



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.)

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Basis of preparation
for the consolidated
non-financial
information
statement



Basis of preparation for the consolidated non-financial information statement

DIA Group Directors' Report includes both its financial and non-financial information, based on the recommendations of the *"Guide for the preparation of management reports of listed companies"* of the Spanish Securities Market Commission (hereinafter, the "CNMV") and 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 "integrated" approach combines information on the environmental, social and employee-related issues needed to understand the impact of **DIA Group's** activity with information on the Group's financial position.



The Consolidated Non-Financial Information Statement (hereinafter, "NFIS") of Distribuidora Internacional de Alimentación SA and Group subsidiaries (hereinafter, either "**DIA**", "**Group**", "**DIA Group**" or the "**Company**") is issued on a yearly basis and includes general consolidated data about the Company¹ for 2020. The information has been prepared in accordance with current legislation on the issues relevant to the Group. A large part of the information contained in the report is structured around the company's main stakeholders, detailing current communication channels, key risks, associated policies and impacts and also the main actions. The indicators used follow the *Global Reporting Initiative* standards (GRI) and show the Company's performance in 2020 compared to the previous year. More detailed information for certain indicators included in this report is provided in the appendix "Regional information on key indicators".

For any general enquiries about this report, stakeholders should contact the Sustainability and Communications and External Relations departments at St. Jacinto Benavente 2A, CP 28232, Las Rozas de Madrid, or by sending an email to rsc@diagroup.com and comunicacion@diagroup.com.



INÉS PORTO | Directora de Surtido Área Comercial - *DIA Portugal*

¹ All companies that comprise **DIA Group** are included in this report (see Corporate structure in section "4.1. Company presentation"). It is however important to note that in terms of size and activity, the most significant companies from an ESG (environmental, social and governance) perspective are: Distribuidora Internacional de Alimentación, S.A. as the parent company; DIA Portugal Supermercados, Lda and DIA Portugal II in Portugal; DIA Argentina, S.A. in Argentina; DIA Brasil Sociedade Limitada in Brazil; DIA Retail España, S.A.U., Beauty by DIA, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U. in Spain.

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Covid-19 pandemic management and other key events of 2020



Covid-19 pandemic management and other key events of 2020

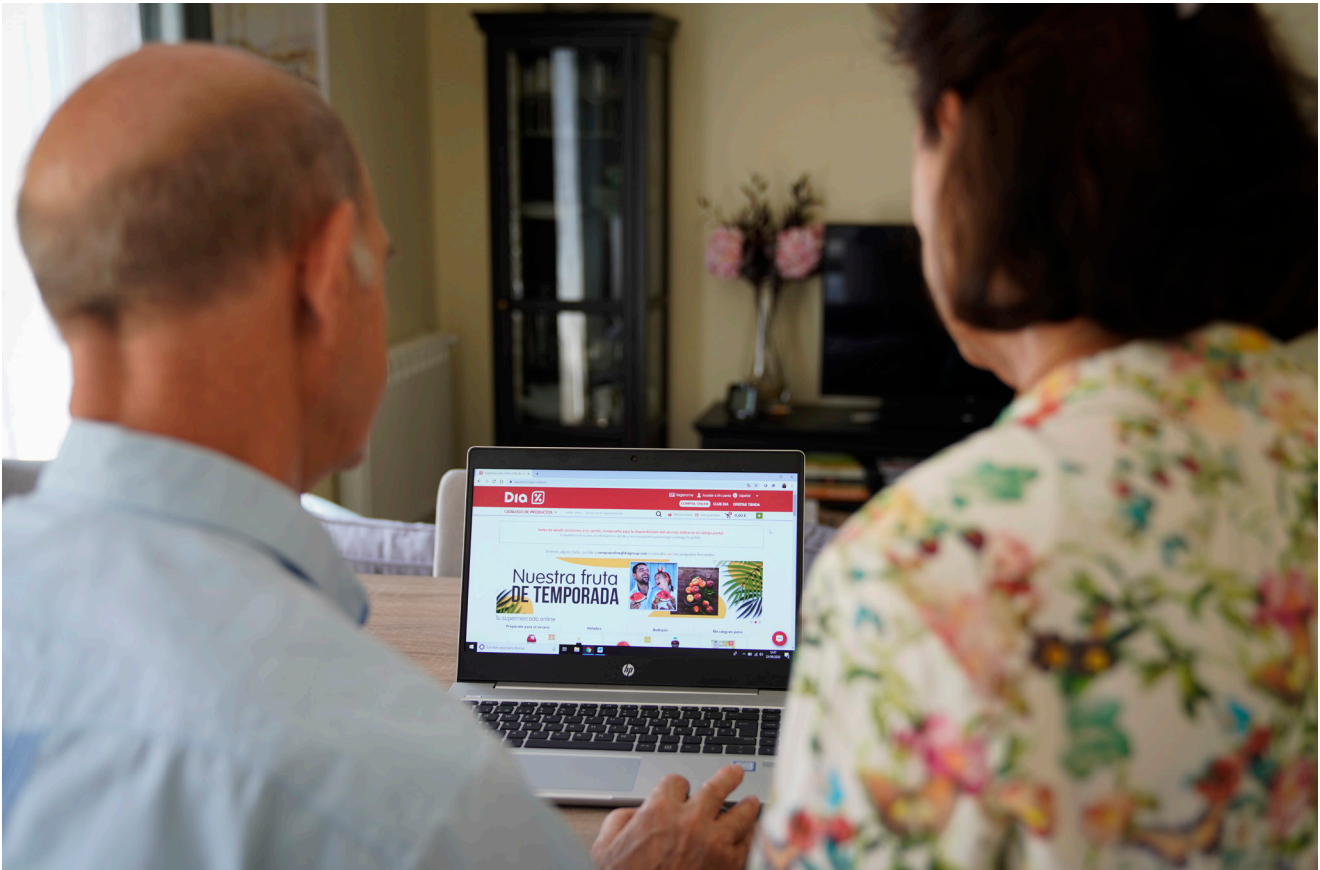
The serious crisis caused by the global Covid-19 pandemic declared by the World Health Organization in March 2020 and caused by the SARS-CoV-2 coronavirus has disrupted our way of life, our habits and the way we relate to each other. **DIA Group** was aware of this from the beginning and has addressed this event with the seriousness and professionalism it required.

As an essential service, the Company has played a key role in ensuring provisions have reached the population, particularly during the months of lockdown, as a result of its proximity and close relationship with society. In other words, the unprecedented context that we have experienced has demonstrated the relevance and value of the purpose that guides DIA's day-to-day operations: to be "**closer every day**" to its stakeholders.

NEW PRIORITIES THAT HAVE BEEN ADDRESSED DUE TO THE PANDEMIC

EMPLOYEES	Protect employees' health, respond to the high level of turnover, promote work-life balance, and ensure information security for remote working.
FRANCHISEES	Ensure the supply to the store network and protect the health of franchisees.
CUSTOMERS	Ensure the supply to the entire store network, protect customers' health, and respond to the increase in online demand.
SUPPLIERS	Ensure the supply to the entire store network.
ENVIRONMENT	Certain risks have become more relevant with the pandemic, such as ensuring the sustainability of raw materials and deforestation in particular. All of this has been taken into account in the new Sustainability Plan that is being put together at the same time as this report.
SOCIETY	Address the increase in food demand by the most vulnerable groups by donating basic products, helping to minimise the economic and social crisis (labour integration).

Summary table 1: New priorities that have been addressed due to the pandemic. Further details about these actions can be found in each of the sections on the main stakeholders in this report.



This unprecedented response has gone hand in hand with the immediate implementation of health protection measures which, very often, have gone beyond what the authorities have imposed. To this end, ad-hoc management protocols and procedures have been set up in stores, warehouses, regional centres and **DIA** offices, protection equipment has been supplied to prevent and avoid the spread of infection among employees, franchisees and customers, and flexible and remote working plans have been drawn up. **All these measures, which are discussed in greater detail in the chapters on Customers, Employees and Franchises, have been specifically adapted to the most vulnerable, such as those who have a chronic illness, are immunodeficient or the most elderly.**

Along with ensuring basic supply processes, **DIA** has, in record time, strengthened a service that has proved to be of great value to customers, especially during the pandemic's toughest moments, and among certain vulnerable groups: online shopping. In Spain alone, and thanks to an alliance with other logistics operators, **DIA** has reached 500 towns and 26 million customers in record time, delivering over one million orders during the first lockdown.

To alleviate the negative impact of the pandemic on society, in April the Group launched the **DIAContribuye2020 programme in the four countries** it operates in. This programme involved several actions and initiatives, which resulted in the donation over one million kilos of essential items (food, masks and hygiene products) to not-for-profit organisations, public administrations and hospitals, seeking to minimise the socio-economic impact on affected groups, especially the most vulnerable.



LORENA MASTRETTA | Franquiciada - DIA Argentina

Lastly, **the Company also wants to use the publication of these Annual Accounts to once again thank each of its 39,583² employees** in the four countries where it operates for their hard work and professionalism. The commitment they have shown has exceeded all expectations and is a genuine reflection of the company we are building, and society has been very aware of this.

Although ensuring operations to distribute food to each of the neighbourhoods has taken great efforts by the Company, the exceptional situation has not prevented **DIA** from moving forward with its roadmap to become one of the companies most highly valued by customers, shareholders and the other stakeholders on which it depends and to whom it is indebted.

Below we highlight the key events for the Company in 2020. They are conveniently described in each of the report's chapters:

²Directors, employees of franchises or other external parties have not been included in this breakdown.

NEW BUSINESS RANGE

The range available in shops has been simplified, based on a business offering that is better aligned with customers' needs, in particular fresh goods, thus making shopping and the teams' operational work easier.

OWN BRAND RENEWAL

As part of this move to strengthen the sales proposal for customers, both the quality and presentation of DIA's own brand have been renewed

DEFINING THE NEW STORE CONCEPT

The new store concepts that are adapted to the local characteristics of the countries where they operate have been tested so as to improve customers' shopping experiences..

OUTLINING THE NEW FRANCHISE MANAGEMENT MODEL

A new franchise management model has been outlined, which is more profitable for the franchisee and more transparent.

EXPANDING THE ONLINE SERVICE

2020 has been a complicated year and in order to respond quickly to customer demand, the Company activated its online service in Portugal and Brazil, while in Argentina, the service that began in 2019 was improved. Spain's distribution network has also been strengthened with new order preparation points, turning shops into dark stores (small warehouses in certain city centres). The express service with deliveries of orders in under an hour has also been rolled out.

NEW CAPITAL STRUCTURE

Having reached an agreement with the syndicated lenders and the leading shareholder, the Company has been provided with an optimal capital structure that enables it to focus exclusively on the business and its plans for transformation.

MORE TRANSPARENT RELATIONS

DIA has worked hard to rebuild the trust-based relationship with all its stakeholders to form the basis for a transparency-centred business culture

NEW PURPOSE

The Company has defined a purpose that encompasses all those who are part of it. **"Closer every day"** represents the local nature of the business, the corner shop, but also new ways that we can be closer to customers, to the online business, and to other stakeholders.

IMPROVED CORPORATE GOVERNANCE

2020 has also served to further improve clarity and simplicity and the values that govern business management and decision making. New Internal Compulsory Regulation (ICR) approved for the entire Group and improvements to an anonymous reporting system managed by an independent third party stand out.

IN TERMS OF ENVIRONMENTAL ISSUES

DIA Group has been included on the A List of companies by the Carbon Disclosure Project (CDP), being the only food distribution company in Spain to achieve this recognition and thus demonstrating its commitment to reducing greenhouse gas emissions. CDP is a not-for-profit charity with the largest global database of corporate emission and climate change-related information.

