reality and actual characteristics of the product, including size, content, health benefits and nutrition.

The word "new" (or similar) may not be used in regard to a product or presentation that has been on the market in the country for more than two years.

And when we say that someone is a DIA customer, they really are

Our communication will always conform to law, ethics and truth.

Aggressive communication

Our communication shall not be aggressive. Aggressive communication is understood as that which is likely to significantly impair the freedom of choice or conduct of those to whom it is addressed, by harassment, coercion, including the use of physical force, or undue influence and, consequently, affects or may affect the consumer's economic behavior.

Exploitation of fear

Our communication will not use arguments that take advantage of fear, distress or superstitions of those to whom it

is addressed. Advertisers may resort to fear as long as it is proportionate to risk, in order to encourage prudent behavior or discourage dangerous, imprudent or illegal actions.

Non-incitement to violence

Our communication will not incite violence, or suggest that there are advantages in violent or abusive behavior..

Non-incitement to illegal behavior

Our communication will not incite (or be based on) illegal behavior.

Respect for good taste

Our communication shall not include contents that cause offence against prevailing standards of good taste, social decorum and good custom.

Dangerous practices and security

Our communication shall not encourage dangerous practices, except when made in a context in which it may be specifically deduced that it promotes safety.

Discriminatory communication

Our communication shall not allude to discriminatory situations, whether in regard to race, nationality, religion, sex or sexual orientation, nor will it infringe people's dignity. In particular, it will avoid communication that could be degrading or discriminatory for women. In our messages, we will present balanced gender roles and power relationships.

The right to dignity and honor

Our communication shall necessarily respect the right to honor, intimacy and personal image.

We do not use concepts that exploit painful or unfortunate personal situations, offensive behavior, vulgarity or bad manners.

Protection of children and adolescents

If the occasion arises to communicate to children, we must proceed with extreme caution. Such communication must not exploit the naivety, immaturity, inexperience or natural credulity of children and adolescents, or their sense of loyalty.

Advertising addressed to children or adolescents, or which is likely to influence them, shall not contain statements or visual presentations that could cause them moral, physical or mental harm.

Animal Protection

If animals are used in our communication, this shall never entail any type of abuse or cruel treatment.

Health protection

Advertising will avoid inciting its recipients, especially adolescents, to acquire habits/behaviors that could be harmful to their health.

We will not encourage the excessive consumption of any product line or category, or promote inactive, sedentary or unhealthy lifestyles or habits.

We are committed to communication that always encourages a healthy and active lifestyle.

Comparative communication

Comparative communication must respect the principles of fair competition. Therefore, it may not directly or indirectly discredit or speak ill of competing companies and products. In any case, comparisons should address analogous, relevant and objectively demonstrable aspects and, in general, should not mislead the persons to whom they are addressed.

Comparative advertising, whether direct or indirect, must respect the requirements shown below:

- a) The goods or products compared must have the same purpose and meet the same needs.
- b) The comparison must be made in objective way between one or more essential, relevant, verifiable and representative features of the goods or services, among which price may be included.
- c) In the case of products with designation of origin, geographical indication, specific designation or guaranteed traditional specialty, the comparison may only be made with others with the same designation.
- d) Goods or services cannot be presented as imitations or replicas of other goods or services to which a protected trade mark or trade name applies.
- e) The comparison may not infringe the provisions on misleading, denigrating or confusing acts, or exploitation of the reputation of others.

Common characteristics

We will not suggest that our products or services possess characteristics which are particular to them when these are common to similar products or services.

Exploitation of the prestige of others and imitation

Our communication shall not contain, either explicitly or implicitly, any reference to the distinctive signs of another advertiser, other than in legal or conventionally permitted cases or in the case of acceptable comparative advertising.

Advertisements will not imitate the general outline, text, slogan, distinctive signs, visual presentation, music, or sound effects of other national or foreign advertisements, even if the campaign has come to an end, when any of these items are protected by industrial or intellectual property rights or the advertising may create a risk of confusion among consumers, or involves taking unfair advantage of the effort or reputation of others.

Denigration

Our practices shall not implicitly or explicitly discredit or denigrate other companies, activities, products or services.

Product availability

Product availability

Products or services may not be offered that cannot be provided or rendered, unless the advertisement states the time or delivery period or when the service can be rendered. DIA will make every effort to guarantee the availability of products at the stores, working diligently to replenish stocks as soon as possible.

Scientific corroboration

All of the products we sell contain the nutritional information corresponding to total content and to 1 serving.

All content referring to the benefits of the product, as well as all health and nutritional claims, must be substantiated by tests, facts or evidence, in accordance with the regulations in this area.

All the information and advertising statements must be correct, scientifically substantiated, true, objective and balanced and should reflect the current state of knowledge. All statements must be adequately referenced, unless they specifically reflect product information approved by the competent Health Authorities.

Where the promotional material refers to published studies, these should be faithfully reproduced or a clear reference should be provided that makes them easy to consult.

We do not invoke the idea that consuming our brands or purchasing at our store will lead to social or sexual success.

Proof of allegations

Responsibility for proving the accuracy of the statements and allegations contained in the advertising rests with the advertiser.

Technical information

When technical, scientific or statistical data are disseminated in our communication, these shall be relevant and verifiable, and leave no room for error with regard to the individuals or legal entities, the nature of these or other supporting circumstances.

Comparative tests

The dissemination of comparative tests of products and services shall disclose the identity of the individuals or legal entities conducting them, as well as the date on which they were performed. In the case of partial dissemination, this should be carried out in an equitable manner.

Testimonials

When advertising includes recommendations and/or testimonials, that is, assertions from parties not connected to DIA and who are not acting as spokespersons for the latter, whether they are paid or not, these must be truthful, both

in regard to the person recommending/testifying and the content of the recommendation and/or testimonial. DIA shall have the written authorization of the person testifying and bears the burden of proving the truth of the advertisement. Such communication may only be used as long as the above conditions are held to be valid.

Guarantees

Our communication shall not contain any reference to a guarantee that does not improve the legal position of the purchaser. The communication may contain the words “guarantee”, “guaranteed”, “certified” or words having the same meaning provided that it does not deceive or is likely to deceive the consumer regarding the scope of the guarantee.

Prizes, contests, promotions

For each strategic alliance with suppliers or partners, we will choose the attributes of the relationship that best reflect our image and reputation.

The conditions and mechanics of promotions, contests and special offers will be communicated in a clear and simple manner.

The promotions will not encourage the over-consumption of a product, but rather will respond to a scheme that respects an average consumption frequency of the same.

Contest rules will be published in a clear, complete and concise manner and impartial judges will be assigned to determine the winners.

The compulsory communication information will be clearly expressed and easily understood by the general public.

Promotional advertising, such as contests or similar operations, will clearly indicate the main conditions of participation and the duration. Under no circumstances will it conceal the necessary conditions for obtaining the prize or the costs implicit in its receipt or for participating in the promotion.

Sampling

The main objective of giving out free samples is to raise customer awareness of the product and its organoleptic characteristics, in accordance with the spirit of current legislation.

Campaigns with social cause

When our communication refers to the participation of an advertiser in a charitable act or campaign, it shall scrupulously respect the principles of truthfulness and good faith.

The following rules shall also be observed:

- a) The advertiser shall disclose, explicitly, unequivocally and without being misleading, the extent of its participation in the corresponding charitable act or campaign.
- b) If the communication refers in any way to a solidarity organization, it must have the consent of the latter and shall respect the instructions it gives or the conditions under which it concedes the authorization.

Investor Relations Communication

The Board of Directors in exercising its supervisory functions shall promote and protect the exercise of the rights of shareholders, institutional investors and markets, according to the following principles:

- Responsibility, diligence and transparency in disseminating information, with regard to interest groups and in the handling of relevant and privileged information, at all times in accordance with that provided by law, the Internal Conduct Regulation and other internal regulations of the Company.
- Equal treatment, promotion and protection of the rights and interests of shareholders. In no case may there be discrimination for the purpose of providing information that may place certain shareholders in a privileged or advantageous position with regard to other shareholders.
- Proactivity in providing information. It shall promote making information available to interest groups for the purpose of providing the most current and complete information possible on the Company.
- Attention and cooperation with interest groups. The Company, through the Department of Investor Relations and via the corporate website (www.diacorporate.com), shall implement the communication and contact actions required to ensure that shareholders, institutional investors and voting advisers have identified partners and the means necessary to easily access Company information on a regular basis.

Communication Procedure And Approval Of Information

The Company, as a listed company, is subject to compliance with certain obligations on information and dissemination, which must be implemented through the CNMV.

The Company, aware of the importance of complying with its information and dissemination obligations, has established an internal procedure in order to strengthen the fluidity and authenticity of information and to ensure the transparency and security of approval channels for the purpose of managing to ensure compliance with the aforementioned obligations.

In accordance with the legal provisions, the Company has established the following criteria regarding: (i) the information subject to communication, (ii) those responsible for the communication and (iii) the approval process.

Information Subject to Communication

The Company shall communicate to the market, accurately, fully and neutrally, and in compliance with the securities market regulation, the following:

- **Relevant Facts:** Relevant Fact as a concept shall be understood to be any event which may positively or negatively affect the legal, economic or financial position of the Company, with the Company itself being obliged to communicate any information which may affect investors in their analysis of acquisition or transfer of shares of a listed company.
- **Periodic financial information:** Within the periodic financial information being published, three types must be distinguished:
 - Annual financial information, which shall be published within the maximum period of four months from the end of the financial year.
 - Half-yearly financial information, which shall be published within a period of two months from the end of the financial year half. If the annual financial report referred to in the paragraph immediately above shall be published within the two months following the close of the previous financial year, the Company shall be exempt from elaborating and publishing the financial information corresponding to the second half of the previous financial year.
 - Intermediate financial information (quarterly), which shall be published within a maximum period of forty-five days from the end of the first and third quarter respectively.
- **Transactions performed with own shares (treasury stock):** The communication shall be made within a period of four trading days from implementing each transaction or each set of transactions that exceeds one per cent of the voting rights of the Company (in other words, when it reaches 1%, 2%, 3% and so forth).
- **Other information of interest:**
 - Results Notice. With the same regularity as corresponds to financial information listed in section b) regarding Financial information, the Company shall draft a results notice which summarizes the content of the financial information which must be published on each occasion, which shall be primarily intended for analysts and investors. This Results Notice shall be communicated to the market as a Relevant Fact prior to its publication.
 - Other information. Similarly, although it may not be considered relevant information from the perspective of applicable regulations, the Company may disclose any other information that it considers pertinent for unique knowledge of the Company by means of press releases, presentations made at meetings with investors, etc., with this disclosure being in compliance with the applicable regulatory framework.

Those Responsible for Communication

The Regulatory Compliance Director, in addition to being the partner assigned to the CNMV, among other duties, assumes the function of communicating Relevant Facts, financial information, information on treasury stock to the market, along with any other which must be disclosed in compliance with legal provisions.

The Regulatory Compliance Director shall appoint a deputy for cases when, due to any circumstance, it may be necessary to substitute him or her in order to comply with the communication obligation.

The communication shall be made through CIFRADOC/CNMV, which is the encryption and electronic signature system used by the CNMV for the electronic transfer of documents. The publication of Relevant Facts must be made as soon as the fact is known or the decision is adopted, and this publication must be made preferably before the opening of the stock market or after its close.

Approval Process

Prior to its transfer to the CNMV, via CIFRADOC, the information being sent must be submitted to the Managing Director and the Corporate Executive Director responsible of the Financial Department for their joint approval. Once this approval is obtained, the Regulatory Compliance Director shall proceed with its electronic transfer. If any of the two latest were absent, it will be substituted by the Board of Directors' Chairwoman or by the Compliance Officer if the latest was absent too (both, the Chairwoman and the Compliance Officer will be responsible if all the initial responsible were absent).

Subsequent to its publication on the CNMV website, the same information shall be published on the Company's corporate website (www.diacorporate.com)

Communication And Contact Channels

The Company must be equipped with sufficient human and technical resources to exercise the communication and contact function with their interest groups in addition to the channels of disseminating information, both public and corporate, among which the following must be noted:

Website of the Comisión Nacional del Mercado de Valores and other regulatory bodies

The principal information channel is the CNMV website (www.cnmv.es) as well as, if applicable, the channels established by other foreign authorities and supervisory bodies, for swift dissemination.

Company website

The official communication channel of the Company with its shareholders and the financial market is its corporate website (www.diacorporate.com) where the information is updated continually. Through this channel, the Company

monitors the information which may be of interest to shareholders and other interest groups, which enables, in general terms, immediate and easy access to the information.

For the purpose of achieving the widest possible dissemination, the information released by the Company shall be provided, as far as possible, in Spanish and English, with the Spanish version prevailing in the event of any discrepancy.

The presentation of periodic financial results, and other significant economic and financial presentations, such as the "Investor's Days", shall be simultaneously broadcast via the Company's website, and where appropriate, the relevant channels shall be made available to interested parties to ask questions and request clarification.

Investor Relations Management

The Investor Relations Management together with the Managing Director and Corporate Executive Director responsible of the financial department of the Company, are those responsible for communication and management of queries made by analysts, institutional investors and shareholders, and for this purpose there is an email address (investor.relations@diagroup.com) and a contact telephone number which is stated on the corporate website and in documentation issued by this Management to interested groups.

For the purpose of voting advisers or proxy advisers having the most complete Company information available at the time of issuing their respective voting recommendation reports, the Investor Relations Management and the Regulatory Compliance Director of the Company shall maintain the contact details which are deemed necessary.

Food Quality and Safety Policy

The DIA Group is aware of its responsibility to maintain the quality and safety of its products, and considers it fundamentally important to establish general principles to guide the company's activity in this area.

The purpose of the Quality Policy is to express the following commitments:

- Create trust in consumers by supplying safe, quality products.
- Comply with current law in every one of the countries in which the DIA Group is present.
- Guarantee adequate production conditions for our products and certify our suppliers via food safety audits or by requiring market-standard IFS/BRC audits.
- Guarantee the genuineness, quality, and safety of the products we sell via the definition and implementation of an annual Control Plan that includes internal quality controls of products upon receipt and analyses in accredited laboratories.
- Maintain the quality and safety of our products throughout the supply chain by monitoring storage, transport, and sales processes.
- Offer consumers complete and transparent information on our product labels so as to encourage them to buy in both our brick-and-mortar and online stores.

To work with clear commitment to improve continually and to promote understanding and dissemination of the quality policy within our organisation via internal training and communication channels.

Risk Management Policy

The purpose of this document is to define the DIA Enterprise Risk Management Policy and include the key principles as a basis for its adequate performance. On the other hand, it is briefly explained the taken methodology in order to achieve an effective Risk Management that helps to the attainment of business objectives set by the Management.

The Corporate Risk Management is a process that must be developed by the Board of Directors and be supervised by the Audit Committee. However, the correct implementation of a Risk Management and Control System requires the involvement of all Organization staff.

The Enterprise Risk Management Policy is applicable to all companies and territories where DIA operates.

The Management decisions in all of its activities have an influence in the creation of value, from the establishment of the strategy to the Company daily operations. The last one is maximised when strategy and objectives are established with an optimal balance between growth and profitability targets and the associated Risks.

In the implementation of the Corporate Risk Management System, DIA should consider all their activities at the different organizational levels, from those at Group level to the business units and processes. The System should be applicable at the following levels.

The entire Organization plays an important role in the objectives achievement related to the Risk Management System. The approach of Risk Management Model is therefore comprehensive, systematic and is applicable to all companies and territories where DIA operates.



Methodology

A Risk Management Integrated Model improves the Organization's ability to manage uncertainty scenarios. It is a systematic and detailed approach that allows the Organization to identify events, assess, prioritize and respond to Risks associated with its main objectives, projects and operations.

The DIA Risk Management process is based on the methodological standard COSO II, Risk Management methodology generally accepted and adapted to DIA needs. This methodology allows DIA to identify, create, capture and sustain the value of Risk Management at the different levels of the Organization.

The methodology establishes three dimensions for analysis:

- Organization Objectives.
- Levels of the organization.
- Where the Risks may materialize and therefore need to be included in the Risk Management Model.

Dimensions in Risk Management



The components in the Management process of the Organization are:

- Internal environment: Management establishes the Risk Management philosophy, determining the level of risk accepted.
- Setting objectives: it is necessary to know the objectives of the Company in order to identify potential events that may affect their achievement.
- Event identification: it must be identified potential events that may impact DIA. In this sense, it will be considered events, from internal and external sources, that may affect the achievement of the objectives, distinguishing between those that mean a Risk and those which represent an Opportunity.
- Risk assessment: Risks are analysed by assessing their probability and potential impact on objectives achievement.
- Risks responses: identify and evaluate possible responses to Risk: avoid, accept, reduce or share.

- Control activities: based on Risk responses, establishing policies and procedures to ensure that they are carried out.
- Information and communication: information obtained from the analysis must be communicated to the implementation responsible.
- Supervision: Risk Management is supervised, so that they can be adapted in case of change of circumstances.

Concept of risk

DIA defines Risk as any contingency, internal or external that in case of materialisation would prevent or difficult the achievement of the objectives set by the Organization.

The DIA Risk Management identifies the different types of risk, financial and non-financial (including operational, technological, social, environmental, political and reputational) facing the Organization, including among the financial or economic risks, fiscal risks, contingent liabilities and other risks present off the balance sheet risks.

Depending on their nature can be classified into Inherent and Residual:

- **Inherent Risks:** Risks related to the nature of business and the Company whose valuation does not take into account existing Organization Controls to mitigate them.
- **Residual Risks:** Risks related to the nature of business and the Company that, remain after the existence Organization Controls to mitigate them.

Each Risk is assessed in terms of probability and impact. DIA considers that a Risk arises as lost Opportunities and / or strengths as well as a materialized threat and / or enhancement of a weakness.

Key principles

The five key principles of DIA Risk Management are:

- In order to achieve the strategic goals, Risks must be managed throughout the all Organization with no exceptions. It is necessary all Organization involvement in the Risk Management System.
- The Risk Management includes identification, assessment, response, follow up or monitoring and reporting according to the established procedures.
- DIA Risk Management should ensure the existence of adequate measures to mitigate the impact of the identified risks, in the event of materialization. The Risk responses should be consistent and be widely adapted to the circumstances of the business and economic environment.
- The Executive Committee (COMEX) will, among other things, evaluate annually the assessment of the main DIA Risks, including the fiscal risks, and review the Risk Tolerance level established.

- Periodically, a monitoring and reporting will be done considering the identification activities, assessment, responses, follow up or monitoring and reporting according to DIA Risk Management Model.

The DIA Risk Management ensures the existence of adequate internal control systems to manage and control the aforesaid risks, including contingent liabilities and off balance sheet risks.

Responsibilities

The Board of Directors, Audit Committee and DIA Management are responsible for the proper functioning of the Risk Management Model.

The Board of Directors is responsible for approving and setting the Enterprise Risk Management Policy. Management is responsible of its implementation, and for establishing the strategy, culture, people, processes and technology that make up the Risk Management Model.

The Executive Committee (COMEX) is responsible to set the level of risk that the organisation considered acceptable (risk appetite), to be approved by the Board of Directors ultimately.

The Audit Committee is responsible for monitoring and periodically reviewing the effectiveness of DIA Internal Control procedures, Internal Audit and Risk Management Systems, verifying the adequacy and completeness of them.

DIA has established a Risk Committee at Corporate level, and has designated a Corporate Risk Coordinator responsible for communication and coordination of meetings and the collection of information and reporting of it. The Coordinator also acts as interlocutor with the countries in the field of Risk Management.

Each country must establish its own Risk Committee.

Each Area Director is responsible for managing (in his/her area) the Risks appropriately. In the case of a Risk occurrence (at one of the areas), the Area Director will be responsible for managing and implementing adequately the necessary mechanisms in order to minimize the impact as much as possible.

The Risk Committee will evaluate later, whether the response after the occurrence of Risk was correct or not, and whether it has been detected the necessity of implementing new Controls or response mechanisms.

Risk Committee

The Risk Committee is composed by the Risk Coordinator (at the quarterly meetings of the Corporate Risk Committee, the Corporate Risk Coordinator will act on behalf of Country Risk Coordinators, reporting to the Corporate Risk Committee the information received from them on Risk Management) and a responsible for each of the functional lines (Area Directors):

- Franchise
- Expansion
- Master Franchises

- Organization and Systems
- Human Resources
- Legal
- Finance
- Fiscal
- Sales
- Supply Chain
- Quality Control
- Technical Direction and Central Supply
- Trade & Merchandise
- Internal Audit
- External Relations
- Security
- Strategic projects

En el ejercicio responsable e independiente de sus funciones, la Comisión de Auditoría y Cumplimiento y Auditoría Interna tienen la competencia de supervisión del sistema de control y gestión de riesgos.

- Analysis of the environment and new projects that may directly or indirectly influence the Risks of DIA. Consideration of the inclusion of new Risks and / or disappearance of any of the existing ones.
- Action plans recommendation, monitoring and continuity of existing Action Plans.

Additionally to the quarterly meetings, annually, the Risk Committee should conduct an assessment and detailed Key Risk Map analysis.

The findings and information from the analysis of the Risk Management Model must be reported to the Management regularly. Additionally, the Risk Committee shall inform to the Management, if relevant topics are detected in its analysis. Finally, Management may request the results report of the Risk Committee.

Supervision of key principles and Enterprise Risk Management Policy

The Audit Committee and Internal Audit, taking into account their responsibilities and independence, are the competent supervisors of Risk Management Control System.

Internal Audit will supervise the Control System and Risk Management. This supervision task involves the review of the entire process, including the performance of the Enterprise Risk Management Function and the effectiveness of Control activities. The results of this supervision will be reported to the Audit Committee.

Risk Appetite, Risk Tolerance

The DIA approach is based on three basic elements and its proper alignment with the Enterprise Risk Management process:

- **Business Objectives:** Strategic & Operating goals of DIA.
- **Risks:** Any situation or event, which may jeopardise the achievement of an objective.
- **Controls:** Management actions and responses put in place for the Risks.
- **Controls:** Management actions and responses put in place for the Risks.
- Proper alignment between Business objectives, Risks and Controls based on the level of Risk Tolerance and Risk Appetite of DIA.

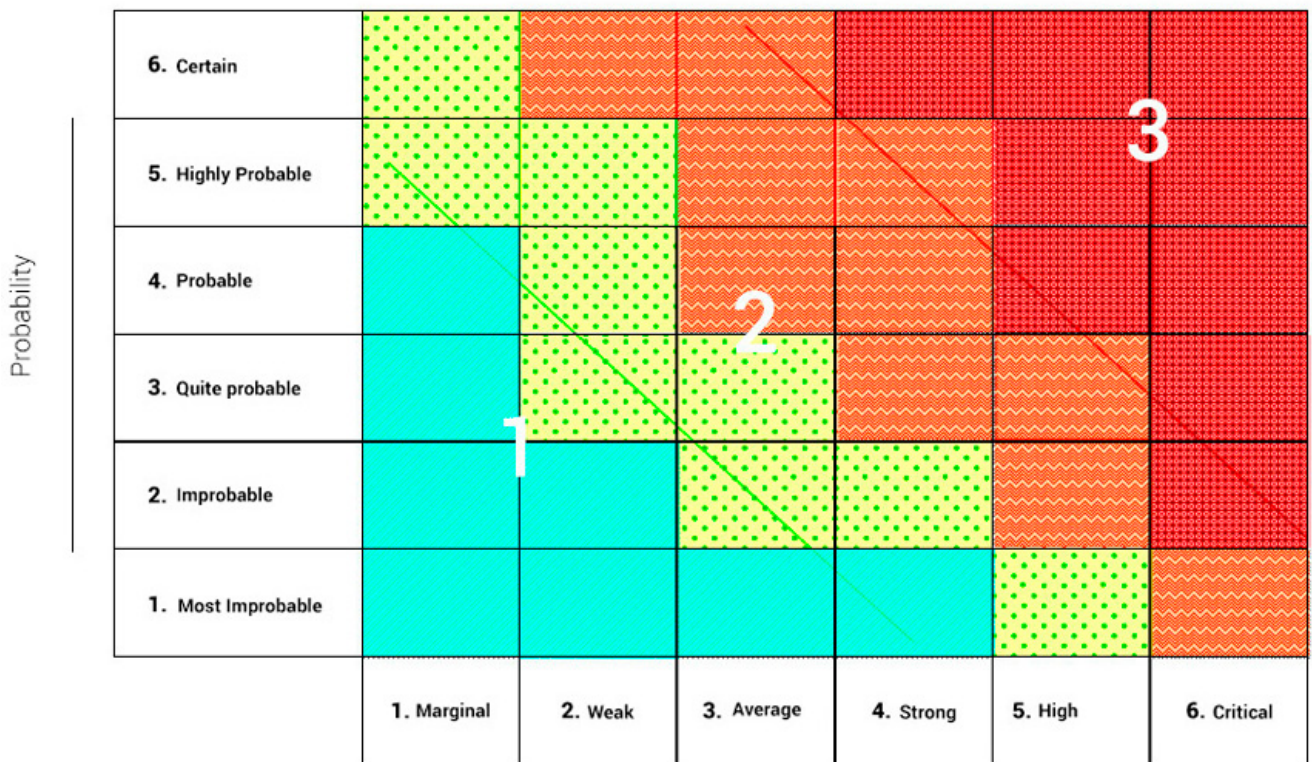
Risk Appetite is defined as the desired level of risk that DIA takes to achieve its objectives. It is considered in the strategy that has been defined by the Executive Committee and validated by the Board of Directors.

Risk Tolerance is defined as the acceptable level of variations is willing to accept regarding the pursuit of its objectives. It is the specific maximum risk that the Organization is willing to take. It is Management's responsibility to define the risk tolerance.

The risk appetite and the risk tolerance are annually reviewed and presented to the Board for approval.

Once the risk appetite and the risk tolerance are defined, these should be compared with the risk value. There are three different possible situations:

DIA RISK EXPOSURE



CAPTION
 — RISK TOLERANCE
 — RISK APPETITE (*)
 1,2,3 RISK VALUE

IMPACT (EBITDA)

Example

Situation 1

Risk Value < Risk Appetite < Risk Tolerance

The risk value is within the desirable and acceptable risk levels of the company.

Action Plans:

Keep the present situation considering the possibility of taking more risk..

Situation 2

Risk Appetite < Risk Value < Risk Tolerance

The risk value is out of the desirable risk levels but within the acceptable risk levels of the company.

Action Plans:

Take measures to mitigate risk adjusting it to the Organization risk appetite, otherwise approve to maintain the risk value out of the risk appetite in order to achieve the business objective.

Situation 3

Risk Appetite < Risk Tolerance < Risk Value

The risk value is out of the desirable and acceptable risk levels of the company.

Action Plans:

Management must analyze the situation and the necessary action plans to reduce the risk value at least within the acceptable risk levels.

Regarding the risk appetite, the Board of Directors must continuously have sufficient information of the entire Organization for a proper decision-making.

Environmental Policy

The DIA Group is aware of its responsibility toward the environment and considers it fundamentally important to establish general principles to govern the management and planning of the company's activities that integrate energy efficiency and sustainability criteria.

The purpose of this policy is to express the DIA Group's commitments in this area:

- Comply with current environmental law in every one of the countries in which the DIA Group is present.
- Promote responsible use of resources.
- Apply sustainability and eco-design criteria as we develop our products and packaging.
- Manage the waste generated via a prioritisation model that favours prevention, reuse, recycling, and recovery.
- Take measures to reduce greenhouse gas emissions.
- Work actively to identify opportunities to improve by developing and implementing environmental auto-diagnostic procedures.
- Encourage our personnel via training and awareness campaigns to actively help implement these commitments.

To work with clear commitment to improve continually and prevent the Group's activities from impacting the environment.

External Relations Policy

The DIA Board of Directors approves the corporate social responsibility policy, whose principles include creating and maintaining fluid and responsible communications with interest groups.

Communications with shareholders is included in investor relations. Communications with employees is included in the company's HR policy. Communications with customers and the media with regard to advertising is included in our marketing and public relations policy.

Communications with the media with regard to the provision of information, and also communications with public administrative authorities and third parties not included in the paragraph above are included in this present document.

In conformity with the stipulations in our CSR policy, our external relations policy promotes reaching the objectives the company has specified in its strategic plan and achieving a better market position.

Basic principles

- Information provided to the media, regulatory bodies, and any associative network, regardless of its social purpose, shall be based on transparency, accessibility, freedom of expression, equal treatment, and mutual respect.
- The following are the tools to guarantee information is transmitted fluidly to the media: the corporate webpage, which shall always be duly kept up to date, the press room, press releases, personal and group meetings with interested media, and the social network communications channels whenever possible.
- Relations with regulatory bodies are maintained via bilateral meetings or the company's representative sectorial associations. All meetings with regulatory bodies shall maintain the principles of legality, respect for competitive freedom, and political neutrality. In addition, when conducting such relations, all company employees shall follow the DIA Group code of ethics principles expressed in the anti-corruption policy.
- Relations with associative networks, whether they be sectorial or public, shall be conducted with respect for the interests of both parties, liberty of expression, and transparency.

The company has developed a monitoring system that uses indicators to assess the degree to which this policy is being followed.

Tax

DIA's tax strategy is essentially oriented to ensuring responsible compliance with the tax regulations in such a way that takes into account the company's interests and helps achieve the DIA Group's business strategies.

DIA acknowledges the social function of the tax system and wishes to ensure that its corporate interests and the interests of its stakeholders (e.g. shareholders, customers, franchisees, employees and suppliers), its social and corporate responsibility, and the trust placed in DIA in the communities where it operates receive due consideration in the course of the development of its tax function.

The goals, principles and good tax practices that make up DIA's tax strategy must guide its decision-making process at every level, and the actions of DIA Group companies in accordance with Section 5 below.

Guiding Principles

DIA's compliance with its tax obligations will be governed by the following principles:

- DIA will comply with all tax legislation and regulations that are applicable to it in the jurisdictions in which DIA carries out its business and will pay all taxes due.
- DIA's tax strategy will be based on a reasonable and responsible interpretation of tax laws. Accordingly, DIA will seek to ensure that the application of the tax regulations is well founded in law, especially when they are unclear or subject to interpretation.
- DIA will endeavour to ensure that decisions affected by tax legislation are taken at the appropriate level.
- DIA will endeavour to promote good faith, transparency, collaboration and reciprocity in its relations with the tax authorities, according to the law and without prejudice to the defence of its legitimate interests and, where appropriate, of the reasonableness of its interpretation, and will endeavour to reach agreement and consensus with the tax authorities to resolve possible conflicts.
- DIA will develop a Risk Management Policy and establish a system to control and manage tax risks, aiming to prevent and minimise significant tax risks.
- DIA is committed to adhering, in the course of its business, to good tax practices that aim to reduce significant tax risks and prevent conduct capable of generating such risks. In particular, DIA will adhere to the good tax practices set out below.

Good Tax Practices

DIA will direct its activity to pursuing the following good practices:

- DIA does not use opaque corporate structures or those situated in tax havens to hide relevant information from the tax authorities.
- DIA will avoid the use of contrived investment structures for tax purposes.
- DIA will avoid abusive practices aimed at avoiding paying tax or obtaining undue tax advantages.
- DIA acknowledges the utility of legal instruments such as tax rulings and agreed prior assessments provided for in the tax regulations to determine the applicable tax treatment, where reasonable, depending on the available legal instruments, the matter at stake and the timeframe.
- DIA will provide the tax authorities with the information they required in accordance with statutory procedures and in the shortest time reasonably possible.

- DIA will endeavour to minimise the costs of compliance with its formal tax obligations that arise from the application of the tax provisions in force.

Monitoring And Control

DIA will integrate the tax dimension in its risk control and management system to evaluate and efficiently manage tax risks that may arise in the performance of its activity. To this effect, DIA will endeavour to establish defined criteria for the detection, evaluation and management of tax risks and encourage and promote smooth communication between the tax department and the rest of DIA's departments, to ensure the evaluation of relevant tax aspects in the decision-taking process, the supervision process and the evaluation of compliance.

For this purpose, DIA will allocate sufficient human and material resources to ensure the correct functioning of the tax risk control and management system.

The Audit and Compliance Committee, according to the provisions set out in its Regulation, will supervise the effectiveness of the tax risk control and management system and inform the Board of Directors about related issues regulated by law.

Promoting And Updating

DIA will work to ensure that the principles and policies set out herein inspire and enlighten the actions of all the companies of the DIA Group, subject to the necessary adjustments to the jurisdictions in which those companies operate.

