



REPORT OF THE BOARD OF DIRECTORS OF “DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN S.A.” REGARDING THE RATIONALE FOR THE PROPOSED RE-ELECTION OF MS ANA MARÍA LLOPIS RIVAS, MR RICARDO CURRÁS DE DON PABLOS, MR JULIÁN DÍAZ GONZÁLEZ, MS ROSALÍA PORTELA DE PABLO, MR JUAN MARÍA NIN GÉNOVA AND MS ANGELA LESLEY SPINDLER AS DIRECTORS OF THE COMPANY

I. Purpose of the report

This report is prepared by the Board of Directors of “Distribuidora Internacional de Alimentación S.A.” (“**DIA**” or the “**Company**”) in compliance with the provisions of subsection 5 of section 529 *decies* of Royal Legislative Decree 1/2010 of 2 July approving the consolidated text of the Companies Act (*Ley de Sociedades de Capital*) (the “**Spanish Companies Act**”), in order to provide a detailed rationale for the proposed re-election of Ms Ana María Llopis Rivas, Mr Ricardo Currás de Don Pablos, Mr Julián Díaz González and Ms Rosalía Portela de Pablo, as well as the ratification and re-election of Mr Juan María Nin Génova and Ms Angela Lesley Spindler (collectively, the “**Candidates**”) as directors of the Company, with particular emphasis on their competence, experience and merits. The guidelines in the Company’s Directors Selection Policy approved by the Company on 11 December 2015 have been followed when drafting this report and the subsequent proposals.

The Candidates will be classified as follows:

- Ms Ana María Llopis Rivas as “other external director”.
- Mr Ricardo Currás de Don Pablos as “executive director”.
- Mr Julián Díaz González as “independent director”.
- Ms Rosalía Portela de Pablo as “independent director”.
- Mr Juan María Nin Génova as “independent director”.
- Ms Angela Lesley Spindler as “independent director”.

In accordance with the foregoing, below is the individual assessment by the Board of Directors of the competence, experience and merits of the various Candidates, and their suitability to perform their duties as directors of DIA, in light of the proposal (**Annex I**) or of the report (**Annex II**) prepared by the Nomination and Remuneration Committee, pursuant to subsections 4 and 6 of section 529 *decies* of the Spanish Companies Act, which the Board adheres to in its entirety.

In addition, in order to comply with the requirements of section 518.e) of the Spanish Companies Act, this report also provides full information on the identity, curriculum vitae and category to which the Candidates belong.



II. Rationale for the proposal

A. Ms Ana María Llopis Rivas

1. Background and education

Ms Ana María Llopis Rivas was born in Venezuela in 1950. She has a degree in Physics from the University of Maryland. She also holds a Ph.D. in Materials Sciences from Berkeley University.

2. Noteworthy professional experience for the holding of the Candidate's positions at the Company

Mrs Llopis has built her professional career in the private sector. After a period with Procter & Gamble, Banesto and Schweppes, she was the founder and CEO of Openbank, after which she formed part of the Supervisory Board of ABN Amro. She was a member of the Board of Directors of British American Tobacco until April 2011. Before, until 2005 she was a member of the Board of Directors of Reckitt Benckiser.

She was first appointed director in DIA on 5 July 2011, and was re-elected on 26 April 2013.

3. Membership on other boards of directors

Ms Llopis is currently a member of the Board of Directors of Société Générale, chief executive officer of Global Ideas4all, S.L. and vice-chair of Fundación José Félix Llopis.

4. Category

Ms Ana María Llopis Rivas has been proposed on the basis of her personal and professional qualifications.

Considering that, on 24 May 2011, the shareholders at the General Shareholders' Meeting of Société Générale appointed Ms Ana María Llopis as a member of the Board of Directors thereof with the category of independent director, and that Société Générale has also had business relations with DIA during financial year 2015 (it is a party to a syndicated financing agreement, counterparty to an equity swap agreement regarding DIA shares, and has carried out the acquisition of treasury shares), the Nomination and Remuneration Committee deems Ms Llopis to be an "other external director", pursuant to the provisions of subsection 4 of section 529 *duodecies* of the Spanish Companies Act.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company, of which the Candidate is a holder

As she has declared, Ms Llopis is the direct holder of 71,950 shares of the Company.

6. Requirements for appointment

The Nomination and Remuneration Committee has verified that Ms Ana María Llopis Rivas meets the requirements of respectability, capability, recognised expertise, competence and experience for the position of other external director on the Board of Directors of the Company.