.03 Business model

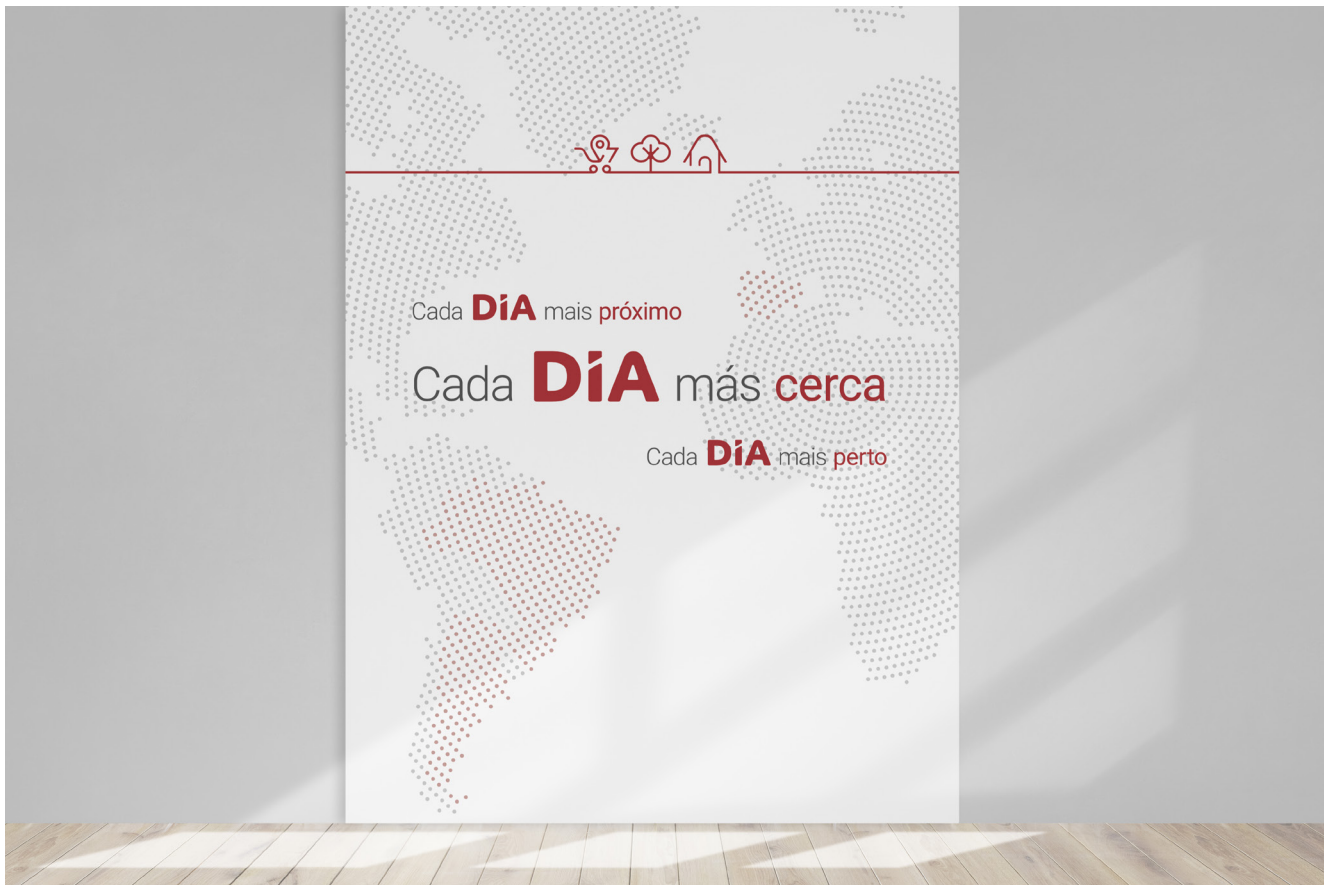


Business model

DIA Group is a leading company, engaged in the distribution and retail sale of food and household products, aiming to offer the best quality products at the best price to its millions of customers in Spain, Portugal, Brazil and Argentina.

At the 2020 close, **DIA's** network of supermarkets included a total of 6,169 own stores and franchises. In particular, proximity and closeness are the foundations of the Company's business model in the four countries where it operates. Its many physical sales points enable **DIA** to meet the ongoing needs of its customers. **DIA Group** also offers its online service to all customers in Spain, Portugal, Argentina and Brazil via its own website or through specific agreements with third parties through whom the Company operates a market place. Furthermore, **DIA** has linked up with express home delivery companies so that customers can receive their purchases in less than one hour.

With the commitment and passion of its more than 39,500 employees around the world, **DIA** strives to be "**closer every day**" to its employees, franchisees, suppliers and, of course, its customers, giving them the service and value proposal they demand.



Its franchise network, which represents 43% of the total store network, makes **DIA Group** the leading franchisor in Spain in terms of turnover and number of stores, and the sixth-largest franchisor in Europe³. The **DIA** franchise has been bolstered by a new management model that aims to provide greater security and financial independence to franchisees, leading to a fairer system that places the franchisee as a genuine **DIA** business partner.

The Company's offering aims to combine an attractive and quality own brand, which has a history of over 30 years, with a balanced, adequate range of products by international brands. Fresh produce is key to **DIA's** business model, particularly fruit and vegetables. The range of fresh produce has been increased and it is now better quality and fresher. Clarel is a corner shop concept focused on personal care, with beauty and household products. It also has a limited number of food products on offer.

DIA suppliers, who are essentially local, are chosen using demanding food safety and quality criteria. Together with them, and thanks to a logistics distribution system with 31 warehouses around the world (31 warehouses in 2019 also)⁴, **DIA Group** supplies its network of stores daily so that they can offer the best selection of products at all times.



³ Ránking Franchise Direct 2020.

⁴ DIA Group's 2019 Consolidated Non-Financial Information Statement mentions a total of 29 warehouses, as the 2 Clarel warehouses in Spain were not included.

.04

Structure and corporate governance



Structure and corporate governance



4.1. Company presentation

Distribuidora Internacional de Alimentación S.A., together with its subsidiaries, is a leading proximity store distribution company with over 16 million customers worldwide. With its headquarters in Las Rozas de Madrid and listed in Spain on the Madrid, Barcelona, Bilbao and Valencia Stock Markets, DIA Group is the food retailer with the largest store network, the highest penetration rate in small towns and the fourth largest market share in Spain at the end of 2020⁵.

At 31 December 2020, DIA Group operated 6,169 stores in Spain, Portugal, Brazil and Argentina, and including franchises and Clarel (at 2019 year end, 6,626 stores were open), and it had 39,583 employees worldwide (39,374 in 2019).

The Group has four business units: Spain, Portugal, Brazil and Argentina. At 31 December 2020, Spain represented 65.5% of the Group's sales (in 2019 it was 60.8%), Portugal 9.2% (in 2019 it was 8.6%), Brazil 13.5% (in 2019 it was 17.2%) and Argentina 11.8% (in 2019 it was 13.4%).



⁵ Kantar Worldpanel.

Corporate structure:

NOMBRE	DOMICILIO	ACTIVIDAD	% PARTICIPACIÓN 2020	% PARTICIPACIÓN 2019
DIA PORTUGAL SUPERMERCADOS, S.A.	Lisbon	Wholesale and retail distribution of food and consumer products.	100	100
DIA PORTUGAL II, S.A.	Lisbon	Retail distribution of food and consumer products.	100	100
DIA ARGENTINA, S.A.	Buenos Aires	Wholesale and retail distribution of food and consumer products.	100	100
DISTRIBUIDORA INTERNACIONAL, S.A.	Buenos Aires	Service consultancy	100	100
DIA BRASIL SOCIEDADE LIMITADA	Sao Paulo	Wholesale and retail distribution of food and consumer products.	100	100
DBZ ADMINISTRAÇÃO, GESTÃO DE ATIVOS E SERVIÇOS IMOBILIÁRIOS, L.T.D.A.	Sao Paulo	Administration of properties owned by DIA Brazil.	100	100
DIA RETAIL ESPAÑA, S.A.U.	Las Rozas de Madrid	Wholesale and retail distribution of food and consumer products.	100	100
PE-TRA SERVICIOS A LA DISTRIBUCIÓN, S.L.U.	Las Rozas de Madrid	Leasing of business premises.	100	100
DIA WORLD TRADE, S.A.	Geneva	Provision of services to suppliers of DIA Group companies.	100	100
BEAUTY BY DIA, S.A.U.	Las Rozas de Madrid	Marketing of drugstore and perfumery products	100	100
GRUPO EL ÁRBOL, DISTRIBUCIÓN Y SUPERMERCADOS, S.A.U.	Las Rozas de Madrid	Wholesale and retail distribution of food and consumer products.	100	100
FINANDIA, S.A.U.	Las Rozas de Madrid	Loans and credit transactions, including consumer credit and the financing of sales transactions.	100	100

NOMBRE	DOMICILIO	ACTIVIDAD	% PARTICIPACIÓN 2020	% PARTICIPACIÓN 2019
DIA FINANCE, S.L.U.	Las Rozas de Madrid	The import, export, acquisition, distribution and wholesale and retail sale of food, drink, goods and other household products.	100	100
LUXEMBOURG INVESTMENT COMPANY 317, S.A.R.L. ⁶	Luxembourg	Holding company.	100	100
LUXEMBOURG INVESTMENT COMPANY 318, S.A.R.L.	Luxembourg	Holding company.	100	100
LUXEMBOURG INVESTMENT COMPANY 319, S.A.R.L.	Luxembourg	Holding company.	100	100
LUXEMBOURG INVESTMENT COMPANY 320, S.A.R.L.	Luxembourg	Holding company.	100	100
LUXEMBOURG INVESTMENT COMPANY 321 S.A.R.L.	Luxembourg	Holding company.	100	100
LUXEMBOURG INVESTMENT COMPANY 322, S.A.R.L.	Luxembourg	Holding company.	100	100
LUXEMBOURG INVESTMENT COMPANY 323, S.A.R.L.	Luxembourg	Holding company.	100	100
CD SUPPLY INNOVATION, S.L., EN LIQUIDACIÓN	Madrid	Purchase of own-brand products from its partners.	50	50
ICDC SERVICES, S.A.R.L., EN LIQUIDACIÓN	Geneva	Negotiation with private label international suppliers.	50	50
HORIZON INTERNATIONAL SERVICES, S.A.R.L.	Geneva	Negotiation with private label international suppliers.	25	25

- **Table 1:** List of subsidiaries that, together with DIA, S.A., comprise **DIA Group** at 31 December 2020, including company name, registered address, main business activity and the company's direct or indirect shareholding (percentage).

SHAREHOLDER STRUCTURE AT YEAR END

PERCENTAGE OF SHARES 2020	0,015%	21,157%	74,819%	4,009%
PERCENTAGE OF SHARES 2019	0,015%	25,166%	74,819%	N/A
	TREASURY STOCK	FREE FLOAT	LETTERONE INVESTMENT HOLDINGS, S.A.	GRÈGOIRE AUGUSTIN BONTOUX HALLEY

Table 2: Significant shareholdings and treasury stock at 31 December, according to the Annual Corporate Governance Report (ACGR) available at www.diacorporate.com

4.2. Corporate governance

DIA Group's corporate governance system strives to ensure not only the meeting of targets and company growth, but also an appropriate climate of control and compliance with both internal and external regulations.

The company's internal regulations are in line with the Spanish Companies Act, the CNMV's Code of Good Governance for Listed Companies and best practice in listed companies. Key internal regulations include: the Articles of Association, the General Shareholders' Meeting Regulations, the Board of Directors Regulations, the Audit and Compliance Committee Regulations, the Internal Code of Conduct on the Securities Market, the Ethics Code and corporate policies.

In order to make progress on corporate governance, and without prejudice to the fact that it was already specifically included in its operating regulations (which can be consulted on the **DIA** corporate website), the Board of Directors approved on October 29, 2020 a specific policy on Conflict of Interest Management and Related-Party Transactions that includes the applicable regulations in this matter, clearly betting on transparency, independence and the orientation towards compliance with the best standard of good corporate governance.



Membership of and changes to the Board of Directors and the executive team

In accordance with its regulations and through the Appointments and Remunerations Committee, **DIA**'s Board of Directors ensures that director selection procedures encourage a diversity of experience and knowledge. Proposed appointments are always based on a prior analysis of Board needs so that each member is a professional with a clear executive background and ample experience in retail and consumer goods related businesses.

On 30 August 2019, the Extraordinary General Shareholders' Meeting set the maximum number of Board of Director members at eight. The professional backgrounds of the members of the Board of Directors can be viewed on **DIA**'s website. Board members are taking a new approach to performance management and financial oversight.

At 31 December 2020, the Board of Directors had the following members: Stephan DuCharme, Jaime García-Legaz Ponce, Sergio Ferreira Dias, José Wahnnon Levy, Christian Couvreur and Basola Vallés.

Effective 1 January 2021, Marcelo Maia Tavares, former Executive Chairman of **DIA** Brasil, joins the board as an external director.

In addition to the Board changes, on 21 May 2020 Stephan DuCharme was appointed as the Group's new CEO to lead the Company's transformation⁶. Alongside the Executive Committee, whose members have extensive experience in the retail industry, DuCharme is in charge of executing the new business plan, where the main aim is to stabilise operations and to capitalise on the Company's strengths and opportunities so as to meet its targets.

Generally speaking, the new corporate organization aims to create a leadership culture with a strong focus on accountability, ethics, performance management and a sense of commitment.

⁶ On 20 May 2020, Karl-Heinz Holland left the Company.



Board committees

There are several Board committees that are governed by the company's articles of association, the Board of Directors Regulations and the specific committee regulations, if applicable. **These Committees are structured as followed:**

Appointments and Remuneration Committee

Christian Couvreur (Independent Chair and Director)
Jaime García-Legaz Ponce (Independent Director)
Basola Vallés Cerezuela (Independent Director)

Audit and Compliance Committee

José Wahnnon Levy (Independent Chair and Director)
Sergio Ferreira Dias (External Proprietary Director)
Jaime García-Legaz Ponce (Independent Director)

Capital Structure and Finance Committee

Jaime García-Legaz Ponce (Independent Chair and Director)
Christian Couvreur (Independent Director)
Sergio Ferreira Dias (External Proprietary Director)

Directors' remuneration

In accordance with the Spanish Companies Act and the Company's internal regulations, members of the Board of Directors shall receive remuneration, in their capacity as directors, that is determined by the General Shareholders' Meeting via the approval of a Remuneration Policy, submitted for approval at least every three years. Directors' remuneration for each year, explained in detail in the Annual Remuneration Report, comprises a fixed monthly amount and a deferred remuneration in shares.