This is intended to be a long-term strategy that may nonetheless be modified and updated as necessary to adapt it to applicable regulations or in accordance with instructions from the competent body within DIA.

Franchise Relationship Policy

The general principles of the policy for relationships with franchises are the same as the company's values: effectiveness, initiative, respect, team spirit and customer focus. The relationship that DIA has with its franchisees is based on DIA's code of ethics, which is available on its corporate website at www.diacorporate.com.

The guiding principles for development and the relationship with the franchise are the following:

- The DIA group's franchising activity is undergoing constant further development, including with regards to compliance with the law of each country, the accuracy of information shared, and the fulfilment of the agreements signed with the franchisees, their legal and financial independence, as well as the ability to organise and manage their staff effectively.
- The company offers an effective business model, which was previously applied to the company's own shops, as well as the innovations made by DIA in its different formats.

- The goal of the relation with the franchise is as follows:

- **Constant improvement**
- **Teamwork**
- **Customer recognition**

Such service takes place using a system that utilises a number of channels and tools and that is characterised by responsibility, seamlessness and two-way communication. The communication tools are: franchise satisfaction surveys, the franchise webpage, newsletters, focus groups and the personal relationship between DIA as a company and its franchises, without these tools posing any limitations to the development of new communication channels.

- The training, support, assistance and ongoing consultation for the franchisee are always focussed on allowing his or her business to develop and improve.
- The resolution of disagreements is based on goodwill, communication and negotiation from both sides, promoting a dialogue and solutions for reconciliation.
- DIA recognises the franchisees' contribution to the success of the company and to the invigoration of the local economy and employment.

The company conducts other types of business such as the export of products or the assignment of trademarks which, although not constituting a franchise business, is governed by the same basic principles as those set out in this policy.

Crime prevention and anti-corruption policy

The crime prevention and anti-corruption policy has the objective of defining and establishing the operating principles and rules of conduct that should govern the actions of the administrators and employees of the DIA Group in the course of their duties in relation to the prevention, detection, investigation and correction of any corrupt practice within the organisation.

This policy is applicable to all employees and administrators of the DIA Group, and is published on the corporate web page www.diacorporate.com and will be applicable until the board of directors of DIA approves its update, revision or repeal.

Principles of Action

The principles of action of the crime prevention and anti-corruption policy are as follows:

- Comply with current legislation and with internal regulations, acting in accordance with the values and the Code of Ethics of the DIA Group.
- Promote a culture of fighting corruption and crime prevention, applying, to the fullest extent, the principle of “zero tolerance” to corruption described in the Code of Ethics of the DIA Group.
- Provide the necessary human and material resources so that, in an efficient manner, the work of promotion of this policy can be carried out, as well as implementing the methods for the prevention and detection of illegal actions.
- Implement the models for oversight and prevention of crimes and anti-fraud systems for all of the companies that are included within the DIA Group.
- Analyse and investigate, as quickly as possible, any report on conduct that is contrary to the Code of Ethics or external or internal regulations, applying the principles of confidentiality, non-reprisal, and protection of personal information for all persons affected by the investigation process, with particular attention in relation to the reporting and reported person.
- Collaborate and cooperate with the State’s security forces and any judicial or administrative body, in relation to the investigation of alleged criminal acts by the administrators and employees of the DIA Group.
- Incentivise the use of the ethics channel for consultation and information that the DIA Group has made available to employees and third parties, in order to be able to report on possible criminal actions or those that are contrary to the Code of Ethics.
- Provide suitable ongoing training in relation to ethics and compliance, whether in person or through e-learning, to all of the administrators and employees of the DIA Group, placing special emphasis on the fight

against fraud and corruption.

- Impose relevant disciplinary measures on persons responsible for conduct that is corrupt or contrary to the Code of Ethics, and on those who, with their behaviour, cover up or prevent the investigation or clarification of the allegedly criminal actions, all of this in accordance with the penalty scheme applicable in each jurisdiction to each company of the DIA Group.

Implementation of the Crime Prevention and Anti-Corruption Policy

The suitable implementation of the crime prevention and anti-corruption policy has the objective of mitigating the risk of non-ethical and corrupt practices within the DIA Group.

In order to achieve this objective it will be necessary for the DIA Group to carry out the following actions:

- Approve a Code of Ethics and create a communications channel for consultation and ethical information that is a channel for communication and information in relation to behaviour that is contrary to the Code or which relates to corrupt practices.
- Design and implement a model for the prevention of crimes (Modelo de Prevención de Delitos, MPD) within all of the companies of the DIA Group located in Spain.
- Design and implement an anti-fraud program.
- Design and implement a program for regulatory compliance.
- Implement a system for the management of risks, with particular oversight of regulatory compliance risks, actions that are corrupt or contrary to the Code of Ethics and in relation to the criminal responsibility of legal entities.
- Carry out “due diligence of compliance” in strategic and corporate operations.

Code of Ethics and channel for consultation and information

The DIA Group possesses an instrument that enables it to put a comprehensive compliance policy into practice, guiding employees through example with particular methods of conduct or behaviour, the Code of Ethics of the DIA Group.

The Code establishes and outlines five principles of conduct, the first of them highlighting “compliance with standards, both external, such as laws and regulations, as well as internal, which are included in policies, procedures and control mechanisms,” and the second “the fight against corruption.”

The Code, as well as the rest of the rules of the DIA Group, must be complied with obligatorily by all employees.

Starting from the premise that what is important is not the existence of a code but rather that it be understood and observed, within the DIA Group there is an Ethics Committee at a corporate level and an Ethics Committee (hereinafter “Committee”) within each country or jurisdiction.

The corporate and country Committees have, among their principal tasks, that of facilitating the dissemination and implementation of the Code, ensuring that it is observed, understood, and followed, as well as implementing, assessing, and reviewing the models or programs for the prevention of crime and the fight against corruption.

The DIA Group has an Ethics Channel for consultation and information (by electronic mail and postal address) at a corporate level and at the level of each jurisdiction in which the Group operates, in order to clarify queries on interpretation and in order to analyse, investigate and resolve possible violations of the Code or corrupt actions.

Violations of the Code will be analysed and dealt with by the corporate and/or country Ethics Committees in accordance with their operating protocol and will be resolved in accordance with the applicable internal and external regulations.

Model for the Prevention of Crimes (MPD)

The companies of the DIA Group based in Spain have implemented a MPD which identifies and assesses the risks of committing crimes associated with each area and activity of the corporate structure which can result in criminal liability for the legal entity, as well as the respective regulations, procedures, and control mechanisms for the identification and prevention of the commission of said crimes.

The purpose of the MPD is to establish the most appropriate internal control procedures and policies in order to prevent the omission of illegal acts, and when applicable, to be able to exempt the companies of the DIA Group from liability, in accordance with the provisions of the current Organic Law 1/2015 of 30 March 30, which modifies Organic Law 10/1995, 23 March of the Penal Code.

Anti-fraud and corruption fighting program

The companies of the DIA Group will have an anti-fraud and corruption fighting program which identifies and assesses the risks of corruption and fraud in relation to their activity, as well as the associated control mechanisms for the prevention and detection of the commission of corrupt and fraudulent practices. As a consequence of this program, the DIA Group will have a fraud risk matrix that analyses them in relation to their frequency and impact, which should incorporate the existing control mechanisms in order to avoid said conduct.

Compliance procedures for the various regulations that affect the DIA Group

The DIA Group has the responsibility of identifying, assessing and minimising the legal risks, continually complying with the applicable regulatory framework and reporting on compliance with legal obligations to the internal persons who are responsible for operations.

In order to suitably carry out the duties of identification of the regulatory framework and of supervising compliance with it, the DIA Group has implemented a procedure for regulatory identification and monitoring.

Each company of the DIA Group has a "regulations map" which identifies and describes all of the regulations that apply to DIA, with particular emphasis on the key legislation for the principal processes of the supply chain.

In order to carry out this function, the DIA Group has established a procedure for monitoring and updating the regulations which defines the internal and external resources, responsibilities and tools needed in order to carry out this task and to achieve the dual objective of having an updated regulatory map and an organisation that is informed on its legal obligations.

Due Diligence of compliance

For all strategic and corporate operations in which any company of the DIA Group intervenes it will be essential, prior to the formalisation of the operation, to review the current status, in the area of compliance in which the company subject to purchase or merger is found, or the partner, legal entity or individual with which it is intended to enter into a joint venture, commercial, or strategic agreement.

Oversight and Review

The Ethics Committee has, among its main duties, to facilitate the dissemination and implementation of the Code, safeguarding its observance, understanding and compliance, as well as implementing, assessing and reviewing the models for the prevention of crimes and fight against corruption.

The Ethics Committee should keep a record of all of the communications received through the ethics channel, including the information for the respective investigations and the results of these investigations.

On an annual basis, a report will be submitted to the Auditing and Compliance Commission of the board of directors, which will provide consolidated statistical and detailed information at a Group level in accordance with the information received from each of the jurisdictions.

The Ethics Committee will control the implementation and development of the MPD in the companies of the DIA Group in Spain, the Legal and Compliance Department being responsible for coordinating and supervising the implementation and development of anti-fraud and corruption fighting programs in the other companies of the DIA Group that operate outside of Spain.

The Legal and Compliance Department will be responsible for the review of this policy on an annual basis, and will propose to the board of directors its modification or updating with the purpose of optimising the process of the fight against corruption and the prevention of non-ethical conduct.

Materiality Analysis

The DIA Group developed a Corporate Social Responsibility materiality analysis in 2016, in which all key matters of the company that have an impact on its proper functioning have been examined in accordance with its values and which are of greatest concern to all the stakeholders.

According to the analysis carried out relating to external relevance and sector maturity, the most significant broad areas reflected in this materiality analysis can be summarised in seven major groups: Corporate Governance, Human Resources, Supply, Operations, Distribution, Commercialisation, and Impact.

In order to prepare this analysis, which will now make it possible to act with greater speed and accuracy on the most crucial matters of its management, the DIA Group has used several sources of information sources, both internal, and external that cover everything from previous professional CSR studies of the Polytechnic University of Madrid prepared for the company and the CSR Observatory to a variety of analyst, investment and sector reports.

Following the qualitative analysis, a total of 25 aspects have been consolidated, which have been classified in the above-mentioned seven areas, taking into account the stages of the DIA value chain.

In terms of the variables for the assessment of materiality, the study controls three parameters:

- **External Relevance:**

Examines the relationship between the different matters analysed with trends, information demands from stakeholders and investors, reporting standards, regulation, press or sector reports.

- **Sector Maturity:**

Examines the level of development of the management measures relating to different issues of companies in the sector analysed, both national and international.

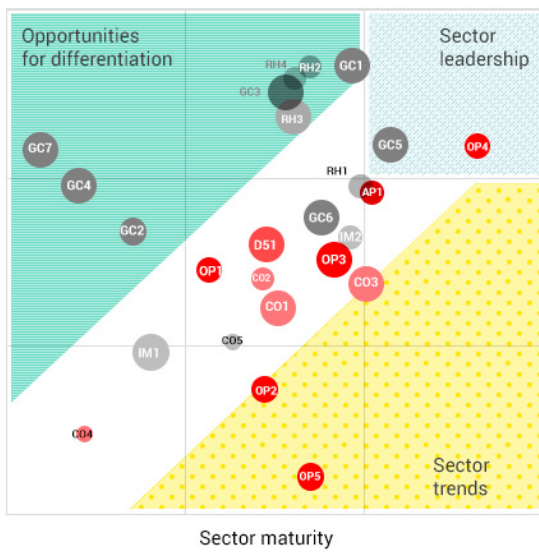
- **Relevance for the DIA Group:**

Based on the internal vision, relevance is assessed as a third variable of the issues, according to whether they are highly relevant or of little interest for the company.

The result of the assessment of each item corresponding to each source is consolidated in order to obtain a total score regarding each issue in each dimension. This score is obtained based on the average assessments of the sources consulted, both for external relevance and sector maturity. In the case of DIA Relevance, an assessment is made of the number of sources that have or do not have specific visibility.

This research and analysis work has resulted in a materiality matrix that makes it possible to position items according to maturity and relevance for DIA Group stakeholders, both external as well as external, prioritising in a clear and simple manner the line of action in accordance with the different expectations of the environment.

DIA Group Materiality index



- GC1 GOVERNANCE SYSTEM
- GC2 RISK MANAGEMENT
- GC3 ETHICS AND COMPLIANCE
- GC4 FIGHT AGAINST CORRUPTION
- GC5 TRANSPARENCY
- GC6 RELATIONSHIP WITH INVESTORS
- GC7 FISCAL PRACTICES
- RH1 DEVELOPMENT OF HUMAN CAPITAL
- RH2 LABOUR PRACTICES
- RH3 GENDER EQUALITY
- RH4 OCCUPATIONAL HEALTH AND SAFETY
- RH5 DISABILITIES
- AP1 SUSTAINABLE PROCUREMENT
- OP1 RELATIONSHIP WITH FRANCHISEES
- OP2 INNOVATION
- OP3 FOOD SAFETY AND QUALITY
- OP4 ECO-EFFICIENCY
- CO1 FOOD WASTAGE
- CO2 LOGISTICS EFFICIENCYDIFERENTES
- CO3 INFORMATION PROTECTION AND CONSUM
- CO4 ACCESSIBILITY
- IM1 FINANCIAL CONTRIBUTION
- IM2 CONTRIBUTION TO LOCAL COMMUNITIES

This analysis has served as the diagnostic base for the definition and subsequent implementation of the CSR Master Plan applicable for the 2017-2020 three-year period.

Master plan

During 2016, the DIA Group worked on the development of a Corporate Social Responsibility Master Plan that will be in charge of structuring and establishing the priorities in this area for the 2017-2019 period.

Based on conclusions prior to the materiality analysis, the most relevant aspects for the company and its stakeholder groups have been identified and evaluated. In addition, a description has been provided of the main risks and opportunities relating to each of the aspects considered and a series of actions aligned with sector good practices has been identified.

These actions have been revised and analysed by the Group's Department of Corporate Social Responsibility, giving priority to the lines of actions that take into account three variables: state of development, impact, and complexity.

The DIA Group classifies these lines of action into three broad objectives:

- **Positioning:** Align the company's positioning with the expectations of its priority stakeholders.
- **Management:** Pursue improved management of the DIA Group in aspects of Corporate Social Responsibility.
- **Organisation:** Create action frameworks that generate a shared vision of CSR at DIA, in alignment with all regions.

After the operating indicators and targets of the Master Plan have been validated, the DIA Group has defined a balanced scorecard to allow the Board of Directors to follow-up on the application of the previously defined lines of action. This balanced scorecard measures, on the one hand, the level of progress of the actions and the degree of compliance with the defined goals and, on the other, it measures the degree of operational compliance corresponding to each of the actions envisaged.

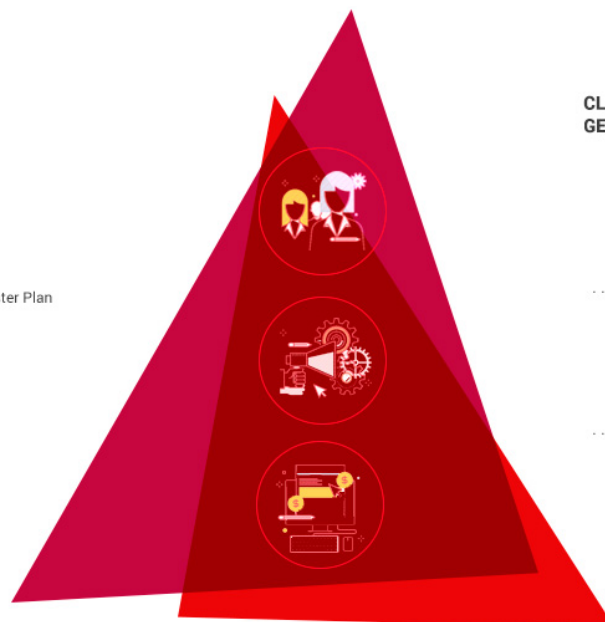
The following lines of action have thus been defined for the 2017-2020 Master Plan:

Master PLAN GOALS (2017-2019)

The 16 Lines of Initiative contemplated in the Master Plan are articulated around three overriding goals:

Overall Master Plan

16 Lines of Initiative



CLASSIFICATION OF THE LINES OF INITIATIVE TO THE GENERAL GOALS OF THE CSR MASTER PLAN

5
Lines of Initiative

Managing the DIA Group's **POSITIONING** with respect to stakeholder expectations.

8
Lines of Initiative

Improving how DIA Group **MANAGES** its CSR effort.

3
Lines of Initiative

Rallying the **ORGANIZATION** around shared and aligned CSR vision in all DIA Group business markets.

Governing Bodies

The DIA Group has a Corporate Governance and compliance system that ensures an environment of proper control and compliance with regulations, both external and internal. This involves a regulatory body adapted to the regulation of capital companies and to the stock market, and which is highly demanding in terms of compliance with the Good Governance recommendations.

This model is designed to fulfil the corporate objectives that are established within the Governing Bodies of the Group and protect the interests of all of its stakeholders in a transversal and transparent manner.

In 2016, the DIA Group worked on the implementation of a series of modifications of its internal Rules of Conduct to adapt them to the new standards on market abuse, as well as the implementation and start-up of an anti-fraud plan in each of the countries in which it operates.

Board of Directors

The DIA Group has a Board of Directors comprised of a total of 10 members, of which seven are independent, one executive and one classified as “other external directors”, in the case of the non-executive Chairwoman.

The composition Board of Directors, at 31 December 2016, is follows:

Positions	Date appointed	Election procedure
◆ Other External ◆ Executive ◆ Independent	⌚ First and last appointed	□ Co-optation □ Resolution of the General Shareholders' Meeting



◆ □
Ana María Llopis Rivas
 Non-executive Chairwoman
 05/07/2011 - 26/04/2013
⌚



◆ □
Mariano Martín Mampasso
 Vice-Chairman
 05/07/2011 - 26/04/2013
⌚



◆ □
Ricardo Currás
 Chief Executive Officer
 05/07/2011 - 26/04/2013
⌚



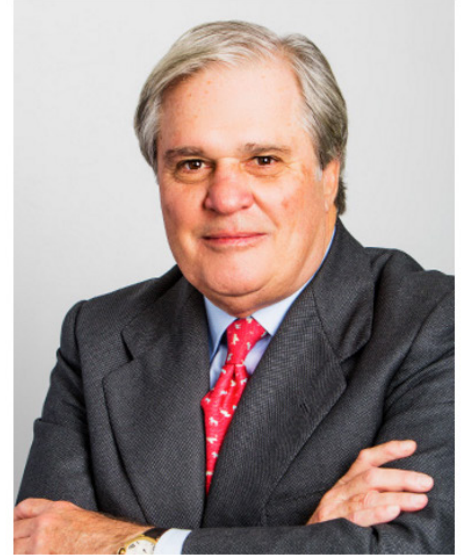
◆ □
Antonio Urcelay Alonso
Director

05/07/2011 - 25/04/2014



◆ □
Julián Díaz González
Director

05/07/2011 - 26/04/2013



◆ □
Richard Golding
Director

05/07/2011 - 25/04/2014



◆ □
Juan María Nin Génova
Director

15/10/2015 - 15/10/2015



◆ □
Ángela Spinder
Director

08/02/2016 - 08/02/2016



◆ □
Borja de la Cierva
Director

05/09/2016 - 05/09/2016





María Luisa Garaña

Director

14/12/2016 - 14/12/2016



The main function of the Director is to supervise and submit for consideration all business matters of particular importance for the Group, generally relinquishing the ordinary management to the members of Senior Management.

DIA's Board is responsible for approving the Company's general policies and strategies, as well as approving the necessary tools for implementation, placing special emphasis on the strategic plan, management objectives and annual budget, as well as the investment and financing policy, the Company's fiscal strategy, the Good Governance policy, the remuneration policy, and performance assessment of the management team, among others.

Changes in the Board

In 2016, the Board of Directors of the Group undertook a series of changes in its composition as a result of the resignation of some of its members due to them taking on new professional commitments. This is the case of Rosalía Portela, who resigned from her position as independent director and, consequently, also as a member of the Audit and Compliance Committee.

Likewise, coinciding with the end of his term, Pierre Cuilleret, also an independent director and member of the Remuneration and Appointments Committee, submitted his resignation from the position due to new professional commitments.

As a consequence of this resignation, on 6 July 2016, the Board of Directors agreed to appoint Borja de la Cierva Álvarez de Sotomayor by co-optation as an independent director and member of the Audit and Compliance Committee.

On 14 December 2016, the Board of Directors also appointed María Luisa Garaña Corces by co-optation as an independent director of the company, who in turn will form part of the Audit and Compliance Committee as a member.

These two appointments will be subject to ratification by the first General Shareholders' Meeting that the Company holds in 2017.

The position is for three years renewable, and is based on two monitoring commissions: The Remuneration and Appointments Committee and the Audit and Compliance Committee.

Committee

Remuneration and Appointments Committee

The Remuneration and Appointments Committee is made up of three members. An independent Chairperson and another member, also independent. In 2016, it met on **6 occasions**.

Name	Position	Type of position
Mr. Mariano Martín Mampaso	Chairman	Independent
Ms. Ángela Spindler	Member	Independent
Mr. Antonio Urcelay Alonso	Member	Independent

Audit and Compliance Committee

The Audit and Compliance Committee is made up of five members. An independent Chairperson and four other members, also independent. In 2016, it met on **6 occasions**.

Name	Position	Type of position
Mr. Richard Golding	Chairman	Independent
Mr. Julián Díaz González	Member	Independent
Mr. Borja de la Cierva	Member	Independent
Mr. Juan María Nin Génova	Member	Independent
Ms. María Garaña Corces	Member	Independent

All of the members of the Board of Directors are professionals with a strong executive profile and extensive experience in business relating to distribution and consumer goods.

DIA Group Executive Management

Name	Position
Mr. Ricardo Currás de Don Pablos	Chief Executive Officer
Mr. Diego Cavestany de Dalmases	Executive Manager of Operations Spain
Mr. Antonio Coto Gutiérrez	Executive Director Latin America and Partnership
Mr. Juan Cubillo Jordán de Urríes	Business Manager and Merchandise
Mr. Francisco Javier La Calle Villalón	Resources Corporate Director and Executive in China
Mr. Amando Sánchez Falcón	Corporate Director of Services and Executive in Portugal

Ethical channel and compliance

Ethical channel

The DIA Group remains committed to compliance with current regulations at all levels, and it has control and monitoring tools in place that ensure the correct functioning and operation of all the stakeholder groups that form part of the company. These mechanisms are incorporated in the corporate management systems and are updated on a regular basis, ensuring a perfect balance between the best business opportunities and risk management.

With its corporate values (Effectiveness, Initiative, Respect, Team and Customer) the DIA Group has a Code of Ethics implemented in all the countries, where it draws up the conduct guidelines that must be followed by the people participating in the company's activity. In previous financial years, it has worked on the modification and updating of its Code of Ethics, while deciding to open it up to other day-to-day players of the company, such as suppliers, franchisees and contractors. In 2016, the company worked on the dissemination and communication of this new version to raise awareness of the Code and of DIA's compliance model in all countries. Through virtual training, 2,981 employees have completed a course that explains the key points of this code in Spain and China. For the coming year, it is expected that this training will be continued in the rest of the countries.

In turn, the Ethics Committee is responsible for managing matters arising under the Code of Ethics through its own channel, always with a guarantee of confidentiality, anonymity, and respect.

Quarterly, during 2016, the Ethics Committees of each country disclosed to the corporate Ethics Committee a detailed breakdown of the consultations and/or communications received in the immediately preceding quarter, indicating the reference or registration number, date of receipt, collective complainant (employee, franchisee, service or goods provider and others), the ethical principal infringed, assessment of reliability/accuracy of the facts that are the subject of the communication, current status of the file and, where appropriate, resolution of the same. Also, on an annual basis, a report is presented to the Audit and Compliance Committee, facilitating detailed consolidated statistical information at a Group level in accordance with the information received from each of the jurisdictions.

In financial year 2016, the ethical and information consultation channel received a total of 80 communications, of which 53 were complaints and 27 were consultations.

Of the 53 complaints, 46 were filed by employees (87%), 2 by suppliers (4%) and the other 5 (9%) were anonymous. At 31 December, 36 of the complaints had been resolved and 17 remain under investigation.

Of the complaints resolved, 24 were closed due to lack of evidence (67%); 9 were resolved with training and coaching actions for those reported (25%); disciplinary measures of dismissal were applied in two cases, including a director (5%); and the last was resolved upon communication of the voluntary resignation of the person against whom the claim was brought (3%).

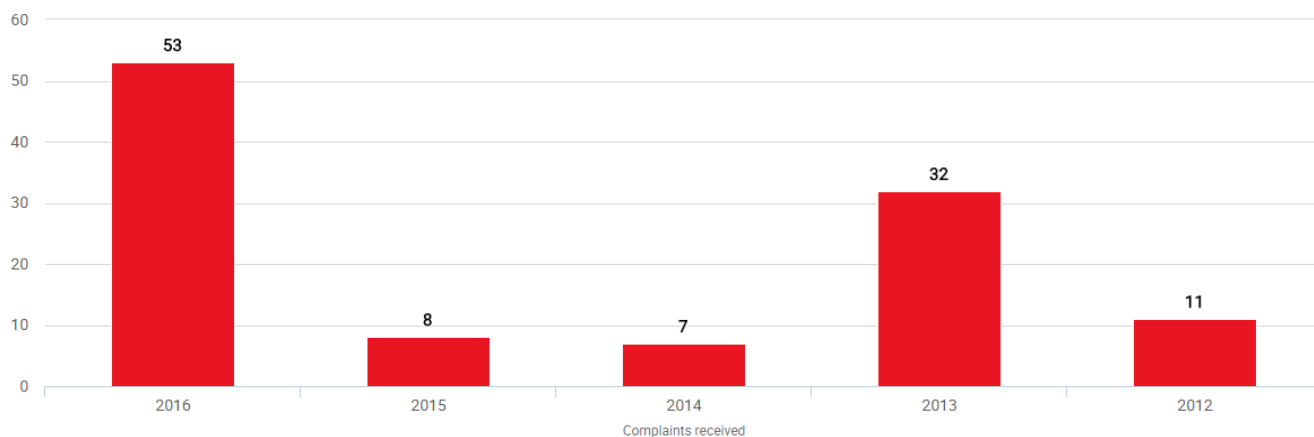
Regarding consultations, 19 were raised by employees (70%), 6 by suppliers (22%) and 2 by franchisees (8%). At 31 December, 24 consultations were resolved and 3 remained under analysis.

Of the consultations resolved, in 11 the concerns were resolved directly by the Ethics Committee (46%); 7 were transferred to the management department, where the issue raised by the sender was clarified or solved (29%) and 6 were transferred to the Human Resources department in order to directly resolve the doubts of the employee (25%).

Code of ethics

- **We comply with the rules and respect people.** Compliance with the rules and respect for people constitute the basis of our ethical behaviour.
- **We are ethical in our decisions and relations: we say no to corruption.** The DIA Group is aware that individual success is only possible as a collective. And collective success is only possible from an ethical standpoint.
- **We protect assets and information.** We are rigorous, professional people, loyal to the company. We make the best use of the assets and resources that the DIA Group places at our disposal, remembering that we must limit their use, in general, to strictly professional purposes.
- **We are committed to the customer and to society.** We compete fairly, avoiding manipulation, deceit, or any other type of behaviour that might unduly place us in a favourable position.
- **We lead by example.** We are responsible for ensuring that our company maintains the ethical conduct that we desire. Our values and behaviour principles are not merely words; they must determine our behaviour every day.

Use of ethical channel



Internal control and compliance

DIA compliance model

CORPORATE GOVERNANCE

INTERNAL CONTROL AND LEGAL SECURITY

FRAUD PREVENTION AND DETECTION

OBJECTIVES

To have a strict regulatory body in the area of Good Governance

- UGA, CdA and RIQ Statutes and Regulations
- Issue of AGC, IAR and Relevant Facts
- Control of Securities and Treasury Stock operations and Privileged Information

Adoption of company agreements in accordance with the Law

- Control and coordination of Subsidiaries
- Design of a framework for the delegation of safe powers (centralization of powers, joint signature and financial restrictions) (centralization of powers, joint signature and financial restrictions)

To have an internal control system and risk management that ensures an adequate control environment

- Risk Management Control System
- Implementation of Regulations
- Internal Control (SCIIF + operations)
- Corporate and Local Insurance Programmer

Provide legal certainty to the company in business trade

- Regulatory Map
- Contractual Control (standard model)
- Data Protection (Consultation Office)

To embody a culture of compliance through an ethical model for employees

- Code of Ethics
- Crime Prevention Model (Spain) Anti-Fraud and Anti-Corruption Programmer

To have channels for the detection of bad conduct

- Ethical Channel
- Forensic actions (DD in compliance in M&A)

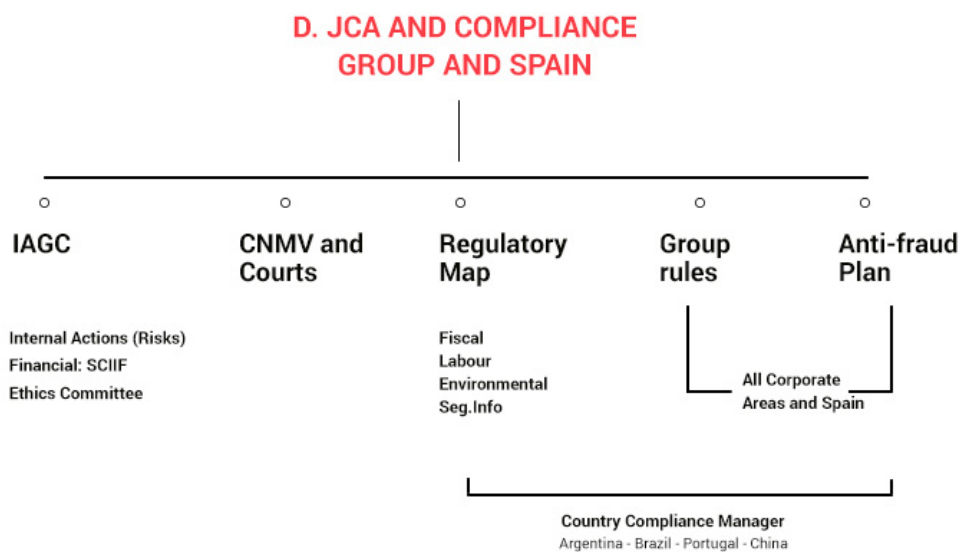
AREAS RESPONSIBLE FOR SUPERVISION AND CONTROL

SECRETARY OF THE BOARD
LEGAL COUNSEL AND COMPLIANCE DEPARTMENT

INTERNAL AUDIT
FINANCIAL DEPARTMENT
LEGAL COUNSEL AND COMPLIANCE DEPARTMENT

ETHICS COMMITTEES
LEGAL COUNSEL AND COMPLIANCE

DIA Compliance Structure



Internal control and compliance

Adaptation of the Internal Code of Conduct

With the entry into force of the new standards on market abuse for listed companies, in 2016 the DIA Group updated its Internal Code of Conduct, with which it establishes rules for the management and control of the use of privileged information, treasury stock operations, and the transparent communication of relevant information.

The Internal Code of Conduct imposes obligations and limitations on the people affected and treasury stock managers, in order to protect the interests of its investors and avoid any type of abusive situation, while facilitating the participation of managers and employees in the capital of the company, in strict observance of current legislation.

Transparency and the fight against corruption

The DIA Group has developed and implemented a crime prevention model with the aim of establishing the most adequate internal control procedures and policies to prevent illegal offences being committed. In addition to analysing the activities of each business area to evaluate the risk of criminal activity in each one, the DIA Group has a Prevention Manager who reports to the Ethics Committee and to the Regulatory Compliance Manager.

In order to obtain greater control and security, the DIA Group analyses the activities performed by the different

business areas and assesses the risk of each activity in regard to the possible commission of offences in terms of probability and impact, taking into account the controls already implemented. In 2016, the crime prevention model was the study of analysis and expert opinion of a consulting firm with experience in the field of forensics. Therefore, the model implemented by DIA has adequate and efficient control measures for preventing and detecting the commission of offences which could result in criminal liability for DIA.

The DIA Group also has an anti-fraud plan, new this year, which has already been implemented in all the countries in which the company operates. In this respect, in each country the company has a fraud risk matrix, which conducts an analysis in terms of frequency and impact and incorporates the existing controls to prevent such conduct. An anti-fraud manager has been designated who, in turn, is responsible for the prevention of offences.