Specifically, the Nomination and Remuneration Committee believes that, in the particular case of Ms Llopis, in order to be able to properly perform the duties of the proposed position, the



candidate must appropriately combine sufficient qualifications, skills and experience in the following areas:

- (a) the international and domestic markets and industry sectors in which DIA does business;
- (b) economic and financial matters, management of highly qualified human resources, and legal and regulatory frameworks;
- (c) a proven track record in value creation;
- (d) absence of conflict of interest and availability of time to attend at least eight meetings per year in Spain;
- (e) strong international strategic business vision;
- (f) experience as a Director in business management, leadership and strategy;
- (g) the highest level of ethics, representation and respect for the business community in general; and
- (h) the highest level of loyalty, commitment and sufficient dedication to the project of the Company.

The Board of Directors has concluded that Ms Llopis possesses the aforementioned characteristics.

It has also verified that she is not affected, directly or indirectly, by any of the instances of legal prohibition against or disqualification from holding such office, or by having interests that conflict with or are contrary to the corporate interest, as provided generally or by DIA's internal rules.

It has also been verified that, according to the information provided by Ms Llopis, she does not exceed the maximum number of boards of directors of which she may be a member pursuant to article 19.6 of the Regulations of the Board of Directors.

7. Conclusion

The information received shows that Ms Ana María Llopis Rivas has the required competence, experience and merits to perform the duties of her position. Accordingly, the Nomination and Remuneration Committee reports favourably on the proposal of the Board of Directors of the Company for the re-election of Ms Ana María Llopis Rivas as a director of the Company with the classification of "other external director".

B. Mr Ricardo Currás de Don Pablos

1. Background and education

Mr Ricardo Currás de Don Pablos was born in Germany in 1962. He holds a degree in Mathematics from Universidad Complutense of Madrid and a Master's in Business Administration from Instituto de Empresa.

2. Noteworthy experience for the holding of the Candidate's positions at the Company

After a short stay with Arthur Andersen, he joined the DIA Group in 1986 as a management control analyst. In 1991 he became part of the group's Commercial Management Department as

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Private Label Manager. In 1994 he assumed responsibility for the Retail Operations and Logistics Department, and in 1997 he was appointed Business Manager of the DIA Group. In 2006 he became a member of the Carrefour Group's Management Committee as Executive Director of DIA Spain. In May 2009 he was appointed Executive Director and CEO of the DIA Group, in addition to being a member of the Carrefour Group's Executive Committee.

He was first appointed a member of DIA's Board of Directors on 28 June 2000, and was last re-elected on 26 April 2013.

3. Membership on other boards of directors

Mr. Currás is currently chairman of the Board of Directors of Finandia, E.F.C., S.A.U. and director of AECOC.

4. Category

Mr Ricardo Currás de Don Pablos has been proposed on the basis of his personal and, mainly, professional qualifications, being Chief Executive Officer and Executive Director of the Company. The Nomination and Remuneration Committee therefore considers him an "executive director" because he meets the requirements established in subsection 1 of section 529 *duodecies* of the Spanish Companies Act.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company, of which the Candidate is a holder

As he has declared, Mr Currás is the direct holder of 369,649 shares of the Company.

6. Requirements for appointment

The Nomination and Remuneration Committee has verified that Mr Ricardo Currás de Don Pablos meets the requirements of respectability, capability, recognised expertise, competence and experience for the position of executive director on the Board of Directors of the Company.

In particular, the Nomination and Remuneration Committee believes that, in the specific case of Mr. Currás, in order to be able to adequately perform the duties of the proposed position, the director must appropriately combine sufficient qualifications, skills and experience in the areas described in section II.A.6 for Ms. Llopis.

The Board of Directors has concluded that Mr. Currás possesses the aforementioned characteristics.

It has also verified that he is not affected, directly or indirectly, by any of the instances of legal prohibition against or disqualification from holding such office, or by having interests that conflict with or are contrary to the corporate interest as provided generally or by DIA's internal rules.

It has also been verified that, according to the information provided by Mr. Currás, he does not exceed the maximum number of boards of directors of which he may be a member pursuant to article 19.6 of the Regulations of the Board of Directors.

7. Conclusion

The information received shows that Mr Ricardo Currás de Don Pablos has the required

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competence, experience and merits to perform the duties of his position. Accordingly, the Nomination and Remuneration Committee reports favourably on the proposal of the Board of Directors of the Company for the re-election of Mr. Ricardo Currás de Don Pablos as executive director of the Company.

C. Mr Julián Díaz González

1. Background and education

Mr. Julián Díaz González was born in Spain in 1958. He holds a degree in Business Administration and Management from Universidad Pontificia de Comillas – ICADE.