On 30 August 2019, the Extraordinary General Shareholders' Meeting approved a new 2020-2022 Directors' Remuneration Policy with the following features::

- **Engagement, attraction and talent retention:** the aim of the Remuneration Policy is to reward the quality, dedication, accountability, business expertise and engagement with the company of individuals in key posts who lead the organisation.
- **External and internal equality:** the external competitive environment and internal equity shall be taken into consideration when setting remuneration.
- **Transparency.**
- **Encourage the long-term creation of value** for the company and its shareholders.
- **Proprietary directors shall not be paid for their work as directors.**



FERNANDA ONZARI | E-commerce - DiA Argentina

BOARD OF DIRECTORS	FROM	UNTIL	FINANCIAL INSTRUMENTS	FIXED REMUNERATION	COMPENSATION	NO COMPETITION	OTHERS (COMPENSATION IN KIND)
CHRISTIAN COUVREAU	01/01/2020	31/12/2020	-	170,00	-	-	
JOSÉ WAHNON	01/01/2020	31/12/2020	-	150,00	-	-	-
JAIME GARCÍA-LEGAZ	01/01/2020	31/12/2020	-	183,00	-	-	-
BASOLA VALLÉS	01/01/2020	31/12/2020	-	114,00	-	-	-
KARL-HEINZ HOLLAND	01/01/2020	25/05/2020	-	1.167,00	2.850,00	300	20,10
MICHAEL CASEY	01/01/2020	14/01/2020	-	-	-	-	-
STEPHAN DUCHARME	01/01/2020	31/12/2020	-	-	-	-	-
SERGIO FERREIRA DIAS	01/01/2020	31/12/2020	-	-	-	-	-
TOTAL				1.784,00	2.850,00	300	20,10

Average remuneration paid (thousands Euros)

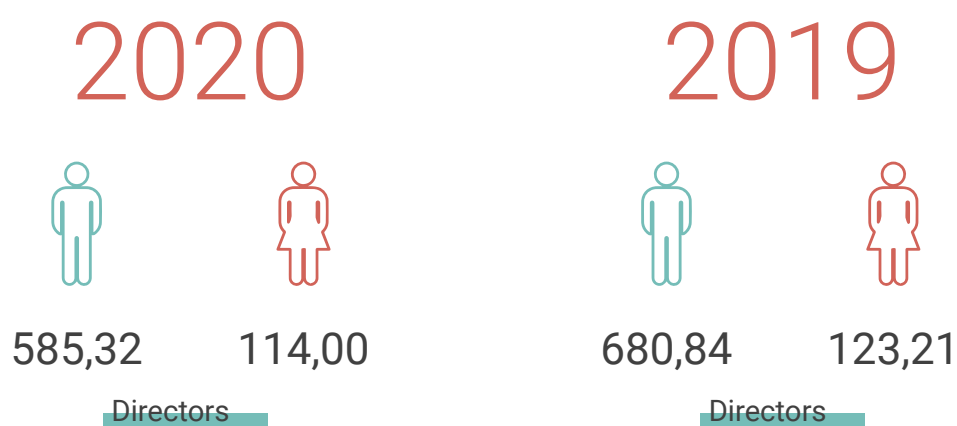


Table 3a and 3b: Total remuneration and average remuneration paid to directors for all remuneration items, considering in the average remuneration calculations the real time that each one has served as a director during 2020, in thousands of euros. The Executive Director Karl-Heinz Holland received a compensation of 2,850,000 euros in 2020 that has not been included in the calculation of the average remuneration, although his remuneration as an executive has been included. Since proprietary directors do not receive any remuneration for their work on the Board, they have not been taken into account for this calculation either. More information in this regard can be found in note 21 of the Consolidated Annual Accounts and in the Annual Report on Directors' Remuneration for the financial year 2020.

4.3. Internal control system

Internal control system at DIA, based on the COSO framework, aims to provide reasonable assurance in the accomplishment of the goals pertaining to operations, information and compliance. The system is standard across the board for the entire Group and provides a comprehensive overview of all the company's control areas:

- **Operational control:** focuses on the effectiveness and efficiency of operations in stores, warehouses, the supply chain and purchasing, among other areas. This also covers the organisation itself, its performance targets and protection of the Company's assets against losses.
- **Information control:** relates to financial and non-financial reporting and can encompass reliability, transparency and other concepts established by the regulators, external standardisation bodies and Group policies.
- **Compliance:** ensures compliance with voluntary commitments undertaken, values and the internal and external regulations applicable to DIA Group in each of the countries where it is present.

Improving and consolidating the internal control model has been one of the Company's priority projects in the last two years. Two key milestones stand out:

- The creation of the Group's Internal Control Committee**, represented by a coordinator and country representatives from the main control units (operational, information and compliance).
- Improving the Company's regulatory system** by creating a stable framework that adapts to the operating and business environment of DIA Group. This system is made up of different standards:
 - **Code of Ethics:** formalizes **DIA Group** ethics and compliance model
 - **Corporate policies⁷:** these policies set out the general principles that should govern all Company matters, following the CNMV's Good Governance recommendations. If applicable, they are approved by the Board of Directors.
 - **Internal Compulsory Regulations (ICR):** these standards regulate high impact issues and those of a critical nature for the Group, including key controls. These types of standards have been introduced into the Company's regulatory system in 2020. The Internal Control Committee has approved a set of twenty-nine ICRs that cover key risks in the three control areas and are applicable throughout the **DIA Group**.
 - **Implementing and procedural standards:** these include all other company operating standards, some of which are corporate and others which are specific to certain countries.

Internal control is a process carried out by the Board of Directors, the Management and the rest of the entity's personnel. More details on implementing the Company's regulatory system are provided in the chapters below.

⁷ The policies that cannot be delegated by the Board of Directors according to law, the Company's Articles of Association or Good Governance recommendations are available on www.diacorporate.com.

4.3.1 Ethical management and compliance

IA Group has developed its Compliance management model to align with best corporate governance practices in order to achieve a sustainable, ethical and transparent business model, for the benefit of all of its stakeholders. In particular, DIA Group Compliance is guided by the following basic principles:

- a) **Compliance risks** are analysed on a regular basis.
- b) **Expected behaviours are carefully defined in different Policies and internal systems**, which are shared and actively communicated to all employees. In this regard, mention should be given to the approval and dissemination, during 2020, of the following policies relating to the improvement of the compliance framework:
 - **The Corporate Internal Regulatory Framework Policy**, which laying the foundation for the production, approval and publication of the regulations developed by **DIA Group**.
 - **The Compliance Policy**, which defines the principles of Compliance and forms the basis of the running and development of **DIA Group's** Compliance Function.
 - **The International Sanctions Policy**, which aims to establish a regulatory framework for all scenarios in which **DIA Group** may be involved during the course of its commercial activities and establishing an authorisation procedure that allows **DIA** to maintain control of all relationships entered into with third parties.
 - **The Anti-Bribery Policy**, which defines the compliance regulations for the supervision and safeguarding of **DIA's** position with regard to bribery; and establish effective communication and awareness mechanisms between the Regulated Parties in order to prevent, detect and react to bribery-related issues.
 - **The Policy on Managing Conflicts of Interest and Related-Party Transactions**, which aims to establish and regulate the procedure applicable in situations in which there is a direct or indirect clash between the interests of **DIA** or **DIA Group** companies and the personal interests of the members of the governing bodies of **DIA Group** companies and their representatives.
- c) **There are independent bodies for prevention and compliance**, the Internal Control Committee and the Ethics Committee, which report on an independent basis directly to the Audit and Compliance Committee and the Board of Directors.
- d) **There is a Whistleblowing Hotline** for reporting any irregularity, anonymously and confidentially, which is facilitated by an external third party and managed internally and guarantees compensation of the claimant within a maximum period of instruction and resolution.



DIA Group also has an Anti-fraud and Anti-corruption programme, which identifies and assesses these risks in each of the jurisdictions in which it operates, overseen by an appointed manager. The risks identified by this programme include bribery, facilitation payments, money laundering⁸, conflicts of interest, distortion of market competition, financing political parties, their candidates or their foundations, or influence peddling. The correct application of risk controls is part of the annual internal audit plan.

Additionally, **DIA** Spain has applied a Crime Prevention Model that detects and assesses the risk of a crime being committed that could result in the legal entity being held criminally liable, as well as the standards, procedures and controls needed to prevent these crimes from being committed. A Company manager has been appointed internally to lead the crime prevention function. This individual ensures that the model is maintained and operates correctly and reports to and continually assists the Head of Compliance and the Ethics Committee.

Ethics Code

The Ethics Code is the cornerstone not only of the compliance system, but the foundations for the development of the other policies and standards governing the business. This Code formalises the **DIA Group's** ethics and compliance model and the guidelines for mandatory conduct of Group employees, executives and directors, including the parent company and its subsidiaries. Suppliers, franchisees and contractors are informed of the Ethics Code and they may access the Whistleblowing Hotline under the same guarantees as any other employee.

DIA Group's Ethics Committee heads up the Ethics Committees in different countries and is in charge of implementing the Ethics Code. The Board of Directors receives a regular report from the Group's Ethics Committee and is in charge of assessing the Code's effectiveness and of issuing the amendments it deems appropriate in order to meet the desired objectives.

⁸ In terms of money laundering, DIA is not subject to application of Law 10/2010 and it has not therefore prepared a specific money laundering prevention policy within the anti-fraud programme. The Company does however have control and restriction systems within its procedures to manage issues relating to money laundering: authorisation platforms are used for payments to suppliers for goods and services and cash payments are strictly limited within the Company (generally speaking, cash payments are not allowed and if they are needed under exceptional circumstances, they are duly registered and documented under the mandatory controls). As with the other risks relating to the prevention of crimes that could lead to the legal entity being held liable, they are reviewed and reported on regularly.

	ARGENTINA		BRAZIL		SPAIN		PORTUGAL	
	2020	2019	2020	2019	2020	2019	2020	2019
NUMBER OF INTERNAL COMPLAINTS	51	13	44	41	18	12	7	8
NUMBER OF EXTERNAL COMPLAINTS	11	4	0	0	4	8	1	0
NUMBER OF ANONYMOUS COMPLAINTS	34	5	82	25	38	6	11	1
TOTAL NUMBER OF COMPLAINTS	96	22	126	66	60	26	19	9
TOTAL NUMBER OF COMPLAINTS RESOLVED	72	19	104	37	34	12	14	7
TOTAL NUMBER COMPLAINTS ONGOING	24	3	22	29	26	14	5	2
NUMBER OF INTERNAL ENQUIRIES	0	2	13	27	0	2	0	17
NUMBER OF EXTERNAL ENQUIRIES	0	5	4	4	0	0	0	0
NUMBER OF ANONYMOUS ENQUIRIES	0	1	16	6	4	0	2	1
TOTAL NUMBER OF ENQUIRIES	0	8	33	37	4	2	2	18
NUMBER OF ENQUIRIES RESOLVED	0	8	31	35	4	2	2	17
NUMBER OF ENQUIRIES ONGOING	0	0	2	2	0	0	0	1

Table 4: Whistleblowing hotline in 2019 and 2020. Spain includes notifications managed by the Group Division.



In 2020, 340 notifications were received and admitted for processing via the whistleblowing hotline. 301 of these are complaints of non-compliance (compared to 123 the previous year) and 39 are enquiries (compared to 65 the previous year). The increased number of complaints could be a result of the Company making greater investments to improve the whistleblowing hotlines. Complaints are now sent via a web platform provided by an independent third party to bolster the trust of employees and other stakeholders in the system

Following investigation of the complaints, 224 were closed in 2020, 2 of which have been confirmed as sexual harassment/breach of human rights (compared with 1 case of sexual harassment in 2019), which has led to the dismissal of two employees involved; no complaints of corruption or discrimination have been confirmed (there were no confirmed cases of this type in 2019 either). The Ethics Committee has confirmed a total of 15 complaints, which has led to the dismissal of employees as a result of breaches of the Ethics Code principles (relating to conflicts of interest, lack of respect or non-compliance with internal procedures or external regulations). The other complaints have either been rejected following investigation (181), or they have been confirmed and other corrective measures have been applied (such as training, change of functions or provisional leave).

Building an ethical business culture

A key part of the improved ethics and compliance model has been the Company's continuing message of zero tolerance towards behaviours that are not governed by the Corporate Ethics Code. The Company's engagement with this value has been encapsulated in a corporate message delivered by the Executive Chairman himself and the Group's senior managers.

In 2020, a total 17,733 company employees received training in anti-corruption policies, the Ethics Code u others (135 of them were executives), compared to 3,388 employees who received training in these matters in 2019.

TRAINING IN ANTI-CORRUPTION POLICIES / ETHICS CODE / OTHERS

	ARGENTINA		BRAZIL		SPAIN		PORTUGAL	
	2020	2019	2020	2019	2020	2019	2020	2019
DIRECTORS	0	0	0	0	0	0	0	0
EXECUTIVES	21	7	25	9	85	140	4	1
MANAGERS	471	3	626	58	653	336	12	3
EMPLOYEES	1.235	0	5.038	0	9.212	367	351	2.464
TOTAL	1.727	10	5.689	67	9.950	843	367	2.468

Table 5: Employees pro-actively trained in anti-corruption policies, the Ethics Code u others in 2020 by professional category. This information includes face-to-face and online learning using training platforms.

4.4. Risk management at DIA Group

Risk management and control systems

The process used by **DIA Group** to manage its business risk is based on the “Enterprise Risk Management - Integrating with Strategy and Performance” methodology published by COSO⁹. This widely-accepted market standard has been adapted to the needs of **DIA Group** as a reference for its risk management system, ensuring that a systematic and detailed approach is taken to identify, assess, prioritise and respond to risks related to achieving the Group’s strategy and business objectives.

