DIA

2018 Consolidated Director's Report

Summary

1 Letter from the CEO

102-14

Borja de la Cierva Álvarez de Sotomayor
CEO, DIA Group

Dear shareholders

2018 has been marked by significant changes in the company and the important decisions we have taken that will lay the foundations for the future of the DIA Group and all its stakeholders. A new stage characterized by a solid and reliable financial position, which will allow us to build on the profitable growth of a great company that already has a 40-year history. Four decades of continuous activity focused on offering the best consumer solutions to customers, with an unbeatable offer of proximity and approachability.

It has of course, been a complicated year; perhaps the most crucial since the company was founded. We have had to review and restate the accounts and undertake significant changes that are duly reflected in this report. We are also facing unique and extraordinary times however, which will mark the positive future of the company in the years to come.

The Group's new circumstances have compelled us to make some painful decisions this year, focused on putting the company back on track and recovering its viability with the aim of concentrating efforts on a commercial offering that appeals to our customers.

It will certainly not be an easy journey. In addition to the challenges posed by this need for internal reorganisation, we are also faced with an extremely competitive distribution sector in all the countries where the DIA Group operates, but I am convinced that we will succeed.

"We have a unique business plan that will put the client at the heart of the company's decision-making.

Firstly, we have an excellent group of professionals who have demonstrated their commitment. Thank-you to all those people who make up the DIA Group for your professionalism and outstanding performance over so many years and, particularly, in the last year.

Secondly, we have a unique business plan that will put the client at the heart of the company's decision-making. The transformational change to our commercial offering coupled with rejuvenated stores and formats alongside a renewed commitment to our franchisees and a responsibility for efficient implementation will focus our efforts during this new stage. At the same time we are renewing and strengthening our corporate culture, involving greater openness and transparency, attracting the best professional talent as well as performance incentives based on return on investment. An entire team of professionals focused solely and exclusively on meeting the needs of our customers.

Similarly, the refinancing plan approved with the financial institutions at the end of this year includes the obligation to initiate a capital increase with pre-emptive subscription rights for shareholders during the first quarter of 2019, which will enable the Group to increase its equity by a minimum amount of Euros 600 million before this financing expires.

I haven't forgotten our suppliers or franchisees either. Thank-you for the work you do every day and your trust. Your excellent work and professionalism help us stand closer to our clients and, in short, to be even better at what we do. Thanks also to our shareholders, investors, customers, transport operators and all of the DIA Group's stakeholders for continuing to trust in us, even through the most difficult times.

I am convinced that we will build a solid foundation upon which we can once again meet our objectives. I know that all DIA Group professionals are committed to seeing the company back where it deserves to be.

Borja de la Cierva Álvarez de Sotomayor

"An entire team of professionals focused solely and exclusively on meeting the needs of our customers.

DIA at a glance

Main milestones

102-2

“

Distribuidora Internacional de Alimentación S.A., DIA, is a multi-banner, multi-channel and multi-brand retailer that sells food, household, health and beauty products to more than 20 million clients worldwide. With stores in Spain, Portugal, Argentina and Brazil 102-6, the company, which is listed on the Madrid Stock Exchange and is part of the selective IBEX 35 index, has an average turnover of more than EUR9 billion.

9,390
million turnover

6,157
stores

2,610 own stores

3,547 franchises

+7,500
own-label SKUs

sold in 30 countries

+40,000
employees

+23,400
jobs generated in franchises

+20
million clients

45
million loyalty cards issued

313.9
Kwh/m^2
Relative electricity consumption

61,505
tonnes of CO2 equivalent emissions savings

Business map

Employees a 31 de december

102-7

SPAIN

5,148	26,693	3,474	21
gross sales (€millions)	employees	stores	floor area
5,275 in 2017	26,035 in 2017	3,497 in 2017	416,391 m²

PORTUGAL

808	3,564	532	3
gross sales (€millions)	employees	stores	floor area
834 in 2017	3,646 in 2017	559 in 2017	75,635 m²

BRAZIL

1,640	8,923	1,172	7
gross sales (€millions)	employees	stores	floor area
1,997 in 2017	8,393 in 2017	1,115 in 2017	167,711 m²

ARGENTINA

1,795	4,502	979	5
gross sales (€millions)	employees	stores	floor area
2,934 in 2017	4,539 in 2017	926 in 2017	102,690 m²

Banners

Proximity format

Floor area between 400 and 700 m^2

Expanding the offer in perishable goods

Family proximity supermarket

Wide range of perishable goods and personalised customer service

More than 7,500 SKUs, of which 1,500 are fresh products

300, 500, 700 or 1,000 m^2 in urban areas

Stores in small towns

Stores in small towns, especially in rural areas, which do not require investment in store infrastructure

Managed by franchisees

Attraction format

Floor area between 700 and 1,000 m^2 in suburban areas

Client parking

More than 3,500 SKUs

Minipreço Market:

Proximity stores in urban centres. Floor areas between 250-400 m^2 and a range of 3,000 SKUs

Minipreço Family:

Attraction format in the suburbs. Floor areas up to 1,000 m^2, with covered parking and up to 4,500 SKUs

Mais perto, tudo certo.

Rural stores

Rural stores in the Portuguese market that do not require investment in store infrastructure

They are run by franchisees

Brands

The Group's traditional banner. With more than 30 years in the market and over 4,100 SKUs, it spans every consumer products category.

This brand specialises in personal hygiene and grooming products. It currently has more than 700 SKUs and has been at the forefront of the most important developments in recent years.

This is the Group's premium, high added-value banner. It offers more than 250 SKUs.

The company's own label dedicated to make-up and cosmetics. It currently offers more than 230 SKUs.

The banner for baby and childcare products. It was offering more than 110 SKUs at the end of 2018.

Specialised in pet care, offering more than 110 SKUs.

The latest own label developed by the DIA Group, focused on products related to a balanced and healthy diet. It offers more than 130 SKUs.

> The DIA Group currently has a portfolio of own labels that span the main consumer products categories

Exports

The company also exports its own-label brands from the Spanish and Portuguese markets, which represent an unbeatable opportunity for business expansion and growth in countries where it does not have a physical presence.

As well as further consolidating the DIA brand at a global level, exports also enable the local suppliers with whom the company works to broaden their horizons and boost their image internationally. This year, over €40 million in exports were recorded to 33 markets all over the world.

Exports
40
Euro million

Exports were recorded to
33
markets

3

Evolution and results of operations

3.1 Main financial indicators

- In 2018, gross sales under banner fell by 14.9% to EUR9.39bn (0.9% down ex-currency).
- According to the Company's new definition of LFL (adjusted by inflation in Argentina, among others), the group's LFL was -3.6% in 2018, versus -4.9% in 2017.
- Excluding IAS29 and the discontinuation of Clarel, the adjusted EBITDA was EUR385m, at the upper end of the range of the EUR350-400m guidance provided on 15 October 2018.
- Net debt amounted to EUR1,452m by end-2018, which compares with EUR945m in the same period last year. This EUR506m increase was namely due to the EUR259m decrease in trade working capital related to the lower payment periods with suppliers.
- The Company's consolidated balance sheet shows negative equity of EUR166m by the end of 2018 (EUR99m negative in the parent company). The BOD has approved refinancing plan that includes a EUR600m capital increase and the divestment of some non-core assets.
- DIA has decided to open Employment Regulation Proceedings in DIA and TWINS companies in Spain. This process is initiated to enhance and strengthen the future sustainability of the DIA Group may affect a total of 2,100 employees.

P&L summary (€m)	2017	2018	Change	Change (ex-FX)
Net sales	8,217.5	7.288.7	-11.3%	7.4%
Operating income (EBIT)	218.0	-94.5	-	-
Net attributable profit	101.2	-352.6	-	-

3.2 Information in this document

- All figures in this document are expressed with "Clarel" and "Max Descuento" classified as discontinued operations.

- Unless otherwise stated, 2018 figures include the effects of the application of IAS29 ("Financial reporting in hyperinflationary economies"), which apply to Argentinean accounts. This implementation had a negative impact of EUR94.3m on net sales and EUR36.3m on adjusted EBITDA.

- As communicated on 28 December 2018, the Company conducted an impairment test of its assets that has resulted in a total goodwill impairment of EUR49.8m and EUR68.2m deterioration in the value of fixed assets. As regards to "Deferred tax assets", the analysis resulted in a total impairment of EUR170m.

- The figures corresponding to 2017 have been re-expressed as anticipated in the Significant Events communicated by the company on 15 October, 22 October, and 31 December 2018. All the details of the re-expression of the 2017 financial reporting are included in the 2018 Annual Accounts.

3.3 Full year 2018 Results

(€m)	2017	%	2018	%	Change	Change (ex-FX)
Net sales	**8,217.5**	**100.0%**	**7,288.7**	**100.0%**	**-11.3%**	**7.4%**
Cost of goods sold & other income	(6,448.9)	-78.5%	(5,724.4)	-78.5%	-11.2%	9.0%
Gross profit	**1,768.6**	**21.5%**	**1,564.4**	**21.5%**	**-11.5%**	**1.5%**
Labour costs	(685.8)	-8.3%	(645.6)	-8.9%	-5.9%	8.9%
Other operating expenses	(283.4)	-3.4%	(296.6)	-4.1%	4.6%	35.1%
Leased property expenses	(280.9)	-3.4%	(284.4)	-3.9%	1.2%	11.9%
Adjusted EBITDA [1]	**518.5**	**6.3%**	**337.9**	**4.6%**	**-34.8%**	**-32.3%**
Other cash items	(47.5)	-0.6%	(91.9)	-1.1%	93.3%	
EBITDA	**470.9**	**5.7%**	**246.0**	**3.4%**	**-47.8%**	**-73.3%**
D&A	(223.7)	-2.7%	(235.2)	-3.2%	5.1%	23.0%
Impairment	(12.1)	-0.1%	(79.9)	-1.1%		
Write-off of fixed assets	(17.2)	-0.2%	(25.4)	-0.3%		
EBIT	**218.0**	**2.7%**	**(94.5)**	**-1.3%**		
Net financial results & associates	(53.3)	-0.6%	(84.9)	-1.2%		
Gain from monetary position (IAS29)	(0.0)		67.5	0.9%		
EBT	**164.7**	**2.0%**	**(111.9)**	**-1.5%**		
Income taxes	(52.0)	-0.6%	(16.4)	-0.2%		
Impairment of DTA's	(0.0)		(170.5)	-2.3%		
Consolidated profit	**112.7**	**1.4%**	**(298.9)**	**-4.1%**		
Discontinuing operations	(11.5)	-0.1%	(15.7)	-0.2%		
Impairment of discontinued op.	(0.0)	-0.0%	(38.0)	-0.5%		
Non-controlling interests	(0.0)	-0.0%	(0.0)			
Net attributable profit	**101.2**	**1.2%**	**(352.6)**	**-4.8%**		
Underlying net profit	**191.3**	**2.3%**	**49.7**	**0.7%**	**-74.0%**	**-70.0%**

(1) Adjusted by "Other cash items"

In 2018, the DIA Group's net sales decreased by 11.3% to EUR7.29bn, but were up by 7.4% in local currency. This sales performance reflected an 18.7% negative effect from currencies in the period, due to the 40.3% depreciation of the Argentinean Peso and 16.2% for the Brazilian Real in 2018.

Gross profit amounted to EUR1.56bn, 11.5% down in the year, reflecting only 10 bps increase due to the slight decline in the weight of franchised stores and sales during the period.

Operating expenses decreased by 1.9% in the year thanks to the tight control of labour costs (5.6% down in the period) while other expenses grew by 5.9% and rents went up by 1.2% due to the continued process of "sale and leaseback" carried out over a small volume of stores in 2018.

After the application of IAS29 related to the hyperinflationary Argentinean accounts, adjusted EBITDA declined by 34.8% in EUR337.9m, down by 32.3% ex-currency. The application of this accounting standard had a negative effect of EUR36.3m on the adjusted EBITDA reported in the full-year 2018.

With regards to Clarel, the recent discontinuation of this business unit in Spain and Portugal had a EUR11.3m negative impact on adjusted EBITDA. Accordingly, the company's adjusted EBITDA in 2018 net of these negative effects would have reached EUR385.4m, in the upper part of the range of the EUR350-400m guidance provided by the company on 15 October 2018. The decline in adjusted EBITDA was reflected in a 140 bps erosion of the adjusted EBITDA margin to 4.6%.

Depreciation and amortisation increased by 5.1% to EUR235.2m, but rose by 23.0% ex-currency due to the revaluation of assets in Argentina in accordance with the application of IAS29 for hyperinflationary economies.

The material decline of adjusted EBITDA together with the strong increase in "Other cash items" (from EUR47.5m to EUR91.9m in 2018) and impairment of fixed assets (from EUR12.1m to EUR79.9 in 2018) is reflected into substantial decline of Company's operating profit (EBIT), that turns into a negative value of EUR94.5m in 2018 in comparison with a positive amount of EUR218m in 2017.

Other cash items

(€m)	2017	2018	Change
Expenses relating to store remodellings	18.0	18.6	0.6
Expenses relating to transfer of own stores to franchises	10.8	10.4	-0.4
Expenses relating to store closings	31.3	25.7	-5.6
Expenses relating to warehouse closings	1.7	1.1	-0.6
Expenses for efficiency projects and severance payments	20.2	34.6	14.4
o/w HQ restructuring	*5.7*	*15.5*	*9.8*
o/w Warehouses restructuring	*2.7*	*4.9*	*2.3*
o/w Stores restructuring	*11.8*	*14.2*	*2.4*
Other special expenses	1.7	28.4	26.7
o/w Impact from transportation strike in Brazil	*0.0*	*7.9*	*7.9*
o/w Advisement fees	*0.0*	*18.2*	*18.2*
o/w Other projects	*1.7*	*2.3*	*0.6*
Gains on disposal of assets	-31.2	-28.1	3.1
Expenses related to share-based payments transactions	-4.9	1.1	5.9
Other cash items	**47.5**	**91.9**	**44.3**

In 2018, the group's net financial expenses, adjusted by IAS29, rose by 59.3% to EUR84.9m. These higher financial charges are mostly due to the bigger average volume of net debt during the year as well as the rise in interest costs, particularly in Argentina, where funding costs increased by more than 26 percentage points versus the same period last year. On the contrary, the application of IAS29 had a positive EUR67.5m impact on the group's net financial results.

Income taxes amounted to EUR16.4m, while the impairment of DTA's carried out translated into EUR170.5m tax asset impairment.

The discontinuation of "Clarel" and "Max Descuento" operations had an impact of EUR15.7m in profits related to the business activities and EUR38.0m due to the impairment of its assets.

With all these numbers, the net attributable loss amounted to EUR352.6m in 2018 (that compares with EUR101.2m in 2017), while underlying net profit decreased by 74% from EUR175.1m to EUR191.3m in 2018.

3.4 Information by segment

DIA GROUP[2] (EURm)	2017	%	2018	%	Change	Change (ex-FX)
Gross sales under banner	**11,040.7**		**9,390.2**		**-14.9%**	**-0.9%**
Like-for-like sales growth	-4.9%		-3.6%			
Net sales	**8.217.5**	**100.0%**	**7,288.7**	**100.0%**	**-11.3%**	**7.4%**
COGS + OPEX	(7,699.0)		(6,950.9)		-9.7%	
Adjusted EBITDA[1]	**518.5**	**6.3%**	**337.9**	**4.6%**	**-34.8%**	**-32.3%**
Other cash items & impairment	(80.1)		(199.8)			
D&A	(220.4)		(232.6)			
Operating profit (EBIT)	**218.0**	**2.7%**	**(94.5)**	**-1.3%**	**-143.4%**	**-163.5%**

SPAIN [2] (EURm)	2017	%	2018	%	Change
Gross sales under banner	**5,275.1**		**5,147.7**		**-2.4%**
Like-for-like sales growth	-2.9%		-2.3%		
Net sales	**4,441.7**	**100.0%**	**4,280.4**	**100.0%**	**-3.6%**
COGS + OPEX	(4,094.8)		(4,029.4)		-1.6%
Adjusted EBITDA[1]	**346.9**	**7.8%**	**251.0**	**5.9%**	**-27.6%**
Other cash items & impairment	(74.5)		(154.9)		
D&A	(136.0)		(146.6)		
Operating profit (EBIT)	**136.4**	**3.1%**	**(50.5)**	**-1.2%**	**-137.0%**

PORTUGAL[2] (EURm)	2017	%	2018	%	Change
Gross sales under banner	**834.4**		**808.4**		**-3.1%**
Like-for-like sales growth	-1.0%		-5.0%		
Net sales	**663.1**	**100.0%**	**628.6**	**100.0%**	**-5.2%**
COGS + OPEX	(620.9)		(598.6)		-3.6%
Adjusted EBITDA[1]	**42.2**	**6.4%**	**30.1**	**4.8%**	**-28.7%**
Other cash items & impairment	(5.7)		(25.6)		
D&A	(23.1)		(21.0)		
Operating profit (EBIT)	**13.4**	**2.0%**	**(16.5)**	**-2.6%**	**-222.7%**

ARGENTINA (EURm)	2017	%	2018	%	Change	Change (ex-FX)
Gross sales under banner	**2,934.1**		**1,794.5**		**-38.8%**	**3.0%**
Like-for-like sales growth	-7.8%		-2.8%			
Net sales	**1,391.6**	**100.0%**	**970.6**	**100.0%**	**-30.3%**	**60.5%**
COGS + OPEX	(1,332.7)		(967.8)		-27.4%	
Adjusted EBITDA[1]	**58.9**	**4.2%**	**2.8**	**0.3%**	**-95.3%**	**-91.2%**
Other cash items & impairment	(7.1)		(13.2)			
D&A	(17.9)		(23.3)			
Operating profit (EBIT)	**34.0**	**2.4%**	**(33.8)**	**-3.5%**	**-199.3%**	**-332.2%**

BRAZIL (EURm)	2017	%	2018	%	Change	Change (ex-FX)
Gross sales under banner	**1,997.1**		**1,639.6**		**-17.9%**	**-1.8%**
Like-for-like sales growth	-8.5%		-8.1%			
Net sales	**1,721.1**	**100.0%**	**1,409.1**	**100.0%**	**-18.1%**	**-2.1%**
COGS + OPEX	(1,650.6)		(1,355.1)		-17.9%	
Adjusted EBITDA[1]	**70.5**	**4.1%**	**54.0**	**3.8%**	**-23.3%**	**-8.3%**
Other cash items & impairment	7.2		(6.0)			
D&A	(43.5)		(41.8)			
Operating profit (EBIT)	**34.2**	**2.0%**	**6.2**	**0.4%**	**-81.9%**	**-78.3%**

(1) Adjusted by "Other cash items", (2) With Clarel and Max Descuento as discontinued activities,

The Company has changed its segment reporting providing relevant information of each of the countries where operates. This new segmentation comes as a result of the changes carried out in the top management teams, and to align the reporting with internal organisation and information.

The reinforced commitment with transparency has yielded in the publication (for the first time in these full-year 2018 figures) of a full disclosure of like-for-like, adjusted EBITDA, operating profit (EBIT) and Capex by country. Finally, information about the new methodology to calculate comparable sales growth rates is included in the "Definition of APM's" section of this document.

Gross sales in Spain declined by 2.4% in 2018 to EUR5.15bn, while net sales went down by 3.6% in the same period to EUR4.28bn. This negative performance was due to the negative 2.3% comparable sales and almost stable performance of average space during the period. By format, La Plaza, and the Dia&Go stores increased sales, but the other stores declined in terms of volumes, particularly those operated in suburban locations. Adjusted EBITDA generated in the country decreased by 27.6% to EUR251m, reflecting a 190 bps erosion in margins to 5.9%. On-line gross sales under banner increased by 37.4% in 2018 to EUR76.7m, which represents 1.5% of total gross sales in Spain.

With regards to Portugal, gross sales went down by 3.1% in 2018 to EUR808m, while net sales decreased by 5.2% during the same period to EUR629m. This negative performance was related to the negative 5.0% comparable sales and the closing of 27 net stores, which contracted average space by 1.5% in 2018. Adjusted EBITDA went down by 28.7% to EUR30.1m, a 140bps loss in margins to 4.8%.

In Argentina, gross sales decreased by 38.8% to EUR1.79bn (3% up ex-currency). Net sales fell by 30.3% to EUR0.97bn after applying IAS29, 23.5% down ex-IAS29. Despite the challenging macroeconomic environment and the strong decline in private consumption related to the spike in inflation and severe currency depreciation, business in local currency performed well in 2018. Volume comparable sales growth declined by 2.8% but clearly outperformed the market as reflected in the continued increase of market share. Additionally store selling area grew by 5.5% thanks to the 49 net openings completed during the year. Adjusted EBITDA in 2018 was EUR2.8m after the EUR36.3m impact from the application of IAS29. Isolating this accounting effect, the comparable figure of adjusted EBITDA would have been EUR39m in 2018, 33.8% down versus 2017 (+13.7% ex-currency), reflecting a 60 bps decline in adjusted EBITDA margin to 3.7%.

