

**Distribuidora
Internacional de
Alimentación, S.A.
and subsidiaries**

Independent Limited Assurance Report
on the Consolidated Non-Financial
Information Statement for the year
ended 31 December 2022

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. AND SUBSIDIARIES FOR 2022

To the Shareholders of Distribuidora Internacional de Alimentación, S.A.:

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying consolidated non-financial information statement (NFIS) for the year ended 31 December 2022 of Distribuidora Internacional de Alimentación, S.A. (the Parent) and its subsidiaries (the Group), which forms part of the Group's consolidated directors' report for 2022.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in "Appendix I. Table of contents of Act 11/2018 vs. GRI Indicators/Benchmark Reporting Criteria" included in the NFIS.

Responsibilities of the Directors

The preparation and content of the NFIS included in the Group's consolidated Directors' report are the responsibility of the Parent's Directors. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in "Appendix I. Table of contents of Act 11/2018 vs. GRI Indicators/Benchmark Reporting Criteria" of the NFIS.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Parent's Directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the international standards on quality in force and, accordingly, maintains a system of quality that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of the Group that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2022 NFIS based on the materiality analysis performed by the Group and described in section “5.3. Materiality” thereof, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2022 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2022 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2022 NFIS, and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the Directors and Management.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose information on how and to what extent an undertaking’s activities are associated with aligned economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2022, in addition to the information referring to eligible activities required in 2021. Accordingly, the NFIS does not include comparative information on alignment. Also, since the information referring to eligible activities in 2021 was not required with the same level of detail as in 2022, the information disclosed in relation to eligibility in the NFIS is not strictly comparable either. In addition, it should be noted that the Parent’s directors have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in “Appendix 2. Taxonomy” of the NFIS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Distribuidora Internacional de Alimentación, S.A. and its subsidiaries for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the “Appendix I. Table of contents of Act 11/2018 vs. GRI Indicators/Benchmark Reporting Criteria” of the NFIS.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

A handwritten signature in black ink, appearing to read "Angel García Arauna", is written over a circular stamp. The signature is slanted and somewhat cursive.

Angel García Arauna

14 April 2023

2022 CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Distribuidora Internacional de Alimentación, S.A. and 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 the Dia Group's 2022 Consolidated Directors' Report.

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

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1. BASIS OF PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT

The Dia Group Directors' Report includes both its financial and non-financial information, based on the recommendations contained in the "Guide for the preparation of management reports of listed companies" published by the Spanish National Market Commission (hereinafter, 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, Act 22/2015 of 20 July on the auditing of annual accounts, with regard non-financial reporting and diversity, and European directives 2017/C215/01 prepared by the European Commission and its climate supplement, which contains recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). This "integrated" approach combines both information on the environmental, social and employee-related issues needed to understand the impact of the Dia Group's activity and also information on the Group's financial position.

The Consolidated Non-Financial Information Statement (hereinafter, "NFIS") of Distribuidora Internacional de Alimentación S.A. and Group subsidiaries (hereinafter, either "Dia", "Group", "Dia Group", "business", "Company" or "Corporation") (102-1) is issued on a yearly basis and includes consolidated data about the company for 2021 and 2022¹. 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, indicators and the main actions taken. The indicators used follow the *Global Reporting Initiative* standards (GRI, selected GRI indicators) and show the Company's performance in 2022 compared to the previous year. In accordance with article 49 of the Spanish Code of Commerce, the NFIS is externally verified under a limited assurance review. This verification is carried out in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) and the guidelines on the verification of non-financial information issued by the Spanish institute of certified accountants (*Instituto de Censores Jurados de Cuentas de España*).

A non-financial reporting system has been used to collect the data for this report, with managers in each country (Spain, Portugal, Argentina and Brazil) periodically reporting on the indicators in the fields required by Act 11/2018, which are used as a management tool for the Company.

For any general enquiries about this report, please contact the Sustainability and Communications departments at calle Jacinto Benavente 2A, CP 28232, Las Rozas de Madrid, or send an email to sostenibilidad@diagroup.com or comunicacion@diagroup.com.

¹ As in the previous year, all companies comprising the Dia Group are included in this report (see Table 1). The treatment of companies accounted for using the equity method is the same as that adopted in the financial section of the directors' report. 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, S.A. and Dia Portugal II, S.A. 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. In 2022, the Group announced two corporate transactions in Spain (see details in note 12 to the consolidated annual accounts). On 2 August, announcement was made of the sale of the large format business (which operated mainly as Dia Maxi and La Plaza de Dia) to Alcampo S.A. and on 23 December, the sale of the Clarel brand (the Group's home and personal care business operated by the consolidated legal entity Beauty by Dia, S. A.) to C2 Private Capital, S.L. was announced. The figures included in this report contain these activities, which are considered as discontinued in the Group's consolidated annual accounts, unless expressly specified otherwise. When the indicators refer to the company's value chain (essentially the Dia Group franchise network and suppliers), this fact is appropriately mentioned.

2. DIA GROUP PRESENTATION

Distribuidora Internacional de Alimentación S.A. (Dia Group) is a food and household products retailer with a leading network of local stores. Founded in 1966, the Dia Group's head office is located in Las Rozas de Madrid. The company has been listed on the continuous market of the Spanish stock exchange since 2011 and is the retailer with the fourth largest market share in Spain².

With a history of over 40 years, the Dia Group's extensive experience in local food retail has made it what it is today: a neighbourhood store providing an easy, fast and complete shopping experience, close to home and online, with high quality products at affordable prices. This Company is made up of a diverse and talented team of professionals from 81 countries, who give their best every day so that customers in all kinds of neighbourhoods and regions feel that Dia adds value to their communities, as well as providing an essential service. This is achieved through the efforts of all Group employees, as well as all the partners in the value chain. As a unit, and guided by their aim to be closer to people every day in order to offer high quality within everyone's reach, they are building an ecosystem of huge importance for the local economy: 96% of the Company's workforce is on a permanent contract and for every direct job created by the Dia Group, its ecosystem generates 2.7 indirect jobs at a global level which has a knock-on effect on the economy that multiplies each euro of direct impact by 3.3³.

With global net sales of €7,285.8 million (€6,647.76 million in 2021) at year-end, the Dia Group directly employs 33,425 people worldwide (38,575 in 2021) and offers high quality products to the over 14.3 million loyal customers who choose Dia as their local store in hundreds of municipal areas and neighbourhoods where the Company operates.

At 31 December 2022, the Dia Group operates with 5,699 own stores and franchises (5,937 in 2021) in Spain, Argentina, Brazil and Portugal. 51.6% of the global store network is managed by franchisees (45.6% in 2021), making the Dia Group the leading franchisor in Spain in terms of turnover and number of stores and the seventh in Europe⁴. Moreover, it is the only retailer operating with this model in Argentina. The Dia franchise allows the full potential of the local store model to be released, offering business opportunities to over 1,845 franchisees (2,100 in 2021) and adding another 19,500 workers (18,000 in 2021) to the Company's ecosystem worldwide.

The Dia Group relies on around 2,800 local suppliers chosen in line with stringent quality and food safety criteria to supply its wide range of high quality products. Worldwide, 95% of the Company's purchases are made locally. Together, and thanks to a logistics distribution system with over 20 warehouses in the four countries in which it operates (the same as in 2021), customers are offered a full assortment that focuses on fresh produce, combines private-label and manufacturer brands and adapts to the needs of customers at local, regional and national level.

² Kantar Worldpanel 2022.

³ Calculations made for a 2022 independent report using the Company's 2021 financial data.

⁴ Franchise Direct Ranking 2021.

a. Corporate structure:

Name	Registered address	Activity	Percentage of interest 2022	Percentage of interest 2021
Dia Portugal Supermercados, S.A.	Lisbon	Wholesale and retail distribution of food and consumer products.	100.00	100.00
Dia Portugal II, S.A.	Lisbon	Retail distribution of food and consumer products.	100.00	100.00
Dia Argentina, S.A.	Buenos Aires	Wholesale and retail distribution of food and consumer products.	100.00	100.00
Distribuidora Internacional, S.A.	Buenos Aires	Consultancy services.	100.00	100.00
Dia Brasil Sociedade Limitada	Sao Paulo	Wholesale and retail distribution of food and consumer products.	100.00	100.00
DBZ Administração, Gestão de Ativos e Serviços Imobiliários, L.T.D.A.	Sao Paulo	Administration of properties owned by Dia Brazil.	100.00	100.00
Dia Retail España, S.A.U.	Las Rozas de Madrid	Wholesale and retail distribution of food and consumer products.	100.00	100.00
Pe-Tra Servicios a la distribución, S.L.U.	Las Rozas de Madrid	Leasing of business premises.	100.00	100.00
Dia World Trade, S.A.	Geneva	Provision of services to suppliers of Dia Group companies.	100.00	100.00
Beauty by Dia, S.A.U.	Las Rozas de Madrid	Marketing of drugstore and perfumery products	100.00	100.00
Grupo El Árbol, Distribución y Supermercados, S.A.U.	Las Rozas de Madrid	Wholesale and retail distribution of food and consumer products.	100.00	100.00
Finandia, S.A.U.	Las Rozas de Madrid	Loans and credit transactions, including consumer credit and the financing of sales transactions.	100.00	100.00
Dia FINANCE, S.L.U.	Las Rozas de Madrid	Lending and credit activities, cash surplus management and financing acquisitions of goods and services for Group companies.	100.00	100.00
Luxembourg Investment Company 317, S.A.R.L. ⁵	Luxembourg	Holding company.	100.00	100.00
Luxembourg Investment Company 318, S.A.R.L.	Luxembourg	Holding company.	100.00	100.00
Luxembourg Investment Company 319, S.A.R.L.	Luxembourg	Holding company.	100.00	100.00
Luxembourg Investment Company 320, S.A.R.L.	Luxembourg	Holding company.	100.00	100.00
Luxembourg Investment Company 321, S.A.R.L.	Luxembourg	Holding company.	100.00	100.00
Luxembourg Investment Company 322, S.A.R.L.	Luxembourg	Holding company.	100.00	100.00
Luxembourg Investment Company 323, S.A.R.L.	Luxembourg	Holding company.	100.00	100.00
CD Supply Innovation, S.L. in liquidation	Madrid	Purchase of private-label products from its partners.	50.00	50.00

⁵ Against the backdrop of the agreement to amend and consolidate Dia Group's bank debt, on the 30 August 2019 the General Shareholders' Meeting agreed to a Hive Down at the request of the syndicated lenders. To execute this agreement, and following approval of this transaction by Dia Group's Board of Directors on 26 December 2019, several transactions and legal formalities were initiated during the first few months of 2020 to transfer the Company's main business units to certain subsidiaries, either directly or indirectly, owned by several Luxembourg companies, which in turn are direct or indirect subsidiaries of Dia, S.A.

Name	Registered address	Activity	Percentage of interest 2022	Percentage of interest 2021
ICDC Services, S.A.R.L., in liquidation	Geneva	Negotiation with private-label suppliers.	50.00	50.00
Horizon International Services, S.A.R.L.	Geneva	Negotiation with private-label suppliers.	25.00	25.00

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

b. Shareholder structure at year-end:

	Percentage of shares 2022	Percentage of shares 2021
Own shares	0.041	0.050
Free Float	22.256	22.246
LETTERONE INVESTMENT HOLDINGS, S.A.	77.704	77.704

Table 2: Percentage of significant interests and own shares at 31 December, as reflected in the Annual Corporate Governance Report (ACGR) available on www.diacorporate.com.

3. REVIEW OF THE YEAR

The Dia Group has ended a key year in the thorough redirection of its business and the building of a corporate culture guided by its purpose of proximity and supported by renewed team values. Three years ago, the Dia Group embarked on a major transformation process to re-establish trust and long-term relations with all its stakeholders. The Company believes that it has made significant progress in 2022 in this strategic roadmap, which is based on three pillars: a distinctive value proposition for its customers, in stores and online, with a renewed product range and a high-quality private label at affordable prices; strengthened relations with its suppliers and with its network of franchisees, allies in its ambition to be the customers' favourite local store; and technological transformation leading to more efficient operations and value creation for the business through digital developments, such as the e-commerce service.

Key aspects of the progress achieved in 2022 are as follows:

- Roll-out of the new value proposition to customers, adapted to each region that Dia operates in. In 2022, the Company has made great progress in transforming its store network with 1,064 store refurbishments, taking the total number of stores operating under the new model to 2,323 in Spain, Argentina and Portugal, which is 60% of its proximity network worldwide.
- A renewed product range that is better suited to national, regional and even local needs and tastes, taking ongoing changes on board. This measure has led to a clear commitment to offer fresh produce across the store network and to develop a high-quality private-label with over 2,700 renewed products launched since 2020 and 690 in the last year alone.
- A new franchise model announced in 2020, based on a genuine alliance with local entrepreneurs. This model is based on the maxim of establishing long-term, win-win relations and has already been rolled out across the franchise network in Argentina, Spain and Portugal and with very high levels of completion in Brazil. This milestone and other initiatives to improve franchisee satisfaction have resulted in rising numbers of franchises again, with partners increasing the number of franchises they already have and newer franchisees attracted by the new model as well.
- In terms of digital and technological transformation, it is worth highlighting new delivery methods for the online channel that improve the customer experience, such as express delivery, scheduled delivery options and in-store collection, as well as alliances with partners to reinforce this channel. The online channel helps the Dia Group strengthen its commitment to local food distribution whilst meeting the needs and demands of its customers. Progress towards an omni-channel approach results in a tailored shopping experience and stronger customer relations. Efforts in 2022 have focused on strengthening logistics and the technology and product teams so as to speed up the roll-out of the digital offering.
- Furthermore, we are aware of the challenges still facing us and given the Company's new stage of acceleration towards growth, it was decided to renew our leadership team and strengthen and separate the executive functions from the chair's functions. Since August 2022, Martín Tolcachir has taken over the Group's management as Global CEO and Stephan DuCharme has moved to a non-executive role as chair of the Company's Board of Directors.
- In addition, two key transactions have been announced for the Group during 2022 that affect the Spanish market and take the strategy towards its core strength: proximity. These transactions are the sale of a group of large format stores to Alcampo and the sale of Clarel, the business unit linked to home and personal care. It is expected that both transactions will be finalised in 2023.

4. BUSINESS MODEL AND STRATEGIC PILLARS

The Group's renewed purpose is *To be closer every day to offer high-quality products within everyone's reach*, which is the force behind the strategy to build a business model that adds value,⁶ meeting the day-to-day food and hygiene needs of all families, regardless of where they live and their individual requirements. This value is confirmed by Dia's more than 14.3 million loyal customers worldwide.

By analysing the competitive context in which the Company operates and identifying its strengths, the company outlines a set of systems and activities to transform this capital into value created for customers, shareholders and other stakeholders.

4.1. Business context: trends and risks that impact on the food retail industry

Changes in consumer behaviour around new lifestyles, their preferences for certain shopping channels or their perception of value can create attractive business opportunities for companies such as the Dia Group. Some of the key trends are described below:

- **Proximity:** according to a 2022 study analysing the challenges facing the industry, proximity and value for money are the main reasons affecting a person's choice of food store, followed by the possibility of doing an entire shop in one place. The cost of the contents of a shopping basket in local stores has increased over the last few years and in 2022, it represents 29.3% of the market, a slight rise compared to 28.2% in 2021⁷. This increase is explained by several challenges facing society and consumers: an ageing population, smaller households and even time restrictions on essential tasks such as shopping. According to the same study, this change in social patterns leads to smaller and more frequent shopping visits, which would appear to benefit local store formats.
- **Price sensitivity:** the food retail industry has had a turbulent and unprecedented 2022. Tensions caused by rising costs and supply chain problems towards the end of 2021 have been compounded by the war in Ukraine, which has aggravated these factors and has generated high inflation worldwide, affecting companies' entire value chains and the consumers of their products as well.

Against this backdrop, the price sensitivity of foods and other goods has been a key factor in consumers' purchasing decisions. Alongside price sensitivity, other behaviour patterns that are typical of crisis scenarios have been observed, such as increased visits to supermarkets, smaller purchases, the searching out of offers and promotions to compensate for the higher prices of some products or choosing private-label goods. With regards this last factor, growth in the value share of private-labels in the Spanish food market stands out, rising from 19.7% in 2020 to 46% in 2022⁸ an increase of 16% compared to 2021, which shows the growing demand of customers for value for money.

- **Convenience:** a "lack of time" is another of current society's main challenges. Linked to this, and emphasised significantly by the pandemic, consumer habits have changed to increasingly favour online shopping. The market share of online food shopping is now around 4%, with yearly growth of 2.5% in the mass consumption sector⁹. The bulk of online customers (38% according to some studies¹⁰) also shop in physical stores, meaning that "digital proximity", based on the combination of the physical and online channel, is a relevant factor to take into account when trying to understand this phenomenon. Customers also make their product choices largely on the basis of what they have previously seen in the store, thus reinforcing the relationship between these two channels.

High demand for ready meals in supermarkets or via express delivery seems to be a growing trend in society and could be related to this "lack of time" and desire for immediacy. In fact, 95% of Spanish consumers include these "ready meals" on their shopping list¹¹, driving brands to increase product options and offer a wide variety of ready to eat foods.

⁶ Value creation can be measured or demonstrated in terms of "usefulness" for the meeting of human needs, as mentioned by C. Bowman and V. Ambrosini in "What does value mean and how is it created, maintained and destroyed?"—Cranfield School of Management, 2003.

⁷Kantar World Panel 2022

⁸ Consumer Trends 2022. Report published by NielsenIQ in January 2023. Only packaged products are taken into consideration.

⁹ Asociación Española de Fabricantes y Distribuidores (Spanish association of manufacturers and distributors)

¹⁰ 2022 consumer trends. Report published by NielsenIQ in January 2023.

¹¹ Asociación Española de Fabricantes y Distribuidores (Spanish association of manufacturers and distributors)

- Health and well-being: in a survey of approximately 7,500 consumers in six countries by Mckinsey in 2020¹², 79% of respondents said that health and well-being are important to their quality of life and 42% said they consider it to be a priority. In fact, consumers in all markets surveyed reported a substantial increase in the prioritisation of health and well-being in the last two to three years. The global health and wellness market is estimated to show annual growth of 5 to 10 percent. Better nutrition has always been part of health and well-being, but now that relationship is more obvious than ever and there is a great interest in taking care of our health by watching the food we eat. More than a third of consumers globally report that they "probably" or "definitely" plan to increase spending on apps to improve their nutrition.

