



2020 CONSOLIDATED NON-FINANCIAL
INFORMATION STATEMENT

Distribuidora Internacional de Alimentación, S.A. and its subsidiaries have prepared the consolidated non-financial information statement in accordance with the requirements of Act 11/2018 of 28 December, amending the Code of Commerce, the consolidated Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Act 22/2015 of 20 July on the Auditing of Annual Accounts, with regard non-financial reporting and diversity. This report is part of DIA Group's 2020 Consolidated Directors' Report.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

DIA

Environment



Environment

The environment is a priority area for **DIA Group** insofar as it may affect and also be affected by the Company's operations. In addition to this, it can easily be incorporated into stakeholder management processes, bringing a holistic approach to stakeholder management.

Main lines of communication with environment-related stakeholders

One-to-one personal meetings with not-for-profit environmental organisations and active listening channels for legislative changes are the main lines of communication with this stakeholder group. This activity is also reinforced by the institutional agenda kept, mainly, through the industry organisations the Company belongs to.

Key environment-related risks

The most important risks identified are inadequate compliance with environmental legislation and the risk of natural disasters (climate change risks are explained in section 11.4).

Main policies governing relations with this stakeholder group and performance

DIA Group's commitment to the environment is defined in its Environmental Policy, endorsed by the Board of Directors in 2016. This policy sets forth the objectives both in terms of operations and the organisational culture guiding the Company's activities. Performance for each of the objectives in the aforesaid policy is set forth below.

11.1 Complying with existing laws and regulations

Abiding by the law is the first mainstay upon which **DIA Group's** environmental work is based. No significant fines were received for breaching environmental laws and regulations during the year¹⁴. The Company considers that no significant contingencies exist concerning the protection and improvement of the environment and, accordingly, no provision has been made in this regard.

In addition to this and despite the fact that, due to their nature, **DIA Group's** activities do not pose a significant environmental risk, any incidents that could arise in this regard are identified and potentially monitored using the Company's Risk Map.

11.2 Promoting the responsible use of resources

In line with the most recent legislative and regulatory developments, **DIA Spain** has

¹⁴ The significance thresholds for reporting fines are: Zero euros for issues relating to competition; 30,000 euros for issues relating to the environment and 50,000 euros for all other issues.

reduced the environmental impact of using plastic bags. It now provides reusable bags made from up to 70% recycled plastic as standard and is testing use of FSC certified bags at checkouts and in the various sections around the store. In fact, during 2020 the traditional thin plastic bags (used in each section of the store) have been replaced by compostable plastic bags. Consequently, at 1 January 2021 no traditional plastic bags are used in any stores in Spain.

Furthermore, as a continuation of the project commenced in 2019, during 2020, **DIA** has continued to offer sales of loose fruit and vegetables, contributing to the goal of reducing the impact of packaging (especially plastic) on the environment.

The table below summarises **DIA's** use of materials (data excludes packaging). In 2020 there has been a slight increase in materials used (mainly paper and cardboard), which is due to the inclusion of data for leaflets and magazines for the Clarel brand in Spain, which were not reported in prior years. There are no significant changes in the percentage of recycled paper/cardboard used.

MATERIALS CONSUMED, BY MAJOR GROUPS (KG)		
	2020	2019
PAPER AND CARDBOARD	12.581.315,3	9.481.420,3
OF WHICH OF RECYCLED ORIGIN	7.149.748,0	5.764.690,8
CLING FILM	1.726.880,8	1.530.919,2
OF WHICH OF RECYCLED ORIGIN	0,0	0,0
OTHER	11.353,2	0,0
OF WHICH OF RECYCLED ORIGIN	9.741,2	0,0
TOTAL	14.319.549,4	11.012.339,5

Table 20: Materials consumed, by major groups (Kg). In 2020, the Other group includes: Bags for private use in Brazil and Plastic sealing material for lorries in Portugal. The reported figures include the contribution from the franchise network.

11.3 Responsible waste management

The objective of the policy in this regard is to manage waste by following the waste hierarchy model, prioritising waste prevention and avoiding waste disposal where possible.

Specifically, in Spain, in 2020, measures to improve the management of fresh goods and the useful life of products have been adopted and this has led to a decrease in the amount of waste generated (prevention). A project has also been executed to better separate waste in store, which has led to a significant increase in waste reuse or recycling or recovering value from it, thus avoiding it going to landfill. At the end of 2020, a zero waste pilot project was launched at one of the logistics platforms, with a view to subsequently rolling it out at more platforms.