During 2017, specific anti-fraud training will be given to employees in each country.

Control of financial information

The company has an Internal Financial Information Control System Policy (SCIIF) that covers the general description of the system and its objectives, roles and responsibilities, methodology for the development of the internal control of financial information, and risk management.

The SCIIF affects all levels of the organization and its maintenance is the responsibility of the Board of Directors, while its supervision is carried out by the Board's Audit Committee.

The DIA Group has documented the processes that may be considered to have a risk of material impact on the preparation of financial information, also covering the risk of fraud.

Process Map

During financial year 2016, for the purpose of strengthening the internal control system with an integral vision that not only contributes to reliability, but also to the effectiveness and efficiency of the operations, the "Process Map" of the Group in Spain has been defined. This map identifies all the Spanish and Corporate processes and sub-processes and was approved by the Group Management Committee and presented to the Audit and Compliance Committee in September.

The "Process Map" provides a unique reference framework for the control and risk systems.

Regulatory Map

In each country where the company operates, the Legal Department has what is known as a "Regulatory Map", which identifies and details all regulations applicable to DIA, with special attention given to key legislation in the main supply chain processes, which has been classified in six sections:

- Legislation applicable to the product negotiation process, that is, in regard to DIA's relations with its service and goods providers, competitors, regulatory boards, and brands.
- Legislation applicable to the logistics activity, that is, the exercise of storage, distribution and goods transport activities.

- Legislation applicable to the wholesale and retail business.
- Legislation applicable to commercial premises, urban leases, horizontal property, local taxes, business hours.
- Legislation applicable to DIA's customer relations, personal data protection, consumption, payment method, advertising and sales promotions.
- Legislation applicable to DIA, as a listed company, in regard to the stock market and Internal Code of Conduct. La Dirección Jurídica, a su vez, se responsabiliza de informar al resto de áreas o departamentos de la Sociedad sobre el contenido y alcance de las novedades y/o cambios normativos, diseñando y celebrando sesiones formativas, bien en modo presencial o en modo elearning, cuando la novedad legislativa tuviera un impacto relevante en la actividad de DIA.

The Legal Department, in turn, is responsible for reporting to the rest of the areas or departments of the Company on the content and scope of new features and/or regulatory changes, designing and holding training sessions, either in person or via e-Learning, when the new legislation could have a significant impact on DIA's activity.

To carry out this function, the Legal Department has established a procedure for the monitoring and updating of regulations and communication, which defines the necessary resources, responsibilities and internal and external tools to perform this duty and achieve the twofold objective of having an updated regulatory map and an organization aware of its legal obligations.

This Regulatory Map is revised annually.

Risk management

Description of Risk system

The DIA Group has a Risk Management Model (RMM), which it uses to detect and respond to any incidents that could hinder the normal functioning of the institution, as well as the achievement of its objectives.

In keeping with the principles of its Risk Management policy approved by the Board of Directors, the company has an integral model applicable in all the countries in which DIA is present, which enhances the organization's ability to manage scenarios of uncertainty.

The DIA Group's risk management process is based on the standard of COSO II, risk management methodology generally accepted in the market that has been adapted to the specific needs of the company.

To implement this methodology, the DIA Group has an IT tool in the areas in which it operates, which standardizes and facilitates risk management.

Based on COSO II methodology, the DIA Risk Policy is governed by the following principles:

- **Risks must be managed throughout the organization**, with no exceptions, in order to achieve the strategic objectives set. It is essential that the entire organization be involved in the risk management system.
- **Risk management includes the identification**, evaluation, response, monitoring or follow-up and reporting in accordance with the procedures designed for that purpose.
- **Responses to risk must be consistent** and broadly adequate for the business conditions and the economic environment.
- **The DIA Group's Risk Committee must, among other duties, carry out an annual assessment of DIA's main risks** and revise the risk tolerance level. This information gives rise to the annual updating of the Group's risk Map, as well as the risk maps of the countries that make up the Group. The key Risk Map is validated by the Management Committee.

Organization and responsibilities

El Consejo de Administración, la Comisión de Auditoría y Cumplimiento y el Comité de Dirección Grupo DIA son los encargados de velar por el buen funcionamiento del sistema de Gestión de Riesgos.

The Board of Directors, the Audit and Compliance Committee and the DIA Group Management Committee are in charge of ensuring the good functioning of the Risk Management system.

Periodically, a report is given to the Audit and Compliance Committee of the Board of Directors regarding the activities of identification, evaluation, response, monitoring or follow-up and reporting.

Each business unit has its own Risk Committee, in which all departments of the company are represented, with the

director assuming direct responsibility for the management of each of the risks identified in his or her department.

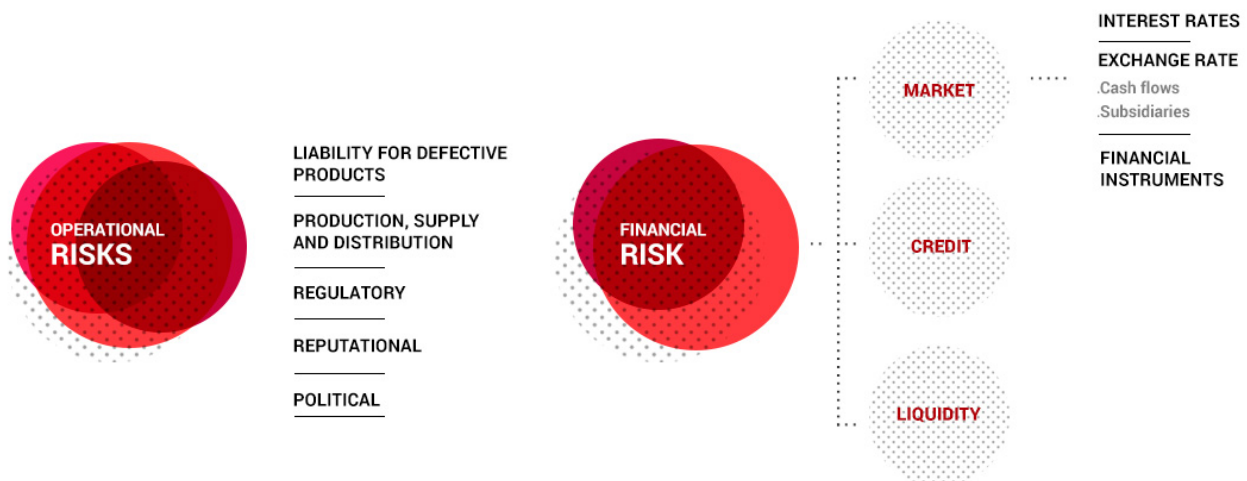
These committees report directly to the DIA Group's Corporate Risk Committee and the Management Committee. They meet on a quarterly basis.



Types of risk

In the DIA Group, each country works on an average of 80 risks, among which around 20 have been identified as key risks for each country.

TYPES OF RISK - DIA GROUP



Operational Risks

Risk of liability for defective products

In order to minimize the risk of placing defective products on the market, the DIA Group guarantees the quality and safety of the products, both of its own-label products and national brands, through an advanced management programme certified under the ISO 9001:2008 standard, which affects all links of the supply chain, from the negotiation and development of each product up to its arrival at the store.

All processes and actions in regard to food quality and safety are described and developed in the corresponding chapters of this report.

With the same objective of mitigating this risk, the company also has an adequate insurance policy in respect of liability coverage for defective products. The quality documents, in turn, establish supplier liability with respect to the safety and legality of the product.

Risks associated with production, supply and distribution

The products marketed by the DIA Group are manufactured or come primarily from the country in which the activity is carried out or from neighbouring countries. This implies a risk in those countries that are more exposed to situations of political and economic instability, acute labour conflicts, and possible contingencies arising from natural disasters.

Given that some of the products distributed are perishables, an inadequate assessment of demand or the inability to preserve the products in stock may complicate stock management and have a negative impact on the Group's operating results.

In regard to product distribution, the DIA Group has a series of transport and distribution contracts (activities entrusted entirely to third parties). Any significant interruption in the functioning of the transport network, or the bankruptcy of its suppliers and carriers, may cause delays in the distribution of products and potential shortages in the commercial establishments. Furthermore, failure to comply with tax obligations and Social Security by carriers may imply additional costs regarding possible subsidiary liability in those countries where provided for by law.

If these external suppliers and carriers do not make deliveries or perform their jobs, or experience delays in deliveries or in the performance of their tasks, as well as any extra costs associated with such delays or faults, this could result in additional expenses and have a negative impact on our activities.

The DIA Group has prepared a standard transport contract that it uses for hiring companies to handle the loading, transport and unloading of merchandise, which establishes, among other aspects, the obligation to comply with the internal rules established for the execution of the service both in terms of quality and prevention of occupational risks.

It has also established ongoing control to verify compliance by carriers of their tax and labour obligations, guaranteeing through regular checks that they are up to date in their payments at all times.

The DIA Group has a policy of diversification and distribution of volumes of each platform among a sufficiently large number of companies. Accordingly, a temporary problem affecting one of them can be quickly covered by the rest or by new companies, limiting the impact on the company's activity.

Regulatory risk

The DIA Group's business is subject to a broad spectrum of regulations (labour, environmental, fiscal, data protection, retail trade, franchise-related, food handling and safety legislation, etc.) in the different jurisdictions in which it operates. The differences between the applicable regulatory requirements in each jurisdiction may pose a significant challenge in operational terms, by requiring the DIA Group to adapt its business to different regulatory systems.

The DIA Group's operations can also be affected by regulatory changes applicable to it and, in particular, by regulatory changes affecting opening hours, the construction and opening of new establishments, price setting, and taxes. Any breach of the applicable regulations may result in the imposition of fines, penalties, administrative sanctions, and even potential sanctions of a criminal nature.

DIA is responsible for identifying, measuring and minimizing the legal risks, continuously monitoring the applicable regulatory framework and informing about compliance with legal obligations to the internal operations managers.

In order to develop and adequately comply with this function, the Group has an organizational structure comprised of a Human Resources Department, a Financial and Fiscal Department, and a Legal Department in all the jurisdictions in which it operates, which have the duty to identify the applicable regulations and supervise their compliance.

To adequately carry out the functions of identification of the regulatory framework and supervision of its compliance, the DIA Group has a regulatory map, which identifies and details all regulations applicable to the Group, with special attention given to key legislation in the main supply chain processes.

To carry out this function, the managers have established a procedure for the monitoring and updating of regulations and communication, which defines the necessary resources, responsibilities and internal and external tools to perform this duty and achieve the twofold objective of having an updated regulatory map and an organization aware of its legal obligations.

Likewise, the DIA Group has policies and procedures aimed at informing and training employees on certain behaviour principles and preventing and detecting inappropriate conducts. In this respect, it is important to mention the existence of the DIA Group's Code of Ethics and an Ethical and Information Consultation Channel, as well as the implementation of a crime prevention model in the Company.

Reputational Risk

The company faces reputational risks due to its public exposure. All impacts arising from such exposure are monitored and analysed on a regular basis. To minimize risks, the DIA Group has external communication rules and an External Relations Policy.

In 2016, a small group of ex-franchisees repeatedly visited different media to slander DIA. The effect of the appearances in the media or social networks could have a negative impact, although very limited, due to the small number of people and lack of legal backing in regard to their information.

DIA works to continuously improve its franchise network and, in the course of 2016, has noted a positive trend in its annual franchise survey, as well as the commercial evolution of the network. The company has also worked to make society aware of the work and dedication of its more than 3,500 franchises in the countries in which it is present.

Political risks

The company has risks associated with the political management of market issues and interpretation of laws, as well as the corresponding risks that could arise due to delays or inconsistency with European regulations. These risks could result in negative reputational impacts or have an impact on its operational management.

In 2016, reactions of a political nature occurred in Spain in regard to DIA's commercial operations, which sought to benefit the consumer and were associated by the political environment with selling at a loss. This relationship could have caused reputational damage in spite of commercial success.

During 2016, the National Commission for Markets and Competition (CNMC) decided to take no further action in relation to the complaint submitted by the FIAB and PROMARCA against the cooperation agreement of Eroski and DIA signed in 2015. However, only one day after the communication of the dismissal of this case, the Agency for Food Information and Control (AICA) notified the opening of disciplinary action for both companies due to alleged infringements of the Law on Measures to Improve the Operation of the Food Supply Chain, linked to the implementation of

said agreement.

At the close of 2016, this situation was pending resolution.

Financial risks

Financial risk management is controlled by the Group's Financial Management. This management identifies, evaluates, and covers financial risks in close collaboration with the business units.

Market risk

A- Interest rate risk

The Group's interest rate risk arises from fluctuations in interest rates that affect the financial costs of long-term debt issued at variable rates.

The Group carries out various interest rate hedging operations to mitigate its exposure in accordance with its Risk Management Policy. At 31 December 2016 and 2015, there were no outstanding derivatives with external counterparts to cover the risk of long-term interest rate financing.

During 2016, the average percentage of hedges against the level of gross debt was 78.70%, compared to hedges of 80.32% in the previous year.

Elsewhere, the group's policy regarding financial assets is to maintain their liquidity, making them available for use. These balances are held in financial institutions with the highest credit ratings.

B- Exchange rate risk

Operational: cash flows

Currency fluctuations, other than those of the local currency, can have a positive or negative impact on the consolidated accounts. The Group strives to minimize the risk through the negotiation of forward currency exchange contracts managed by the Group's Treasury Department. The sum of the hedging operations carried out in financial year 2016 was USD6.552m and USD5.359m in 2015. This amount represents 66.09% of the operations carried out in this currency in 2016 (98.38% in 2015). At the close of financial year 2016, current hedges in dollars reached USD1.803m (USD1.284m in 2015), with maturities in the next eleven months. These operations are not significant with respect to the Group's total purchasing volume.

Subsidiaries

DiA has various investments in foreign businesses, whose net assets are exposed to foreign exchange rate risk. Exchange rate risk on the net assets of the Group's foreign operations in Argentine Pesos, Chinese Yuan and Brazilian Reals are mainly managed through external resources denominated in the corresponding foreign currencies.

The exchange differences included in other comprehensive income are significant, due to the strong devaluations of the Argentine Peso and the Brazilian Real. The variation that would have occurred in the exchange differences, if the exchange rates of Group countries that use a currency other than the euro were to depreciate/appreciate by 10%, would have been +32.71% / -32.71%, respectively, in the net equity of the DIA Group.

C- Financial instrument risk

The Parent Company has “Equity Swap” contracts for an amount of EUR39.944m. At the close of 2015, this amount reached EUR42.266m. These operations are carried out to comply with the payment obligations resulting from the Long-Term Incentive Plan (LTIP) of the Group’s Directors. They are described in note 16 of the report on the Consolidated Annual Accounts.

Credit risk

The Group does not have a significant credit risk. Active risk policies are maintained to ensure that wholesale selling is made to clients with verified credit solvency. Retail sales imply a lesser risk, since payment is made in cash or by card.

Cash and derivative transactions are made with Financial Institutions with high-quality credit ratings, with a minimum applicable rating of BBB. In countries where the rating is below that rating, it operates with local financial entities that are considered high credit quality by local standards.

In addition, cash surpluses are placed in high quality assets with maximum liquidity. The policy set by the Group’s Corporate Executive Management is based on criteria of liquidity, solvency and diversification, establishing maximum amounts to invest by counterparty, within a maximum term of 90 days of investment duration and definition of the instruments for which the placement of surpluses is authorized.

The Group does not have a significant concentration of credit risk.

Liquidity risk

The Group applies a prudent liquidity risk management policy, ensuring compliance with payment commitments, both commercial and financial, for a minimum period of 12 months; covering financing needs through recurring cash flow generation of its businesses, as well as contracting long-term loans and financing facilities.

At 31 December 2016, liquid assets reached EUR1.258.1 bn, including cash and other liquid assets and available credit lines.



Sustainable Development Report

DIA and its stakeholders

Customers

2016 was the year for the implementation of projects aimed at offering a total shopping experience to DIA's more than 40 million customers. The development and exploitation of the benefits of digitalization in a broad sense has taken up a large part of the company's efforts during the financial year, in order to adapt it quickly and efficiently to changing consumer habits and to enhance listening and relationship channels.

Satisfying customer needs has been a constant in the more than 35 years of activity of the DIA Group. The new digital tools and the opportunities offered by the new environment have been used by the company to further develop its two-way relationship with its customers, offering a more complete shopping experience.

New active listening systems

Spain: Offline and online customer surveys

In keeping with the strategy of increased closeness to the customer, the last financial year saw the implementation in Spain of a new listening system that aims to gain first-hand knowledge of the customers' shopping experience, both in the offline and online channels. Accordingly, customers who use the Club DIA loyalty card to make a purchase in one of the group's stores receive an email with a brief questionnaire that evaluates the service received from the store employees, as well as their final experience at the cash registers. During 2016, the company has made progress in the implementation of its system of direct listening in group stores, sending out more than nine million questionnaires and obtaining a response rate of 7%.

This system provides DIA with information that is used to develop initiatives related to service and efficiency improvements.

Online customers have also received these questionnaires, and the objective is the same: a continuous improvement of the customer experience. The company conducts a satisfaction survey, under the name of Opinators, in order to gain knowledge of the experience and sensations of users of the company's online service in Spain.

Following their first order, each customer is sent a questionnaire after the order has been received at home, and at the end of the year, another questionnaire is sent out for a general evaluation of the service, attention and other parameters relating to the online shopping experience. In 2016, more than 90,000 questionnaires were sent out.

Argentina: Listening through loyalty

In keeping with the commitment to internationalization of any project implemented by the company, in 2016 development began on a listening system in Argentina under the name of “Mi experiencia DIA”. Based on the same system used in Spain, loyalty customers were sent a brief online questionnaire to evaluate the service received in the store. In the case of Argentina, face-to-face surveys were also conducted by supervisors, which complete the online version of these queries. These listening systems generate 40,000 monthly interviews, both online and face-to-face.

In the first three months of this experience, more than 50,000 loyalty customers responded to the survey in Argentina, and these responses are sent to a committee in charge of passing on the conclusions to the different customer departments so they take action accordingly.

Large community of customers

In line with the strategy of increased closeness to customers and their needs, for many years the DIA Group has been developing different commercial communication and marketing actions aimed at the creation of a community of DIA customers that become involved and contribute their personal view of the business as well as areas for improvement.

Spain: ‘Demos la Vuelta al DIA’

In Spain, the community of customers “Demos la vuelta al DIA” (Turn the DAY around) continued to bring those who enjoy cooking close to the world of gastronomy and food. Through this project, the company offers the possibility of participating in a cooking competition, attending free cooking courses, taking part in talks and tastings, visiting supplier factories, and receiving recipe packs with DIA products.

In 2016, more than 450 events and cooking courses with some of the most prestigious chefs on the national culinary scene were held; more than 116,000 customers took part, and over 5,000 product prize packs were distributed.

The different communication channels are essential for a direct relationship with the customer. DIA Spain has a customer magazine called “Club DIA”, which has a circulation of 700,000 copies. It provides useful content relating to food, new commercial items, recipes, and practical household tips.

Argentina: Experts in savings

Argentina was the first country to create a community of customers for sharing information and exchanging experiences related to DIA's business model. Under the name of "Expertas en Ahorro", a community was founded in 2013 which, only three years later, has become quite an event in the country. In fact, at the close of 2016, the community of Experts in Savings had over three million loyalty customers who can benefit from different offers, attend events and cooking workshops or stay informed of the latest company news.

In December 2016, Buenos Aires held the VI National Encounter of Experts in Savings, in which more than 3,200 people took part. As in the previous year, participants had to previously register on the DIA fan page in Argentina and make a donation in the form of a toy or book that the company then gave to the Fundación Sí and Fundación Manos en Acción of Argentina.

Under the umbrella of "Expertas en Ahorro", DIA Argentina has a weekly television programme called Expertas TV. The programme is broadcast through YouTube, where well-known figures get together to talk about new items, prepare recipes using DIA products, and provide savings-related advice. In 2016, the programme renewed its second season.

As for Social Networks, in Argentina DIA has a significant community loyal to the business model with more than 1.7 million fans on Facebook, which is mainly supported by the different loyalty activities carried out in the Experts in Savings community and on its television channel.

Likewise, DIA Argentina has a monthly magazine called "Expertas", created with the same aim of getting closer to customers. The magazine has a circulation of 55,000 copies, covering various topics relating to family, health, style, shows, wellbeing, ecology, horoscopes, and pets, among others. The content is conceived and developed to suit the tastes and interests of its readers: housewives and professional women between the ages of 25 and 70.

Brazil: Specialists in Economy

In 2016, DIA Brazil set up its own community of customers under the name of "Especialistas en Economía" where, as in Spain and Argentina, it holds courses, workshops, tastings, and other activities focusing on savings and raising awareness of products and the DIA model. In this first stage, 14 meetings of specialists were held in which 600 people participated. In total, more than 30,000 customers have already decided to join this new community in Brazil.

Brazil also has a loyalty magazine "Revista DIA", with a circulation of 10,000 copies that provides information about the different DIA product offers and company news. In 2016, it launched an application for both the iOS and Android systems, to make the digitalized magazine available on mobile devices. At the close of 2016, this application had been downloaded more than 25,000 times, making it the most downloaded application in the retail sector in Brazil.

China: complementarity between the offline and online environment

During 2016, China focused a large part of its efforts on two-way communication with digital customers. Taking advantage of the resources of the country's most-used instant messaging application, WeChat, DIA has implemented different options that specifically seek this complementarity between the offline and online environments.

The messaging application has a DIA application to find information about promotions, lifestyle, digital brochures, store locations and rapid access to the company's e-commerce platform. In addition, China has a magazine aimed at customers called Club DIA Magazine, which is published twice a year (January and June), with a circulation of 200,000 copies.

To further pursue direct contact with customers, DIA China conducts a satisfaction survey twice a year for loyalty customers regarding product range and store services.

Communication actions with the client

Name	Description	Nº of users in 2016	Country
Demos la Vuelta al DIA	Gastronomic community of customers	+ 116,000	Spain
Experts in savings	Community of customers	+ 3 Millions	Argentina
Experts in economy	Community of customers	30,000	Brazil
Revista Club DIA	Quarterly magazine for customers	770,000 copies	Spain
Revista Expertas	Monthly magazine for customers	55,000 copies	Argentina
Revista DIA	Monthly magazine for customers	10,000 copies	Brazil
Club DIA Magazine	Bi-annual magazine for customers	200,000 copies	China
Expertas TV	Online Televisión channel	More than 350,000 monthly views	Argentina
Customer satisfaction survey	Surveys on customer experience	+ 9 million sent	Spain, Argentina and China
Opinators	Customer surveys regarding the online shopping experience	90,000	Spain
Social Networks	Twitter, Facebook, Instagram, Youtube, Wechat	+ 2 million followers	Spain, Portugal, Brazil, Argentina, China

Direct contact with the customer: Social Networks

This direct and constant communication with the customer plays a significant role in the work carried out in the various social networks and commercial channels that the company has in all countries. Real-time information, issues relating to store functioning, and new product items are some of the topics most discussed through these channels, also helping to increase customer loyalty.

In 2016, the DIA Group opened two new corporate channels, complementing the existing commercial channels, from which it provides institutional information, press releases and official communications in the company's two official languages: Spanish and English.

Accordingly, in January 2016 a new corporate profile was set up on Twitter, which serves as a communication channel with external agents and extends beyond customers to include the press, shareholders, investors, NGOs or government institutions, among others.

The Clarel chain of stores in Spain also has its own social networks, through which it organizes contests, offers beauty advice and receives feedback from its customers.

The direct and permanent contact with consumers is completed with customer service. During financial year 2016, these services dealt with and analysed more than 113,000 requirements regarding matters relating to stores, products, opening hours, online service, etc.

Exponential growth of loyalty

In order to make further inroads in terms of consumer relations, for the last 18 years the DIA Group has maintained a loyalty tool that allows it to know the needs, tastes and preferences of its customers and, consequently, the company organizes personalized offers adapted to their profiles. Club DIA is a tool used in relation to the company's proximity concept, providing benefits to more than 37 million customers in all the countries in which the group operates.

This loyalty system grants exclusive advantages to card users, while rewarding the frequency of its customers, allowing access to more than 250 products at reduced prices, bi-weekly promotions, and discount coupons that can take up to 50% off.

Brazil has been the latest country where the company has a presence to implement the advantages of the Club DIA card. In 2016, it has been implemented throughout the territory of the state of Sao Paulo and now has more than 4 million loyalty customers.

At present, 76% of the company's total sales are made using the loyalty card, which makes Club DIA a fundamental tool in terms of business growth and consolidation.

In spite of the differences and specific characteristics in consumption habits in the different countries in which the company operates, the Club DIA card continues to prove to be a valid and exportable model, gaining new members every year in the markets in which it is present. In this respect, it is worth mentioning the over one million new members in Spain and Argentina, as well as the 4 million in Brazil.

At the close of 2016, more than 1.7 billion coupons were generated, compared to 1.65 billion in the previous year.

In 2016, a large part of these coupons also began to be digitalised, for the purpose of completing the needs of customers increasingly accustomed to operating in this environment. This project has been started in Spain, with the issue of 46 million digital coupons at the close of the financial year.

	Year of launch	Households with card (millions)	Percentage of sales*
Spain	1998	19.71	69%
Portugal	2000	4.22	68%
Argentina	2006	7.45	91%
China	2012	2.31	86%
Brazil (Sao Paulo)	2015	4.16	66%
Total		37.86	76%

(*)Average 2016

Customer project

Getting closer to customers and gaining a better understanding of them involved staff at all levels of the company through the project known as “Proyecto Cliente”. This is a transversal plan aimed at enhancing the shopping experience of DIA customers, mainly focusing on two parameters: experience in establishments with the “Experiencia Cliente” project and involvement of employees at all levels through the “Actitud Cliente” project.

Like all projects developed internally by the company, it has had an initial implementation stage and development in Spain, which is to be rolled out to the rest of the Group’s countries in subsequent years.

For the implementation of the “Experiencia Cliente” project, during 2016 a qualitative study was carried out in Spain to identify the key points known as the Customer Journey; there was also a quantitative aspect to deal with prioritising these key points, differentiating between the formats in which the initial stage of the project began, DIA Market and DIA Maxi.

To this end, more than 5,000 DIA customers were surveyed, along with 1,500 employees and 600 non-customers, defining a set of improvement initiatives associated with each group, elaborating a detailed file of each proposal to be implemented.

Among the measures implemented in the store during 2016 to enhance this experience, note the strengthening of the bakery and fresh produce section, the installation of a public address system to improve communication with customers, more efficient restocking mechanisms, and the review of cash register protocols, among others.

The initiatives developed as a result of the “Experiencia Cliente” project served in turn as a complement to another project focusing on improving customer experience and satisfaction, “Actitud Cliente”. This programme, initiated during the past financial year, seeks to improve the attitude and commitment of the group’s employees in terms of customer satisfaction through training workshops involving all staff, from top management to entry-level employees.

In a first stage, reflection workshops were organized with national management, warehouses, stores and headquarters to foster customer-oriented behaviour and, in turn, define action plans for improvement. This gave rise to initiatives that are already being applied to improve employee involvement in customer satisfaction, such as thank-you cards for customers, recognition of people and teams of stores that provide a better service and telephone customer service protocol for all employees.

In Spain alone, more than 14,400 training hours were given in 2016 as part of the “Actitud Cliente” project, benefiting 2,000 professionals of all profiles, from offices, warehouses, and stores.

Participants	Listening processes	Main initiatives	Store Formats	Number of people involved and training hours
Management Committee	Training Workshops	Strengthening of the bakery and fresh section	DIA Market	5,000 customers
Administration and management	Direct surveys of customers and non-customers	Installation of public address system in stores	DIA Maxi	3,000 employees
Employees of Stores and warehouses	Follow-up groups	More efficient restocking mechanisms		600 DIA non-customers
DIA customers and non-customers		Revision of cash register protocols		14,000 hours

Agreements with third parties to enhance the shopping experience in Spain

The implementation of third-party agreements to include services not seen up to now in the distribution sector have played a key role during the year. The objective is to bring customers closer to the concept of “total shopping”; in other words, have consumers satisfy their large purchasing needs in the group’s establishments.

Agreement with ING for cash withdrawals at the cash register

In September 2016, the DIA Group signed an agreement with the Dutch Bank ING, implementing a service that allows customers of the financial institution to withdraw cash in DIA’s store network throughout Spain.

Through the Twyp Cash mobile application, users can request the withdrawal of a minimum of 20 euros and up to a maximum of 150 euros using their mobile devices at the cash registers of the DIA Group banners (DIA Market, DIA Maxi, La Plaza de DIA, Clarel and El Árbol), provided the transaction is always associated with a purchase. This service was gradually implemented from September, reaching nearly 2,900 own stores at the end of 2016. In the first four months of operation, more than 220 users registered to use this application.

With this new service, DIA seeks to improve the customer’s shopping experience and make it easier for consumers who are not yet customers to use the extensive store network to withdraw cash. Likewise, this agreement makes it possible to take advantage of synergies with the rest of the digital services that DIA already offers, such as the application to manage shopping on smartphones or the use of digital coupons.

La Plaza de DIA through the Amazon Prime Now service

In September 2016, DIA also announced an agreement with Amazon whereby the La Plaza de DIA format would have an online platform on Amazon Prime Now. This provides DIA with a new sales channel within the world’s largest online sales platform, also taking advantage of the synergies arising from the joint activity between both companies.

The virtual La Plaza de DIA store on Amazon Prime Now offers customers a total of 5,300 SKUs that can be received within one hour with the most premium service, or in two-hour delivery time slots for deliveries to Madrid. The product range includes all of the company’s own-label products: DIA for mass consumption products, Delicious for the Premium line, Bonté for personal care and hygiene, Baby Smile and Junior Smile for baby care and AS for pet food, in addition to fruit, vegetables, fish, and meat trays.

At the close of 2016, and after only four months of activity, more than 40,000 orders had been delivered through this service.

Direct mobile device payment with Samsung Pay

The effort the company has been making to make life increasingly easier for digital customers has also resulted in an agreement signed in Spain with Samsung, whereby it is now possible to pay in more than 2,200 own stores using the Samsung Pay application. This is a service using NFC (Near Field Communication) technology that enables payments from mobile devices quickly and easily at the cash register.

This involves a mobile device payment service that is similar to the one that has been available since last year in all of DIA's own stores in China. Using the WeChat platform, customers can make payments on mobile phones, using a payment procedure attached to a bank card, thus providing customers with a secure, quick, and efficient payment method.

Shareholders

In 2016, DIA continued to perform well in the stock market, thanks to a business model based on efficiency and profitability. During a challenging year for the food distribution sector in Europe, the company shares, listed on the Madrid Stock Exchange and which form part of the IBEX 35, closed the year at a price of EUR4.665.

This closing price represents a 14.3% decrease in 2016, but shows a cumulative appreciation of 45.6% since it started trading on the Stock Market in 2011. In the same periods, the IBEX 35 declined by 2.0% and 9.5%, respectively.

This year, the market has again valued the company's capacity for growth and profitability in a tough consumption context and a significant currency devaluation in markets such as Brazil and Argentina. The highest closing in 2016 took place on 22 July, at EUR5.755 per share, while the annual low was recorded on 12 June, with a close of EUR4.224 per share.

The average trading volume during the year was 4.8 million shares daily, which makes DIA one of the most liquid stocks on the Spanish stock exchange, both in terms of absolute transaction volume and rotation of the shareholder base.

In keeping with the commitment to offer increased shareholder profitability and, as agreed upon at the General Shareholders' Meeting held on 24 April 2016, the DIA Group has again raised returns with the distribution in July 2016 of a dividend of EUR0.20 per share charged to 2015 results, which represents an increase compared to the previous year of 11.1% and a cumulative growth rate of 81.8% since the company was listed in July 2011.

This dividend represents a payout calculated against the underlying net profit of 49.8%, representing an approximate payment of nearly EUR130m in dividends to shareholders. At 31 December 2016, DIA held 11.1 million treasury shares (1.8% of the capital) to cover the various remuneration items of shares included in the Incentive Plans for the Company's management team.

For the 2017 financial year, the General Shareholders' Meeting will propose the distribution of a gross dividend of EUR0.21 per share charged to 2016 results, 5% higher than the previous year.