The risks inherent in the food industry also define the competitive context facing Dia. Below are the main risks:

- Economic instability: essentially the high inflation rates seen in the countries where the Group operates in recent years, which affect both consumer income (due to higher unemployment rates and reduced purchasing power) and operating costs. Many of the Dia Group's private-label and national brand products include highly volatile ingredients, such as wheat, corn, oils, milk, sugar, proteins, cocoa and other commodities. Any increase in commodity or supply prices, such as electricity or gas, can trigger price increases that may affect the company's gross margins or reduce revenues due to a drop in the average number and size of customer transactions.
- Highly competitive market: competition has increased worldwide and in all industries as have the threats to it. In the food retail sector, and more specifically for Dia, not only is the entry of new competitors considered a risk, but also the entry of substitute products and the possibility of losing bargaining power (and proximity) with customers and suppliers. The Group's presence in different countries makes it necessary to analyse the main factors that influence and determine competition.
- An abundance of new health, environmental and trade regulatory requirements and their lack of standardisation across different territorial regions: regulatory changes may require certain products to be reformulated so as to comply with new standards, the discontinuation of certain articles that cannot be reformulated, the creation and maintenance of additional records and different labelling. In relation to store operations, particularly in Spain and Portugal, the Group must adhere to European and local regulations governing opening hours and days. In environmental matters, several regulations relating to climate change and the circular economy have flourished at European, national and regional levels, to which the company must adapt, such as the new waste law in Spain that introduces restrictions on single-use plastic. Furthermore, in Argentina the "Precios Cuidados" (*affordable prices*) programme has been in place for several years to restrict price increases in the cost of the basic food basket, limiting the Group's decision-making power over its prices, supply possibilities and ability to manage its own interests.
- Difficulty in responding to changes in customer attitudes and purchasing preferences: the fast moving consumer goods (FMCG) industry has always closely followed and responded to new customer demands. However, in addition to new demands on value, price and product range, there are now also new preferences on shopping channels, which adds an additional layer of operational complexity to the need for companies to adapt to meet their customers' tastes.
- International market volatility: the Group's exposure to international market volatility is focused on its businesses in Brazil and Argentina. In Brazil, economic growth has slowed and Argentina's economy has suffered from economic, social and/or political instability and hyperinflation and high country risk.

¹² McKinsey's Future of Wellness Survey was conducted in August 2020

4.2. Dia's business strengths

In the highly competitive context of food distribution, identifying the organisation's unique strengths and competencies is key to defining a business model that effectively and sustainably achieves the desired value creation:

- Proximity to customers and capillarity: the Group has a distribution network of around 5,700 stores targeted mainly at the proximity format which enables favourable demographic and consumer trends, such as those mentioned above, to be exploited. Unsurprisingly, Dia has the largest network of supermarkets in Spain, with over 61% of the Spanish population being within a 15-minute walk of a store¹³. It is also the most common supermarket in towns with less than 10,000 inhabitants.¹⁴ As a result of this proximity, the Group has a greater and better understanding of customer preferences and needs, which allows the product offering in a specific region to be swiftly and flexibly adapted to ensure customer satisfaction. Along the same lines, proximity allows the Group to consider new store openings in villages or neighbourhoods that cannot be reached by larger store models and facilitates the development of online business. Lastly, proximity has become an even more valuable ally for customers when faced with unprecedented inflation, as it has allowed them to make more frequent purchases for less money (as opposed to hoarding purchases as done with other retail formats). In fact, the average shopping basket cost has dropped 0.9% in the year worldwide, but the number of tickets has grown 6.7% in 2022.
- A business model with over 50% of franchised stores: this model has enabled the Dia Group to scale its operations and improve its capillarity and brand recognition in a profitable way. Moreover, this model, in which Dia has more than 30 years of experience since its first franchise was launched in Spain, allows for great flexibility in terms of both store management and operations. The Group is the largest Spanish franchisor in terms of turnover and number of stores, among the top seven in Europe and among the top thirty-six main franchisors in the world.¹⁵ In Argentina, Dia is the only food retail franchisor in the country.
- Cost-efficient commercial proposal for customers: Dia was the first company to introduce private-label products in Spain more than 40 years ago. The Group develops high quality private-label products and offers competitive prices due to its sales volumes, extensive experience, strong supplier relations and potential savings in marketing and advertising costs. The Company has increased its support of Spanish households throughout 2022 by introducing several savings measures. It is estimated that €130 million has been invested in these measures in 2022 in this market alone and that choosing its private-label products leads to an average saving of between 20%-25% in the annual expenditure of a Spanish household.
- Broad, loyal customer-base: Dia was also the first company in the Spanish supermarket sector to offer its customers a loyalty card. The Club Dia loyalty programme was launched over 20 years ago and has more than 14.3 million active members around the world. The loyalty club is now a key tool for the Group, as it allows it to communicate directly with its customers and, consequently, to learn more about their interests and behaviour, as well as to respond to their needs through, for example, personalised promotions. Considering that over 57% of sales are made using the Club Dia loyalty card (in some countries this figure is close to 80%), the solid, loyal customer-base is a strength that the company constantly seeks to capitalise on.

¹³ Data produced in-house.

¹⁴ "Despoblamiento rural: la brecha de la desigualdad" (*Rural depopulation: the inequality divide*), Luis Camarero and Jesús Oliva.

¹⁵ Franchise Direct.

SPAIN	Own	Franchises	TOTAL
Total stores at 31 December 2022	1,948	1,686	3,634
Total stores at 31 December 2021	2,191	1,598	3,789
PORTUGAL	Own	Franchises	TOTAL
Total stores at 31 December 2022	172	291	463
Total stores at 31 December 2021	202	297	499
ARGENTINA	Own	Franchises	TOTAL
Total stores at 31 December 2022	267	727	994
Total stores at 31 December 2021	264	648	912
BRAZIL	Own	Franchises	TOTAL
Total stores at 31 December 2022	365	243	608
Total stores at 31 December 2021	462	317	779
SUMMARY OF GROUP STORES	Own	Franchises	TOTAL
Total stores at 31 December 2022	2,752	2,947	5,699
Total stores at 31 December 2021	3,227	2,710	5,937

Table 3: number of own and franchised stores in the Dia Group.

4.3. Pillars of transformation for value creation

Taking into account the business context and the Company's strengths, Dia's strategy over the coming years to conquer the local store or proximity model is built on three key pillars:

- Ongoing development of an attractive commercial value proposition, capitalising on proximity and customer awareness. The development of a new store model summarises this work well: a more modern and brighter store organised to make shopping easy, accessible and quick, and very close to home, where customers have a better shopping experience thanks to a full and renewed product selection, where fresh produce take pride of place. 60% of the proximity network worldwide now operates under this model. This renewed commercial proposal includes the launch, in the last two years, of over 2,700 private-label products and ready meal options that combine quality, affordable prices and more attractive and modern packaging. In Spain, this private-label change already affects 83% of the portfolio. Lastly, the Dia loyalty club provides the company with an exceptional opportunity to learn directly about its customers' tastes and needs and to adapt its commercial proposal, even on a personalised basis, to ensure that it meets their requirements.
- Boosting e-commerce: the unprecedented Covid-19 pandemic crisis has transformed the online channel at all levels, and the food industry is a case in point. Against this backdrop, the Dia Group has committed to digitalisation with the boosting of e-commerce as one of the transformational pillars, recognising how customers in all age segments (including the oldest) have discovered the advantages of shopping in this way. Considering that the ultimate goal is to stimulate sales, it is difficult to achieve this today without taking into account more digitalised trends in product purchases and customer proximity in all areas of operations.
- Development of an improved franchise model and more franchises. The company has opted for a new partnership based on a simpler and more transparent relationship, better payment terms and greater help and support for the franchisee. The ultimate objective is to boost sales and attract highly professional franchisees, making the Dia franchise the most competitive model in the food retail industry. This model has been rolled out in the Spanish, Portuguese and Argentinian networks and is well advanced in Brazil.

4.4. Business purpose as a strategy source

The powerful capillarity of the Dia Group's network of stores, built up over decades, is a great strength when rolling out a distinctive proposal for customers: a local store with a wide, high-quality product selection, where customers can make a one-off purchase or do a full shop at affordable prices and in a friendly, warm environment, either in one of its neighbourhood stores or online.

The Dia Group is aware that to build and maintain this value creation for its customers and shareholders in the medium and long term, it must also create value for the rest of its stakeholders. The Company's new purpose of "Closer every day to offer high-quality products within everyone's reach" therefore encourages all its employees to be aware of what makes them unique as an organisation, which is proximity, so that this concept can also be applied when managing other stakeholders, better meeting their needs and achieving long-lasting relations. The company's conviction and determination to focus management on this purpose is reflected in the fact that improvements in key stakeholder satisfaction (customers, employees, franchisees, suppliers and shareholders) are monitored directly by the Group's Management Board and the Board of Directors.

5 MORE SUSTAINABLE EVERY DAY

5.1. A business model aligned with the sustainability pillars

Sustainability is a value-driver for the Dia Group and the way to make the purpose of being closer to people every day to offer high-quality products within everyone's reach and create value in neighbourhoods a reality. This purpose is the light that guides the Company's day-to-day business. It's ambition is to be one of the most competitive companies and a benchmark in the food retail industry.

This is set out in the Dia Group's 2021 Sustainability Policy, which updates and summarises the previous Corporate Social Responsibility and Environmental policies, and the purpose of which is, precisely, to lay out the principles and mechanisms for action that enable the company to exercise its desire to be "closer every day" to its stakeholders.

One of the main instruments for making this vision a reality was the Board of Directors' approval of the Dia Group's first Strategic Sustainability Plan 2021-2023, in February 2021. This Plan outlines commitments, actions and performance indicators for the most significant issues for the Group, ensuring proactive management of both sustainability risks and opportunities.

To guarantee that this sustainable vision becomes a reality, a governance model has been drawn up in which the sustainability function reports directly to the CEOs, both at a Dia Group level and also in each business unit (BU). The Board of Directors, through its two committees, also regularly supervises performance in this matter.

One of the most important actions of the year relates to the implantation of the internal control system for non-financial information (SCIINF in Spanish), so as to strengthen the reliability of the processes used to generate, communicate, prepare and report non-financial information with controls similar to those established for financial information.

5.2. Strategic Sustainability Plan 2021-2023: even closer

The Strategic Sustainability Plan 2021-2023 is a roadmap that sets out the sustainability priorities for the coming years. This plan is aligned with and, in some cases, complements the strategic priorities identified by the different business units to improve stakeholder satisfaction, ensuring proactive management of the challenges we face as a society. The Dia Group therefore considers this Plan as a tool to be "even closer".

5.3. Materiality

The process of identifying these priority actions has been carried out taking into account the concept of dual materiality, i.e. identifying the impacts, risks and opportunities that the Dia Group's activity may entail for society and the challenges that the social context imposes on the company's business model. Different inputs have therefore been analysed and taken into account:

External inputs:

- Benchmarking of main competitors.
- Stakeholder expectations: this materiality analysis has been done by indirectly identifying the short- to medium-term expectations of key stakeholders, i.e. through business representatives who have direct contact with customers, employees, franchisees and suppliers. Although this first Sustainability Plan has prioritised the attention given to these stakeholders, the visions of other groups have also been included not only by analysing the main sustainability indices and standards, but also through the opinion group of eight independent experts with extensive experience in sustainability. The direct demands of the main stakeholders in the short to medium-term have been combined with a longer-term timeframe.

Internal inputs:

- Interviews with the heads of the main corporate departments, as well as with the CEO in each country.

- Key internal documents: such as the risk map, the business plans of the different countries and the recently defined Company purpose.
- Materiality study suggested by the different sustainability indices and standards for the food retail industry, especially the Dow Jones Sustainability Index and the Sustainability Accountability Standard Board.

As a result of this analysis, out of the twenty-five potential issues originally assessed, fifteen priorities or material issues have been selected for work in the coming years. These issues relate to sustainability risks (operational, compliance or reputational risks) and opportunities for value creation, and they span the company's entire value chain, from food production to feeding families.

As explained above, the Dia Group believes that value is created whenever and wherever a need is met. When this value creation is based on exclusive competences, the company is able to create differential value by providing a good or service that no other player can provide in an equally effective way. Based on what makes Dia unique, which is proximity, the Company has identified distinctive opportunities to create value by providing quality food for all families, wherever they live and whatever their budget, by offering job and self-employment opportunities that help revitalise neighbourhoods, and by improving the relationship with and service provided to franchisees.

The Sustainability Plan utilises the strengths outlined in the Dia business plan to make a significant contribution to key social issues in line with the challenges set out by the United Nations in the Sustainable Development Goals.

Material issues in the Strategic Sustainability Plan 2021-2023¹⁶¹⁷

Food safety
 Nutritional profile of private-label goods*
 Access to a quality diet*
 Sustainability of raw materials*
 Human rights management in the supply chain*
 Team and employee development
 Employee health and safety
 Diversity and inclusion in employment*
 Franchisee relations
 Supplier relations*
 Sustainable packaging*
 Waste management* and food waste
 Climate change
 Business ethics
 Supporting the community*

The issues required by Law 11/2018, for which no information is provided in this report, are not material to Dia:

- Water consumption: this resource is used exclusively for cleaning and not for production purposes in Dia stores and consumption is not therefore considered to be significant. In addition, the company is developing an application to read invoices in order to have evidence that shows the cost is not material in relation to total expenses on the income statement at Group level. The company does however promote responsible water use in its internal communications.
- 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.

¹⁶ Each material issue will be appropriately addressed in the report chapters below.

¹⁷ *Issues that are now more material than when the 2016 materiality analysis was performed are marked with an asterisk.

There are other matters required by law that are not material to Dia, but which are reported on. The equivalence table at the end of this report provides specific details.

In conclusion, this materiality exercise combines both the demands of the main stakeholders in the short to medium-term and the identification of issues that are considered relevant from a longer-term perspective, and mirrors the strategic reflection that the Dia Group is employing to ensure a successful business model.

5.4. Dia Group Sustainability Plan summary and key developments

MAKING QUALITY FOOD ACCESSIBLE TO ALL (CUSTOMER):	COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS
<p>1. FOOD SAFETY: Ensure that robust food safety systems are in place to guarantee the safety of products.</p>	<p>2. Zero hunger</p>
<p>2. NUTRITIONAL PROFILE OF PRIVATE-LABEL GOODS: Create a nutrition strategy for private-label goods in each country.</p>	<p>2. Zero hunger and 3. Good health and well-being</p>
<p>3. ACCESSIBILITY OF FOOD: Help families, regardless of their budget or where they live, to eat a balanced diet.</p>	<p>2. Zero hunger and 10. Reduced inequalities</p>
BUILDING A DIA COMMUNITY IN EVERY NEIGHBOURHOOD (EMPLOYEES AND COMMUNITY):	
<p>6. TEAM AND EMPLOYEE DEVELOPMENT: Support the professional development of teams and its alignment with the cultural transformation process. Commitment to SDGs: 8. Decent work and economic growth</p>	<p>8. Decent work and economic growth</p>
<p>7. OCCUPATIONAL HEALTH AND SAFETY: Ensure management systems are in place that guarantee the health and safety of employees and significantly reduce serious accidents (15% less than in 2020).</p>	<p>8. Decent work and economic growth</p>
<p>8. DIVERSITY AND INCLUSION IN EMPLOYMENT: Make the Dia Group a company that values diversity and encourages the inclusion and development of people from different backgrounds.</p>	<p>5. Gender equality, 8. Decent work and economic growth and 10. Reduced inequalities</p>
<p>15. SUPPORTING THE COMMUNITY: Increase food donations to support the communities in need where the company operates.</p>	<p>2. Zero hunger</p>

UNDERSTANDING AND SUPPORTING OUR PARTNERS AT SOURCE (FRANCHISEES AND SUPPLIERS):

<p>9. FRANCHISEE RELATIONS: Improve franchisee satisfaction in every country the Company is present in.</p>	<p>8. Decent work and economic growth</p>
<p>10. SUPPLIER RELATIONS: Improve supplier satisfaction in every country the Company is present in.</p>	<p>8. Decent work and economic growth</p>
<p>11. SUSTAINABILITY OF RAW MATERIALS: Outline plans to transition to improved sustainability of essential raw materials (deforestation, sustainable fishing, animal welfare).</p>	<p>12. Responsible production and consumption 14. Life below water and 15. Life on land</p>
<p>12. HUMAN RIGHTS MANAGEMENT IN THE SUPPLY CHAIN: Introduce a management system that minimises the risk of non-compliance with employment and human rights in relations with third parties.</p>	<p>8. Decent work and economic growth</p>

WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES:

<p>13. PACKAGING: Improve use and recyclability of plastic in the packaging of private-label products. Specifically, for Spain and Portugal:</p> <ul style="list-style-type: none"> • 100% recyclability (2025) • 20% reduction in plastic (2025) • 25% rPET drinks bottles (2025) 	<p>12. Responsible production and consumption 14. Life below water and 15. Life on land</p>
<p>14. WASTE AND FOOD WASTE MANAGEMENT: Introduce a management system that improves waste management and significantly reduces food waste:</p> <ul style="list-style-type: none"> •40% reduction in waste to landfill (baseline 2020) •40% reduction in food waste in Spain and Portugal (baseline 2020) 	<p>12. Responsible production and consumption 13. Climate action</p>
<p>15. CLIMATE CHANGE: Reduce the carbon footprint of operations by at least 20%. Commitment to SDGs: 13. Climate action</p>	

APPLY THE HIGHEST ETHICAL STANDARDS TO EVERYTHING THE COMPANY DOES:

<p>16. BUSINESS ETHICS: Instil an internal culture of ethics and compliance at the Dia Group</p>	<p>16. Peace, justice and strong institutions</p>
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2022 is the second year of the 2021-23 Sustainability Plan and has enabled the Company to make progress in improving the overall satisfaction of its main stakeholders: customers, employees, franchisees and suppliers.

The Dia Group believes that all families should be able to have a balanced, quality diet. The Company's desire is for all customers to Eat better every day, regardless of where they live and their budget. One of its sustainability priorities is therefore to combat the food gap, both geographically and socio-economically.

During 2022 the following progress was made in the two areas:

- The weight of fresh produce sales continues to grow in all Group countries. Expanding the online channel in all countries allows more and more people to have access to high-quality food at affordable prices. In Spain, this service reaches over 80% of the population. Furthermore, in Spain, in alliance with a third party, a project is still ongoing to guarantee access to fresh produce for 14,500 people living in rural villages without retail outlets and to 5,000 people living in food deserts. In Portugal, 48 franchises make online deliveries to people living within a radius of between 20 and 30 kilometres.
- The Company has expanded its understanding of the barriers facing the poorest groups in accessing a healthy diet, presenting its results to the scientific community, and has piloted programmes to address this challenge in Argentina and Portugal.

In addition, there has been a general qualitative and quantitative improvement in all countries in the proactive management of diversity and the inclusion of people at risk of exclusion into the labour market.

- Country-specific diversity diagnoses have been carried out and diversity committees have been set up, involving top-level managers to establish ad hoc objectives and plans.
- In terms of labour inclusion, by working with various NGOs 292 people from vulnerable groups have joined the team in Spain and Portugal (compared to 160 in Spain alone in 2021). In addition, 578 people from these groups (compared to 205 the previous year) have done work experience in stores and warehouses as part of the training processes to improve their employability.

The 2022 environmental milestones are as follows:

- The elimination of nearly 8 million kilograms of virgin plastic from Dia branded product packaging.
- The proportion of waste sent to landfill has decreased over 30% and is now transformed into new products, and the proportion of food waste has been reduced by around 17% in Spain and Portugal.