In 2018, DIA's operations in Brazil were impacted by several exceptional external and internal factors that are unlikely to be seen in the years ahead. In this scenario, gross sales under banner decreased by 17.9% to EUR1.64bn, 1.8% down ex-currency. Comparable sales during the year were down by 8.1%, a poor figure even after taking into account the deflationary scenario seen in the country at the start of the year, the truck transport strike, and other commercial local issues. Despite this tough business context and weak sales performance, the company managed to minimise the decline in adjusted EBITDA margin during the year, which declined by 30bps, from 4.1% to 3.8%.

3.5 Balance sheet

(€m)	31 Dec 2017 [1]	31 Dec 2018	Change
Non-current assets	2,466.7	2,072.4	-16.0%
Inventories	609.0	531.7	-12.7%
Trade & Other receivables	198.8	192.3	-3.3%
Other current assets	79.7	66.9	-16.1%
Cash & Cash equivalents	346.5	239.8	-30.8%
Non-current assets held for sale	39.6	168.7	326.1%
TOTAL ASSETS	**3,740.4**	**3,271.8**	**-12.5%**
Total equity	257.2	-166.1	-164.6%
Long-term debt	961.9	919.1	-4.5%
Short-term debt	330.0	772.4	134.0%
Trade & Other payables	1,785.2	1,442.5	-19.2%
Provisions & Other current liabilities	353.9	280.8	-20.6%
Liabilities associated with assets held for sale	52.1	23.1	-55.7%
TOTAL EQUITY & LIABILITIES	**3,740.4**	**3,271.8**	**-12.5%**

As a consequence of the EUR352.6m net losses reported in 2018, the company's consolidated equity turned into a negative figure of EUR166.1m by the end of 2018, with EUR99m negative equity in the parent company.

In the context of the refinancing agreements recently signed by the Company with its lenders, there is a commitment to recapitalise through a capital increase of at least EUR600m fully underwritten by Morgan Stanley & Co that is subject to certain conditions precedent and the disposal of some non-core assets related to the businesses of Household and Personal Care products and Cash & Carry (Clarel and Max Descuento).

3.6 Working capital, capital expenditure and net debt

3.6.1 Working capital

(€m)	31 Dec 2017 [2]	31 Dec 2018	Change	Change (ex-FX)
Inventories (A)	609.0	531.7	-12.7%	3.0%
Trade & other receivables (B)	198.8	192.3	-3.3%	5.7%
Trade & other payables (C)	1,785.2	1,442.5	-19.2%	-8.0%
Trade Working Capital [1]	**-977.4**	**-718.6**	**-26.5%**	**-17.6%**

(1) Trade working capital defined as (A+B-C). (2) Figures adjusted by the discontinuation of Clarel and Max Descuento.

DIA's negative Trade Working Capital declined by 26.5% to EUR718.6m, down by 17.6% ex-currency. This EUR259m decrease in the value of negative trade working capital is completely exceptional and attributable to: 1) The declining volume of sales, 2) The shorter payment period to suppliers during the last months of the year linked to the tough financial situation of the company; 3) the strong depreciation of currencies in Argentina and Brazil, and 4) The shorter average payment periods to suppliers in Argentina due to the growing inflation.

The value of inventories declined by 12.7% in 2018, EUR77.3m down to EUR531.7m. Currency depreciation had a 15.7% negative impact, as the value of inventories increased by 3% ex-currency. The discontinuation of Clarel and Max Descuento had a EUR76.7m impact over the value of stocks.

Trade and other receivables decreased by 3.3% in 2018 to EUR192.3m, 5.7% up ex-currency. This EUR6,5m decline in the value of debtors is due to the decrease in trade receivables with franchisees and from suppliers.

The value of trade and other payables decreased by 19.2%, from EUR1,785m to EUR1,442bn. This sharp decline of EUR343m relates to challenging business conditions faced by the company in Q4 2018 which resulted in substantially lower than average payment days to suppliers. In constant currency, the decline in trade payables would have been 7.8%%, which implies an 11.2% negative effect from currencies.

Non-recourse factoring from receivables from our suppliers amounted to EUR126.4m by the end of December 2018, compared with EUR99.6m at the end 2017.

By the end of 2018, the company provided confirming operations for a total EUR199.9m, which compares with EUR367.3m in the same period of last year, which implies EUR167.4m reduction in the confirming facilities.

According to the evolution of trade working capital in 2018, the number of days of negative trade working capital (over COGS) declined by 9.4 days in 2018, down to 45.1 days from 54.5 days in 2017 (figure recalculated according to the company's current consolidation perimeter).

3.6.2 Capital expenditure

(€m)	2017	%	2018	%	Change	Change (ex-FX)
Spain	156.9	48.0%	207.0	65.6%	31.9%	31.9%
Portugal	24.4	7.5%	20.3	6.4%	-17.1%	-17.1%
Argentina	53.5	16.4%	29.7	9.4%	-44.6%	27.6%
Brazil	90.9	27.8%	58.5	18.5%	-35.6%	-23.1%
TOTAL Capex	**326.5**	**100.0%**	**315.3**	**100.0%**	**-3.4%**	**11.9%**

DIA invested EUR315.4m in 2018, EUR11.2m less than in the same period last year. Excluding the currency effect, capex would have risen by 11.9% in 2018 (a 3.4% decrease in Euros).

During 2018 the company opened 336 stores and remodelled 1,140 stores. This higher value of investment was namely related to the very dynamic remodelling activity in Spain, where capital expenditure almost doubled in 2018 compared to 2017. On the other hand, investment in openings and on-going maintenance activities declined in all the countries.

3.6.3 Net debt

(€m)	31 Dec 2016	31 Dec 2017	31 Dec 2018
Net debt / Adjusted EBITDA	1.6x	1.8x	3.8x
Adjusted EBITDA	562.2	518.5	385.4 [1]
Net debt	**872.3**	**945.4**	**1,451.6**

(1) Adjusted by IAS29 and the discontinuation of Clarel.

Net debt at the end of December 2018 amounted to EUR1,452m, EUR506m higher than in the same period last year. The important growth in net debt during the period was namely due to the deterioration in trade working capital (EUR259m) and a 35% decline in adjusted EBITDA (down by EUR181m vs 2017). During 2018, DIA obtained proceeds of EUR93.9m from asset disposals related to a group of stores divested during the period, which compares with EUR68.2m collected in 2017. With this net debt amount, and adjusting EBITDA from IAS29 and Clarel discontinuation, the financial leverage ratio was 3.8x.

The tentative new application of IFRS16 in 2019 would increase Company's consolidated net debt by EUR675-700m.

Elsewhere, the Group expects net pretax profit to fall by around EUR6m in 2019 as a result of the adoption of the new regulation. In addition, EBIT is also expected to rise by between EUR265m and EUR280m, with an increase in asset amortisation for right of use and interest on the lease liability.

3.7 Cash flow statement

(€m)	2018
Adjusted EBITDA [1]	337.9
Other cash items	91.9
Net change in trade working capital	-274.3
Next change in other payables & receivables	42.6
Corporate taxes paid	-18.8
Net change in working capital of discontinued operations	-51.3
(A) CASH-FLOW FROM CONTINOUS OPERATIONS	**-140.8**
Capital expenditure paid	-343.8
Divestment of assets	-93.9
Other investement activities	2.3
Cash flow from discontinued operations	-11.1
(B) CASH-FLOW FROM INVESTING ACTIVITIES	**-258.7**
(A+B) OPERATING FREE CASH-FLOW	**-399.4**
Financial results	-86.3
Dividend paid	-110.3
Change in FX and other	89.9
(C) CASH-FLOW FROM FINANCIAL ACTIVITIES	**-106.7**
Net debt beginning of the period	945.4
(A+B+C) CHANGE IN NET DEBT	**-506.1**
Net debt at the end of the period	**1,451.6**

(1) Adjusted by "Other items'

3.8 Store count

At the end of December 2018, DIA operated a total of 6,157 stores, 56 more than during the same period last year, with 336 openings and 280 closures. This final number excludes the 35 stores of "Max Descuento" and 1,271 Clarel in Spain and Portugal, as they have recently been categorised as discontinued operations.

In 2018, the number of stores declined by 23 in Spain (from 3,497 to 3,474), after the opening of 62 new stores and the closure of 85 stores. 2018 was particularly busy in terms of store upgrading, totalling 976 remodellings during the year, of which 75 corresponded to the new convenience format Dia&Go. 2018 was also special in terms of franchised activity, as the company transferred 109 net stores back to owned from franchised operations. This change is due to the new company policy to seek higher-quality franchise partners to provide customers with a better shopping experience. This policy will continue during 2019 and should be reflected in another material number of transfers from franchised to owned stores. With regards to store selling area, by the end of 2018, total space increased by 0.5% compared with same period last year.

In Portugal, the number of stores declined by 27 in 2018, versus 559 to 532. This fall was due to the closure of 15 Dia stores and 12 Mais Perto stores. In terms of remodelling activity, DIA upgraded 44 stores, ending 2018 with 40 new convenience stores operated under the banner Minipreço Express. The number of franchised stores increased from 297 to 309, which represents 53.1% of the store network in the country. By the end of 2018, the total store selling area decreased by 1.5% versus the same period last year.

Argentina ended 2018 with 979 stores in operation, 49 more than in the same period last year, totalling 94 openings and 45 closures during 2018. With regards to franchised activity, a total of 24 net stores were transferred during the period, to a total of 681 franchised stores at the end of 2018, which represents 69.6% of the store network in the country. By the end of 2018, the total store selling area increased by 5.5% versus the same period last year.

In Brazil, the company opened 157 stores during the year, but closed 100, almost all of them franchised. The total number of stores rose by 57 from 1,115 to 1,172, of which 58.5% franchised. By the end of 2018, the total store selling area went up by 3.9% versus the same period last year.

[1] SUMMARY OF STORES

	2017			2018		
DIA GROUP[1]	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	**2,608**	**3,543**	**6,151**	**2,462**	**3,639**	**6,101**
New openings	**150**	**271**	**421**	**163**	**173**	**336**
Owned to franchised net transfers	**-105**	**105**	**0**	**20**	**-20**	**0**
Closings	**-191**	**-280**	**-471**	**-35**	**-245**	**-280**
Total DIA GROUP stores at the end of the period	**2,462**	**3,639**	**6,101**	**2,610**	**3,547**	**6,157**
SPAIN [1]	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	1,630	2,040	3,670	1,473	2,024	3,497
New openings	20	53	73	34	28	62
Owned to franchised net transfers	-13	13	0	109	-109	0
Closings	-164	-82	-246	-13	-72	-85
Total SPAIN stores at the end of the period	**1,473**	**2,024**	**3,497**	**1,603**	**1,871**	**3,474**
PORTUGAL[1]	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	303	256	559	262	297	559
New openings	12	10	22	6	17	23
Owned to franchised net transfers	-38	38	0	-35	35	0
Closings	-15	-7	-22	-10	-40	-50
Total PORTUGAL stores at the end of the period	**262**	**297**	**559**	**223**	**309**	**532**
ARGENTINA	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	296	576	872	303	627	930
New openings	32	78	110	30	64	94
Owned to franchised net transfers	-16	16	0	-24	24	0
Closings	-9	-43	-52	-11	-34	-45
Total ARGENTINA stores at the end of the period	**303**	**627**	**930**	**298**	**681**	**979**
BRAZIL	**Own**	**Franchise**	**TOTAL**	**Own**	**Franchise**	**TOTAL**
Total stores at the beginning of the period	379	671	1,050	424	691	1,115
New openings	86	130	216	93	64	157
Owned to franchised net transfers	-38	38	0	-30	30	0
Closings	-3	-148	-151	-1	-99	-100
Total BRAZIL stores at the end of the period	**424**	**691**	**1,115**	**486**	**686**	**1,172**

[1] By 2018 year-end the company also operated 1,200 Clarel and 35 Max Descuento stores in Spain and 71 Clarel in Portugal

3.9 Store selling area by country

	31 December 2017	31 December 2018	
(Million square meters)	Total	Total	Change
Spain	1.5737	1.5820	0.5%
Dia stores	1.3642	1.3648	0.0%
La Plaza stores	0.2095	0.2172	3.7%
Portugal	0.2139	0.2107	-1.5%
Argentina	0.2513	0.2652	5.5%
Brazil	0.4896	0.5088	3.9%
TOTAL DIA	**2,5285**	**2,5667**	**1.5%**

3.10 Definition of APMs

In the preparation of the financial information that is reported internally and externally, the Directors of DIA have adopted a series of Alternative Performance Measures (APMs) in order to gain a better understanding of the business performance. These APMs have been chosen according to the company's activity profile and taking into account the information of business performance commonly published by other international peers. Nevertheless, these APMs may or may not be totally comparable with those of other companies in the same industry. In all cases, APMs should be considered as data that are not intended to replace (or be superior to) IFRS measurements.

PURPOSE

The purpose of these APMs is to assist in the understanding of the business performance by providing additional useful information about the underlying performance of the activity and financial position of the company.

APMs are also used to enhance the comparability of information between reporting periods and geographical units by adjusting for other cost and revenue items or uncontrollable factors that affect IFRS measures. APMs are therefore used by Directors and management for performance analysis, planning, reporting, and incentive-setting purposes.

CHANGES TO APMs

Since the communication of full-year 2017 results, the company changed the wording of some APMs to adopt the recommendations of the ESMA (European Securities and Markets Authorities). Accordingly, the former expression "Non-recurring items" has been rephrased to "Other items". In accordance with this change, the old expressions "Non-recurring cash items" and "Non-recurring non-cash items" have been also adapted to the new wording "Other cash items" and "Other non-cash items" respectively.

As from 2017 full-year reporting, the calculation of "Other cash-items" includes gains on the disposal of non-current assets due to the accounting of this item as "Other income" in the consolidated P&L accounts. This modification, introduced in full compliance with IFRS, better reflects the cash impact of "Other items".

- **Gross sales under banner:** Total turnover value obtained in stores, including indirect taxes (sales receipt value) in all the company's stores, both owned and franchised.

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION			
(€m)	2017	2018	Change
Net sales	8,234.9	7,288.7	-11.5%
VAT and other	2,805.9	2,101.5	-25.1%
GROSS SALES UNDER BANNER	**11,040.7**	**9,390.2**	**-14.9%**

- **LFL sales growth under banner:** Growth rate of gross sales under banner at constant currency of the stores that have been operating for more than thirteen months under the same conditions.

  To be more conservative in applying this definition, LFL figures reported in this document exclude from the comparison base of calculation only those stores that have been closed for significant remodelling activities or severely impacted by external objective reasons. Additionally, the new LFL figures corresponding to Argentina have been deflated using internal inflation to reflect volume LFL, avoiding hyperinflationary misleading nominal calculation.

According to all these changes, the group's LFL would have been +3.7% instead of -3.6% in the full year 2018 (0.3% vs -2.3% new in Spain, -3.9% vs -5.0% new in Portugal, 24.8% vs -2.8% new in Argentina and -5.2% vs -8.1% new in Brazil).

- **Adjusted EBITDA:** Operating profit after adding back depreciation and amortization (including amortization related to the closing of stores and impairment of fixed assets), losses on write down of fixed assets, "Other cash items".

OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION			
(€m)	2017	2018	Change
Operating profit (EBIT)	218.0	-94.5	-143.4%
Depreciation & Amortization	220.4	232.6	5.5%
Losses on write-off of fixed assets	17.2	25.4	47.6%
Impairment of fixed assets	12.1	79.9	563.1%
Amortization related to the closing of stores	3.3	2.6	-22.2%
Gross operating profit (EBITDA)	**470.9**	**246.0**	**-47.8%**
Other cash items	47.5	91.9	93.3%
ADJUSTED EBITDA	**518.5**	**337.9**	**-34.8%**

- **Underlying net profit:** Net income calculated on net profit attributable to the parent company, adjusted by "Other items", "Items excluded from financial income and expenses", "Items excluded from income tax" and "Losses net of taxes of discontinued operations".

NET PROFIT TO UNDERLYING NET PROFIT RECONCILIATION			
(€m)	2017	2018	Change
Net attributable profit	101.2	-352.6	
Other cash items	47.5	91.9	93.3%
Impairment and write offs	32.6	107.9	231.4%
Items excluded from financial income and expenses	9.1	12.9	42.0%
Items excluded from income tax	-10.5	135.9	
Losses net of taxes of discontinued operations	11.5	53.7	367.5%
UNDERLYING NET PROFIT	**191.3**	**49.7**	**-74.0%**

- **Basic EPS:** Fraction of the company's profit calculated as net attributable profit divided by the weighted average number of shares

BASIC EARNINGS PER SHARE RECONCILIATION			
(€m)	2017	2018	Change
Net attributable profit (EURm)	101.2	-352.6	
Weighted average number of shares (million)	611.89	612.18	0.0%
Average number of treasury shares (million)	10.57	10.28	-2.8%
BASIC EARNINGS PER SHARE (Euro)	**0.17**	**-0.58**	

- **Underlying EPS:** Fraction of the company's profit calculated as underlying net profit divided by the weighted average number of shares.

UNDERLYING EARNINGS PER SHARE RECONCILIATION			
(€m)	2017	2018	Change
	191.3	49.7	-74.0%
Weighted average number of shares (million)	611.89	612.18	0.0%
Average number of treasury shares (million)	10.57	10.28	-2.8%
UNDERLYING EARNINGS PER SHARE (Euro)	**0.31**	**0.08**	**-74.0%**

- **Net financial debt:** Overall financial situation of the company that results by subtracting the total value of company's short-term, long-term financial debt, other financial liabilities from the total value of its cash, cash equivalents, and other liquid assets. All the information necessary to calculate the company's net debt is included in the balance sheet.

NET FINANCIAL DEBT RECONCILIATION			
(€m)	2017	2018	Change
Long-term debt	961.9	919.1	-4.5%
Short-term debt	330.0	772.4	134.0%
Cash & Cash equivalents	-346.5	-239.8	-30.8%
NET FINANCIAL DEBT	**945.4**	**1,451.6**	**53.5%**

3.11. The impact of the reestatement of the quarterly information

The following displays the main magnitudes of the consolidated income for the quarters 2017 and 2018 as restated:

2017 RESTATED FIGURES				
(€m)	Q1 2017	H1 2017	9M 2017	2017
Net sales	2,005.3	4,089.4	6,157.6	8,217.5
Adjusted EBITDA	98.1	228.4	370.6	518.5
EBIT	31.1	72.4	136.3	218.0

2018 RESTATED FIGURES				
(€m)	Q1 2018	H1 2018	9M 2018	2018
Net sales	1,794.7	3,661.2	5,274.9	7,288.7
Adjusted EBITDA	86.4	199.6	254.9	337.9
EBIT	8.2	34.8	-12.1	-94.5

3.12 Subsequent events

1. Financing Agreement

On 2 January 2019, relating to the financing agreement.

i) Facility B was increased by Euro 4,533 thousand in order to settle an equity swap.
ii) On 21 January 2019, a bank exercised its right to adhere to the Facilities Agreement, increasing Facility A by Euro 4,400 thousand, Facility B by Euro 8,500 thousand and the available amount of the confirming by Euro 15,600 thousand.

With respect to the foreign subsidiaries, DIA Argentina, DIA Brazil and DIA Portugal, as part of the Financing Contract agreement, a commitment was agreed with the banks party to the agreement to maintain certain bilateral and reverse factors agreements in effect. For those maturities taking place in the first half 2019, it was agreed to establish maturity on 31 May 2019. These agreements were formalised during the month of January 2019. The maturities of certain bilateral loans in Brazil amounting to Euro 67,527 thousand were extended and changed from January 2019 to: 31 May 2019 (Euro 22,277 thousand), 2 July 2019 (Euro 22,748 thousand) and 24 July 2019 (Euro 22,502 thousand).

On 6 February 2019 the Company informs that its syndicated facility lenders have notified the Company, subject to certain conditions including the completion of a share capital increase in the form of a right issue and for an amount of Euro 600 million, of their indicative support for an extension of the final maturity date in relation to the existing syndicated facilities which will remain post rights issue in the amount of Euro 765 million until March 2023.

2. Tax inspections activities in Brazil

On 29 January 2019, DIA Brazil received the results of the inspection activities for 2014, and the assessment amounted to Euro 97,012 thousand (431,121 thousand Reals). The company will appeal against this assessment, first through administrative proceedings and subsequently through legal proceedings on the understanding that there are sufficient grounds to achieve a favourable outcome, see note 17.3.

3. Aprovved the new Business Plan for the period 2019-2023

On 30 January 2019, the Board of Directors formally approved the new Business Plan for the period 2019-2023, see note 1.1.

4. Horizon Agreement

On 1 February 2019 the Group joined the international trading platform Horizon International Services and acquired a 25% interest in exchange for Euro 263 thousand. On 30 August 2018, the Company entered into the agreement, whereby it has become a member of such trading platform to enhance its competitiveness in relations with large suppliers of manufacturer's brands and improve the consumer offering in terms of range and price.