2. Noteworthy experience for the holding of the Candidate's positions at the Company

Mr Julián Díaz González boasts a long professional track record on boards of directors since he has held the positions of General Manager at TNT Leisure, S.A., General Manager of the Airports Division of Aldeasa, General Manager of Aeroboutiques de México, S.A. de C.V. and General Manager of Deor, S.A. de C.V., and then joining Latinoamericana Duty-Free, S.A. de C.V. He has been CEO of Dufry AG since 2004.

He was first appointed director on 5 July 2011, and was re-elected on 26 April 2013.

3. Membership on other boards of directors

Mr Julián Díaz González is currently a member of the Board of Directors of Dufry International AG, Duty Free Caribbean Holdings and Chairman of the Group Executive Committee of Dufry AG.

4. Category

Mr Julián Díaz González has been proposed on the basis of his personal and professional qualifications, and he can discharge his duties without being constrained by relationships with the Company, its major shareholders or its executive officers. The Nomination and Remuneration Committee therefore considers him an independent director, since, according to the information received, he meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act and in article 20 of the regulations of the Board.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company, of which the Candidate is a holder

Mr. Julián Díaz González has declared that he is the holder of 45,217 shares of the Company.

6. Requirements for appointment

On the basis of the information provided by the candidate, the Nomination and Remuneration Committee has verified that Mr Julián Díaz González meets the requirements of respectability, capability, recognised expertise, competence and experience for the position of independent director on the Board of Directors of the Company.

In particular, the Nomination and Remuneration Committee believes that, in the specific case of Mr Julián Díaz González, in order to be able to adequately perform his duties of supervision and control over the DIA group, the candidate appropriately combines sufficient qualifications, skills and experience in the areas described in section II.A.6 for Ms. Llopis.

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The Committee has concluded, and this Board confirms, that Mr Julián Díaz González possesses the aforementioned characteristics.

It has also been confirmed with Mr Julián Díaz González that he is not affected, directly or indirectly, by any of the instances of prohibition against or disqualification from holding such office, or by having interests that conflict with or are contrary to the corporate interest as provided generally or by DIA's internal rules.

It has also been verified that, according to the information provided by Mr Julián Díaz González, he does not exceed the maximum number of boards of directors of which he may be a member pursuant to article 19.6 of the Regulations of the Board.

7. Conclusion

The information received shows that Mr Julián Díaz González has the required competence, experience and merits to perform the duties of his position. The Board therefore endorses the proposal of the Nomination and Remuneration Committee for the re-election of Mr Julián Díaz González as independent director of the Company.

D. Ms Rosalía Portela de Pablo

1. Background and education

Ms Rosalía Portela de Pablo was born in Spain in 1951. She holds a degree in Economics from Universidad Complutense of Madrid and a Master's in Economics from the University of Memphis.

2. Noteworthy experience for the holding of the Candidate's positions at the Company

Ms. Rosalía Portela de Pablo boasts a long professional track record. After a long period at Procter & Gamble, she held various positions of responsibility at Repsol, Kimberly Clark and Telefónica. After that she was Chief Executive Officer at ONO until September 2014. She has extensive experience in consumer goods, the retail food and the telecommunications sectors.

She was first appointed director on 5 July 2011, and was re-elected on 26 April 2013.

3. Membership on other boards of directors

Ms. Rosalía Portela de Pablo is currently a member of the Board of Directors of Deoleo, S.A.

4. Category

Ms Rosalía Portela de Pablo has been proposed on the basis of her personal and professional qualifications, and can discharge her duties without being constrained by relationships with the Company, its major shareholders or its executive officers. The Nomination and Remuneration Committee therefore considers her an independent director because, according to the information received, she meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act and in article 20 of the Regulations of the Board.



5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company, of which the Candidate is a holder

As she has declared, Ms Rosalía Portela de Pablo is the holder of 39,720 shares of the Company.

6. Requirements for appointment

On the basis of the information provided by the candidate, the Nomination and Remuneration Committee has verified that Ms Rosalía Portela meets the requirements of respectability, capability, recognised expertise, competence and experience for the position of independent director on the Board of Directors of the Company.

In particular, the Nomination and Remuneration Committee believes that, in the specific case of Ms. Portela, in order to be able to adequately perform her duties of supervision and control of the DIA group, the candidate appropriately combines sufficient capabilities, skills and experience in the areas described in subsection II.A.6 for Ms Llopis.

The Committee has concluded, and this Board confirms, that Ms. Portela possesses the aforementioned characteristics.