Lastly, improvements have also been made in the last year in getting suppliers to sign up to the Group's Human Rights policy, with over 90% of Dia brand suppliers having done this. Moreover, in 2022, 61 key suppliers have begun a due diligence process

Main Indicators of the Sustainability Plan	
Key stakeholders satisfaction (customers, employees, franchisees, suppliers and shareholders)	Improvement in all of them
Percentage of approved suppliers in terms of food safety	89%
Reformulated products to improve nutritional profile	186
Weight of fresh produce in total sales	Growth in all countries
Geographic food accessibility	Reached 14,500 people living in towns without an organized retail store & 5.000 people residing in nutritional deserts (Soria, Spain)
Reduction in serious accidents	41%
Hiring people from vulnerable groups	292 people
Supplier adherence to the DIA group Human Rights Policy	92% private-label suppliers
Reduction in the virgin plastic proportion used in own brand versus 2020 (Spain)	18%
Reduction in waste to landfill (baseline 2020)	30%
Food waste reduction (Spain & Portugal)	17%
Percentage of CO2 footprint reduction	+2.97%
Confirmed discrimination and harassment reports	9
Kg of donated food	+ 880,000 kg

6. GOOD GOVERNANCE AND COMMITMENT TO THE HIGHEST ETHICAL STANDARDS

The 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. The most significant regulations are 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 Code of Ethics and corporate policies.

So as to move forward with corporate governance issues and notwithstanding what is already included in the Board of Directors Regulations (available on www.diacorporate.com), the Company has a specific policy on Managing Conflicts of Interest and Related-Party Transactions, which contains applicable standards thereon, with a clear commitment to transparency, independence and a focus on complying with the best corporate governance standards.

Furthermore, at the end of 2021 a performance assessment of the Board and its committees was started, ending at the beginning of 2022. Using the results obtained, an action plan will be drawn up to encourage continuous improvement regarding good governance of the company.

6.1. Composition and structure of the Board of Directors

In line with its regulations and through its Appointments and Remuneration Committee, the Board of Directors ensures that director selection procedures encourage a diversity of expertise, experience, age and gender. 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.

The professional background of the members of the Board of Directors can be viewed on Dia's corporate website. Generally speaking, the aim is to create a leadership culture with a strong focus on accountability, ethics, performance management and a sense of commitment.

During 2022 the following changes have taken place to the Board of Directors:

- Ms Basola Vallés Cerezuola resigned from her position as an independent director on 18 April 2022, as a result of her appointment as Senior Vice President Strategic Customer Partner (SEMEA) at the Salesforce Group, a position that did not allow her to continue to hold positions on the boards of directors of other entities.
- Having fully completed the three-year term of office for which he was elected and having expressed his desire not to be re-elected at the next General Meeting, Mr Jaime García-Legaz Ponce effectively stepped down as independent director at the General Shareholders' Meeting held on 7 June 2022.
- The General Shareholders' Meeting held on 7 June 2022 (i) approved the re-election of Mr Stephan DuCharme as executive director, Mr Sergio Ferreira Dias as proprietary director and Mr José Wahnou Levy as independent director for the statutory term of two years; (ii) ratified the appointment by co-optation of Mr Vicente Trius Oliva agreed by the Board of Directors at the meeting held on 29 September 2021 and re-elected him for the statutory period of two years as independent director; (iii) appointed Ms Gloria Hernández García as independent director for the statutory term of two years; and (iv) set the number of members of the Board of Directors at eight, agreeing to keep the existing vacancy following the resignation of Ms Basola Vallés.
- At its meeting held on 7 June 2022, the Board of Directors approved the appointment of Ms. Gloria Hernández García as a member of the Audit and Compliance Committee and of the director Mr. Vicente Trius Oliva as a member of the Appointments and Remuneration Committee.
- On 29 August 2022, the Board of Directors agreed to separate the positions of Chair of the Board of Directors and Global CEO (chief executive officer) of the Parent Company and the Dia Group. By virtue of this agreement, the Board of Directors: (i) accepted the resignation of Mr Stephan DuCharme as executive director of the Parent, continuing as director (external proprietary director) and non-executive chair of the Board of Directors; (ii) approved the appointment of Mr Martín Tolcachir (until then CEO of Argentina) as Global CEO (chief executive officer and

general manager) of the Parent and of the Dia Group; and (iii) as a consequence of separating the positions, approved the elimination of the position of coordinating independent director, with Ms Luisa Desplazes de Andrade Delgado stepping down from such position.

At 31 December 2022, the structure of the Board of Directors is as follows:

Chair: Mr Stephan DuCharme (external proprietary director).
 Board members: Mr Sergio Antonio Ferreira Dias (external proprietary director)
 Mr Marcelo Maia Tavares de Araújo (other external director)
 Mr Vicente Trius (independent director)
 Mr José Wahnnon Levy (independent director)
 Ms Luisa Desplazes de Andrade Delgado (independent director)
 Ms Gloria Hernández García (independent director)

Director 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, determined by the General Shareholders' Meeting via the approval of a Remuneration Policy, submitted for approval at least every three years. Director remuneration for each financial year, which is explained in detail in the Annual Remuneration Report for Board members, consists of a fixed cash and a deferred share-based payment.

On 7 June 2022, the Extraordinary General Shareholders' Meeting approved a new Director Remuneration Policy which replaced the policy approved by the General Shareholders' Meeting on 30 August 2019, and will apply from the date of its approval (7 June 2022) and for the following three years, i.e. until 31 December 2025. The key features of this policy are as follows:

- Its goal is to contribute to the Company's business strategy and its long-term interests and sustainability.
- It is based, inter alia, on the principles of commitment, attraction and retention of talent, transparency, external and internal equity and the promotion of value creation for the Company and its shareholders in the long-term.
- Proprietary directors shall not be paid for their work as directors.

Board members	From	To	Financial instruments	Fixed pay	Indemnities	Non-competete	Other (Rem. In kind)
Jose Wahnnon Levy	01/01/2022	31/12/2022	31	150	—	—	—
Jaime GarcíaLegaz	01/01/2022	07/06/2022	32	52	—	—	—
Basola Vallés	01/01/2022	18/04/2022	29	36	—	—	—
Gloria Hernández	07/06/2022	31/12/2022	—	68	—	—	—
Stephan DuCharme	01/01/2022	31/12/2022	—	—	—	—	—
Sergio Antonio Ferreira Dias	01/01/2022	31/12/2022	—	—	—	—	—
Marcelo Maia	01/01/2022	31/12/2022	—	120	—	—	226
Vicente Trius Oliva	01/01/2022	31/12/2022	—	120	—	—	—
Luisa Delgado	01/01/2022	31/12/2022	—	150	—	—	—
Total			92	696	—	—	226

Average remuneration paid (thousands of euros) (405-2)				
	2022		2021	
	Men	Women	Men	Women
Board member	122.67	130.00	99.71	135.09

Tables 4a and 4b. Total and average remuneration paid to directors for all items of remuneration, taking into account the actual time each director has served as a director during 2022 into the average remuneration calculation, in thousands of euros. As proprietary directors do not receive any remuneration for their work on the Board, they have not been taken into account in the calculation of average remuneration. Average remuneration for 2021 has been restated due to the identification of a small error. For further information, see Note 21 to the Consolidated Annual Accounts and the Annual Director Remuneration Report for 2022.

Board committees

There are two Board committees that are governed by the Company's Articles of Association, the Board of Directors Regulations and the specific committee regulations, in the case of the Audit and Compliance Committee. At 31 December 2022, the structure of the Board committees is as follows:

Audit and Compliance Committee

Chair : Mr José Wahnnon Levy (independent director)
 Board members: Mr Sergio Ferreira Dias (external Proprietary Director)
 Ms Gloria Hernández (independent Director)

Appointments and Remuneration Committee

Chair : Ms Luisa Delgado (independent Director)
 Board members: Mr Vicente Trius (independent Director)
 Mr Marcelo Maia (other external director)

6.2. Supervision and control model

The Dia Group has a supervision and control model based on the three lines of defence. The first line relates to the functions in charge of day-to-day operations, responsible for setting out the controls that mitigate the risks linked to their lines of business. The second line is represented by the internal control, risk management, compliance and ethics functions, which assess, supervise and guarantee that the controls implemented by the first line are effective, that the identified risks are correctly managed and that regulations are effectively complied with. Lastly, a third line is provided by internal audit, which gives independent assurance on the effectiveness and proper running of the Company.

The second line of this supervision and control model is managed by two committees made up of senior executives who ensure that business goals are achieved in line with the agreed values and applicable regulations. These committees regularly report to the Board of Directors' Audit and Compliance Committee.

6.2.1. Internal Control and Risk Committee

Its purpose is to make decisions and proposals to senior management on the comprehensive risk management system, ensuring its operation and due compliance, promoting and updating the internal regulations that govern it, and rolling out the tools and procedures needed to identify, prevent, minimise and manage the risks linked to all areas of activity, guaranteeing the fulfilment of business objectives over time. This committee (in 2022 it combines the former risk and internal control committees in one single committee) is made up the most senior managers from the business and corporate areas, as well as the head of internal control and risk management.

The Committee's responsibilities are as follows:

- Ensure the proper functioning of the risk management system (to identify, measure, control, manage and report the most important potential risks affecting the Group).
- Ensure that the system effectively eliminates or mitigates identified risks.
- Guarantee that emerging risks are properly identified, analysed, assessed, monitored and reported.
- Promote the effectiveness of the internal control system and develop and update the internal rules governing it. If the control environment is considered to be insufficient, the committee suggests new controls linked to each process. These controls may include the segregation of responsibilities, the preparation and introduction of certain policies or procedures and the independent control of certain activities, to name a few.

The Dia Group has a comprehensive risk management system that includes both the measuring of inherent risks and the assessment of controls, mitigating measures and action plans to monitor each of the risks identified. This system uses a risk catalogue which regularly assesses and identifies the most relevant risks at corporate level. This catalogue, which can always include new emerging risks as they are identified, divides the risks into five categories: financial, operational, strategic, compliance and reputational. Both the risk catalogue and the assessment thereof are updated yearly. The non-financial risks specific to the Dia Group and its key stakeholders are detailed in the relevant report chapters ¹⁸.

Based on this catalogue and depending on whether the risk applies to a business unit or to the Group, each risk is assessed by each of the managers, as appropriate. A risk map is then drawn up for each business unit and these are subsequently grouped/added to a Group risk map. At the same time, the risk management process has been digitised through the GRC SAC risk management system.

During the last quarter of 2023, a review of the company's action plans and testing of the controls linked to the risk maps is planned to assess the Group's control environment based on the controls defined in each corporate risk map.

In 2022 various risks inherent in the business model, the Group's activities and the market environment materialised, caused by circumstances in the company itself and extraordinary circumstances:

- Strong competition in the food retail sector.
- Delay in adapting the business model to the needs of the market, due to the fact that market needs are changing, and it is necessary to adapt quickly to them.
- The political and social situation in the countries the Group operates in, as instability has affected the supply chain from time to time.
- The exchange rate risk due to the Group's presence in countries with high currency fluctuations. Argentina, one of the countries in which the Group operates, reached the status of a hyperinflationary economy in 2019.
- Inflation has put pressure on changes in the Dia Group's prices, costs and margins.
- Furthermore, as a consequence of inflation increases, central banks have significantly raised interest rates, which have also impacted on the financial choices taken by the Group.

The following risks have materialised as a result of the conflict between Ukraine and Russia:

- Operational risk due to lack of raw materials. On the one hand, this impacts the (b) supplier dependence risk whereby suppliers are unable to obtain the raw materials necessary to manufacture their products and, on the other hand, (c) the supply chain management risk caused by the increase in fuel prices and the potential shortage of products in stores and at points of sale.
- Risk of international sanctions by the EU in response to the Ukraine crisis and, in particular, sanctions packages against Russia. The Company informed the CNMV by making Other Relevant Information publications on 28

¹⁸ The Group's risk map contains a risk called "lack of integration of ESG objectives into the Company's business model", which would apply to all chapters of the report and which is not specified in order to avoid repetition.

February 2022, 15 March 2022 and 22 March 2022 that, within the framework of the EU's restrictive measures in response to the Ukraine crisis and, specifically, in relation to international sanctions against Russia, the Company is controlled by Letterone Investment Holdings S. A. ("LIHS"), which has a 77.704% interest in its share capital, and that, in accordance with the information available at that time and from LIHS, no individual shareholder of LIHS holds, either individually or by agreement with other shareholders, control of LIHS. As a result, and as in 2021, the Company has not been affected by the international sanctions adopted in response to the Ukraine crisis. It has however been affected in terms of reputation, and the risk of damage to brand image has thus materialised.

In terms of the regulatory system, the Dia Group has several instruments that have been appropriately documented and disseminated across the organisation and, where applicable, the value chain as well:

- Code of Ethics: foundation of the company's regulatory and values system.
- Corporate policies¹⁹: these policies set out the general principles that should govern all Company matters, following the recommendations of the Unified Good Governance Code of Listed Companies. If applicable, they are approved by the Board of Directors.
- Mandatory standards: these standards regulate high impact, key issues for the Group and describe the main controls and requirements for the actions to be taken in a process or area. These standards were developed in 2020 by mandate of the Audit and Compliance Committee and are approved by the Risk and Internal Control and Risk Committee. In 2022, a review of the existing mandatory standards was carried out to adapt them to organisational changes and to enhance their controls.
- Group and country-specific internal regulations: these are the set of standards, procedures and manuals that govern area operations in each country where the company is present.

This regulatory system has been strengthened in 2022 with the roll-out of a corporate values programme in line with the business purpose of being "closer every day to offer high-quality products within everyone's reach": customer, entrepreneurship, results, trust and learning. Furthermore, over the course of 2022, the company has updated the application used to publish and manage the regulatory system in order to arrange the information in a more coherent and intuitive way for the user.

In order to execute the internal control function, there are also specific control systems in place, mainly comprising the following implemented control models:

- Financial reporting control system (SCIIF). In order to establish a framework of principles and best practices, and to help improve the transparency of information, Dia has an internal control system where risk assessment, control activities, reporting, communication and monitoring operations work together to prevent, detect, compensate, mitigate and correct errors with a material impact or fraud in financial reporting.
- Crime prevention model (Spain). In order to assess the crimes to which Dia is most exposed as a direct consequence of its activity, the risk of each crime identified as potentially applicable to the Company is assessed and the established controls (general, cross-department and specific) are subsequently analysed and assessed.
- Anti-fraud model. The Dia Group has an anti-fraud and anti-corruption programme that identifies and assesses the risks of corruption and fraud in relation to its activity, as well as the control environment for the prevention and detection of corrupt and fraudulent practices.
- Non-financial reporting control system (SCIINF): In order to improve the reliability of the non-financial information reported, the internal control system is being reinforced to be integrated with the Dia Group's control system. This will mean that specific risks and control activities will be identified and documented and the system will be regularly and effectively monitored.

6.2.2. Ethics Committees

The Dia Group has one Group Ethics Committee and one Ethics Committee in each country. The Group Ethics Committee is made up of the compliance and human resources managers. The main purpose of these committees is to promote a

¹⁹ The policies that cannot be delegated by the Board of Directors according to law, the Company's Articles of Association or the Good Governance Code recommendations are available on www.diacorporate.com.

culture of ethics and integrity within the organisation and to manage the queries and complaints received. The Board of Directors receives a quarterly report from the Group Ethics Committee and is in charge of assessing its effectiveness and of issuing the amendments it deems appropriate in order to meet the desired objectives., through the Audit and Compliance Committee

The Code of Ethics is not only the cornerstone of the ethics and compliance programme, but also the foundation for the development of the other internal policies and standards governing the business. This Code, which formalises the Company's ethics model and the guidelines for conduct that must be complied with by all employees, managers and directors of the Group, including the parent company and all its subsidiaries, was updated in 2021 to ensure that the ethical principles are fully aligned with the Dia Group's values and culture. In addition to this Code, the "Ethics Hotline" is available for Dia staff and any external third party to submit queries or complaints about irregularities, which they can do anonymously. This tool is provided by an external supplier and managed internally by the Compliance department at Group level, guaranteeing the confidentiality and indemnity of the whistleblower at all times, as well as the traceability of all reports and the impossibility of their being modified or altered manually.

Suppliers, franchisees and contractors are informed of the Code of Ethics and the Ethics Hotline and these tools are available to them under the same guarantees as any employee.

In the case of complaints, the Ethics Committee's action procedure is to open a file where the reliability and accuracy of the information contained in the complaint will be verified. To this end, a hearing involving all those affected, witnesses and the Committee will be held and as many investigative measures as the committee deems necessary will be carried out to clarify the problem, issuing a final report with recommendations and their subsequent communication.

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
Fraud		Number of confirmed reports of corruption, discrimination or harassment: 9 (8 concerning harassment and 1 concerning discrimination)
Inadequate contract management		
Problems assimilating and putting into practice a Dia culture	Business ethics	Percentage of participation (and completion) of training in ethics: 84%
Damage to the Company's reputation and/or image		Average number of days to resolve complaints: 59

In 2022, 1,295 reports were received and admitted for processing via the Ethics Hotline. 741 of these are complaints relating to possible ethics breaches (533 the previous year) and 38 are enquiries (15 the previous year). It's important to note that almost 70% of complaints received (513) are anonymous.

After investigating the complaints, of the 661 closed in 2022, 484 were rejected on the grounds that there was no evidence of ethical breaches or that there was insufficient information for investigation and 177 were upheld by the various ethics committees. In addition, in 2022 the ethics committees resolved 50 complaints pending closure as at 31 December 2021, rejecting 43 of them and upholding 7.

Of the 184 complaints upheld (177 in 2022 and 7 from the previous year that have been upheld in 2022), none of them were related to corruption (none were upheld in 2021 either). There is one (1) confirmed case of discrimination in Argentina that has led to the reported person leaving the Company (in 2021, there was also 1 confirmed case of this kind). Lastly, 8 reports of harassment have been confirmed by the ethics committees (compared to 14 cases in 2021). 5 of these 8 reports have been filed in Brazil and relate to 4 separate cases, as 2 complaints related to the same events. The other 3 confirmed complaints of harassment relate to 2 cases in Argentina, as 2 complaints related to the same events. All of the confirmed cases have resulted in the reported person leaving the Company.

Ethics Committee activity	ARGENTINA		BRAZIL		SPAIN		PORTUGAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Total No. of reports	81	103	558	316	58	84	44	30
Total No. of reports resolved	71	89	505	297	50	63	35	27
Total No. of reports ongoing	10	14	53	19	8	14	9	3
Total No. of enquiries	11	3	16	7	11	4	0	1
Total No. of enquiries resolved	11	3	16	7	11	1	0	1
Total No. of enquiries ongoing	—	—	—	—	—	3	—	—

Table 5: Ethics Hotline activity in 2022 and 2021. The data for Spain also includes the Group and Clarel data.

Another of the priorities for improving the Group's ethics management and for increasing the confidence of employees and other stakeholders is to achieve greater agility in the management of the reports received through the ethics hotline. In 2022, the average resolution time is 59 days at Group level, improving on the 90-day target set and the 78 days achieved in 2021.

Lastly, the organisation's commitment to ethics has resulted in a new investment in training in 2022, which complements the efforts already made in the previous year. In 2022, a total of 30,590 Company employees undertook training on ethics and compliance, compared with 16,384 employees receiving training in this field in 2021²⁰. It should be noted that the ethics and compliance training programmes aim to ensure that all countries in which Dia operates share the same values, the same ethics culture and integrity. This is why they are always designed in a standard and unified manner for all countries. The Company is working to identify effective training channels for the store network to improve training rates in all Group Countries.

As far as the Directors are concerned, they all have profiles with knowledge and extensive experience in ethics policy training. Specifically, the members of the Audit and Compliance Committee are regularly informed of the content, planning and execution, as well as the results, of all training programmes on ethics issues carried out in the Company.

In addition, support and monitoring from the Board of Directors is a priority and, as an example, the Group's strategic objectives include continuous training in compliance matters for the group and these objectives are set from the Group's first line of management downwards.