The Board of Directors, the Management Committee and the Audit and Compliance Committee are responsible for the design and proper functioning of the Risk Management Model:

- **The Board of Directors** is responsible for approving the Business Risk Management Policy and the risk tolerance levels proposed by the Management Committee.
- **The Audit and Compliance Committee (ACC)** is responsible for supervising and regularly reviewing the effectiveness of DIA’s internal control procedures, and its internal control and risk management systems, and verifying their suitability and integrity.
- **DIA’s Management Committee** is in charge of designing, implementing and establishing the strategy, culture, resources and process that make up the Risk Management Model.

⁹ Committee of Sponsoring Organizations of the Treadway Commission.

The Group has set up a Risk Management Committee to manage the Risk Management Model, comprising the CEOs of the four countries where DIA has a presence, the CEO of Clarel and the Group's Corporate Director.

The Risk Management Committee's key duties include analysing the company's situation (externally and internally) and the context for new projects, drawing up recommendations for developing and/or continuing specific action plans, and continuously monitoring the risks identified in the risk map (in particular, the risks that could impact the Group's strategy, customers, franchises and suppliers). The financial and non-financial risks included in the risk map are reviewed at least once a year.

The department heads are responsible for correctly preventing and managing risks and implementing the mechanisms needed to minimise their negative impact.

DIA's Internal Audit Department assesses the overall functioning of the Risk Management and Control System, the performance of management bodies and the efficiency of the control activities set out, and reports to the Audit and Compliance Committee.

Materialisation of non-financial risks

The non-financial risks specific to **DIA** and its key stakeholders are detailed in the corresponding chapters of this report¹⁰.

All these risks have been duly analysed and a range of action plans has been put in place to combat them.



¹⁰ Common sector-based risks or risks that are closely associated to the success of the business model, such as an increase in raw material prices or high competition risk, have not been included in the Non-Financial Information Statement.

.05

Management of
corporate social
responsibility
at DIA



Management of corporate social responsibility at DIA

Governance of Corporate Social Responsibility (CSR)

CSR management is ultimately the responsibility of **DIA Group's** Board of Directors through its Audit and Compliance Committee.

This Committee is responsible for guaranteeing that the Company's CSR strategy and practices address their non-financial risks and fulfil the expectations of stakeholders, as well as approving and assessing the level of compliance of the General CSR Policy.

In addition, through this Committee, the Board of Directors coordinates and approves the non-financial reporting process in accordance with the latest prevailing regulations.

The CSR Department falls under the Corporate Management area, which is tasked with proactively managing the Company's reputation. **The basic functions of the CSR department, such as identifying risks and trends based on the reality of the business and dialogue with stakeholders, as well as supervising the proper functioning of the non-financial reporting systems, fall under the remit of this management area.**

Dialogue with stakeholders

DIA Group identifies and interacts with its traditional stakeholders (customers, investor community, employees, franchisees and suppliers) as an integral part of the Company's daily activities, in a process that involves different areas of the company's entire value chain.

Furthermore, the Department of Communication and External Relations and the CSR department identify, consult and respond to other interested parties that are relevant for the company (regulators and public administrations, sector and professional associations, media outlets, not-for-profit entities, members of the local community, etc.). The direct line of reporting from Corporate Management to the Executive Chairperson guarantees that the Company's governing bodies are aware of any relevant issues that may be identified in this interaction process with stakeholders.



Key CSR issues

The **DIA** materiality matrix was developed in 2016 by Company management and was reviewed in 2017. This matrix incorporates studying the relevance of the different issues proposed (based on their representativeness for the main bodies influencing CSR, such as the *Dow Jones Sustainability Index*, the *Global Reporting Initiative sector report*, *Vigeo*, *Sustainalytics*, the *Carbon Disclosure Project*, the *CNMV*, or the *Behind the Brands report*), and their historical relevance in the sector at national and international level (based on a study commissioned by **DIA** of 15 companies in the sector).

This analysis was enhanced with the inclusion of an internal relevance factor for each topic, obtained from interviews with the main individuals responsible.

The indicators and information to be reported on non-financial performance were defined taking into consideration both this materiality analysis and the enforceable legal requirements.

KEY DIA GROUP ISSUES	
Governance system	Gender equality
Ethics and compliance	Health and safety
Transparency and investor relations	Food quality and safety
Tax practices	Franchisee relations
Development of human capital	Digital transformation
Employment practices	Eco-efficiency
Food waste	Consumer information and protection

Table 6: Key **DIA Group** issues within the context of Corporate Social Responsibility.

The following issues, for which no information is provided in this report, are required by law and are not material to **DIA**:

- **Water consumption:** this resource is used exclusively for cleaning and not for production purposes and consumption is not therefore considered to be significant. The company does however promote responsible water use in its internal communications.
- **The impact of the Company's activities on biodiversity:** the Group's facilities are located and its activities carried out in urban areas, so the impact on biodiversity is therefore limited.
- **Light and noise pollution:** the impact is minor, as store lights are turned off in full when the stores are closed and the logistics centres are located outside residential areas. In any case, DIA Spain has made further improvements to its noise management process when unloading by changing the goods transportation method from metal vans to wooden pallets.
- In addition to the above, **other matters required by law that are not material to DIA are reported on.** The equivalence table at the end of this report provides specific details.

Future CSR developments

One of the objectives of the new business model centred on sustainable value creation is better integrated and more strategic CSR, supported by the Board of Directors and its Audit and Compliance Committee and also the Management Committee. CSR priorities and objectives are therefore being reviewed so that a 3-year Master Sustainability Plan can be approved in 2021. **The aim of this plan is to identify key CSR risks for the Company, integrating their management into day-to-day operations and improving the CSR risk control and reporting system.**



BIENVENIDO
a tu DIA

DÍA

.06

Customers



Customers

DIA's aim is to be **"closer every day"** to its customers and this year, more than ever, each and every employee (from shop teams to senior management), as well as franchisees, suppliers and other supply chain partners, have been exceptionally involved so that **DIA Group** could respond to its customers' needs during this unprecedented situation.

Given the special circumstances, DIA Group has concentrated on guaranteeing supplies and also on rolling out safety measures in stores that provide a safe environment for customers, employees and franchisees.

- **Guaranteeing supplies** has been key, particularly during lockdown. To this end:
 - **DIA, its suppliers and the other supply chain partners** have made a particular effort to ensure the supply and volume of products required in this new situation.
 - **Store and warehouse teams** have been strengthened to guarantee operations and ensure that all sales points are open to the public.
 - The on-line sales service has been substantially boosted by the opening of **new order preparation points (dark-stores)** and via agreements with new logistics service providers.
 - For customers unable to get to a store or to manage on-line orders, the customer services team offers an **over-the-phone sales service**.

All of these measures enabled the company to meet the needs of over 20 million families during the lockdown caused by the state of emergency in Spain. .

- **Providing a safe environment for customers and employees** has been, and continues to be, one of the key issues for DIA Group during the pandemic. For this reason, activity at the company's more than 6,000 stores is subject to customer and employee protection measures that go beyond what is required by law and include:
 - Increased cleaning and disinfecting in stores, particularly of surfaces.
 - Proper ventilation of premises.
 - Disinfecting stores using ozone.
 - Social distancing among individuals.
 - Reduced capacity.
 - Preferential opening hours for the over 65s.

- Screens installed at tills.
- Employees using masks, face screens, plastic gloves and hand sanitizer.
- Customers provided with plastic gloves and hand sanitizer.
- Special signs informing customers of the in-store protocols in place (use of masks, gloves, social distancing, among others).
- Safety measures announced over PA system.
- Card payments encouraged over cash payments.
- Contactless home delivery protocol (online orders).
- Procedure to follow in the event of possible COVID-19 cases in-store.

These protocols and their effectiveness have been regularly audited by the occupational risk prevention service, adapting them when necessary to guarantee everyone's safety.



Main lines of communication with customers

DIA Group has used different channels to communicate with and listen to its customers:

- Customers who are members of ClubDIA receive an **online questionnaire** after each shop, asking them to quickly rate their shopping experience.
- Customers can also use the **ClubDIA app to voluntarily rate their shopping experience**, the application itself or to directly contact DIA Group with queries, suggestions and complaints.
- The **online shopping pages** and their corresponding applications (DIA online) can also be used by customers to rate products and fill in a customer services contact form.
- The Group uses **social media** for business and corporate communications. The Group has accounts on the most popular platforms in all the countries it operates in, including Facebook, Twitter, Instagram and YouTube. This year over 250,000 queries, complaints and suggestions about stores, products, opening times, online services, etc. have been assigned a manager, addressed, analysed and responded to.
- **Customer support services:** in 2020 we have dealt with over 400,000 queries, informal and formal complaints and suggestions about stores, products, opening times and online services (compared to 250,000 in 2019), which have been addressed and analysed so as to be able to respond well to the customer.

Key customer-related risks

DIA's raison-d'être is supplying customers with the products that meet their choice, quality and price requirements in an environment (either in-store or online) that provides an adequate level of service and shopping experience.

Failing to meet customer requirements (in terms of choice, quality, price, service or shopping experience) could result in customer losses and could even have reputation or brand value consequences. Another key risk identified is a failure to meet internal food safety requirements and standards, which could affect a customer.

Key policies governing customer relations and their functions

- **The Corporate Food Safety and Quality Policy:** aims to develop a trust-based relationship with customers via a system that guarantees adequate production, processing and management of all products offered by the Company.

In accordance with this policy, the Company:

- Sets out the **requirements that suppliers and products must meet in order to be approved** (prior to being placed on the market). In Spain and Portugal, all suppliers must have an IFS or BRC certificate at all factories where DIA-brand products are produced. In Brazil and Argentina, this certificate can be replaced with an equivalent audit report undertaken by DIA.
- **Defines and undertakes an analytical control plan of goods received on its platforms**, guaranteeing that the product meets the specifications set out in the development stage: In 2020, DIA Group performed a total of 348,485 product analyses as part of its control plan (compared with 624,718 the previous year). As part of this process, the company uses a machine learning tool that optimises its internal control and guarantees the detection of non-conforming products using a smaller number of analyses.

- **Ensures product safety and quality control throughout the supply chain, supervising the storage, transport and sales processes** by performing warehouse and store audits: These audits monitor and assess matters such as order and cleanliness, the cold chain, traceability, good hygiene practices and correct product rotation. 8,872 audits have been performed in 2020 (compared with over 3,474 audits last year)
- **The Customer Marketing and Communication Policy:** based on respect for commitments to customers, honest verbal and written communications and integrity in all professional corporate activity within this context. To this end, customer communications are based on the general principles of transparency, proximity, equality and quality.
- **The Corporate Information Security Policy:** aims to define the guidelines for ensuring the confidentiality, integrity and availability of information. Employees, staff and external collaborators who need to access the Company's information systems must comply with this policy. Although this policy applies to all stakeholders, it is mentioned here because of the special impact it has on the protection of clients' rights.



As well as the special efforts made to offer customers solutions to the challenges of the pandemic, in 2020 DIA Group continued working on various projects to improve customer satisfaction, including:

- **Culmination of a new Store Operating Model (SOM)** undergoing constant change to provide customers with the best shopping experience thanks to:
 - Fresher products.
 - Better customer care.
 - More organised stores.
 - Fewer product shortages.
 - Shorter queues.
- **Execution of a new Logistics Operation Model (LOM)** enabling the Group objective of being “closer every day” to customers to be met. To achieve this, all logistics processes have been analysed, from the receipt of goods to their in-store delivery. DIA Group has created a simpler and more efficient working model, whereby every task makes sense and leads to better service based on:
 - **Quality service for stores:** ensuring that goods are delivered on time and correctly to our stores.
 - **Availability of goods:** striving for zero shortages at warehouses so as to be able to guarantee that stores are supplied correctly.
 - **Correct location:** full traceability of all our goods, from arrival at the warehouse until they reach their destination.
 - **Order and cleanliness:** ensuring order and cleanliness throughout warehouses and on transport.
 - **Regulations:** compliance with all regulations, such as cold chain and expiry dates, is key to respecting service quality.
 - **Occupational safety and risk prevention:** alignment with safety and occupational risk prevention criteria.
 - **Maintenance:** correct maintenance, both preventive and corrective, of facilities and machinery.
 - **Efficient supply chain processes:** achieve excellence in all areas, based on excellence in each warehouse area.

Both model the SOM and LOM models have proved satisfactory in Spain and are expected to be rolled out in other countries over the coming months.

Under the idea of simplification, and in order to standardise the customer offering and to boost sales, a new product range has been designed, unifying the numerous existing ranges into one single product range for all stores with four variations depending on the size of the sales area.

In 2020, significant work has also taken place to renew own-brand products so as to make the Group's various brands benchmark products in terms of range, quality and market price. The new quality **DIA** brands, based on adapting each product to current customer likes and requirements, have also led to a change in image through renewed packaging.

At the same time, **DIA Group** continues working to meet the commitments voluntarily adopted in the Spanish national plan to improve food composition as part of the NAOS strategy (nutrition, physical activity and obesity prevention) by the Spanish agency for food safety and nutrition (AESAN), so as to give customers the best nutritional options.