5. Takeover bid

On 5 February 2019, the shareholder LetterOne Investment Holdings, S.A. ("LetterOne"or the "Bidder"), holding a 29.001% stake in the share capital (note 14.1), announced through the controlled Company L1R Invest1 Holdings S.à.r.l. its decision to prepare a voluntary takeover bid, aimed at all shares making up the Company's share capital, i.e. 622,456,513 shares at a price of Euro 0.67 per share.

The shareholder communicated that it will present to the Spanish National Securities Market Commission (CNMV) the request for authorisation of its takeover bid, along with the relevant explanatory brochure, within one month of the publication date of the announcement and that it expects the presentation to take place in the first half of that period.

The bid is contingent on compliance with certain conditions relating to minimum acceptance by 50% of the shares effectively covered by the bid (excluding shares owned by the bidder), the obtaining of certain authorisations from the competition authorities and, its effectiveness is conditional upon the Company not issuing any share or other instruments convertible into shares before the CNMV communicates the outcome of the bid. Likewise, the Offeror has stated that, at the date of the announcement, it does not intend to vote in favor of any decision of the Company that has as its object the issue of shares or other instruments convertible into shares or other instruments convertible into shares whose execution takes place before the CNMV communicates the bid. The Offerer also declared that at the date of the announcement, it has no intention of voting on any decision of the Company concerning the issue of shares or other instruments convertible into shares whose execution may take place before the National Securities Market Commission communicates the outcome of that bid.

LetterOne also communicated its intention to carry out a forced sale procedure. The execution of the forced sale resulting from the exercising of that right would trigger the delisting of DIA shares listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The Bidder also announced its intention to sponsor a capital increase of Euro 500 million in the Company at a subscription price of not less than Euro 0.10 per share, respecting pre-emptive rights The Offerer would commit to subscribing its proportional part and underwriting the rest of the capital increase (or having a bank underwrite it). The execution and underwriting of the capital increase will be contingent on and will only take place after the settlement of the bid, once its outcome is declared positive and an agreement is reached with banks concerning a feasible long-term capital structure for DIA which is satisfactory for LetterOne.

The Board of Directors, in its meeting held on 6 February 2019, has conducted a preliminary review, with the assistance of its advisors, of the announcement .The Board of Directors believes that the announcement of the Tender Offer underscores the attractiveness of the Company's business. In addition, the Board of Directors acknowledges the alignment between the Bidder's six-pillars transformation plan for the Company and DIA's strategic plan, which reflects the joint effort of the Group's management and the Board over 2018.

Having said that, the Board will provide its views on the Tender Offer (including, among others, over the proposed consideration and conditions) once the Tender Offer is approved and the prospectus is released to the market, as required by the Spanish takeover regulations. In the current circumstances DIA needs to restore in a timely manner its net equity position, and the EUR 500 million share capital increase of the Company proposed by the Bidder following the Tender Offer, as currently structured, does not provide certainty on its actual implementation or timing, nor does it take into account the obligations of the Company vis-à-vis its lenders and its short term debt maturities. Moreover, the Bidder acknowledges that such share capital increase is subject to reaching an agreement with the lenders of the Company satisfactory to the Bidder, which creates further uncertainty. The Board is willing to explore with the Bidder the feasibility to adapt the terms of the Tender Offer to address these concerns.

6. Employment Regulation Proceedings in Spain

The Board of Directors has announced on 7 February 2019 to initiate negotiations with unions and labour representatives to open Employment Regulation Proceedings in Spain which may affect a total of 2,600 employees. This process is part of a rationalisation process that will include the closing or disposal of up to 300 stores, a new Regional Centers structure, and simplified organisation at the group's headquarters.

3.13 Information about the foreseeable evolution of the Entity

New Business Plan

The DIA Group has been working over the past months in the elaboration of a new Business Plan that covers the periods 2019-2023 with the help of a prestigious consulting firm, BCG (Boston Consulting Group).

This business plan is not consistent with previous business plans elaborated over the past years but it is true plan to transform the Company, baptized as "Nuevo DIA", that affects mainly Spain, the main market of the Group, and that is based in the following pillars:

- **Improve the supply of fresh food:** the Group bets on improving both the variety and the quality of their fresh. This improvement, which is related to the entity's proximity factor, is expected to allow the sales heavily grow and to improve the global perception the consumer has about DIA.

- **Build an innovative and differentiated own brand:** The Group wants to improve the quality of the products under their own brand in order to change the perception of the clients. The intention is to have the best own brand of the market with a high perception both in price and in quality.

- **Rationalize and improve the assortment of product:** reduce part of the assortment will allow to improve the visibility of the global offer in the shops as well as securing that the client truly finds the products he needs.

- **Improve price perception:** focusing on reducing the price of the products in the shelf, the client will have a better perception of the prices offered by DIA. The intention is to use in the most efficient way the promotions and the loyalty discount card which will be progressively more and more personalized.

These pillars will be implemented throughout the first two years of the plan and will be stake through a new store model which, first; it will be approved along 2019 to replicate massively to the entire park of stores from the year 2020. Therefore, although opening new stores is also within the plan, the strategy is based fundamentally on renewing the park of stores already open.

Likewise, towards ensuring the correct implementation of all the initiatives and to improve the profitability of the entity, a series of measures will be carried out to adjust the cost base as the closing of more than 600 unprofitable stores in Spain (of which 300 will close in 2019), a restructure of the structures, a review of the logistic end-to-end process, all of which directed so that DIA ends up being a simpler, more efficient entity.

Finally, and not less important, the Group wants to relaunch their franchise model, key for their geographic presence and the profitability of the Company. The Entity wants to improve the quality and profitability of its franchisees to turn it into a winning model for both parties.

3.14 Research, development and innovation activities

Since its creation, DIA has placed a strong emphasis on developing knowledge, management methods and business models that have allowed the Company to generate sustainable competitive advantages. Through franchising, DIA transfers all of its expertise to franchisees so that they can run a profitable and efficient business.

As established in the IAS 38, DIA includes the development costs generated internally in the assets, once the project has reached a development phase, as long as they are clearly identifiable and linked to new commercial model projects and IT developments, to the extent that it can be justified that they will result in an increase in future profit for the Company.

The costs associated with R&D+i incurred by DIA during 2018 are, as a percentage, smaller compared to the rest of the costs arising from the development of activities aligned with its social objectives.

EUR14.96m was activated during 2018, corresponding to the capitalization of IT developments (EUR 11.2m in 2017).

3.15 Treasury stock and earnings per share

3.15.1 Treasury shares

Changes in treasury shares in 2018 and 2017 are as follows:

	Number of shares	Average price	Total
At 31 December 2016	**11,105,774**	**5.9943**	**66,571,465.29**
Equity swap settlement	(2,100,000)		(12,588,053.49)
Equity swap additions	2,100,000		11,130,000.00
Delivery of shares to Directors	(73,227)		(428,672.64)
Delivery of shares as part of the incentive plan 2014-2016 (note 18)	(721,914)		(4,326,043.04)
At 31 December 2017	**10,310,633**	**5.8540**	**60,358,696.12**
Delivery of shares as part of the incentive plan 2014-2016 (note 18)	(768,277)		(4,497,512.23)
At 31 December 2018	**9,542,356**	**5.8540**	**55,861,183.89**

The Parent’s treasury shares are held to deliver shares to the executives under the share plans.

The Facilities Agreement entered into on 31 December 2018 between the Group and the lending bank includes a prohibition on the repurchase of treasury shares until the debt is settled

3.15.2 Earnings/losses per share

Basic earnings/losses per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding throughout the period, excluding treasury shares.

Details of the calculation of basic earnings/(losses) per share are as follows:

	2018	2017
Average number of shares	**612,177,367**	**611,885,181**
Profit/(loss) for the period in thousands of Euros	(345,052)	84,959
(Loss)/Profit per share in Euros	(0.54)	0.14

There are no equity instruments that could have a dilutive effect on earnings per share. Diluted earnings per share are therefore equal to basic earnings per share.

3.16. Average payment period to suppliers

The information required from Spanish DIA Group companies under the reporting requirement established in Spanish Law 15/2010 of 5 July 2010, which amended Spanish Law 3/2004 of 29 December 2004 and introduced measures to combat late payments in commercial transactions, is as follows::

	2018 Days	2017 Days
Average payment period to suppliers	48	46
Paid operations ratio	49	46
Pending payment transactions ratio	37	42
	Amount (euros)	**Amount (euros)**
Total payments made	4,568,147,789	4,134,004,583
* Total payment pending	335,376,575	542,911,981

*Receptions unbilled and invoices included in the confirming lines at the year end previously mencioned, are not included in this amount.

3.17 Liquidity and capital resources

3.17.1 Liquidity

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

During 2018 and after publishing a Significant Event in October on the review of estimated results for the year and the restatement of the 2017 consolidated annual accounts, there were a total of six downgrades of the Group's credit rating by rating agencies, consisting of three levels in the case of Moody's and Standard & Poor's, to finally reach Caa1 (under review) and CCC+ (negative outlook), respectively, in December.

In order to mitigate the risk that reactions to the information and downgrades by the financial institutions with which the Group operates could have a potential relevant adverse impact on its liquidity profile, in October the Group initiated a process of dialogue and negotiation with its main banks (the "Group of Banks"), with a dual purpose: (I) assure that they maintained their support for the Group by signing a formal agreement to maintain and restore the financing ceilings granted by the Group of Banks; and (ii) negotiate a new financing package that would allow the Group to assure coverage of its future working capital needs under the Business Plan.

As a result, the main financial institutions signed an agreement on 18 November 2018 to maintain and restore financing lines, initially maturing on 30 November 2018 and subsequently extended to 31 December 2018.

At that date, the previously mentioned financial institutions granted a Financing Agreement and, during the month of January 2019, certain foreign subsidiaries of the Group entered into bilateral financing agreements. As a result of such agreements, amongts others, the Group obtained additional short term financing for an amount of up to Euro 201.4 million and of up to Euro 867.8 million to be drawn through working capital financing facilities, such as revolving credit facilities, confirming facilities, factoring and bilateral loans.

On 21 January 2019, another financial institution signed up to the financing agreement, increasing new money by Euro 4.4 million and working capital facilities by Euro 24.1 million.

The main terms of the Facilities Agreement are explained in note 2.4 of the consolidated annual accounts.

The combination of this new financing package, the divestments, the capital increase and the agreements currently under negotiation in relation to the first maturity of the Facilities Agreement must allow the Group to assure coverage of working capital needs under the Business Plan, considerably strengthening its liquidity profile.

The Group's exposure to liquidity risk at 31 December 2018 and 2017 is shown below. These tables reflect the analysis of financial liabilities by residual contractual maturity dates:

Thousands of Euro	Maturity	At 31 December 2018
Debentures and bonds long term	2020-2023	590,410
Syndicated credits (Revolving credit facilities)	2020-2022	254,222
Other bank loans	2020	15,000
Finance lease payables	2020-2025	19,801
Credit facilities drawn down	2020-2022	27,150
Guarantees and deposits received	per contract	12,102
Other non-current financial debt	2020-2021	385
Other non-current financial liabilities	2020	2,291
Total non-current financial liabilities		**921,361**
Debentures and bonds long term	2019	311,371
Other bank loans	2019	119,092
Other financial liabilities (note 15.1 c))	2019	4,532
Finance lease payables	2019	9,125
Syndicated credits (Revolving credit facilities)	2019	124,350
Credit facilities drawn down	2019	184,001
Expired interest	2019	7,241
Guarantees and deposits received	2019	3,489
Derivatives	2019	5,776
Other debt with group companies	2019	513
Other financial debts	2019	2,864
Trade and other payables	2019	1,442,496
Suppliers of fixed assets	2019	105,139
Personnel	2019	51,423
Other current liabilities	2019	1,085
Total current financial liabilities		**2,372,497**

Thousands of Euro	Maturity	At 31 December 2017
Debentures and bonds long term	2019-2023	892,570
Mortgage loan	2019-2020	814
Other bank loans	2019-2020	30,842
Finance lease payables	2019-2027	26,229
Guarantees and deposits received	per contract	11,148
Other non-current financial debt	2019-2021	342
Other non-current financial liabilities	2019	2,491
Total non-current financial liabilities		**964,436**
Debentures and bonds long term	2018	6,021
Mortgage loan	2018	633
Other bank loans	2018	209,283
Other financial liabilities (note 15.1 c)	2018	25,704
Finance lease payables	2018	10,547
Credit facilities drawn down	2018	65,809
Expired interest	2018	132
Guarantees and deposits received	2018	2,813
Derivatives	2018	4,339
Other financial debts	2018	4,732
Trade and other payables	2018	1,785,186
Suppliers of fixed assets	2018	139,284
Personnel	2018	64,698
Other current liabilities	2018	3,675
Total current financial liabilities		**2,322,856**

The amounts reflected in the following tables relate to maturities of non-current financial debt in 2018 and 2017. The amounts are the undiscounted cash flows stipulated in the agreement. As these amounts are not discounted and include future interest, they cannot be analysed against the amounts recognised in the accompanying consolidated statement of financial position for the headings in question.

Financial expenses accrued on these financial liabilities totalled Euro 50,259 thousand and Euro 41,075 thousand in 2018 and 2017, respectively.

Thousands of Euro				
At 31 December 2018	**Total**	**2020**	**2021-2023**	**>2024**
Debentures and bonds long term	616,500	5,625	610,875	-
Syndicated credits (Revolving credit facilities)	254,222	135,556	118,666	-
Bank Loans	15,063	15,063	-	-
Finance lease payables	21,141	6,918	12,979	1,244
Credit facilities drawn down	27,151	17,065	10,085	-
Guarantees and deposits received	12,102	-	-	12,102
Other non-current financial debt	385	333	52	-
Total non-current financial debt	**946,564**	**180,560**	**752,657**	**13,346**

Thousands of Euro				
At 31 December 2017	**Total**	**2019**	**2020-2022**	**>2024**
Debentures and bonds long term	932,411	315,911	313,875	302,625
Mortgage loan	828	432	396	-
Bank Loans	32,658	17,595	15,063	-
Finance lease payables	28,240	9,912	15,974	2,354
Guarantees and deposits received	11,148	-	-	11,148
Other non-current financial debt	342	126	216	-
Total non-current financial debt	**1,005,627**	**343,976**	**345,524**	**316,127**

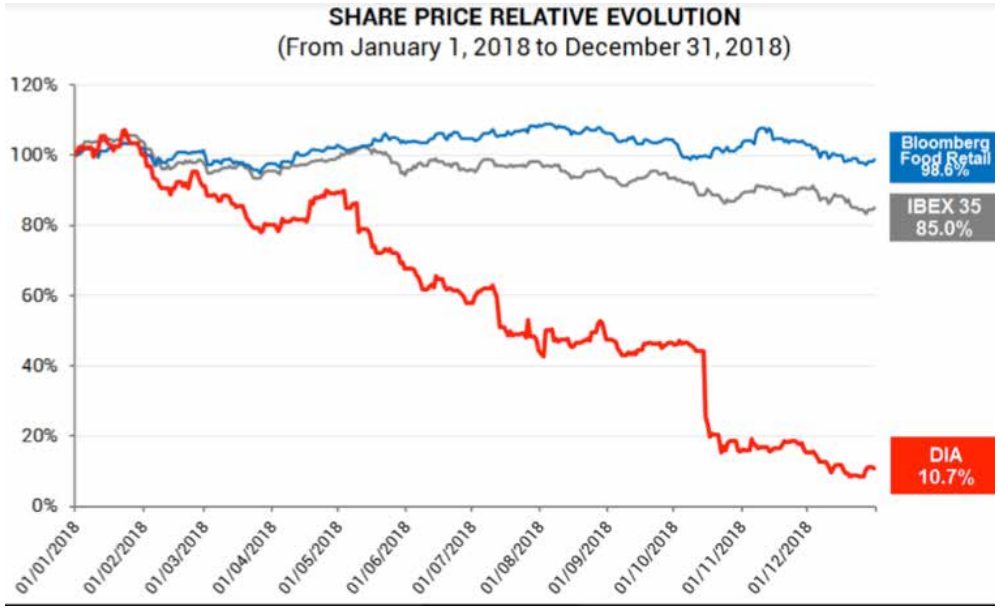
3.17.2 Capital resources

In the past few years the DIA Group has been investing between €300 million and €350 million, excluding acquisitions of shares in companies and packages of stores from competitors. The Group's strategy focuses on investing primarily in markets with the highest returns and opening and refurbishing stores. Approximately 60% of investment is thus devoted to opening or refurbishing stores and warehouses. In 2018 €312 million was invested. At Group level the aim for the next few years is to continue investing at the same level, except in 2019, when investment will be cut by half as the company wishes to focus on its new business proposal with a pilot project of 100 stores to be refurbished in Spain.

Each business unit prepares an annual investment plan which is presented to Group management through an Investment Committee. In turn, senior management submits it to the Board of Directors for approval.

Investment Return targets are set in financial terms.

3.18. Stock Exchange information



In 2018 DIA's share price declined by 89.3% while Ibex 35 Index dropped by 15.0% and Bloomberg Food Retail Index dipped by 1.4%. In 2018 the lowest closing price was December 24th up to 0.360 euros and the highest closing price was January 23rd at 4.612 euros per share. Closing share price at 2018 year-end was 0.4615. The liquidity during 2018 remained high with 2,382 million shares traded, implying a total value negotiated of 4,585 million euros.

3.19 Credit rating

Due to the negative evolution of the results in 2018, and specially to the financing problems that the Company has experienced towards the end of the year with the following uncertainty about the capacity of the entity to renegotiate its debt with the credit facilities and the success of the capital increase planned for 2019 of Euro 600 million, the credit agencies Standard and Poor's (S&P) and Moody's have been lowering the long term notes attributed to the DIA Group, losing the investment grade.

So, in the case of S&P, the grade has dropped from BBB- to CCC+ while in the case of Moody's the has dropped from Baa3 to Caa1.

3.20 Dividend policy

As communicated in the Relevant Fact of October 15, 2018, DIA's Board of Directors resolved to put on hold the dividend distribution policy for 2019. Since listed in 2011 DIA has remmunerated to its shareholder with 1,045 million euros, of which 733 million euros were dividend payments and 312 million euros through share buyback programs (which shares were finally redeemed)

3.21 Other information

DIA's Corporate Governance Report is part of the Director's Report and is available at www.diacorporate.com and published as price-sensitive information on the CNMV (Spanish National Securities Market Commission) website.

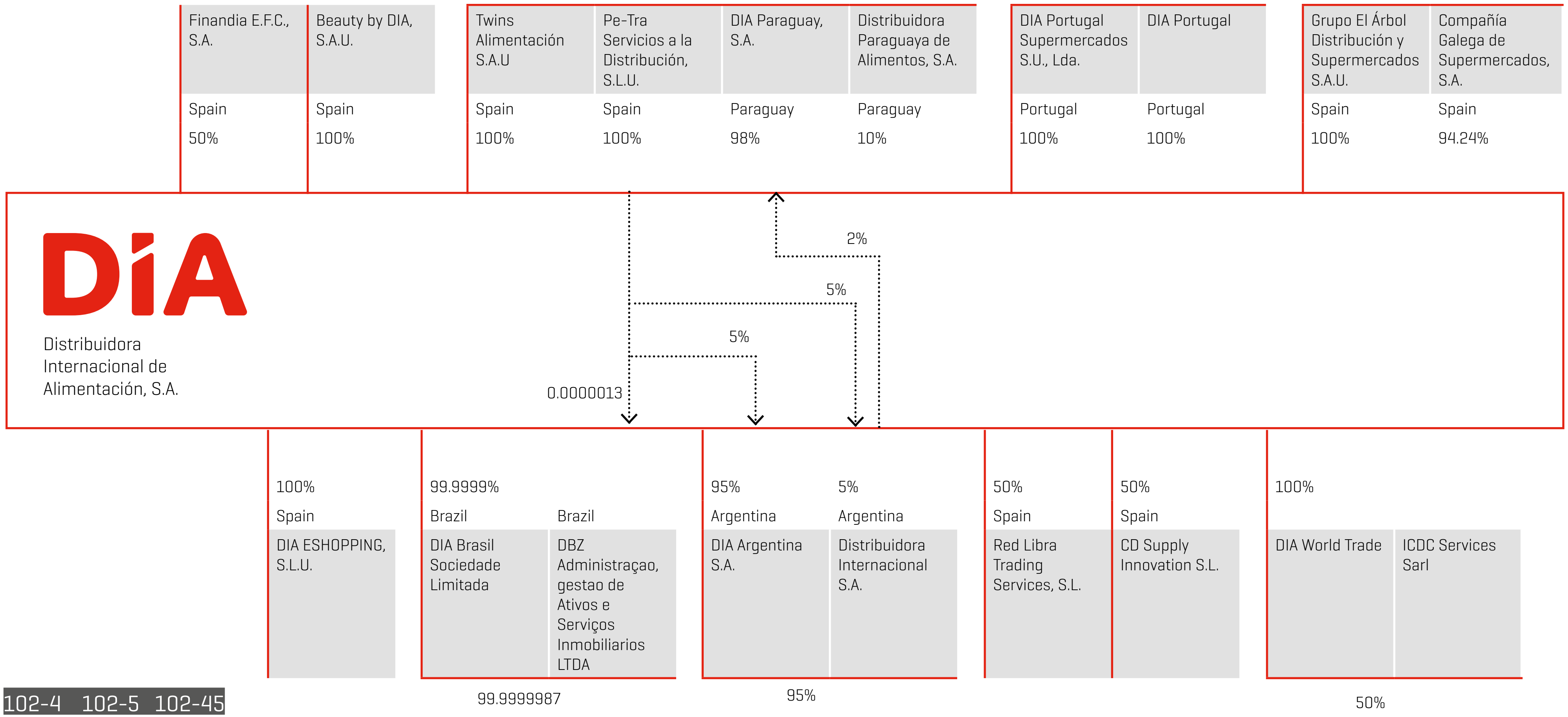
3.22 Change in Currency rates

Period	€ / Argentinean Peso	€ / Brazilian Real
Q1 2017 average	0.0599	0.2987
Q1 2018 average	0.0414	0.2507
Q1 2018 change (1)	**-30.9%**	**-16.1%**
Q2 2017 average	0.0578	0.2828
Q2 2018 average	0.0361	0.2329
Q2 2018 change (1)	**-37.5%**	**-17.6%**
Q3 2017 average	0.0493	0.2691
Q3 2018 average	0.0276	0.2181
Q3 2018 change (1)	**-44.0%**	**-19.0%**
Q4 2017 average	0.0484	0.2613
Q4 2018 average	0.0236	0.2301
Q4 2018 change (1)	**-51.2%**	**-12.0%**
FY 2017 average	0.0538	0.2780
FY 2018 average	0.0322	0.2329
FY 2018 change (1)	**-40.3%**	**-16.2%**

(1) Bloomberg average currency rates (a negative change in exchange rates implies a depreciation versus the Euro)

4.1 Company profile

Corporate and shareholding structure



102-4 102-5 102-45

Distribuidora Internacional de Alimentación, S.A. 102-1, with headquarters in Las Rozas de Madrid 102-3 , directly or indirectly owns 100% of all its subsidiaries, with the exception of Compañía Gallega de Supermercados, S.A., of which it owns 94.24%; Finandia E.F.C, S.A., ICDC Services Sarl, Red Libra Trading Services, S.L. and CD Supply Innovation, S.L. of which it owns 50%; and Distribuidora Paraguaya de Alimentos, S.A. of which it owns 10%. The DIA Group's main activity is retailing and wholesaling food products and other consumer products through owned or franchised stores.