Ethics policy training (205-2)	ARGENTINA		BRAZIL		SPAIN		PORTUGAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Executives	11	23	43	25	61	63	18	18
Managers	79	417	754	289	1247	1,277	163	142
Employees	2,891	1,170	7,278	2,520	15,354	8,694	2,690	1,746
TOTAL	2,981	1,610	8,075	2,834	16,663	10,034	2,871	1,906

Table 6: Employees pro-actively trained in ethics policies by professional category.
This information includes face-to-face and online learning using training platforms.

As part of the goal to promote an ethical culture, the Dia Group has a compliance function, which aims to identify, advise, control and report on the risks of non-compliance with applicable legislation. To deal with these risks of non-compliance, as well as the Compliance Policy, which outlines the principles and foundations for how the function operates, the following related policies should also be noted:

- 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 the Dia Group companies and the personal interests of the members of the governing bodies of the Dia Group companies and their representatives.
- The International Sanctions Policy, which aims to establish a regulatory framework for all scenarios in which the DIA Group may be involved during the course of its commercial activities and to set out an authorisation procedure that allows Dia to maintain control of all relations entered into with third parties. To implement this policy, a tool has been available since 2021 that centrally validates all suppliers before the start of any business relationship.

²⁰ The 2021 and 2022 are not totally comparable, as there have been changes to the methodological criteria (in 2022, only the Ethical Code formation have been considered)

Furthermore, as already mentioned the Dia Group has an anti-fraud and anti-corruption programme to identify and assess 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 laundering²¹, conflicts of interest, distortion of market competition, financing political parties, their candidates or their foundations, or influence peddling²². As measures to avoid or minimise these risks, there are control systems in place, including the Crime Prevention and Anti-Corruption Policy, the Anti-Bribery Policy, the Gift Policy, the Code of Ethics and specific regulations that govern purchase and sales prices and contract management, or regulations concerning the separation of functions.

Moreover, Dia Spain has updated its Crime Prevention Model to detect and assess 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.

6.2.3. Internal Audit

The Dia Group's internal audit function plays a fundamental role in the good governance of the company, providing independent and objective assurance and consultation designed to add value and improve the organisation's operations. As such, this function helps the organisation to meet its objectives by providing a systematic and disciplined approach to assessing and improving risk management, control and governance processes.

The annual plan of the Dia Group's internal audit function is drawn up on the basis of the Group's risk map, taking into account the most relevant risks and identifying the processes associated with them. The tests performed by the internal audit function provide an independent opinion on whether the controls in place in the reviewed processes are effective and efficient in mitigating the risks. The results of the work carried out are reported both to the company's management and to the Dia Group's Audit and Compliance Committee.

The internal audit function performs its work in strict compliance with the mandatory elements of the International Professional Practices Framework of The Institute of Internal Auditors, which includes the following elements: (i) the Fundamental Principles for the Professional Practice of Internal Auditing, (ii) the Code of Ethics, (iii) the Standards, and (iv) the Definition of Internal Auditing.

²¹ 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.

²² The risk of corruption and bribery is particularly relevant in procurement-related activities (the smaller the supplier, the higher the risk) and business expansion, i.e. purchasing or renting premises and building work (a higher risk is recognised in cases involving public entities). In turn, there is a higher inherent risk factor for activities carried out in Argentina and Brazil, as the risk of corruption and bribery is considered higher than in Europe.

7. MAKING QUALITY FOOD ACCESSIBLE TO ALL CUSTOMERS

Dia stores are within a 15-minute walk of 61.6% of Spanish people. Dia is also the company with the most sales points in towns of under 10,000 inhabitants²³. The Company's presence in all types of neighbourhood, something that is repeated in all regions, plays an essential role in providing access to quality food at the best prices for all families, wherever they live and regardless of their budget. In fact, the value of proximity in facilitating people's right to good food was clearer than ever during the pandemic and in the context of extreme weather events.

"Dia's proximity" is not just a physical concept, however. Proximity means offering the best service to the customer, knowing them in depth and adapting this service as far as possible to their tastes and needs; it also means offering the best multi-channel experience and being the best in last mile delivery; and of course, proximity means offering the best products, including the freshest and most seasonal products, at the best price. This is the context in which food safety, the nutritional quality of its private-label goods and access to food have become a priority in the Dia Group's Sustainability Plan.

Main communication channels with customers

The Dia Group uses different channels to communicate with and listen to its customers:

- The online shopping pages and related apps (Dia online) can also be used by customers to rate products and fill in a company 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, LinkedIn and YouTube.

Via the Dia Club, customers can voluntarily rate their shopping experience. In Argentina, for example, customer satisfaction is monitored in real time, allowing for action plans to be drawn up on a daily basis. This initiative, made possible thanks to significant technology, has achieved very positive results both in customer engagement and in their level of recommendation, which has increased by over 34% in 2022.

- Regular service satisfaction surveys are carried out in all geographical areas, both through the Dia Club and other types of outreach activity.
- Customer Support Services: in 2022 we have dealt with and analysed 558,098 communications, of which 113,948 are grievances and complaints, which account for 24% of the total number of communications. It is important to note that 82% of these grievances have been resolved following analysis.

Dealing with the queries and incidents that may arise from the customer service system is a cornerstone for improving the customer experience and trust, as well as to continuously improve operations, which is why we are constantly working to make it better. In Spain, for example, integration of the customer service system with other company information and management systems was improved in 2022, enabling incidents to be resolved faster and more efficiently. Other initiatives that have resulted in improved customer satisfaction are related to real-time store stock enquiries and compensating for incidents using vouchers that can be redeemed in store. One of the customer service department's priorities for 2023 is to standardise communications channels to provide customers with an omni-channel experience.

Key policies governing customer relations

- 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.

²³ "Despoblamiento rural: la brecha de la desigualdad" (*Rural depopulation: the inequality divide*), Luis Camarero and Jesús Oliva.

- The Customer Marketing and Communication Policy: based on respect for commitments to customers, honest verbal and written communications and integrity in all 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 employees 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 its particular impact on the protection of customer rights.

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
	Food safety	Percentage of approved suppliers: 89%
		Number of products reformulated to improve nutritional profile: 186
Food crisis/food safety	Nutritional quality of private-label goods	Growth in the sale of fresh produce: growth in all countries
Inadequate selection (value proposal)	Access to quality food	Total no. of people reached by the programme: over 3 million people via social media alone in Argentina and Portugal
		Customers in districts without stores and food deserts reached by Dia: 14,500 and 5,000 (data for Spain only)

7.1. Food safety

The Dia Group's Food Safety Policy sets out the general principles that should govern the company's activity in this area. In addition to this policy, a mandatory internal standard has been approved in 2022 to standardise minimum food safety requirements at Group level.

This regulation is based on two main pillars:

- Food safety control in product development. Verification requirements are set out to ensure that the production process meets the quality and food safety guarantees required by the Dia Group for all its suppliers of products manufactured under its private-labels.

Food safety control of products and processes from the reception of the goods until they reach the consumer.

In terms of controls at production centres, in Spain and Portugal all suppliers must have a Food Safety Initiative certificate at all factories where Dia's private-label products are manufactured. In Brazil and Argentina, this certificate can be replaced with an equivalent audit report undertaken by Dia. In 2022, 89% of suppliers at Group level (89% in 2021) are approved in

terms of food safety (416-1). Although this percentage is very high, especially taking into account the transformation process in which the Company is involved and the fact that many of these approvals do not count because they coincide with recertification periods, the Dia Group’s objective is for all its suppliers to exceed this control point. Dia also has internal and external control plans (with approved laboratories) that provide extra control over the whole process.

Once the product arrives at Dia’s facilities, it is subjected to a product safety and quality control plan, as well as the monitoring of other essential store and warehouse aspects, such as order and cleanliness, the cold chain, traceability, good hygiene practices and correct product rotation through audits. In 2022, 9,048 audits (15,128 audits performed the prior year), were performed, including processes to ensure maintenance control of the cold chain across the Group and the freshness of the fruit and vegetables on offer in stores.

7.2. Nutritional quality of the Dia brand

The relationship between a good diet and health is an undisputed fact these days. This is why in 2021 the Dia Group developed a tool that enables diagnoses to be made regarding the nutritional quality of around 7,000 private-label Dia products with respect to the main nutritional standards (Nutriscore, World Health Organization recommendations, NOVA, Chilean alert standards and other own standards) and also regarding the market, when this information is available. This first snapshot will help informed decision-making in this regard.

In any case, the Dia Group’s work on improving nutritional quality began by significantly reducing hydrogenated fats and added trans fats across its own brand. Reformulation work to reduce sugar, salt and fat content is already a reality in all Group countries on a systematic basis, with 186 products reformulated in Spain and Portugal alone in 2022 (in addition to the 199 reformulated in 2021). Information from Argentina and Brazil is expected to be available in the next few months.

	ARGENTINA		BRAZIL		SPAIN		PORTUGAL	
	2022	2021	2022	2021	2022	2021	2022	2021
No. of private-label products-- reformulated	—	—	—	—	101	90	85	109

Table 7: number of reformulated private-label products in order to reduce the amount of fat, sugar or salt.

Dia's concern with offering its customers products with an enhanced nutritional profile is also reflected in the launch of articles such as palm oil-free crisps and in the efforts to revamp and promote certain categories, such as frozen vegetables or dried fruit and nuts, which are generally deficient, based on the EAT-Lancet Commission’s healthy diet reference. Moreover, in all the countries in which the Group operates, significant funds have been invested to ensure that all stores offer the freshest possible fruit and vegetables, placing them as a central focus in the store layout. Thanks to these efforts, despite the decline in spending in this category²⁴, the weight of fresh produce sales at Dia Group has grown in all countries in 2022.

²⁴ Kantar Worldpanel 2022

7.3. Access to quality food

As mentioned, a rule of thumb replicated in every country in which Dia operates is that the capillarity of Dia stores extends through all kinds of neighbourhoods²⁵, regardless of purchasing power, and in countries with a greater presence, the chain reaches a huge number of districts, including the smaller ones. This unique position, which will be reinforced by online service expansion across all countries, will give the Dia Group the edge so that families can access fresh, quality products, regardless of their post code. This includes upwards of 75,000 people living in what could be classified as 'food deserts'²⁶ in Spain alone.

In 2021, the Dia Group had already made quality fresh food available to over 14,000 people living in municipal areas with no stores and to 5,000 people living in food deserts in the region of Soria by means of a sales and logistics plan that ensures supplies to all municipal areas in Europe's most unpopulated province. Following this route, in Portugal, where approximately 2 million people live in parishes without stores²⁷, the Dia Group has this year launched a project to improve the lives of those living in the most rural areas: there are already 48 franchisees in these areas who distribute fresh quality products to neighbours located within a radius of between 20 and 30 square kilometres. In turn, Dia has invested in a study, together with the University of Zaragoza, to generate more knowledge about supply options in less populated areas and diet quality in relation to inhabitants (the first results will be obtained in the first quarter of 2023). This knowledge, together with the experience acquired by the company in its online expansion and in rural last mile delivery, will set the course for Dia to develop a plan to reach more families in rural areas, so that all of them, wherever they live, can have access to high quality products.

At the same time, as mentioned previously, the specific presence of Dia in more humble neighbourhoods enables the company to create distinctive value by providing a quality diet for the most vulnerable families. The investment made to promote the fresh produce category in all stores is in line with this objective: across the entire Group, the share of fresh produce continues to grow. Additionally, Dia has begun working on projects in collaboration with NGOs and universities to better understand the reasons that explain the greater impact of obesity on the poorest classes.

In 2021, Dia carried out studies in partnership with NGOs and universities to better understand the reasons that explain the greater impact of obesity on the poorest classes and whether financial barriers were one of the main impacts. The results obtained in Spain seem to support the idea that the cost of a balanced diet, contrary to the initial perception of the families taking part in the study²⁸, is not an insurmountable barrier to eating healthily, and there are many other factors of an educational, psychosocial and commercial nature that come into play. In this study, which standardised financial barriers by giving all families a minimum budget, the participants of the experimental group that underwent the awareness programme and were monitored for 10 weeks, reported significant improvements in their consumption patterns and certain biomedical parameters (mainly weight loss).

Building on this knowledge (published in Nutrients magazine this year), in 2022 Portugal created the "Eat Better Every Day" programme with the CAIS association, which helps people at risk of social exclusion to demystify the idea that it is impossible to eat healthy and tastily if you have little money and also to spark the participant's interest in taking care of themselves and loving themselves through good nutrition. To do this, validated awareness-raising and training tools were provided and recognised key opinion leaders were used to dignify and create a community around the concept. The results of this programme have been very positive as 52 families have benefited directly from it and over 1,000,000 have been engaged via social media so as to adopt healthier eating habits. Although the economic barrier does not appear to be an insurmountable one for the vast majority of the population in Spain and Portugal²⁹, the situation differs substantially in Argentina and Brazil, where there are still large pockets of poverty that prevent a significant percentage of families from accessing food. During this year, the Dia Group has completed the study it had already carried out in Spain on the minimum

²⁵ According to a 2021 internal study on the distribution of Dia stores by income level in Spain, 36% of supermarkets are located in low-income census areas, 39% in medium-income areas and 25% in high-income census areas.

²⁶ Food desert: the term food desert was originally coined in the U.S. Here, food desert is used to refer to towns whose inhabitants have to travel over 15 km as the crow flies to reach a retail store.

²⁷ Internal study prepared using 2021 data.

²⁸ 52 adults and 14 children from vulnerable environments took part in this study, which divided the families into a control group and an experimental group.

²⁹ Study prepared using 2021 data.

cost of a healthy diet in the remaining geographical regions in which it operates, and the results were presented to the scientific community at the Congress of the Ibero-American Nutrition Foundation in October 2022. The results show that a balanced diet can be achieved at a very low cost, especially if changes in eating patterns towards more plant-based diets were possible. In addition to awareness-raising and training however, unlike in Spain and Portugal, economic barriers, sufficiency and cultural inheritance are factors that are particularly relevant in the Latin American context for all families to have access to a quality diet.

Using this knowledge, the Dia Group has been outlining a project that could deal with some of these difficulties. Against this backdrop, in 2022 Argentina has launched the Dia Saludable programme to provide healthy options for its customers, helping them to eat better. The programme, which has been widely disseminated across various channels (leaflets, website) can help over 2.5 million people via social media. At the same time, all other countries are also drawing up commercial programmes to help families who want to transition to more balanced diets to do so, regardless of their budget. This programme is expected to be launched in the first half of 2023, slightly behind the original schedule.

8. BUILDING A DIA COMMUNITY IN EVERY NEIGHBOURHOOD

Its network of almost 5,700 (5,699 at year-end 2022) essentially local stores allows the Dia Group to be very present in different neighbourhoods and to understand first-hand what is happening. The way in which Dia strives to be close to its customers by offering services that meet their needs was explained in the previous chapter. This chapter shows how employees form part of this Dia community, which is built from each store up, and how the company interacts with the most disadvantaged groups in these areas. The following chapter describes how Dia forms part of neighbourhoods through another key player: the franchisee.

8.1. Human capital

The Dia Group has a diverse workforce made up of 33,425 employees at 2022 year-end (38,575 at 2021 year-end). Of all Dia professionals, over 71% work in Europe (Spain and Portugal) and 28% work in Latin America (Argentina and Brazil), compared to 67.3% and 32.6% in 2021, respectively.

		Workforce by country at 31 December (405-1)						
		Executives		Managers		Employees		
		2022	2021	2022	2021	2022	2021	
ARGENTINA	Men	<30 years	—	—	32	48	553	617
		30-50 years	15	16	292	282	1,151	1,127
		>50 years	3	3	32	29	37	33
	Women	<30 years	-	—	20	23	302	344
		30-50 years	4	5	221	216	754	750
		>50 years	2	1	12	10	23	22
	TOTAL		24	25	609	608	2,820	2,893
BRAZIL	Men	<30 years	-	—	10	4	1,360	2,090
		30-50 years	20	14	123	149	900	1,575
		>50 years	4	12	17	17	89	140
	Women	<30 years	-	—	10	4	1,669	2,439
		30-50 years	3	2	94	112	1,693	2,418
		>50 years	-	—	4	3	97	95
	TOTAL		27	28	258	289	5,808	8,757
SPAIN	Men	<30 years	-	—	38	44	1,043	1,143
		30-50 years	42	42	441	459	2,968	3,312
		>50 years	12	10	157	148	1,094	1,056
	Women	<30 years	-	—	53	54	1,887	2,078
		30-50 years	12	14	525	548	9,489	10,762
		>50 years	11	13	189	164	3,337	3,214
	TOTAL		77	79	1,403	1,417	19,817	21,565
PORTUGAL	Men	<30 years	-	—	3	2	242	269
		30-50 years	6	6	49	49	487	530
		>50 years	3	4	18	23	81	87
	Women	<30 years	-	—	-	2	375	453
		30-50 years	7	6	69	68	1,069	1,240
		>50 years	1	1	7	4	164	170
	TOTAL		17	17	146	148	2,418	2,749

Table 8: Total number and distribution of employees by gender, age, country and professional category. Directors, franchisees and other external workers have not been included in this breakdown.

Main communication channels 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, the sharing of expertise, leisure activities and the dissemination of corporate information are encouraged. It is also where employee apps can be accessed.
- Bulletins: they share good practices, business information and 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.
- Use of new communication channels with employees, such as the app version of the website and WhatsApp messages (in Portugal they have been in use since the beginning of the year and 2,700 employees have already signed up with a 100% open rate).
- Regular surveys about different issues (from specific initiatives to general assessments of corporate culture) to find out what the workforce thinks. These channels, whether they are managed internally or via a third party, guarantee anonymity and total privacy regarding the responses given by employees.

Regular communication channels between top management and employees to improve trust, create closer ties with leadership and to share business developments and progress made in the transformation process. These meetings are face-to-face, online or a hybrid and their frequency changes depending on the business unit.

●

Key policies governing employee relations and their functions

- The Corporate Human Resources Policy: includes the 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 Dia'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.

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
	Employee and team development	Employee's level of recommendation: Improved in all countries and at Group level
Problems assimilating and putting into practice a Dia culture	Employee health and safety	Reduction in serious accidents (%) 41%
Problems attracting and retaining talent		Number of people with disability on workforce: 460
Occupational accidents	Diversity and inclusion	Number of people who belong to vulnerable groups: 292 Percentage of female managers: 28%

8.1.1. Responsible for quality employment

Almost all of Dia's workforce are on permanent contracts (95.85% in 2022 compared to 92.02% in 2021) and a large number of employees work full-time (79.83% in 2022 compared to 81.79% in 2021), as shown in the following tables.

Total employees by contract type and working hours at 31 December		
	2022	2021
Permanent	32,031	35,498
Temporary	1,394	3,077
TOTAL	33,425	38,575
Full-time	26,686	31,168
Part-time	6,739	7,407
TOTAL	33,425	38,575

Table 9: Total number of employees by contract type and working hours. Directors, franchisees and other external workers have not been included in this breakdown. In 2022, the calculation for Spain includes one Dia World Trade director and one employee. As temporary contracts in Spain, those that are due to circumstances of production and temporary substitution are reported.