It has also been confirmed with Ms. Portela that she is not affected, directly or indirectly, by any of the instances of prohibition against or disqualification from holding such office, or by having interests that conflict with or are contrary to the corporate interest as provided generally or by DIA's internal rules.

It has also been verified that, according to the information provided by Ms. Portela, she does not exceed the maximum number of boards of directors of which she may be a member pursuant to article 19.6 of the Regulations of the Board.

7. Conclusion

The information received shows that Ms Rosalía Portela de Pablo has the required competence, experience and merits to perform the duties of her position. The Board therefore endorses the proposal of the Nomination and Remuneration Committee for the re-election of Ms. Rosalía Portela de Pablo as independent director of the Company.

E. Mr Juan María Nin Génova

1. Background and education

Mr Juan María Nin Génova was born in 1953. He holds degrees in Law and in Economics from Universidad de Deusto. Mr. Nin also holds a Master in Laws from the London School of Economics and Political Sciences.

2. Noteworthy experience for the holding of the Candidate's positions at the Company

Mr Nin has been active in public service, and was Programme Manager with the Ministry for European Community Relations from 1978 to 1980, which gave him experience in government operations and in institutional relations.

He has also built a successful career in the financial sector. He was General Manager of Banco Santander Central Hispano and a member of the Management Committee with various Commercial, Corporate and International Banking responsibilities between 1980 and 2002. From



2002 to 2007, Mr. Juan María Nin was Chief Executive Officer of Banco Sabadell (where he was also a member of the Audit Committee). In addition, he was General Manager of “la Caixa” from June 2007 to June 2014 and, finally, Deputy Chairman and CEO of CaixaBank from July 2011 to July 2014.

Among other significant responsibilities, Mr Nin was a member of the Board of Directors of Inbursa (a Mexican affiliate of Grupo Financiero Inbursa), of the Board of Directors of Banco BPI, of the Board of Directors of SegurCaixa, and CEO of Criteria Caixa Holding, where he was also a member of the Audit Committee, a member of the Supervisory Board of the Remuneration Board of ESRTE Bank (Austria), a member of the Board of Directors and of the Executive Committee of Gas Natural and, finally, member of the Board of Directors and Chairman of the Strategy Committee of Repsol YPF.

At the institutional level, he has regularly attended meetings of the Bilderberg Group, the International Monetary Fund and other international forums.

Finally, particularly worthy of note are his activities in foundations, associations and other Institutions. He is President of Fundación Consejo España-Estados Unidos, a member of the Board of Governors of Universidad de Deusto and of the Board of Directors of Deusto Business School. He is also a trustee of the ESADE Business School Foundation and of Fundación Federico García Lorca, as well as a member of the Governing Board of the Association for Progress in Management (*Asociación para el Progreso de la Dirección.*)

Mr. Nin was appointed director on an interim basis, by resolution of the Board of Directors of the Company, at the proposal of the Nomination and Remuneration Committee, on 14 October 2015.

In order to fill the existing vacancy on the Board, and after a prior analysis by the Board, the Nomination and Remuneration Committee and the Board of Directors conducted a selection process in accordance with the principles that were after included in the Company’s Directors Selection Policy to find a candidate who would enrich decision-making, contribute multiple viewpoints to the debate of matters within the Board of Directors of the Company and who might be classified as independent, in order to maintain an appropriate balance in the composition of the Board of Directors.

3. Membership on other boards of directors

Mr. Nin is currently a member of the Board of Directors of Indukern, S.A., of Naturhouse Health, S.A., of Azora Capital, S.L., of Officio -1, S.L., and of Grupo de Empresas Azvi, S.L., in representation of Officio -1, S.L.

4. Category

Mr Juan María Nin Génova has been proposed on the basis of his personal and professional qualifications, and can discharge his duties without being constrained by relationships with the Company, its major shareholders or its executive officers. The Nomination and Remuneration Committee therefore considers him an independent director, because he meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act and on article 20 of the Rules of the Board of Directors.



5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company, of which the Candidate is a holder

As he has declared, Mr. Nin is a direct holder of 1,172 shares of the Company.

6. Requirements for appointment

The Nomination and Remuneration Committee has verified that Mr Juan María Nin Génova meets the requirements of respectability, capability, recognised expertise, competence and experience for the position of independent director on the Board of Directors of the Company.