Stock Market Indicators

622,456,513

Total number of shares

4,775,500

Average volume
million shares traded daily

5.755

Maximum market price (€)

4.224

Minimum market price (€)

5.053

Average (€)

4.665

Closing (€)

0.422

Closing (€)

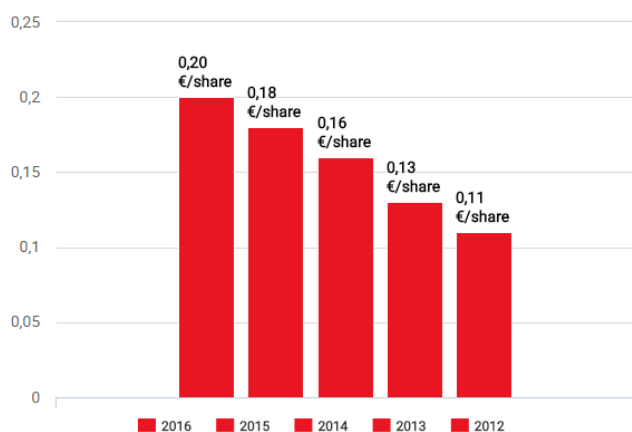
Adjusted earnings per share (EPS)

0.20

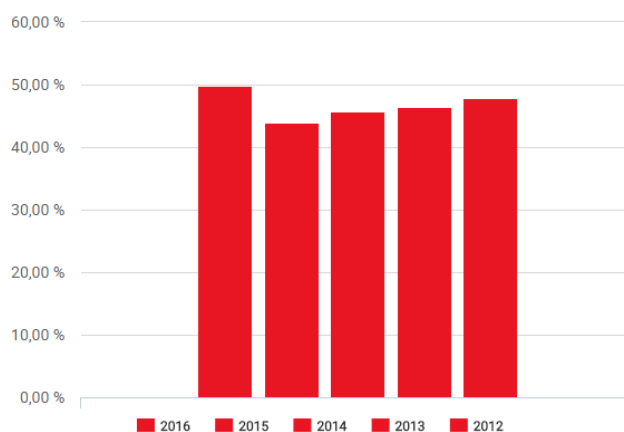
(€)

Dividend per share

Gross dividend paid per share

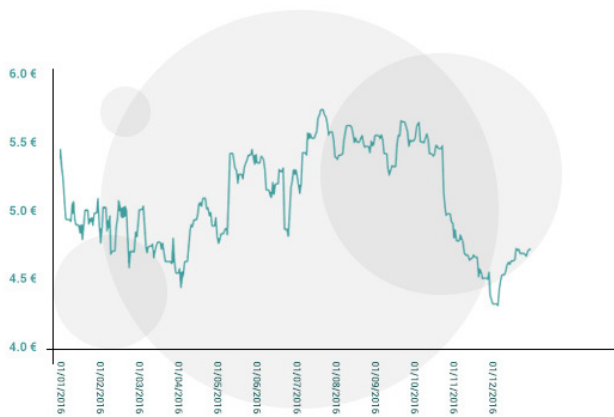


% of dividend against net result (pay-out)



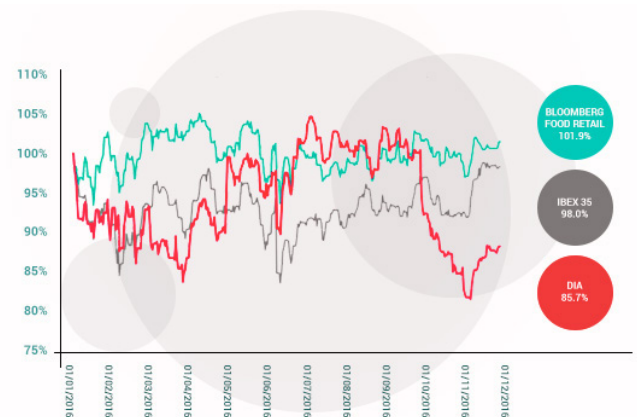
Share performance

(From 1 January to 31 december 2016).



Share performance and main indices

From 1 January 2016 to 31 December 2016



Issue of bonds and financing

In mid-April, the company issued, under its Euro Medium Term Note Programme (EMTN Programme), a series of Notes in the Euro market in an amount of 300 million euros.

The issuance, which matures after 5 years and whose settlement date was 28 April 2016, has an annual coupon of 1.00% and an issue price of 99.424%. The Notes were admitted to trading on the Irish Stock Exchange.

Shareholder composition



- Free Float 83.85 %
- Treasury stock 1.15 %
- Baillie Gifford & CO 8.92 %
- Blackrock INC. 3.48 %
- Black Creek Investment Management INC 2.61 %

Commitment to the Environment

In addition to the Ibx 35, since 2015 the DIA Group has also been listed in the FTSE4Good international stock exchange index, which includes listed companies from around the world that provide information on parameters such as corporate social environmental responsibility practices, shareholder relations, and human rights.

This year, the index has been revised twice to allow new companies to join and to stop following those that no longer make public the information requested. The FTSE4Good, which uses the information provided by the Ethical Investment Research Service, was created with the collaboration of UNICEF, the UN Fund for Children.

More communication and more closeness

The DIA Group has a team responsible for maintaining a direct, clear, and fluid relationship with its investors. The department is governed by the principles contained in the investor Communication Policy approved by the Board of Directors in 2015, which encompasses a series of action principles to protect the rights of shareholders, institutional investors, and the markets in general, and is available on the corporate website.

Shareholders and investors have different communication channels, through which detailed information is provided about the company on stock market and business matters, thus maintaining an open, efficient, and transparent dialogue.

Through the corporate website www.diacorporate.com, the company offers real-time information on the stock performance, relevant facts, Corporate Governance and financial results, in addition to offering the possibility of subscribing to a channel to receive the most relevant notifications. The website complies with all the technical and legal specifications established by the National Securities Market Commission (CNMV) in its Circular number 3/2015 of 23 June.

In 2016, the department of Investor Relations of the DIA Group organized more than 1,200 information activities in different areas, such as face-to-face meetings, webcasts and conference calls, all aimed at offering the most current and accurate information to the market.

The most important shareholder events, such as the quarterly presentation of results and the General Meeting, are retransmitted via webcast, in line with the company's strategy of transparency and fluid communication with the investment community.

Franchises

The DIA Group sees the franchise as a fundamental pillar of its business model that allows for the consistent expansion of its banners and generates value in all the countries in which the company operates. At the end of 2016, the group had 3,969 franchises, representing 50.9% of the total network of stores.

In 2016, DIA granted additional financing to its franchise network to improve business conditions, raising the total credit assigned to EUR106m, although a significant portion of these loans are covered by guarantees. In addition, the credit risk is highly diversified, as it is fully distributed among the 3,363 franchisees that made up DIA's franchise model at the end of 2016.

Since it opened its first franchise in Spain 27 years ago, DIA has been advancing in a model that has currently led it to be the leading franchiser in Spain, the third in Europe in the distribution sector and third in turnover in Brazil. In Argentina, a country where 70% of stores are franchises, DIA is already the largest franchiser in the region.

The success of the franchise model lies in the close relationship the company has with the entrepreneurs from the outset. While DIA provides its historical knowledge of the sector as well as the strength of its brand and powerful logistics infrastructure, the franchisee contributes commercial vocation and knowledge of the local market that is essential for the development of the proximity and closeness model.

Consequently, there is a professional relationship of trust that not only generates benefits for the parties involved, but also adds value and enriches the environment in which the franchise operates. Accordingly, during 2016 DIA franchises generated 25,135 jobs in the five countries in which it has a presence, up 4% compared to 2015.

The work undertaken during all these years on its franchise model has led the DIA Group to position itself among the 20 best franchising companies in the world, according to the international consultant Franchise Direct, which studies parameters such as capacity for innovation, number of stores, support offered to partners and environmental policies, among others.

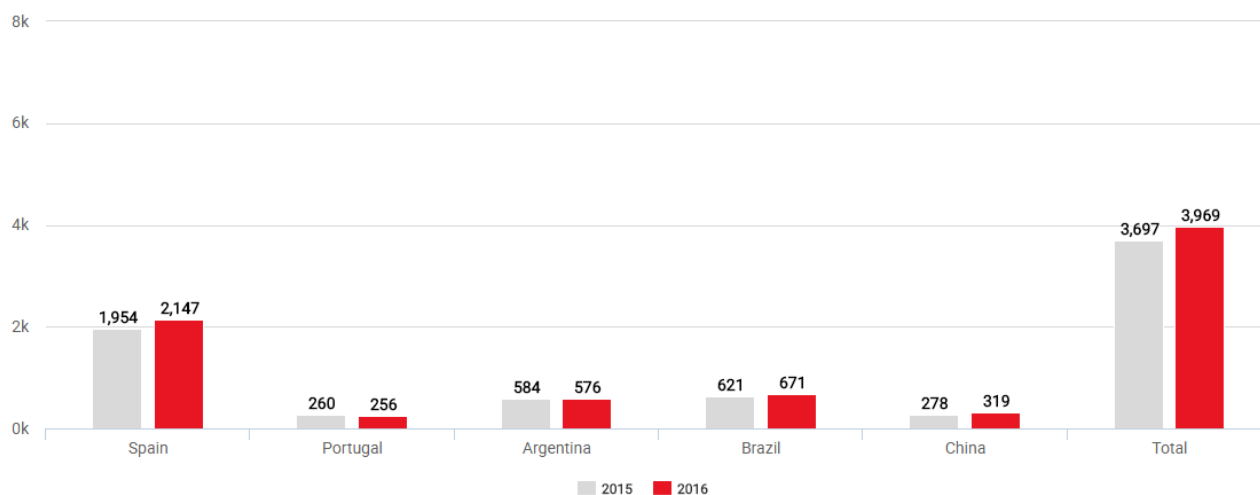
More franchises every year

The DIA franchise has seen another year of exponential growth in the five countries in which it operates. In 2016, the DIA Group added 3,969 new franchises to its store network, up 7% compared to the previous year. Franchises already represent 48% of the group's total network, and 61% of the DIA banner stores.

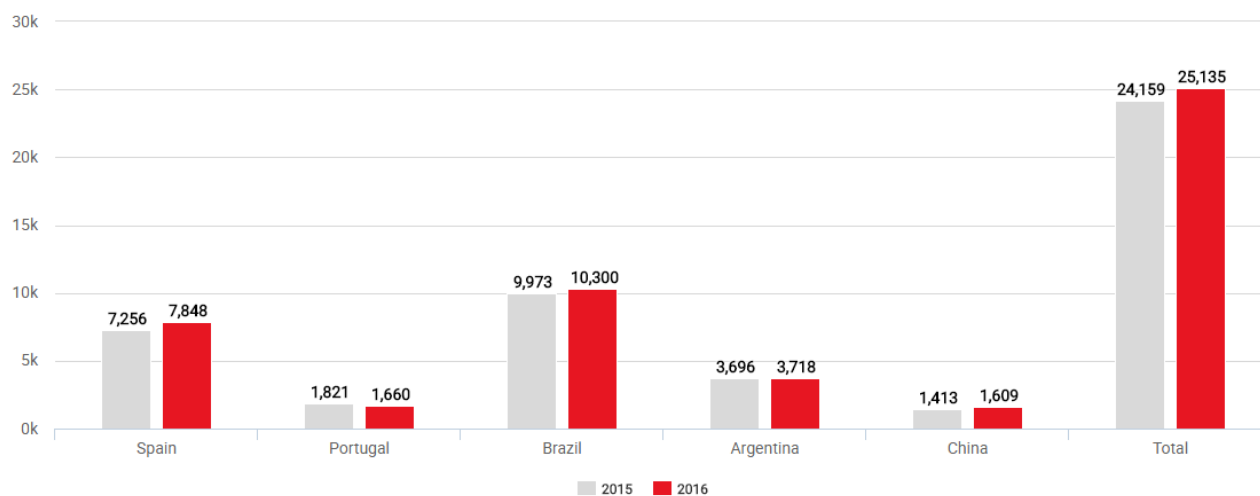
By region, in 2016, franchises accounted for 43% of stores in Iberia (Spain and Portugal) and 68.1% in emerging countries (Argentina, Brazil, and China).

With the exception of Spain (due to the recent acquisitions there), in all the other countries in which the company operates, the number of franchises already exceeds that of own stores, highlighting the company's firm commitment to this model.

Number of franchises



Jobs generated by franchises



By type of format, the Market stores remain in the lead in terms of franchised stores, with 3,192 premises, followed by Día/Mais Perto, which has 519 franchises, and Maxi, with 151 stores.

In turn, 2016 has been the year of consolidation of the Clarel franchises, which had 107 establishments at the close of the year.

Franchises are also involved in the digitalization process

For the DIA Group, the franchise is part of its organic growth strategy and, therefore, the relationship and continuous communication with its franchisees is crucial to achieve excellence in the model. The company sees franchisees as the best ambassadors of its brand, contributing valuable and efficient knowledge for managing the proposed proximity store model.

DIA franchises have full support and monitoring from the start of the commercial relationship with the company. The DIA Group analyses each project that it receives, collaborates closely in the search for the best premises for entrepreneurs, and draws up a business viability plan for each store. The company places a team of supervisors and specialists at the disposal of each franchisee, who provide advice and offer assistance in day-to-day business.

Through its store-schools and virtual training courses on its DIAtaining platform and the DIA Academy in Argentina, the company provides training before and during the opening of each store. It also offers ongoing training with different information bulletins and tips that are sent through its direct communication channels with the franchisee.

In order to improve and streamline processes with franchisees, in 2016 the DIA Group developed a series of digital tools that integrate with existing management processes to help simplify store management and, consequently, improve profitability. These new developments have emerged as a result of the listening groups launched in recent years, in which franchisees have been able to contribute their business view and find solutions to their daily needs.

In Spain, a store management application was implemented in all franchises to digitalize and streamline daily tasks in the stores. This new system optimizes procedures to further reduce errors, further simplify access to information, and provide more effective customer service, which is the ultimate aim of the business.

As a result of this commitment to digitalization, an in-store catalogue sales system has been set up for franchises in Spain, whereby customers can already place their orders through the Oportunidades DIA platform, where non-food products and electronic products can be found.

This year, Argentina launched a logistics management tool for franchisees that enables real-time measuring of delivery compliance and the review of the time slot service for each establishment. The system also includes SMS alerts related to truck schedules and locations.

Focusing on this direct communication strategy resulting from the opportunities offered by the digitalization processes, in 2016 DIA Argentina launched a weekly webcast with franchisees in which a company manager talks to them about the most relevant subjects and resolves their main management concerns. Like Argentina, in 2016 franchisees in Brazil were also involved in several training activities through e-learning and video classrooms.

In 2016, franchises in China also incorporated an application that enables orders to be placed via smartphones and also has a series of sales terminal back-office functionalities and others exclusive to franchise operation, such as selecting purchase opportunities, returns, financial information, messaging and support (with franchisee support assistance service similar to a chat and with a specific timeframe for resolving questions or commenting on operating problems), among others.

Close communication

The success of the DIA franchise lies in the company's close and trusting relationship with the entrepreneurs. To forge these ties, it is essential to work on two-way communication, so that the franchisees feel they are an important part of the company and vice-versa.

DIA's communication with its franchisees is mainly channelled through the direct relationship with the supervisor and through the Franchise Portal, a digital platform that shares relevant business information, such as product range, orders and logistics, along with access to the database with information about the store itself and its performance.

This direct communication channel is completed with other franchisee listening systems developed in each country, such as the Strategic Partner Assistance Service (CASE) in Argentina, which offers a telephone and email service, the permanent call centre in China or "DIA te escuta" in Brazil, aimed at resolving the main concerns and problems that arise in day-to-day business.

To conduct a much more detailed monitoring of this direct relationship with franchisees, each year DIA carries out a satisfaction survey prepared by the independent consultant Nielsen, in which they are asked, confidentially and anonymously, about areas for improvement and the areas they are happiest with.

In 2016, the fifth edition of the survey was conducted, with a 65% franchisee response rate in the countries in which the company is present. Generally speaking, 48% of those surveyed are satisfied in relation to their initial expectations of the business, and the attributes most highly valued by the franchisees, in line with previous years, include the quality and competitiveness of the DIA brand, as well as the advertising and Club DIA/Minipreço loyalty programme.

The results of the annual survey were shared with franchisees in all the countries.

New support staff for franchisees

In 2016, progress was made in the creation of new professionals that seek to go into greater depth in terms of a personalized service for franchisees and permanent support.

Therefore, all warehouses in Spain now have a franchise analyst in their team in charge of advising the franchisee in economic and financial areas to promote business profitability.

The position of logistics spokesperson has also been included, aimed at responding to demands relating to orders and other logistics-related aspects. This position has already been in existence for many years in the Brazil centres.

Portugal has also incorporated the position of head of new projects, who will be in charge of providing support to franchisees in terms of implementing new activities rolled out by the company.

In turn, in 2016 Brazil created the DIA Expert Committee with a group of franchisees, which aims to share useful network issues, ideas and suggestions, and to subsequently establish improvement plans.

Direct contact

In the countries in which they operate, all franchisees receive periodical and specific publications with the latest company news and advice about better management practices.

All group countries distribute a newsletter through various channels with relevant company information. Argentina has a bimonthly magazine called "Socios", while Spain distributes a digital newsletter every two months informing franchisees about the latest commercial features, corporate social responsibility, etc. A publication is also distributed in Portugal, China and Brazil.

Under the name of "Proyecto de dinamización de la franquicia" (Franchise Dynamization Programme), the DIA Group holds regular international meetings with franchisees, in which a large part of the company's departments are involved, promoting direct and two-way contact. At these meetings, store management, logistics and commercial matters are discussed directly with the management teams of Spain, Portugal, Brazil, Argentina, and China.

Likewise, in 2016, the company continued to develop several meeting forums and dialogue in countries in which a small group of franchisees meet with managers from different areas to discuss specific day-to-day matters, thus improving processes and procedures.

In keeping with involving all departments in the development and knowledge of the company, each country organizes a "Semana de la Franquicia" (Franchise Week), where employees from different areas attend training talks about the DIA franchise. In addition, both countries carry out franchisee integration workshops, in which franchisees can exchange opinions and concerns with company managers.

Attracting new franchisees

Given that the DIA Group sees the franchise as a cornerstone of its international expansion strategy, it has different communication channels through which it informs possible entrepreneurs interested in the franchise model about key aspects of the business.

Accordingly, all countries have their own website dedicated exclusively to promoting the most noteworthy aspects of the DIA franchise, as well as the different commercial models.

In addition, the DIA Group is also present at several specialized trade fairs, where people interested in the franchise model receive first-hand information. In 2016, the company participated in over 20 trade fairs in the five countries in which it is present.

We highlight the “Programa Referidos”, aimed at attracting new franchisees in Argentina. As part of this programme, employees and franchisees are motivated to search for new entrepreneurs.

Recognizing the work of the franchisee

The DIA Group recognizes the work carried out each year by its franchisees, and to that end organizes in Spain its “Premios a los mejores franquiciados del año” (Awards for the best franchisees of the year).

The aim is to put a spotlight on the company’s commitment to franchisees throughout the year, highlighting their work in five categories that are aligned with DIA’s five corporate values: Customer, Effectiveness, Initiative, Respect and Team. In 2016, these prizes include recognition for an international franchisee, awarded to a Portuguese entrepreneur. All the details here.

Argentina, for its part, also held an award ceremony that rewarded the five franchisees that best represent DIA’s values and that are considered to be the best ambassadors of the DIA brand of the year.

The master franchise: the launch pad towards new markets

To complement the growth of the usual franchise model, the DIA Group also has strategic agreements with local entrepreneurs, giving them the exclusive right to market the brand in certain countries and regions. Through these partnerships, the company ensures the rapid growth of its store network in large geographical areas with highly diverse consumer profiles.

In 2016, these master franchise agreements allowed DIA to enter a new country, Paraguay, where it signed a partnership with one of the leaders of the local distribution of mass consumer products, Distribuidora Gloria, whereby it has begun to develop the DIA store format in the country.

Also in 2016, DIA signed a similar agreement with a local partner to expand the business in Rio de Janeiro, a state where the DIA Group did not already have a presence. With a population of more than 16 million inhabitants, it is estimated that 32 establishments will be opened in the first stage in the city of Rio, in which the company's entire commercial offering will be implemented.

These recent agreements are in addition to those that the DIA Group has had in Argentina and Brazil since 2014.

In the Salta region, with a population of over 1.2 million inhabitants, the group has 16 stores, under the master franchise system, while in the Brazilian state of Bahía, with over 14 million inhabitants, at the close of 2016 it had 36 establishments.

In Brazil, the DIA Group again obtained the seal of Franchise Excellence in 2016, a prestigious award of recognition in the sector due to the demanding criteria used, including numerous direct interviews with the franchisees.

The DIA brand, increasingly international

The DIA Group also has brand assignment agreements with local partners in Africa and the Middle East, which has led it to have 97 stores under the City DIA format in Senegal (75), Nigeria (6), the Ivory Coast (9), Guinea Conakry (3) and Ghana (4).

Partnership management offers all the support and expertise to its partners for the development of the model in these countries.

Employees

At the end of 2016, DIA Group had a workforce of 44,232 employees, across five countries: Spain, Portugal, Brazil, Argentina, and China. The business performance, together with the commitment to diverse formats, has encouraged work on the development of new competencies and adaptation to the new needs of customers at all levels in the course of this financial year.

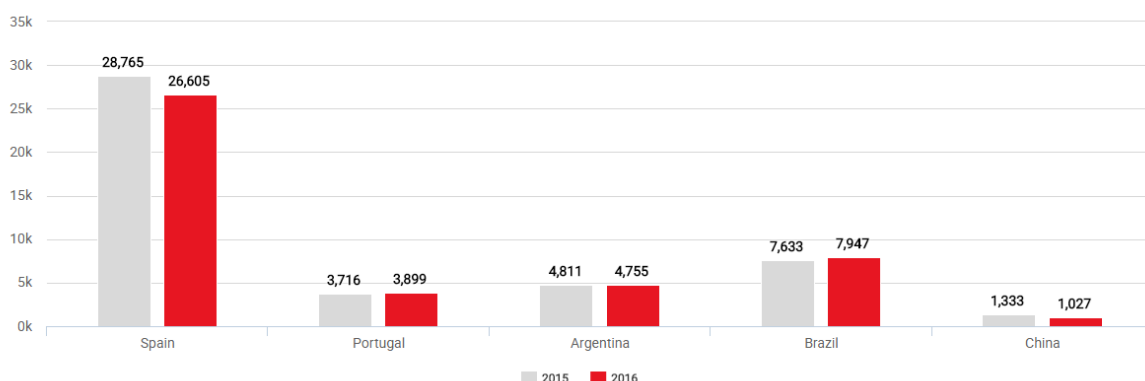
In December 2016, the Board of Directors approved the Human Resources Strategic Plan, applicable to all group companies and aligned with the main business objectives. The company also in 2016 on comprehensive training for all staff with the aim of placing the customer at the centre of all operations and has conducted a Climate survey for all group employees for the purpose of listening and acting in accordance with their needs.

Of the 44,232 employees working at DIA, 69% perform their jobs in Europe, 29% in Latin America, and 2% in Asia. By work centre, 73% of employees work in stores, 14% in warehouses, and 13% in offices.

The commitment to permanent contracts and talent retention that the company undertakes year after year has meant that at the close of financial year 2016, 87% of contracts throughout the group were permanent, while the average rotation of workers, understood as voluntary departure, was 0.9%, with an average seniority of 8.2 years.

In America, the workforce has grown with respect to the previous year, returning to the path of growth, mainly in Brazil, where the selection team has been reorganised, with experts in the operational and commercial areas. In addition, a new recruiting Centre has been opened in Río de Janeiro, and two new programmes for talent acquisition have been launched: Talento Joven Día (DIA Young Talent) and Talento Futuro-Joven Aprendiz (Future Talent – Young Apprentice).

In the case of China, the objective of efficiency for the Shanghai structure continues, in order to position the business unit in the best competitive situation. The case of Portugal is significant, where the workforce has increased mainly due to the stability of the Clarel banner and the transformation of the new supermarkets with fresh-cut products. In Spain, adjustments continue to be made to the store workforce as result of new acquisitions to increase profitability and the number of outsourced stores has been increased.



2017-2019 Human Resources Strategic Plan

In July 2016, the Human Resources Strategic Plan was submitted to the DIA Group's Board of Directors. The fundamental pillar of this three-year strategic plan focuses on three key elements for the fulfilment of objectives:

- **Customer focus:** Give continuity to and reinforce actions initiated in recent years to increase the customer-oriented focus of employees, which constitutes a basic pillar of the DIA Group's strategy.
- **Digital Transformation:** Give impetus to necessary organisational and cultural changes for the digital transformation of the organisation.
- **Employee focus:** Work on meeting the needs of the "100% Love My Job" project, which brings together a series of actions focusing on the employee, aimed at achieving greater commitment of the latter to the company project.

Listening work: 2016 Climate and Commitment Survey

The second Climate and Commitment Survey took place in September and October 2016 at group level, with the participation of more than 22,000 people, reaching 48% of the current workforce. This number represents a 10% increase versus the last climate survey conducted in 2013.

The level of participation is worthy of mention in countries such as China, Argentina, or Brazil, where it was above 70%.

In a broad sense, the most improved category has been that of the customer, which has increased by 9% since 2013, as well as employee satisfaction with their immediate superior, increasing to the same level as other large companies in the retail sector worldwide and, in some cases, above the valuation of companies in the countries in which the DIA Group operates.

Likewise, as result of the active participation of the employees, the company is aware of the need to pursue improvements in internal communication channels, as well as to provide information about the most immediate business plans among its collaborators at all levels.

During December 2016, the results dissemination process was initiated for all employees and will be extended to the first quarter of 2017, along with their associated action plans, to reach all employees of the DIA Group.

Training


More training and more tools

		Country					
	Year	Argentina	Brazil	China	Spain	Portugal	Total
Training	2015	442	15,567	95	182	866	17,152
	2016	845	16,928	81	483	851	19,188
	Total	1,287	32,495	176	665	1,717	36,340
Hours train	2015	37,310	151,998	9,602	46,421	67,484	312,814
	2016	60,279	234,405	6,543	111,086	58,995	471,307
	Total	97,589	386,403	16,145	151,507	126,478	784,122
Employees train	2015	2,765	9,108	754	2,632	3,972	19,231
	2016	4,868	10,495	468	9,767	4,268	29,866
	Total	7,633	19,603	1,222	12,399	8,240	49,097

The DIA Group has an active policy in the area of talent retention and training that identifies, recognises, and fosters the value that different profiles generate for the organisation. For this reason, the company maintains a constant and differentiated commitment to ongoing training for all of its personnel. During 2016, the company dedicated more than 471,000 training hours to over 29,800 employees of stores, warehouses, and headquarters in all the countries in which it operates.

In all of its countries, the company has a total of 31 own training centres for employees of its establishments. In 2016, it opened two new training centres in Spain and Brazil, with the aim of complementing and providing more in-depth training of new profiles. In the group's training centres, new employees are trained to perform functions in the store in an eminently practical manner. Specific training is also carried out at logistics centres focusing on the efficient use of tools and machinery and, like the other profiles, to guarantee the occupational safety of the workers.

Accordingly, 2016 was characterised by numerous actions focusing on the updating of store operations, which has allowed the training team to roll out a series of new operational procedures for all employees in the store network for the immediate adaptation of the teams.



In 2016, a transversal training project was also undertaken for all employees of the group in which it explains, through information clips in video format, the functionalities of Google tools and applications used by the company to improve collaborative work and communication, in addition to providing technological solutions that facilitate the work of employees.

2016 saw the launch of e-learning training on the new Code of Ethics and the Ethical Principles that inspire it, with the aim of disseminating it with to all employees. This training, translated into four languages, was launched in Spain and China for personnel of offices of Headquarters and Regional Centres during November and December, and will be rolled out in America and Portugal during the first quarter of 2017. At the close of 2016, 2,981 employees had received training on the Code of Ethics..

The "Actitud CLIENTE" (Customer Attitude) project was one of the main training themes during 2016. This is a transversal plan aimed at enhancing the shopping experience of DIA customers, focusing efforts mainly on two parameters: experience in establishments with the "Experiencia Cliente" (Customer Experience) project and involvement of employees at all levels through the "Actitud Cliente" project.

Like all projects developed internally by the company, it had an initial implementation and development stage in Spain that will be applied in subsequent years in the rest of the Group's countries. In Spain alone, over 14,400 training hours were given for the "Actitud Cliente" project in 2016, benefiting 2,000 staff of all profiles, in offices, warehouses, and stores..

It is worth noting the effort that has also been made in language training, where 16% of employees already use the on-line methodology.

Training in Headquarters and offices

During 2016, Headquarters and offices began to train employees in new work methodologies such as:

- Design Thinking and other methodologies relating to innovation projects applied to customer experience.
- Product Owner Agile Methodology.
- Individual and Team Coaching.

In turn, new training methodologies have been incorporated, such as “serious game” e-learning for the development of negotiating capacity and Time Management.

Training at stores and warehouses

DIA provides practical high-quality occupational training to people who choose job positions in stores. People are trained in how to manage a sales terminal (cash register), as well as in DIA values and basic concepts such as product placement, customer service, and teamwork.

To meet the growing demand for the training of store and warehouse personnel in Spain, a new National Training Centre was opened in 2016, featuring traditional training rooms and newly created ones, as is the case of “Aula de la Tierra” (meat) and “Aula del Mar” (fish). These rooms are intended for the theoretical/practical training of our meat cutters, deli cutters and fish cutters and are equipped with all the necessary equipment to train staff.

In regard to the warehouses in Spain, leadership training has been implemented for intermediate management, with the aim of establishing and standardising the management style of the warehouse teams.

For the Clarel banner, training has also been increased, both in terms of product as well sales technique, linked to a new system of sales incentives.

In Portugal, progress has been made in the “Market III” training programme project for own staff, as an integral part of the strategy to promote sales and offer customers a better shopping experience: “Customer Service and Sales” and “Perishables”.

The DIA Corporate University in Brazil continues operating at full capacity, updating the expertise of professionals at all levels. In 2016, the training of the Expansion Team and of Area and Operation Managers was initiated, with the aim of improving service to franchisees, one of the company’s pillars.

Argentina launched the DIA Academy in 2016, which has three schools for training personnel.

Employee training focused on the franchise

To raise awareness and ensure greater participation of own employees in the franchise business, the DIA Group has undertaken a series of training plans aimed at providing knowledge about and improving processes.

Accordingly, in 2016 Argentina launched a new training and communication resource with franchisees through video conferences. In these video conferences, own employees dedicated to providing support to franchises and franchisees discuss important matters pertaining to the management of the business.

An "Initial Training Plan and Follow-up of Openings" has been launched in Portugal for franchisees. This programme will last for three years from the start of the activity of the franchisee.

In DIA China, the training effort has focused on Service Managers, who supervise groups of stores, both own stores and franchises, in everything related to human resources management and hiring, in order to improve recruitment and employee retention.

Talent Recruitment and promotion

The publication of vacant posts arising at DIA Group's Headquarters, through the DIA Portal, has increased internal opportunities, promoting profiles with a more global and transversal vision of the company. In 2016, 28% of the positions were covered internally, meaning that 2% of the Headquarters staff changed positions internally. In the case of Brazil, 27 people changed positions at the Headquarters in 2016. Portugal is also managing the internal job offer at central Headquarters, thus covering 12% of these vacant posts. Argentina and China began to use this recruiting formula in 2016 at their central Headquarters.

New technologies and forms of socialisation are increasingly moving toward talent recruitment teams to seek new recruitment formula alternatives and the creation of an Employer Brand. The two examples currently underway are the launch of the DIA Group corporate page on LinkedIn, with links to the pages of each of the countries where the vacant posts are published. In turn, DIA China is recruiting through an App, as this is the way to gain access to the younger population, due to the high level of smartphone use.

Due to the rapid growth of the job market, Brazil has advanced in the hiring of professionals with the capacity to hold positions in the new centres and Headquarters. The aim is to train DIA Professionals in alignment with the company's strategies and values, as well as with the objectives of each business area.

During 2016, Portugal continued with the company's strategic and tactical position renewal process at all levels, incorporating and promoting professionals, both internal and external, who contribute a greater capacity to respond in an effective and dynamic way to the company's current and future challenges.

In the operational area, the teams have been strengthened with the incorporation of new Store Managers with substantial expertise in the retail sector and university-level education, in addition to qualified professionals for the over-the-counter perishable sections (fish, meat, take-away).

In Clarel Portugal, the store coordination team has been strengthened. All employees and their families have been included in the health insurance benefit.

In DIA China, a team has been created to meet the logistics needs of the e-commerce project (online sales on own platform and on T-mall), with a system of own incentives, which includes experienced personnel from among middle management.