Average annual contracts by gender (number)				
	2022		2021	
	Men	Women	Men	Women
Permanent	11,510	21,968	12,630	23,570
Temporary	835	1,804	1,131	2,833
Full-time	11,575	17,354	12,862	19,249
Part-time	7,70	6,418	900	7,153

Average annual contracts by age (number)						
	2022			2021		
	<30 years	30-50	>50 years	<30 years	30-50	>50 years
Permanent	7,204	21,018	5,255	8,698	22,594	4,907
Temporary	1,362	1,144	133	1,926	1,828	211
Full-time	6,892	17,652	4,385	8,762	19,259	4,090
Part-time	1,675	4,510	1,003	1,862	5,164	1,028

Average annual contracts by professional category (number)						
	2022			2021		
	Executives	Managers	Employees	Executives	Managers	Employees
Permanent	144	2,400	29,485	139	2,325	33,737
Temporary	-	16	1,369	2	24	3,939
Full-time	144	2,370	24,170	141	2,297	29,673
Part-time	-	46	6,693	-	51	8,002

Tables 10a, 10b and 10c: Average annual number of employees by contract type, gender, age and professional category. Directors, franchisees and other external workers have not been included in this breakdown.

In 2022, as in 2021, 100% of employees in Brazil, Spain and Portugal were covered by a collective agreement, either at company or industry level (in Argentina this figure is 69% of the workforce in 2022 compared to 70% the previous year). The Company also has 951 trade union representatives worldwide (in 2021 this figure was 1,058). Due to the countries the 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. Among others, the Group's Code of Ethics and the Ethics Hotline were created to help safeguard the Dia Group's commitment to respecting these values and others.

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 the Dia Group has various performance assessment mechanisms. Store and warehouse employees are assessed based on their performance and productivity, both on an individual and group basis. In the offices, individual objectives are focused on individual performance and they are aligned with the Company's results.

It is worth noting that in December 2022, Dia Spain signed a new collective agreement for 2022-2024, which sets out amendments to the basic salary with increases of up to 8% in two years and extraordinary bonuses for employees in stores, warehouses, offices and structural staff. This agreement, which has been negotiated between the Company's management and the workforce's legal representatives, strengthens confidence in the future of Dia, representing a firm commitment by the Company to its people.

		Average remuneration paid (euros) (405-2)					
		<30 years		30-50 years		>50 years	
		2022	2021	2022	2021	2022	2021
Executives	Men	—	—	174,300	202,041	173,788	255,881
	Women	—	—	117,935	135,147	158,063	170,628
Managers	Men	21,396	20,815	33,394	34,219	44,339	44,371
	Women	25,456	23,422	30,284	29,175	41,037	42,269
Employees	Men	10,737	9,934	16,043	15,425	21,817	20,851
	Women	9,968	9,192	15,285	14,834	18,331	17,684

Table 11: Average remuneration paid by category, gender and age range (Euros) at the Dia Group. This takes into account everything received by employees during 2022, except for remuneration in kind, which is considered to be less than 3.5. This includes fixed pay actually processed and paid, additional payments dependent on working hours, productivity or performance bonuses and profit sharing.

The Company's workforce is smaller than in 2021, due essentially to the restructuring of the store network to strengthen the company's proximity strategy and the increase in franchised stores globally, which in 2022 increased the workforce by over 1,500 people.

		Number of dismissals (401-1)							
		2022				2021			
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Executives	Men	0	12	10	22	—	6	4	10
	Women	0	2	2	4	—	2	3	5
Managers	Men	4	82	15	101	5	84	30	119
	Women	4	55	14	73	3	146	47	196
Employees	Men	1,146	1,126	142	2,414	661	595	71	1,327
	Women	1,317	2,140	315	3,772	668	1,319	227	2,214
TOTAL		2,471	3,417	498	6,386	1,337	2,152	382	3,871

Table 12: Number of dismissals by category, gender and age.

8.1.2. Employee and team development

In a sector as competitive as food retail, one of the strategic priorities of the Dia Group is not only to attract, but also to retain talent.

The Company has launched a programme to monitor and improve employee satisfaction in all the regions in which it operates to outline action plans for managing the issues of greatest concern to the Group's more than 33,400 employees. As a result of this programme, overall employee satisfaction has improved at Group level and in all 4 countries.

Some of the key actions carried out in 2022 include two milestones that tackle the objective of achieving greater individual development and "Team Dia": introducing a culture based on a renewed purpose and values and an ongoing commitment to employee training and development.

The Dia Group's proximity purpose has been the driving force behind Dia's redirection towards a unique business model that puts people at the centre and takes care of the way it relates to all its stakeholders so as to build relationships with its entire ecosystem based on trust and transparency. This *New Dia* concept is built on renewed values that permeate all spheres of the organisation: from the management committee to the employees in stores and warehouses. The Dia Group has a large and diverse team of professionals who are results focussed and, in the spirit of partnership and simplification, offer the best version of themselves every day to achieve continuous growth and the satisfaction of their customers, the real stars of the company's strategy.

The Dia Group has also maintained its commitment to support employees in their development by providing 370,224 hours of training, which is 7% more than in 2021 (when training hours had already increased by more than 40%). In Spain, over 267,000 hours of training have been given, both in person and online and in Portugal, the investment in training has been doubled. The development of digital skills has been key this year, as has investment in programmes to raise awareness on proper treatment, ethics and compliance, and energy efficiency. In addition, there are also training programmes in leadership and team management skills, the aim of which is to implement a development programme for all the organisation's leaders, with a training and implementation process lasting several years.

Furthermore, Dia has become the first retail company to offer its franchisees advice and support via its organising entity, *Campus Dia* and *Academia Dia*. This entity offers a wide range of qualifications and training, as detailed below.

		Training (404-1)					
		Executives		Managers		Employees	
		2022	2021	2022	2021	2022	2021
Men	Training hours	1,438.3	909.8	21,500.1	17,622.5	95,934.0	92,349.9
	Average training hours	53.7	9.0	64.7	14.7	34.6	7.4
Women	Training hours	448.5	498.9	31,101.3	21,094.6	219,802.5	212,366.1
	Average training hours	38.1	12.5	85.7	18.4	34.1	8.4
TOTAL TRAINING HOURS		1,886.8	1,430.3	52,601.3	38,750.2	315,736.5	304,731.8

Table 13: Annual training hours and average training hours by professional category and gender.

Other 2022 talent management highlights relate to the review of the performance management process and the introduction of a succession and talent development plan, which will be fully implemented in 2023.

Lastly, the company has listened to its employees and what they need to be able to improve their work-life balance and has decided to continue practices that have had a positive impact on employees. In all countries, a hybrid working model has been arranged for those employees who can combine the two, i.e. mainly office-based employees.

8.1.3. Occupational health and safety

Occupational health and safety, which includes aspects of well-being, is a basic principle of excellence in human resource management and its importance has been emphasised as such in the Group's Strategic Sustainability Plan. The Company is committed to reducing serious accidents by 15% over the coming years, a reduction that will be achieved by improving employee health and safety management systems. In 2022 a reduction of 41% was achieved compared to 2021.

The main improvements in the management system relate to the involvement of managers in following up actions resulting from regular audits. Employee training is also a key point and a fundamental pillar around which prevention revolves, as it makes employees aware of their fundamental role in prevention and how their actions have an impact on their health and on the Company. As well as essential prevention training (building evacuation, machinery and load handling, etc.), employees are offered a wide range of training options aimed at improving their well-being and that of their families (self-esteem, stress management, healthy eating, cardiovascular prevention, breast cancer prevention, first aid and CPR, to name but a few). Pilot projects have also been launched in logistics centres to provide assistance with workers' ergonomics as well as the help of a physiotherapist to prevent and improve postural hygiene.

Another milestone in 2022 was the effort to understand and reduce absenteeism rates in the countries where the Group operates. In Portugal and Argentina, the human resources team has undertaken specific actions that are directly supported by a medical team with employees to understand their situation and needs. In Portugal, attendance at work is also rewarded with specific incentives. These measures have been successfully implemented and have enabled the desired objectives to be achieved.

In Spain, all work-life balance measures derived from the "Mecuida Plan" have been upheld, such as the option for shorter working hours of up to 100%, and these measures have remained in force until 30 June 2022. Beyond the contents of the collective agreements, there are no specific additional health and safety agreements with unions, although all related issues are covered by the agreements.

	Absenteeism and key health and safety indicators (403-9; 403-10)			
	Men		Women	
	2022	2021	2022	2021
Hours of absenteeism	1,461,850.7	1,435,810.8	3,751,996.1	3,636,971.9
Number of accidents	758	841	924.00	1,153
Accident frequency rate	32.4	32.5	24.3	27.1
Number of serious accidents	7	11	3	6
Severity rate	0.7	0.7	0.6	0.6
Work-related illness	3	11	31	38
Deaths	-	—	-	—

Table 14: Absenteeism and main health and safety indicators. Absenteeism reflects hours of absence due to illness, accident or unjustified absence (including Covid-19). The injury frequency rate represents the number of injuries per 1,000,000 employee hours worked. The severity index represents the number of working days lost due to accidents resulting in sick leave, in thousands, divided by the number of hours worked.

8.1.4. Diversity and inclusion

As already mentioned, the vast capillarity of Dia stores enables the business to form part of the socio-economic fabric of the neighbourhoods and towns, offering professional opportunities to a large number of people and reflecting all of these realities. In 2022, 81 nationalities were employed at Dia with professionals from all generations. In addition, over 5,900 young people under the age of 25 (similar figure for 2021— 6,085) and around 5,000 unemployed individuals were hired³⁰. Furthermore, in Spain and Portugal, over 28,000 and 6,000 people, respectively (compared to 20,000 in 2021 in Spain)

³⁰ Data is estimated using unemployed people hired at a regional centre in Spain (29%). This is a conservative estimate as the percentage of unemployed people identified in Brazil through a census of over 3,600 employees is 68%.

have completed regulated training courses at the Dia Schools/Academies, giving them the opportunity to work as cashiers, warehouse workers or section managers at Dia or any other company in the sector.

The Dia Group has also made major efforts to offer training and employment opportunities to groups who are in particularly difficult circumstances, such as those at risk of social exclusion. In partnership with organisations such as the Spanish Red Cross and Cáritas, 578 people (205 in 2021) in Spain alone have been trained and have done work experience at the Company's stores and warehouses, providing them with skills that can open doors at Dia or at any other company. In addition, a total of 292 (161 in 2021) people at risk of social exclusion and from employment programmes run by the Red Cross, Caritas or refugee support associations have been hired by the Dia Group in Spain and Portugal.

Furthermore, in 2022 the Red Cross has named the Dia Group a collaborating company, recognising its sustained commitment to improving people's lives and promoting social change. In Portugal, the company has started working on a pilot project with Associação Cais, a charity that provides social and employment support to vulnerable people, so that they can re-join the labour market. The project is based on training in personal branding, success strategies for preparing CVs and interviews and in knowledge of basic cash transactions, so that participants feel prepared to return to the labour market. This training enhances the skills and employability of the candidates, who may be invited to take part in a recruitment process for Dia Portugal or in an on-the-job training programme. Argentina has also made significant progress in promoting employment inclusion by joining the "Te Sumo" programme in 2021, run by the Ministry of Productive Development, to integrate unemployed young people through the franchises and via internal recruitment processes as well. This year in Argentina approximately 500 jobs have been created, which are mostly filled by local employment pools to introduce young people from vulnerable sectors to the job market.

In addition to the significant impact that these programmes have on many people, the company is confident that proactive diversity management can achieve significant organisational skills, such as better customer care, better problem resolution and a more open and tolerant culture. For all these reasons, this is a material issue for the Group. However, to achieve all these benefits, the company is mindful that not only is workplace integration important, but also creating an environment that promotes inclusion and full personal development in equal opportunities.

In this regard, Dia is committed to respecting the principal of equality and condemning any type of discrimination, in whatever form, direct or indirect, or on any grounds: gender, sexual orientation, civil status, age, race, social status, religion, political affiliation, or any other personal situation. The General Human Resources Policy and Code of Ethics are the tools that guarantee this principle is fulfilled. Furthermore, in 2020 the Dia Group approved a mandatory standard, with associated control procedures, for the purposes of guaranteeing that recruitment processes are conducted solely on the basis of merit and the necessary skills for the job.

Additionally, 2022 has been an important year for moving forward proactively in managing diversity and inclusion. Diagnostic studies in this field have happened in Spain, Argentina and Brazil (in the latter, this work includes a survey of more than 3,600 employees on this specific issue) and plans are starting to be drawn up to tackle the specific objectives that the different regions are setting themselves on the basis of the listening processes that have been initiated.

Some of these actions have already taken place, such as the Manifesto for Diversity and Inclusion approved by the management committee in Brazil, the creation of Diversity Committees in Argentina and Brazil, on which the company's main managers sit, and the preparation of specific training on the subject. Investments have been made to combat unconscious bias in Brazil and in Spain, to raise awareness and to provide store staff with tools to better manage the functional diversity of customers.

Specifically in terms of functional diversity, Brazil has made huge efforts to increase the percentage of people with disabilities in its workforce, which in just one year has risen from 2.8% to 4.3% at the end of 2022. This has been made possible by a strong commitment to putting the values of inclusion into practice, which often requires working on and overcoming many ingrained biases and prejudices. In Spain, significant efforts have also been made, including a communication and awareness-raising plan on the subject, the creation of tools for the selection and subsequent recruitment of people with functional diversity and the presence of the company on specific employment websites. Along the same lines, special attention has been paid to working with entities engaged in functional diversity and specialised employment agencies, and the company has made purchases from over 10 entities that are special employment centres (CEE).

Employees with a disability at 31 December (405- 1)

		<30 years		30-50 years		>50 years	
		2022	2021	2022	2021	2022	2021
Executives	Men	—	—	1	—	—	—
	Women	—	—	—	—	—	—
Managers	Men	—	—	1	2	—	—
	Women	1	—	5	5	1	—
Employees	Men	63	63	151	148	28	31
	Women	26	32	129	133	54	51
TOTAL		90	95	287	288	83	82

Table 15: Dia Group employees with a disability by professional category, gender and age as at 31 December.

In terms of gender equality, one of the most important instruments is the Equality Plan introduced in Spain in 2012 and which is currently under review. This Plan includes measures aimed at each of the following areas: access to the Company and recruitment; hiring and promotion; training; remuneration; work-life balance; occupational health; sexual harassment; gender-based violence; corporate culture, communication and awareness. It is a preventive plan and, therefore, focuses on eliminating any possibility of future discrimination based on gender. The existence of an Equality Agent, the implementation of different protocols for harassment and gender-based violence, prevention and discrimination systems (access, promotion, compensation, language) and specific awareness-raising campaigns, are some of the practical improvements linked to this programme.

In addition, the company has adopted a selection policy whereby, given equal conditions and skills, the person of the least-represented sex in the post in question will be given preference in the recruitment process. This policy, and the efforts made to bring women into the final stages of the selection process, have not however resulted in an increase in female managers. In the last three years, this figure has been around 30%³¹.

Gross pay gap (405-2)

	Executives		Managers		Employees	
	2022	2021	2022	2021	2022	2021
ARGENTINA	91.75	54.90	62.41	57.41	108.78	108.88
BRAZIL	76.32	82.51	78.73	63.58	82.52	86.35
SPAIN	72.65	70.98	88.23	86.08	84.04	84.60
PORTUGAL	74.07	65.15	90.57	86.20	91.11	86.49

Table 16: Gross pay gap percentages by gender (ratio calculated as the average remuneration of women divided by men for each category). No exclusions have been made in the perimeter for the calculation of this indicator. This calculation does not take into account key factors that allow comparability, such as professional category, functional department, performance, knowledge or professional experience, and which can significantly influence the end data. All items, except remuneration in kind, as it is estimated that it does not reach 3.5%, are taken into account for the calculation.

Lastly, it should be noted that the Dia Group recognises the importance of its employees' work-life balance. For this reason, as mentioned above, a hybrid and flexible model of teleworking and on-site work has been institutionalised in all the Group's offices. At stores and warehouses, days off are established based on a flexible model, taking into account the workers' preferences where possible. Employees' right to disconnect from work has not been identified as a priority issue in the conversations held with staff and staff representatives to date, which is why it has not been addressed in company regulations or policies.

³¹ The figure for 2021 is restated as, due to a calculation error, the percentage of women was reported as 38% when it should be 28%.

8.2. Accountability to society

The Dia Group is fully aware of the importance and impact of the food retail sector on society, whether it be supplying products to meet some of a person's basic needs, such as food and personal hygiene products, and making them available to everyone, or creating quality entrepreneurship opportunities and wealth through commerce. This is why the sections of this report describe the 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 included in the "societ" group (general public, public entities, the media, among others). An important part of Dia's accountability to this large group is related to fiscal accountability, to which the following section is devoted. In addition, the Dia Group considers that it has a particular responsibility to donate food to groups in need and has therefore focused its social action on this programme. A specific section (8.2.2) has been included in this chapter to describe the relevant initiatives.

8.2.1. Tax management and governance

The Dia Group's tax strategy was approved by the Board of Directors in 2015 and its main aim is to ensure compliance with tax regulations while ensuring that the Company's interests are covered and supporting the Group's business strategies. The tax principles and good practices comprising the Company's tax strategy must guide decision making at all levels.

As part of the good tax practices that guide Dia's activity, the tax strategy stipulates that the Group does not use opaque corporate structures of any kind or companies located in tax havens for tax purposes. The company also adheres to the Code of Good Tax Practices³². In this respect, it should be noted that the transfer of assets from the Spanish subsidiaries to the Luxembourg companies is taking place for the purposes of the financial agreement reached with the syndicated lenders, as explained above, and not for tax reasons.

The Dia Group is also committed to complying with the "OECD Guidelines for Multinational Enterprises" and with the OECD's BEPs reports on tax avoidance.

As a result of the Dia Group's tax strategy, the company has designed a Tax Risk Control and Management System, even though it is not strictly required to by law. Its aim is to manage the main tax risks identified in each business unit to monitor the effectiveness of the controls that mitigate them. To do this:

- Controls are defined within the different tax processes that are documented using risk and control matrices.
- The effectiveness of tax risk management is monitored by assessing the key controls set out by the tax risk managers themselves within the comprehensive risk management system in the SAP GRC tool.
- In addition to the obligatory mention of tax risk control management in the Annual Corporate Governance Report, the results of the annual review of the Tax Risk Control and Management System are reported to the Board of Directors' Audit and Compliance Committee.

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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

	Profit before tax (thousands of Euros)		Tax paid (thousands of Euros)	
	2022	2021	2022	2021
ARGENTINA	60,085	7,612	-12,165	-109
BRAZIL	-69,968	-44,147	108	836
SPAIN	-61,055	-187,490	35	-1,420
PORTUGAL	-19,050	-19,431	-429	-417
TOTAL	-89,988	-243,456	-12,451	-1,110

Table 17: Profit before tax and tax paid, in thousands of Euros. A negative tax paid figured reflects tax paid and a positive tax paid figure reflects a tax refund. In 2021 and 2022, profit/(loss) before tax for Switzerland and Luxembourg (-408 in 2022 compared to 113 in 2021 and -466 in 2022 compared to -291 in 2021, respectively) are included as part of Spain. Tax paid for Switzerland (-8 in 2022 compared to -33 in 2021) is also included as part of Spain.

Tax paid has been calculated on a cash basis, for which the main considerations taken into account are as follows:

- Withholdings borne during the year.
- Interim payments for the year.
- Tax payment / refund (normally relates to the prior year).
- Payments arising from tax inspections.