The following table shows waste generated by **DIA Group**, which in the case of non-hazardous waste has decreased by approximately 5,000 tonnes with respect to the prior year.

NON-HAZARDOUS WASTE GENERATED (KG)		
	2020	2019
TONER	1.701,0	1.847,7
ORGANIC MATERIAL	10.621.705,0	8.411.637,0
SCRAP METAL	838.270,0	2.942.471,8
PLASTICS	4.874.174,0	4.732.532,0
WOOD	885.320,0	2.066.833,0
PAPER/CARDBOARD	59.562.824,0	59.473.253,0
WEEE	22.400,0	23.473,0
OTHER	40.941.569,0	44.929.791,0
	117.747.963,0	122.581.838,5

DESTINO DE LOS RESIDUOS NO PELIGROSOS (%)

% RECYCLED		% REUSED		% SENT TO LANDFILL/ INCINERATED	
2020	2019	2020	2019	2020	2019
58,77	59,67	0,56	1,55	40,67	38,78

Tables 21 y 22: Non-hazardous waste and its processing destination. Some waste data in 2019 have been re-extracted to resemble the 2020 reporting criteria.



HAZARDOUS WASTE GENERATED (KG)

	2020	2019
BATTERIES	227.073,2	665.333,9
FLUORESCENT BULBS	0,0	237,0
TOTAL	227.073,2	665.570,9

HAZARDOUS WASTE (%)

% RECYCLED		% REUSED		% SENT TO LANDFILL/ INCINERATED	
2020	2019	2020	2019	2020	2019
31,6	10,8	0,0	0,0	0,0	0,0

- Tables 23 y 24: Hazardous waste (kg) and its processing destination. The 2019 data on batteries generated and recycled in Spain and Portugal have been restated in accordance with European legislative criteria.

Furthermore, in 2020, DIA Group continued working to reduce food waste¹⁵. The Company has focused its efforts in the following areas to achieve this:

- **Ordering more effectively and managing stock properly:** the frequency of distributing fresh produce has been increased and the product range has been pared back, thereby reducing the possibility of wasted food. In addition, each section manager has been given specific responsibility over fresh stock management. This improvement reduced food waste in Spain by almost 2,000 tonnes in 2020 (in addition to the 7,000 tonnes reduced in 2019).
- **Rethinking how the shelf life of products is managed, optimising the selling period and selling products with short use-by dates:** significant drop in price on products that need to be consumed quickly.
- **Raising public awareness:** taking part in publicity campaigns, in collaboration with AECOC, aimed at different stakeholders, with a particular focus on customers.
- **Donating food suitable for human consumption to different social groups and organisations:** this campaign was expanded in 2020 and is normally run out of warehouses, dark stores and stores, all through approved partners. This year, the volume of donated food that helped to combat food waste was 543,192 Kg in Spain alone (compared to 475,097 Kg in 2019).
- **Waste recycling:** if there is any leftover organic waste on the Company's premises even after these measures, the first option (when operationally and financially viable) is to send it for animal feed: then follows composting, and lastly, biogas production.

11.4 Adopting measures to reduce the emission of greenhouse gases

While food sales and distribution are not deemed to be a priority sector for mitigating climate change, greenhouse gases are emitted throughout its value chain (see table 25).

Climate change may also interrupt normal operations and the achievement of objectives both in the short and long term; the process of monitoring these risks is therefore being incorporated into the Company's global risk management system.

As with the other business risks, **DIA** prioritises climate risks based on probability of occurrence, potential impact on the Company's operations and objectives, and the extent to which **DIA Group** can control and manage them. Following these criteria, it prepares a Risk Map and defines a scorecard and controls to monitor risks and devise the necessary steps to mitigate them.

¹⁵The food waste figure referred to in this section refers only to Spain. Food waste is defined as total food products received that are not marketed and end up in landfill.