During 2016, in Brazil the HR teams have begun to support candidate selection processes for Franchises. The Franchise is one of DIA's basic business pillars, obtaining extremely successful results.

New more digital profiles

Work has also been carried out on new technological profiles in line with the digitalisation process at all levels implemented by the company. Thus, during 2016, new staff specialising in Big Data processes, technology and e-commerce, among others, were incorporated.

In regard to the evaluation of potential at Administrator and Manager levels, Spain and Brazil continue to use Assessment as the competence assessment tool.

Internal communications

In regard to communication with employees in Spain, the number of people registered on the internal DIA Portal has continued to increase and a similar site has been launched for Clarel, with a very positive response. During 2016, a new Social Portal was developed for all employees of the group in all countries that will be unveiled in the second half of 2017, and which will give service to all employees of the group, either through a PC or through a smartphone with an own app.

In Brazil, the use of social networks has been strengthened with the aim of transmitting immediate communications to employees - mainly stores - containing information on internal campaigns. Work has also been carried out on other campaigns to increase the participation of employees and their commitment to the company, such as: the Loss Reduction and Prevention Campaign or the Experts in Economy Campaign.

In order to detect problems with store employees, the Brazil HR teams have launched a campaign to increase their presence in DIA Brazil stores. Thanks to this, greater proximity to employees has been achieved and aspects relating to health and safety, internal communication, and human resource management have been improved.

Argentina has continued with the “Un DIA en Familia” (DIA Family Day) campaign for employees of Central Headquarters and at Warehouses, in which more than 1,700 people participated. It consists of an activity of closeness and feeling a sense of belonging to the company.

Health and safety in the workplace

DIA, through its HR policies, establishes the safety, health and wellbeing of its collaborators as one of its top priorities. To this end, as one of its commitments, DIA establishes the promotion of health and safety and is committed to incorporating preventive management at all stages of its activity.

Aware of the importance of maintaining appropriate prevention conditions, DIA strictly complies with current legislation. In regard to data on accidents in the workplace, the percentage of accident leave is 0.49%, a low percentage given the characteristics of the work carried out in stores and warehouses and in spite of the incorporation of new banners and of new stores and warehouses with people who have little experience with the DIA work systems.

The aim during 2016 was to achieve a safe and healthy working environment in all areas of the company: offices, stores, and warehouses. The Prevention Service works to reduce accidents and improve worker safety at all stages of the activity they perform.

Each country has developed and adapted the training to the new stores and new processes, in a way that ensures that employees are trained in health and safety in their work positions, both those that are already part of the company (to update their expertise) as well as the new hires

The prevention of occupational risks is given great importance in stores and warehouses, and all employees receive training in the use of the specific machinery that they will be using in their job position.

In Spain, the event “Semana Saludable” (Health Week) was held in the Headquarters and in Regional Centres in 2016. All actions were addressed to improving staff wellbeing, promoting an active and healthy lifestyle. These actions focused on nutrition, emotional wellbeing, and physical activity.

It is worth mentioning the update carried out in Portugal in all areas (auditing, training, procedures, etc.) in regard to Risk Prevention and Health for all the collectives.

This has also been done by DIA China, with service provider companies: cleaning, transport, safety, maintenance, etc., to ensure that everyone working in DIA does so in complete safety conditions.

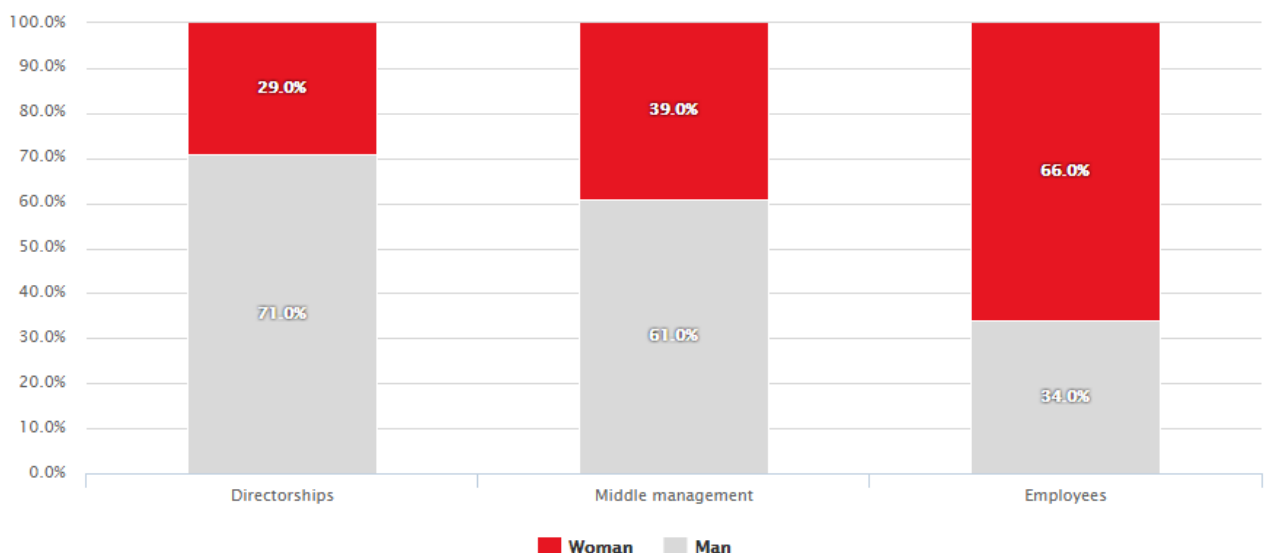
This year also saw the continuance of the information and awareness raising campaigns on information security, an ever-growing risk given the high level of technological connectivity that professionals work with, both in today’s large businesses, as well as in our private lives.

Equal opportunities

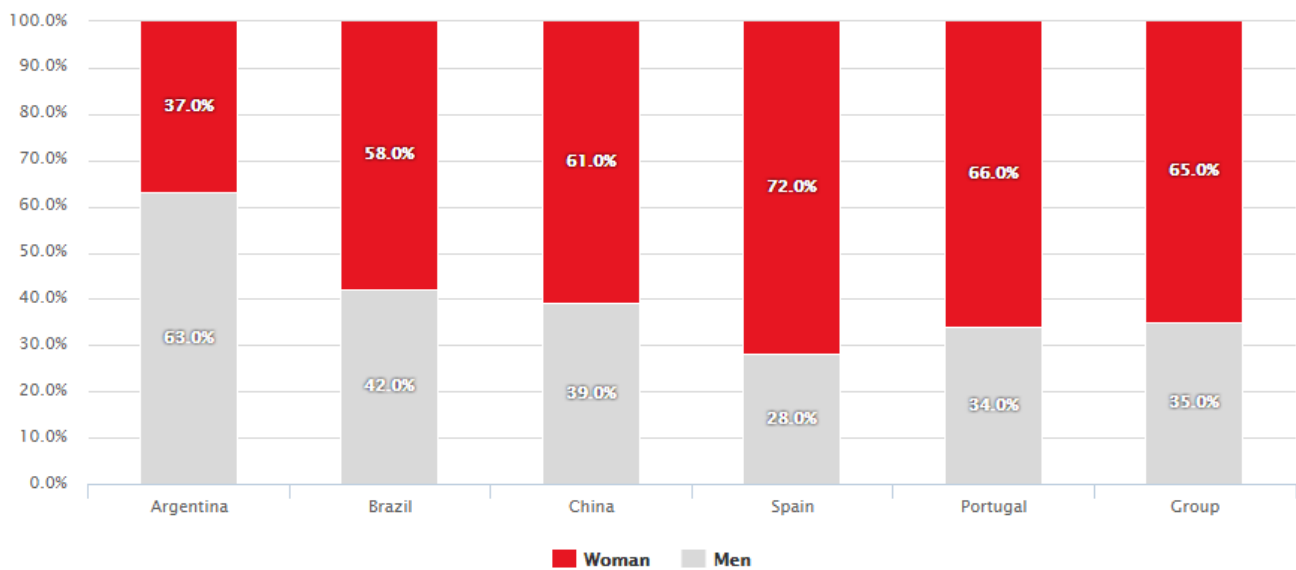
The DIA Group is a company committed to equal employment opportunities. Female workers account for 65% of the total workforce, and this percentage is 38% in management positions at group level, reaching 46% in countries such as Spain and 60% in China.

The distribution of the workforce by country at the end of 2016 was as follows:

Graphic distribution of workforce by sex and country



Workforce gender distribution at 31/12/2016



To achieve effective gender equality, the Group appropriately controls and publicises selection processes, promotions and job training, and also guarantees equal pay for jobs of equal value.

In order to foster equal opportunities for all members of the workforce in Spain, an Equality Plan was set up in 2012. Evidence of the good functioning of this plan is that in 2016, 39% of promotions to professional groups other than those in which they started were for female personnel.

In keeping with the company's commitment to the dissemination of equal opportunities, in March 2016, at the International Women's Day, the DIA Group in Spain subscribed to the "Decálogo Compromiso por la Igualdad" (Commitment to Equality Guidelines) of the Madrid Woman's Week Foundation.

Diversity and integration

The DIA Group works to integrate collectives with disabilities in all the countries where it operates. At the close of 2016, a total of 525 people with some type of physical or intellectual disability formed part of the workforce, and DIA Brazil is the country with the largest number of staff with disabilities, with a total of 264 people.

For the fifth consecutive year, on 3 December DIA celebrated International Disability Day, to raise awareness about the integration of people with different abilities in all of the Group's countries.

In Spain, DIA works closely with various Foundations and Associations, in particular Fundación Once, with which it works to integrate people into the company through internships, direct hiring or indirect hiring of goods and services, reaching agreements with Special Employment Centres (companies with a minimum of 70% of staff with some sort of disability).

In 2016, the Chinese government implemented a law that requires businesses to have 1.5% of jobs filled by people with disabilities. From the beginning of the year, DIA China offered this opportunity for the insertion of people with disabilities, with integration representing 1.5% of the workforce at 31 December.

Performance and remuneration

The DIA Group has performance evaluation mechanisms in place for 100% of the workforce. In the case of store and warehouse staff, performance and productivity objectives are evaluated for the workplace and individually. In the case of offices, personal goals focus on individual performance and values and are aligned with the Company's results.

During 2016, the Company continued the process of reviewing the performance evaluation systems. These changes seek to increase differentiation in terms of merit and talent recognition throughout the organisation and improve the tool as an instrument for the professional development of employees, increasing the weight of the DIA Group's values in day-to-day decision-making, as well as the behaviour of the Group's workers.

This past year, the review process and modification of the Performance Evaluation System has been completed. A single methodology has been implemented for the entire company (stores, warehouses, Portuguese Headquarters), with the same principles and in alignment with DIA values. In 2016, training actions were held for evaluators and those being evaluated in the new methodology, a computer, communication & feedback application.

The talent management system has continued to be developed for key positions within the organisation, with special emphasis on the development of horizontal careers, coaching, and the role of the supervisor as a people developer. A leading solution on the market has also been implemented to support the process and make it more accessible and productive for users.

The remuneration policy of the DIA Group is established by the Group's Management in accordance with local market practices, inflation, agreements with trade unions and collective bargaining agreements

DIA's remuneration policy is based on the following principles and foundations:

- Moderation and adaptation to trends and references in matters of remuneration followed by local companies of similar size and activity, ensuring that they are aligned with best market practices.
- Rewarding the quality of work, dedication, responsibility, knowledge of the business and commitment to the Company of people who hold key positions and lead the organisation.
- Close links between remuneration and Company results, so that the weight of variable remuneration is suitable to effectively reward the attainment of individual objectives as well as the contribution of value to the Company and its shareholders.
- Internal equity and external competitiveness.

Brazil has implemented new rules for promotions linked to performance evaluation and positioning in the salary range. A review has also been carried out on the internal mobility policy of collaborators, adapted to best market practices in Brazil. To ensure the job position management system, all Job Descriptions of Regional Centres and Warehouses have been updated.

DIA Brazil has signed a contract with SAP Success Factors for the implementation of the modules of: Performance Management, Objective Management, Recruiting, Learning, Development, Replacement, SOC Compensation and integration (System for Health and Safety areas), with a view to improving and digitalising the HR management systems.

DIA Argentina has relaunched the Internal Development Programme for Stores with the intention of continuing to identify talent among core staff.

As part of the "Expertos en Clientes" (Customer Experts) project, the group of customers called "Expertas en Ahorro" (Savings Experts) voted for their favourite cashier based on quality of service. The winner was awarded a leisure trip to a foreign country. This initiative, intended to give visibility to excellence in customer service, has also given an award to a DIA customer.

DIA China has created new incentives to favour the retention of the most experienced personnel, both in stores and in warehouse, during peak workloads prior to the main festivities.

Suppliers

The DIA Group maintains a trusting, professional and long-lasting relationship with its suppliers, which allows it to offer its customers the best quality at the most competitive prices on the market. The multi-channel model developed by DIA enabled it to add more than 4,500 suppliers of both own-label products and the national brands in the five countries at the end of 2016.

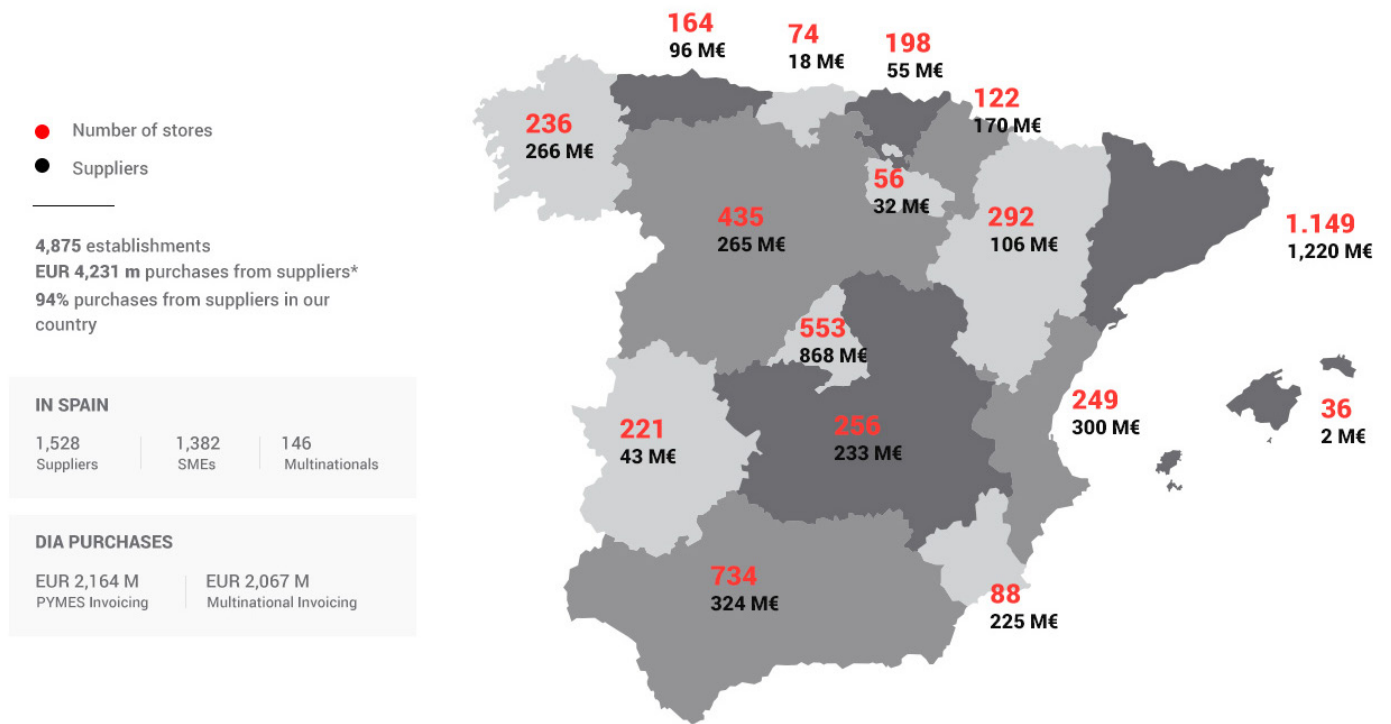
The DIA Group selects its suppliers based on criteria of competitiveness, process flexibility, and maximum product quality. All suppliers responsible for manufacturing DIA brands are subject to several internal and external audits, both of their own factories as well as the product, which are conducted regularly during the relationship between both parties.



In 2016, the DIA Group's supplier purchases amounted to EU-R7.8bn, in line with the previous year. Purchases from suppliers of own-label products amounted to EUR3.2bn, compared to purchases of EUR4.6bn from national brand suppliers.

In keeping with the commitment to proximity shopping and closeness to the customer, the DIA Group has an extensive network of local suppliers that contribute to business efficiency and adapt fast to changing customer tastes. Accordingly, 88% of suppliers working with the company are local. By country, Spain has 89% local suppliers, Portugal 57%, Argentina 97%, Brazil 98%, and China 100%.

In addition to trust and transparency, the DIA Group also bases its relationship with suppliers on durability. In fact, in Spain, where the company has been operating for more than three decades, the average commercial relationship with suppliers is 15 years.



Greater process control

To achieve greater streamlining and efficiency, DIA provides its suppliers with a series of internal tools aimed at monitoring and exercising greater control of processes, which makes it possible for both parties to work together in the quest for excellence. Through the three websites for the exclusive use of suppliers, DIA offers personalized information on the evolution of the suppliers in the commercial, financial and logistics area.

The supplier commercial website includes information on sales of products in the different categories, in addition to a more general and historical overview, showing the performance versus previous years.

On the financial website, suppliers have all the necessary information for better control and management of administrative tasks, such as orders and payments. This tool allows suppliers to access payments made, outstanding payments, charges, and related information. This tool also makes it possible to obtain information about invoices, advances, or financing to streamline administrative processes between parties.

Lastly, suppliers also have a website allowing better control and monitoring of logistics processes. This system provides access to information regarding adherence to delivery schedules, faults, days of stock and different service conditions. The logistics website also allows access to sell in and sell out information and weekly consumption forecasts.

Relationship of trust and transparency

The relationship of trust that DIA has with its suppliers is essential in terms of offering customers a quality end product aligned with their needs. Based on the principles of its Code of Ethics, applicable to all countries of the group, the company has an ethical consultation channel for suppliers to resolve doubts or disputes that can arise regarding the commercial relationship and inform about possible breaches of the code by both parties. This consultation channel is managed directly by DIA's Ethics Committee.

Likewise, in line with this commitment to transparency, all DIA contracts with suppliers include a clause indicating that the company is a signatory of the United Nations Global Compact.

Increase of exports thanks to the impetus of the DIA brand

The DIA Group exports its own-label products from the Spanish and Portuguese markets, providing an ideal platform for business expansion and growth in countries where the company does not have a physical presence.

In addition to increasingly consolidating the DIA brand globally, exports also enable the company to broaden the scope of action of the local suppliers with which the company works and promote its image internationally. In 2016, more than EUR19m was invoiced through these exports, which were delivered to 31 markets worldwide.

Exports made from Iberia

- Algeria
- Azores
- Benin
- Bulgaria
- Central America
- Comoros
- Congo DRC
- Ivory Coast
- Cyprus
- Ghana
- Guinea Conakry
- Mayotte
- Gambia
- Ghana
- Guinea Conakry
- Equatorial Guinea
- The Netherlands
- Hong Kong
- Reunion Island
- Angola
- England
- Mauritius
- Nigeria
- New Caledonia
- Dominican Republic
- Romania
- Saint Martin
- Senegal
- Others: Traders export
- Sao Tome
- Others: Azores_Madeira

Quality, the main commitment

The DIA Group's main commitment to the customer is to offer products that have the best value for money.

The DIA Group's Food Quality and Safety policy, approved by the Board of Directors in 2016, establishes the general principles that govern the company's activity in this area.

The entire DIA Group and, in particular, the Quality Control team (with 267 employees), is focused on this commitment to the customer.

The DIA Group's strategy to guarantee safe, quality products to customers is based on a Quality Management System, which is certified under ISO Standard 9001:2008. The system covers everything from the validation of suppliers, the technical definition of the product and the evaluation of proposals by the consumer through blind tastings (at the product development stage), to the analytical control after the merchandise has begun to be distributed to the warehouses and the store network (internal and external control plans).

During the final selection stage of suppliers for the own brand, applicants must pass a strict standardization audit, which guarantees the safety of each of the plants where DIA products are going to be made.

This audit also evaluates both the general management of activities and facilities, as well as the specific production conditions and the quality and environmental control system. 100% of the suppliers of own-label products have been audited, and out of these, 60% have IFS and BRC certification.

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As an additional requirement for their incorporation into the own-label range, each product must be submitted to and pass a consumer tasting test that allows an assessment regarding the organoleptic characteristics of the product under development.

In 2016, a total of 2,879 validation panels were conducted in group countries.

The quality and safety of the products received in the warehouses and stores is supervised through a comprehensive control plan. The DIA Group has a total of 43 internal laboratories located in its warehouses in which a total of 743,616 internal analyses were carried out in 2016 under this control plan.

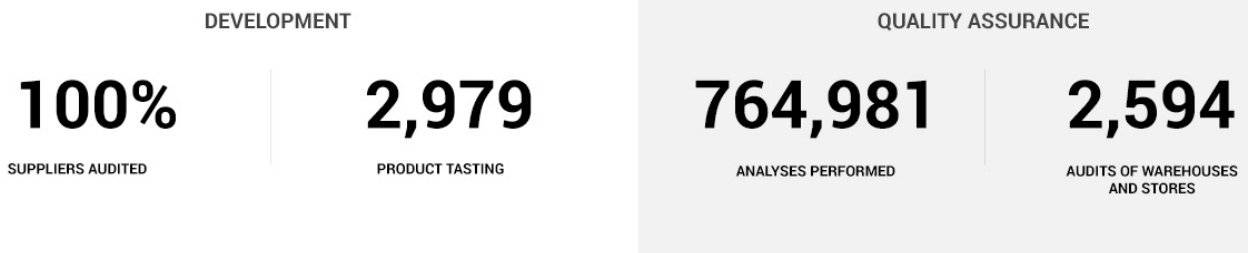


The DIA Group also collaborates with accredited external laboratories, where it carries out analyses supplementary to the internal controls. In 2016, 21,365 external analyses were conducted.

Furthermore, the warehouse and store auto-control systems define the health and hygiene conditions established by the DIA Group to ensure that product quality and safety is maintained throughout the supply chain.

To ensure the application of these standards, the Quality Control Department makes regular checks and periodic audits of warehouses and stores, where it supervises and assesses aspects such as order and cleanliness, expiry date management and the cold chain, among others.

In 2016, a total of 2,594 health and hygiene audits were conducted at DIA facilities (warehouses and stores).



Society

The DIA Group maintains its commitment to responsibility and respect for the environment in which it operates, seeking involvement in the economic and social development of these communities with different projects focusing mainly on nutrition, childhood, and the environment. To this end, every year it puts into operation, in collaboration with various non-profit entities and associations, a series of social actions that it regulates through its own CSR policy, where it structures the procedures for these collaborations in a clear and transparent manner.

During 2016, the company once again focused its social projects on the delivery of food to the most disadvantaged groups, support and awareness raising in Spain in the fight against rare diseases that affect mainly children, and social awareness programs mainly for employees and customers.

Transparent and active communication channels

The company maintains close communication with society through different channels where it makes available to interested parties all the information relating to the social actions of the DIA Group, also focusing on resolving any doubts and concerns in this area.

The DIA Group has a communication mailbox, rsc@diagroup.com, where it receives all issues and requests for collaboration in Social Responsibility matters. During 2016, it responded to more than 1,000 issues from the five countries where the company operates.

External Communications

The DIA Group maintains close and open collaboration with the media, which it works on proactively on a daily basis through its External Relations Department.

In line with this policy of transparency and openness of its activity to the society in which it operates, during 2016 the company issued a total of 170 press releases.

Furthermore, the communication department uses different information tools, such as the corporate website, press room, presentations, dossiers, and press conferences to inform about all projects and new developments relating to the Group's activity. In addition to the permanent availability of the telephone service, the company channels requests from the media and various official bodies through the email comunicacion@diagroup.com, which handled more than 2,100 queries and requests in 2016.

In January 2016, a new corporate profile was set up on Twitter in English and Spanish, which serves as an additional channel of communication with external agents and extends beyond customers to include press, shareholders, investors, NGOs, and governmental institutions, among others.

Along these same lines, in July 2016, the Group's corporate blog was set up (blog.diacorporate.com), in which it informs about the company's current situation and in which associations and institutions that work with DIA also collaborate to contribute their different points of view on current topics that involve the company and its environment.

Dialogue with public Administrations and organised stakeholder groups

The DIA Group maintains an ongoing dialogue with Public Administrations within the framework of current legislation, always in accordance with the Code of Ethics and respecting all the procedures of each country in which it operates.

The company's position in regard to public politics is of absolute neutrality, and it does not contribute financially or in kind to political parties or related institutions.

The company has representation in different of sectoral business associations which are responsible for defending the interests of the DIA Group and its associations in different matters.

Trade associations in which the DIA Group participated in 2016:

In Europe

Eurocommerce: DIA is represented in the European Distribution Association through its participation in ASEDAS. Eurocommerce brings together trade federations from 31 countries.

In Spain

- **ASEDAS** (Asedas Asociación Española de Distribuidores de Autoservicio y Supermercados) (Spanish Association of Distributors, Self-Service Facilities and Supermarkets). The company forms part of the Governing Board.
- **CEDAC** (Consejo de Empresas de Distribución y Alimentación de Cataluña) (Board of Distribution and Food Businesses of Catalonia). The company forms part of the Governing Board.
- **ASUCYL** (Asociación de Supermercados de Castilla y León) (Association of Supermarkets of Castile and Leon). The company forms part of the Governing Board.
- **Red Española de Pacto Mundial** (Spanish Network of the Global Compact). The DIA Group has been a member since 2012.
- **Ecoembes.** The organisation that cares for the environment through recycling and the eco-design of packaging in Spain. The DIA Group is a founding partner and member of the Board of Directors.

- **AECOC**: Asociación Española de Fabricantes y Distribuidores (Spanish Association of Manufacturers and Distributors). The DIA Group forms part of the Board of Directors through its Managing Director.
- **CEL** (Centro Español de Logística) (Spanish Logistics Centre). The DIA Group has had a presence since 1995 and is Vice-Chairman of the Governing Board.
- **PACKNET** (Plataforma Tecnológica Española de Envase y Embalaje) (Spanish Technology Platform of Packaging). The DIA Group is a founding partner.
- **AEA** (Agencia Española de Anunciantes) (Spanish Association of Advertisers). The DIA Group has been a member since 2001.

In Portugal

- **APED** (Associação Portuguesa de Empresas de Distribuição) (Portuguese Association of Distribution Companies): The association of supermarkets of Portugal.
- **APF** (Associação Portuguesa de Franchisin): The Portuguese Association of franchises.

In Argentina

- **ASU** (Asociación de Supermercados Unidos) (United Supermarkets Association): The association of supermarkets in Argentina

Deliveries to food banks and fight against wastage

The DIA Group maintains close collaboration with Food Banks and other similar groups in the countries in which it is present, making regular transfers of products throughout the year in benefit of the most needy. Since 2009, the company has maintained a collaboration agreement with the Federación Española de Bancos de Alimentos, (FESBAL) (Spanish Food Bank Federation), whereby it undertakes deliveries of food on a continuous basis that is distributed between the different Autonomous Communities of the country.

In 2016, the DIA Group achieved a record high in Food Bank deliveries, with over 4.5 million kilos of food delivered to various food banks and other non-profit entities in the five countries in which the company operates. The figure reached represents an increase of 14% compared to the previous year and establishes a new milestone for the company.

By country, Spain delivered 3.59 million kilos this year, 4% more than in 2015. It is followed by Portugal (436,000 kilos), Brazil (401,000), Argentina (90,000), and China (1,500).

Thus, DIA is moving forward with its commitment to take advantage of surpluses with the aim of providing food to as many people as possible. In this respect, in Spain the company also forms part of the "FoodWaste" project, an initiative promoted by the Spanish Association of Manufacturers and Distributors (AECOC), to avoid food wastage, which seeks new actions that allow improvements between all the players in the chain to make the system more efficient.

The actions carried out with Food Banks and various organisations are in turn completed with those known as "Operaciones Kilo". These are specific collections at stores that take place during the year, with the close collaboration of customers and employees. During 2016, a total of 140 such operations took place, with the participation of more than 2,500 stores, delivering over 2.6 million kilos of food.

The DIA Group once again participated, for the third year in a row, in the Gala de Corazón Solidario (Solidarity Heart Gala), organised by Public Spanish Television, for which the company makes a commitment to deliver five kilos of food for each person attending the Gala. This year, 25,000 kilos were delivered to Food Banks.

Thanks to the ongoing collaboration of the DIA Group with Food Banks, the company was honoured in 2016 with many awards. Specifically, in Spain, it received awards from the Food Banks of Asturias, Madrid, and Valladolid, while in Brazil the network of food banks Mesa Brasil SESC granted an award to the DIA Group for its ongoing collaboration in the delivery of food to this organisation.

All food delivery actions undertaken by the company rely on the close collaboration of customers, employees and franchises, as well as the different collaborators with which the DIA Group works on a regular basis and the logistics products and service providers.

Sponsorship and value

In 2016, the DIA Group signed the first sponsorship in its history, through an agreement with the **Spanish Basketball Federation**. Under this agreement, members of the Women's National Team will bear the company logo on the leg of their uniforms, in addition to undertaking various actions relating to Social Responsibility, with the aim of promoting the values shared by both entities, including Efficiency, Team, Initiative, and Respect.

This collaboration falls within the framework of Universo Mujer (Women's Universe), a comprehensive program for the development of women in society, for which initiatives are developed that contribute to social improvement and transformation through values inherent in women's sports.

In the first stage of this agreement, in October 2016, the DIA Group provided food to the **Spanish Youth National Basketball** Team in the world championship held in Zaragoza.

2017 is expected to see the development, in collaboration with the Federation, of various projects in Spain relating to sports, childhood and equality, such as the launch of the DIA SuperLeague, the first school basketball competition, which involves 192 teams made up of 2,300 boys and girls between the ages of 9 and 10. At the close of this annual report, the DIA SuperLeague had already been presented and has started in Cáceres, Madrid, Valladolid, Gijón, Zaragoza, and Málaga.

Actions of a Social Nature

The DIA Group carries out several actions focused on participating in the improvement of the most disadvantaged collectives in the communities where it operates, through donations and organisation of events, as well as fund-raising and awareness raising campaigns.

In 2016, the most noteworthy actions in this respect were:

In Spain

Collaboration with Federación Española de Enfermedades Raras (FEDER) (Spanish Federation for Rare Diseases).

For the fifth year in a row, the DIA Group sponsored the “Carrera por la Esperanza” (Race of Hope) organised by FEDER with the aim of making society aware of the need for research on less prevalent diseases and for fund-raising. In 2016, a race was held in Madrid in which more than 3,500 people participated, of which more than 600 were company employees. An awareness-raising action was also held in Barcelona, with different sports activities.

Muévete por los que no pueden

In line with the collaboration agreement that the DIA Group maintains with FEDER, in 2016 the initiative “Muévete por los que no pueden” (Move for those who cannot) was launched to give visibility to low-prevalence diseases, bringing together sports and solidarity. A pair of runners, both with severe eye diseases, travelled to 300 cities throughout Spain to raise awareness of the needs of families with these problems. The DIA Group provided food during the entire route.

Women’s race in Madrid, Barcelona and Zaragoza

Again this year, the DIA Group, together with its Clarel banner, joined as a collaborator in the Women’s race in Madrid, Zaragoza, and Barcelona in benefit of the Spanish Cancer Association (AECC). Each of the participants received a EUR10 purchase voucher, and for each voucher exchanged, the company gave the AECC EUR1 to support its various research projects.

Solidarity Market

For the sixth year running, the Christmas Solidarity Market was held at the Spanish Headquarters. The event was attended by organisations and associations such as Menudos Corazones, Cáritas, and the Crecer Jugando Foundation. Headquarters staff showed their solidarity by making their Christmas purchases at this market, which proved to be a great success, exceeding the purchases of the previous year.

March in favour of people with disabilities in Valladolid

The DIA Group participated again this year in the solidarity march in favour of people with intellectual disabilities and their families that is held yearly in the city of Valladolid. This year, the company prepared a giant omelette for 5,000 people, prepared by chefs from the “Demos la Vuelta al DIA” (Turn the day around) project.