In 2022, no payments arising from tax inspections have been made. Further information about tax management, including lawsuits and periods open to inspection can be found in Note 16 to the 2022 Consolidated Annual Accounts.

Regarding other transactions with government bodies in 2022 (as in 2021), the Dia Group has not received any government grants in any of the countries it operates in³³ (201-4).

8.2.2. Supporting the community

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
Damage to the Company's reputation and/or image	Increase food donations to support the communities in need where the company has operations.	Kg of donated food (both fit for sale and not fit for sale): over 880,000

As mentioned above, Dia has made it a priority in terms of social action to increase donations of surplus food to reduce food waste and also to help disadvantaged groups by giving food that is not suitable for sale but is fit for human consumption. During 2022, surpluses have continued to be donated from warehouses and darkstores. Specifically, this procedure has led to over 87,000 (19,000 kg in 2021) of food being delivered to partners such as World Vision and Caritas in Spain alone. The overall amount of surplus donations has dropped compared to the previous year, as stock management has improved (over 675,000 kg vs, over 893,000 kg in 2021), but it still represents a large amount of products that are channelled to the communities most in need rather than being destroyed.

As well as directly donating surplus products, Dia works with many organisations that help vulnerable people in all countries, including in 2022 those that have provided support to people affected by the war in Ukraine. This year, the Dia Group has donated over 200,000kg of additional products, more than €200,000 to these groups and has helped to raise, with customers

³³ 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.

and employees, almost €1 million (€968,806) mainly to provide food and other types of aid to those most in need, including war refugees.

As well as the significant monetary donation raised this year, Dia has placed special emphasis on helping its Ukrainian employees and their families. Ad hoc communication channels have been set up between this community and the company and material has been sent to the city of origin of several of these employees (sleeping bags, torches, batteries, tents, first aid material, etc.).

Lastly, due to its enormous penetration and capillarity in the poorest neighbourhoods, the Dia Group is a reference partner for many organisations that distribute economic resources in the form of food vouchers to beneficiaries with whom it works by offering discounts on sales prices. All the associations and NGOs that Dia Spain works with undergo an approval process that ensures the quality and transparency of their management. This procedure will be rolled out to the other countries in the future.

As in 2020 and 2021, no sponsorship actions have been identified by the Group.

Key industry alliances

The Dia Group is aware that many of the global challenges facing the industry and society as a whole require different players to come together and act in partnership. For the sake of transparency, below are the main industry associations with which the Dia Group is involved worldwide:

- CEOE (Confederación Española de Organizaciones Empresariales— *Spanish confederation of business organisations*)
- ASEDAS (Asociación Española de Distribuidores, Autoservicios y Supermercados— *Spanish association of distributors, self-service chains, and supermarkets*).
- Círculo de Empresarios (Business circle).
- 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 packaging technology platform*).
- 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*).
- AEF (Asociación Española de Franquiciadores (*Spanish franchisers' association*)):
- IDV 45employ45too para el Desarrollo del Viajero— *Institute for retail development*)
- ISMS FORUM (La Asociación Española para el Fomento de la Seguridad de la Información— *Spanish association for the advancement of information security*).
- ISACA (Asociación de Auditoría y Control de Sistemas de Información— *Association for the audit and control of information systems*)
- ABF (Asociación Brasileira de Franquiciadores (*Brazilian franchisers' association*)):
- ABRAPPE (Asociación Brasileira de Prevención de Pérdidas— *Brazilian45mps prevention association*).
- APAS (Asociación Paulista de Supermercados— *São Paulo supermarkets association*).
- APED (*Portuguese association of distribution companies*).
- APF (*Association of Portuguese franchises*).
- ASU (Asociación de Supermercados Unidos— *Association of united supermarkets*).
- AAMF (Asociación Argentina de Marcas y Franquicias— *Argentine association of brands and franchises*).
- CGF (Consumers Good Forum).
- APAN (Associação Portuguesa de Anunciantes— *Portuguese advertisers' association*)
- SENAC (Servicio Nacional de Aprendizaje Comercial— *National service for business learning*).
- SESC (Servicio Social de Comercio— *Social service for commerce*).
- Portuguese Sociedade Ponto Verde

9. UNDERSTANDING AND SUPPORTING OUR PARTNERS AT SOURCE

Dia works to gain a full understanding of and to care for the details surrounding the manufacture and sale of its products and to build a transparent and fair relationship with its strategic partners: the franchisees and suppliers. The ultimate goal is to create a relationship of trust and mutual support in which everyone wins: company, strategic partners and customers. This chapter explains how Dia manages its relationship with these strategic partners to achieve this result.

9.1. Franchisees

With over 30 years of experience in developing the franchise model, the Dia Group has become the leading franchisor in Spain, according to the 2022 franchise guide in the "Emprendedores" magazine, and the seventh in Europe, according to the international ranking by the Franchise Direct consultancy firm, which is based on parameters that take into account economic issues, innovation capacity, environmental impact and franchisee support, among other aspects.

At 2022 year-end, the Dia Group had 2,947 franchised stores (compared with 2,710 in 2021), which is 51.6% of all its supermarkets (in 2021 this figure was 45.6% of the store network). The Company provides its franchisees with its historical knowledge of the industry, the strength of its brand and its logistics services, while the franchisee brings its sales vocation and knowledge of the local market, which is key to developing proximity and the proximity model.

This relationship of trust between the Dia Group and its franchisees also generates value and wealth in the communities where the franchises are established. In 2022, Dia's franchise business generated almost 19,900 direct jobs (17,991 in 2021).

	Franchised stores		Number of franchise employees	
	2022	2021	2022	2021
ARGENTINA	727	648	4,512	4,333
BRAZIL	243	167	3,966	3,146
SPAIN	1,686	1,598	9,255	8,308
PORTUGAL	291	297	2,183	2,204
TOTAL	2,947	2,710	19,916	17,991

Table 18: Franchises and the estimated number of employees in the franchise network.

Main communication channels with franchisees

- Satisfaction surveys prepared by NielsenIQ, the independent consultancy firm. This anonymous and confidential survey collects information from franchisees on where they see room for improvement.
- The Franchise Portal, an online platform franchisees can use to access databases of proprietary and comparative information and contact the Group directly.
- Franchise newsletters in all countries the Group operates in.
- Regular discussion forums with senior management, where two-way communication is key and franchisees have access to decision-making processes.
- Daily communications with supervisors and franchise analysts.

Key policies governing franchisee relations

- Corporate Franchise Policy: sets out related guidelines to ensure that the legislation in each country is respected, that the information provided is accurate and that agreements with franchisees who choose to manage a Dia store through the franchise model are complied with.

- Mandatory Standard for the Recruitment of and Relations with franchisees: aims to guarantee the effective recruitment of, relationship with and management of Dia Group franchisees.

9.1.1. Dia: reference partner for franchisees

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
Inappropriate management of franchise partners	Franchisee satisfaction	Level of recommendation: improvement in all countries and at Group level.

Almost half of the Dia store network worldwide is managed by the 1,854 franchises (over 2,100 in 2021), adding over 19,500 indirect jobs to the Company’s ecosystem, as previously mentioned. This network of franchisees and their employees share Dia’s purpose and values and have faith in the Company’s shared project to be closer to people every day. This data demonstrates a principle that the Dia Group holds true: the success of the Company depends on the satisfaction of the franchisee.

Although Dia has been valuing franchisee satisfaction for many years, since 2021 it has measured this satisfaction rate based on the *net promoter score* and improving this index is part of the objectives of the Group’s own Management Board. This year, external consultants conducted two satisfaction surveys with franchisees in the entire Group, with an 79% participation rate. The recommendation level results are improving in all countries, with a 78-point improvement at Group level compared to the previous year’s surveys, which already showed significant growth.

The main projects that explain a large part of the improvement registered, are as follows:

- Improvement of franchisee attraction and selection processes, with even more transparency around the commercial relationship and what is expected from both parties. Additional filters have also been outlined to ensure that the profile of the potential franchisee fits in with the success model proposed by Dia.
- Greater investment in franchisee training: investments have been made in processes that not only support the franchisee to resolve doubts and operational issues, but also, in many cases offer training on key aspects of business management. The role of the franchisee analyst, a position created in all the countries in which the Group operates, is key in this regard.

In Spain, a corporate university known as Campus Dia was created in 2021 for franchise holders to support their growth as entrepreneurs and to help them achieve a profitable, competitive franchise that is closer to the customer every day. Campus Dia offers training in hybrid format, that is, both online and face-to-face, and it marks an unprecedented milestone because all of the content has been created specifically to cater to the needs of the franchisees and their teams, bringing together everything they need to know to be excellent managers. Since it was created in November 2021, Campus Dia Spain has provided over 56,688 hours of training to franchisees and their employees, with a total of 2,073 training sessions and courses on trades and store management. The result is undoubtedly positive, with 82% of franchisees using this platform. In line with Spain’s experience, Portugal also created the Dia Franchise Academy in 2022, which is set to promote a new induction plan and to update the expertise of those franchisees who have been working with the company for some time. Brazil and Argentina also have similar training services that are increasingly used by franchise partners.

- Achieving more effective communication with franchisees, i.e. two-way communication through which partners not only feel well informed of the key issues that concern them, but also feel supported and skilled to participate in the improvements that are relevant to their business. In addition to greater investment in classic communication channels such as updating the Franchisee portal or constantly updating the KPIs of most concern to franchises,

regular meetings have been set up between groups of franchisees and Dia management in all countries where the Group operates to ensure that the concerns of these preferred partners are always channelled and resolved. In Portugal, for example, a franchise committee has been created with franchisees and Dia Portugal managers from different areas, which has launched the “100% satisfied franchise” programme to create a multidisciplinary team that can resolve franchisee problems swiftly and effectively.

Implementing a new contract model which simplifies processes, guarantees correct store supplies and improves franchisee liquidity, among other improvements. This contract model, which started to be implemented in 2020, is already fully in place in Spain, Argentina and Portugal and is well advanced in Brazil.

All business units have already drawn up action plans to ensure that work continues in 2023 to significantly improve the franchisees’ perception of the value proposal and the business relationship Dia offers and, together, to continue to improve a business model that makes the business mission possible.

9.2. Suppliers

The Dia Group has numerous procurement and supply agreements for all its products, which it purchases from private-label suppliers and suppliers of national brands from all over the world. 95% of purchases are from national suppliers (which represent 87.8% of Dia suppliers compared to 86.3% last year), whose size and location varies greatly, since the Dia Group works with both large multinational groups and small local suppliers.

The Dia Group's activity involves responding to the needs of customers with the best products at the best prices and in the most convenient and accessible way for everyone. This journey, which starts with product development, always carried out in partnership with suppliers, is always governed by quality and food safety policies and requirements, as described in section 7.1. Once the product is manufactured, it is transported to the Dia Group’s logistics warehouses (internally called “primary” transport, which used to be controlled by Dia, but whose management has been progressively transferred to external suppliers so that currently only a residual part of the routes controlled by Dia in Spain remain). Subsequently, the products are transported to each store (internally called “secondary” transport), by exhaustively and carefully controlling the fleet (periodic renewals, fuel used, etc.), the load and the routes used to achieve the greatest efficiency and best storage and routes, managing to reduce the environmental impact (such as CO2 emissions) every year.

	Number of local suppliers		Percentage of spending on local suppliers (2021)	
	2022	2021	2022	2021
SPAIN	1,230	1,215	97.00	96.31
PORTUGAL	416	427	86.24	84.85
ARGENTINA	484	469	97.92	97.32
BRAZIL	650	708	99.79	99.82
TOTAL	2,780	2,819	-	-

Table 19: Number of local suppliers and percentage of expense relating thereto.

Main communication channels with suppliers

- Supplier website: an online platform where suppliers can access historical databases, the invoicing system and, in some cases, stock status reports.
- Suppliers convention at which the Company's main present and future strategic lines are presented.
- Regular meetings with management.
- Sales and support team.
- Website for potential new suppliers.

Policies

- The Corporate Food Safety and Quality Policy: aims to develop a trust-based relationship with customers via a system that guarantees the rigorous production, processing and management of all products offered by the company. Accordingly, the Company controls product quality and safety throughout the supply chain, monitoring storage, transport and sales processes.
- Policy on Respect for Human Rights in the supply chain: aims to set out how the Dia Group prevents or mitigates potential adverse impacts on human employment rights that may be linked to its operations with third parties.
- International Sanctions Policy: aims to establish a regulatory framework on international sanctions, as explained above.

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
Inadequate contract management	General supplier satisfaction	Overall supplier satisfaction: improving or stable in all countries.
Inadequate selection (value proposal)	Sustainability of raw materials	Number of private-label products/percentage that meet best practice guidelines. Fishing: 7% Deforestation: <ul style="list-style-type: none"> ● Palm oil: 94% ● Soy: 52%. ● Meat: 92% Animal welfare: 46%
Risk of violation of human rights (Sustainability Plan)	Human rights management in the supply chain	Percentage of private-label suppliers that are signed up to the Dia policy on human rights: 92% Number of suppliers that have started the due diligence process: 61 new key suppliers.

9.2.1. Dia: benchmark partner for suppliers

Building and maintaining a satisfactory, trusting business relationship with suppliers continues to be one of the Company's priorities in 2022 and this objective is monitored through an outsourced supplier satisfaction survey in each of the countries in which Dia is present. In 2022, supplier satisfaction regarding their relations with Dia has improved (or is the same where the data provides a lower resolution) in each of the Company's business units. More interestingly, the data provide insight into the greatest opportunities for the company to further strengthen this relationship and become a partner of reference for the supplier.

Across the board at Group level, these opportunities can be summed up in the following points:

- Achieving greater clarity and transparency regarding the Company's strategy, so that suppliers can become aligned and participate in the joint success.
- Encouraging collaboration to achieve improved in-store delivery of joint initiatives.
- Improving communication and sharing more information on day-to-day operations, in order to establish shared improvement plans.

Based on these results, projects have been outlined to improve communication: regular meetings have been set up between the Company's senior management, including the country CEO, and suppliers. In Argentina alone, more than 25 such meetings have been held in 2022. The aim of these actions is to improve transparency, identify shared objectives and define joint business plans. Another practice that is gaining momentum in all the countries where the Group operates is the holding of a national supplier convention, where both private-label and national brand suppliers can learn about the company's priorities for the coming months.

As well as this investment in communication, success has been achieved in implementing a system for effectively sharing relevant management data with suppliers, such as sales or stock levels, with very specific targets, such as reducing defects or shrinkage.

9.2.2. Managing potential impacts associated with the Dia Group's value chain

9.2.2.1. Sustainability of raw materials

(304-2)

Although, due to their location, the direct activities of Dia do not generate a significant negative impact on biodiversity, the Group's supply policies may have an indirect impact on biodiversity and normal ecosystem functioning. This is particularly true in relation to deforestation, sustainable fishing and animal welfare, issues that the Dia Group has decided to tackle head-on in its first Strategic Sustainability Plan.

To this end, in addition to consulting with various stakeholders to deepen its understanding of the associated issues, Dia has defined a work plan to ensure progress on two objectives: to support best practices in each field through certification programmes that are aligned with ISEAL Alliance principles and to reduce the potential risks associated with the use of raw materials.

Much of the effort made in 2021 and 2022 to fulfil this work plan has focused on defining precisely these risks, obtaining an initial diagnosis of the situation based on existing information and better understanding our suppliers' best practices.

Fishing

The commitment to products with the Marine Stewardship Council (MSC) certified sustainable fisheries seal in Spain and Portugal is noteworthy, as there are now 36 products with this seal in the private-label range (30 in 2021).

The Dia Group also continues to work with the NGO Sustainable Fisheries Partnership (SFP) to provide information on the fishing grounds used to supply fish products, so as to draw up a supply policy and to promote, as participants in the supply chain, a more sustainable seafood market.

	Spain	Portugal	Argentina	Brazil
Percentage of private-label fish products with the MSC seal	7	13	0	0

Table 20: Percentage of fish products with the MSC seal out of all private-label fish products.

Animal welfare

One of the most important steps taken by the Group is to adopt a commitment whereby Dia stores will only sell eggs from free-range hens (2025 in Spain and 2028 in Argentina and Brazil).

In addition, 74% of private-label products in Spain, where appropriate, are certified according to the Welfare Quality standard, including 100% of private-label eggs.

	Spain	Portugal	Argentina	Brazil
Percentage of products with animal welfare certification	74	7	0	0

Table 21: Percentage of private-label products (beef, pork, poultry, eggs, dairy), where appropriate, with animal welfare certification.

One of the main causes of deforestation and forest degradation is the expansion of crop farming, linked to a series of basic food products. In this regard, Dia is working on four key raw materials: palm oil, soy, paper pulp and meat. Dia undertook a due diligence process regarding these materials in order to better understand the supply chain and identify potential negative impacts in order to begin to minimise these.

	Spain	Portugal	Argentina	Brazil
Percentage of certified palm-oil products	95	100	100	87
Percentage of private-label products with meat from countries of "non-risk origin"	100	100	100	0
Percentage of private-label products with paper from countries of "non-risk" or certified risk origin	100	100	100	100
Percentage of private-label products containing soy from countries of "non-risk" or certified risk origin	100	82	0	14

Table 22: Private-label performance in relation to raw materials that may contribute to deforestation.

Palm oil is a raw material that first started to be processed and for which a greater market exists, which is why it is the Company's ambition to eliminate palm oil from its products or ensure that any palm oil used is certified according to the RSPO (Roundtable on Sustainable Palm Oil) standard. In 2022, progress has not been as expected as a result, among

other reasons, of the additional problems caused by the commodities crisis, which has led to instability, higher prices and slower growth in certain categories, with negative consequences for both the company and consumers.

Other significant raw materials in terms of deforestation are beef and paper pulp. As Brazil is considered a risk country for beef, and due to the absence of specific standards thereon, Dia is dealing with this issue on a case-by-case basis with its suppliers in these countries. The paper pulp used by the Group does not appear to come from risk countries.

Soy is one of the raw materials that may currently be contributing most to deforestation of sensitive areas at present. This ingredient is used directly in certain private-label products (from soy sauce to soy oil), but according to analyses carried out in the food industry, the most significant impact is related to indirect consumption of soy contained in animal feed. The Dia Group aims to work in collaboration with its suppliers to better understand the exact origin of the soy used and ensure the sustainability of the soy contained in its private-label products³⁴. Anywhere that Dia does not have sufficient information or influence to tackle complex and structural problems, the Company will work with others to drive a transformation that tackles the root causes of these social challenges.

9.2.2.2. Human rights management

Recognising that the farming sector is an industry with a high risk of breaching basic human and employment rights, such as child labour and slave labour, the prevention and mitigation of these potential impacts on the value chain has been deemed as material within the Dia Group's Sustainability Plan.

Dia is committed to ensuring that the people who provide the products and services it buys and sells are treated fairly and that their fundamental human rights are protected and respected. Implementing this commitment is grounded in different regulatory instruments and management systems which are being created for this purpose³⁵, in accordance with the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights.

The Policy for Respecting Human Employment Rights in the Supply Chain, approved in July 2021 by the Dia Group's Executive Committee, aims to establish how Dia can prevent or mitigate the adverse impacts on human employment rights that may be connected to its operations with third parties. This policy, which uses employment standards set forth in the *Ethical Trading Initiative (ETI) Base Code*, applies to all suppliers (direct or indirect) and franchisees of all regions and subsidiaries of the Dia Group.

