



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.)

DíA

Suppliers



Cada **DíA** más cerca

Suppliers

DIA Group has numerous procurement and supply agreements for all its products, which it acquires from private label suppliers and suppliers of national brands from all over the world.

Supplier size varies, from large multinational groups to national suppliers and small local or regional suppliers. Most purchases are made directly from the Group's suppliers, without intermediaries.

Main lines of communication with suppliers

- **Suppliers portal:** an online platform where suppliers can access historical databases, the invoicing system and, in some cases, stock status reports.
- **Suppliers convention in Spain, Portugal and Argentina** presenting the main strategies guiding DIA's work today and in the future.
- **Sales and support team.**
- **Online channel** for new potential suppliers.

Key supplier-related risks

Non-compliance with applicable regulations and/or unethical conduct by suppliers is the main risk for this stakeholder group.

Main policies governing relations with suppliers and performance

- **Corporate Food Quality and Safety Policy:** The Company's Corporate Food Quality and Safety Policy aims to create a trust-based relationship with its consumers through a system that rigorously guarantees all the products the Company offers are produced, processed and handled appropriately. Accordingly, the Company controls product quality and safety throughout the supply chain, monitoring storage, transport and sales processes.

	NUMBER OF LOCAL SUPPLIERS		PROPORTION OF SPENDING ON LOCAL SUPPLIERS (%)	
	2020	2019	2020	2019
ARGENTINA	472	456	97,17	96,68
BRAZIL	631	397	80,38	99,83
SPAIN	1.187	1.415	95,63	95,35
PORTUGAL	438	431	83,96	83,25
TOTAL	2.728	2.699	-	-

Table 19: Local suppliers and proportion of spending on local suppliers.

Together with the shared objective of guaranteeing product safety and quality (already explained in the Customer chapter), the Company will also foster a new and collaborative relationship with suppliers in the coming years. The objective of this new supplier relationship model will be to create symbiotic, fair and enduring partnerships with a shared focus on achieving long-term growth rather than short-term margin targets. This will not only enable the Company to achieve a new business model, but also better management of supplier compliance with **DIA**'s values.

One of the most important milestones of this new approach to supplier relations has been to review and update the contractual terms and conditions to make them more transparent and further nurture a long-term, trust-based relationship.

Investments were also made in 2020 to enhance communications with suppliers as described below:

- **Three conventions with suppliers** were held in Spain, Portugal and Argentina providing a progress report on the transformation plans and new franchise management model.
- **Supplier communications** have been made more systematic to provide more effective and equal access to information.
- **More resources have been earmarked** by the support team to handle enquiries and complaints so that none are left unresolved.
- **Communications have been improved** regarding the design and running of promotional campaigns.
- **A new packaging tool has been created** that is shared with suppliers to streamline this entire process.
- **An online channel has been created** for new suppliers interested in working with **DIA**.

This new philosophy of work is also embodied in the Company's project in Portugal to develop a joint three-year plan with private label, national brand and small suppliers. The aim of the plan is to identify and create specific strategies to boost the sales, promotions, profitability and sustainability of products. A task force has also been set up to help smaller suppliers sell their product in the DIA range.

Regarding supplier selection and the compliance systems associated with these stakeholders, DIA Group selects its suppliers based on criteria related to competence, process efficiency and the highest quality of products. All suppliers have been proactively informed of the launch of the new DIA Group whistleblowing hotline as well as the new gift and gratuities policy, and have been encouraged to use this channel if they detect any non-compliance. Moreover, in February 2020, an International Sanctions Policy was approved. This policy ensures that the Company does not enter into commercial relations with third parties (companies or people that provide any good or service) that have some kind of direct or indirect link with countries, organisations, groups and/or individuals that are sanctioned for reasons of terrorism, drug trafficking, breach of human rights, among others, by international entities such as the UN or the European Union. Complying with this policy is an essential pre-requisite to establishing any commercial relations with DIA.

In 2020 no human or labour rights breaches were detected in the supply chain through the company's commercial channels or whistleblowing hotlines.