In particular, the Nomination and Remuneration Committee believes that, in the specific case of Mr. Nin, in order to be able to appropriately perform his duties of supervision and control of the DIA group, the candidate must adequately combine sufficient capabilities, skills and experience in the following areas:

- (a) the domestic and international sectors and markets in which DIA does business;
- (b) economic and financial matters (with particular competence, experience and background knowledge of accounting and risk management), management of highly qualified human resources and legal and regulatory frameworks;
- (c) a proven track record in value creation;
- (d) corporate governance laws and regulations, best practices and recommendations;
- (e) strong international strategic business vision;
- (f) experience as a Director in business management, leadership and strategy;
- (g) highest level of ethics, representation and respect for the business community in general; and
- (h) highest level of loyalty, commitment and sufficient dedication to the Company's project.

The Committee has concluded, and this Board confirms, that Mr. Nin possesses the aforementioned characteristics.

It has also been confirmed that he is not affected, directly or indirectly, by any of the instances of legal prohibition against or disqualification from holding such office, or by having interests that conflict with or are contrary to the corporate interest laid down in provisions of a general nature or in DIA's internal regulations.

It has also been verified that, according to the information provided by Mr. Nin, he does not exceed the maximum number of boards of directors of which he may be a member pursuant to article 19.6 of the Regulations of the Board.

7. Conclusion

The information received shows that Mr Juan María Nin Génova has the qualifications, experience and merits required to perform the duties of his position. The Board therefore endorses the proposal of the Nomination and Remuneration Committee for the ratification and re-election of Mr. Juan María Nin Génova as independent director of the Company.



F. Ms Angela Lesley Spindler

1. Background and education

Ms. Angela Lesley Spindler, born on 30 August 1962 and a British citizen, holds a degree in Psychology from Manchester University.

2. Noteworthy experience for the holding of the Candidate's positions at the Company

Ms Spindler has a long professional career with companies engaged in retail sales and distribution. She began working in the management and accounting, sales and marketing area, first at Cadbury plc, from 1983 to 1985, and later at Coca Cola Schweppes Beverages Ltd., from 1985 to 1988. She was accounts manager at NISA, at that time Sainsbury, from 1988 to 1989. From 1990 to 1992 she was human resources director of the manufacturing area at Pedigree Masterfoods, and from 1992 to 1994 she was accounts supervisor of Major Food Retailers. She then held the positions of brand management and product marketing at Pedigree Petfoods from 1994 to 1997.

Subsequently, Ms Spindler had executive management and business operations responsibilities, first with a leading product distributor (particularly of food products), Asda Stores Ltd., from 1997 to 2007, and later at Debenhams plc (2008), a multinational company doing business in the fashion industry.

Ms Spindler was also CEO of The Original Factory Shop Ltd., a sales and distribution chain for various products (fashion, household goods and toys, among others). From 2009 to 2013, a period during which the candidate was at the helm of the aforementioned distribution chain, The Original Factory Shop Ltd. opened between 30 and 40 new stores a year and launched an online sales platform.

Since July 2013, she has been a member of the Group Board and Chief Executive of the listed British company *N Brown Group plc*, a Manchester-based mainly digital fashion and household goods retailer with 60% of demand being handled online.

Her experience in the development, promotion and leadership of digital transformation processes was viewed very positively.

Ms. Spindler was appointed director on an interim basis by resolution of the Board of Directors of the Company dated 8 February 2016 at the proposal of the Nomination and Remuneration Committee.

To fill the existing vacancy on the Board, and following a review by the Board of Directors, the Nomination and Remuneration Committee and the Board of Directors carried out a selection process in accordance with the Company's Directors Selection Policy guidelines to find a candidate who would enrich decision-making, contribute multiple viewpoints to the debate of matters within the Board of Directors of the Company and who might be classified as independent, in order to maintain a proper balance in the composition of the Board of Directors.



3. Membership on other boards of directors

Ms Spindler is currently executive director of *N Brown Group plc*, as well as of its operations subsidiary *JD Williams & Company Limited*. Ms Spindler is also a non-executive director and Chair of the Remuneration Committee of *Manchester Airports Group plc*.

4. Category

Ms Angela Lesley Spindler has been proposed on the basis of her personal and professional qualifications, and can discharge her duties without being constrained by relationships with the Company, its major shareholders or its executive officers. The Nomination and Remuneration Committee therefore considers her an independent director, given that, according to the information received, she meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act and in article 20 of the Regulations of the Board.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company, of which the Candidate is a holder

As she has declared, Ms. Spindler is not the direct or indirect holder of shares of the Company or of derivative financial instruments whose underlying assets are shares of the Company.

6. Requirements for appointment

On the basis of the information provided by the candidate, the Nomination and Remuneration Committee has verified that Ms Angela Lesley Spindler meets the requirements of respectability, capability, recognised expertise, qualifications and experience for the position of independent director on the Board of Directors of the Company.