Children's event to promote recycling

The company launched an event with over 500 children from Valladolid, in which a giant expanded polystyrene sculpture was built to place value on the sustainability of recycling.

This event forms part of the European project Colrecept, financed by the European Commission within the LIFE programme and coordinated by the DIA Group, Fundación Cartif, Turqueplast and Quercus IDI.

Smiles Project in favour of SOS Children's Villages of Spain

The DIA Group joined the Smiles Project, an initiative from Orbit, to which it donated EUR100,000 for the oral health-care of children of SOS Children's Villages with these needs.

This action, backed by the Spanish Dental Foundation and the Official Association of Dentists, was aimed at improving the lives and eliciting a smile from each of these youngsters. Employees of the DIA Group also participated directly by delivering oral hygiene products to various offices and headquarters throughout Spain.

Agreement with Intermón Oxfam

The DIA Group and Oxfam signed a collaboration agreement, whereby it includes different types of coffee, chocolate, tea and sugar on the online sales platforms in Spain protected by the international FAIR TRADE label and produced according to criteria of social and environmental respect set by free trade. In addition, a pilot project has begun in some stores in Madrid in which fair trade coffee machines have been set up.

Collaboration with the Theodora Foundation

The DIA Group and the Theodora Foundation organised the second edition of the drawing contest "Que tengas un buen día" (Have a Good Day), in which more than 3,000 children and teenagers between the ages of 3 and 17 from all over Spain participated in four different age categories.

For each work received, the DIA Group pledged to pay for a visit to one of the Smile Doctors and enable the magic and humour of these artists to fill the rooms of hospitals with hope and enthusiasm.

The 'Kind Kings' for the most underprivileged children

More than 2,000 children that live in a situation of poverty and social exclusion benefited from the toy collection campaign known as "Reyes Majos" ('The Kind Kings'), which the company organises among its employees throughout Spain. Toys were collected at the Las Rozas headquarters and at the various regional centres of Santiago de Compostela, Antequera, El puerto de Santamaría, Mejorada, Getafe, Arroyomolinos, Jaén, Mallen, Manises, San Antonio, Mérida, Sabadell, and Villanubla.

Agreement with the Spanish Red Cross to provide afternoon snacks to children

The DIA Group signed a collaboration agreement with the Red Cross whereby it distributes healthy and varied food on a regular basis to children participating in the School Success project of the Red Cross in Galicia. In all, the DIA Group provided 48,700 afternoon snacks to boys and girls during the school year.

Agreement with Menudos Corazones Foundation

The employees of the DIA Group delivered EUR13,700 to the Pequeños Corazones Foundation (Little Hearts Foundation) to collaborate with the solidarity work of this entity, dedicated to helping children with heart disease and their families. These funds will serve to pay for the temporary lodgings of 174 families of children with congenital heart diseases from all over Spain receiving hospital treatments, as well as to cover the costs of the annual psychological treatment of 450 parents of children affected by this disease.

In Argentina

“Ponete el guardapolvo” (Put on your overalls) campaign in Argentina

Again this year, DIA Argentina helped the most disadvantaged to have everything they need to go to school. Company employees made donations in February, buying jackets and, as in previous years, the company donated the same number of backpacks full of school supplies.

Plan Support plan for pregnant employees

In Argentina, two plans providing support and help to pregnant employees were carried out. Paediatric nurses were made available to these employees and several talks were organised concerning the most important points of this stage. Parents were given a book on birth and products of the DIA brand.

“Sumemos Sonrisas” (Let’s add smiles) campaign

Once again, the employees of DIA Argentina launched a solidarity campaign to collect funds and toys coinciding with Children’s Day. The money collected was used to buy toys and the company donated the same amount collected in food.

Donations of Experts in Savings

An event was organised in the Gran Rex theatre, the largest in Buenos Aires, to celebrate reaching three million holders of the Club DIA loyalty discount card.

Those attending received their entry ticket by donating a toy or a children’s book, intended for Fundaciones Sí and Manos en Acción. In addition, EUR2,000 were raised and given to these organisations.

Race in favour of Unicef in Argentina

The DIA Argentina running team joined the solidarity race organised by UNICEF in favour of education, which took place in the forests of Palermo. More than 10,000 people ran with a twofold objective: to reach the finish line and to help thousands of teenagers from all over Argentina finish their secondary education. With a spirit of solidarity, both old and young participated in the two circuits of the eighth event.

Breast cancer awareness-raising in Argentina

In mid-October, all the headquarters of the company in Argentina carried out awareness-raising actions regarding the fight against breast cancer to educate both men and women about this disease.

Office buildings and employees were adorned with pink ribbons to symbolise the commitment to the support and fight against this disease of the entire staff and brochures were handed out with essential prevention information. Emails were also sent to all employees with relevant information

Collecting footwear on behalf of earthquake victims in Ecuador

DIA Argentina launched a footwear collection campaign to help families affected by the major earthquake that hit Ecuador and from which it is still attempting to recover. Several collection boxes were set up in different work centres, where employees could leave both children's and adult shoes.

"Navidad para Compartir" (Christmas is for sharing) campaign

As in previous years, DIA Argentina organised a Christmas campaign among its employees to deliver toys to many children and make their Christmas Eve more festive. This time, the donation was addressed to the "Nuestra Señora de Lourdes de Chaco" childcare centre.

In Brazil

Clothes Collection Campaign among employees in Brazil

DIA Brazil collected over 1,400 items of clothing to donate to the most disadvantaged families during the cold winter season.

The campaign involved the participation of all the regional centres of the country. The clothing was delivered to the Núcleo Assitencial Anjos da Noite association.

Sponsorship of the race to support children with cancer in Sao Paulo

DIA Brazil has become the first distribution company to sponsor the race in support of children with cancer and their families, organised by the GRAACC association in Sao Paulo.

The 16th event brought together more than 7,500 people in the vicinity of Parque do Ibirapuera. More than 240 DIA employees and their families also participated, wearing exclusive shirts for the event.

Creation of a volunteer group in Brazil

The creation of a corporate volunteer group among employees was formalised in August 2016. At the close of the financial year, more than 20 people had already joined, who will decide on the social actions in which to participate in the coming years.

In Portugal

Support and awareness-raising for animal adoption in Portugal

DIA Portugal, through its Minipreço banner, launched an initiative in the streets of Oporto to encourage the adoption of needy animals, mainly dogs, in collaboration with various animal help associations. With the name of "Walking Buddies", anyone who asked could walk one of the dogs there, under the supervision of a trainer.

The initiative also wanted to place emphasis on the importance of adopting rather than buying animals, since the shelters in the country are increasingly in need of people and families who want to have an animal and give it a new life.

Support of DIA Portugal for the Life and Peace Community

DIA Portugal collaborated once again this year with the Life and Peace Community through the delivery of food for the Christmas party that the organisation that assists homeless people organises each year. During three days and in addition to the Christmas dinner, these people are offered access to a number of support services, such as clothing, hygiene, food, and legal assistance, with the collaboration of over 1,000 volunteers from the Portuguese Army.

Collaboration with the Madre Ayuda Association in Portugal

DIA Portugal supported mothers and children in the Madre Ayuda Association, which offers support to women and their children in situations of social exclusion. During 2016, hygiene and food kits for babies of this institution were delivered, along with a delivery of basic products for the elaboration of sweets and cookies that the women themselves prepare and subsequently sell. This association offers support to more than 1,000 mothers in Portugal, mostly single, and their children.

“Futebol na rúa” in Portugal

In Portugal, DIA collaborated for another year in the “Futebol na Rúa” (Football in the streets) initiative, an event organised by the CAIS association to fight poverty and support the social integration of youth through sports. DIA Portugal gave out 1,500 food and hygiene kits to 250 children and championship training shirts.

DIA Portugal Solidarity Christmas actions

DIA Portugal contributed a donation of nearly 100 children’s books for children between the ages of 6 and 14 to the Barreir Montijo Hospital. It also organised a lunch and the delivery of gifts for 50 children at risk of exclusion of the A.I.U Foundation.

Participation in the National Coeliac Meeting in Portugal

For the first time, DIA Portugal attended the meeting with a special area for the launch of gluten-free products of own DIA brands and Delicious. This included an encounter with a large number of associates and their families who had the opportunity to learn about and enjoy the product offer.

Awards and Honours

The work and performance of the DIA Group during 2016 was recognised by various associations and organisations. Among the awards received by the company in the 2016 financial year, the most noteworthy are:

Human resources

Premio Cegos 2016

The DIA Group was distinguished in 2016 with the Cegos con Equipos&Talento Award 2016 in the category of Organisational Management for the initiative “DIA Saludable” (Healthy DIA) for employees of DIA Spain.

These awards give recognition each year to the initiatives of organisations that are committed to organisational change and the development of people, contributing value to actions and differentiating themselves in the market.

In its seven editions, more than 700 companies have presented projects to distinguish themselves and to be more competitive.

Franchises

Seal of Franchise Excellence in Brazil

In Brazil, the DIA Group again obtained the seal of Franchise Excellence in 2016, a prestigious award of recognition in the sector due to the demanding criteria used, including numerous direct interviews with franchisees.

Operations and business

Conecta Award for the most innovative and sustainable project

In Spain, the Mercados magazine, in collaboration with Fruit Attraction, awarded the 2016 Conecta prize for the most innovative and sustainable project to the DIA Group for the installation of refrigeration units of mixed refrigeration and climate control that take advantage of condensation heat in winter for interior heating in the establishments.

The system has enabled a 25% reduction in energy consumption compared to conventional units and forms part of the commitment to sustainability and constant effort by the company to reduce its ecological footprint and impact on the environment.

Social action

Awards from Food Banks of Madrid, Valladolid and Asturias

In Spain, the Food Banks of Madrid, Valladolid, and Asturias recognised the work carried out by the DIA Group regarding the distribution of food with awards and special mentions.

Since 2009, the company has collaborated on a regular basis with various food banks throughout Spain, which, year after year, have led it to increase the number of deliveries made

Red Cross Awards for DIA in Spain in the area of labour insertion and employment

The Spanish Red Cross granted a special mention to the DIA centres in Santiago, Vigo, Jaén, and Cádiz for their support to the Red Cross employment plan and for being a collaborating company in labour insertion projects.

Safety

Trofeo Seguritecnia for the best safety user

The company was one of the award winners at the “Trofeos Internacionales de la Seguridad” (International Safety Trophies), organised by the Spanish educational magazine, Seguritecnia. The awards, which are celebrating their 30th edition this year, highlight the merits and actions of people, entities, and institutions that have encouraged the development of the sector during the year.

Award of Merit for Private Security of the Regional Government of Catalonia

The DIA Security Department received the Trophy of Merit in the area of private security granted by the Government of Catalonia for the company's close and direct collaboration with security forces.



Sustainable Development Report

DIA and the environment

Environmental policy

The DIA Group maintains its commitment to the environment, which it articulates through an environmental policy revised and approved in 2016 by the Board of Directors, for the purpose of adapting it to the new regulatory and Good Governance requirements of the National Securities Market Commission (CNMV), integrating criteria of efficiency and sustainability in each of its points.

Once again, this year the company strengthened its commitment to the development of sustainable activity with an annual amount allocated to environmental investments of **more than 6 million euros**.

DIA Group environmental policy

- Comply with the current environmental legislation, applicable in each of the countries in which the DIA Group is present.
- Promote the responsible use of resources.
- Apply sustainability and eco design criteria to the development of products and packaging.
- Manage the waste generated following the waste hierarchy model, prioritising prevention, and avoiding its elimination to the extent possible.
- Adopt measures to reduce greenhouse gas emissions.
- Actively work to identify opportunities for improvement through development and implementation of procedures that permit environmental self-assessment.
- Encourage staff through training and awareness-raising.

During 2016, the DIA Group completed the definition of work procedures and instructions that contribute to its Environmental Management System, standardising aspects such as the supervision of regulatory requirements, waste management, reporting of indicators, waste management, supervision of emissions, calculation of the carbon footprint, and the environmental diagnosis of facilities and activities.

In order to supervise that the facilities and activities of the DIA Group are managed in accordance with both legal requirements and internal regulations, the environmental department periodically audits the performance of offices, warehouses and stores in regard to waste management, control of emissions and waste, and consumption of resources.

The identification of areas for improvement and the implementation of procedures and action plans has allowed for a progressive improvement in the Group's environmental performance, which has led to an overall increase in the environmental audit ratings of warehouses in Spain

Environmental indicators

Having an appropriate degree of supervision of the environmental performance of the facilities and activities allows DIA to identify the areas it needs to focus on in order to achieve continuous improvement in environmental matters.

With this aim, since its flotation on the Stock Exchange, DIA has been working on the **identification of relevant environmental** aspects for the company and for its stakeholders, establishing a series of indicators that enables supervision of the evolution of these aspects.

The DIA Group has defined the information collection procedure and has an IT tool for reporting these indicators as part of the Sustainability Report.

Year after year, DIA works to improve the quality and traceability of the information reported. In 2016, the company submitted part of the 2015 Sustainable Development Report for external verification.

Measuring the carbon footprint

Year after year, the DIA Group's commitment to the reduction of the carbon footprint remains unchanged and, for that reason, it has been working on various projects focusing on the reduction of emissions that it articulates through a proprietary tool that enables the calculation of the footprint at all of its facilities. During 2016, it implemented this system in all the countries in which the company is present.

This widespread implementation of the measuring tool made it possible during last year to publicly disclose information on the figures for greenhouse gas emissions, in response to the internationally recognised Carbon Disclosure Project- Climate Change survey.

In 2015, the responses to this survey allowed DIA to be distinguished by the organisation for obtaining the highest rating of all the companies newly included in the index.

The measuring system has been changed in 2016, with the maximum rating corresponding to the letter A and the minimum to D-. In only two years, the DIA Group has already achieved an A- rating, just one small step away from a limited group of large companies that already have the highest rating, and ahead of other companies in the same sector.

Standardised management system

The company has a standardised environmental management system in all the countries that allows it to act along the same work lines, taking into account the specific characteristics of each market. The standardised procedures make it possible to swiftly and efficiently undertake the necessary initiatives to improve the functioning of the entire value chain.

Regulatory Compliance

The DIA Group has an environmental regulation register and of breaches that could arise in all countries that allows for quick action in the event of any incident. During 2016, there were no significant fines for failure to comply with environmental legislation.

Bulletins are received periodically with legislative developments for application and in the event they are applicable to DIA's activity, a copy is stored on the internal network for subsequent analysis and study.

Energy savings

Energy efficiency projects of the DIA Group in 2016

COUNTRY	Projects	Investments
Spain	LED exterior lighting outdoors and in DIA Maxi and La Plaza store reserve areas	3,5 million euros
	LED lighting in warehouses	
	Installation of online automation	
	Modernisation of central cooling	
	Renovation of positive cold chambers	
Portugal	Renovation of in-store capacitor batteries	1,3 million euros
	LED lighting in warehouses	
	Renewal plan for refrigerated display cases and installation of doors	
	Installation of in-store electronic ventilators	
Brazil	Installation of doors for refrigerated display cases	*1,1 million euros
	LED lighting in warehouses	
Argentina	Installation of doors for refrigerated display cases	
China	Installation of in-store EC motors that combine alternating and continuous voltage	19.233 euros
	All the stores already have LED lighting	

*DOES NOT include the investment in contractual improvements.

Spain

Modernisation of central cooling and chambers

In Spain, work was carried out in 2016 to give continuity to the efficient energy processes put into operation in the previous year, as well as the implementation of new projects focusing primarily on establishments and warehouses.

In regard to stores, the efficiency projects have focused mainly on the DIA Maxi and La Plaza de DIA formats, where traditional lighting has been changed to LED lighting both outside the establishments, including the parking lots of DIA Maxi, as well as the reserve areas.

Similarly, progress has been made in the modernisation of central cooling and chambers, in line with the project started last year, and online automation systems that allow greater control and monitoring have been installed.

As for warehouses, the automation and monitoring systems have been improved to achieve better follow-up, and LED lighting hoods have been installed in the dry food rooms.

This project has involved over 400 establishments in Spain and 7 warehouses at the end of the financial year, for a total investment of EUR4.33m.

Portugal

More efficient systems and models

Portugal has undertaken a renewal plan and the installation of in-store capacitor batteries, in addition to replacing the old cold display case ventilators with electronic models. Furthermore, the former semi-open cold cabinets have been replaced by display cases with doors that allow greater savings.

As for warehouses, as in Spain, the renewal of traditional lighting to LED lighting has been undertaken.

The efficiency processes applied in Portugal during 2016 have involved more than 150 stores and two of the company's three warehouses, following an overall investment of EUR1.2meuros.

Brazil

Renewal of display cases and commitment to LED

Brazil has implemented a renewal project and the installation of doors in the cold display cases in stores, in addition to replacing traditional lighting with the LED system.

In regard to warehouses in Brazil, a change in lighting towards the LED model has also been undertaken for more efficient functioning.

The energy efficiency projects applied in Brazil during 2016 involved over 300 stores and two warehouses, for a total investment of EUR2.7m.

China

LED lighting in all stores

At the end of 2016, all stores in the Chinese market already had LED lighting and a total of 196 establishments had ventilators with EC motors, a technology that combines alternating and continuous voltage and allows greater efficiency and flexibility of systems.

Argentina

Renewed cold display cases

During 2016, the energy efficiency projects involved 40 stores, in which new doors have been installed in the cold display cases. For the upcoming year, this project is expected to continue.

It should be noted that energy prices in Argentina are well below those of the other countries in which the company operates.

Commitment to the reduction of polluting emissions

Year after year, the DIA Group maintains its commitment to the reduction of polluting emissions. The optimisation of logistics activity processes, together with greater efficiency of their systems, has given rise to the emission of 141,648 kilos of Co2 for every thousand units sold.



In turn, greenhouse gas emissions generated by the weight of refrigerant gases of store and warehouse machinery were reduced by 45% to 207,133 tonnes at the close of 2016.

Brazil

Among the transport and fleet efficiency projects, it is worth pointing out the Hybrid lorry put into operation in Brazil. Through the hybrid lorry model, it is possible to reduce the number of kilometres travelled by a conventional lorry by 20%, due to its greater capacity, going from 32 to a 38 combi load. During 2016, thanks to this project, 146,620 litres of fuel were saved in the country.

In Brazil, road trains are also used to transport goods over long distances, which increases transport capacity and reduces fuelling needs. During 2016, 22 trips using this type of lorry were made to the warehouse in Bahía and 32 trips to the warehouse in Porto Alegre, which gave rise to savings of 26,499 litres of petrol.

Spain

Similarly, in Spain, in 2016 the company began to test articulated vehicles of just over 25 metres long, known as "Megatrucks", which will enable up to 60 tonnes of freight to be transported in each trip. For now, this project is in the testing stage at the Spanish warehouses of Azuqueca de Henares and Dos Hermanas, allowing logical efficiency in terms of transport and emissions.

The optimisation of routes also constitutes a constant in the company's quest to be increasingly efficient. All countries are working on the efficiency of routes with initiatives to share the same lorry and route for different stores or the joint delivery of fresh and dry products.

Consumption of materials and waste management

The efficient use of natural resources, as well as the reduction and elimination of waste, constitute a priority in the DIA Group's activity. The company uses eco-design criteria in its packaging, promoting re-use and recycling rather than dumping and encouraging responsible conduct among customers and employees.

Contribution and participation in Ecoembes

In line with the DIA Group's commitment to waste management, in Spain the company forms part of the Board of Directors of Ecoembes, a non-profit organisation in charge of everything relating to the management of packaging, plastics, paper and cardboard.

According to the Waste and Contaminated Soils regulations in force in Spain, companies are required to manage all of the waste generated by the products they place on the market.

A large, stylized red logo for DiA, consisting of the letters 'D', 'I', and 'A' in a bold, sans-serif font. The 'D' is a solid block, the 'I' is a vertical bar, and the 'A' has a circular cutout in the center.

The DIA Group paid EUR4m to Ecoembes in 2016 for the management of the Green Dot, which is determined according to the packaging placed on the market. Ecoembes is in charge of the viability of the integrated waste management system, both for the management of collection points as well as for the service provided by recycling plants.

Eco-design and eco-packaging

The company works on the optimisation of its packaging, which allows not only greater efficiency, but also a greater commitment to emissions and recycling. Therefore, the DIA Group works on the implementation of improvements relating to the size and cardboard grammage used and the use of more readily degradable materials.

Some of these packaging optimisation initiatives are reflected in the Three-year Prevention Plans for containers and packaging submitted to Ecoembes, which audits and validates the measures adopted and the quantitative improvements they imply.

Digitalisation of processes and recycled paper

The DIA Group has a digital process management tool (BPMS - Business Process Management Suite) that integrates diverse blocks relating to the development of items of the Own Brand (quality, packaging, commercial, etc). The implementation of this system allows the company to proceed with the progressive digitalisation of documents, with the aim of reducing the use of paper in these processes.

DIA has sealed containers distributed in the headquarters and other centres in Spain, where personnel can deposit confidential documentation of the company. These containers are collected monthly by a specialised manager who destroys the documents using a serrated mill with a shredding process that reduces the paper to millimetric particulates of 320 mm². The shredded paper is taken by the manager to a recycling plant, significantly reducing the environmental impact. In 2016, 19,940 kilograms of paper of this type of documents were collected, processed, and recycled.

In Portugal, work is underway to use recycled paper for sales brochures published by the company in that country. In 2016, the consumption of non-recycled paper plummeted by 93%, no longer using 1.33 million kilos of this paper. Furthermore, progress was made in reducing consumption of plastic wrap in warehouses, achieving a 6.5% reduction of this material.

GRI 2016 INDICATORS SUMMARY



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2016 ECONOMIC INDICATORS



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EC1A Economic value generated, distributed and retained.

	31/12/2015	31/12/2016
Economic value generated	9.113.544	8.995.115
Amount of turnover	8.925.454	8.867.621
Other income	96.215	110.976
Taxes over benefits	82.610	-
Finance income	9.265	12.089
Gains/(losses) on financial instruments	-	4.336
Share of profit of associates	-	93
Economic value distributed	8.709.991	8.703.283
Consumption of goods for resale and other consumables	7.018.881	6.942.007
Personnel expenses	847.233	846.103
Operating expenses	644.034	653.549
Gains/(losses) on disposal of fixed assets	12.340	-
Finance costs	65.291	64.121
Income tax	-	69.119
Dividends (*)	122.212	128.384
Economic value retained	403.553	291.832

(*) The 2016 dividend figure corresponds to the proposed dividend against 2015 profits that will be submitted for shareholder approval, while the 2014 dividend figure corresponds to the sum paid out in 2015 in respect of the prior year's profit.

2015		2016	
Nº de proyectos de acciones de Patrocinio y Acción Social en todos los ámbitos	Comentarios	Nº de proyectos de acciones de Patrocinio y Acción Social en todos los ámbitos	Comentarios
España	<ul style="list-style-type: none"> 1 Great Food Collection FESBAL 2 The food is not wasted, take it. 3 VI Solidarity Race of Hope (ERDF) Madrid 4 Draw Gold Sale Red Cross. 5 Toy collection campaign "Wanted Reyes 'Majos" 5 Christmas Market Solidario. 6 Red Cross Blood Drive. 7 XII Mini basketball child tournament Galicia. 8 Solidarity March ASPRONA of Valladolid. 9 II Race for Hope ERDF Barcelona. 10 Drawing Contest Children "Have a good DIA", Theodora Fund. 11 Dinners gold shops Teams, Red Cross. 12 Sale Pens Solidarity Campaign "A toy, an illusion". 13 Campus GIANTS summer. 14 Campus GIANTS winter. 15 Human clothing collection Fund in Catalonia. 16 Responsibility Day, with Heineken. 17 Micro-grants for Multiple Sclerosis. 18 Solidarity Campaign dissemination box. 19 Signature alliance against child poverty of the Junta de Andalucía. 20 Women Race in Madrid against breast cancer. 21 Promotion products for coeliacs. 22 Diffusion campaign against Josep Carreras Leukemia Fund. 23 II Gala Heart CZN TV Solidarity and collaboration Madrid Food Bank. 24 Project "Franchising against hunger. 		<ul style="list-style-type: none"> 1 Great FESBAL Food Drive. 2 Food cannot be wasted, take advantage of it – AECOC. 3 VII Solidarity Race for Hope (FEDER) Madrid. 4 Sale of Red Cross Golden Lottery. 5 Toy collection drive: "Three Kind Kings Wanted". 5 Solidarity Christmas Market. 6 Red Cross Blood Donation. 7 Thirteenth Children's Basketball Tournament in Galicia. 8 39th ASPRONA Solidarity March of Valladolid. 9 Get Moving for Hope: FEDER Barcelona. 10 Children's HAVE A NICE DAY Drawing Contest: Theodora Fund. 11 Sale of FAIR TRADE Oxfam Intermon products via e-commerce. 12 Sale of Solidarity Pens: "A Toy, A Dream" Campaign. 13 Summer GIANTS Campus. 14 Winter GIANTS Campus. 15 Fund Humana Clothing Drive in Catalonia and Headquarters. 16 Responsible Drinking Workshop with Heineken. 17 Micro-donations for Multiple Sclerosis. 18 Campaign: Marking the box for the "Solidarity X" on your Tax Declaration. 19 Alliance against Childhood Hunger by the Andalusian Government. 20 Pink Bags against Breast Cancer. 21 Promotion of products for individuals with Celiac disease. 22 Red Cross Christmas Lottery. 23 Third Solidarity Heart Ball by Czn Tve, and in collaboration with the Madrid Food Bank. 24 1 KILO OF AID + A Dinner for Two.

		<p>25 ALDEAS INFANTILES "Helpers" Card for Solidarity. 27 FAIR TRADE Coffee VENDING Machines by Oxfam Intermon in 10 shops. 28 Tour of Spain: GET MOVING FOR THOSE WHO CAN'T (Feder). 29 Snacks to Promote Academic Success by the RED CROSS of Galicia. 30 Smiles Campaign by Orbit. 31 Decoration of a Children's Hospital: A Coruña Smiles - Orbit. 32 Lean & Green Project by Chep. 33 Cooperation in the "Cumbre Bey" Challenge. 34 "Operation Kilo" in the DIA Group Shops. 35 Donations to Food Banks to Prevent Food Waste. 36 Great Collection for the Food Banks of Navarre: 3-4 June. 37 Solidarity Challenge: "Make your Footsteps Leave a Mark" - Diario de Navarra Newspaper. 38 Great Collection Organised by Asucyl in Valladolid and Zamora: 3 and 4 of June. 39 First "Villa de Avilés" Family March. 40 Fourth Gijón Family March of Solidarity. 41 Castro Urdiales Spanish Association Against Cancer March for Solidarity. 42 Colrecept's Event for Children on Recycling Expanded Polystyrene (EPS). 43 Fifth Majadahonda Race for Solidarity to Benefit the Spanish Association Against Cancer. 44 U17 FIBA WORLD CHAMPIONSHIPS. 45 ASVAI - 55 Children on a Trip to the Zoo: "The Age of the Birds." 46 Excess Product - Expofranchise Fair of Madrid: BA Madrid. 47 Pilot Accessibility Test of 10 shops with the DIGA Accessibility Stamp. 48 Your OLD Mobile CAN SAVE Lives. Movilsolidario.es, Stop Sanfilipo Foundation and Acción Contra el Hambre (Action Against Hunger). 49 Sixth Race for Solidarity - "What Hearts" - 25 September 2016. 50 "A Strada Futsal" INDOOR FOOTBALL Tournament for Novice Children and Young Players. 51 TRANSPARENCY GOOD GOVERNMENT AND INTEGRITY CLUSTER BY FORETICA.</p>
	24	51
Argentina	<p>1 Campaign "Put on your overall". 2 Campaign Together for Children's Day fairer! 3 Secondary Internship Program. 4 Healthy Talks. 5 Pregnant Containment Program. 6 Aid to flood victims in BS. 7 Recycling Program of Garrahan Pediatric Hospital Foundation. 8 Donations Punctual 2015. 9 Take a day to give. 10 Gran Rex Theatre Event 15/12/2015. 11 Christmas Collection. 12 Aid to flood victims in Concordia.</p>	<p>1.- "Ponete el guardapolvo" ("Put on your Overalls") Campaign. 2.- Programme for Secondary Internships. 3.- Health Talks. 4.- Donation to the Flexer Foundation. 5.- Caring for the Planet: Saving Energy. 6.- Solidarity Book Drive and Book Donation to the Flexer Foundation. 7.- Health Week. 8.- Donation of Computer Equipment to Fundación Equidad (Equality Foundation). 9.- Pregnancy Containment Programme. 10.- Corporate Social Responsibility Day. 11.- Donations to Entre Ríos (Amongst Rivers). 12.- Animal Day. 13.- Donation to the Collaborator Hospital Gutiérrez. 14.- Donation to Orquestas de Tigre (Orchestras from Tigre). 15.- Fundraising for Ecuador. 16.- Donation to the Jesús María School. 17.- "Todos Por Nacho" ("All for Nacho") Fundraising. 18.- "Sumemos Sonrisas" ("Let's Add Smiles") Children's Day Campaign. 19.- Donation to "Caritas Avellaneda". 20.- CPR Courses. 21.- International Day for the Fight Against Breast Cancer. 22.- Donations - Climate Survey. 23.- Meeting for Savings Experts 2016. 24.- Donation to the Sí Foundation. 25.- Donation to "Manos en Acción" ("Hands in Action"). 26.- DAIA Living Together in Diversity Programme. 27.- "Navidad es para compartir" ("Christmas is for Sharing") Campaign. 28.- Donation to Pergamino.</p>
	12	28

EC1B Direct economic value generated and distributed (number of CRS projects) (continuation)

Brasil	<p>1.- Mesa Brasil*/Servicio Social del Comercio - SESC. 2.- Campaña de donación de ropas 3.- Campaña de Navidad Natal solidario. 3.- campaña de donación de juguetes. 4.- Campaña de voluntariado. 5.- Campaña de donación de sangre 6.- Campaña GRAACC venta productos para captar fondos contra Cáncer. 7.- Implementación del EAP (Employee Programs),. 8.- DIA EN MOVIMIENTO 9.- SALUD EM DIA 10.- QUICK MASAJE 11.- Donaciones de artículos Y PRODUCTOS. 12.-Ayuda Ruptura de la presa en Mariana - MG 13.- Ayuda en Lluvias en RS. 14.- Recogida seletiva. 15.- Jarras (no hay mas vasos para agua). Medio Ambiente</p>	16.- Semana del Medio Ambiente	<p>1.- Brazilian Table 2.- Graac Race for Dreams 3.- Graac Sales 4.- Graac Invoice Collection 5.- Mc Happy Day 6.- Graac Italian Dinner 7.- Graac Children's Day 8.- Clothing Drive 9.- Blood Drive 10.- Environment Week 11.- 2016 Toy Campaign 12.- A SPECIAL DAY Volunteering 13.- Christmas Campaign 14.- Corporate Volunteer Group 15.- Climate Survey Food Donation 16.- Donation to the Brigadeiro Shelter 17.- Donation to the Social Assistance Association 18.- Donation to the Azocom Association 19 and 20.- Donations to Santo Agostinho Association.</p>
	16		20
Portugal	<p>1 Feed Bank Against Hunger: Donations. 2 Local Action: Teatro dos Aloes - sponsorship play. 3 Instituto Português de Oncologia "Amigas do Peito" - sponsorship of the event Welcome Summer. 4 Local Action: Association of Parents and Guardians of Education (Odivelas) - Sponsorship sports and Day tomorrow ECO escolas. 5 Animal League Protetora - sponsorship campaign "O cao didate Américo" the União ZOÓFILA. 6 Panorama - Mostra do Documentário Português 2015: SPONSORS. 7 Local Action Clarel: Support and sponsorship local event "Nobody Models Fashion & Events". 8 Football for hope (associação CAIS): SPONSORS. 9 Football for hope (associação CAIS) - Final: Sponsorship. 10 Europeia da Mobility Week 2015: SPONSORS. 11 Local Action: Association of Parents and Guardians of Education gives E.B. 2/3 - Christmas Festa. 12 Christmas Festa Community Life and Peace (IPSS) - Product Offering. 13 Local Action: Offer personal hygiene produtos "Associação da Poesia Union". 14 Local Action: Offer solidarity cabazes to 300 needy families</p>		<p>7 CAIS Association Food products 8 Central de Cervejas Food products 9 Lisbon Chamber of Commerce Food products 10 CAIS Association Food products 11 Portuguese League Waters against Cancer (Southern Regional Branch - Évora Support Group) 12 Donation - Salvador Association Sponsorship 13 Bonté Products Politeama Theatre 14 Politeama Theatre Food products 15 Donation - APC Sponsorship - Portuguese Celiacs Association 16 APC Gluten-free products - Portuguese Celiac Association 17 Ajuda de Mãe Biscuit mix products 18 22 boxes cereal bars + 16 packets Madalenas chocolate + 80 packets Nuts without shell + 33 sales units of juice + 130 Golden Delicious apples Toiletries: 10 toothpaste + 20 2 in 1 gel and shampoo + 26 CAIS Association deodorants 19 BabySmile and JuniorSmile products pack Ajuda de Mãe 20 Donation of 63 children's books Barreiro Montijo Hospital Centre 21 Collection Campaign for hygiene products and toys Albergaria-a-Velha Rotary Club 22 Products for Christmas party Life and Peace Community 23 Products for lunch with children AJU - Charity Christmas Lunch 24 Gift of toys for Christmas presents AJU - Charity Christmas Lunch 25 Products for children's packs AJU - Charity Christmas Lunch 26 Donations from Abrantes Food Bank stocks. 27 Donations from Porto Food Bank stocks. 28 Donations from Alverca Food Bank stocks. 29 Donations from Torres Novas Food Bank stocks. 30 Donations from Coimbra Food Bank stocks. 31 Donations from Porto and Torres Novas (Canil) Association of Animal Lovers stocks 32 Donations of Refugio Aboim Ascensão Refuge stocks 33 Donations of Torres Novas Volunteer Firefighters stocks. 34 Donations from RETO Association stocks 35 Donations from Ajuda de Mãe stocks 36 Donations from UNIÃO DESPORTIVA E RECREATIVA DA ZONA ALTA stocks 37 Donations from IPSS stocks 38 Donations from Valongo Volunteer Firefighters stock 39 Donation from SORUD - ASS. DESP. stocks 40 Donation - EPIS Sponsorship 41 Donations from C. BENFICA T. NOVAS stocks 42 Donation - CRIS Sponsorship - Torrejano Rehabilitation and Inclusion Centre</p>
	14		42
China	0		1 Donación Green Food Bank

EC6

Policy, practices and portion of spending corresponding to local suppliers.