DIA World Trade, S.A. is located in Geneva (Switzerland) and provides services to the suppliers of DIA Group companies.

Finandia E.F.C., S.A. is a Spanish credit institution that offers financing to clients of DIA stores in Spain through the "Club DIA" card.

Distribuidora Internacional, S.A. based in Buenos Aires (Argentina) provides services consultancy.

The company ICDC has been set up in collaboration with Casino, to jointly purchase goods in Switzerland (Geneva).

DIA E-Shopping creates, maintains and operates internet websites and portals for the sale of products and services.

The company DBZ Administraçao, Gestao de ativos e Serviços Imobiliarios Ltda., registered in Sao Paulo, manages the real estate belonging to DIA Brazil.

The company Red Libra Trading Services, S.L. was jointly set up with the Eroski Group to negotiate with own label suppliers for both companies, as well as to purchase other materials and inputs for their businesses. It is not currently active.

The company CD Supply Innovation, S.L. was set up jointly with the Casino Group to manage financial, logistical and innovation services.

SIGNIFICANT HOLDINGS AND TREASURY STOCK

			Direct voting rights		Indirect voting rights		Financial instruments	
No. of shares in circulation	622,456,513	100.00%						
● Treasury stock*	10,310,633	1.66%		0.00%		0.00%	0	0.00%
● Free Float	431,627,186	69.34%		0.00%		0.00%	0	0.00%
● Letterone Investment Holdings, S.A.	180,518,694	29.00%	0	0.00%	180,518,694	29.00%	0	0.00%

Corporate Governance

102-18

“

The DIA Group has a corporate governance and compliance system that works to ensure a proper climate of control and compliance with both external and internal regulations. This regulatory system is adapted to the regulations for capital companies and the securities market and strictly adheres to the recommendations on good governance.

This model has been designed to comply with the corporate objectives that are set by the Group's governing bodies and to protect the interests of all its interest groups in a universal and transparent way.

COMPOSITION AND CHANGES TO THE BOARD OF DIRECTORS AND THE MANAGEMENT COMMITTEE

In 2018, both the Board of Directors and the Management Committee of the Group experienced a series of changes that are described below:

Changes in the Board of Directors

- On 20 April 2018, the General Shareholders' Meeting approved the appointment of Mr Stephan DuCharme as an external shareholder director and as a member of the Audit and Compliance Committee; and the appointment of Mr Karl-Heinz Holland as an external shareholder director and as a member of the Strategy Committee.

- Mr Juan María Nin submitted his resignation as a member of the company's Board of Directors, and therefore as a member of the Audit and Compliance Committee, effective 22 June 2018. The reason cited for his resignation was the need to deal with personal matters.

- Mr Julián Díaz submitted his resignation as a member of the Audit and Compliance Committee, effective 25 July 2018, although he continues to be an independent director. In his resignation he cited the need to deal with new commitments that made it impossible for him to dedicate the necessary time required by the Committee.

- On 24 August 2018, Mr Ricardo Currás submitted his resignation as a member of the Board. Following his announcement that he was stepping down as CEO, his position was filled by the then Executive Manager for Latin America and Partnerships, Antonio Coto.

- On 15 October, the non-executive chairwoman, Ms. Ana María Llopis, following the decision previously announced by her at the General Shareholders' Meeting on 20 April 2018, announced her resignation as chairwoman, taking up a role as a director of the Board until 31 December 2018, when she submitted her resignation as a member of the Board. Following the resignation of Mrs Llopis from her role as chairwoman, Mr Stephan DuCharme, a shareholder director until this point, took up the role of First Vice-chairman of the Board of Directors, leaving the independent directors Mr Richard Golding and Mr Mariano Martín as Second and Third Vice-chairmen respectively.

- On 15 October, at the request of the shareholder LetterOne Investment Holdings, Mr Sergio Ferreira Dias was co-opted as a director (classified as an external shareholder director), also becoming a member of the Audit and Compliance Committee replacing Mr Stephan DuCharme, who on the same date resigned from his position as a member of that committee.

- On 4 December, Mr Stephan DuCharme submitted his resignation as a shareholder director appointed by LetterOne Investment Holdings, explaining to the company that his decision was motivated by his intention to focus on working from LetterOne on the process to design and develop a subsequent long-term sustainability plan for the Group. Mr Richard Golding, Second Vice-chairman, temporarily assumed the duties of Chairman of the Board until a new chairman has been appointed.

- On 18 December, Mr Karl-Heinz Holland and Mr Sergio Antonio Ferreira Dias, both shareholder directors representing LetterOne Investment Holdings, S.A. (LetterOne), submitted their respective resignations as directors of the company, effective from that date. Both directors explained that their respective resignations were motivated by their intention to focus on working from LetterOne on the process to design and develop a subsequent long-term sustainability plan for the Group.

- On 28 December, the Board of Directors decided to appoint Mr Borja de la Cierva Álvarez de Sotomayor as the company's new CEO, replacing Mr Antonio Coto, who stepped down as CEO on this date and resigned from his position as a director effective from 30 December.

- On 28 December, Mr Jaime García-Legaz Ponce was also co-opted as a company director (as an independent director) to cover the vacancy created by the resignation of Mr Karl-Heinz Holland. The appointment of Mr García-Legaz remained subject to completion of certain administrative requirements resulting from his previous role as a senior member of the government. These requirements have now been fulfilled as of the date of this report.

- On 28 December, the Board co-opted Mr Miguel Ángel Iglesias Peinado as an executive director to cover the vacancy created by the resignation of Mr Sergio Dias.

- As a result of his appointment as CEO, and therefore of his classification as an executive director, on 28 December Mr Borja de la Cierva resigned as a member of the company's Audit and Compliance Committee. The Board appointed the independent directors Mr Julián Díaz González and Mr Jaime García-Legaz as members of DIA's Audit and Compliance Committee.

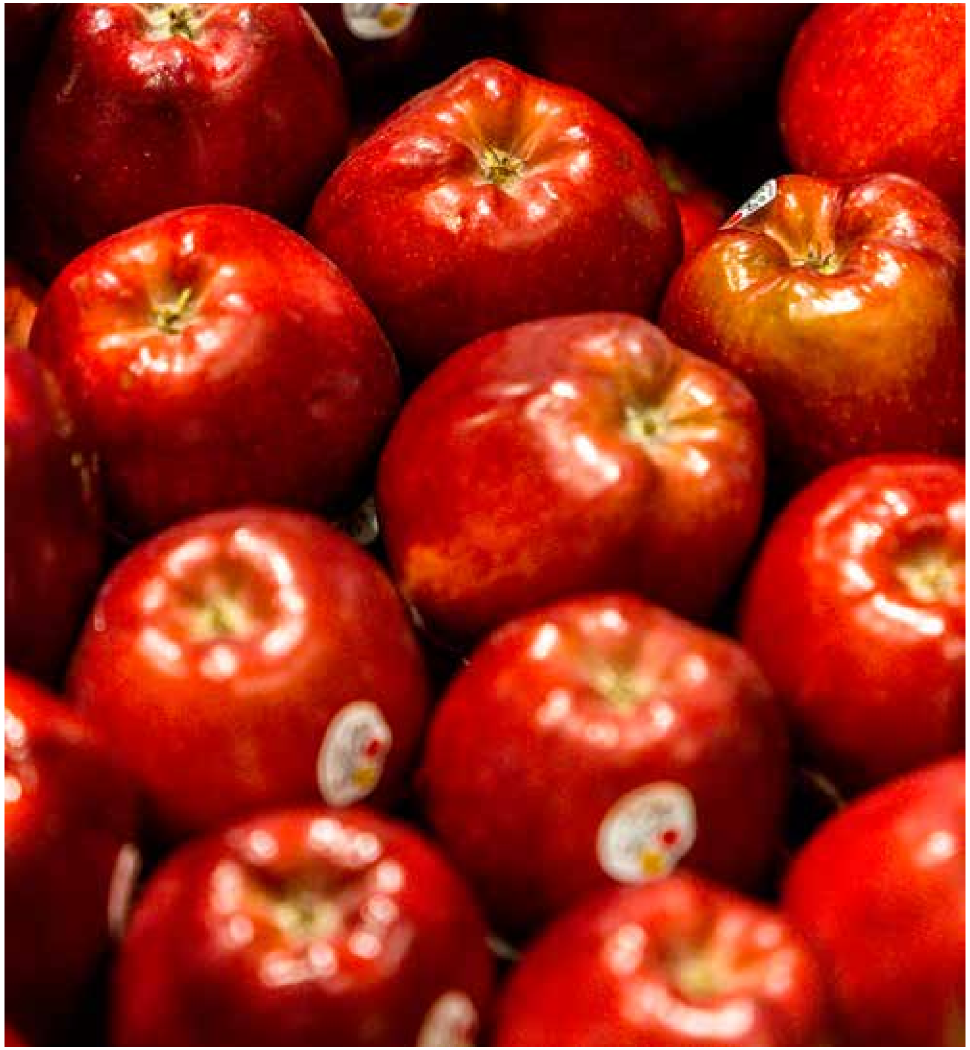
Changes in the Management Committee

- In 2018, three of the previous members of the Management Committee, Mr Javier Lacalle, Mr Juan Cubillo and Mr Diego Cavestany left the company.

- In October 2018, the Board of Directors dismissed the previous Chief Services Officer and Executive for Portugal, Mr Amando Sánchez Falcón, also removing him from his position on the Management Committee.

- In October 2018, the Executive Department of DIA España was created, led by Mr Faustino Domínguez de la Torre Unceta, who was already a member of the Management Committee, unifying the sales and operations areas for all banners. An Executive Human Resources Department at Group level was also created in October 2018, led by Mr Alejandro Grande.

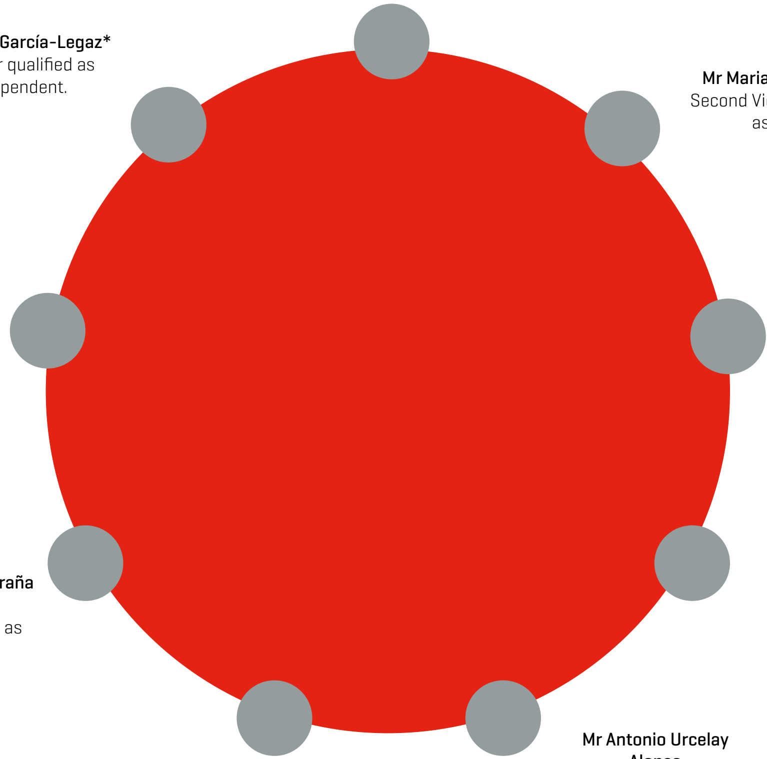
- In December 2018, Mr Enrique Wieckert joined the management committee as Group CFO.



Composition of the Board of Directors at the end of 2018

In line with its regulations, DIA's Board of Directors, through its Appointments and Remuneration Committee, ensures that the selection procedures for directors encourage diversity of gender, experience and knowledge. Proposed appointments are always based on a prior analysis of the Board's needs, in the general interests of the company, so that every member of the Board is a professional with a clear executive profile and extensive experience in businesses related to retailing and consumer goods. Appointments are approved by the General Shareholders' Meeting.

Members of the Board and roles



*The appointment of Mr Jaime García-Legaz had not taken effect as at the closing date of this report. 10 January 2019.

Strategy Committee

The Strategy Committee consists of four members. A chairman, who is an independent director; a second member who is also an independent director; a third director who is classified as an external director; and a fourth who is an executive director. Members are appointed for a period of three years.

Name	Position	Classified as
Mr Richard Golding	Chairman	Independent
Mr. Mariano Martín Mampasso	Member	Independent
Mr Antonio Urcelay Alonso	Member	Other external director
Mr Borja de la Cierva Álvarez de Sotomayor	Member	Executive

Appointments and Remuneration Committee

The Appointments and Remuneration Committee has four members. A chairman, who is an independent director; two other members who are also independent directors; and a fourth member who is classified as "Other External Director". Members are appointed for a period of three years.,

Name	Position	Classified as
Mr Mariano Martín Mampaso	Chairman	Independent
Ms. Ángela Lesley Spindler	Member	Independent
Mr Antonio Urcelay Alonso	Member	Other external director
Mr Richard Golding	Member	Independent

Audit and Compliance Committee

The Audit and Compliance Committee is comprised of three members. An acting chairwoman, who is an independent director, and two other members who are also classified as independent. Members are appointed for a period of three years.

Name	Position	Classified as
Ms. María Garaña Corces	Acting chairwoman qualified as independent	Independent
Mr Julián Díaz González	Member	Independent
Mr Jaime García-Legaz*	Member	Independent

* This position came into effect as at the close of this report. 10 January 2019.

APPLICATION AND DEVELOPMENT OF CORPORATE POLICIES

Following the CNMV's recommendations on the Good Governance Code, DIA's relationship with its main interest groups is articulated through the company's different corporate policies, all of which are approved by the Board of Directors:

- **Corporate Social Responsibility Policy:** With the aim of generating a common and well-defined operating framework with the company's various interest groups, the DIA Group has a CSR Policy based on the values that define it, ensuring that laws and regulations are respected, that it complies with its obligations and contracts in good faith, and that it abides by the applications and best practices in the sectors in which it operates.

- **Corporate Investor Relations Policy:** The investor relations policy establishes the guidelines for the department that deals with the stock markets, based on transparency, truthfulness, responsiveness and permanent communication, in accordance with the law, the Internal Code of Conduct and the rest of the company's internal regulations. Those responsible for investor relations base their actions on these principles, reaching out to the necessary people so that shareholders, institutional investors and voting advisors have access to clearly identified contact people, as well as regular and simple access to the company's information.

- **Corporate Tax Policy:** The DIA Group's tax policy establishes the necessary scope of action to responsibly comply with tax regulations while ensuring that the company's interests are covered, always supporting the company's business strategy. Accordingly, DIA seeks to create a climate of good faith, transparency, collaboration and reciprocity in its relationships with the tax authorities, in accordance with the law, while defending its legitimate interests.

- **Corporate Risk Management Policy:** The company's risk management policy establishes guidelines based on an integrated model that aims to improve the company's organisational ability to manage scenarios of uncertainty. This focus allows the organisation to identify events and to evaluate, prioritise and respond to risks associated with its main objectives, projects and operations. The whole organisation plays an important role in achieving the objectives of this risk management system.

- **Corporate Environmental Policy:** The Corporate Environmental Policy establishes the general principles that must govern the management and planning of the company's business, integrating criteria related to efficiency and sustainability. The aim is to define guidelines to prevent the impacts that DIA's activities could generate in areas such as waste management, greenhouse gas emissions and eco-design, among others. In short, this policy aims to promote responsible resource use.

- **Corporate External Relations Policy:** The aim of the Corporate External Relations Policy is to promote transparent and accessible relations based on mutual respect with the media, regulatory bodies and associations. This policy focuses on achieving the company's objectives outlined in its strategic plan and better positioning the company in the market.

"Following the CNMV's recommendations on the Good Governance Code, DIA's relationship with its main interest groups is articulated through the company's different corporate policies.

- **Corporate Quality and Food Safety Policy:** The company's Corporate Quality and Food Safety Policy aims to create a relationship with its consumers based on trust through a system that rigorously guarantees the proper production, processing and management of all the products the company offers. Accordingly, the company keeps control of product quality and safety throughout the supply chain, monitoring storage, transport and sales processes.

- **Corporate Crime Prevention and Anti-corruption Policy:** The aim of this policy is to define and promote a culture of compliance by means of a model of ethics and integrity, and to fight against corruption and other illegal conduct. The Corporate Crime Prevention and Anti-Corruption Policy aims to ensure that each of the Group's subsidiaries, as well as their directors and employees, perform their duties responsibly, diligently and with transparency, ensuring an adequate control system that allows the company to avoid and detect compliance risks, preventing both the application of penalties and sanctions as well as a deterioration of the DIA Group's image, thereby improving the perception of the DIA Group by its main interest groups.

- **Corporate Franchise Policy:** The Corporate Franchise Policy establishes the guidelines related to franchisees, ensuring that each country's legislation is respected, the information provided is accurate, and that agreements with entrepreneurs who decide to manage a DIA store through the franchise model are fulfilled.

- **Corporate Human Resources Policy:** This policy is the reference framework for people management at a corporate level. It includes the guidelines that reflect the DIA Group's commitment to creating jobs and to its professionals within the context of the company's corporate values. This policy also aims to promote the company's long-term commitment to generating pride and a sense of belonging, adapting to the different cultural, labour and business contexts in every country in which it operates.

- **Corporate Marketing and Client Communication Policy:** The company's Corporate Marketing and Client Communication Policy bases its guidelines on respecting the commitments undertaken with clients; honesty in both verbal and written communications; and integrity in all of the company's professional actions in this context. Accordingly, the guidelines in relation to communication with clients are based on the general principles of transparency, proximity, equality and quality.

In relation to Diversity and Training Policies, the DIA Group does not define these independently as both these areas are included in the General Human Resources Policy. The company has not begun to develop a "Disconnect from Work" policy and as at the date of this report there are no specific plans in place.

"

All of these policy tools are available to the general public at **www.diacoporate.com.** No specific monitoring of these policies was carried out in 2018 apart from ensuring their reasonable compliance.

RISK MANAGEMENT AT THE DIA GROUP

102-11, 102-15

The risk management policy applies to the company and all of its subsidiaries. Its correct application requires the involvement of everybody in the organisation. The updated version of this policy to reflect the latest recommendations of the new Good Governance Code was approved by the DIA Group Board of Directors on 11 December 2015.

In applying its risk management model (RMM), DIA has considered all of its activities carried out at the different levels of the organisation, from the corporate level to those in individual business units and processes.