In 2022, the commitment of suppliers and franchisees with these principles has become part of the contractual reality of the Dia Group and around 92% of private-label suppliers have already committed to this policy (in 2021 it was 70%) (412-3).

Another of the decisive steps in the application of this policy has been the definition of a risk assessment and due diligence process, in order for the company to pro-actively manage real and potential risks to human rights. To this end, Dia has started to work with Sedex³⁶, an ethical exchange platform that enables the entire supply chain monitoring programme to be defined and monitored, being able to identify the risk of human rights violations through questionnaires and audits provided by the supplier. Of course, any other reliable source of information that points to potential non-compliance (such as information in the media or reported by an NGO) could give rise to new control processes involving any supplier. In 2022, progress has been made to identify suppliers with higher inherent risk, i.e. those that are labour-intensive, migrant or informal labour, among other issues. These suppliers are being asked, as a matter of priority, to enter into a due diligence process to gain a better understanding of their management system. This project has enabled 61 of these suppliers to start this due diligence process (414-1), which will continue throughout 2023. If an issue is confirmed, Dia supports and expects that the necessary action plans will be implemented to tackle the fundamental causes. Although cancelling the commercial

³⁴ Acceptable standards for soy are Round Table for Responsible Soy, Proterra, Sustainable Agriculture Network, International Sustainability & Carbon Certification ISCC PLUS.

³⁵ Based on factors such as the operations sector, geographical location and the existence of sufficient internal controls (active union representation among Dia workers and the policies, procedures and dialogue channels dedicated to detecting any non-compliance and promoting well-being improvements), compliance with human employment rights is not deemed to be material in relation to Dia Group business activities. Therefore, this chapter focuses on the prevention and mitigation of human rights breaches by third parties.

³⁶ <https://www.sedex.com/es/>

relationship is not the company's first option, Dia will not hesitate to sever relations with suppliers who conceal, cause or contribute to adverse impacts on human rights and who do not act responsibly to remedy such situations within a reasonable timeframe.

As the Dia Group's Human Rights Policy itself states, the Company places special emphasis on those commercial relationships in which Dia has more responsibility and influence, where there can be greater risk of breach of fundamental employment rights and where the contribution of the company can be even more significant. Whenever Dia cannot resolve complex issues by itself, the Company works with others to drive a larger-scale transformational change.

10. WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES

The environment is a priority area for the Dia Group in the Sustainability Plan, insofar as it may affect company performance and may also be affected by the Company's operations. The specific issues mentioned in this report are those that are most relevant and those upon which action is taken to prevent or minimise their negative impacts. This is carried out by various departments in all business units, so there is no centralised budget or team for this.

In the Sustainability Plan, objectives have been set for the most material aspects for the Company in relation to its environmental impact, such as packaging to improve recyclability and the use of plastic in private-label products, reducing waste and food waste and climate change (in terms of reducing emissions generated by its operations). The table below shows some quantitative indicators for monitoring these aspects.

Main communication channels with stakeholders linked to the environment

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 policies governing environmental stakeholder relations and their functions

The Dia Group's commitment to the environment is defined in its Sustainability Policy, in which the company undertakes to pro-actively manage the potential impacts related to the company's activity in order to eliminate or minimise them, beyond regulatory compliance³⁷. In turn, the Strategic Sustainability Plan specifies Dia's environmental commitments for the coming years.

Summary of Strategic Sustainability Plan performance

Main associated non-financial risks	Key matter in the sustainability plan	2022 indicator and result
Inadequate selection (value proposal)	Packaging	Percentage of recyclable private-label and fresh products: 69% (Spain) Decrease in plastic content in private-label products (percentage): more than 18% since 2020 % (Spain) Percentage of recycled plastic in private-label drinks bottles: 11% (Spain)
Damage to the Company's reputation and/or image	Waste management and food waste	Decrease in tonnes of waste to landfill (percentage): over 30% Decrease in food waste (Spain and Portugal only) (percentage): around 17%
Regulatory compliance with environmental matters (Sustainability Plan)		
Known loss	Climate change	Percentage of CO2 reduction vs. 2021 footprint: 2.97% increase

³⁷ No significant fines for non-compliance with environmental regulations have been recorded this year (the significant thresholds for the reporting of penalties are Euros 0 for issues relating to competition; Euros 30,000 for issues relating to the environment; Euros 50,000 for other issues. 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 and there are no guarantees arranged for environmental risk (307-1).

10.1. Circular economy
10.1.1. Sustainable use of raw materials

The table below summarises the use of auxiliary materials in the Dia Group: Once again this year, all input categories except plastic (which has grown mainly due to the increase in openings in Argentina) have seen their consumption reduced, which accumulates a reduction of around 30% in the consumption of materials since 2020. Management improvements include the significant reduction in paper used, due mainly to a decrease in paper advertising leaflets distributed in favour of digital advertising. In addition, cardboard consumption has also decreased largely due to better management of this material in the store supply and stock management systems in Brazil.

Main materials consumed by major groups (Kg) (301-1).

	2022	2021
Paper and cardboard	6,005,980.10	11,126,760.86
Of recycled origin	2,527,845.99	7,986,807.00
Plastics	1,849,942.08	1,622,641.63
Of recycled origin	2	—
Other materials	3,003.30	98,680.24
Of recycled origin	1	—
TOTAL	10,386,774	12,848,082.73

Table 23: Main materials consumed at Dia Group by large groups (Kg). Other includes bags for individual use in Brazil, sticky tape and plastic sealing for lorries in Portugal and also rubbish bags in Portugal and Spain. The data reported include inputs from the franchise network.

10.1.2. Sustainable packaging

Reducing excess packaging and achieving more sustainable containers, with all the implications that this entails, has been included as one of the material issues in the Dia Group's Sustainability Plan. A commitment has therefore been adopted, which specifies the following goals:

- Reduce the amount of material in containers and packaging, specifically plastic (20% less in 2025 compared to 2020).
- Improve the recyclability of containers and packaging opting, wherever possible, for single-material packaging and/or packaging that can easily be recycled (100% of recyclable private-label packaging in 2025).
- Replace virgin materials with recycled materials, thus supporting the circularity of raw materials. The goal is to incorporate 25% recycled plastic into drinks bottles by 2025.

With a focus on these three goals, in 2021 a packaging identification process began to analyse the recyclability of around 2,000 private-label products, based on eleven characteristics, including composition (material type and combination), colour, and presence, size and composition of the label. In Spain, over 69% of private-label products analysed already comply with the recyclability criteria.

Moreover, in partnership with ITENE, Dia has developed a “Guide to sustainable packaging” that includes desirable characteristics and those to avoid, for each type of packaging and material, when designing new packaging or changing existing packaging. Following this guide, eco-design measures have been used on 366 products (around 20% of all private-label products) in Spain alone, thereby reducing the use of virgin plastic in packaging by approximately 8 million kilograms. Some examples are highlighted below:

- The new private-label cheese packaging uses 75% less plastic.
- Bundlers for private-label milk products are no longer made of plastic.
- The new Zero Waste range of personal care and hygiene products (shampoos, facial cleanser and dry conditioner) replaces 400ml formats in plastic packaging (38g) with cardboard containers weighing less (5g).
- Recycled PET (rPET) has started to form part of both drinks bottles and trays (almost all charcuterie and meat products now contain rPET).

10.1.3. Responsible waste management

The objective of the Sustainability Plan in relation to waste management is to reduce the amount of waste disposed of in landfill by 40% compared to 2020. To this end, Dia has introduced a new waste management model which will gradually be rolled out to all platforms and countries whereby waste that can have a second life is separated at source, following the waste hierarchy model, i.e. giving priority to prevention and avoiding landfill disposal whenever possible. Under this premise, the Dia Group has reduced waste generation by more than 14,500 tonnes in 2022 (a reduction of 8,500 tonnes already in 2021) and has reduced landfill by over 30% compared to 2021 and by 38% compared to 2020.

Improved range and stock management (using service-based and order preparation formats adapted to each product and each store or using IT tools for order optimisation) and better in-store management of products close to their sell-by dates are the cornerstones of the strategy to prevent wastage. As a result, wastage has been reduced by over 18% compared to last year, with some countries such as Brazil recording reductions of almost 40%.

Dia is also implementing a circular waste segregation project in its stores, which enables waste to be returned to the warehouse in separate lots, facilitating its reuse, recycling or recovery, thus avoiding landfill. These actions, which store employees have played a leading role in carrying out, have resulted in 5 more warehouses being awarded the zero waste certification in 2022 (added to 1 warehouse with this certification already in 2021). At these centres, more than 99% of the waste generated has destinations other than landfill, such as animal feed (around 10% of the waste), composting (around 73%) and biogas (the remaining 16% of the waste).

	Non-hazardous waste (Kg) (306-3)	
	2022	2021
Paper/cardboard	51,634,193.31	54,383,368.70
Toner	1,516.50	1,922.5
Organic waste	13,058,179.80	10,367,907.00
Plastic	3,993,730.69	4,563,087.90
Wood	466,797.20	688,630.3
WEEE	38,048.50	13,996.1
Scrap metal	1,318,200.00	892,545.0
Other (landfill)	22,574,542.00	36,674,237.00
TOTAL	93,085,208.00	107,585,694.54

***The total non-hazardous waste figure for 2021 has been amended with regard the 2021 EINF due to waste segregation adjustments.

Disposal of non-hazardous waste (%) (306- 4; 306-5)							
% recycled		% reused		% energy recovered		% landfill / incinerated	
2022	2021	2022	2021	2022	2021	2022	2021
65.73	63.55	0.21	0.34	3.79	—	25.42	36.10

Table 24: Non-hazardous waste (kg) at Dia Group

In addition, Dia pays special attention to reducing food waste, an issue that is important from an environmental point of view in the context of waste management, but also from a social perspective.

To improve monitoring and management, Dia has created a common indicator to measure this parameter, for which a 40% reduction target has been set over three years. In addition to the waste management improvements outlined above, there are also improvements aimed specifically at reducing this waste (306-2):

- Increased donations of products fit for human consumption, but not for sale, from new locations such as darkstores, as explained in the Supporting the Community chapter 8.2.2. These donations have increased by more than 80% in 2022.
- Increased engagement with technology partners that encourage the clearance of products that are close to their expiry date, such as *TooGoodtoGo*. Dia began working with this company at the end of 2021 in both Portugal and Spain. This has made it possible to save more than 10,000 kg of food (10,000 in 2021), which is sold at a lower price to customers and also avoids the emission of some 251 tonnes of CO₂ (23 in 2021) into the atmosphere. Applications that help sell products that were traditionally sold at a discount in stores have also begun to be used in both Argentina and Brazil. In the latter country, working with the B4Waste platform has made it possible to save more than 200,000 kg of food in 2022.

As a result of these actions, the percentage of food waste in Portugal and Spain regarding total net food receipts in warehouse and stores has dropped by 17% compared to 2021.

10.2. Climate change

Despite not being considered a priority industry for climate change mitigation, the distribution and sale of food products entails significant greenhouse gas emissions, especially upstream, in everything related to the production of the goods that are distributed on the market (according to several studies, 95% of the footprint of companies like Dia could be generated outside their direct operations).

In order to manage the company's impact on climate change, the first step is to get a detailed picture of the carbon footprint associated with its business activity and, as far as possible, with the business activities included in its value chain. Although in 2022 the company did not participate in the Carbon Disclosure Project rating, this monitoring, which earned Grupo Dia an A- rating in 2021, continues to be carried out internally throughout the organisation.

The Dia Group's emissions are calculated using the operational control approach. As the Dia Group has operational control over 100% of the business it manages, excluding stores operating under the FOFO (franchise owned, franchise operated) regime, the inventory calculation applies to all activities carried out in the countries in which it operates and to all business units. This calculation methodology is based on the GHG protocol. Emission factors are updated regularly and depending on the emission source, the DEFRA "Greenhouse Gas Conversion Factor Repository" and the GHG Protocol "Emission Factors from Cross-Sector Tools" are used.

The emissions linked to the Dia Group's activities and facilities are reported, taking the following scopes into consideration:

- Scope 1: direct emissions from stationary and mobile fuel combustion in company cars, exhaust emissions from refrigerant gases (air conditioning/cooling equipment), transport and the distribution of goods from suppliers to warehouses and from warehouses to stores.
- Scope 2: indirect emissions from electricity use.

- Scope 3: indirect emissions from the value chain. The Dia Group only reports the business travel category for Brazil and Spain. It has also launched a systematic approach to collecting data from the online business and it expects to be able to report data for all four countries by 2023.

Since 2021, Dia has been working on the segregated identification of electricity consumption and refrigerant gas recharges in its own and franchised shops, in order to be able to progress in the reporting of other scope 3 categories in the coming years. Reducing the footprint of Dia's own operations and addressing the challenge of working with suppliers to reduce scope 3 emissions are the objectives to work towards in the coming years.

Using the 2020 baseline, the approved Strategic Sustainability Plan commits to a 20% reduction in CO2 emissions across the Group. During the year, Dia has made significant investments in refrigeration³⁸ and air conditioning equipment and has improved its logistics footprint. In Spain, an "energy efficiency model" has been designed for stores with a focus on employee training, shop refurbishments have been used to introduce automated systems to remotely control lighting, climate and refrigeration, and Dia has taken part in the European Project for Energy Efficiency in Supermarkets (SUPER-HEERO) to introduce a system for monitoring consumption by time zone and store. However, despite these efforts, the footprint of the entire Group has grown by 2.97% in 2022 (305-5), due in part to the increase in refrigeration facilities accompanying the commitment to sell fresh produce, which has an impact on the increase in emissions derived from refrigerant gases and electricity consumption, and the high temperatures experienced during the summer. Another added difficulty has to do with the significant increase in the price of green energy, which has multiplied six-fold in just one year. This uncertainty has led the Group to review its policies and practices, including, for example, a plan to reduce emissions from refrigerant gases in the coming years in Argentina.

³⁸ For further information, see appendix 2 on Taxonomy.

		Energy and refrigerant gas consumption (302-1; 302-2; 302-4)		CO2 emissions (t CO2 eq) (305-1; 305-2; 305-3; 305-5)	
		2022	2021	2022	2021
Scope 1	Fixed sources (GJ):	11,720.99	6,517.1	828.09	422.0
	Logistics (GJ):	1,553,620.32	1,594,470.9	115,165.87	118,194.0
	Company cars (GJ)	38,885.08	35,258.3	2,838.52	2,569.8
	Refrigerant gases (Kg) ³⁹	149.575	148,014.7	281,328.26	277,645.9
Scope 2	Electricity consumption (GJ)	3,429,724.96	3,418,935.5	266,186.26	249,921.8
Scope 3	Business travel	—	—	6,668.29	5,654.7
TOTAL		—	—	673,015.28	654,408.2

Table 25: Energy consumption(GJ), refrigerant gas consumption (Kg) and CO2 emissions (t eq) at Dia Group. In terms of logistics, the data reported include the global franchise network's contribution. Furthermore, in 2022 the kilometres travelled by primary transport lorries in Spain (from suppliers to logistics warehouses) has been considered. This is residual and is significantly reduced each year due to the fact that the Company's strategy is to gradually transfer operational control of this activity completely to suppliers. For electricity and refrigerant gases, only part of the franchise network is included.

In turn, climate change may interfere with the normal functioning of operations and the achievement of company objectives, both in the short and long term. The sustainability department has identified which specific Dia assets and processes may be impacted by climate change and the timescale potentially applicable to these risks. In the coming months, climate change risk will be included in the Group's risk map and assessed according to the risk management methodology in place in the company.

Assessed climate risk categories with a negative impact on the company and timescale. Includes the entire value chain.

Category	Rational	Time horizon
Transition risk: emerging regulation	Development of new climate change legislation that imposes new operational and management requirements and could involve a significant adaptation cost.	Short term (0-5 years)
Transition risk: reputation and market	Corporate climate change strategy can influence the decisions of investors and customers and have a potential impact on the Company's share value, sales volume and reputation.	Short term (0-5 years)
Material risk: acute physical	Suppliers' productivity can be affected, qualitatively and quantitatively, by extreme weather conditions (floods, large-scale droughts, etc.).	Medium term (5-15 years)
Material risk: chronic physical	Rising average temperatures in the areas where Dia operates entail a risk of an increase in the direct costs of running refrigeration and air conditioning systems on its premises to ensure the cold chain, product safety and the thermal comfort of customers and staff.	Short term (0-5 years)

³⁹ Breakdown of refrigerant gases reported: R134A, R404A, R407A/C/F, R410A, R422D, R442A, R448A, R449A, R450A, R513A, R22 and other less representative gases, which relate to a total of 1.48 tonnes of CFC-11 equivalents from R22 only. Scope 3 emissions only relate to business travel for Spain and Brazil, as the remaining countries represent less than 5% of the overall total for this indicator.

APPENDIX 1. TABLE OF CONTENTS OF ACT 11/2018 VS. GRI INDICATORS/BENCHMARK REPORTING CRITERIA ⁴⁰

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
GENERAL INFORMATION				
Business model				
Description of the business model, business environment, organisation and structure.	2-1; 2-6	Global	Not applicable	2 Dia GROUP PRESENTATION; 4 BUSINESS MODEL AND STRATEGIC PILLARS
Markets in which the Company operates	2-6	Global	Not applicable	2 Dia GROUP PRESENTATION
Objectives and strategies		Global	Not applicable	4.1 Business context; 5.3 Materiality
Key factors and trends that may affect the Company's future development		Global	Not applicable	4.1 Business context; 5.3 Materiality
	GRI 3-3: Economic, environmental and social performance factor			
Description of policies, including due diligence procedures and verification and control procedures, including what measures have been taken		Global	Not applicable	6 GOOD GOVERNANCE; 7 MAKING QUALITY FOOD ACCESSIBLE TO ALL; 8 BUILDING A DIA COMMUNITY IN EVERY NEIGHBOURHOOD; 9 UNDERSTANDING AND SUPPORTING OUR PARTNERS; 10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES
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 3-3: Economic, environmental and social performance factor	Global	Not applicable	6 GOOD GOVERNANCE; 7 MAKING QUALITY FOOD ACCESSIBLE TO ALL; 8 BUILDING A DIA COMMUNITY IN EVERY NEIGHBOURHOOD; 9 UNDERSTANDING AND SUPPORTING OUR PARTNERS ; 10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES

⁴⁰ The tags referring to the GRI thematic standards used to aid identification of the text and data that respond to the various requirements of Law 11/2018 have been included throughout the NFIS, except for the tags relating to universal standards GRI-2 and GRI-3, which are referred to in this table in Appendix 1. This is because it refers to more general Information about the company or management approaches in relation to each specific GRI mentioned in the different chapters.