Lastly, as already mentioned, 2020 has seen online sales expand significantly, with a focus on delivering orders to the greatest number of customers as quickly as possible. The Company has activated the online service in Brazil and Portugal and has improved the service offered in Spain and Argentina. To do this, stores have been turned into small warehouses called dark-stores and agreements have been reached with delivery services to cover the final mile. As a result of all this, online sales doubled in 2020.



DÍA

.07 Employees



VERDES
MALLA 500G

La alegría
de cada día

Employees

DIA Group has a diverse employment structure with 39,583 employees at 2020 year end. Of all employees working in DIA, 73% work in Europe (Spain and Portugal) and 27% in Latin America (Brazil and Argentina).

Beyond the figures, this year DIA employees have shown more than ever their engagement with society and the essential service they provide. Society's acknowledgement of their day-to-day work has compensated for the enormous effort made in stores and warehouses to meet the spikes in demand that have occurred.

This year the Company has focused on employees' health prevention, acknowledging their efforts and contribution to society, and on keeping them up-to-date with how the situation affects their daily routines. The Group estimates that the expenses associated with managing the pandemic amounted to 26 million euros in the first half of the year, including overtime costs for additional labor, the payment of bonuses to own employees and franchisee personnel, as well as protection material for employees and customers.



NUNO DUARTE | Mozo de Almacén en Torres Novas - DIA Portugal

WORKFORCE BY COUNTRY AT 31 DECEMBER

ARGENTINA		EXECUTIVES		MANAGERS		EMPLOYEES	
		2020	2019	2020	2019	2020	2019
	<30 YEARS	N/A	N/A	27	31	795	997
	30-50 YEARS	13	10	254	293	1.172	1.119
	>50 YEARS	4	1	28	27	25	20
	<30 YEARS	N/A	N/A	27	29	449	555
	30-50 YEARS	4	1	108	127	836	804
	>50 YEARS	N/A	N/A	5	5	22	20
TOTAL		21	12	449	512	3.299	3.515

WORKFORCE BY COUNTRY AT 31 DECEMBER

BRAZIL		EXECUTIVES		MANAGERS		EMPLOYEES	
		2020	2019	2020	2019	2020	2019
	<30 YEARS	N/A	N/A	4	9	1.670	1.716
	30-50 YEARS	18	15	98	98	1.168	1.072
	>50 YEARS	4	N/A	10	9	67	69
	<30 YEARS	N/A	N/A	2	4	1.967	2.143
	30-50 YEARS	4	3	52	63	1.922	1.832
	>50 YEARS	N/A	N/A	1	3	51	52
TOTAL		26	18	167	186	6.845	6.884

WORKFORCE BY COUNTRY AT 31 DECEMBER

SPAIN		EXECUTIVES		MANAGERS		EMPLOYEES	
		2020	2019	2020	2019	2020	2019
	<30 YEARS	1	N/A	13	12	1.550	1.618
	30-50 YEARS	56	52	259	260	3.759	3.732
	>50 YEARS	12	25	94	97	1.079	979
	<30 YEARS	N/A	N/A	5	10	2.624	2.331
	30-50 YEARS	21	19	263	246	12.233	12.342
	>50 YEARS	20	20	78	77	3.142	2.929
TOTAL		110	116	712	702	24.387	23.931

WORKFORCE BY COUNTRY AT 31 DECEMBER

PORTUGAL		EXECUTIVES		MANAGERS		EMPLOYEES	
		2020	2019	2020	2019	2020	2019
	<30 YEARS	N/A	N/A	N/A	N/A	382	401
	30-50 YEARS	3	4	17	25	659	643
	>50 YEARS	1	1	15	17	89	94
	<30 YEARS	N/A	N/A	N/A	N/A	742	702
	30-50 YEARS	5	6	35	40	1.460	1.443
	>50 YEARS	N/A	N/A	3	2	156	129
TOTAL		9	11	70	84	3.488	3.403

- **Table 7:** Total number and distribution of employees by gender, age, country and professional category. Directors, employees of franchises or other external parties have not been included in this breakdown.

¹¹ The executives group includes the five highest categories in the organisation, managers includes the next three categories in the organisational hierarchy and employees refers to the remaining categories. Directors have not been included in this breakdown

Main lines of communication with employees

There are several channels for communicating with employees, the majority of which encourage two-way communication. The main channels are as follows:

- **Corporate website for employees:** an area where communication with employees, the sharing of expertise, leisure activities and the dissemination of corporate information are encouraged.
- **Bulletins:** a weekly publication that shares good practice and business strategy developments with all Group employees. In addition, operational teams also receive daily and weekly bulletin updates about the projects they are taking part in.
- **DIA also regularly surveys employees** about different issues (from specific initiatives to general assessments of corporate culture). These communications channels, regardless of whether they are managed internally or via a third party, guarantee anonymity and total privacy regarding the responses given by employees.
- **New regular communication channels** between top management and employees for closer contact with leadership and to share business developments and progress made in the transformation process.

Key employee-related risks

The most important risks identified are employee conflict, an inadequate talent structure and inadequate compliance with employment regulations.

Key policies governing employee relations and their functions

- **The Corporate Human Resources Policy:** this policy includes DIA Group's commitment to create jobs and to develop professionals within the context of the Company's corporate values. This policy also aims to encourage the Company's long-term commitment to generating pride and a sense of belonging, adapting to the cultural, employment and business contexts in each of the countries where it operates.

DIA Group has not separately defined diversity, training and disconnect from work policies. The majority of human resource management issues are however included in the Group's general Human Resources Policy.

7.1. Employment and social dialogue

A significant portion of **DIA**'s workforce operates under permanent and full-time contracts, as shown in the following tables. It is important to note the Company has not carried out any workforce restructuring plans in the context of the pandemic.

TOTAL EMPLOYEES BY CONTRACT TYPE AND WORKING HOURS AT 31 DECEMBER

	2020	2019
PERMANENT	35.380	35.057
TEMPORARY	4.203	4.317
TOTAL	39.583	39.374
FULL-TIME	31.218	31.209
PART-TIME	8.365	8.165
TOTAL	39.583	39.374

Table 8: Total number and distribution of employees by contract type and working hours. Directors, employees of franchises or other external parties have not been included in this breakdown.

AVERAGE ANNUAL CONTRACTS BY GENDER (NUMBER)

	2020		2019	
	MEN	WOMEN	MEN	WOMEN
PERMANENT	12.290	23.419	12.869	24.106
TEMPORARY	1.791	3.682	1.837	3.371
FULL-TIME	13.071	19.495	13.715	19.667
PART-TIM	1.010	7.606	991	7.811

AVERAGE ANNUAL CONTRACTS BY AGE (NUMBER)

	2020			2019		
	<30 YEARS	30-50 YEARS	>50 YEARS	<30 YEARS	30-50 YEARS	>50 YEARS
PERMANENT	9.150	22.714	4.576	9.150	23.641	4.183
TEMPORARY	2.795	2.342	271	2.795	2.108	305
FULL-TIME	10.005	5.512	1.047	10.005	19.934	3.442
PART-TIME	1.941	19.544	3.800	1.941	5.815	1.046



AVERAGE ANNUAL CONTRACTS BY PROFESSIONAL CATEGORY (NUMBER)

	2020			2019		
	EXECUTIVES	MANAGERS	EMPLOYEES	EXECUTIVES	MANAGERS	EMPLOYEES
PERMANENT	164	1.446	34.099	171	1.601	35.203
TEMPORARY	2	8	5.463	1	9	5.198
TIEMPO COMPLETO	165	1.421	30.981	172	1.569	31.640
PART-TIME	0	34	8.582	0	41	8.760

Tables 9, 10, 11: Average annual number of employees by contract type, gender, age and professional category. Directors, employees of franchises or other external parties have not been included in this breakdown.

In 2020, just as in 2019, 100% of employees in Brazil, Spain and Portugal are covered by a collective agreement, either at company or industry level (in Argentina this figure is 71% of employees compared to 69% last year), and the Company has 1,057 trade union representatives worldwide (compared to 1,176 last year). Given the countries DIA Group operates in and the significant number of trade union representatives, there is no perceived risk of basic human and employment rights being violated (such as child labour, forced labour, freedom of association or the right to collective bargaining) in internal processes. DIA's Ethics Code and the Group's Whistleblowing hotline were created to help safeguard DIA Group's commitment to respecting these values, among others.

Although a monitoring committee is always formed to oversee any agreement reached, **trade union dialogue in Spain has been reinforced in 2020 through the following milestones:**

- a) **The Company and trade unions reached an agreement** to sign the 2019-2021 Collective Agreement for employees and to introduce a new results-based culture.
- b) **As part of the Company's transformation process**, dialogue began with trade unions to negotiate the substantial changes to the terms linked to the new organisational model.
- c) **Activities to manage the Covid-19 crisis have been overseen in partnership with trade unions** through reporting sub-committees so as to better monitor the impact of the pandemic on employees.

In terms of the remuneration policy, **DIA** salaries are in line with market conditions and employment agreements. Merit is the key driver of salary growth and **DIA Group** has various performance assessment mechanisms. Store and warehouse employees are assessed based on their performance and productivity, both on an individual basis and in their place of work. In the offices, individual objectives are focused on individual performance and they are aligned with the Company's results.

Against the backdrop of the pandemic, it is important to mention the salaries paid in full to all employees who have had to self-isolate, and the extraordinary bonus paid to all Group employees and franchisees, in recognition of their commitment and dedication.



AVERAGE REMUNERATION PAID (EUROS)

		<30 YEARS		30-50 YEARS		>50 YEARS	
		2020	2019	2020	2019	2020	2019
EXECUTIVES	MEN	N/A	N/A	184.329,05	151.437,85	147.088,21	179.959,82
	WOMEN	N/A	N/A	114.139,54	115.417,88	129.976,54	80.305,65
MANAGERS	MEN	24.742,01	23.199,15	33.574,23	33.582,27	43.158,97	40.775,24
	WOMEN	19.828,97	20.529,71	34.450,65	33.515,13	49.877,84	44.966,90
EMPLOYEES	MEN	10.116,23	10.322,89	15.445,31	16.152,44	22.261,16	18.914,79
	WOMEN	9.748,33	9.379,70	15.285,44	15.682,78	18.446,75	15.520,54

- **Table 12:** Average remuneration paid¹² by category, gender and age range (Euros).

¹² All elements received by employees in 2020 are included, except payments in kind. This includes the fixed pay actually processed and paid, additional payments based on working hours, productivity and performance bonuses and distribution of profits. The salary for the only executive under 30 years of age is not reported in line with current data protection legislation.

The number of dismissals has dropped compared with 2019 (see table 13), coinciding with a more mature organisational model accompanying the transformation process that the company is still going through.

NUMBER OF DISMISSALS

		2020				2019			
		<30 YEARS	30-50 YEARS	>50 YEARS	TOTAL	<30 YEARS	30-50 YEARS	>50 YEARS	TOTAL
EXECUTIVES	MEN	N/A	19	16	35	N/A	24	30	54
	WOMEN	N/A	3	3	6	N/A	6	11	17
MANAGERS	MEN	3	39	14	56	8	151	29	188
	WOMEN	N/A	20	8	28	6	63	3	72
EMPLOYEES	MEN	631	535	45	1.211	1.012	1.040	94	2.146
	WOMEN	732	808	126	1.666	1.094	1.851	94	3.039
TOTAL		1.366	1.424	212	3.002	2.120	3.135	261	5.516

Table 13: número de despidos por categoría, género y edad.

7.2 Health and safety in the workplace

Many of the Company's health and safety efforts have centred around ensuring the safety of staff during the pandemic. In this respect, two types of action have been put in place as part of the COVID-19 context: the approval of protocols (explained below) and measures to improve flexible working and work-life balance practices (explained in section 7.3).

- **Covid management procedure:** this applies to everyone and sets out how to respond to confirmed, likely and suspected cases as well as close or other contacts for each work area (stores, warehouses and offices).

This procedure includes the application of specific protocols for particularly vulnerable groups, such as pregnant women, people with cancer or immunodeficiency disorders, the over 60s, people with diabetes, high blood pressure or morbid obesity, among other risk factors. Taking a precautionary approach, all these people were put on paid leave from the start of the pandemic, with DIA responding in this regard ahead of protocols being put in place by the public health authorities.

- **Protection measures for all staff and franchisees:**
 - **Hand sanitiser gels:** it is advised these be used at tills if checkout staff cannot leave them to wash their hands, following health authority recommendations.
 - **Vinyl gloves:** even though training and information reminds staff of the importance of continuing with hand hygiene.
 - **Disposable face masks** made available to employees.
 - **Protective screens:** perspex screens have been installed at tills in stores to separate checkout staff from customers.
 - **Face visors:** as priority protective equipment to continue enhancing staff safety.
 - **Extra cleaning products:** for disinfecting and cleaning work areas.

Furthermore, the proportion of work carried out when stores are closed has also been increased to minimise mixing of staff and customers as far as possible.

- **Covid-19 training and information:**
 - **Obligatory training:** remote working (risks and preventive measures), a course on how to protect mental health and ensure adequate social interaction when working from home, office Covid training, warehouse Covid training and store Covid training.
 - **Continuous stream of updated information** through the Employee Portal and Daily Newsletter.
 - **Videos:** produced with medical teams to answer enquiries about Covid and how to protect oneself.
- **Medical assistance:** free medical helpline for employees and franchisees to resolve medical queries regarding their own health or that of their family members. In the case of Argentina, there has also been a mobile medical teams service across the store network.