The RMM therefore applies at the following levels:

(i) Execution of DIA's strategy

(ii) Achievement of its business objectives

(iii) The proper execution of operations

The whole organisation plays an important role in achieving the objectives of the RMM. The model follows a comprehensive and systematic approach and applies to the whole company and all of its subsidiaries.

The DIA Group has a risk management system based on the COSO II methodology, adapted to DIA's needs (Enterprise Risk Management). It provides a systematic and detailed focus that allows it to identify, evaluate and respond to risks related to the achievement of its business objectives. The aim of DIA's risk management model is to identify different types of risk that can be grouped into the following categories:

i) Risks related to the environment

ii) Operating risks

iii) Corporate governance and ethics risks

iv) Financial risks

The RMM uses a tool that has been implemented to facilitate risk tracking and monitoring.

Responsibilities for risk management

The Board of Directors is responsible for setting and approving the risk management and control policy, identifying the main risks to the company and its subsidiaries and organising appropriate internal control and reporting systems.

The Board of Directors, the Audit and Compliance Committee and the Executive Committee of the DIA Group are responsible for ensuring that the RMM functions correctly.

Organisationally, the Internal Audit Department reports directly to the Audit and Compliance Committee, which ensures the proper autonomy and independence of its functions and that it can responsibly perform its duties of supervising the risk management and control system.

The Audit and Compliance Committee supervises and regularly reviews the effectiveness of DIA's internal control and internal audit procedures and the risk management systems, verifying their suitability and integrity.

The Executive Management Committee of the DIA Group is responsible for implementing the Group's risk model.

DIA has created a Risk Committee at the corporate level. Its main duties include analysing the environment and new projects from the risk management perspective, constantly monitoring the key risks identified in the risks map, and recommending specific action plans.

“

The DIA Group has a risk management system based on the COSO II methodology, adapted to DIA's needs.

Risk assessment frequency

The Risk Management Model ensures that the different types of risk, whether inherent to the business or residual, can be identified. Each risk is assessed in terms of its probability and impact. DIA considers that a risk arises as a result of the loss of opportunities and/or strengths, or from the materialisation and/or strengthening of a weakness.

The Group assesses all identified risks at least once every year. This annual review also includes risks relating to investments and strategy that could have an impact in the medium and long-term.

This information about the risks of the DIA Group is supplemented in Section E of the Group's Annual Corporate Governance Report 2018.

Principal non-financial risks that can impact the company's objectives

Business environment: Risks and/or issues related to the environment in which the Group operates, including political, economic, social, technological and legal risks, among others.

A. Market/competition related risks

This category includes risks related to an unsuitable value proposition for clients in the context of demographic and consumer habits. This aspect is inherent to the food retailing business and consists of an inability to monitor and respond to changes in a target market or adapt to new consumer habits.

The main management and control mechanisms are based on regular market/country analyses and surveys, a system for listening to consumers, etc. and defining action plans based on the results.

B. Regulatory risks

These are risks to which the Group is exposed derived from the different legislation in the countries where it operates.

This category includes risks related to regulations on tax, employment, retailing and consumption, industrial and intellectual property, and risks related to other legislation, especially regulatory risk of a criminal nature, whether or not they represent a criminal liability to the legal entity, as well as other risks from regulatory non-compliance.

At present, there is a general risk in the market of an ineffective response to the growing amount of regulatory pressure. The widespread nature and lack of standardisation of these legal requirements represent the greatest challenge from an organisational and resource point of view.

The incorrect functioning of internal compliance systems could give rise to legal and reputational risk, as well as generating civil and criminal liabilities for the directors.

The General Secretary's Office-Compliance Department is responsible for supervising and managing the model that has been implemented in the DIA Group to prevent these legal risks (including the risk of criminal offences) from arising.

A compliance model has been implemented, control procedures have been formalised and the regulations applicable to the DIA Group are monitored to try to ensure that regulatory risks are appropriately managed and controlled.

C. Risks in the political and social environment

Volatility in the political and social context. The economic situation in some of the countries in which we operate can have an impact on the levels of demand, spending or consumer habits. Furthermore, currency devaluations have a direct impact on the aggregate financial result and the commodities markets.

These risks are influenced by external factors and DIA continuously monitors the political and social situation in the countries in which it operates.

The main management and control mechanisms are based on performing regular market/country analyses and surveys, and defining action plans based on the results.

D. Reputation risk

In a hyper-competitive environment in which information travels in real time, it is essential for the company to manage trust among its main interest groups. Moreover, the globalisation of supply chains makes it harder to control operations, with the risk of becoming party to conditions that violate environmental or labour laws.

To control these risks, DIA keeps up constant dialogue with the company's main interest groups in line with its policies for investor relations, external relations and CSR. In 2018, this process was supplemented with an independent system for listening to the general public, suppliers, consumer associations and the media, reporting directly to the Audit Committee.

Operational risks: Risks and/or issues related to the Group's business model and the execution of key activities in its value chain, including product quality and safety, the supply chain, environmental and health & safety issues, HR and social issues, and information technology, among others.

A. Inadequate adaptation of the economic and operating model

The business model must be flexible to respond to new demands from clients and work systems. This process of change brings risks of business continuity caused by a higher dependency on technology, among other factors.

The DIA Group is currently reviewing and adapting its commercial model to satisfy new demands from clients and new consumer habits.

The company has also designed a business continuity plan, which is reviewed and updated when relevant changes occur.

B. Supply chain

The main risks facing the Group come from potential difficulties of satisfying consumer requirements, and procuring and offering for sale products that match clients' expectations. The Group reduces its exposure to such risks by using a purchasing system that ensures reasonable flexibility when responding to unforeseen variations in client demand. Permanent contact between stores and the purchasing team allows us to identify changes in the buying habits of our clients. Given the relevance of efficient logistics management on the likelihood of these risks, the Group

analyses all the factors that could have a negative impact in order to maximise the efficiency of our logistics management and to actively monitor these factors.

Furthermore, it has formalised contingency plans to respond to incidents that could endanger its operations.

C. Compliance with safety standards

Insufficient assurance about the safety of our products and our operations could have a major impact on the Group's reputation and put business continuity at risk.

The Group has established policies for Corporate Social Responsibility; Quality and Food Safety; and the Environment, in order to ensure compliance with safety standards.

The company strives to integrate corporate and environmental values into every management area and it therefore has a Corporate Social Responsibility Policy that was approved by the Board.

The main management and control mechanisms are based on training and constant supervision of policies and procedures to ensure they are correctly applied, performing analysis and listening to consumers and franchisees, as well as defining action plans based on the results.

The DIA Group has also established policies and control mechanisms to ensure that franchises comply with the safety standards implemented in the Group.

D. Information systems

This includes risks related to technology infrastructure and effective management of information, IT networks and communications. It also covers risks related to the physical and technological security of systems, especially the risk of cyber-attacks against IT systems that could potentially breach the confidentiality, integrity and availability of critical information.

Failures in IT systems can cause leaks (deliberately or in error) of commercial, client or employee data.

Given the importance of the correct functioning of technology systems in achieving the Group's objectives, the Systems Department maintains permanent control over them to ensure they are sound and consistent, and to guarantee the security and stability needed for uninterrupted operations. The Group is aware that its systems will require improvements and continuous investment in order to prevent obsolescence and to maintain their ability to respond at the levels required by the organisation.

E. Employment and HR issues

The main risks related to the human resources area come from potential dependencies on key personnel, as well as maintaining a suitable working environment at every work centre.

Ineffective management of human resources can result in problems attracting and retaining talent or an increase in workplace conflict, which clearly makes it harder to successfully achieve the Group's business objectives.

To minimise personnel-related risks, the HR Department identifies key people and provides development opportunities to the most talented and relevant people in the organisation.

Furthermore, the organisation's management system encourages knowledge transfer between people involved in the different areas of the organisation to minimise the risk of knowledge becoming concentrated in key personnel. Career development, training and remuneration policies are also used to retain key employees.

The DIA Group is therefore developing an equal opportunity plan in Spain that establishes measures designed to achieve a range of objectives. These include promoting the effective application of and commitment to the principle of gender equality; contributing to reducing inequalities and imbalances; preventing workplace discrimination; strengthening the company's commitment to improve quality-of-life; ensuring a healthy working environment; and establishing measures that encourage a balance between employees' working and personal lives.

Corporate Governance and Ethics Risks: These are risks related to the possibility that the Group is ineffectually managed and administered, which could give rise to non-compliance with regulations on corporate governance and transparency.

A. Integrity, anti-corruption and bribery

The incorrect functioning of internal compliance systems could give rise to legal and reputational risk, as well as generating civil and criminal liabilities for the directors.

The company believes that the Code of Ethics is the best tool for putting into practice a compliance policy that applies at every level of the company. It is described in detail in the following sections.

The company has put in place a crime prevention model to establish the most appropriate internal control procedures and policies to prevent illegal acts from being committed. It has also implemented an Anti-fraud and Anti-corruption Program covering every jurisdiction in which it operates.

Materialisation of non-financial risks

In 2018, various risks inherent in the business model, the Group's activities and the market environment arose, caused by circumstances in the company itself and extraordinary circumstances related to the development of the business and the economic situation.

The risks that arose were primarily related to the following:

(i) Strong competition in the food distribution sector, driven chiefly by the policy implemented by companies in the industry to reduce prices in order to gain a larger market share.

(ii) A delay in adapting the business model to the needs of the market, due to changing market needs and the need to be agile in order to adapt to these changes.

(iii) The political and social situation of the countries in which the Group operates, as instability has meant the supply chain has been affected at times.

(iv) The exchange rate, due to countries in the Group with high currency fluctuation. The economy in Argentina, where the Group operates, was given the status of highly inflationary in 2018.

(v) Loss of credibility and confidence following the material disclosures reported on 15 and 22 October 2018.

(vi) The need to increase communications with stakeholders, as during 2018 the Group was repeatedly exposed in the media.

All of these risks have been duly analysed and diverse action plans have been put into place, which include renewing the management team and preparing the company's new strategic plan.

“

The company believes that the Code of Ethics is the best tool for putting into practice a compliance policy that applies at every level of the company.

COMPLIANCE AND ETHICS MANAGEMENT

The DIA Group's ethics and compliance model, which is directed by the company's Board of Directors, aims to encourage conduct that embodies our values, including the prevention and eradication of conduct associated with illegal criminal actions.

This compliance system is based on the principle of due control given that, a) Compliance risks are regularly analysed; b) Expected behaviours are carefully defined in the Code of Ethics, which is given to all employees; c) There is an independent prevention and compliance body that has the resources to assess the effectiveness of the model, reporting directly to the Board of Directors; d) A procedure has been put in place to anonymously and confidentially report any irregularities 102-17.

In 2015, DIA's Board of Directors approved a Code of Ethics that forms the cornerstone of this compliance system and is obligatory for all company employees, managers and directors. This is a high-level set of rules that defines what is desirable conduct, in line with the company's values (Efficiency, Respect, Teamwork, Client, Initiative) 102-16, and what is unacceptable conduct (including conduct that is potentially associated with criminal actions such as corruption and money laundering). The DIA Group Ethics Committee, which heads up the Ethics Committees of the different countries, is responsible for implementing the Code of Ethics. The Board of Directors, which receives a regular report from the Ethics Committee, is responsible for assessing the effectiveness of the code and issuing any modifications that it believes are appropriate to achieve the objectives sought.

The company's Code of Ethics is made available to all DIA Group employees. Suppliers, franchisees and contractors are all proactively informed about the existence of the Code of Ethics and this channel for reporting and consulting about ethics is also available to them, which they may use with the same assurances as any other employee.

375

Employees trained in the Code of Ethics

205-2

Employees trained in the Code of Ethics 2018	ARGENTINA	BRAZIL	SPAIN	PORTUGAL
No. of directors trained in anti-corruption policies or the Code of Ethics[1]	0	0	0	0
No. of executives trained in anti-corruption policies or the Code of Ethics	0	0	0	11
No. of managers trained in anti-corruption policies or the Code of Ethics	0	0	0	82
No. of employees trained in anti-corruption policies or the Code of Ethics	0	0	0	282

1. Employees trained in the subject through classroom sessions or e-learning platforms.

Ethics Committee Activity	ARGENTINA	BRAZIL	SPAIN	PORTUGAL
No. Reports - employees	10	47	3	8
No. Reports - external (suppliers, franchisees)	8	1	1	0
No. Reports - anonymous	0	3	3	0
Total no. of reports	18	51	7	8
Total no. of reports resolved	16	39	4	1
Total no. of reports in progress	2	12	3	7
No. Consultations - employees	1	15	11	5
Nº Consultations - external (suppliers, franchisees)	3	0	2	0
Nº Consultations - anonymous	0	0	0	0
Total nº of consultations	4	15	13	5
Total nº of consultations resolved	2	15	10	3
Total nº consultations in progress	2	0	3	2

This year, one case of corruption was detected in the Group, which led to dismissal of the employee. A total of two lawsuits of this type are currently pending for this reporting period 205-3.

The DIA Group uses a further three control programs to identify and prevent fraud, which reinforce the Code of Ethics. These are a crime prevention model; an anti-fraud program; and an internal financial reporting control system.

In May 2016, the Board of Directors approved the Crime Prevention and Anti-corruption Policy, which is available on the corporate website www.diacorporate.com.

DIA Group companies based in Spain have implemented a crime prevention model that identifies and evaluates the risks of committing crimes associated with each area and activity of the organisational structure that could give rise to criminal liability for the legal entity, as well as the corresponding rules, procedures and controls to identify and prevent those crimes from being committed. The purpose of this model is to establish the most suitable internal control procedures and policies to prevent illegal acts from being committed and, as appropriate, to be able to release DIA Group companies from any liability in accordance with Organic Law 1/2015 of 30 March, which amends Organic Law 10/1995 of 23 March on the Criminal Code.

Furthermore, a manager for the crime prevention function has been appointed within the company, who permanently reports to and assists the Compliance Officer and the Ethics Committee at a corporate level and is responsible for the maintenance and correct functioning of the prevention model.

DIA Group companies, in all of the jurisdictions in which the Group operates, have an anti-fraud and anti-corruption program that identifies and evaluates the risks of corruption and fraud in their activities, as well as a control environment in order to prevent and detect corrupt and fraudulent practices from occurring. As a result of this program, the DIA Group has a fraud risk matrix that analyses these risks in terms of their frequency and impact and which incorporates the existing controls to prevent such conduct. Each country has appointed an anti-fraud prevention officer, who in Spain is also the crime prevention officer.

Lastly, the company has an internal control system relating to financial information (SCIIF) that defines the general description of the system and its objectives, the roles and responsibilities, the methodology for performing the financial reporting internal control function and the management of risk.

The SCIIF applies to every level of the organisation. The Board of Directors is responsible for maintaining this policy, while the Board's Audit Committee supervises it. After the closing of this report, the SCIIF department began to report directly to the corporate secretary management team.

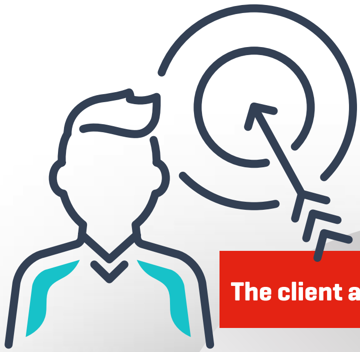
Business model and strategy

102-2

The DIA Group is a retailer of everyday consumer products. Its business is based on a network of more than 6,000 stores, both owned and franchised, that specialise in proximity shopping and continually improving their efficiency in order to obtain a leading price position that translates into real savings for families.

With a strategy that is always client-centric, the DIA Group focuses its efforts on meeting their needs, developing a proximity model with specialist formats, creating a leadership position for its own labels and developing a range of fresh products, executed by a team of people that strive for operational excellence and outstanding customer service.

Accordingly, and as a result of the organisational changes undertaken this year, the company will develop three lines of action in the coming years:



The client at the heart of the business

Every single decision taken in the company will be orientated towards meeting the needs of an increasingly demanding client. Its commitment to innovation and technology is opening up new direct communication channels with consumers that enable the company to respond faster and better adapt itself to their demands, significantly improving the shopping experience in its stores.

Discipline in capital allocation

Maintaining a solid and sustainable network of own and franchised stores will also be a priority for the coming years. Aware of the challenging environment facing the sector, the DIA Group will focus its efforts on improving the performance of its main strengths, such as price, its own brands, experience and proximity; and building a sustainable network of stores that reflect shopping habits based on proximity, flexibility and a comprehensive range.

Operational excellence of teams

Creating the best team for the retail business is also fundamental to the DIA Group's strategy. This is about developing the best talent, renewingan entrepreneurial culture and an open and transparent organisational structure that is designed to provide responsive and efficient solutions. The customer service culture must be present in every layer of the organisation, which will enable it to become genuinely aligned with the ultimate objective of DIA's business – client satisfaction.

For more information see section 3.13 "Information about the foreseeable evolution of the Entity".

COMMITMENT TO REJUVENATE FORMATS AND ONLINE CHANNEL

Over the next few years the DIA Group aims to create an omni-channel ecosystem built around the convenience concept and chiefly based on the idea of when and what the customer needs, always at the best price.

In 2018, the company began to develop a new store format in Spain with a stronger focus on high convenience under the name DIA&Go. This is a new supermarket model that connects with current users and reflects the convenience store value proposition – more urban, direct, easier, quick and with a wide range of fresh products. The new DIA&Go stores also include new services that aim to enhance the client experience, such as a machine offering freshly made coffee, natural fruit juices and a wide variety of ready-made foods to take away. At the end of 2018, the company already had 94 DIA&GO stores.

A similar concept has also begun to be rolled out in Portugal under the name Minipreço Express, with 50 stores already open at the end of the year.

In line with our priority to get even closer to our clients and meet their needs, the DIA Group continues to be committed to e-commerce and online sales. DIA's digital business includes a food arm, under its primary banners in Spain and Argentina, as well as an agreement with Amazon Prime Now to sell products from La Plaza de DIA on its marketplace in Spain; and a non-food arm, which includes the flash sale website Oportunidades DIA.

In December, the company began testing its online selling in the Portuguese market.

4.2 Corporate social responsibility management at DIA

Governance of Corporate Social Responsibility (CSR)

CSR issues are ultimately the responsibility of DIA's Board of Directors, through its Audit Committee. This committee is responsible for ensuring that the company's CSR strategy and practices address its non-financial risks and its interest groups expectations, and for approving and assessing the level of compliance of the General CSR Policy and the CSR Master Plan.

Furthermore, the Board of Directors, through this Committee, coordinates and approves the non-financial reporting process in accordance with the latest applicable regulations. At the senior management level, the corporate managers of the key areas for DIA's CSR are responsible for proposing the sustainability strategy and for defining the associated performance indicators. At the same time, the External Relations and CSR Department, reporting directly to the CEO, coordinates and facilitates this whole process. Lastly, there is also an Ethics Committee made up of managers from different departments, which reports directly to the Audit Committee.

Dialogue with interest groups

The DIA Group identifies and engages with its traditional interest groups (clients, the investor community, employees, franchisees and suppliers) as an integral part of the company's day-to-day activities, in a process that involves diverse specialist areas across the whole of the company's value chain 102-40.

Furthermore, the External Relations and CSR Department identifies, consults and responds to other interested parties that are also important to the business (regulators and public administrations, industry and professional associations, the media, NGOs and members of the local community). This department, which is responsible for CSR at the executive level, reports to the Management Committee and to the Board, via the Audit Committee, thereby ensuring that important matters that are identified are known about by the company's principal governing bodies 102-42, 102-43. The ultimate objective of investing in a CSR management model is to provide the DIA Group with a better understanding of its competitive environment and therefore to be able to respond quickly to the matters that may impact the success of its business model.