Total number of suppliers			
	2014	2015	2016
Argentina	488	472	471
Brazil	902	995	1.081
China	386	420	418
Spain	1.169	1.989	1.821
Portugal	811	811	785
Total DIA	3.756	4.687	4.576

Percentage of local suppliers [%]			
	2014	2015	2016
Argentina	98,56%	98,31%	97,03%
Brazil	96,76%	97,09%	97,97%
China	100%	100%	100%
Spain	84,51%	88,54%	88,85%
Portugal	54,50%	56,60%	57,07%
Total DIA	84,37%	86,84%	87,41%

Number of local suppliers			
	2014	2015	2016
Argentina	481	464	457
Brasil	872	966	1.059
China	386	420	418
España	988	1.761	1.618
Portugal	442	459	448
Total DIA	3.169	4.070	4.000

Amount of purchases from local suppliers [%]			
	2014	2015	2016
Argentina	99,36%	99,31%	98,73%
Brasil	97,01%	99,67%	99,60%
China	100%	100%	100%
España	91,84%	93,87%	94,28%
Portugal	77,14%	78,86%	80,49%
Total DIA	93,70%	98,12%	94,26%

EC7 Hiring senior managers by gender and country

	% by gender		
	Men	Women	
Argentina	94,74%	5,26%	100%
Brazil	80,00%	20,00%	100%
China	50,00%	50,00%	100%
Spain	67,11%	32,89%	100%
Portugal	73,33%	26,67%	100%
Total	70,81%	29,19%	100,00%

	% local directors		
	Men	Women	Total
Argentina	88,89%	100,00%	89,47%
Brazil	75,00%	100,00%	80,00%
China	33,33%	66,67%	50,00%
Spain	89,00%	93,88%	90,60%
Portugal	72,73%	75,00%	73,33%
Total	85,14%	91,80%	87,08%

	N° directors by gender		
	Men	Women	Total
Argentina	18	1	19
Brazil	16	4	20
China	3	3	6
Spain	100	49	149
Portugal	11	4	15
Total	148	61	209

	N° local directors		
	Men	Women	Total
Argentina	16	1	17
Brazil	12	4	16
China	1	2	3
Spain	89	46	135
Portugal	8	3	11
Total	126	56	182

2016 LABOR INDICATORS



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LA1 Types of contract

	Permanent contracts (%)			Fixed -term contracts (%)		
	2014	2015	2016	2014	2015	2016
Total Grupo DIA	87,24%	86,83%	88,66%	12,76%	13,17%	11,34%

LA4 Collective agreement

2016		Valor	Comentarios
Grupo DIA	Is there works council?		
Argentina	No		
Brazil	No		
China	No		
Spain	Yes		
Portugal	No		There are no workers' commissions, only union representatives and union commissions.
	Indicate number of councils		
Grupo DIA			
España	153		
	Are there representatives of workers?		
Argentina	Yes		
Brazil	No		
China	No		
Spain	Yes		
Portugal	No		

LA4 **Collective agreement
(continuation)**

Grupo DIA		Are there any collective agreement?
Argentina	Yes	The company's business activities are included in two different collective bargaining agreements. The Collective Bargaining Agreement for Commerce Employees (No. 130/75) and the Collective Bargaining Agreement that Applies to Load-Bearing Automotive Transport (No. 40/89).
Brazil	Yes	
China	No	
Spain	Yes	
Portugal	Yes	Yes, between APED (distribution company association) and FPCES (union federation).

Grupo DIA		% Employees under collective agreement
Argentina	67,26%	As of the month of December, 71% of active personnel were protected under a collective bargaining agreement.
Brazil	100%	
China	0,00%	
Spain	100%	
Portugal	100%	The Collective Bargaining Agreement applies to the entire company, including those with suspended remuneration.

Grupo DIA		Union member employees.
Argentina	34	24 shop representatives and 10 lorry driver representatives.
Brazil	0	There are 84 unions, but there are not union representatives employed by DIA.
China	0	
Spain	1,061	
Portugal	32	

LA6

Employees included into the protection of the Health and Safety Committee

2016	Valor	Comentarios
Is there a Health and Safety Committee in the company?		
Grupo DIA		
Argentina	No	
Brazil	Yes	
China	No	
Spain	Yes	
Portugal	No	
Number of workers covered by health and safety committee.		
Grupo DIA		
Brazil	7.947	There are 13 people who have been hired to take charge of safety and health at work for the company
Spain	26.602	
Grupo DIA Is all existing legislation on safety aspects and risk prevention in all countries where the company operates met?		
Argentina	Yes	
Brazil	Yes	
China	Yes	
Spain	Yes	
Portugal	Yes	

LA7 Hour workday

2016	Hours
Argentina	9
Brazil	8,8
China	8
Spain	8
Portugal	8

LA7B Worked hours & absenteeism

Number of work accidents with absent.				Variation 2016 vs 2015
	2014	2015	2016	
Argentina	54	104	198	90,38%
Brazil	229	272	128	-52,94%
China	14	18	4	-77,78%
Spain	1.049	1.718	1.902	10,71%
Portugal	348	410	445	8,54%
Grupo DIA	1.694	2.522	2.677	6,15%

Number of lost hours because work accident - total			
	2014	2015	2016
Total Grupo DIA	0,37%	0,50%	0,47%

Number of absenteeism hours - total			
	2014	2015	2016
Total Grupo DIA	6,21%	6,44%	5,58%

Number of fatal work accidents - total			
	2014	2015	2016
Total Grupo DIA	0	0	0

* Rectification, in previous years appeared "1"

LA7B **Worked hours & absenteeism**
(continuation)

	Worked hours	Accident hours	Absenteeism hours
Spain	45.254.338	285.410	2.844.799
Argentina	10.595.136	44.782	299.971
Brazil	16.649.137	11.661	1.190.202
Portugal	7155442	40976	188454
China	2.232.001	2.678	48.758
Total Grupo DIA	81.886.054	385.507	4.572.184

LA8 Safety and risk prevention training

Hours of training on occupational health and safety matters per employee			
	2014	2015	2016
Argentina	0,5	0,38	1,20
Brazil	1,6	4,39	5,98
China	8,0	0,11	0,14
Spain	1,9	1,89	3,20
Portugal	2,4	2,16	1,35

Total investment in training on occupational health and safety matters [EUR]			
	2014	2015	2016
Argentina	48.295,87 €	18.848,82 €	145.902,77 €
Brazil	7.253,10 €	22.710,92 €	37.074,17 €
China	629,46 €	1.262,87 €	1.233,40 €
Spain	97.114,60 €	138.147,74 €	161.755,00 €
Portugal	34.505,00 €	35.912,00 €	23.813,50 €
Grupo DIA	187.798,02 €	216.882,35 €	369.778,83 €

Did your firm participate in/promote accident prevention and/or workplace monitoring campaigns			
	2014	2015	2016
Argentina	No	Si	Si
Brazil	Sí	Si	Si
China	Sí	No	No
Spain	No	No	No
Portugal	Sí	Si	No

LA8 Safety and risk prevention training
(continuation)

Description of the occupational health & safety prevention and monitoring campaigns your firm participated in or promoted			
Grupo DIA	2014	2015	2016
Argentina		An awareness campaign was launched using internal communication tools in each distribution center since August. Control campaign breaches in stock, led from Safety & Health / RRLL.	An awareness campaign was launched using internal communication tools at each distribution centre and the PPE distribution process was reorganised.
Brazil	Prevention Campaign conjunctivitis - delivering folder to all employees. / Palestra addressed women's health issues such as breast cancer and uterine / Ckeck up -... Top management / prevention campaign against snuff / vaccination campaign against H1N1 with delivery of alcohol gel / Promoting physical activity, by promoting careers and hiking. / Gymnastics Labor distribution Centers. / the monitoring of pregnant workers through Mamãe Gestante Program. / Internal accident Prevention Week.	Prevention campaign conjunctivitis - folder delivery to all employees. / Palestra health of women discussed issues such as breast cancer and uterine / Ckeck up -. Senior management. / Prevention campaign against snuff. / Vaccination campaign against H1N1 with alcohol gel delivery. / Promoting physical activity through the promotion of runs and walks. / Labor Gymnastics in distribution centers. / Monitoring of pregnant workers through Mamãe Gestante Program. / Internal Accident Prevention Week.	Conjunctivitis prevention campaign - folder provided to all employees. / Women's Health forum which tackled topics such as breast cancer and uterine cancer. / Check-up: senior management. / Preventative campaign against tobacco. / H1N1 flu vaccination campaign with provision of alcohol gel hand sanitiser. / Promotion of physical activity by promoting races and walks. / Workplace gym in distribution centres. / Monitoring of pregnant workers through Programa Mamãe Gestante. / Internal accident prevention week.

LA8 Safety and risk prevention training
(continuation)

Descripción de estas campañas de prevención y vigilancia laboral en las que se ha participado o promovido			
Grupo DIA	2014	2015	2016
China	Education for the safe and practical production of fire evacuation.	-	-
España		-	-
Portugal	Information with some details in Annex 1 (in Portuguese)	-	-

Annual number of training hours			
	2014	2015	2016
Argentina	50.006	37.310	60.279
Brazil	295.811	151.962	234.401
China	9.801	9.602	6.543
Spain	107.002	107.997	111.057
Portugal	43.351	67.485	63.736
Total Grupo DIA	505.971	374.356	476.016

Average training hours by employee			
	2014	2015	2016
Argentina	10,95	7,76	12,61
Brazil	37,40	19,91	30,77
China	5,15	7,20	5,75
Spain	3,94	3,75	3,91
Portugal	10,76	18,16	16,26

LA12 Percentage of employees evaluated for their performance

Men assessment (% of employees assessed)			
	2014	2015	2016
Argentina	100%	100%	100%
Brazil	100%	100%	100%
China	67,00%	70,00%	88,50%
Spain	68,90%	65,27	75,49%
Portugal	100%	100%	100%

Women assessment (% of employees assessed)			
	2014	2015	2016
Argentina	100%	100%	100%
Brazil	100%	100%	100%
China	87,00%	79,00%	87,10%
Spain	98,20%	96,78	94,07%
Portugal	100%	100%	100%

LA13B

Composition of corporate governance bodies by gender and university degree

Board of Directors			
	Men	Women	Total
Grupo DIA	7	3	10

Board of Directors					
	Non-executive chairman (councillor others)	Executive director C.E.O.	Independent director.	Proprietary director	Total
Grupo DIA	1	1	8	0	10

Country Executive Committee (Comex)					
	Male members		Female members		Total
	30-50 years	>50 years	30-50 years	>50 years	
Argentina	5	1	1	0	7
Brazil	4	2	1	0	7
China	3	0	3	0	6
Spain	5	4	1	0	10
Portugal	4	2	2	0	8

LA13B

Composition of corporate governance bodies by gender and university degree (continuation)

Country Executive Committee (Comex)			
	% Of country Comex members with an university degree 30-50 years	% Of country Comex members with an university degree >50 years	Comex members with an university degree
Argentina	100%	100%	7
Brazil	100%	100%	7
China	100%	0,00%	6
Spain	100%	100%	10
Portugal	83%	50%	6

LA Disability

Average Handicapped	% Full Time Equivalent Employees		% Full Time Equivalent Employees		% Full Time Equivalent Employees	
	2014	2015	2015	2016	2016	2016
Argentina	1	0,02%	1	0,02%	1	0,02%
Brazil	239	3,24%	280	3,62%	267	3,53%
China	0	0,00%	0	0,00%	11	1,02%
Spain	194	0,99%	258	1,00%	238	0,93%
Portugal	14	0,40%	14	0,39%	19	0,51%
GRUPO	448	1,24%	553	1,30%	536	1,27%

2016 PRODUCT INDICATORS



PR1A Assessment of the impacts of the product in the health and safety of the client
DESCRIPTION QUALITY SYSTEM _____ 26

PR1B Assessment of the impacts of the product in the health and safety of the client
QUALITY CONTROL _____ 27

PR1C Assessment of the impacts of the product in the health and safety of the client
QUALITY LABELS _____ 28

PR2A Incidents arising from non-compliance with legal codes related to the impact of products or services on health and safety _____ 30

PR2B Incidents quality safety _____ 31

PR4A Total number of incidents of non-compliance with legal regulations and voluntary codes related to product labelling _____ 32

PR4B Quality breaches of regulation and voluntary codes on product labeling _____ 33

PR5 Practices related to customer satisfaction _____ 34

Do you have a quality management system certificate?	
Spain	Yes
Argentina	Yes
Brazil	Yes
Portugal	Yes
China	Yes
System description	
<p>Processes to approve, validate and monitor providers and own-brand products, as well as processes to monitor fruits and vegetables, are certified under the ISO 9001:2008 quality management system. The DIA Quality Management System is made up of a series of documents (procedures, work instructions, logs, etc.) which are used as a framework for the development of our brands, as well as for the quality monitoring and control of our products once they have been developed, all throughout the distribution chain: from the provider's factory to the store. Under this system, DIA participates in a development and control processes of its products, getting involved in all stages of the chain: before a new item is added, each provider must pass a strict initial audit in order to guarantee the safety of all the factories that make products for our own brand. The development of each one of our own-brand products additionally requires technical definition efforts for the product to determine its characteristics and quality and to act as a base for the subsequent establishment of a quality control plan. Another very important requirement before a new product is placed on the market is for blind tasting by consumers to be undertaken so that consumers' perception of products in development may be considered. Once the product has been developed, the management system contemplates the measures and procedures necessary to maintain and evaluate quality (detailed in the following indicators), such as monitoring of the refrigeration chain, supervision of the hygienic/sanitary conditions as well as the cleanliness of the warehouse facilities and sales outlets, control audits and product sampling, as well as internal and external analyses of own-brand products.</p>	
Description of measures	
<p>MEDIDAS PARA MANTENER LOS REQUISITOS SOBRE CALIDAD Y SEGURIDAD DEL PRODUCTO: SOBRE EL PRODUCTO: A) Auditorías de control B) Páneles DE control SOBRE EL PROCESO: A) APPCC B) Auditorías de Cadena de frío C) Auditorías higiénico-sanitarias D) Auditorías de tienda</p>	
Do you have procedures to assess the quality of the product?	
Spain	Yes
Argentina	Yes
Brazil	Yes
Portugal	Yes
China	Yes
Description of procedures	
<p>MEASURES TO ASSESS THE QUALITY REQUIREMENTS OF THE PRODUCTS A) Internal control plan B) External control plan</p>	

% Of providers private label articles with control audit.			
	2014	2015	2016
Argentina	100%	100%	99,50%
Brazil	98,00%	100%	95,65%
China	98,00%	100%	98,00%
Spain	93,70%	95,70%	96,40%
Portugal	97,00%	98,10%	96,67%

Number of internal analysis of private label articles in relation to the number of entries private label articles			
	2014	2015	2016
Argentina	54.672	77.235	91.089
Brazil	132.815	147.758	148.210
China	11.041	10.871	9.783
Spain	389.509	481.689	555.147
Portugal	69.785	69.392	66.160

Total number of analysis			
	2014	2015	2016
Argentina	57.950	80.684	94.390
Brazil	136.868	152.112	152.647
China	11.471	11.108	10.107
Spain	398.861	491.703	565.321
Portugal	74.016	73.200	70.182

Number of analyzes performed by independent laboratories			
	2014	2015	2016
Argentina	3.278	3.449	3.301
Brazil	4.053	4.354	4.437
China	430	237	324
Spain	9.352	10.014	10.174
Portugal	4.231	3.808	4.022

Number of internal analysis of private label articles in relation to the number of entries private label articles			
	2014	2015	2016
Argentina	29%	40%	46%
Brazil	54%	53%	51%
China	59%	81%	84%
Spain	22%	27%	30%
Portugal	23%	23%	22%

Assessment of the impacts of the product in the health
and safety of the client
QUALITY CONTROL (continuation)

% Of private label articles with Quality Plan.	
2016	
Argentina	99,70%
Brazil	100%
China	100%
Spain	99,90%
Portugal	99,37%

% Of private label articles with Panel	
2016	
Argentina	97,80%
Brazil	99,60%
China	93,00%
Spain	100%
Portugal	98,96%

	Numbers of internal audits (cold chain, cleanlivers and hygiene, laboratory internal, stores audits)		
	2014	2015	2016
Argentina	205	247	800
Brazil	375	386	393
China	91	76	81
Spain	1.130	1113	1178
Portugal	175	340	589
Total	1.976	2.162	3.041

	Number of Internal Audits / square meters of surface sale of DIA's COCO + COFO		
	2014	2015	2016
Argentina	1,33	1,43	4,35
Brazil	1,38	1,26	1,15
China	1,67	1,45	1,69
Spain	0,98	0,62	0,68
Portugal	1,03	1,89	3,12
Total	1,09	0,87	1,22

Do you have product labels (label organic products, fair trade, etc.)?	
Argentina	No
Brazil	No
China	No
Spain	Yes
Portugal	No
Description of the types of quality labels	
Spain	<p>ORGANIC FARMING STAMP* National Brand: as of today, there are no monitoring devices or tools to obtain this information. *Fruits and Vegetables: 3 BIO products (170521 Salad Tomato; 170563 Plantain; 170561 Golden Apple) *Own Brand: 2 BIO products (222137 Organic Chamomile; Provider 83801 Expressate; 225600 Organic Sliced Gouda; Provider 83836 Millán Vicente) *HALAL STAMP Perishables (Meat and Fish); 1 item with a Halal stamp: code 105055_ Halal Clean Chicken, produced by two providers: 37378_UVE, S.A. and 37619_Avícola Moraleja, S.A.</p>

PR2A Incidents arising from non-compliance with legal codes related to the impact of products or services on health and safety

Number of non-compliance incidents regarding health and safety with regulations resulting in fines or penalties	
Argentina	0
Brazil	0
China	0
Spain	0
Portugal	0

PR2B Incidents quality safety

Number of incidents of non-compliance with commercial quality, health and safety of voluntary codes			
	2014	2015	2016
Argentina	5.994	8.610	10.072
Brazil	7.841	8.834	9.142
China	534	237	196
Spain	69.773	91.146	94.444
Portugal	8.708	8.142	7.037

Number of incidents / number of analysis (%)			
	2014	2015	2016
Argentina	10,34%	10,67%	10,67%
Brazil	5,73%	5,81%	5,99%
China	4,66%	2,13%	1,94%
Spain	17,00%	18,54%	16,71%
Portugal	11,77%	11,12%	10,03%

PR4A

Total number of incidents of non-compliance with legal regulations and voluntary codes related to product labelling

Number of incidents resulting in fines or penalties	
Argentina	0
Brazil	0
China	0
Spain	0
Portugal	0

PR4B Quality breaches of regulation and voluntary codes on product labeling

Number of incidents of labelling			
	2014	2015	2016
Argentina	176	96	57
Brazil	1.609	1.182	1.112
China	12	5	5
Spain	1.947	3.425	3.764
Portugal	116	170	98

Number of incidents of labelling / Number of analysis			
	2014	2015	2016
Argentina	0,30%	0,12%	0,06%
Brazil	1,18%	0,78%	0,73%
China	0,10%	0,05%	0,05%
Spain	0,49%	0,70%	0,67%
Portugal	0,16%	0,23%	0,14%

Number of inquiries from customers			
	2014	2015	2016
Argentina	231	14.839	378
Brasil	52.361	62.416	79.888
China	40	14	2
España	1.440	1.602	2.216
Portugal	249	172	2
TOTAL	54.321	79.043	82.486

Number of complaints from customers			
	2014	2015	2016
Argentina	2.174	11.963	3.847
Brasil	16.827	15.379	22.058
China	617	404	304
España	2.096	2.569	3.059
Portugal	232	150	172
TOTAL	21.946	30.465	29.440

Number of suggestions from customers			
	2014	2015	2016
Argentina	33	137	24
Brasil	400	581	1.085
China	2	2	0
España	273	547	640
Portugal	3	0	0
TOTAL	711	1.267	1.749

Total number of listening to customers				INC 2016-2015
	2014	2015	2016	
Argentina	2.438	26.939	4.249	-84,23%
Brasil	69.588	78.376	103.031	31,46%
China	659	420	306	-27,14%
España	3.809	4.718	5.915	25,37%
Portugal	484	322	174	-45,96%
TOTAL	76.978	110.775	113.675	2,62%

Describe the practices carried out on customer satisfaction	
Argentina	As of January 2016, the department of SAC (Consumer Service) overturns information regarding complaints, claims and / or suggestions from customers in the SAC webflow. The claims, suggestions and queries referred to QUALITY OF PRODUCT, are derived to the Department of Quality, which must provide a response to SAC whenever required. This management of the Quality department is carried out mainly from Headquarters; There are specific cases of claims arising from the operation of stores that can be derived to Quality of the distribution centers
Brazil	There is a customer service department that receives various contacts through telephone, e-mails and social media where a computer application is used where information is controlled and where customers can be answered
China	Customer service sends the demand report to the quality department, the quality would judge if it is quality problem. If it is quality problem and related to compensation, the quality would ask PM to contact the supplier to track the compensation. If it is a problem of quality and without compensation, the quality would affect the system and would be sent to the supplier through AS400
Spain	The clients have a Customer Service to transmit their queries, complaints, complaints, suggestions, etc. Customers can contact the department of SAC through: * Telephone number; Indicated in the packaging of the products of Proprietary Brand, and in informative posters that are being gradually incorporated in our stores. * WEB Page DAY. In the section of Customer Service there is a form in which the customer can communicate their complaint / complaint / suggestion / etc. * Through suggestion sheets available at our own stores. * Social networks: the complaints published by the client in our profiles is filtered by the Community Manager and the claims to be managed are transmitted to the department of SAC The department of SAC, manages and closes those claims for which it has an argument Answer, and the rest transfers them to the different departments of the company according to the subject to which it refers. These departments will be responsible for the management and closure of these claims.
Portugal	Our customers can make their complaints or suggestions by calling the customer service (SAC), by writing a direct email on the site "Minipreco" or "Clarel", on facebook, by letter or direct in the store. Being that, this last form of claim, is registered in the SAC by call of the store to the customer service

2016 COMPANY INDICATORS



S02 [Corruption risk analysis _____ 37

S07 [Unfair competition behavior _____ 40

S03 [Employees trained in the organization's anti-corruption policies _____ 38

S08 [Significant fines and sanctions _____ 41

S04 [Measures taken with regard to incidents of corruption _____ 39

Has the company conducted a risk analysis of issues related to corruption?	
Spain	Yes
Argentina	No
Brazil	Yes
Portugal	Yes
China	Yes
State the nature of risk analysis aspects.	
Spain	Continued risk monitoring through the company's risk management system with indicators from the reporting channel and from the crime prevention plan. 1. DIA Group Ethics Code: In the wording of the ethics code for the DIA Group, one of the five principles for behaviour is to be ethical in terms of our decisions and relationships while avoiding corruption. Employees have been taught not to accept gifts or other favours from product or service providers. Additionally, a thorough corruption risk analysis has been undertaken. 2. Crime Prevention Plan: The DIA Group in Spain has a crime prevention scheme whose aim is to establish the most appropriate internal procedures and policies to prevent the commission of crimes in our organisation and, if applicable, to mitigate and/or release our company of liability. For said purposes, the business activities undertaken by the different DIA business areas were analysed and the risk of each activity in terms of the possible commission of a crime (probability and impact) was evaluated taking into account the measures already in place at DIA to mitigate risks. Likewise, an individual was designated to be responsible for prevention within the organisation. Said individual reports to the Regulatory Compliance Director and is responsible for the maintenance and proper workings of the prevention scheme. 3. Corporate Policy to prevent crimes and corruption, approved by the DIA Group's board of directors and published on the corporate website. 4. Additionally, the DIA Group has undertaken an anti-fraud programme with the aim of preventing and detecting fraudulent situations.
Argentina	DIA Argentina, just like the rest of the Group, has an "Ethics Code" which is known by and applicable to 100% of its workers.
Brazil	Corruption-related risks have been analysed and these are part of the Anti-Fraud Plan that is currently under way. On 02.09.2016, managers received training on general crimes, including corruption, and training on Brazilian law 12406/13 (the "Ethical Company Law", known in Portuguese as the "Lei da empresa limpa"). In addition to this, in the wording of the ethics code for the DIA Group, one of the five principles for behaviour is to be ethical in terms of our decisions and relationships while avoiding corruption. Employees have been taught not to accept gifts or other favours from product or service providers.
Portugal	The anti-fraud programme aims to analyse conditions which may imply fraud risk. Its aim is to create procedures to mitigate risks.
China	It has not conducted a thorough analysis of risks related to corruption. In the drafting of the code of ethics applicable to DIA Group, one of the five principles of behavior is to be ethical in our decisions and relationships, avoiding corruption. It has raised employees awareness so that they do not accept gifts or attentions from suppliers or service providers. Anti-fraud project Implementation is pending.

S03 Employees trained in the organization's anti-corruption policies

Number of workers trained in the prevention of corruption		
Comentarios		
Spain	100%	Through the Ethics Code Implementation Process and the training related thereto, undertaken via e-learning and provided to the office staff. In warehouses and stores, on-site training is undertaken through the welcome module for new hires.
Argentina	100%	DIA Argentina, just like the rest of the Group, has an "Ethics Code" that includes "saying no to corruption" as a principle. As all workers are familiar with the ethics code, the value expressed shows the percentage of awareness thereof
Brazil	0,33%	Training for managers as of 02.09.2016.
Portugal	0%	There are general instructions to guarantee anti-corruption measures; however, there is not specific training
China	100%	

S04 Measures taken with regard to incidents of corruption

Have there been any dismissal or sanction of workers related to corruption issues, or a cancellation of contracts with companies on these grounds?	
Spain	No
Argentina	No
Brazil	No
Portugal	Yes
China	No
Describe the measures taken in response to incidents of corruption	
Portugal	Dismissal
Number of open trials and litigation of this nature	
Spain	0
Argentina	0
Brazil	0
Portugal	1
China	0

S07 **Unfair competition behavior**

Total number of actions for causes related to monopolistic practices and anti-competitive	
Spain	0
Argentina	0
Brazil	0
Portugal	0
China	0

S08 Significant fines and sanctions

Legal: Important sanctions and fines	
Spain	Yes
Argentina	No
Brazil	No
Portugal	No
China	No
Total amount of sanctions [EUR]	
Spain	60.102 €
Indicate the reasons for the sanctions imposed	
Spain	Fines for the sale of alcohol to minors in shops. Pending payment

2016 ENVIRONMENTAL INDICATORS



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ENI Materials used by weight or volume

	Paper and cardboard advertising brochures (kg)	Paper and paperboard consumption offices (kg)	Paper and cardboard box tickets (kg)	Paper and cardboard storage boxes (kg)	Plastic, shrink film (kg)	Others (kg)	Total (kg)
	2015	2015	2015	2015	2015	2015	
Argentina	427.000	60.400	418.000	18.774	734.000	1.599	1.659.773
Brasil	2.375.793	49.142	51.424	65.752	211.678	0	2.753.789
China	628.723	8.371	64.295	0	30.094	19.881	751.364
España	6.068.300	352.600	784.840	209.443	483.600	396.007	8.294.790
Portugal (1)	1.651.360	60.308	186.528	12.266	25.205	(1) 6.745	1.935.667
TOTAL	11.151.176	530.821	1.505.087	306.235	1.484.577	424.232	15.402.128

	Paper and cardboard advertising brochures (kg)	Paper and paperboard consumption offices (kg)	Paper and cardboard box tickets (kg)	Paper and cardboard storage boxes (kg)	Plastic, shrink film (kg)	Others (kg)	Total (kg)
	2016	2016	2016	2016	2016	2016	
Argentina	324.000	70.000	598.620	21.510	1.523.000	1.758	2.538.888
Brasil	2.734.608	62.128	77.526	78.267	133.332	9.650	3.095.511
China	418.556	18.260	57.304	0	1.325	9.273	504.718
España	7.100.000	97.300	1.164.600	144.436	3.781.100	363.609	12.651.045
Portugal (1)	1.469.938	42.126	0 (2)	13.903	23.552	(1) 6.303	1.549.519
TOTAL	12.047.102	289.814	1.898.050	258.116	5.462.309	390.593	20.345.984

	Paper and cardboard advertising brochures (kg)	Paper and paperboard consumption offices (kg)	Paper and cardboard box tickets (kg)	Paper and cardboard storage boxes (kg)	Plastic, shrink film (kg)	Others (kg)	Total (kg)
	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015	
Argentina	-0,24 %	16%	43%	15%	107%	10%	53%
Brasil	15%	26%	51%	19%	-37%	0%	12%
China	-33%	118%	-11%	0	-96%	-53%	-33%
España	17%	-72%	48%	-31%	682%	-8%	53%
Portugal (1)	-11%	-30%	N/A	13%	-7%	(1) 100%	-20%
TOTAL	8%	-45%	26%	-16%	268%	-8%	32%

(1) Mandril Rollos Film

(2) Data not obtained

EN2 Materials used that are recycled input materials

	Paper and cardboard advertising brochures (kg)	Paper and paperboard consumption offices (kg)	Paper and cardboard box tickets (kg)	Paper and cardboard storage boxes (kg)	Plastic, shrink film (kg)	Others (kg)
	2015	2015	2015	2015	2015	2015
Argentina	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
China	613.769	0	0	0	0	0
Spain	4.350.590	0	3.290	0	0	0
Portugal	224.732	0	0	0	0	0
TOTAL	5.189.091	0	3.290	0	0	0

	Paper and cardboard advertising brochures (kg)	Paper and paperboard consumption offices (kg)	Paper and cardboard box tickets (kg)	Paper and cardboard storage boxes (kg)	Plastic, shrink film (kg)	Others (kg)
	2016	2016	2016	2016	2016	2016
Argentina	0	0	0	21.510	0	0
Brazil	0	0	0	0	0	0
China	407.520	0	0	0	0	0
Spain	4.223.000	0	0	0	0	0
Portugal	1.373.676	0	0	0	0	0
TOTAL	6.004.196	0	0	21.510	0	0

	Paper and cardboard advertising brochures (kg)	Paper and paperboard consumption offices (kg)	Paper and cardboard box tickets (kg)	Paper and cardboard storage boxes (kg)	Plastic, shrink film (kg)	Others (kg)
	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015
Argentina	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%
China	-34%	0%	0%	0%	0%	0%
Spain	-3%	0%	-100%	0%	0%	0%
Portugal	511%	0%	0%	0%	0%	0%
TOTAL	16%	0%	-100%	0%	0%	0%