7.3. Work organisation and work-life balance measures

In addition to new protection measures, in light of school closures and with the aim of minimising potential virus spread, **a series of plans were approved in 2020 to facilitate flexible working and a balance between personal, family and professional life:**

- **Full-time remote working** for the staff at the central offices from March (continuing at present) and extending to the rest of the regional offices¹³. Although this measure was implemented across the board, the offices have remained available and disinfected for employees who were unable to work from home.
- **Stores and warehouses:** employees have been given the opportunity to request three consecutive days holiday outside the normal scheduled calendar. Moreover, they have also been offered the option of taking a leave of absence of seven days or more to care for a minor. Store times have been reduced allowing for a greater work-life balance. This approach has enabled gaps in cover to be filled by staff working flexible hours (employees in Spain and Portugal did not have to drop any hours at any time).
- **Specific paid leave for especially vulnerable employees** (pregnant women, people being treated for cancer, radio and chemotherapy, people undergoing treatment for immunodeficiency disorders or other disorders such as psoriasis, Crohn's Disease, rheumatoid arthritis and multiple sclerosis) available since March. This option will continue to be offered while the pandemic lasts or until the affected employee is placed on sick leave.
- **Spain: MECUIDA Plan:** in accordance with Royal Decree-Law 8/2020, of 17 March, strengthening measures to ensure a decent work-life balance by enabling staff to cut their hours by up to 100%, in addition to the existing option of changing their working day. A total of 153 requests have been submitted to reduce or alter working hours due to Covid-19. Eight-seven percent (133) of these were accepted, 9% (14) were refused because evidence of the worker needing to shield was not provided, and the other 4% gave up their original request.
- **Argentina:** paid leave to care for offspring (pursuant to legislation).



¹³ In response to the move from working remotely in bulk, it was strengthened by computer and information security systems through the updating of the Security Policy (including a cybersecurity section), increasing training and awareness-raising tasks in this area, hiring extra mitigation cases for the digital surveillance service or creating additional mail rules to block suspicious emails, among other measures.

ABSENTEEISM AND MAIN HEALTH AND SAFETY INDICATORS

	MEN		WOMEN	
	2020	2019	2020	2019
HOURS OF ABSENTEEISM	1.854.492,0	1.494.227,6	4.504.923,3	3.971.606,8
WORKPLACE ACCIDENTS	841,0	1.127,0	1.221,0	1.442,0
INJURY FREQUENCY RATE	31,7	38,8	28,0	30,6
SERIOUS ACCIDENTS	25,0	36,0	6,0	22,0
OCCUPATIONAL ILLNESSES	16,0	2,0	27,0	22,0
FATALITIES	0	0	0	0

Table 14: Absenteeism and main health and safety indicators. Absenteeism reflects hours absent due to illness, accident or an unjustified absence (including Covid); 2019 data have been restated using these criteria, since it previously included all possible causes. The injury frequency rate represents the number of injuries per 1,000,000 employee hours worked.



RAFAEL SANTOS | Franquiado - DIA Portugal

Despite all the measures put in place to protect the health of employees, it is inevitable that a pandemic such as COVID will have an impact on overall absenteeism in a global workforce of 39,500. This is precisely what can be seen for 2020. **Once again it is worth highlighting the work of the OH&S team in raising awareness, carefully and meticulously enforcing preventive quarantine measures, without which this figure would have been much higher.** Furthermore, the additional absenteeism reported includes leave granted in relation to COVID-19 and not just sickness-related leave.

7.4 4. Equal opportunities

DIA is committed to respecting the principle of equality and condemns any type of discrimination, in any form, directly or indirectly, and for any reason: sex, marital status, age, race, social status, religion, political affiliation, etc. The general Human Resources Policy and the Ethics Code are the instruments that ensure compliance with this principle.

During 2019, one sexual harassment complaint has been received through the Ethics Channel, which led to the dismissal of two employees. No discrimination complaints have been proved this year. In relation to this topic, in 2018, a study by a third party was completed in Spain with the aim of confirming that there was no discrimination bias in the procedures used by the Company.

In Spain, the Group has had an Equality Program in place since 2012. This plan includes measures aimed at each of the following areas: access to the Company and selection; hiring; promotion; training; pay; reconciliation of personal, family, work and working time; occupational health; sexual harassment; gender violence; company culture, communication and awareness.

The plan is preventive, in other words, it intends to eliminate any possibility of future discrimination based on sex. The existence of an Equality Agent, the implementation of different anti-harassment and gender-based violence protocols, discrimination prevention systems (access, promotion, compensation, language) and specific awareness campaigns are some of the best practices linked with this program.

With respect to the promotion of equal treatment and opportunities between women and men, DIA carries out a policy of equal pay in all its professional categories. The following table shows the gross pay gap by country for the different categories. It should be noted that the gross pay gap is the difference between the average total compensation for women and the average total compensation for men in an organization. This calculation does not take into account these key factors that allow comparability as a professional category, functional area, performance, knowledge or professional experience and that can significantly influence the final data.

GENDER PAY GAP		
	2020	2019
EXECUTIVES	66,45	61,81
MANAGERS	103,26	100,81
EMPLOYEES	101,11	99,00

Table 15: Gross wage gap by gender (ratio calculated as the average remuneration of women among men for each category). All items, except for compensation in kind, are taken into account for the calculation.

DIA Group also works to integrate groups with disabilities in all countries in which it operates. In total, among DIA's workforce at the end of 2020, there were 464 people with some type of physical or intellectual disability. Despite the efforts made by different countries of the Group, this global figure has decreased in comparison to the previous year along with the contraction of the global workforce figure.

EMPLOYEES WITH A DISABILITY AT 31 DECEMBER

		<30 YEARS		30-50 YEARS		>50 YEARS	
		2020	2019	2020	2019	2020	2019
EXECUTIVES	MEN	0	0	1	1	0	0
	WOMEN	0	0	0	0	0	0
MANAGERS	MEN	1	1	0	0	1	1
	WOMEN	0	0	3	2	0	0
EMPLOYEES	MEN	64	76	155	164	30	26
	WOMEN	34	41	128	138	47	47
TOTAL		99	118	287	305	78	74

Table 16: Employees with a disability by professional category, gender and age at 31 December

7.5 Employee training

DIA Group has a proactive attitude towards retaining and training talent. In addition to external training, **DIA Group** has more than 30 in-house training centres for employees and franchisees. These centres provide training to employees at all levels to carry out functions such as payment services, new services, and more specific tasks such as running the meat and fish counters. The Company also runs specific training programmes at its logistics centres.

In 2020, the need to respond immediately to a completely new and changing environment led to a decrease in total team training hours (204,773 in 2020 compared to 246,058 in 2019).

Despite this, two training priorities have remained on the schedule:

- **Employee health and safety** in light of the pandemic.
- **Training and provision of information on internal regulatory framework** setting out the obligatory processes and rules in all areas of the business and countries in which the Company operates.

TRAINING

		EXECUTIVES		MANAGERS		EMPLOYEES	
		2020	2019	2020	2019	2020	2019
MEN	TRAINING HOURS	549,9	1.102,0	5.817,7	7.947,0	57.698,6	87.476,5
	AVERAGE TRAINING HOURS	4,9	9,4	6,8	8,3	4,3	6,4
WOMEN	TRAINING HOURS	351,9	436,0	3.233,9	5.469,0	137.127,3	143.628,0
	AVERAGE TRAINING HOURS	6,7	8,0	5,4	8,5	5,1	5,4
TOTAL		901,8	1538,0	9.051,6	13.416,0	194.819,9	231.104,5

Table 17: Annual training hours and average training hours per professional category and gender



Día

.08 Franchisees



Franchisees

Almost 30 years of experience in developing the franchise model has seen **DIA Group** become the number one ranked franchiser in Spain and the sixth-largest franchiser in Europe, according to the international ranking by consulting firm Franchise Direct, which is based on parameters that take into account financial issues, innovation capacity, environmental action and franchisee support, among other aspects.

DIA Group saw out 2020 with 2,682 franchise stores, which is 43% of its total stores.

The Company provides its historical knowledge of the sector and the strength of its brand and logistical developments to franchisees, while the franchisee contributes their commitment to sell and local market knowledge, **which is key to developing the model of customer proximity and approachability.**

This relationship of trust between **DIA Group** and its franchisees also creates value and wealth in the communities in which the franchises are set up. During 2020, DIA's franchise business generated approximately 17,700 direct jobs.

	FRANCHISED STORES		NUMBER OF FRANCHISE EMPLOYEES	
	2020	2019	2020	2019
ARGENTINA	621	611	4.123	4.147
BRAZIL	317	347	4.907	5.611
SPAIN	1.477	1.665	6.768	6.793
PORTUGAL	267	278	1.920	1.969
TOTAL	2.682	2.901	17.718	18.520

Table 18: Franchised stores and estimated number of employees for the franchise network. Data for 2019 has been restated to include Clarel franchised stores and estimated employees.

Main lines of communication with franchisees

- The Group closely monitors its franchisee relationship by conducting **annual surveys prepared by Nielsen**, an independent consultant. This anonymous and confidential survey garners information from franchisees about where they think improvements can be made and what their levels of satisfaction are.
- **The Franchise Portal**, an online platform franchisees can use to access databases of proprietary and comparative information and contact the Group directly.
- **The first National Franchisees Meeting in Spain, Portugal and Argentina** attended by around 1,000 strategic partners, chaired by the Company's top management including the Group's Executive Chairman, Stephan DuCharme.
- **Regular discussion forums** within the "Franchise Week" series and existing local assistance programs, such as "Atención al Socio Estratégico" in Spain, "El Defensor del Franquiciado" in Argentina and "DIA te escucha" in Brazil.
- **Franchise newsletter** in all the countries the Group operates in, with important information about the Group.

Key franchisee-related risks

Conflict and potential loss of partners could affect the associated with the **DIA** brand and the success of the Group's business model, as it largely depends on its ability to maintain contractual relationships with profitable franchisees..

Main policies governing relations with franchisees and performance

- **Corporate Franchise Policy:** establishes the guidelines relating to franchisees, ensuring that each country's legislation is respected, the information provided is accurate, and that agreements with entrepreneurs who decide to manage a DIA store through the franchise model are fulfilled.
- **The recruitment of and relationship with franchisees (Internal Compulsory Regulation):** aims to guarantee the effective recruitment of, relationship with and management of DIA Group franchisees.



One of the strategic objectives of the new management is to create a sustainable franchise model in the long term. To this end, several measures have been analysed and tested in 2020 that provide the franchise network with more liquidity and profitability and simplify operations. The objectives of this new model are to incentivise sales and attract highly professional franchisees, thus boosting the strategic value of the franchise network for the DIA business model to make it the most competitive model in the food distribution sector. To do this, the following changes have been made:

- **A new formula for franchisees to pay for goods** that ensures their stores are properly supplied. Until now, DIA Group delivered orders to its franchisees once the goods had been paid for. With Franquicia DIA 2020, franchisees will pay for the goods when they have been sold and not before, helping them to manage their store's cash flow.
- **Simplification of costs for the franchisee:** with Franquicia DIA 2020, franchisees pay a percentage of their monthly turnover to cover most store overheads. This fee means that franchisees know what their monthly costs will be in advance, thereby enhancing control of their cash.
- **Sales incentive scheme:** the Company pays bonuses to franchisees who boost their turnover as a form of acknowledgement and to motivate them.
- **Help with payments:** DIA supplies 100% of the store's stock and the franchisee guarantees payment of, at least, 50% over 60 months.
- **Support:** the Company has established a strong franchise team comprising a new regional department and area franchise managers tasked with supporting franchisees with everything they need.
- **Franchisee Training School:** the Company has made its training programme available to its franchisees' staff to ensure the best professionals are working in its store network and customers receive the best service possible.

The Group has created the **DIA** Franchisee School in Spain, inspired by the Academy that already existed in Argentina. It offers a development and training plan from the very start of the franchise for internal franchisees, multi-franchisees and new partners joining the Company, with classroom-based and online training to meet the needs of the current business. It runs induction programmes for partners: a full initial training plan tailored to the profile of our franchisees (external, multi-franchisees, company staff wanting to open a **DIA** franchise) and continuous training for them to remain completely up to date.

The initial training plan is much more practical and comprehensive, running for 12 weeks; six entailing work experience before their **DIA** store opens. The other weeks involve a combination of classroom activities and training audits and supervision enabling franchisees to enhance all their operating procedures. Our franchisee trainers are key to achieving this.



From an operational point of view, Spain's regional centers have incorporated a franchise analyst into their team, responsible for providing franchisees with financial and economic advice to help you get the most profitability from your business. In addition, a person in the logistics team is responsible for requests for orders from franchisees and for any other logistical problems that affect them. Although the Group does not have a formal commitment to financially assist franchisees, there is a financing committee that discusses cases where franchisees are experiencing financial difficulties in determining how to help them.

To further strengthen the link with franchisees and incorporate their vision into the day-to-day decisions of the Company, **DIA** Portugal has created a commercial committee and one of operations in which, together with the main managers, 12 franchisees and master-franchisees participate. In 2020, four of these meetings were held, with a very satisfactory outcome for all parties.