102-40

	Issues and concerns mentioned 102-44	Main communication channels 102-43	DIA's Commitment	Main management instrument
Clients	Savings, variety and range availability Clear food labelling (origin, ingredients) Omni-channel concept	Client satisfaction surveys Club DIA magazine, DIA and "Expertas" Social networks (Facebook, Twitter, Instagram) Redes sociales (Facebook, twitter, instagram) Meetings with "Expertas" communities in Spain, Brazil and Argentina Customer service	Offer quality products at the best price Improve channels for listening to clients Constant evaluation of their current and future expectations and integration across the whole of the business model	Corporate Marketing and Communication Policy Quality and Food Safety Policy
Investor Community	Profitability Regulatory compliance Effective risk management Information transparency Effective decision-making system	Corporate website Website of the National Securities Market Commission and other regulatory bodies Quarterly webcast Corporate reports Regular notifications (subscription) Investor mailbox Investor Day Roadshows General press	Avoid situations of market abuse Systems to ensure regulatory compliance	Investor Relations Policy Risk Management Policy Code of Ethics
Employees and unions	Career opportunities Training and development Internal communication Fair labour practices (gender equality) Occupational health and safety	Employee portal Newsletters Workplace satisfaction surveys Ethics channel	The selection, training and development of professionals The guarantee of quality employment Design of a value proposition for employees	General Human Resources Policy Code of Ethics Crime Prevention and Anti-corruption Policy
Franchisees	Profitability Open and transparent transaction process Know-how transfer to improve sales Good logistics service Support for regulatory compliance Technical support to improve energy efficiency Access to the company's training resources	Franchisee portal Franchisee newsletter International franchisee satisfaction survey, carried out by Nielsen Regional franchisee support services (Strategic Partner Support Service in Argentina; "Día is listening" in Brazil) Ethics channel	Effective and proven business model Ongoing training, support, assistance and advice Resolution of potential differences based on good will and dialogue	Franchisee Relations Policy

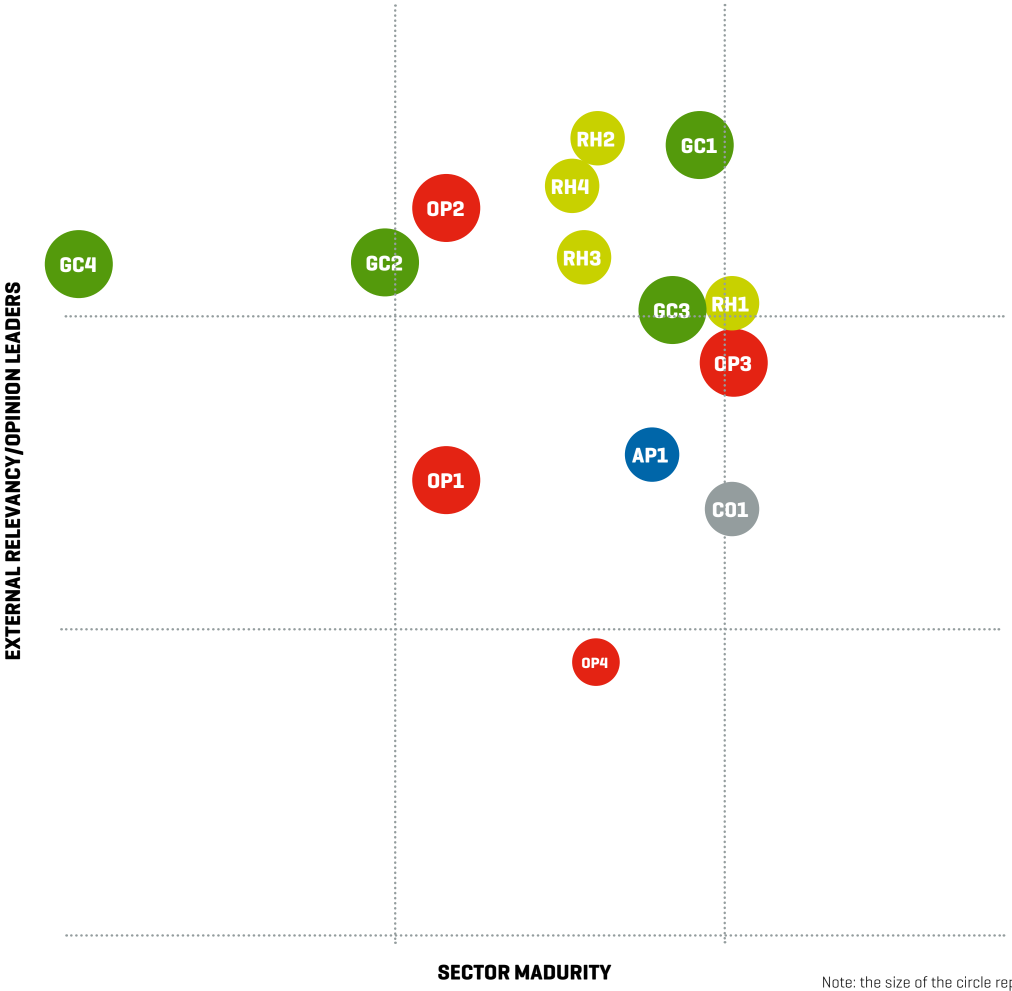
	Issues and concerns mentioned 102-44	Main communication channels 102-43	DIA's Commitment	Main management instrument
Suppliers	Free competition Good contractual relationship	Suppliers' portal Ethics channel Commercial team	Work to maintain the quality-price relationship of products	Quality and Food Safety Policy
Regulators and administrations	Regulatory compliance Employment Payment of taxes Public health Support for the primary sector	ASEDAS (Supermarkets Association) Institutional newsletter Corporate reports External relations team	Maximum diligence over information transparency Systems to ensure regulatory compliance	Tax Policy Quality and Food Safety Policy Environmental Policy External Relations Policy
Industry and business associations	Free competition Improvement in competitiveness and innovation in the sector Regulatory development Eco-design of packaging	Participation in ASEDAS, ECOEMBES, AECOC, Global Compact Participation in specific conferences and projects External Relations Department	Transparency, accessibility, freedom of expression, equal treatment and mutual respect in relations	External Relations Policy
General and specialist media	Corporate website Corporate reports Press releases Press conferences and interviews	Information transparency Access to information Access to senior management	Transparency, accessibility, freedom of expression, equal treatment and mutual respect in relations	External Relations Policy
NGOs and other social associations	Promoting initiatives Consumer information and protection Responsible purchasing Eco-efficiency Monetary and in-kind (food) donations	Corporate reports CSR mailbox External Relations and CSR team	Participate in the community, supporting social causes that are deemed to be strategic	External Relations Policy

Master plan and materiality matrix

This year we have made progress on the steps needed to approve a CSR Master Plan for the DIA Group (shown in bold in the diagram below), although the process that will lead to approval of this roadmap by the Board of Directors is not yet complete.

As a temporary measure, DIA has a materiality matrix developed in 2016 by the company's management and reviewed in 2017. This matrix incorporates the study of the relevance of the different proposed issues (based on their representativeness for the leading CSR influencers, such as the Dow Jones Sustainability Index, the Global Reporting Initiative sector report, Vigeo, Sustainalytics, the Carbon Disclosure Project, the National Securities Market Commission (CNMV), press analysis or the "Behind the Brands" report), and their historical relevance in the sector at a national and international level (based on a study commissioned by DIA of companies in the sector). This analysis was supplemented with the inclusion of an internal relevance factor for each issue 102-46.

The indicators and information to report externally about our non-financial performance has been defined as a result of this materiality analysis. Neither water consumption (water is exclusively used for cleaning tasks) nor the impact of our activities on biodiversity (since our facilities and activities are located or performed on urban land) nor light or noise pollution (logistics centres are not located in residential area) are considered to be material issues and additional figures are therefore not reported.



Note: the size of the circle represents the relevance of the issue to DIA.

DIA materiality analysis subject	Material issue (according to GRI) to report in the Statement of Non-Financial Information 2018
GC1. Governance system	Governance
GC2. Ethics and compliance	Ethics and integrity
	Anti-corruption
	Public policy
GC3.Transparency and investor relations	Involvement of interest groups
GC4. Tax practices	Financial performance
RH1. Development of human capital	Education and training
RH2. Workplace practices	Employment
RH3. Gender equality	Diversity and equal opportunities
	No discrimination
RH4. Health and safety	Health and safety in the workplace
AP1. Quality and food safety	Client health and safety
OP1. Franchisee relations	Involvement of interest groups
OP2. Digital transformation	Education and training
OP3. Eco-efficiency	Materials
	Energy
	Emissions
OP4. Food waste	Waste
CO1. Consumer information and protection	Marketing and labelling

Although progress has been made this year to improve our listening processes and to integrate other tools that help the process of prioritising these issues, the final review of the materiality matrix that will define the new CSR Strategic Plan will not be completed until the company's new Strategic Plan has been defined (102-49), as this is a critical input for internally assessing and prioritising the issues to be included. Consequently, this matrix is the same as the materiality matrix used last year 102-49.

Other advances in the CSR field include the start of the dialogue with business areas to jointly define what CSR is and its strategic value; establish cross-functional working groups to tackle specific challenges related to the environment and sustainability; and in particular, the work to define and strengthen the reporting process for the company's non-financial performance.

CLIENTS

The company aims to put its clients at the heart of its decision-making and it has put in place a range of listening systems so that consumers' voices are heard throughout the company.

The company monitors the client shopping experience in real time, both in its physical stores and its e-commerce store, using a specialist measurement system. More than a million opinions are analysed, which form the basis for the improvement actions in each of its stores. Specific action plans can therefore be created that aim to help each store improve the shopping experience. Work is currently being carried out in three fundamental areas that are already beginning to produce clear results, such as reducing in-store shortages, and improvements in the fruit, vegetable and bakery sections.

In addition to gauging the shopping experience, client feedback also influences the company's decisions about range and packaging and when it plans special offers. The DIA Group uses the online DIA Community that gives it access to opinions from clients and non-clients, making it a regular consultation tool for the marketing and sales teams. This client input has helped to improve various projects this year, ensuring that the initiatives that we introduce are well received by consumers.

The penetration of the Club Día mobile app is also enhancing our capacity to reach out to clients more directly, with mobile phones being the most immediate channel for making contact and providing information to them.

One test of this ongoing listening process has been the active participation of clients in the development of the new Dia&Go stores, a project in which they have been involved in the design of the stores, sections and the resulting range.

The aim is therefore to make improving the client experience a priority for the whole of the company, continually listening to the consumer's opinion in everything we develop and guiding the team at every stage.

The actions launched in Spain are being replicated in Brazil, Argentina and Portugal, where they are also following the same model for gauging the client experience.

The DIA Group's channels for directly contacting its clients include:

- Client satisfaction surveys through specific campaigns
- Satisfaction surveys available in-store and online
- Regular magazines for Club DIA and "Expertas" clients
- Club Día shopping app and online shopping.
- Social networks
- Meetings with communities of clients in Spain, Brazil and Argentina
- Customer service
- Quality and food safety service

Loyalty that benefits the actual consumer

In line with our strategy to better understand the needs of our clients, for the last 20 years the DIA Group has had a loyalty club that provides the information it needs about its clients' shopping habits. The Club DIA client card is a tool that really benefits the concept of proximity and client experience, since it enables the company to understand its clients' habits, likes and preferences, and therefore to prepare more personalised and targeted offers.

The benefits that DIA offers to reward client loyalty include access to more than 250 products at even lower prices, fortnightly promotions and discount coupons offering up to 50% off. In Spain, members can pay with their card and defer payment for their shopping on a weekly or monthly basis through the company's financing firm, FinanDIA, which is subject to Bank of Spain supervision, listed in the Register of Credit Institutions, and a member of the National Association of Financial Credit Institutions (ASNEF).

In 2018, 73.6% of sales were made using the loyalty card and more than 22.7 million cards were active at the end of the year.

73.6%
of sales were made using the loyalty card

22.7
million cards were active at the end of the year

576.45
Club Dia TICKETS (million)

2,006.32
COUPONS ISSUED 2018 (million)

Evolution of the CLUB DIA card

	LAUNCH YEAR	HOUSEHOLDS with Card (million)	ACTIVE CARDS 2018 (million)	% SALES WITH CARD	Club Dia TICKETS (million)	COUPONS ISSUED 2018 (million)
SPAIN	1998	21.49	7.73	67.6%	244.33	1,361.06
PORTUGAL	2000	4.51	1.57	65.7%	49.56	114.26
ARGENTINA	2006	9.40	4.79	92.4%	140.81	271.38
BRAZIL	2015	11.04	8.64	86.6%	141.75	259.62
TOTAL		**46.44**	**22.73**	**73.6%**	**576.45**	**2,006.32**

Direct and permanent contact with consumers is complemented with customer support services. This year more than 84,081 enquiries, complaints and suggestions dealing with issues related to stores, products, opening times, online services, etc. were dealt with and analysed.

There were zero incidents at the DIA Group in 2017 and 2018 related to product labelling breaches that resulted in a significant sanction or fine 417-2 [2].

2. The significance thresholds for reporting sanctions are: 0 euros for issues relating to competition; 30,000 euros for issues relating to the environment and 50,000 euros for all other issues.

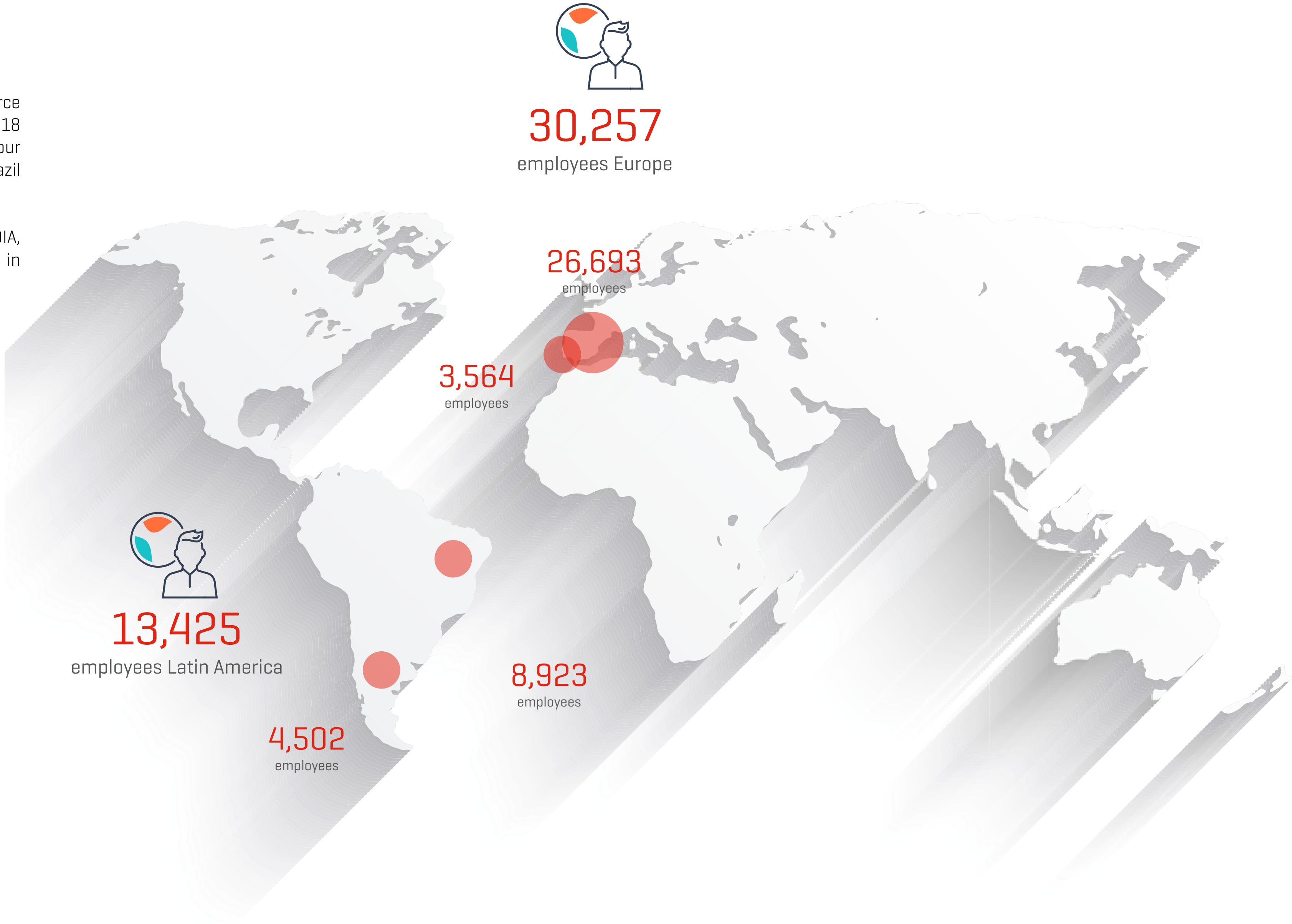
Enquiries, complaints and suggestions 2018

	Number of enquiries from clients	Number of complaints from clients	Number of suggestions from clients
ARGENTINA	459	4,548	28
BRAZIL	28,393	47,108	307
SPAIN	820	2,121	43
PORTUGAL	20	230	4
DIA GROUP	**29,692**	**54,007**	**382**

EMPLOYEES

The DIA Group has a workforce of 43,682 employees at 2018 year end, distributed in four countries: Spain, Portugal, Brazil and Argentina.

Of all employees working in DIA, 69% work in Europe and 31% in Latin America.



		Man	Woman	Total
Total employees by contract type at 31 December 102-8				
ARGENTINA	Permanent	2,716	1,588	4,304
	Temporary	95	54	149
BRAZIL	Permanent	3,828	5,076	8,904
	Temporary	8	10	18
SPAIN	Permanent	6,163	16,434	22,597
	Temporary	1,412	2,684	4,096
PORTUGAL	Permanent	1,006	1,959	2,965
	Temporary	232	367	599
Total employees by type of workday at 31 December 102-8				
ARGENTINA	Full-time	2,585	1,338	3,923
	Part-time	241	338	579
BRAZIL	Full-time	3,723	5,013	8,736
	Part-time	113	74	187
SPAIN	Full-time	6,947	11,543	18,490
	Part-time	628	7,575	8,203
PORTUGAL	Full-time	1,152	2,166	3,318
	Part-time	86	160	246

At 31 December 2018, there are 50 intership contracts in the Group. These have not been included to report employees by contract type. This could also affect the average annual by contract type.

Outsourcing (subcontractors operating on-site 102-8	
ARGENTINA	263
BRAZIL	613
SPAIN	568
PORTUGAL	17

Average annual permanent contracts (%)									
		Man			Woman			Country total
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
ARGENTINA	Executives	NA	98	100	NA	100	NA	93
	Managers	98	99	99	96	100	100	
	Employees	87	97	92	82	98	82	
BRAZIL	Executives	NA	98	100	NA	100	100	100
	Managers	100	100	100	100	100	100	
	Employees	100	100	100	100	100	100	
SPAIN	Executives	NA	100	100	NA	100	100	83
	Managers	100	100	97	100	100	100	
	Employees	55	86	86	56	89	93	
PORTUGAL	Executives	NA	100	100	NA	100	100	79
	Managers	100	100	100	NA	100	100	
	Employees	51	92	99	55	93	99	

Average annual temporary contracts (%)								
		Man			Woman			Country total
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
ARGENTINA	Executives	NA	2	0	NA	0	NA	5
	Managers	2	1	1	4	0	0	
	Employees	9	2	8	9	2	18	
BRAZIL	Executives	NA	2	0	NA	0	0	100
	Managers	0	0	0	0	0	0	
	Employees	0	0	0	0	0	0	
SPAIN	Executives	NA	0	0	NA	0	0	17
	Managers	0	0	3	0	0	0	
	Employees	45	14	14	44	11	7	
PORTUGAL	Executives	NA	0	0	NA	0	0	21
	Managers	0	0	0	NA	0	0	
	Employees	49	8	1	45	7	1	

Average annual full-time contracts (%)								
		Man			Woman			Total
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
ARGENTINA	Executives	NA	99	100	NA	100	NA	85
	Managers	100	100	100	100	100	84	
	Employees	80	96	87	63	85	42	
BRAZIL	Executives	NA	100	100	NA	100	100	98
	Managers	100	100	100	100	100	100	
	Employees	97	100	100	99	99	93	
SPAIN	Executives	NA	100	100	NA	100	100	69
	Managers	100	99	97	100	87	100	
	Employees	83	94	90	58	58	65	
PORTUGAL	Executives	NA	100	100	NA	100	100	92
	Managers	100	100	100	NA	100	100	
	Employees	80	99	100	81	97	99	

Average annual part-time contracts (%)								
		Man			Woman			Country total
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
ARGENTINA	Executives	NA	1	0	NA	0	NA	15
	Managers	0	0	0	37	0	16	
	Employees	20	4	13	0	15	58	
BRAZIL	Executives	NA	0	0	NA	0	0	2
	Managers	0	0	0	0	0	0	
	Employees	3	3	0	1	1	7	
SPAIN	Executives	NA	0	0	NA	0	0	31
	Managers	0	1	3	0	13	0	
	Employees	17	6	10	42	42	35	
PORTUGAL	Executives	NA	0	0	NA	0	0	8
	Managers	0	0	0	NA	0	0	
	Employees	20	1	0	19	3	1	

New hires and recruitment rate 401-1

		Man			Woman			Total
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
ARGENTINA	New hires	558	148	7	384	61	11	1,170
	Recruitment rate	3.56%	0.82%	1.08%	4.53%	0.53%	4.66%	2.14%
BRAZIL	New hires	1,630	643	25	2,076	1,033	27	5,434
	Recruitment rate	6.36%	3.77%	2.71%	6.85%	4.10%	4.38%	5.45%
SPAIN	New hires	2,583	1,553	131	3,783	4,024	275	12,349
	Recruitment rate	10.53%	2.83	1.00%	11.24%	2.43%	0.88%	3.82%
PORTUGAL	New hires	493	113	7	665	204	4	1,486
	Recruitment rate	8.03%	1.37%	0.54%	6.76%	1.10%	0.31%	3.28%

Employee turnover and turnover rate 401-1

		Man			Woman			Total
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
ARGENTINA	Employee turnover	472	250	12	281	122	10	1,147
	Turnover rate	3.01%	1.39%	1.84%	3.22%	1.05%	4.24%	2.10%
BRAZIL	Employee turnover	1,425	726	24	1,629	1,081	19	4,904
	Turnover rate	5.56%	4.26%	2.60%	5.38%	4.29%	3.08%	4.92%
SPAIN	Employee turnover	2,467	1,931	226	3,627	4,850	478	13,579
	Turnover rate	10.06%	3.52%	1.72%	10.78%	2.93%	1.54%	4.20%
PORTUGAL	Employee turnover	484	166	15	693	425	17	1,800
	Turnover rate	7.88%	2.01%	1.16%	7.05%	2.30%	1.32%	3.98%

Number of terminations

	Man			Woman		
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
Executives	0	5	11	0	1	2
Managers	3	40	13	1	19	5
Employees	1,120	858	86	1,057	1,577	181

Equal opportunities

The DIA Group is committed to ensuring equal opportunities in the workplace. Women accounted for 64% of the total workforce at the end of 2018 and 27.6% of people in management positions at Group level.