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
Main risks identified, risk management model and materialization of risks.	3-2	Global	Not applicable	4.1 Business context; 5.3 Materiality 6.2.1 Internal control and risk management committee

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 3-3: Environmental focus	Global	Yes (Packaging; waste management and food waste; climate change)	10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES
Environmental assessment or certification procedures	GRI 3-3: Environmental focus	Global	Yes (Packaging; waste management and food waste; climate change)	10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES
Resources dedicated to preventing environmental risk	GRI 3-3: Environmental focus	Global	Yes (Packaging; waste management and food waste; climate change)	10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES
Application of the cautionary principle	GRI 3-3: Environmental focus	Global	Yes (Sustainability of raw materials)	10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES
The amount of provisions and guarantees for environmental risks	307-1	Global	Yes (Packaging; waste management and food waste; climate change)	10 WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES

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 3-3: Emissions management approach	Global	Yes (Climate change)	10.2 Climate change
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Circular economy and waste prevention

Waste: Measures for prevention, recycling, reusing, other forms of recovery and waste elimination;	306-3; 306-4; 306-5	Global	Yes (Waste management and food waste)	10.1.3 Responsible waste management
Actions to combat food waste	306-2	Spain and Portugal	Yes (Waste management and food waste)	10.1.3 Responsible waste management

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
Sustainable use of resources				
Water consumption and water supply according to local limitations;	Not material	Not applicable	Not material	Not applicable
Consumption of raw materials and measures taken to improve efficiency of use;	301-1	Global for operational inputs; Spain for packaging	Yes (Packaging)	10.1 Circular economy
Direct and indirect consumption of energy, measures taken to improve energy efficiency and use of renewable energies.	GRI 3-3: energy management approach; 302-1; 302-2; 302-4	Global	Yes (Climate change)	10.2 Climate change
Climate change				
Significant elements of greenhouse gas emissions generated as a result of Company activity, including the use of goods and services it produces;	305-1; 305-2; 305-3; 305-5; 305-6	Global	Yes (Climate change)	10.2 Climate change
The measures taken to adapt to the consequences of climate change	GRI 3-3: Emissions and energy management approach	Global	Yes (Climate change)	10.2 Climate change
Medium and long-term voluntary reduction targets for greenhouse gas emissions and the measures implemented for this purpose.	GRI 3-3: Emissions and energy management approach	Global	Yes (Climate change)	10.2 Climate change
Biodiversity protection				
Measures taken to preserve or restore biodiversity;	GRI 3-3: Biodiversity management approach	Not applicable	Yes (Sustainability of raw materials)	9.2.2.1 Sustainability of raw materials
Impacts caused by activities or operations in protected areas.	304-2: significant impacts of products on biodiversity	Not applicable	Non-material direct impacts; Material indirect impacts (Sustainability of raw materials)	9.2.2.1 Sustainability of raw materials

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
SOCIAL AND EMPLOYEE ISSUES				
Employment				
Total number of employees by gender, age, country and professional category;	405-1	Global	Yes (Diversity and inclusion)	8.1 Human capital
Total number of employees by contract type;	2-7	Global	Yes (Diversity and inclusion)	8.1. 1 Responsible for quality employment
Average annual number of permanent contracts, temporary, full and part-time contracts by gender, age and professional category;	2-7	Global	Yes (Diversity and inclusion)	8.1. 1 Responsible for quality employment
Employee turnover by gender, age and professional category;	GRI 3-3: Employment management approach	Global	Yes (Diversity and inclusion)	8.1. 1 Responsible for quality employment
Average remuneration and evolution by gender, age and professional category or equivalent value;	GRI 3-3: Employment management approach	Global	Yes (Team and employee development)	8.1. 1 Responsible for quality employment
Wage gap, remuneration of equal jobs;	GRI 3-3: Employment management approach	Global	Yes (Diversity and inclusion)	8.1. 1 Responsible for quality employment; 8.1.4 Diversity and inclusion
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;	405-2	Global	6. Team development	8.1.1 Responsible for quality employment; 6.1 Composition and structure of the Board of Directors
Implementation of policies safeguarding employees' right to disconnect;	GRI 3-3: Employment management approach	Global	Yes (Team and employee development)	8.1 Human capital

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
Employees with disabilities	405-1	Global	Yes (Diversity and inclusion)	8.1.4 Diversity and inclusion
Work organisation				
Organisation of work time	GRI 3-3: Employment management approach	Global	Yes (Team and employee development)	8.1.4 Diversity and inclusion
Number of hours of absenteeism	GRI 403: Occupational health and safety	Global	Yes (Team and employee development)	8.1.3 Occupational health and safety
Measures taken to facilitate work - life balance and promote shared responsibility by both parents	GRI 3-3: Employment management approach	Global	Yes (Team and employee development)	8.1.3 Occupational health and safety; 8.1.4 Diversity and inclusion
Health and safety				
Occupational health and safety conditions;	GRI 3-3: Health and safety management approach	Global	Yes (Health and safety)	8.1.3 Occupational health and safety
Work-related accidents, specifying accident rates and severity, reported by gender.	403-9	Global	Yes (Health and safety)	8.1.3 Occupational health and safety
Work-related ill health by gender.	403-10	Global	Yes (Health and safety)	8.1.3 Occupational health and safety
Employee relations				
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	GRI 3-3: Employment management approach	Global	Yes (Team and employee development)	8.1. 1 Responsible for quality employment
Percentage of employees covered by a collective agreement, by country;	2-30	Global	Yes (Team and employee development)	8.1. 1 Responsible for quality employment
Balance of collective agreements, particularly in the area of occupational health and safety	GRI 3-3: Health and safety management approach	Global	Yes (Team and employee development)	8.1. 1 Responsible for quality employment
Training				
Policies implemented in the area of training;	GRI 3-3: Training management approach	Global	Yes (Team and employee development)	8.1.2 Employee development

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
Total hours of training by professional category.	404-1	Global	Yes (Team and employee development)	8.1.2 Employee development
Universal accessibility for persons with disabilities	GRI 3-3: Diversity and equal opportunities approach	Global	8. Diversity and inclusion	8.1.2 Employee development
Equality				
Measures taken to promote equal opportunities for and treatment of men and women;	GRI 3-3: Diversity and equal opportunities approach	Global	Yes (Diversity and inclusion)	8.1.4 Diversity and inclusion
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 3-3: Diversity and equal opportunities approach	Global	Yes (Diversity and inclusion)	8.1.4 Diversity and inclusion
Measures taken to promote the integration and universal accessibility of persons with disabilities.	GRI 3-3: Diversity and equal opportunities approach	Global	Yes (Diversity and inclusion)	8.1.4 Diversity and inclusion
Policy against all types of discrimination and, if applicable, diversity management	GRI 3-3: Diversity and equal opportunities approach	Global	Yes (Diversity and inclusion)	8.1.4 Diversity and inclusion
HUMAN RIGHTS				
Application of due diligence procedures with regard to human rights;	412-3	Global	Yes (Human rights)	9.2.2.2 Human rights management
Prevention of risk of human rights violations and, if applicable, measures to mitigate, manage and address possible abuses committed;	412-3	Global	Yes (Human rights)	9.2.2.2 Human rights management
Cases of human rights violations reported;	2-26	Global	5. Human Rights	6.2.3. Ethics Committee.

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
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;	2-23; 2-30	Global	5. Human Rights	6.2.3 Ethics Committee; 9.2.2.2 Human rights management; 8.1.1 Responsible for quality employment
Elimination of workplace job discrimination;	406-1	Global	Yes (Diversity and inclusion)	6.2.3. Ethics Committee.
Elimination of forced labour;	2-23 ; 2-26; 409-1	Global	Yes (Human rights)	6.2.3. Ethics Committee; 9.2.2.2 Human rights management; 8.1.1 Responsible for quality employment
Abolishment of child labour	2-23; 2-26; 408-1	Global	Yes (Human rights)	6.2.3. Ethics Committee; 9.2.2.2 Human rights management; 8.1.1 Responsible for quality employment

CORRUPTION AND BRIBERY

Measures taken to prevent corruption and bribery;	2-23; 2-26; 205-2; 205-3	Global	Yes (Business ethics)	6.2.3. Ethics Committee.
Anti-money laundering measures.	2-23; 205-2	Global	Not material	6.2.3. Ethics Committee.
Contributions to foundations and non-profits.	GRI 3-3: Local communities management approach	Global	Not material	8.2. 2 Supporting the community

SOCIETY

Commitments to sustainable development

Impact of the company's activity on local jobs and development;	GRI 3-3: Local communities management approach; 2-7; 204-1	Global	Yes (Diversity and inclusion)	8.1 Human capital; 9 UNDERSTANDING AND SUPPORTING OUR PARTNERS AT SOURCE
Impact of the Company's activity on local towns and the region;	GRI 3-3: Employment management approach; Local communities management approach	Global	Yes (Diversity and inclusion)	8 BUILDING A Dia COMMUNITY IN EVERY NEIGHBOURHOOD; 9 UNDERSTANDING AND SUPPORTING OUR PARTNERS AT SOURCE

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
Relations with local community players and types of dialogue with these;	2-29	Global	Yes (listening to stakeholders prior to defining material issues)	5.3 Materiality
Association activities and sponsorship	2-28	Global	Not material	8.2. 2 Supporting the community
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 3-3: Management approach Environmental and social assessment of suppliers; 412- 3; 414-1	Global	Yes (Sustainability of raw materials; human rights)	9.2.2.1. Sustainability of raw materials; 9.2.2.2 Human rights management
Supervision and auditing systems and the results thereof	GRI 3-3: Environmental and social assessment of suppliers management approach	Global	Yes (Human rights)	9.2.2.2 Human rights management
Consumers				
Measures for health and safety of consumers;	GRI 3-3: Customer health and safety management approach; 416-1	Global	Yes (Food safety)	7.1 Food safety
Claims and complaints systems and resolution.	GRI 3-3: Customer health and safety management approach	Global	Yes (Food safety)	7 MAKING QUALITY FOOD ACCESSIBLE TO ALL CUSTOMERS
Tax information				
Profits earned by country	207-4	Global	Yes (Business ethics)	8.2.1. Tax management and governance
Taxes on profits paid	207-4	Global	Yes (Business ethics)	8.2.1. Tax management and governance
Public grants received	201-4	Global	Yes (Business ethics)	8.2.1. Tax management and governance

ADDITIONAL INFORMATION

Requirements of Act 11/2018	GRI 2022	Scope	Material for Dia	NFIS Chapter
Other information about the organisational profile	2-1; 2-6; 2-8	Global	Not applicable	1 BASIS FOR PRESENTATION OF THE NON-FINANCIAL INFORMATION STATEMENT; 2 Dia GROUP PRESENTATION; 8.2 Accountability to society; 9.2 Suppliers
Corporate governance	2-9	Global	Not applicable	6 GOOD GOVERNANCE AND COMMITMENT TO THE HIGHEST ETHICAL STANDARDS
Stakeholder participation	2-29	Global	Not applicable	5.3 Materiality
Other information about the report profile	2-2; 2-3; 2-5	Global	Not applicable	BASIS OF PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT

TAXONOMY: response to the requirements arising from the EU Taxonomy Regulation 2020/852, using the delegated regulations implementing this regulation as criteria.

APPENDIX 2. TAXONOMY

Having disclosed the taxonomy eligibility analysis of the Dia Group's activities last year in response to Regulation (EU) 2020/852, and more specifically its Delegated Disclosure Act (Delegated Regulation (EU) 2021/2178), this document also analyses the alignment of eligible activities in compliance with the deadlines defined in the aforementioned regulations.

The activities identified as eligible in 2022 are as follows⁴¹:

<i>ECONOMIC ACTIVITY</i>	<i>CODE</i>	<i>TAXONOMY DESCRIPTION OF ECONOMIC ACTIVITY</i>	<i>DESCRIPTION OF DIA ACTIVITY</i>
<i>Production of heat/cool using waste heat</i>	4.25	<i>Construction and operation of facilities producing heat/cool using waste heat.</i>	<i>Installation of plants that use the condensation heat generated in the stores' cooling and heating cycle.</i>
<i>Transport by motorbikes, passenger cars and light commercial vehicles</i>	6.5	<i>Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1 or L.</i>	<i>Renewal of the corporate car fleet with more efficient and modern models.</i>
<i>Freight transport services by road</i>	6.6*	<i>Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E, or its successor, for freight transport services by road.</i>	<i>Rental of heavy goods vehicles for transporting goods from warehouse to stores.</i>
<i>Renovation of existing buildings</i>	7.2*	<i>Construction and civil engineering works or preparation thereof.</i>	<i>Renovation of warehouse and stores.</i>
<i>Installation, maintenance and repair of energy efficiency equipment</i>	7.3	<i>Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment.</i>	<i>Renewal of more efficient refrigeration, cooling and air-conditioning equipment and with refrigerant gases with lower GWP; LED renovation projects to reduce electricity consumption.</i>
<i>Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</i>	7.5	<i>Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.</i>	<i>Renovation of the refrigeration control systems in several warehouses to improve control and energy efficiency and pilot tests of automated systems in stores.</i>

*Additional activity identified in 2022 eligibility analysis

Although the technical criteria for both climate change mitigation and adaptation have been published, it has been decided to report on only one of them, namely the climate change mitigation objective. This was the objective chosen for the DIA Group's taxonomy disclosure following a suitability analysis of the Group's activities, as efforts and investments have been made to minimise and eliminate greenhouse gases (GHG). All of the Group's eligible activities are either listed under both objectives or only under mitigation and have therefore all been allocated to this objective.

To assess the alignment of eligible activities, coordinated work has been carried out between the sustainability, procurement, operations and finance teams. After identifying the eligible activities, individualised questionnaires were drawn up for each of them with the corresponding alignment requirements. These questionnaires were given to the technical teams so that they could provide the requested information and the sustainability team could subsequently interpret the results. Once the taxonomy-compliant activities have been classified, the financial information is identified to calculate the key turnover, CapEx and OpEx indicators.

⁴¹ The taxonomy disclosure analysis does not include the activities listed as discontinued in 2022.

Based on this analysis, it is concluded that none of the eligible activities is an income-generating activity for the Company; therefore, the turnover benchmark indicator takes on a value of 0%. According to the calculation criteria described in the Taxonomy, 23% of CapEx is eligible under the climate mitigation delegated act, of which 0.2% is aligned.

Calculations have shown that 38% of OpEx is eligible and not aligned, relating to €173,004 thousand compared to the €454,928 thousand of OpEx defined in the Taxonomy regulation.

	<i>Proportion of eligible and aligned economic activities</i>	<i>Proportion of eligible economic activities that are not aligned</i>	<i>Proportion of non-eligible economic activities</i>
Turnover	-	-	100%
Capital expenditure (CapEx)	0.2%	23%	77%
Operational expenditure (OpEx)	-	38%	62%

To calculate the aforementioned indicators, the numerator has been determined from the control and monitoring records of the 2022 investment budget from the Technical and Procurement departments, following the same accounting criteria that govern the DIA Group's financial accounting.

The key turnover indicator is defined in Delegated Regulation (EU) 2021/2178 as the proportion of income arising from taxonomy-compliant activities (numerator) divided by total Group income (denominator), in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No. 1126/2008. The numerator for this indicator continues to be zero, as the Group has no income-generating activities among those described in the Taxonomy regulations. The amount shown in the denominator, therefore, relates to the amount shown as net turnover in the consolidated income statement in the 2022 consolidated annual accounts of Dia Group.

The numerator of the CapEx indicator has been obtained by identifying the eligible activities that meet the alignment requirements, so that the value of the investments therein can be subsequently consolidated. Each activity included has only been accounted for by one area of the Company, thus avoiding the double accounting of such investments. For the denominator, additions to tangible and intangible assets before amortisation/depreciation and possible revaluations, including those resulting from revaluations and impairment, have been included for 2022, excluding changes in fair value. Additions to tangible and intangible assets resulting from business combinations, if any, would also have been included, covering costs that are accounted for in accordance with IAS 16 Property, plant and equipment and IFRS 16 Leases. In accordance with our consolidated financial statements, total CapEx is disclosed in Notes 5, 6.2 and 6.3 to the 2022 Consolidated Annual Accounts. The proportion obtained in the eligible CapEx indicator in 2022 was 23% compared to 9.27% in 2021. This increase is explained by the inclusion of the Light Remodelling project, which relates to the Renovation of existing buildings activity.

For OpEx, the indicator represents the share of operating costs specified in the regulations for taxonomy-compliant activities (numerator) divided by the total Opex as specified in the taxonomy (denominator). This is understood to be the direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the Dia Group or third party to whom these activities are outsourced and which are necessary to ensure the continued and effective functioning of such assets. The amount expressed in the denominator is shown in Note 19.4 to the Dia Group's 2022 Consolidated Annual Accounts. Compared to FY 2021, Opex changes from a 0% eligibility percentage to 38% for two main reasons; on the one hand, a new activity has been identified (the inclusion of warehouse-store transport services) and, on the other hand, the denominator has been adjusted to only take into account certain operating expense items. Specifically, this adjustment limits the amounts included in the denominator to the "repair and maintenance", "supplies", "property leases", "furniture leases" and "transport" items included in Note 19.4 to the 2022 Consolidated Annual Accounts.

APPENDIX I. 2022 DISCLOSURE TABLE

Proportion of **turnover** from eligible and non-eligible economic activities according to the Taxonomy for 2022.

ECONOMIC ACTIVITIES	Codes	Absolute turnover (thousands of Euros)	Proportion of turnover %	Substantial contribution	DNSH							Category (facilitating activity) F	Category (transition activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Minimum social guarantees S/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (taxonomy-compliant)													
Turnover from environmentally sustainable activities (taxonomy-compliant) (A.1)		-	0%										
A.2. Taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant)													
Turnover from taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant) (A.2)		-	0%										
Total (A.1 + A.2)		-	0%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES													
Turnover from taxonomy non-eligible activities (B)		6,524,320.00	100%										
Total (A+B)		6,524,320.00	100%										

Proportion of CapEx from taxonomy-eligible and taxonomy-non-eligible economic activities in 2022

ECONOMIC ACTIVITIES	Codes	Absolute CAPEX	Proportion of CAPEX	Substantial contribution	DNSH						Minimum social guarantees	Category (facilitating activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
				Currency	%	%	%	%	%	%			
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (taxonomy-compliant)													
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	€1,248,797.82	0.2%	YES	YES	n/a	n/a	n/a	n/a	S	F	N/A	
CAPEX from environmentally sustainable activities (taxonomy-compliant) (A.1)		€1,248,797.82	0.2%										
A.2. Taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant)													
Production of heat/cool using waste heat	4.25	€552,383.00	0.1%										
Renovation of existing buildings	7.2	€120,867,037.85	21.6%										
Installation, maintenance and repair of energy efficiency equipment	7.3	€6,726,177.22	1.2%										
CAPEX from taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant) (A.2)		€128,145,598.07	22.9										
Total (A.1 + A.2)		€129,394,395.89	23										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
CAPEX from taxonomy-non-eligible activities (B)		€430,795,604.11	77										
Total (A+B)		€560,190,000.00	100										

Proportion of **OpEx** from taxonomy-eligible and taxonomy-non-eligible economic activities in 2022

ECONOMIC ACTIVITIES	Codes	Absolute OPEX Currency	Proportion of OPEX %	Substantial contribution	DNSH						Minimum social guarantees S/N	Category (facilitating activity) F	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %				
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1. Environmentally sustainable activities (taxonomy-compliant)													
OPEX from environmentally sustainable activities (taxonomy-compliant) (A.1)		- €	0%										
A.2. Taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant)													
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	€3,207,201.18	0.7%										
Freight transport services by road	6.6	€169,797,000.00	37.3%										
OPEX from taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant) (A.2)		€173,004,201.18	38%										
Total (A.1 + A.2)		€173.004,201.18	38%										
A. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
OPEX from taxonomy-non-eligible activities (B)		€281,923,798.82	62%										
Total (A+B)		€454.928,000.00	100%										