It should be noted that all changes made at the operational and commercial level to improve the Company's business model benefit both own stores and franchisees. Treating franchised stores with the same management criteria as their own stores is a basic principle and an important commitment of DIA Group.

All of these action plans have led to a 30% improvement in franchisees' satisfaction with DIA Group in 2020, according to the last survey carried out.

.09
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.



DÍA

.10
Investor
community



Investor community

Investors are stakeholders who are essentially involved in the Company's development and progress.

In 2020, following the acquisition of two acquisition offers on the company's bonds by DEA Finance S.A.R.L., the Company announced that, following the negotiations between its main shareholder L1R Invest1 Holdings S.à.r.l. ("L1R"), DEA Finance S.à.r.l. ("DEA Finance") and its syndicated creditors ("Syndicated Creditors"), it has reached an agreement with all Syndicated Creditors that provides a path for a global capitalization and refinancing operation that will allow a structure to be implemented long-term stable capital and financial for **DIA Group**.

Main lines of communication with shareholders

Shareholders and investors have a number of lines of communication available to them, providing detailed information on the stock market and the Company's business, thus maintaining effective and transparent communication. Beyond the information provided regularly by corporate reports and the investor relations team, the department organised various information activities through different platforms, including roadshows, one-to-one meetings, webcasts and conference calls. **The aim of them all is to provide the market and shareholders with the most up-to-date and accurate information, beyond the legal information that listed companies are obliged to provide.**

Key shareholder-related risks

Any fault or weakness in the Group's internal controls pertaining to financial information could have a significant adverse impact on the Group's outlook; the Group's capacity to pay dividends to its shareholders is uncertain and could be restricted.

Key policies governing shareholder relations and their functions

- **Corporate Investor Relations Policy:** establishes the guidelines for running the department tasked with stock markets, based on transparency, accuracy, response capacity and continuous communication, in accordance with applicable legislation, the Ethics Code and the Company's other internal regulations. The staff tasked with investor relations base their actions on these principles, ensuring that shareholders, institutional investors and advisors are clear on who to contact and have regular, straight-forward access to the Company's information.
- **Internal Control over Financial Reporting (ICFR) Corporate Policy:** establishes the principles and guidelines that define the bases and responsibilities for maintaining an effective internal control system, which is applicable in all DIA Group companies. This policy stipulates that the Board of Directors is responsible for the existence of the ICFR; that senior management is required to design, implement and run the ICFR; and that the Audit and Compliance Committee, through its Internal Audit department, must oversee.

DIA Group develops practices for designing and maintaining an internal control system that provides reasonable security in terms of the reliability of regulated financial information, including the process for identifying risks of error or fraud in financial reporting in accordance with the COSO framework.

Another key instrument for controlling financial reporting is the ICFR Manual, the aim of which is to specify and develop the functions attributed to the different staff identified in the aforementioned Policy, defining the activities that comprise the ICFR cycle and ensuring their adequate compliance by the persons involved therein. An Internal Control Committee has also been set up with the aim of promoting a space for shared knowledge and analysis of the issues pertaining to the functioning of the **DIA** internal control system, to channel solutions and potential contingencies.

DIA's ICFR elements operate in conjunction with each other with the responsibility of preventing, detecting, offsetting, mitigating and correcting errors with a material impact, or fraud in financial information. Further detail on this matter can be found in section F of the Annual Corporate Governance Report.



.11
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.



DÍA

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Society



Society



DIA Group is fully aware of the importance and impact of the food distribution sector on society, whether it be supplying products to meet a person's essential needs, such as food, and making them available to everyone, or creating quality entrepreneurship opportunities and wealth through commerce. This is why the foregoing sections describe **DIA Group's** relations with its main stakeholders and how the Company creates value through these relationships.

DIA also acknowledges its accountability to other stakeholders that could be classified in the "society" stakeholder group (general public, public administrations, the media...).

The Company's responsibility to these groups is fundamentally based on two pillars:

- a) **Ensuring strict compliance with the law and the transparency and reliability of reporting.**¹⁷
- b) **Tax responsibility**, understood as strong tax governance procedures and tax discipline. In terms of tax responsibility, a specific section is included herein (12.1) to describe the Company's policy and performance in this regard.

The social and financial crisis caused by the pandemic means that supporting the community and the most vulnerable groups in society has become even more important this year. A separate section within this report (12.2) therefore describes this issue.

Main lines of communication with society

The lines of communication with society are very diverse: from a dedicated team for external relations to the issuing of various corporate reports, official email channels and indirect participation in industry platforms.

¹⁷ During 2020, only one penalty proceeding above the significant threshold has been brought due to non-compliance with the labelling of a specific product whereby the name is specified by including subjective criteria. Although the ruling arising from these proceedings has not had a damaging financial impact on DIA, the Company has drawn up an action plan to improve suitable labelling procedures. 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.

Key society-related risks

Inadequate compliance with laws and regulations, which could also damage the Group's reputation if it results in adverse publicity.

The application of tax laws, rules and regulations to the Group's business is subject to interpretation by the competent tax authorities. The Group relies on generally available interpretations of tax laws and regulations in the jurisdictions in which it operates to comply with them. However, there can be no assurance that tax authorities may not take the view that the Group's interpretations are not accurate.

Main policies governing relations with this stakeholder group and performance

- **Corporate Tax Policy:** establishes the necessary scope of action to responsibly comply with tax regulations while ensuring that the Company's interests are covered, always supporting the Company's business strategy. Accordingly, DIA Group seeks to create a climate of compliance, good faith, transparency, collaboration and reciprocity in its relationships with the tax authorities, in accordance with the law, while defending its legitimate interests.
- **Corporate External Relations Policy:** The aim of the Corporate External Relations Policy is to promote transparent and accessible relations based on mutual respect with the media, regulatory bodies and associations. This policy focuses on achieving the Company's objectives outlined in its strategic plan and better positioning the Company in the market.

12.1 Tax governance, control and risk management

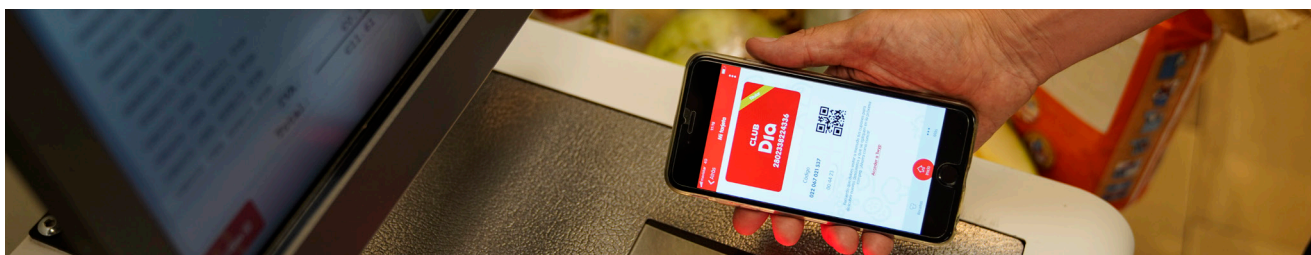
DIA Corporate Tax Strategy was approved by the Board of Directors in 2015 and its main aim is to ensure compliance with tax regulations while safeguarding the Company's interests. The tax principles and good practices comprising the **DIA** Tax Strategy should guide decision making at all levels.

As part of the good tax practices guiding **DIA's** activity, the Tax Strategy establishes that **DIA** does not use opaque corporate structures of any kind or companies located in official tax havens (European Union's blacklist) for tax purposes. **DIA Group** is also committed to complying with the "OECD Guidelines for Multinational Enterprises" and the OECD's BEPS reports on tax avoidance. The Company is also part of the "Código de Buenas Prácticas Tributarias". In this regard, it should be noted that the transfer of assets from Spanish to Luxembourg subsidiaries is only for the purposes of the financial agreement reached with the syndicated lenders, as already explained, and not for tax purposes.

As a result of **DIA Group's** Tax Strategy, **DIA** has designed a System for the Control and Management of Tax Risks, which in addition to meeting the legal requirements, provides guidelines for the Company in this area. Thanks to this policy and its associated management system, the following progress has been made:

- Including the tax area manager as a permanent member of the **Country and Group Risk Committee**.

¹⁸ https://www.agenciatributaria.es/AEAT.internet/Inicio/_Segmentos_/Empresas_y_profesionales/Foro_Grandes_Empresas/Codigo_de_Buenas_Practicas_Tributarias/Adhesiones_al_Codigo_de_Buenas_Practicas_Tributarias.sht



- **Developing and drawing up the Tax Risk Control and Management Manual** in line with DIA Group's Risk Management Policy. Therein, in addition to establishing the procedure and methodology for tax risk management, the roles and responsibilities for proper administration of these risks are also defined.
- **Designing a Tax Risk Control and Management System**, even where the legal standards do not strictly require it. The aim of this system is to identify the main tax risks in order to evaluate and prevent them: For these purposes:
 - Controls are defined within the different tax processes that are documented through risk matrices and controls (more than 90% of the controls defined are key controls).
 - The controls established are assessed annually, using SAP GRC.
 - In addition to the obligatory mention of control and tax risk management in the Annual Corporate Governance Report, the results of the annual review of the Tax Risk Management and Control System are reported to the Board of Directors' Audit and Compliance Committee.

	PROFIT BEFORE TAX (THOUSAND EUROS)		TAX PAID (THOUSAND EUROS)	
	2020	2019	2020	2019
ARGENTINA	-9.310	-34.513	353	-479
BRAZIL	-176.667	-263.488	-1.183	-505
SPAIN	-157.633	-357.174	-6.052	328
PORTUGAL	-8.331	-21.782	-444	1.358
TOTAL	-351.941	-676.957	-7.326	702

Table 26: Profit before tax and tax paid in 2020 in thousands of euros. Profit/(loss) before tax for Paraguay (76), included under Argentina; profit/(loss) before tax for Switzerland and Luxembourg (256 and -383, respectively), included under Spain.

Further information about tax management, including lawsuits and periods open to inspection can be found in note 16 to the 2020 Consolidated Annual Accounts.

Regarding other transactions with government bodies, in 2020 **DIA Group** has received no government grants in any of the countries it operates in¹⁹.

¹⁹ Government grants are defined as any financial contribution paid by a government body to the company for the undertaking of a specific activity during the current year. Social security credits received for training and other items are not included here.

12.2 Social projects

On 17 April 2020, **DIA Group** unveiled the global **DIAContribuye2020** project through which it aims to contribute to tackling the negative effects on society of Covid-19. In addition to managing the impact of the pandemic on employees, franchisees and customers (explained in previous sections), the **DIAContribuye2020** project has enabled the implementation of social actions and initiatives in the four countries in which DIA operates with the aim of minimising the effects of the pandemic on the most vulnerable.



Summary Table 3: summary of DIA Group response to the pandemic.

In this context of supporting the more disadvantaged communities, the following actions stand out:

- **Donations in kind:**

The following table shows a summary of donations of food and essential health and hygiene products made by **DIA Group** to both charity associations and hospitals and public administrations. In total, in 2020, over 1,000,000 kilos of these products were donated by the four countries in the Group.

ARGENTINA	BRAZIL	SPAIN	PORTUGAL
<ul style="list-style-type: none"> • Over 89,000 kg donated to food banks, administrations and hospitals. 	<ul style="list-style-type: none"> • Over 162,000 kg donated to food banks. • Over 98,000 products and over 14,000 solidarity hampers donated to charities and hospitals. 	<ul style="list-style-type: none"> • Over 640,000 kg donated to food banks, administrations and hospitals. 	<ul style="list-style-type: none"> • 148,000 kg donated to food banks. • Over €100,000 of food donated to administrations and charities.

Summary Table 4: main donations in kind in the Group in 2020.

- **Other key actions:**

Although already mentioned in section 7.1, in a context of social and economic crisis such as the present, it is worth stressing the efforts made by NGOs to offer job opportunities to vulnerable collectives at risk of exclusion. Although impulse has been given to the scheme in the last quarter of the year, in 2020 over 60 people have been hired from these collectives in Spain.

Finally, with face masks becoming essential-use items, DIA Spain was the first food distributor to offer this product to its customers at cost price.

12.3 Partnerships and sponsorship actions

DIA is aware that many of the global challenges facing the sector and society as a whole require different players to come together and act in partnership. In this spirit, during the weeks prior to the publication of this report, the Company has signed a series of collaboration agreements with partners it considers to be strategic to implementing its sustainability strategy: Fundación Lealtad, World Vision, Cáritas and the Red Cross. Furthermore, **DIA** has joined the Alliance against Child Poverty promoted by the High Commission for the Fight against Childhood Poverty and has signed a partnership agreement with Zaragoza University.