To ensure gender equality, the Group monitors and openly publishes its selection, promotion and occupational training processes, and promotes salary equality in jobs of equal value. In Spain, the Group has had an Equality Programme in place since 2012.

In terms of work - life balance measures, at the beginning of 2018 the Company set up a flexi-time scheme for all staff throughout Spain, which allows employees to shift their clock-in and clock-out times within a two and a half hour range.

During 2018, no claims were received in relation to discrimination on the Group's Ethics 406-1 / 102-16 / 102-17.

Diversity and integration

The DIA Group works to integrate collectives with disabilities in all countries in which it operates. In total, among DIA's workforce at the end of 2018, there were 572 people with some type of physical or intellectual disability. There are currently no executives with a disability.

Workforce by status 405-1

		Man			Woman			Total workforce at 31 december	
		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years		
ARGENTINA	Executives	-	14	3	-	1	-	18	4,502
	Managers	36	356	33	22	141	4	592	
	Employees	1,203	1,160	21	646	844	18	3,892	
BRAZIL	Executives	-	16	3	-	1	1	21	8,923
	Managers	10	124	9	4	76	3	226	
	Employees	2,263	1,336	75	2,767	2,176	59	8,676	
SPAIN	Executives	-	41	43	-	16	22	122	26,693
	Managers	10	285	96	13	272	58	734	
	Employees	1,996	4,143	961	2,703	13,437	2,597	25,837	
PORTUGAL	Executives	-	3	3	-	7	-	13	3,564
	Managers	2	38	15	-	46	2	103	
	Employees	464	619	94	730	1,436	105	3,448	

In Spain, DIA works closely with the Fundación ONCE to integrate persons with disabilities in the workplace through internships.

An independent accessibility diagnosis was completed in 2017 at 10 stores in the Spanish network. This diagnosis will be used as a basis for determining the weak points of the facilities and tackling suitable improvements.

Disabled employees in the workforce by status, at 31 December 405-1

		<30 years	30-50 years	>50 years	
ARGENTINA	Executives	0	0	0	4
	Managers	0	0	0	
	Employees	1	3	0	
BRAZIL	Executives	0	0	0	357
	Managers	0	0	0	
	Employees	150	194	13	
SPAIN	Executives	0	1	0	185
	Managers	0	0	0	
	Employees	8	127	49	
PORTUGAL	Executives	0	0	0	26
	Managers	0	2	1	
	Employees	0	16	7	

Remuneration

The DIA Group has performance evaluation mechanisms in place for its workforce. In the case of store and warehouse employees, they are evaluated on their performance and productivity, both on an individual level and in their workplace. In the case of offices, the personal objectives are focused on individual performance and values, and aligned with the Company's results.

DIA's remuneration policy is based on the following principles:

- Moderate and align remuneration according to local trends seen in companies of a similar size and activity, guaranteeing that they are aligned with the best practices in the market.

- Reward the quality of work, dedication, responsibility, business knowledge, and commitment to the Company for employees who hold key positions and lead the organisation.

- Establish a close link between remuneration and the Company's results, such that the weight of the variable remuneration is sufficient to efficiently compensate the individual achievement of targets, as well as the value added to the Company and its shareholders.

- Internal equality and external competitiveness.

All employees who started before 31 August of the current year are evaluated, from team managers up to executives. All other store and warehouse employees are evaluated on a six-monthly basis using a band system that defines their salary range according to the work they perform.

Merit is the main driver behind salary growth. This merit is calculated based on an annual appraisal of values, skills, and compliance with previously set objectives. All of these appraisals conclude with one of the following results: Excellent, Good, Satisfactory, or Room for improvement, which have a bearing on salary increases.

By means of a system that manages employee potential, the company can detect high-potential employees and establish retention measures, including promoting them to a higher job grade, and giving them preference in training processes and internal selection.

Jobs are defined using the internationally renowned Hay job evaluation method. This design and management tool provides an overview of the organisation, allowing the incidence of the scope of each job within the organisation to be assessed. This system is applied from teams and managers to Group executives.

The rest of the jobs in the Group are ranked based on the status and responsibility the post holds within the company, as defined by the Human Resources team.

In terms of applying policies to guarantee the employee's right to disconnect, to date the company has not applied any proactive mechanism to put this in place.

Average remuneration and other compensation paid (variable pay, productivity bonuses, distribution of profit) by category, gender and age (euros) 405-2 3

	Man			Woman			Salary gap by category (%)
	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	
Executives	NA	118,609	136,808	NA	90,806	118,641	83.48%
Managers	22,478	35,610	51,354	20,413	36,152	53,008	99.71%
Employees	11,627	16,750	23,167	11,098	15,171	18,145	94.96%

Everything received by employees in 2018 is considered, except for payment in kind. This includes fixed pay actually processed and paid, additional payments dependent on the working day, productivity and performance bonuses and the distribution of profits. The remuneration of board of directors is detailed in note 22 (Related Parties) of the Consolidated Annual Accounts

Health and safety in the workplace

Within the Group's Human Resources policies, one of the main priorities established is the health, safety and well-being of its employees. Hence, DIA is committed to promoting health and safety and incorporating preventive management into all stages of its activity.

DIA is aware of the importance of maintaining suitable prevention conditions, and therefore strictly abides by prevailing legislation and the collective agreements governing our labour relations entail specific points regarding employee health and safety (403-4). There are no records of additional, specific health and safety agreements with trade unions.

In each of the countries in which the group operates, training is provided in new stores and in relation to new processes, such that the company can guarantee that all of its employees have been trained in occupational health and safety, including employees who are already with the company and who are updating their knowledge, and new employees who are just joining

403-2	ARGENTINA		BRAZIL		SPAIN		PORTUGAL	
	Men	Women	Men	Women	Men	Women	Men	Women
Number of workplace accidents	79	19	65	62	743	1,057	137	251
Injury rate	0.23%	0,09%	0.15%	0.11%	0.80%	0.46%	0.87%	0.85%
Lost-day rate	0.43%	0.15%	0.12%	0.08%	0.65%	0.52%	0.52%	0.46%
Hours of absenteeism	157,865	171,319	925,797	1,634,249	667,367	2,696,485	158,170	690,949
Absentee rate	2.40%	4.71%	12.65%	17.10%	4.42%	7.95%	6.05%	13.94%
Serious accidents	0	0	10	12	0	3	0	2
Number of fatalities	0	0	0	0	0	0	0	0

Professional illnesses 403-3	ARGENTINA	BRAZIL	SPAIN	PORTUGAL
Employees suffering from professional illnesses - Men	2	0	8	0
Employees suffering from professional illnesses - Women	1	1	15	7
Employees suffering from professional illnesses - Total	3	1	23	7

Social dialogue

100% of the employees from Brazil, Spain and Protugal are protected by a collective labour agreement, either at company level or at sector level (in the case of Argentina, this figure accounts for the 68% of the workforce), and the company has 1,115 trade union representatives worldwide 102-41.

Given the countries in which it operates and the significant trade union representation in place, there is no perceived risk of violation of basic human and labour rights (such as child labour or slave labour) 408-1, 409-1, The DIA Code of Ethics and the Group's Ethics Channel set up to implement it also help safeguard the DIA Group's commitment to respecting these values 102-16, 102-17 .

Training 404-1

		Men		Women		Total training hours	Average training hours
		Training hours	Average training hours	Training hours	Average training hours		
ARGENTINA	Executives	53	3.06	24	11.52	77	3.97
	Managers	1,138.2	2.54	438.1	2.5	1,576.3	2.53
	Employees	3,815.22	1.59	1,958.9	1.3	5,774.12	1.48
BRAZIL	Executives	-	-	-	-	-	-
	Managers	1.753	12.36	1,293	15.32	3.046	13.46
	Employees	33,203	9.56	75,017	16.35	108,220	13.43
SPAIN	Executives	787	9.24	734	17.65	1,521	12
	Managers	5.683	14.92	5,802	17.3	11,485	16.03
	Employees	29,758	4.11	67,172	3.57	96,930	3.72
PORTUGAL	Executives	42	4.38	15	2.57	57	3.7
	Managers	234	4.31	213	4.53	447	4.41
	Employees	22,834	18.36	31,376	12.99	54,210	14.81

Training

The DIA Group has an active policy in terms of talent retention and training, which identifies, recognises, and promotes the value that different profiles generate for the organisation. The company has a total of 31 own training centres for employees who work in stores.

31

own training centres for employees

FRANCHISEES

DIA franchisees are one of the mainstays of the company's business model. They are the ideal leverage for the solid expansion of the brands and generate value and wealth in the communities in which they operate in each country. At 2018 year end, the number of franchisee stores in the Group came to 3,547, which is 57.6% of total stores overall.

Its almost 30 years of experience in developing the franchisee model has seen the DIA Group become the number one ranked franchiser in Spain and third in Europe in the distribution sector, according to the international ranking carried out by consulting firm Franchise Direct, based on parameters that take into account financial issues, innovation capacity, environmental action and franchisee support, among other aspects.

The company provides its historical knowledge of the sector and the strength of its brand and logistical developments while the franchisee contributes their sales vocation and local market knowledge, which is key to developing the model of proximity and approachability.

This relationship of trust between the DIA Group and the entrepreneurs also creates value and wealth in the communities in which the franchises are set up. During 2018, the activity of the DIA franchises generated an estimated 23,832 direct jobs.

	No. of franchises 2017	Number of employees in franchise model 2017 (estimate)	Number of franchises 2018	Number of employees in franchise model 2018 (estimate)
Argentina	627	3,890	681	4,256
Brazil	691	11,151	686	9,576
Spain	2,024	7,821	1,871	7,821
Portugal	297	1,952	309	2,179
TOTAL	**3,639**	**24,814**	**3,547**	**23,832**

Data without Clarel and restated in 2017.

23,832
estimated direct jobs

Always supporting and listening to the franchisee

The company has a permanent follow-up and support team in place, including the position of shop supervisor, who is tasked with the day-to-day management of the store, the franchise analyst, who is more focused on advising franchisees on economic and financial matters to boost business profitability, or the logistics contact, who deals with and resolves all issues pertaining to orders and organising shipments. In addition to this daily support, the DIA Group works to listen to its franchisees on a continuous and individualised basis, which enables it to provide better, faster responses to issues that may arise in the day-to-day management of the business. This is all channelled through the Franchisee Portal, a digital platform for sharing key information about business, such as assortment, orders, logistics, and access to the store and evolution database.

In addition to this channel, the company provides an exclusive franchisee support service in all the countries in which it operates, accessible by phone or e-mail and geared towards resolving the main doubts and offering immediate support in day to day tasks.

The DIA Group conducts a franchisee satisfaction survey prepared by the independent consultancy firm Nielsen. This survey asks franchisees, confidentially and anonymously, what aspects they would improve, and which ones they are most satisfied with. The Group also publishes a newsletter exclusively for franchisees in all the countries in which it operates, publishing company news, offering useful information for store management and, in short, getting entrepreneurs involved in the Group's current affairs.

Enhancing the model

In line with this continuous franchisee support, during 2018 the DIA Group has set up a programme to enhance the franchisee model. The entire franchise management team in each country and the Human Resources department are taking part, identifying the key points of the model and sharing the "best practices" developed in order to continue to enhance the franchising system and franchisee management. The work team meets every two months to share the demands and needs of the franchise and launch action plans for issues from training to internal process development.

DIA Group franchisees are involved in developing internal applications and projects designed to improve the efficiency of processes. For this purpose, different meetings and discussion forums are organised where small groups of franchisees meet with the staff in charge of the different areas in order to deal with specific day-to-day issues, ultimately improving processes and procedures. The different countries also hold a "Franchise Week", where employees from the different areas attend training talks on the DIA franchise. An integration day is also run with franchisees, wherein they are given the opportunity to exchange opportunities and concerns with the different company heads.

Acknowledging their work

For the fifth consecutive year and in alignment with DIA's steadfast commitment to its franchisees, the "5th DIA Best Franchisee Awards" was held, acknowledging franchisees' hard work, commitment and dedication. In this fifth edition, as with the previous four, the company awarded prizes to the Spanish franchisees that best represented DIA's five corporate values: Client, Efficiency, Initiative, Respect, and Teamwork. For the second year in a row, the DIA Group has given awards to recognise the performance of its best international franchisees in the countries in which it is present: Argentina, Brazil, Spain, and Portugal.

SUPPLIERS

102-9, 102-10

Strategic alliances in the supply chain

The DIA Group has a series of commercial alliances aimed at improving negotiation conditions and protecting profit margins while obtaining the best prices for our customers.

Alliance with the Casino Group

At the end of 2017 the DIA Group, in partnership with the French distribution group Casino, created the company CD Supply Innovation, which is headquartered in Madrid. This company is in charge of purchasing both groups' own brands and of managing certain financial and logistics services, such as payments and sourcing. Following completion of this report, and to simplify supplier relations, DIA Group and the Casin decided to return to purchasing their own brands directly and independently without using CD Supply Innovation to manage the sourcing of their respective own brands

On an international level, the alliance with the Casino Group began in 2015, when both entities decided to set up the Geneva based company ICDC Services to negotiate "on top" services. In August 2018, the DIA Group signed an agreement with Auchan, Metro and Casino to create a new joint venture (Horizon International Services) to replace ICDC Services.

Membership of Horizon International Services

In August 2018, the DIA Group joined the international negotiation platform Horizon International Services in order to improve its competitiveness in relations with major suppliers of manufacturer's brands and to bring better offers to consumers in terms of assortment and price. This alliance is founded on balanced and innovative collaboration and other partners involved include Auchan Retail, the Casino Group and Metro.

Horizon International Services is a central forum for negotiating the conditions of international services with major manufacturers and it does not affect own brand items or fresh products.

At the end of this year, the agreement remains pending approval by the competent authorities.

Strategic alliance for consumer financing with CaixaBank

The DIA Group has a strategic alliance with CaixaBank through which it offers a wide range of consumer financing products to more than eight million DIA Club customers. These include the creation of a credit card linked to the DIA Club customer loyalty programme.

The alliance is structured through the purchase by CaixaBank Consumer Finance of 50% of the shares of Finandia, EFC. The aim is to advance in a full consumer financing offering, including debit payment, end-of-month payment, revolving or deferred payments and loans and insurance for loyalty card customers.

On the other hand, during the course of this year the agreement that facilitated the creation of Red Libra Trading Services, a company tasked with negotiating with suppliers of distributor brands for the DIA and EROSKI Groups in order to maximise the price-quality ratio for the consumer, has been terminated.

Wealth generation through local business

Over 85% of the suppliers that the company works with are local, so most of DIA's purchases are from them, as shown in the following table.

The company's international profile, its omni-channel concept, and its ongoing development in very different types of markets, offers these suppliers new business opportunities and better knowledge of consumer behaviour. This has been, and continues to be, more noticeable in Latin-American markets where supplier development is an integral part of the development of the DIA Group's activity in itself. In this regard, it is notable that the company participates in the entire product quality assurance process and does not outsource this service to third parties, with the team members performing highly personalised quality monitoring.

Localo suppliers 204-1	Number of local suppliers	Percentage of local suppliers (%)
Argentina	472	96.41
Brazil	993	98.75
Spain	1,481	94.80
Portugal	440	82.48

Quality: the main commitment

- **100% approved suppliers:** All own-label suppliers must pass strict audits that guarantee the safety of each of the plants that is to produce DIA products.
- **43 in-house laboratories:** The DIA Group has a total of 43 in-house laboratories that conducted a total of 910,015 internal analyses this year as part of its control programme for products manufactured under its own labels.
- **23,153 external analyses:** Moreover, the DIA Group works with approved external laboratories where further analyses are carried out in addition to the internal checks. 416-1

Number of incidents arising from non-compliance with health and safety in the context of legal regulation, leading to a fine or material sanction 416-2: 0 incidents,

Responsible management of relationships with suppliers

The DIA Group selects its suppliers based on criteria relating to competition, process efficiency, and maximum product quality. As we have highlighted in previous sections, all of DIA's suppliers of own-label products are subject to internal and external audits that take place periodically throughout the course of the relationship.

The DIA Group does not have a purchasing policy as such in which to include the social and environmental principles applicable to its relationships with suppliers. To date, the Company has deemed it sufficient that all contracts held with suppliers include a clause indicating that the Company is a signatory of the United Nations' Global Compact. In accordance with these instruments, the DIA Group's relationship with its suppliers could lead to penalties or the contract being rescinded if there is any violation of any of the principles included in the Global Compact. In addition, all suppliers have been proactively informed about the rollout of the DIA Group's Ethics Channel, and they have been encouraged to use it in the event of any non-compliant situation being detected. To date, no risk analysis has been carried out relating to non-compliance of human and occupational rights in the DIA Group's supply chain, nor have any audits of social or environmental issues been done as part of supplier audits 308-1 414-1, however, preliminary steps have been taken to tackle this matter in the coming year.

INVESTMENT COMMUNITY

The DIA Group has a team responsible for ensuring a direct, transparent and smooth relationship with its investors. The principles that govern this team are approved by the Management Board in its Investor Communication Policy.

The company's stock market performance during 2018 was characterised by the different share capital movements carried out by the key shareholder, Letterone Investment Holdings, whose shareholding at year end was 29% of capital.

The shareholders and investors have a series of communication channels available that provide detailed stock market and business information on the company, thus keeping an effective and transparent dialogue open.

Through the corporate website, www.diacorporate.com, the company offers real-time information on stock evolution, significant events, Corporate Governance and financial results, as well as offering the option to sign up for highlights notifications. The website meets all the technical and legal specifications set forth by the National Securities Market Commission in its Circular 3/2015 of 23 June.

The DIA Group's Investor Relations department organised 350 different information activities on different platforms, including on-site meetings, webcasts and conference calls 102-43. These were all aimed at offering the most up-to-date and accurate information to the market and shareholders.

On 10 December, the IBEX Technical Advisory Committee decided to remove DIA from the Ibex35 selective index, and it has been trading on the Spanish continuous market since 24 December 2018. The DIA Group has been present in the FTSE4Good international stock market index since 2015, which includes listed companies from around the world that offer information about parameters such as corporate social responsibility practices related to the environment, shareholder relations, and human rights.

ENVIRONMENT

The DIA Group's commitment to the environment is defined in its Environmental Policy, endorsed by the Board of Directors in 2016. This policy sets forth the objectives both in terms of operations and the organisational culture guiding the company's activities, and is an area which is gaining increasing importance in the company's competitive setting. The performance attained in each of these objectives is set forth below:

1. Complying with existing regulations

Abiding by the law is the first mainstay upon which the DIA Group's work for the environment is based.

By following up the development and publication of new environmental regulations in collaboration with business associations, environmental organisations, etc. the DIA Group stays on top of any new legal requirements from the outset, and is able to anticipate these to ensure compliance.

Although due to their nature, the DIA Group's activities do not pose a serious environmental risk, any incidents that could arise in this regard are identified and monitored by the legal risk map designed and implemented by the legal department 102-11.

No significant fines have been imposed for breach of regulations during this year 307-1 [4] and no guarantee provisions have been made in this respect. The Parent company's Board of Directors considers that no significant contingencies exist concerning the protection and improvement of the environment and, accordingly, no provision has been made in this regard.

2. Promoting the responsible use of resources

Streamlining consumption of resources applies to both activities relating to the definition and development of products, the packaging of which is designed using eco-design criteria, and to supply chain operations: transport, storage and distribution of these products.

In this regard, one of the initiatives embarked upon in 2018 has been to replace single-use cardboard boxes with reusable boxes in the fruit section. Through this initiative DIA Spain has managed to reduce the environmental impact of its fruit and vegetable distribution by 25%, according to data from a study by ARECO (the Association of Environmentally Sustainable Reusable Items for Logistics Operators). Specifically, this improvement, which entails moving 50 million boxes per week, has cut down on over 17,000 tonnes of CO_2 emissions and 300,000 m^3 of water consumption, as well as reducing food waste in this category considerably, According to an IFCO study. Additionally, plastic blister packaging has been replaced with paper versions, which has meant 75,000 kg less plastic has entered the marketplace.