EN2

Percentage of materials used that are recycled input materials

	Paper and cardboard advertising brochures / Percentage recycled. TOTAL [%]	Paper and paperboard A37:H44 offices / Percentage recycled. TOTAL [%].	Paper and cardboard box tickets / Percentage recycled. TOTAL [%].	Paper and cardboard storage boxes / Percentage recycled. TOTAL [%].	Plastic, shrink film / Percentage recycled. TOTAL [%].	Others / Percentage recycled. TOTAL [%].
	2015	2015	2015	2015	2015	2015
Argentina	0	0	0	0	0	0
Brazil	0	0	0	0	0	N/A
China	97,62%	0	0	N/A	0	0
Spain	71,69%	0	0,42%	0	0	0
Portugal	13,61%	0	0	0	0	0
TOTAL	46,53%	0	0,22%	0	0	0

	Paper and cardboard advertising brochures / Percentage recycled. TOTAL [%]	Paper and paperboard A37:H44 offices / Percentage recycled. TOTAL [%].	Paper and cardboard box tickets / Percentage recycled. TOTAL [%].	Paper and cardboard storage boxes / Percentage recycled. TOTAL [%].	Plastic, shrink film / Percentage recycled. TOTAL [%].	Others / Percentage recycled. TOTAL [%].
	2016	2016	2016	2016	2016	2016
Argentina	0	0	0	100%	0	0
Brazil	0	0	0	0	0	0
China	97,36%	0	0	0	0	0
Spain	59,48%	0	0	0	0	0
Portugal	93,50%	0	0	0	0	0
TOTAL	49,84%	0	0	0	0	0

EN3
**Direct energy consumption by primary energy source
FIXED SOURCES**

	Natural Gas [kWh]			Propane			Consumption Others [kWh]			Total stationary sources [kWh]		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	1.607	8.845	53.155	0	0	0	135.658,39	2.493.268,00	2.121.726,00	137.265,77	2.502.113,00	2.174.881
China	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0	0	0	0	0
Portugal	23.129,20	35.308,68	18.756,36	0,00	23.347,20	17.066,74	14.479,42	0,00	93.155,88	37.608,62	58.655,88	128.979
Total DIA	24.736,58	44.153,68	71.911,36	0,00	23.347,20	17.066,74	150.137,81	2.493.268,00	2.214.881,88	174.874,39	2.560.768,88	2.303.859,98

	Efficiency (kWh per square meter of warehouse)		
	2014	2015	2016
Argentina	0	0	0
Brazil	1,14	23,39	16,50
China	0	0	0
Spain	0	0	0
Portugal	0,49	0,77	1,69
Total DIA	0,89	3,46	3,01

Direct consumption of energy broken down by primary sources
MOBILE SOURCES

Truck fuel consumption primary transport (liters)			
	2014	2015	2016
Argentina	0	0	0
Brazil	0	0	0
China	0	0	0
Spain	14.039.654	15.405.161	17.385.944
Portugal	4.043.700	3.008.706	2.428.968
Total DIA	18.083.354	18.413.867	19.814.912

Truck fuel consumption secondary transport (liters)			
	2014	2015	2016
Argentina	4.053.095	2.870.474	5.598.080
Brazil	7.157.054	6.771.566	6.554.550
China	1.430.311	1.131.530	318.119
Spain	15.364.056	16.907.268	17.874.035
Portugal	4.157.457	2.964.105	2.992.703
Total DIA	32.161.973	30.644.943	33.337.487

Truck fuel consumption primary and secondary transport (liters)			
	2014	2015	2016
Argentina	4.053.095	2.870.474	5.598.080
Brazil	7.157.054	6.771.566	6.554.550
China	1.430.311	1.131.530	318.119
Spain	29.403.710	32.312.429	35.259.979
Portugal	8.058.992	5.972.811	5.421.672
Total DIA	50.103.162	49.058.810	53.152.400

Efficiency (liters per one thousand products sold)			
	2014	2015	2016
Argentina	2,742	1,830	3,427
Brazil	3,411	3,130	2,930
China	6,388	0,204	1,454
Spain	6,401	6,528	7,329
Portugal	10,172	85,564	7,190
Total DIA	5,918	5,461	5,505

EN3

Direct consumption of energy broken down by primary sources
MOBILE SOURCES (continuation)

Kms distance truck primary transport.			
	2014	2015	2016
Argentina	0	0	0
Brazil	0	0	0
China	0	0	0
Spain	40.113.297	40.539.898	42.928.257
Portugal	8.603.616	7.249.895	5.852.936
Total DIA	48.716.913	47.789.793	48.781.193

Kms distance truck secondary transport			
	2014	2015	2016
Argentina	13.069.928	9.184.296	18.367.636
Brazil	17.603.138	16.946.486	16.534.724
China	5.282.942	4.258.343	1.463.168
Spain	48.641.390	51.538.084	52.661.504
Portugal	11.630.520	9.823.764	9.893.089
Total DIA	96.227.918	91.750.973	98.920.121

Kms distance truck primary and secondary transport			
	2014	2015	2016
Argentina	13.069.928	9.184.296	18.367.636
Brazil	17.603.138	16.946.486	16.534.724
China	5.282.942	4.258.343	1.463.168
Spain	88.754.687	92.077.982	95.589.761
Portugal	20.234.136	17.073.659	15.746.025
Total DIA	144.944.831	139.540.766	147.701.314

Efficiency (km per one thousand products sold)			
	2014	2015	2016
Argentina	9	6	11
Brazil	8	8	7
China	24	18	7
Spain	19	19	20
Portugal	25	245	21
Total DIA	17	16	15

EN3D Primary energy consumption by company cars

	Gasoline \ Primary energy consumption [l]	Gasoline \ Primary energy consumption - Conversion factor [GJ/l]	Gasoline \ Primary Energy Consumption [GJ]	Diesel \ Primary energy consumption [l]	Diesel \ Primary energy consumption - Conversion factor [GJ/l]	Diesel \ Primary energy consumption [GJ]	Total fuel \ Primary energy consumption [GJ]
	2015	2015	2015	2015	2015	2015	
Argentina (*)	259.600	0,0327	8.500	6.668	0,0359	239,6	8.740
Brazil	0	0,0327	0	28.664	0,0359	1030	1.030
China	27.212	0,0327	891	6.852	0,0359	246,2	1.137
Spain	15.936	0,0327	522	292.569	0,0359	10.513	11.035
Portugal	911,5	0,0327	29,84	548.900	0,0359	19.724	19.754
DIA	303.660		9.943	883.653		31.753	41.695

	Gasoline \ Primary energy consumption [l]	Gasoline \ Primary energy consumption - Conversion factor [GJ/l]	Gasoline \ Primary Energy Consumption [GJ]	Diesel \ Primary energy consumption [l]	Diesel \ Primary energy consumption - Conversion factor [GJ/l]	Diesel \ Primary energy consumption [GJ]	Total fuel \ Primary energy consumption [GJ]
	2016	2016	2016	2016	2016	2016	
Argentina (*)	259.600	0,0327	8.489	6.668	0,0359	239,6	8.729
Brazil	0	0,0327	0	0	0,0359	0	0
China	24.055	0,0327	787,586	5.155	0,0359	185,235	972,821
Spain	9.535	0,0327	312	323.972	0,0359	11.641	11.953
Portugal	119,700	0,0327	3,918	599.937	0,0359	21.558	25.476
DIA	293.310		9.593	935.732		33.624	43.217

(*) Consumo estimado

Año 2014				Año 2015				Año 2016			
	Annual electricity consumption (Kwh)	Efficiency = Consumption kwh / m2.	Efficiency 2014 vs Efficiency 2013	Renewable energy consumption (Kwh)	Annual electricity consumption (Kwh)	Efficiency = Consumption kwh / m2	Efficiency 2015 vs Efficiency 2014	Renewable energy consumption (Kwh)	Annual electricity consumption (Kwh)	Efficiency = Consumption kwh / m2	Efficiency 2015 vs Efficiency 2014
	TOTAL	Without FOFO	Sin FOFO	TOTAL	TOTAL	Without FOFO	Sin FOFO	TOTAL	TOTAL	Without FOFO	Sin FOFO
Argentina	131.168.617	551,78	5,81%	0	138.032.384	510,81	-7,42%	0	161.771.833	574,34	12,44%
Brazil	70.288.011	179,21	4,72%	4.712.000	95.487.328	231,60	29,23%	14.608.343	102.216.686	215,49	-6,95%
China	15.076.417	206,31	-6,85%	0	15.217.644	214,87	4,15%	0	14.487.248	218,74	1,80%
Spain	503.118.769	331,74	-4,89%	322.968.623	670.632.524	301,46	90,87%	173.628.486	708.448.583	325,16	7,86%
Portugal	91.600.000	372,17	1,31%	35.034.064	80.394.764	313,17	-15,85%	41.599.530	104.184.681	393,03	25,50%
Grupo	811.251.814	329,01	-2,41%	362.714.687	999.764.644	309,08	-6,06%	229.836.359	1.091.109.031	334,07	8,09%

Note: We have taken into account the following criteria:

- 1) Figures have not been taken into account either consumption or surfaces Clarel / Schlecker.
- 2) To calculate the ratio of consumption surface has been considered consumption and COFO COCO shops and stores.
- 3) To calculate the ratio of consumption per surface area considered the sales room and COFO COCO stores and warehouses surface.

COCO= Company Owned and Company Operated store.

COFO= Company Owned and Franchise Operated store.

FOFO= Franchise Owned and Franchise Operated store.

EN5 Energy saved due to conservation and efficiency improvements

Initiative name		Description	Saving energy conservation and efficiency - Saving [GJ]
Argentina	Distance change per km traveled	Saving per km	43.359
Brazil	HYBRID VEHICLE	Hybrid Project: Reduction of Total Kilometres for Lorries. Through a hybrid lorry scheme, we were able to reduce the total number of kilometres travelled by a normal lorry by 20% thanks to the greater capacity of this type of hybrid lorry, which instead of being like 32 smaller transport vehicles, it is more like 38. Throughout 2016, a total of 146,620 litres of fuel have been saved thanks to this project.	5.327
China	-	-	-
Spain	-	-	-
Portugal	-	-	-

EN6

Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives

2016	Energy saving (KW/h)
Spain	
Lighting	13.503.852
Automation	1.020.851
Positive cold	2.111.724
Negative cold	1.540.039
Total España	18.176.466
Portugal	
Refrigeration Centres	315.818
Cold Fans Positive	586.039
Frozen murals	427.328
Domotics	159.133
LED lighting	307.581
Speed variators	331.839
Total Portugal	2.127.738
Argentina	
Use of electronic valve	6.100.800
Cold Fans Positive	12.314.772
Frozen murals	1.582.065
Domotics	5.695.627
LED lighting	834.000
Speed variators	871.385
Total Argentina	27.398.649
Brazil	
Home Automation in Warehouse	59.136
Solar heating	9.308
Cold closure in stores	3.855.608
LED Lighting on Stores	2.266.453
LED Lighting on Wharehouse	624.000
Total Brazil	6.814.505
China	
Total China	-
Total Grupo DIA	54.517.358

Initiatives to reduce indirect energy consumption

	Reducing consumption - Savings.	Reducing consumption - Emission factor Kg CO2 eq/(Km, €, number of nights)	Saving [Tn CO2 eq]
2016	Spain		
Shuttle Bus Service	1.056.495	0,190	200,700
Videoconferences to Substitute International Business Trips	8.657.222	0,230	1.991
Videoconferences to Substitute European Business Trips	16.584	0,190	3,151
Videoconferences to Substitute Spain/Portugal Business Trips	642.978	0,330	212,200
Videoconferences to Substitute Peninsular Business Trips	1.191	23,280	27,730
Total Spain	10.374.470		2.434,781
	Portugal		
Videoconferences to Substitute International Business Trips	980.155	0,327	320,500
Videoconferences to Substitute National Business Trips	455.681	0,327	149,000
Videoconferences to Substitute International and National Business Trips	1.669	24,24	40,460
Total Portugal	1.437.505		509,960
	Argentina		
Videoconferences to Substitute Spain Business Trips	924.232	0,227	209,800
Videoconferences to Substitute Medium-Distance Business Trips	4.400	0,192	0,845
Videoconferences to Substitute International Business Trips	47	31,200	1,466
Total Argentina	928.679		212,111
	Brazil		
Total Brazil	0	0	0
	China		
Videoconferences to Substitute International Business Trips	288.844,000	0,227	65,570
Videoconferences to Substitute Trips between Shanghai and Madrid	14,000	61,120	0,856
Total China	288.858,000		66,426
Total Grupo DIA	13.029.512,000		3223,278

(We will suppose on average the presence of 4 people by videoconference and we estimate that 4 videoconferences are equivalent to a trip to the receiving country of the call)

EN8 Water withdrawal by source

Water consumption from utility company [m3]			
	2014	2015	2016
Argentina	597.377	588.124	461.415
Brazil	171.151	82.701	191.827
China	49.604	50.725	43.898
Spain	312.500	429.769	586.844
Portugal	214.429,2	266.856,1	458.198,8
Total DIA	1.345.061	1.418.175	1.742.183

Efficiency = Water m3 / m2 (sales surface + warehouse surface)			
	2014	2015	2016
Argentina	3,523	3,094	2,298
Brazil	0,597	0,311	0,595
China	0,706	1,159	1,366
Spain	0,179	0,242	0,356
Portugal	1,021	1,243	2,084
Total DIA	0,542	0,569	0,719

EN16 Greenhouse gas emissions
MOBILE SOURCES

CO2 emission by primary transport [kg CO2 eq]			
	2014	2015	2016
Argentina	0	0	0
Brasil	0	0	0
China	0	0	0
España	37.640.312	41.301.237	46.611.716
Portugal	10.841.158	8.066.342	6.512.064
Total DIA	48.481.470	49.367.579	53.123.780

CO2 emission by secondary transport [kg CO2 eq]			
	2014	2015	2016
	10.866.348	7.695.740	15.008.452
	19.188.061	18.154.569	17.572.749
	3.834.663	3.033.632	852.876
	41.191.034	45.299.742	47.920.287
	11.146.140	7.946.764	8.023.437
Total DIA	86.226.246	82.130.447	89.377.801

CO2 emission by secondary transport [kg CO2 eq]			
	2014	2015	2016
Argentina	10.866.348	7.695.740	15.008.452
Brazil	19.188.061	18.154.569	17.572.749
China	3.834.663	3.033.632	852.876
Spain	78.831.346	86.600.979	94.532.003
Portugal	21.987.299	16.013.106	14.535.502
Total DIA	134.707.717	131.498.026	142.501.582

Efficiency: total CO2 emission [kg CO2 eq]/ one thousand products sold			
	2014	2015	2016
	7,353	4,906	9,187
	9,144	8,390	7,854
	17,126	13,114	3,899
	17,162	17,495	19,649
	30,186	22,940	19,276
Total DIA	15,911	14,637	14,760

EN16 Total direct and indirect greenhouse gas emissions by weight

	R-410A Emissions [Tn: CO2 eq]	R-407C Emissions [Tn: CO2 eq]	R-404A Emissions [Tn: CO2 eq]	R-507 Emissions [Tn: CO2 eq]	R-134A Emissions [Tn: CO2 eq]	R-407A Emissions [Tn: CO2 eq]	R-422D Emissions [Tn: CO2 eq]	Others Emissions [Tn: CO2 eq]	Total Emissions [Tn: CO2 eq]
	2015	2015	2015	2015	2015	2015	2015	2015	2015
Argentina	3,45	0	64.003	0	0	0	0	10.003	74.010
Brazil	0	0	0	0	0	0	0	16.289	16.289
China	0	0	98	0	0	0	0	615	713
Spain	1.785	6.714	211.942	7.869	19.970	6.258	8.746	127	263.411
Portugal	136,8	0	21.003	0	1721	552,8	26,57	0	23.440
TOTAL	1.925	6.714	297.046	7.869	21.691	6.811	8.773	27.034	377.863

	R-410A Emissions [Tn: CO2 eq].	R-407C Emissions [Tn: CO2 eq]	R-404A Emissions [Tn: CO2 eq]	R-507 Emissions [Tn: CO2 eq]	R-134A Emissions [Tn: CO2 eq]	R-407A Emissions [Tn: CO2 eq]	R-422D Emissions [Tn: CO2 eq]	Others Emissions [Tn: CO2 eq]	Total Emissions [Tn: CO2 eq]
	2016	2016	2016	2016	2016	2016	2016	2016	2016
Argentina	396,1	0	31.264	0	0	0	0	0	31.660
Brazil	0	0	0	0	0	0	0	18.404	18.404
China	0	0	486	0	0	0	0	0	486
Spain	936	4.474	93.510	2.480	21.194	1.483	5.375	76,94	129.528
Portugal	9,833	0	25.021	92,53	1.885	36,9	9,376	0,0054	27.055
TOTAL	1.342	4.474	150.281	2.573	23.079	1.520	5.384	18.481	207.133

Company cars total direct and indirect greenhouse gas emissions by weight

	Gasoline GHG emissions by weight, car executives - [l]	Gasoline GHG emissions by weight, car executives - Emission factor [kg CO2 eq/l]	Gasoline GHG emissions by weight, executive cars - Emissions [Tn CO2 eq].	Diesel GHG emissions by weight, car executives - [l]	Diesel EGHG emissions by weight, car executives - Emission factor [kg CO2 eq/l]	Diesel GHG emissions by weight, executive cars - Emissions [Tn CO2 eq]	Total GHG emissions by weight, executive cars - Emissions [Tn CO2 eq]
	2015	2015	2015	2015	2015	2015	2015
Argentina	259.600	2,327	604,2	6.668	2,681	17,88	622,1
Brazil	0	2,327	0	28664	2,681	76,86	76,86
China	27.212	2,327	63,33	6852	2,681	18,37	81,7
Spain	15.936	2,327	37,09	292.569	2,681	784,5	821,6
Portugal	911,5	2,327	2,121	548.900	2,681	1.472	1474
TOTAL	303.660		707	883.653		2.370	3.076

	Gasoline GHG emissions by weight, car executives - [l]	Gasoline GHG emissions by weight, car executives - Emission factor [kg CO2 eq/l]	Gasoline GHG emissions by weight, executive cars - Emissions [Tn CO2 eq].	Diesel GHG emissions by weight, car executives - [l]	Diesel EGHG emissions by weight, car executives - Emission factor [kg CO2 eq/l]	Diesel GHG emissions by weight, executive cars - Emissions [Tn CO2 eq]	Total GHG emissions by weight, executive cars - Emissions [Tn CO2 eq]
	2016	2016	2016	2016	2016	2016	2016
Argentina	259.600	2,327	604,2	6.668	2,681	17,88	622,1
Brazil	0	2,327	0	0	2,681	0	0
China	24.055	2,327	55,985	5.155	2,681	17,88	73,865
Spain	9.535	2,327	22,19	323.972	2,681	0	22,19
Portugal	119,7	2,327	0,2785	599.937	2,681	12	1382,279
TOTAL	293.310		683	935.732		1.418	2.100

EN17 Business trips emissions

	Taxi Emissions [Tn CO2 eq].	Mileage Emissions [Tn CO2 eq]	Hired car Emissions [Tn CO2 eq]	Hotel (No. of nights) Emissions [Tn CO2 eq]	Tren, National Emissions [Tn CO2 eq]	Train, International Emissions [Tn CO2 eq]	Aeroplane, Domestic Emissions [Tn CO2 eq]	Avión, Short-Haul \ Emisiones [Tn CO2 eq]	Aeroplane, Long-Haul Emissions [Tn CO2 eq]	Ferry Emissions [Tn CO2 eq]	Bus Emissions [Tn CO2 eq]
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Argentina	21,94	0	0	46,24	0	0	20,65	129,8	296,7	0	28,65
Brazil	48,4	1.210	111,5	84,31	0	0	93,6	421,9	277,3	0	0
China	131,5	19	67,18	27,75	0,5246	0	1,184	8,148	60,32	0	0,879
Spain	24,75	5.402	61,03	295	134,4	0	667,1	303	1.172	0,0127	1,132
Portugal	0,1891	0	30,58	67,85	0,4687	0	3,315	13,89	5	0	0
Total Grupo DIA	227	6.631	270	521	135	0	786	877	1.811	0	31

	Taxi Emissions [Tn CO2 eq].	Mileage Emissions [Tn CO2 eq]	Hired car Emissions [Tn CO2 eq]	Hotel (No. of nights) Emissions [Tn CO2 eq]	Tren, National Emissions [Tn CO2 eq]	Train, International Emissions [Tn CO2 eq]	Aeroplane, Domestic Emissions [Tn CO2 eq]	Avión, Short-Haul \ Emisiones [Tn CO2 eq]	Aeroplane, Long-Haul Emissions [Tn CO2 eq].	Ferry Emissions [Tn CO2 eq]	Bus Emissions [Tn CO2 eq]
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
Argentina	24,78	2.252	0	21,75	0	0	23,89	67,82	71,44	0	11,77
Brazil	64,77	1.635	128,9	71,55	0	0	72,71	370,5	232,5	0	0
China	133,2	0	74,21	22,13	0,7729	0	3,534	14,54	60,56	0	0
Spain	22,67	6.047	55,86	199,6	178,2	0	428	303	1.159	0,027	1,459
Portugal	0,3903	0	15,16	69,88	2,29	0	6.172	18,18	10	0	0
Total Grupo DIA	245,81	9.934	274,13	384,91	181,26	0	6.700,13	774,04	1.533,50	0	13,23

EN18

Initiatives to reduce greenhouse gas emissions and the reductions obtained

	2014		2015		2016	
	Initiative 1 Reduction of emissions [Tn CO2 eq]	Initiative 2 Reduction of emissions (Tn CO2). [Tn CO2 eq]	Initiative 1 Reduction of emissions [Tn CO2 eq]	Initiative 2 Reduction of emissions (Tn CO2). [Tn CO2 eq]	Initiative 1 Reduction of emissions [Tn CO2 eq]	Initiative 2 Reduction of emissions (Tn CO2). [Tn CO2 eq]
Argentina	432,59	0	2.577,02		3.199,270	
Brazil	171,41	38,26	172,36	65,22	0,390	0,071
Portugal	4.358,88	0	1.289,49	0	1.145,230	
China	0	0	0	0	0	0
Spain	0	0	0	0	0	0
TOTAL	4.962,88	38,26	4.038,87	65,22	4.344,89	0,071

EN22 Hazardous waste
BY TYPE

RP by Country	Generated [kg]		
	2014	2015	2016
Argentina	0	0	2.030
Brazil	0	0	0
China	488	282,4	19
Spain	57.187	68.437	63.022
Portugal	6.795	5.427	4.590
Total DIA	64.470	74.146	69.661

Recycled [%]		
2014	2015	2016
0 %	0 %	100 %
0 %	0 %	0 %
100 %	100 %	100 %
100 %	100 %	100 %
100 %	100 %	100 %
100 %	100 %	100 %

Reused [%]		
2014	2015	2016
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %

Landfill [%]		
2014	2015	2016
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %
0 %	0 %	0 %

RP by material	Generated [kg]		
	2014	2015	2016
Batteries	63.542	73.074	68.002
Fluorescent	928	1.072	1.659

Recycled [%]		
2014	2015	2016
100 %	100 %	100 %
100 %	100 %	100 %

Reused [%]		
2014	2015	2016
0 %	0 %	0 %
0 %	0 %	0 %

Landfill [%]		
2014	2015	2016
0 %	0 %	0 %
0 %	0 %	0 %

	Generated [kg]		
	2014	2015	2016
Toner	4.373	4.180	7.387
Organic material	38.977.710	41.611.726	46.332.707
Scrap	1.112.550	1.403.899	1.095.047
Plastic	5.380.358	5.558.177	5.723.726
Wood	968.473	1.086.244	1.144.342
Paper and paperboard	70.486.494	71.616.434	72.165.286
Electrical and electronic	38.899	34.546	41.725
Other waste	4.714.874	3.909.553	6.990.302
Total	121.683.731	125.224.759	133.500.522

	Recycled [%]		
	2014	2015	2016
Toner	62,60 %	61,48 %	29,75 %
Organic material	9,68 %	10,05 %	8,25 %
Scrap	95,24 %	93,97 %	95,34 %
Plastic	100 %	100 %	100 %
Wood	87,81 %	4,20 %	2,77 %
Paper and paperboard	100 %	100 %	100 %
Electrical and electronic	100 %	100 %	100 %
Other waste	78,88 %	47,24 %	70,36 %
Total	70,04%	67,56%	65,73%

	Reused [%]		
	2014	2015	2016
Toner	23,08 %	21,89 %	38,82 %
Organic material	0 %	0 %	0 %
Scrap	4,76 %	6,03 %	4,66 %
Plastic	0 %	0 %	0 %
Wood	12,19 %	95,81 %	97,23 %
Paper and paperboard	0 %	0 %	0 %
Electrical and electronic	0 %	0 %	0 %
Other waste	0 %	0 %	0 %
Total	0,14%	0,90%	0,87%

	Landfill		
	2014	2015	2016
Toner	14,32 %	16,49 %	31,43 %
Organic material	90,32 %	89,95 %	91,75 %
Scrap	0 %	0 %	0 %
Plastic	0 %	0 %	0 %
Wood	0 %	0 %	0 %
Paper and paperboard	0 %	0 %	0 %
Electrical and electronic	0 %	0 %	0 %
Other waste	21,12 %	52,76 %	38,14 %
Total	29,82%	31,54%	33,84%

Non-hazardous waste BY COUNTRY

	Generated [kg]			Recycled [%]		
	2014	2015	2016	2014	2015	2016
Argentina	8.711.419	9.124.893	9.807.197	38,18 %	47,74 %	40,54 %
Brazil	18.147.008	18.177.466	19.255.645	47,63 %	48,03 %	40,92 %
China	2.511.887	2.298.325	2.405.788	51,76 %	69,44 %	72,67 %
Spain	74.501.374	78.267.279	82.629.541	75,80 %	70,89 %	69,03 %
Portugal	17.812.043	17.356.796	19.402.351	90,87 %	83,19 %	85,09 %
Total DIA	121.683.731	125.224.759	133.500.522	70,04 %	67,56 %	65,28 %

	Reused [%]			Landfill [%]		
	2014	2015	2016	2014	2015	2016
Argentina	0 %	0 %	0 %	61,82 %	52,26 %	59,46 %
Brazil	0 %	0 %	0 %	52,37 %	51,97 %	59,08 %
China	0 %	0 %	0,01 %	48,24 %	30,56 %	27,32 %
Spain	0,06 %	1,21 %	1,22 %	25,14 %	27,90 %	29,75 %
Portugal	0,91 %	1,02 %	0,83 %	8,20 %	15,80 %	14,08 %
Total DIA	0,14 %	0,90 %	0,87 %	29,82 %	31,54 %	33,84 %

EN23 **Total number and volume of significant spills**

There has been no significant spills during 2015 throughout the DIA Group

EN26

Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

2016	
	Spain
	Reduction of consumption - Savings
Recycling of confidential documents	19.940
Using the Auraportal computing tool	158
Total Spain	20.098
	Portugal
With the change of the printers of the company, in which the impression is validated with the staff card, the consumption of A4 paper in the offices has been reduced; Warehouses	9.211
Abolish the salary receipt of employees printed on paper	420
Continuation of the incentive to reduce the consumption of Retractable Film in the warehouses	1.653
Alteration of paper type in brochures. It has changed from plain paper to recycled paper	1.331.203
Total Portugal	1.342.487
	Argentina
Change packaging ref 34186 (arevjas secas remojadas x 350 g)	50.816
Total Argentina	50.816
	Brazil
Total Grupo DIA	1.413.401

EN27 Percentage of products sold and packaging recovery

	Porcentaje de productos vendidos recuperados (es decir reciclados o reutilizados) final de su vida útil. [%]		Porcentaje de embalajes (materiales de envasados) recuperados al final de su vida útil [%]	
	2014	Comentario	2014	Comentarios
Argentina	-	-	-	-
Brasil	-	-	-	-
China	-	-	-	-
Spain	90,2		76,9	
Portugal	21,93		1,18	
	The data corresponds to batteries		The basis for the calculation is the SPV site information, as of 12.31.2014 (730,655 tonnes) and the 2013 declaration of DIA to the SPV.	

EN27 Percentage of products sold and packaging recovery (continuation)

	2015	Comentario	2015	Comentarios
Argentina	-	-	-	-
Brasil	-	-	-	-
China	-	-	-	-
Spain	81,8	This indicator is reported at the DIA Group level. The total amount of waste collected by the authorized manager does not correspond to those generated solely by DIA's own activity, but also correspond to all batteries / SARS collected in the different centers by the Employees / visitors. We chose the % of WEEE to be higher: % WEEE) 35336 kg collected / 43164 kg sold * 100 = 81.8%. % Batteries) 37905 kg collected / 90132 kg sold * 100 = 42%	78,7	Through the system that manages Ecoembes have made a total of 73.7%, adding the valued energy gives us a total of 78.7% total recovery. (Data Ecoembes Annual Report 2014)
Portugal	16		57,3	The data on the site of HPV, are updated only until November 30, so the data of the annual report 2014 are used. Through the system that manages SPO (Sociedade Ponto Verde) has been recovered 57.3% of packaging.

EN27 Percentage of products sold and packaging recovery (continuation)

	2016	Comentario	2016	Comentarios
Argentina	-	-	-	-
Brasil	-	-	-	-
China	-	-	-	-
Spain	129,44	EN.27.1.1 The total amount of waste collected by the authorised waste manager does not coincide with only the waste generated by DIA's business activities; instead, it also includes all the batteries and waste electrical and electronic equipment (WEEE) collected in the different centres for employees/visitors	74,8	EN.27.1.2 We have chosen the % of WEEE, as this is higher: % WEEE) 43245 kg collected / 33408.25 kg sold * 100 = 129.44 % % Batteries) 61502 kg collected / 133173 kg sold * 100 = 46.18 % Data obtained from the Ecoembes Executive Report of 2015.
Portugal	25,19		60,67	The data on the SPV (Sociedade Ponto Verde) site were last updated on 31 May 2016; therefore, the data from the Annual Report on the year 2015 were used. Through the system managed by SPV (Sociedade Ponto Verde), 60.67% of containers have been assessed

EN28

Fines and total number of non-monetary sanctions for non-compliance with environmental regulations

2016		
Is there a record of environmental regulations and a record of defaults?	Spain	Yes
	Argentina	No
	Brazil	Yes
	Portugal	Yes
	China	Yes

EN28 Record of significant fines for environmental compliance.

Grupo DIA	2016	
Have there been any breach of environmental regulations?	Argentina	No
	Brazil	No
	China	No
	Spain	No
	Portugal	No
Description of the penalty.	Argentina	N/A
	Brazil	N/A
	China	N/A
	Spain	N/A
	Portugal	N/A
Total amount of fines received for breach of environmental regulations [EUR].	Argentina	0
	Brazil	0
	China	0
	Spain	0
	Portugal	0

EN30 Total environmental protection expenditures and investments by type

Total amount of Environmental Expenditure [EUR]		
	2016	Comentarios
Argentina	N/A	
Brazil	1.116.274 €	1.- Waste transport. 2.- Appropriate management for the elimination of organic waste. 3.- Hiring of a third-party company to undertake environmental evaluation in warehouses
China	19.233 €	Waste management and elimination
Spain	4.514.005 €	1.- Invoices from our Battery Manager (ERP), from our WEEE Manager (Ecolec) and from our LED Manager (Ambilamp) for waste management and processing services. 2.- 2015 Packaging Statement to Ecoembes. 3.- External Carbon Footprint Verification Services and CDP 2016 Support 3.- CDP Response Rate
Portugal	1.316.597 €	1.- We work with the company EGEO for business-activity-related waste management and elimination. Said company works in each one of our warehouses, separating waste into the different categories: - Plastic - Paper and Cardboard - Organic Waste and Animal By-Products not Intended for Human Consumption - Animal By-Products. The company takes the waste to the different places where it will be processed. 2.- Environmental liability insurance has been contracted so that if an accident happens in relationship with our business activity which damages the environment, DIA Portugal would be protected. 3.- For each package sold, DIA pays a fee to the management company for recycling in Portugal (SPV). The fee is on our own-brand products. All fees for products with a different manufacturer's brand are paid for by the provider. 4.- We work with the company AMBIMED for business-activity-related waste management and elimination. This company collects warehouse waste at Torres Novas, where said waste is centralised. - We work with the company CityWater to monitor the well water at the Torres Novas warehouse, as well as to monitor effluents and legionella in the three warehouses that belong to DIA Portugal
Total Grupo DIA	6.966.109 €	