

**POLICY FOR MANAGING CONFLICTS OF INTEREST AND  
RELATED PARTY TRANSACTIONS FOR THE DIA GROUP**



## Policy for managing conflicts of interest and related party transactions

### 1. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

**“Significant Shareholders”**: those Dia shareholders who are holders, directly or indirectly, of 10% or more of Dia’s voting rights or who are represented on the Company’s Board of Directors.

**“Dia Group”**: the group of companies comprising Distribuidora Internacional de Alimentación S.A. (“Dia” or the “Company”), as the parent company, and its subsidiaries in the sense of Article 42 of the Commercial Code.

**“People with Management Responsibilities”**: the members of the Board of Directors and the Management Committee (Management Board) of Dia, as well as the members of the respective management committees that report to the CEOs of the countries in which the Dia Group operates.

**“Related Parties”**: the Dia directors, the Significant Shareholders (and entities of their same group of companies in the sense of Article 42 of the Commercial Code) and the persons or entities that must be considered related parties of the Company in accordance with the International Accounting Standards adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council, of 19 July 2002, concerning the application of international accounting standards, and, specifically, in accordance with IAS 24 Information to be disclosed about related parties.

**“Related Persons”**: the persons or entities that, with respect to a person in question, have the status of related persons in accordance with the provisions of Article 231 of the Capital Companies Act.<sup>1</sup>

**“Conflict Situation”**: situation in which the interests of Dia or its Group companies directly or indirectly conflict with the personal interests of any Person with Management Responsibilities, on their own behalf or on behalf of others, or of their Related Persons.

**“Related Party Transactions”**: any transfer of resources, services or obligations between the Company or any company of the Dia Group and a Related Party, regardless of whether or not a price is charged. Notwithstanding the foregoing, the following shall not be considered Related Party Transactions: (i) the transactions carried out between the Company and its wholly owned subsidiaries, directly or indirectly, or between these subsidiaries; (ii) the transactions carried out between the Company and its subsidiaries or affiliates provided that

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<sup>1</sup> Art.231 Ley de Sociedades de Capital

“1. A efectos de los artículos anteriores, tendrán la consideración de personas vinculadas a los administradores:

a) El cónyuge del administrador o las personas con análoga relación de afectividad.

b) Los ascendientes, descendientes y hermanos del administrador o del cónyuge del administrador.

c) Los cónyuges de los ascendientes, de los descendientes y de los hermanos del administrador.

d) Las sociedades o entidades en las cuales el administrador posee directa o indirectamente, incluso por persona interpuesta, una participación que le otorgue una influencia significativa o desempeña en ellas o en su sociedad dominante un puesto en el órgano de administración o en la alta dirección. A estos efectos, se presume que otorga influencia significativa cualquier participación igual o superior al 10 % del capital social o de los derechos de voto o en atención a la cual se ha podido obtener, de hecho o de derecho, una representación en el órgano de administración de la sociedad.

e) Los socios representados por el administrador en el órgano de administración.”

no other party related to the Company has interests in said subsidiaries; (iii) the signing between the Company and any executive director or member of senior management, of a contract in which the terms and conditions of the executive functions to be performed are regulated, including the determination of the specific amounts or remunerations to be paid by virtue of such functions; as well as (iv) the transactions offered with the same conditions to all shareholders in which their equal treatment and the protection of the Company's interests are guaranteed.

## **2. CONFLICT SITUATIONS**

### **2.1 Scope of application**

The purpose of this Article 2 is to establish and regulate the applicable procedure with respect to Conflict Situations.

### **2.2 Obligation to abstain from participating in decision-making**

Any Person with Management Responsibilities must act with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company, regardless of other own interests or those of third parties. Consequently, such persons shall refrain from preferring their own interests, on their own behalf or on behalf of others, or their Related Persons, at the expense of Dia and will seek to avoid any Conflict Situation in the exercise of their functions, including, in particular, those contained in Article 229.1 of the Capital Companies Act.

The Person discharging Managerial Responsibilities must refrain from attending and intervening in deliberations and voting in relation to Conflict Situations affecting him or her or a Related Person, and must also refrain from accessing confidential information related to the matter and warn those who are to make the decision of the potential Conflict Situation.

### **2.3 Procedure for handling Conflict Situations of Dia directors**

#### **2.3.1 Communication obligation**

All Dia directors must notify the Board of Directors of Dia, through its Secretary, the list of their Related Persons (which must be kept permanently updated) as well as any personal, family, professional or business situation or circumstance that may imply a Conflict Situation at any time.