In particular, the Nomination and Remuneration Committee believes that, in the specific case of Ms Spindler, in order to be able to adequately perform her duty of supervision and control of the DIA group, the candidate adequately combines sufficient qualifications, skills and experience in the following areas:

- (a) the domestic and international industries and markets in which DIA does business, particularly in fast-moving retail consumer goods.
- (b) having led digital transformation processes;
- (c) proven track record in value creation;
- (d) absence of conflict of interest and availability of time to attend at least eight meetings per year in Spain;
- (e) strong international strategic business vision;
- (f) experience in business management, leadership and strategy at the highest level, as CEO at companies doing business in the distribution sector;
- (g) highest level of ethics, representation and respect for the business community in general; and
- (h) highest level of loyalty, commitment and sufficient dedication to the Company's project, as well as the ability to serve on a Board with the DIA culture.



The Committee has concluded, and this Board confirms, that Ms Spindler possesses the aforementioned characteristics.

It has also been confirmed with Ms. Spindler that she is not affected, directly or indirectly, by any of the instances of prohibition against or disqualification from holding such office, or by having interests that conflict with or are contrary to the corporate interest, as provided generally or by DIA's internal rules.

It has also been verified that, according to the information provided by Ms Spindler, she does not exceed the maximum number of boards of which she may be a member pursuant to article 19.6 of the Regulations of the Board.

7. Conclusion

The information received shows that Ms Angela Lesley Spindler has the qualifications, experience and merits required to discharge the duties of her position. The Board therefore endorses the proposal of the Nomination and Remuneration Committee for the ratification and re-election of Ms. Angela Lesley Spindler as independent director of the Company.

III. Conclusion

The information received shows that the Candidates have the required qualifications, experience and merits to discharge the duties of their positions. The Board considers that the re-election of the Candidates allows that the Board of Directors is still diverse and plural regarding the education, culture and internationality of its members, while maintaining a balanced composition, structure and size according to its current and future needs.

The Board therefore endorses and assumes as its the proposal of the Nomination and Remuneration Committee regarding the re-election of the independent directors by the General Shareholders' Meeting, as well as, after the favourable report of the Nomination and Remuneration Committee, makes the proposals for the re-elections of Ms. Ana María Llopis Rivas and Mr. Ricardo Currás de Don Pablos.

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Madrid, 11 March 2016



ANNEX I

PROPOSAL OF THE NOMINATION AND REMUNERATION COMMITTEE

Reasoned proposal of the Nomination and Remuneration Committee of Distribuidora Internacional de Alimentación, S.A. for the ratification and re-election of independent directors submitted to the shareholders for approval at the next Annual General Meeting.

This reasoned proposal is made in compliance with the provisions of section 529 *decies* of the Spanish Companies Act, and its purpose is to propose to the Board of Directors the re-election and ratification of directors to be submitted to the shareholders at the next annual general shareholders' meeting.

Pursuant to the aforementioned section of the Spanish Companies Act, it is the responsibility of the Nomination and Remuneration Committee to report on and submit a reasoned proposal for the appointment, re-election or ratification of directors.

In the review of the competency matrix of the board conducted during financial year 2015, it was found that the qualifications that had to be strengthened with a view to securing the profiles that are most in line with the Company's strategic objectives were the following:

- (a) the domestic and international sectors and markets in which DIA does business;
- (b) have led digital transformation processes;
- (c) proven track record in value creation;
- (d) absence of conflict of interest and availability of time to attend at least eight meetings per year in Spain;
- (e) strong international strategic business vision;
- (f) experience in business management, leadership and strategy at the highest level;
- (g) highest level of ethics, representation and respect for the business community in general; and
- (h) highest level of loyalty, commitment and sufficient dedication to the Company's project, as well as the ability to serve on a Board with the DIA culture.

Taking into account the Board's current competency matrix, it is deemed appropriate to re-elect the persons named in section II of this report, also taking into account the review included herein on the assessment of their work and effective dedication. It is also deemed appropriate to ratify the directors appointed on an interim basis.

Pursuant to article 34 of the articles of association, the term of office of directors shall be three years, although they may be re-elected for periods of equal duration, except for independent directors, who may only hold their position for a maximum of 12 years.

It is therefore proposed to re-elect Mr Julián Díaz González and Ms Rosalía Portela de Pablo, as well as to ratify and re-elect Mr Juan María Nin Génova and Ms Angela Lesley Spindler, all of them with the category of independent directors.