CLIMATE CHANGE-RELATED RISK CATEGORIES EVALUATED AND MOST SIGNIFICANT RISKS					
CATEGORY	SIGNIFICANCE	EXPLANATION	TIME HORIZON	PROBABILITY OF OCCURRENCE	IMPACT
EMERGING REGULATION	Relevant	DIA 's procedure for the definition of risk drivers includes the approval of new regulations that will likely lead to more legal pressure to achieve its attainment. In this regard, the enactment of refrigerant gas legislation in Argentina and Brazil to bring it into line with European legislation. Adhering to the new legislation in these countries would require a significant outlay for the Company.	Short term	High	High
REPUTATION	Not relevant	Corporate climate strategy could influence the decisions taken by investors and customers, with a potential impact on the share value, sales turnover and company reputation. Not relevant since DIA Group activity is not perceived by stakeholders as an activity with high influence in carbon emissions and climate change.	Short term	High	Medium-high
ACUTE PHYSICAL	Not relevant	How suppliers production could be affected quantitatively and qualitatively by extreme weather phenomenon (floods, large scale droughts etc.). This risk is not considered as relevant by DIA Group taken into account the diversification of its suppliers, especially with regards to the Private Label.	Medium-long term	Low	Low
CHRONIC PHYSICAL	Relevant	Rising average temperatures in the areas where DIA operates entail a risk of an increase in the direct costs of running refrigeration, air conditioning and heating systems on its premises to ensure product safety and the thermal comfort of customers and staff. DIA Group has estimated that every one degree rise in air temperature requires 7% more energy to run air conditioning and chillers and maintain the right temperature in DIA stores and warehouses.	Long term	Low	Medium

Summary table 2: risk categories evaluated in relation to climate change and the most relevant risks.

As in recent years, table 25 provides details of the Company's energy and emissions footprint. Indeed, **DIA Group's** transparency and end-to-end management approach to climate change has been acknowledged with an A rating from the Carbon Disclosure Project (the international organisation that keeps the largest databases of corporate information on climate change). **DIA Group** was the only food distribution company in Spain to achieve this score in 2020.



		ENERGY (GJ) AND REFRIGERANT GAS (KG) CONSUMPTION		CO ₂ EMISSIONS (TN CO ₂ EQ)	
		2020	2019	2020	2019
SCOPE 1	STATIONARY SOURCES	5.988,0	8.196,6	372,3	513,2
	LOGISTICS	1.876.806,0	2.033.779,8	140.159,2	151.882,0
	COMPANY CARS	33.703,8	44.519,4	2.441,7	3.284,7
	REFRIGERANT GASES	112.452,6	81.786,2	206.525,4	171.426,0
SCOPE 2	ELECTRICITY CONSUMPTION	3.550.616,8	3.801.029,6	270.861,2	291.903,7
SCOPE 3	BUSINESS TRAVEL	N/A	N/A	6.604,3	9.453,4
GROUP TOTAL				626.964,1	628.463,0

- **Table 25:** Energy consumption (GJ), refrigerant gas consumption (Kg) and CO₂ emission at DIA Group¹⁶. In the case of logistics, the figures reported include the contribution from the franchise network; in the case of electricity and refrigerant gases, the figures only include part of the franchise network

¹⁶ The company car data does not include Brazil, where the type of fuel used depends on the market prices of the different options available. Detail of refrigerant gases reported: R134A, R404A, R407A, R407C, R407F, R410A, R417A, R141B, R422D, R427A, R448A, R449A, R450A, R452A, R453A, R513A, R290, R452A, R401A, R507 and R22, which corresponds to a total of 1.08 tons of CFC-11 equivalent only to R22 gas. Scope 3 emissions have only been reported for Spain and Brazil, as business travel in the remaining countries represents less than 5% of the overall total for this indicator.

- The Group's carbon footprint in 2020, resulted in 626,924.1 tons of CO2 equivalent, has suffered a slight decrease compared to a similar figure to the previous year
- While the logistics footprint has increased in some countries in 2020 because of the significant rise in distribution frequency to supply the population (which also seeks to improve range management and offer fresher products for the customer), at a Group level it is positive with a global decrease of nearly 8%.
- In contrast, the footprint of refrigeration systems has increased in 2020 by 20% compared to the previous year, mainly in Spain.
- On the other hand, the decreased used of renewable energies in 2020 (from over 35 million kWh in 2019 to 33.7 million kWh in 2020) has been offset by decreased electricity consumption due to the adoption of energy efficiency measures. As a result, scope 2 emissions from electricity consumption have decreased by over 7% compared to 2019.

11.5 Actively working on identifying improvement opportunities

DIA Group has set up an Environmental Management System designed to generate continuous improvement and minimise the environmental impact of the Group's activity. The environmental auditing of facilities and activities carried out regularly by the Environmental area enables DIA to assess the level of legal compliance (with legislation and in-house regulations), as well as to identify improvement opportunities.

11.6 Encouraging staff through training and awareness-raising initiatives

The most important awareness-raising and training initiatives up in 2020 concerned the following issues:

- **Reducing consumption of resources:** posters in workspaces to raise awareness of the importance of reducing the use of water, energy and materials (including paper and cling film).
- **Adequate waste management:** training sessions geared towards warehouse and store staff to encourage the separation of reusable, recyclable and recoverable waste components at source.