In their communications of Conflict Situations, directors must indicate whether the potential conflict of interest affects them personally or through a Related Person, in which case they must identify these. They will also specify the situation that gave rise thereto, detailing, where appropriate, the purpose and the main conditions of the projected transaction or decision and its approximate amount.

When the Conflict of Interest situation involves a permanent and structural conflict that prevents the director from continuing to perform his or her duties faithfully, the director must immediately tender his or her resignation to the Board of Directors.

### **2.3.2 Exemption**

The Board of Directors shall be the body responsible for analysing and, where appropriate, providing exemption, when permitted by law and under the terms established therein, following a report from the Audit and Compliance Committee, the Conflict Situations of Dia directors or their Related Persons, except when such authorisation corresponds to the General Shareholders' Meeting of the Company by operation of law.

Notwithstanding the foregoing, transactions between the Company (or companies in its Group) and directors of Dia or its Related Persons that meet the following three conditions shall not require an exemption from the Board of Directors (nor shall they be subject to the obligation of prior notification provided for in the preceding section): (i) they are ordinary transactions; (ii) they are performed under standard conditions for customers; and (iii) they are of little relevance, meaning information about them is not necessary to give a true and fair view of the assets, financial situation and results of Dia.

### **2.3.3 Oversight of the Audit and Compliance Committee**

The Audit and Compliance Committee will be responsible for oversight of compliance with the regulations regarding potential Conflict Situations of the Dia board members and their Related Persons, and must previously report any situation of this nature that is presented to the Board of Directors for exemption.

## **2.4 Procedure for handling Conflict Situations of other Persons with Management Responsibilities**

### **2.4.1 Communication Obligation**

Any Person with Management Responsibilities who is not a director of Dia must notify the Legal and Compliance Department of the Dia Group of the list of his or her Related Persons (which must be kept permanently updated) as well as any personal, family, professional or business situation or circumstance that could imply a Conflict Situation at any time. In the event that the Person with Managerial Responsibilities affected by the potential Conflict Situation is the person responsible for the Legal and Compliance Department of the Dia Group or one of its Related Persons, the communication must be sent to the Financial Department of the Dia Group.

In the disclosure of Conflict Situations, the Person discharging Managerial Responsibilities must indicate whether the potential conflict of interest affects them personally or through a Related Person, in which case they must identify such Related Person. It will also be a requirement to specify the situation that gave rise to this, detailing, where appropriate, the purpose and the main conditions of the projected transaction or decision and its approximate amount.

### **2.4.2 Exemption**

The Group Ethics Committee shall be the body responsible for analysing and, where appropriate, providing exemption, when permitted by law and under the terms established therein, with the prior approval of the Chief Executive Officer, the

Conflict Situations of other Persons with Management Responsibilities who are not directors of Dia, or of its Related Persons.

Notwithstanding the foregoing, those transactions of the Company (or companies of its Group) with other Persons with Management Responsibilities who are not directors of Dia or its Related Persons that meet the following three conditions shall not require an exemption from the Group Ethics Committee (nor shall they be subject to the obligation of prior notification provided for in the preceding section): (i) they are ordinary transactions; (ii) they are performed under standard conditions for customers; and (iii) they are of little relevance, meaning information about them is not necessary to give a true and fair view of Dia's assets, financial situation and results.

### **3. RELATED PARTY TRANSACTIONS**

#### **3.1. Scope of application**

The purpose of this Article is to establish and regulate the applicable procedure with respect to Related Party Transactions.

Related Party Transactions must, in any case, be carried out in accordance with applicable legislation and under market conditions.

#### **3.2. Communication of Related Party Transactions**

The Dia Group's Legal and Compliance Department, with the collaboration of the Secretary of the Board of Directors and the Dia Group's Finance Department, will draw up and keep permanently updated a list of the Company's Related Parties,

Any transaction that a Dia Group entity intends to carry out with a Related Party that is considered a Related Party Transaction must be previously notified to the Dia Group's Legal and Compliance Department and may not be carried out without the prior written approval of said Department, once the relevant authorisations have been obtained in accordance with the provisions set out below.

The communication referred to in the preceding paragraph must be made by the Dia Group executive responsible for the transaction and must include all the details of the transaction that allow for its proper analysis by the competent bodies of the Company.

Once the above communication has been received and analysed (with the right to request any additional information deemed necessary or appropriate for this purpose), the Dia Group's Legal and Compliance Department will, with the prior approval of the Chief Executive Officer, formally initiate the authorisation procedure described below in coordination with the Secretary of the Board of Directors.