Below is the detailed report on each of such directors:



I. Mr Julián Díaz González

His re-election as independent director is proposed for the three-year term mandated by the articles of association.

The information received by the Company and his career at DIA show that he has the required background knowledge, along with extensive experience at the Company to discharge the duties of his position.

He holds a degree in Business Administration and Management from Universidad Pontificia de Comillas - ICADE and thus has the relevant educational background to perform the duties of his position.

He has held the position of General Manager at various companies and is currently CEO and Executive Chairman and member of the Dufry AG Executive Committee, Vice-Chairman of Dufry South America and Vice-Chairman of Duty Free Caribbean Holdings.

Mr Julián Díaz González is therefore deemed to have the required skills, experience and merits to hold the position of member of the board of directors.

As regards the evaluation of the work and effective dedication of the director from his re-election at the annual general meeting of financial year 2013 to date, this Committee confirms the performance of his duties and his attendance and informed participation at the meetings of the Board. Likewise, the value contributed to the Company through his participation in the Board and the Auditing and Compliance Committee in which the candidate has been performing works of the greatest responsibility has been confirmed. The experience and specific knowledge of the Company acquired during the last years make him a suitable candidate for re-election.

Finally, as regards the category of the director, this committee considers that Mr Julián Díaz González meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act to be classified as an independent director.

II. Ms. Rosalía Portela de Pablo

Her re-election as independent director is proposed for the three-year term mandated by the articles of association.

The information available to the Company and her career at DIA show that she has adequate background knowledge and extensive experience at the Company to discharge the duties of her position.

She holds a degree in Economics from Universidad Complutense de Madrid and a Master's in Economics from the University of Memphis; she thus has the relevant academic background to discharge the duties of her position.

She has experience in senior positions at other companies and is currently a member of the Board of Deoleo, S.A.

Ms Rosalía Portela de Pablo is therefore deemed to have the required skills, experience and merits to hold the position of director.



As regards the evaluation of the work and effective dedication of the director from her re-election at the annual general meeting of financial year 2013 to date, this Committee confirms the performance of her duties and her attendance and informed participation at the meetings of the board. Likewise, the value contributed to the Company through her participation in the Board and the Auditing and Compliance Committee in which the candidate has been performing works since her joining in 2015 has been confirmed. The experience and specific knowledge of the Company acquired during the last years make her a suitable candidate for re-election.

Finally, as regards the category of the director, this Committee considers that Ms Rosalía Portela de Pablo meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act to be classified as an independent director.

III. Mr Juan María Nin Génova

His ratification and re-election as independent director is proposed for the three-year term mandated by the articles of association.

The information received by the Company and his career show that he has the required background knowledge and extensive experience to perform the duties of his position.

He holds degrees in Law and in Economics from Universidad de Deusto and a Master in Laws degree from the London School of Economics and Political Sciences.

He has experience as a member of the Board of Directors of other companies and as General Manager. He is currently a member of the Board of Directors of Indukern, S.A., Naturhouse Health, S.A., Azora Capital, S.L., Officio-1, S.L. and Grupo de Empress Azvi, S.L.

Mr. Juan María Nin Génova is therefore deemed to have adequate skills, experience and merits to serve as a member of the board of directors.

Finally, as regards the category of director, this committee believes that Mr Juan María Nin Génova meets the requirements established in subsection 4 of section 529 *duodecies* of the Spanish Companies Act to be classified as an independent director.

IV. Ms. Angela Lesley Spindler

Her ratification and re-election as independent director is proposed for the three-year term mandated by the articles of association.

The information received by the Company and her career show that she has the required background knowledge and extensive experience to perform the duties of her position.

She has a degree in Psychology from the University of Manchester.

She has experience as a member of the Board of Directors of other companies. She is currently a member of the Board of Directors of N Brown Group PLC, JD Williams & Company Limited and Manchester Airports Group plc.

Ms Angela Lesley Spindler is therefore deemed to have the required skills, experience and merits to hold the position of director.



Finally, as regards the category of director, this committee believes that Ms Angela Lesley Spindler meets the requirements established in sub-section 4 of section 529 *duodecies* of the Spanish Companies Act to be classified as an independent director.

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ANNEX II

FAVOURABLE REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Report of the Nomination and Remuneration Committee of Distribuidora Internacional de Alimentación S.A. favourably assessing the proposal of the Board of Directors for the re-election of two Directors

This report is issued in compliance with the provisions of section 529 *decies* of the Spanish Companies Act and its purpose is to report favourably to the Board of Directors in connection with the re-election of two directors (one classified as “other external director” and the other classified as “executive”, since he is the chief executive officer), which would have to be submitted to the shareholders for approval at the next Annual General Shareholders’ Meeting.