For the sake of transparency, below are the main sector associations with which DIA Group is involved worldwide:

- **Eurocommerce:** **DIA** is present in this European distribution union through its participation in ASEDAS.
- **ASEDAS** (Asociación Española de Distribuidores, Autoservicios y Supermercados).
- **Ecoembes.**
- **AECOC** (Asociación Española de Fabricantes y Distribuidores - Spanish Association of Manufacturers and Distributors).
- **CEL** (Centro Español de Logística - Spanish Logistics Centre).
- **PACKNET** (Plataforma Tecnológica Española de Envase y Embalaje - Spanish Technological Platform of Containers and Packaging).
- **AEA** (Agencia Española de Anunciantes - Spanish Advertisers' Agency).
- **AGERS** (Asociación Española de Gerencia de Riesgos y Seguros - Spanish Association of Risk Management and Insurance).
- **IGREA** (Iniciativa de Gerentes de Riesgos Españoles Asociados - Initiative of Associated Spanish Risk Managers).
- **Asociación Española de Franquiciadores** (Spanish Franchisers' Association).
- **ISMS FORUM** (La Asociación Española para el Fomento de la Seguridad de la Información - Spanish Association for the Advancement of Information Security).
- **ISACA** (Information Systems Audit and Control Association).
- **APED** (Associação Portuguesa de Empresas de Distribuição - Portuguese Association of Distribution Companies).
- **APF** (Associação Portuguesa de Franchising - Portuguese Franchising Association).
- **ASU** (Asociación de Supermercados Unidos - Association of United Supermarkets).

No sponsorship actions have taken place in 2020 (some actions took place in 2019, such as the UNICEF Race for Education in Argentina and the FEDER race for the fight against rare diseases in Spain).

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Traceability matrix
- ACT 11/2018 and
GRI indicators

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/SECTION
GENERAL INFORMATION				
BUSINESS MODEL				
Description of the business model, business environment, organization and structure.	102-2; 102-5	Yes	Global	4.1. Company presentation; 3. Business model;
Markets in which the company operates	102-6	Yes	Global	4.1. Company presentation
Objectives and strategies	102-15	Yes	Global	3. Business model;
Key factors and trends that may affect the company's future development	102-15	Yes	Global	3. Business model;
Description of policies, including due diligence procedures and verification and control procedures, including what measures have been taken	GRI 103: Economic, environmental and social performance factor	Yes	Global	4.3. Internal control system; 6. Customers; 7. Employees; 8. Franchises; 9. Suppliers; 10. Investors; 11. Environment; 12. Society
The results of these policies and associated KPIs (these KPIs should enable the assessment of progress and comparability between companies and sectors, in accordance with national, European or international benchmark frameworks used for each area)	GRI 103: Economic, environmental and social performance factor	Yes	Global	6. Customers; 7. Employees; 8. Franchises; 9. Suppliers; 10. Investors; 11. Environment; 12. Society
Main risks identified, risk management model and materialization of risks.	102-15	Yes	Global	4.4. Risk Management at DIA Group; 6. Customers; 7. Employees; 8. Franchises; 9. Suppliers; 10. Investors; 11. Environment; 12. Society

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/SECTION
ENVIRONMENTAL ISSUES				

GENERAL INFORMATION ABOUT ENVIRONMENTAL PERFORMANCE

Current and foreseeable effects of the Company's activities on the environment and, where appropriate, on health and safety	GRI 103: Environmental focus; 102-15	Yes (Eco-efficiency)	Global	11. Environment
Environmental assessment or certification procedures	GRI 103: Environmental focus	Yes (Eco-efficiency)	Global	11.5 Identifying improvement opportunities
Resources dedicated to environmental risk prevention	GRI 103: Environmental focus	Yes (Eco-efficiency)	Global	11. Environment
Application of the principle of precaution	102-11	Yes (Eco-efficiency)	Global	11.1 Complying with existing laws and regulations
The amount of provisions and guarantees for environmental risks	307-1	Yes (Eco-efficiency)	Global	11.1 Complying with existing laws and regulations

POLLUTION

Measures for preventing, reducing or offsetting carbon emissions that seriously affect the environment; Taking into account any kind of atmospheric pollution specific to an activity, including sound and light contamination.	GRI 103: Emissions management approach; 305-1; 305-2; 305-3; 305-5; 305-6	Yes (Eco-efficiency)	Global	11.4 Adopting measures to reduce the emission of greenhouse gases; 5. Management of Corporate Social Responsibility at DIA Group
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REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/SECTION
ENVIRONMENTAL ISSUES				
CIRCULAR ECONOMY AND WASTE PREVENTION				
Waste: Measures for prevention, recycling, reusing, other forms of recovery and waste elimination;	GRI 103: Effluents and waste management approach; 306-2	Yes (Eco-efficiency)	Global	11.3 Waste management according to waste hierarchy model
Actions to combat food waste	GRI 103: Effluents and waste management approach	Yes (food waste)	Spain	11.3 Waste management according to waste hierarchy model
SUSTAINABLE USE OF RESOURCES				
Water consumption and water supply according to local limitations;	not reported	Not material	N/A	Water consumption is not reported as it is not material. Supporting information is however provided in the following chapter: 5.Management of Corporate Social Responsibility at DIA Group
Consumption of raw materials and measures adopted to improve efficiency of use;	301-1	Yes (Eco-efficiency)	Global	11.2 Promoting the responsible use of resources
Direct and indirect consumption of energy, measures adopted to improve energy efficiency and use of renewable energies.	GRI 103: energy management approach; 302-1; 302-2; 302-4	Yes (Eco-efficiency)	Global	11.4 Adopting measures to reduce the emission of greenhouse gases
BIODIVERSITY PROTECTION				
Measures adopted to preserve or restore biodiversity;	not reported	Not material	N/A	The measures adopted are not reported, as it is not deemed to be a material issue. Supporting information is however provided in the following chapter: 5. Management of Corporate Social Responsibility at DIA Group
Impacts caused by activities or operations in protected areas.	not reported	Not material	N/A	These impacts are not reported, as they are not deemed to be material. Supporting information is however provided in the following chapter: 5. Management of Corporate Social Responsibility at DIA Group

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/SECTION
SOCIAL AND EMPLOYEE ISSUES				
EMPLOYMENT				
Total number of employees by gender, age, country and professional category;	102-8; 405-1	Yes (labour practices)	Global	7.1. Employment and social dialogue
Total number of employees by contract type;	102-8	Yes (labour practices)	Global	7.1. Employment and social dialogue
Average annual number of permanent contracts, temporary, full and part-time contracts by gender, age and professional category;	102-8	Yes (labour practices)	Global	7.1. Employment and social dialogue
Number of terminations by gender, age and professional category;	401-1	Yes (labour practices)	Global	7.1. Employment and social dialogue
Average remuneration and evolution by gender, age and professional category or equivalent value;	405-2	Yes (labour practices)	Global	7.1. Employment and social dialogue
Wage gap, remuneration of equal jobs;	405-2	Yes (Gender equality)	Global	7.4. Equal opportunities
Average remuneration of board members and executives, including variable remuneration, allowances, indemnities, payment of long-term savings plans and any other benefit, broken down by gender;	GRI 103: Enfoque de gestión de la diversidad e igualdad	Yes (Gender equality)	Global	7.1. Employment and social dialogue
Implementation of policies safeguarding employees' right to disconnect;	GRI 103: Enfoque de gestión del empleo	Yes (labour practices)	Global	7.1. Employment and social dialogue
Employees with disabilities.	405-1	Yes (labour practices)	Global	7.4. Equal opportunities

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/SECTION
SOCIAL AND EMPLOYEE ISSUES				
WORK ORGANISATION				
Organisation of work time	GRI 103: Employment management approach	Yes (labour practices)	Global	7.2. Health and safety conditions in the workplace
Hours of absenteeism	403-2	Yes (labour practices)	Global	7.2. Health and safety conditions in the workplace
Measures adopted to facilitate work - life balance and promote shared responsibility by both parents	GRI 103: Employment management approach	Yes (Gender equality)	Global	7.2. Health and safety conditions in the workplace
HEALTH AND SAFETY				
Health and safety conditions in the workplace;	GRI 103: Health and safety management approach	Yes (Health and safety)	Global	7.3. Work organisation and work-life balance
Workplace accidents, specifying accident rates and seriousness, reported by gender.	403-2	Yes (Health and safety)	Global	7.2. Health and safety conditions in the workplace
Professional illnesses; by gender..	403-3	Yes (Health and safety)	Global	7.3. Work organisation and work-life balance
SOCIAL RELATIONS				
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	GRI 103: Employment management approach	Yes (labour practices)	Global	7.1. Employment and social dialogue
Percentage of employees covered by a collective agreement, by country;	102-41	Yes (labour practices)	Global	7.1. Employment and social dialogue
Balance of collective agreements, particularly in the area of health and safety in the workplace.	403-1	Yes (labour practices)	Global	7.1. Employment and social dialogue

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/SECTION
SOCIAL AND EMPLOYEE ISSUES				
TRAINING				
Policies implemented in the area of training;	GRI 103: Training management approach	Yes (Development of human capital)	Global	7. Employees
Total hours of training by professional category.	404-1	Yes (Development of human capital)	Global	7.5. Employee training
Universal accessibility for persons with disabilities	GRI 103: Diversity and equal opportunities approach	Yes (labour practices)	Global	7.4. Equal opportunities
EQUALITY				
Measures adopted to promote equal opportunities for and treatment of men and women;	GRI 103: Diversity and equal opportunities approach	Yes (Gender equality)	Global	7.4. Equal opportunities
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 103: Diversity and equal opportunities approach	Yes (Gender equality)	Global	7.4. Equal opportunities
Measures taken to promote the integration and universal accessibility of persons with disabilities.	405-1	Yes (labour practices)	Global	7.4. Equal opportunities
Policy against all types of discrimination and, if applicable, diversity management	GRI 103: Diversity and equal opportunities approach	Yes (Ethics and compliance)	Global	7.4. Equal opportunities

Requirements of Act 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS Chapter/Section
HUMAN RIGHTS				
Application of due diligence procedures with regard to human rights;	102-16	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;
Prevention of risks of violation of human rights and, if applicable, measures to mitigate, manage and address possible abuses committed;	102-16	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;
Cases of human rights violations reported;	102-15; 102-17	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;
Promotion and compliance with the provisions of the core agreements of the International Labour Organisation relating to respect for freedom of association and the right to collective negotiation;	102-16; 102-41	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;
Elimination of workplace job discrimination;	406-1	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;
Elimination of forced labour;	102-16 ; 102-17; 409-1	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;
Abolishment of child labour	102-16; 102-17; 408-1	Yes for internal operations (Ethics and compliance; Labour practices); Not material for the supply chain.	Global	4.3.1. Compliance and ethical management; 7.1. Employment and social dialogue; 9 Suppliers;

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/ SECTION
CORRUPTION AND BRIBERY				
Measures adopted to prevent corruption and bribery;	GRI 103: Anti-corruption management approach; 102-16; 205-2; 205-3 (incidents of corruption)	Yes (Ethics and compliance)	Global	4.3.1. Compliance and ethical management
Anti-money laundering measures.	102-16; 205-2	Not material	Global	4.3.1. Compliance and ethical management
Contributions to foundations and non-profits.	102-12	Not material	Global	12.2. Social projects
SOCIETY				
COMMITMENTS TO SUSTAINABLE DEVELOPMENT				
Impact of the company's activity on local jobs and development;	GRI 103: Socioeconomic compliance approach, Procurement practices; 102-8; 204-1;	Yes (labour practices)	Global	9. Suppliers; 12. Society
Impact of the company's activity on local towns and the region;	GRI 103: Employment management approach; Socioeconomic compliance approach;	Yes (Ethics and compliance; Labour practices)	Global	9. Suppliers; 12. Society
Relations with local community players and types of dialogue with these;	102-43	Yes (listening to stakeholders prior to defining material issues)	Global	5. Management of Corporate Social Responsibility at DIA Group
Association activities and sponsorship	102-12; 102-13;	Not material	Global	12.3. Partnerships and sponsorship actions

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/ SECTION
OUTSOURCING AND SUPPLIERS				
Social issues, gender equality and environmental issues in the procurement policy; consideration in the relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 103: Management approach Environmental and social assessment of suppliers; 102-9	Not material	Global	9. Suppliers
Supervision and auditing systems and the results thereof	308-1; 414-1	Not material	Global	9. Suppliers
CUSTOMERS				
Measures for health and safety of consumers;	GRI 103: Customer health and safety management approach	Yes (Food quality and safety)	Global	6. Customers
Claims and complaints systems and resolution.	416-1; 416-2	Yes (Consumer information and protection)	Global	6. Customers
TAX INFORMATION				
Profits earned by country	GRI 103: Economic performance management approach	Yes (Tax practices)	Global	12.1. Tax governance, control and risk management
Taxes paid on profits	GRI 103: enfoque de la gestión del rendimiento económico	Yes (Tax practices)	Global	12.1. Tax governance, control and risk management
Public grants received	201-4	Not material	Global	12.1. Tax governance, control and risk management. Supporting information is however provided in the following section: 12.1 Tax governance, control and risk management

REQUIREMENTS OF ACT 11/2018	GRI	MATERIAL FOR DIA	SCOPE	NFIS CHAPTER/ SECTION
ADDITIONAL INFORMATION				
Other information about the organisational profile	102-1 to 102-10	Not material	Global	4.1. Company presentation; 7. Employees; 9. Suppliers;
Corporate governance	102-18	Yes (Governance system)	Global	4.2. Corporate governance
Stakeholder participation	102-40 to 102-44	Yes (Transparency and investor relations; Franchisee relations)	Global	5. Management of Corporate Social Responsibility at DIA Group
Other information about the report profile	102-45 to 102-53; 102-56	Not material	Global	1. Basis of preparation for the consolidated non-financial information statement; 5. Management of Corporate Social Responsibility at DIA Group