#### **3.3. Authorisation procedure**

##### **3.3.1. Body competent to grant authorisation**

The power to approve Related Party Transactions of an amount or value equal to or exceeding 10% of the total asset items according to the latest annual consolidated balance sheet of the Dia Group approved by the Company shall correspond to the

General Shareholders' Meeting. For these purposes, all transactions made with the same counterparty (or entities of the same group) in the last twelve months shall be added.

The power to approve all other Related Party Transactions shall rest with the Board of Directors, which may not delegate such power (except as indicated below). The Dia director affected or who represents or is related to the Significant Shareholder affected must abstain from participating in the deliberation and voting of the corresponding resolution. However, directors on Dia's Board of Directors who represent or are related to the parent company shall not be obliged to abstain, as provided for by law (notwithstanding the fact that, in such cases, had their vote been decisive for the adoption of the resolution, the rule of reversal of the burden of proof shall apply).

### **3.3.2. Oversight of the Audit and Compliance Committee**

The approval of a Related Party Transaction by the General Shareholders' Meeting or by the Board of Directors shall be subject to a prior report by the Audit and Compliance Committee. In its report, the Audit and Compliance Committee shall assess whether the transaction is fair and reasonable from the point of view of the Company and, where applicable, of the shareholders other than the Related Party, and give an account of the assumptions on which the assessment is based and the methods used. To this end, the Committee is empowered to gather and analyse all the necessary information and documentation, and may request reports from experts when it deems it appropriate to provide their opinion on aspects such as the effects of the proposed transaction on the corporate interest or whether the transaction would be carried out on market terms.

The Dia directors affected or representing or related to the Significant Shareholder affected by the transaction may not participate in the preparation and approval of the report of the Audit and Compliance Committee.

### **3.3.3. Delegation of approval of certain Related Party Transactions**

Notwithstanding the foregoing, as permitted by law, the approval of the following Related Party Transactions is delegated to the bodies or persons who, in accordance with the general powers of attorney in force from time to time and the Dia Group's internal contracting rules, have the powers to enter into these types of transaction in accordance with their purpose and amount:

- (i) Transactions between companies forming part of the same group that are carried out in the ordinary course of business and under market conditions.
- (ii) Transactions entered into by virtue of contracts with standard conditions applied en masse to a large number of customers, are performed at prices or rates generally established by the party acting as supplier of the good or service in question, and for an amount not exceeding 0.5% of the net turnover of the Dia Group according to its latest consolidated financial statements approved by the Company.

In these cases, the prior report of the Audit and Compliance Committee is not required, but the internal reporting and periodic control procedure must be complied with, in

which the aforementioned Committee must intervene and which will verify the fairness and transparency of such transactions and, where appropriate, compliance with the legal criteria applicable to the aforementioned exceptions.

#### **3.3.4. Internal reporting and periodic control procedure for Related Party Transactions included in section 3.3.3.**

Any transaction that a Dia Group entity intends to carry out with a Related Party that is considered a Related Party Transaction and to which the provisions of section 3.3.3. above are intended to apply must be reported in advance to the Dia Group's Legal and Compliance Department and may not be carried out without the written confirmation of said Department, once the circumstances of the transaction have been analysed and the approval of the Company's Chief Executive Officer or the Group's Corporate Finance Director has been obtained.

The Legal and Compliance Department of the Dia Group shall keep an up-to-date register of the aforementioned Related Party Transactions, which shall contain all the details necessary to verify the fairness and transparency of such transactions and compliance with the applicable legal criteria, as well as verification by the Legal and Compliance Department and the approval of the Company's Chief Executive Officer or the Group's Corporate Finance Director. All of this will be reported to the Audit and Compliance Committee every six months.

#### **3.4. Recurring Related Party Transactions**

If a Related Party Transaction is of a recurring nature, or if Dia engages in transactions with certain Related Parties on a regular basis, the Board of Directors, following a report from the Audit and Compliance Committee, may issue specific guidelines or procedures for the review and supervision of such transactions, including the granting of framework authorisations, in all cases in full compliance with the provisions of the law.

The Audit and Compliance Committee shall be informed quarterly, for due monitoring, of the execution of previously authorised Related Party Transactions (if any), including those carried out under framework agreements. This information shall include a description of the transactions, their value and any other relevant information.

#### **3.5. Transparency obligations**

The Company shall fully comply with the legal obligations to publish and disclose information on Related Party Transactions and, in particular, in accordance with the provisions of Article 529t the Capital Companies Act and the applicable accounting information regulations.