Pursuant to the aforementioned section of the Spanish Companies Act, the proposal for appointment, re-election or ratification of Directors made by the Board of Directors must be accompanied by a favourable report of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee believes that the candidate must appropriately combine sufficient qualifications, skills and experience in the following areas:

- (a) the domestic and international sectors and markets in which DIA does business;
- (b) economic and financial matters, management of highly qualified human resources and legal and regulatory frameworks;
- (c) proven track record in value creation;
- (d) absence of conflict of interest and availability of time to attend at least eight meetings per year in Spain;
- (e) strong international strategic business vision;
- (f) experience as a Director in management, leadership and corporate strategy;
- (g) the highest level of ethics, representation and respect for the business community in general; and
- (h) the highest level of loyalty, commitment and sufficient dedication to the Company’s project.

Bearing in mind the current competency matrix of the board, it is deemed appropriate to re-elect the persons covered by this report, also taking into account the review included herein on the evaluation of their work and effective dedication.

Pursuant to article 34 of the articles of association, the term of office of directors shall be three years, and they may be re-elected for periods of equal duration.

This committee therefore reports favourably on the re-election of Ms Ana María Llopis Rivas and of Mr Ricardo Currás de Don Pablos as directors of DIA.

Below is the detailed report on each of such directors:



I. Ms Ana María Llopis Rivas

Her re-election as Director is proposed with the classification of “other external director”, for the three-year term mandated by the articles of association.

The information available to the Company and her career at DIA show that Ms Ana María Llopis Rivas has the required in-depth knowledge and extensive experience at the Company to perform the duties of her position.

Ms. Llopis Rivas holds a degree in Physics from the University of Maryland and a Ph.D. in Materials Sciences from the University of Berkeley; she thus has the appropriate academic background for her position.

She has experience working in senior positions at other companies, and is currently an independent director of Société Générale, chief executive officer of “Global Ideas4all, S.L.” and vice-chair of “Fundación José Félix Llopis”.

Ms Ana María Llopis Rivas is therefore deemed to have sufficient skills, experience and merits to be a Director.

As for the evaluation of the work and effective dedication of the director from her re-election at the annual general meeting of financial year 2013 to date, this Committee confirms the performance of the duties of her position and her attendance and informed participation at the meetings of the Board of Directors. Likewise, the value contributed to the Company through her participation in the Board and as non-executive President since her incorporation to the Board in 2011 has been confirmed. The experience and specific knowledge of the Company acquired during the last years make her a suitable candidate for re-election.

The information received shows that Ms Ana María Llopis Rivas possesses adequate skills, experience and merits to perform the duties of her position. The Nomination and Remuneration Committee therefore reports favourably on the candidacy of Ms Ana María Llopis Rivas for re-election as Director in the category of “other external director” by the shareholders at the General Shareholders’ Meeting.

II. Mr Ricardo Currás de Don Pablos

His re-election as Director is proposed with the classification of “executive director”, for the three-year term mandated by the articles of association.

The information available to the Company and his track record at DIA show that Mr. Ricardo Currás de Don Pablos has the required background knowledge and extensive experience at the Company to perform the duties of his position.

He holds a degree in Mathematics from Universidad Complutense de Madrid and a Master degree in Business Administration from Instituto de la Empresa, and therefore has an appropriate academic background to perform the duties his position.

He is Chief Executive Officer, and thus the highest executive of the Company, since 2009.

He has experience in senior positions at other companies and is currently also chairman of the Board of Finandia, E.F.C., S.A.U. and member of the board of AECOC.



Mr Ricardo Currás de Don Pablos is therefore deemed to have the required skills, experience and merits for re-election as Executive Director of the Company.

As for the evaluation of the work and effective dedication of the director since he joined the Company in 1986 as a management control analyst and to the date of this report, this Committee confirms the extensive experience of Mr. Ricardo Currás de Don Pablos in senior positions at DIA. Likewise, the value contributed to the Company through his participation in the Board and as Chief Executive Officer since his incorporation to the Board in 2011 has been confirmed. The experience and specific knowledge of the Company acquired during the last years and, in particular, his proved leadership as Group's chief executive officer make him a suitable candidate for re-election.

The information received shows that Mr Ricardo Currás de Don Pablos has the required competence, experience and merits to perform the duties of his position. The Nomination and Remuneration Committee therefore reports favourably on the candidacy of Mr Ricardo Currás de Don Pablos for re-election by the shareholders at the General Shareholders' Meeting as Executive Director of DIA.

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