4. The significance thresholds for reporting sanctions are: 0 euros for issues relating to competition; 30,000 euros for issues relating to the environment and 50,000 euros for all other issues.

Furthermore, in line with the regulatory developments and environmental demands regarding plastic, the DIA Group has created a multi-disciplinary work group to tackle streamlining of single-use plastic in both packaging and wrapping and in products. The project began in Spain in the fruit and vegetable section and will continue to be expanded category by category. The next step will be to complete the analysis of the remaining fresh produce sections and own-label products and expand on what has been learned in Spain to the rest of the countries.

In each of these categories, improvement opportunities are analysed alongside our suppliers in accordance with a waste hierarchy model:

- Eliminating plastic packaging where its use is not sufficiently justified.
- Replacing plastic packaging with more environmentally friendly alternatives, based on a simplified study of the life cycle analysis carried out for this purpose.
- Reducing plastic packaging where the aforementioned measures are not possible.
- Verifying the recyclability of packaging components to ensure greater actual recycling rates.

After analysing all the SKUs and alternatives available on the market, the plans outlined by the DIA Group to reduce plastic packaging in fruit and vegetables are:

- To facilitate bulk buying provided sales and food waste levels are not significantly affected (pilot trials are being done on some SKUs to test these issues).
- To eliminate expanded polystyrene trays in all SKUs in the first quarter of 2019. These trays will be replaced, preferably, with trays made from recycled PET, recycled/certified paper or agricultural fibre sources.
- To reduce plastic packaging on SKUs for which there is no commercial or environmentally viable alternative (some alternatives have been ruled out because they multiply costs by four, or because transparent recycling channels do not exist). The company is working to achieve full recyclability for the remaining plastic packaging in use.

In addition, during 2018 efforts have been made to source alternatives to reduce the environmental impact of using plastic bags. As well its commitment to cutting back on single-use plastic and instead using reusable alternatives, the DIA Group has started offering its customers in Spain the option of using reusable rigid bags made from up to 70% recycled plastic, one of the options on the market with the lowest environmental footprint. We are also testing out using FSC paper for both rigid bags and sectioned bags, as alternatives to the traditional plastic bag. These options, which are printed with messages of environmental awareness for the public, will be available at all of our stores next year. 2019 will be the year in which single-use plastic utensils will also be done away with, replacing them with other options with a lower impact on littering.

The table below outlines usage of the different materials in the DIA Group.

Materials consumed in 2018, by major groups 301-1	ARGENTINA	BRAZIL	PORTUGAL	SPAIN	TOTAL
Paper and cardboard	918,850	3,589,502	5,371,342	1,034,465	10,914,159
Plastic	867,910	99,964	657,000	33,726	1,658,600
Others	286	7,980	830,618	9,489	848,373

3. Managing waste by following the waste hierarchy model, prioritising waste prevention and avoiding waste disposal where possible.

The work carried out in Brazil is a perfect example of how this commitment is being implemented. In 2018, Brazil has made the necessary efforts, including a preliminary pilot trial, to start up a project aimed at achieving zero waste (i.e. sending zero waste to landfill, instead recycling and recovering each waste component generated), following the principles of circular economy, by 2019. As with Brazil, in Spain a zero waste project has been assessed for testing in 2019 in the three warehouses in the central region, which account for 30% of the waste generated by DIA Spain.

The following table shows waste generated by the DIA Group, which in the case of non-hazardous waste has decreased by more than 1,300 tonnes with respect to the prior year. In the case of hazardous waste, the reduction has been a little over 7 tonnes (10% above 2017 figures) 306-2.

Non-hazardous waste		Generated (Kg)	% Recycled	% Reused	% Landfill
ARGENTINA	Toner	-	-	-	-
	Organic material	1,733,970	-	-	100
	Scrap metal	-	-	-	-
	Plastics	602,100	100	-	-
	Wood	-	-	-	-
	Paper/Cardboard	2,727,681	100	-	-
	RAEE	-	-	-	-
	Others	-	-	-	-
	Total	5,063,751	65.76	-	34.24
BRAZIL	Toner	1,038	-	100	-
	Organic material	12,126,572	-	-	100
	Scrap metal	481,855	100	-	-
	Plastics	827,087	100	-	-
	Wood	1,542	-	100	-
	Paper/Cardboard	4,560,027	100	-	-
	RAEE	-	-	-	-
	Others	6,848	100	-	-
	Total	18,004,969	32.63	0.01	67.35
SPAIN	Toner	20,557	-	30.31	69.69
	Organic material	27,851,820	0.57	-	99.43
	Scrap metal	733,010	100	-	-
	Plastics	3,132,670	100	-	-
	Wood	2,003,610	-	100	-
	Paper/Cardboard	49,495,780	100	-	-
	RAEE	35,787	100	-	-
	Others	-	-	-	-
	Total	83,273,234	64.31	2.41	33.27
PORTUGAL	Toner	-	-	-	-
	Organic material	2,057,580	76.58	-	23.42
	Scrap metal	67,760	-	100	-
	Plastics	482,670	100	-	-
	Wood	373,122	-	100	-
	Paper/Cardboard	7,482,260	100	-	-
	RAEE	-	-	-	-
	Others	6,026,460	-	-	100
	Total	16,489,852	57.86	2.67	39.47
DIA GROUP	**TOTAL**	**122,831,806**	**58.86**	**2.00**	**39.14**

Hazardous waste		Generated	% Recycled	% Reused	% Landfill
ARGENTINA	Batteries (Kg)	0	-	-	-
	Fluorescent bulbs	50	-	-	10.0
	Total	50	-	-	10.0
BRAZIL[5]	Batteries (Kg)	0	-	-	-
	Fluorescent bulbs	0	-	-	-
	Total	0	-	-	-
SPAIN	Batteries (Kg)	61,976	10.0	-	-
	Fluorescent bulbs	131	10.0	-	-
	Total	62,107	10.0	-	-
PORTUGAL	Batteries (Kg)	2,820	10.0	-	-
	Fluorescent bulbs	0	-	-	-
	Total	2,820	10.0	-	-
DIA GROUP	**TOTAL**	**64,977**	**99.92**	**-**	**0.08**

5 Hazardous waste management is not recorded in Brazil as it is included in general service contracts.

During 2018, the DIA Group also continued working to minimise food waste, concentrating its efforts on the following lines of action:n:

- prevention in our operations: with programs for inventory optimisation and waste reduction in-store
- and food deliveries for the needy. In 2018, a total of 1,382,865 million kg of food was handed out from DIA stores and warehouses
- raising public awareness (with the collaboration of AECOC)

4. Adopting measures to reduce the emission of greenhouse gases.

Product distribution and sales activity calls for the consumption of significant energy resources in stores, warehouses and transportation and the resulting greenhouse gas emissions.

DIA has a Group risk management model that identifies, evaluates, prioritises and monitors risks related to its activity. Some of these risks are environmental in nature and they may affect the company in the short, medium or long term. Additionally, DIA's Environmental department identifies in detail any climate-related risks, such as an increase in temperatures and the subsequent rise in stores' energy consumption, or an increase in landfill rates due to changes in the legislation on waste.

Energy consumption and refrigeration gases 2018				CO_2 emissions (Tn CO_2 eq)
Scope 1	Stationary sources (GJ)	Argentina	-	-
		Brazil	7,920	506
		Spain	-	-
		Portugal	494	27
		TOTAL	**8,414**	**533**
	Logistics (Gj)	Argentina	174,209	12,974
		Brazil	392,949	29,264
		Spain	11,86,161	88,336
		Portugal	204,066	15,197
		TOTAL	**1,957,385**	**145,771**
	Company cars (Gj)	Argentina	10,781	769
		Brazil	-	-
		Spain	12,787	953
		Portugal	21,241	1,585
		TOTAL	**44,809**	**3,307**
	Refrigeration gases (Kg) 305-6[6]	Argentina	29,274	85,762
		Brazil	21,945	41,831
		Spain	85,745	147,552
		Portugal	10,118	25,310
		TOTAL	**147,082**	**300,455**
Scope 2	Electricity consumption7 (Gj)	Argentina	485,091	52,552
		Brazil	306,665	3,628
		Spain	2,570,308	198,834
		Portugal	399,545	17,752
		TOTAL	**3,761,609**	**272,766**

6 Details of reported gases: R134A, R290, R404A, R407A, R407C, R407F, R410A, R417A, R422A, R422D, R427A, R438A, R442A, R448A, R449A, R450A, R513A, R513A, RS45, RS70 and R22, relating to a total of 1.89 tonnes of CFC-11 equivalent from R-22 gas only. Spain and Brazil estimate gas consumption for December.
7 Electricity consumption in the last two months of the year for Spain; 2.9% of Portugal's electricity consumption is estimated.

DIA operates in a transparent way, reporting on its climate risks and its response to them via the public CDP Project, which provides details of the type of climate risk faced by the company. 302-1 305-1 305-2[8]

8. At the publication date of this report, the data for scope 3, which represents approximately 25% of the Group's total carbon footprint, is not available. This data will be set forth in the Carbon Footprint report that will be posted on the corporate website in July and which is independently audited, and the CDP questionnaire on climate change is presented.

In this context, DIA is proactively seeking how we can adapt to the consequences of climate change, from its different departments, the DIA Group continues to implement eco-efficient solutions and projects to reduce carbon footprint, continuously improving the facilities and procedures in place.

In terms of scopes 1 and 2, the DIA Group's carbon footprint has improved, with 60,000 tonnes of carbon emissions reduced in 2018, i.e. 8% 305-5[9].This improvement is due to eco-efficiency measures developed during the year. Some of the most relevant measures are set forth below:

- Installing doors in refrigerator section walls:

Work is ongoing throughout all regions to install doors in refrigerator sections. These doors keep temperatures in the chilled cabinets steady and reduce the electricity consumption of equipment by up to 20%. This improvement is expected to be rolled out to all own-store equipment in the coming years.

- Reducing emissions attributable to the refrigeration systems:

Replacing the gases in refrigeration rooms and equipment with other more environmentally friendly gases is still one of the main areas of work to be done to cut down on the company's carbon footprint. In Spain and Portugal, the improvements associated with replacing gases improved CO_2 emissions by over 30% in 2018.

- Logistics optimisation:

Within the framework of the Lean & Green project, the DIA Group has added the objective of reducing greenhouse gases generated by logistics operations in Spain by 20% within a 5-year period. The plan established to achieve this, the implementation and performance of which will be audited by an independent third party and which is already underway, includes completely renewing the fleet, providing drivers with training in efficient driving, and increasing night-time unloading to avoid the hours of heavier traffic congestion. These and other measures should enable the reduction target set for 2022 in Spain to be met.

5. Actively working on identifying improvement opportunities

Monitoring the legislation, the environmental diagnosis of DIA facilities and activities, supervising environmental indicators and analysing the results are the tools used by the DIA Group to identify environmental improvement opportunities for the company:

- Monitoring the legislation:

A sound knowledge of the applicable environmental legislation is the starting point for establishing plans of action that enable facilities and procedures to be adapted to the current and future regulatory framework.

This is why monitoring the legislation is an important measure for identifying improvement opportunities.

- Environmental diagnosis:

The environmental auditing of facilities and activities carried out regularly by the Environmental area enables DIA to assess the level of regulatory compliance (with legislation and in-house standards), as well as to identify improvement opportunities.

- Supervising environmental indicators and analysing results:

The DIA Group measures and analyses environmental performance in accordance with indicators established in the GRI Sustainability Reporting Framework.

6. Encouraging staff through training and awareness initiatives

One of the commitments set forth in the DIA Group Environmental Policy is to encourage staff through training and awareness initiatives so that they can actively participate in the fulfilment of these environmental commitments.

To this end, a series of information and training initiatives have been set up in 2018 regarding different environmental issues:

- Streamline use of resources: posters in workspaces to raise awareness of the importance of reducing the use of water, energy and material resources (paper, cling film, etc.).
- Adequate waste management: training sessions geared towards warehouse and store staff to promote the separation of reusable, recyclable and recoverable waste components at source.
- Regular nuggets of information on environmental matters in the CSR Newsletter: energy efficiency, renewable energy, alternatives to plastic, waste (textiles, packaging, etc.).

9. The improvement figure for eco-efficient projects undertaken is an estimated an annualised figure. Beyond those set out for logistics activity in Spain, the DIA Group has no specific emissions reduction targets.

SOCIETY

DIA's commitment to society, like any business, can only be built on the respect for the legality of each of the operations undertaken. In this regard, it should be noted that the company has not received any fines for non-compliance with social or economic legislation in 2018[10] 419-1 . Tax governance and tax discipline are not only of significance from the legal standpoint, but rather this area is garnering increasing interest from the different interest groups. For this reason, a specific section is included herein to describe the company's policy in this regard.

Lastly, the association and sponsorship activity carried out by the company in the different areas will also be described. This is important work through which DIA connects with the social awareness of its customers and staff, supporting social causes that are important to them. Having said that, the company is very aware that the greatest impact it can have on society is that which derives from its core business, in other words, successfully supplying products that meet all their customers' needs and making them accessible to everyone, creating quality jobs and entrepreneurship opportunities and, finally, generating wealth through local business and supplier development.

10 The significance thresholds for reporting sanctions are: 0 euros for issues relating to competition; 30,000 euros for issues relating to the environment and 50,000 euros for all other issues.

Economic value generated, distributed and retained by the DIA Group 201-1

	31/12/17	31/12/18
Economic value generated	**8,383,136**	**7,506,606**
Net business turnover	8,217,136	7,288,825
Other income	153,075	134,531
Profit on the sales of subsidiares	0	9,265
Financial income	12,197	6,480
Gain from net monetary positions	0	67,505
Income from companies using the equity method	194	0
Economic value distributed	**8,188,360**	**7,485,331**
Goods and other consumables	6,563,764	5,817,011
Personnel expenses	743,470	713,370
Operating expenses	614,611	628,429
Impairment of trade debtors	21,277	27,795
Losses on disposal of assets	17,214	25,414
Profit (losses) of companies accounted for using the equtiy method	65,687	85,205
Financial expenses	0	1,183
Tax on profits	52,013	186,924
Dividends	110,324	0
Economic value retained	**194,776**	**21,275**

Public grants received in 2018	**Argentina**	**Brazil**	**Spain**	**Portugal**
Public grants received in 2018			859,677.15	

The majority of the public grants received in Spain (Euros 796,287.82) relate to credits in social security payments.

Tax Liability

As a result of the reform of the Spanish Capital Companies Law, effective from 1 January 2015, a series of new non-transferable powers were established Board of Directors of the DIA Group, including designing the company's tax strategy, approving operations involving special tax risk and operations pertaining to determining the policy for risk control and management, including tax risks.

Tax Strategy

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 purposes, principles and good practices comprising the DIA tax strategy should guide decision making at all levels.

As part of the Good Tax Practices guiding DIA's activity, the tax strategy establishes that DIA does not use opaque corporate structures of any kind or companies located in tax havens for the purposes of concealing relevant information from the tax authorities.

As shown in the corporate and share capital structure section of this report, DIA policies do not allow transactions in tax havens for tax purposes or in any of the jurisdictions included in Spain's regulatory list of tax havens or the European Union's blacklist.

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

Tax Risk Control and Management System

The guiding principles of the DIA Group's tax strategy include that it will develop the Risk Management Policy and establish a specific tax risk control and management system.

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

- Including the tax area manager as a permanent member of the Country and Group Risk Committee.
- Developing and drawing up the Tax Risk Control and Management Manual in line with the DIA Group's Risk Management Policy. Therein, in addition to establishing the procedure and methodology for tax risk management, the roles and responsibilities for proper administration of these risks are also defined.
- Designing a Tax Risk Control and Management System, even where the legal standards do not strictly require it. The aim of this System is to identify the main tax risks in order to evaluate and prevent them: For these purposes:

- Controls are defined within the different tax processes that are documented through risk matrices and controls (more than 90% of the controls defined are key controls).
- The controls established are assessed annually, using SAP GRC.
- In addition to the obligatory mention of control and tax risk management in the Annual Corporate Governance Report, the results of the annual review of the Tax Risk Management and Control System are reported to the Board of Director's Audit and Compliance Committee.

	Profits generated before tax (thousands euros)	Tax paid (thousands euros)
ARGENTINA	-4,694	-3,290
BRAZIL	-8,408	-7,753
SPAIN	-74,122	-6,107
PORTUGAL	-17,184	-1,694

Profit and tax figures from Paraguay (156,000 and 0 euros, respectively) included as part of Argentina; profit and tax figures from Switzerland (42,000 and -8,000 euros, respectively) included as part of Spain.

Partnerships to cope with global challenges

The DIA Group's dialogue and collaboration with third parties always respects the DIA Code of Ethics and the spirit of the Corporate External Relations Policy. Although DIA has its own institutional agenda, it is aware that many of the global challenges faced by the sector and society as a whole require the different players to participate in a coordinated manner. For the sake of transparency, below are the sector associations with which the DIA Group is involved worldwide 102-13:

- Eurocommerce: DIA is present in this European distribution union through its participation in ASEDAS.
- ASEDAS (Asociación Española de Distribuidores de Autoservicio y Supermercados - Spanish Association of Distributors, Self-service Chains, and Supermarkets). The company is part of the management board.
- CEDAC (Consejo de Empresas de Distribución y Alimentación de Cataluña - Council of Distribution and Food Companies of Catalonia). The company is part of the management board.
- Spanish Network of the Global Compact. The DIA Group has been a member since 2012.
- Ecoembes. The DIA Group is a founder member and member of the Management Board.
- AECOC: Asociación Española de Fabricantes y Distribuidores - (Spanish Association of Manufacturers and Distributors). The DIA Group is on the Management Board through its CEO.
- CEL (Centro Español de Logística - Spanish Logistics Centre). The DIA Group has been present in this organisation since 1995 and occupies the vice-presidency of the management board.
- PACKNET (Plataforma Tecnológica Española de Envase y Embalaje - Spanish Technological Platform of Containers and Packaging).
- AEA (Agencia Española de Anunciantes - Spanish Advertisers' Agency) - the DIA Group has been a member since 2001.
- 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).
- Expofranquicia: The DIA Group is a member of the organising committee.
- Asociación Española de Franquiciadores (Spanish Franchisers' Association): The DIA Group has been a full partner since 1992, and a member of the management board.
- AUTELSI (Asociación Española de Usuarios de Telecomunicaciones y de la Sociedad de la Información - Spanish Association of Telecommunications Users and of the Information Society).
- ISMS FORUM (La Asociación Española para el Fomento de la Seguridad de la Información - Spanish Association for the Advancement of Information Security).
- ISACA (Information Systems Audit and Control Association).
- AERI (Asociación Española de Relaciones con Inversores - Spanish Association of Investor Relations) -the DIA Group has been a member since 2012 and holds the post of Treasurer.
- AOP (Asociación de Operadores para la Portabilidad - The Association of Operators for Portability) - the DIA Group has been a member since 2009.
- APED (Associação Portuguesa de Empresas de Distribuição - Portuguese Association of Distribution Companies): This is the supermarket union in Portugal.
- APF (Associação Portuguesa de Franchising - Portuguese Franchising Association): This is the franchise association in Portugal.
- ASU (Asociación de Supermercados Unidos - Association of United Supermarkets): This is the supermarket union in Argentina.

The DIA Group is adequately registered as a business lobby for its interaction with the European Union, although in 2017 this activity only took place through its unions in Spain and Portugal.

In order to maintain its commitment to responsibility and respect for the environment in which it operates and the people with whom it works, as mentioned above, DIA collaborates with different non-profit entities and associations to develop charity actions (102-12). During 2018, the company focused its social projects once again on bringing food to the largest number of people possible, in line with what it can do most efficiently, its main business activity. Moreover, in Spain, the DIA Group has continued its sponsorship of the Spanish Basketball Federation. Pursuant to this sponsorship, several projects have been launched related with the causes that the company identifies with most: promoting sports, gender equality, and supporting the most vulnerable members of society -children. In turn, Argentina, Brazil and Portugal have invested in various social awareness programmes, both for employees and customers worldwide.

Below is a list of just some of the initiatives promoted by the DIA Group in the different regions.

Argentina	Brazil	Spain	Portugal
Day of the Child: “Sumemos sonrisas” children’s hospital fundraiser	Dreams race in favour of children with cancer	Snacks together with the Red Cross in Galicia and Extremadura for children at risk of exclusion	"Futebol de rua da CAIS" Project
“Ponete el guardapolvo” school supplies campaign	Clothes collection campaign among employees in Brazil	Campaign for children without alcohol, a challenge for everyone	Support for the Portugal fires
	"Un golazo de Solidaridad" ("A Solidarity Goal") football tournament	2nd Race against child poverty together with Save the Children in Seville	
“Navidad es Compartir” Christmas campaign	"DIA para hacer el Bien" ("Day to do Good") in the fight against hunger	8th Race against Rare Diseases in Madrid	
	Christmas presents for the children of Brazil	Family solidarity walks in Avilés and Gijón in favour of the most needy members of the population	

It is worth mentioning that DIA Group’s economic contribution to foundations or non for profit organization is alwyas made in the context of specific projects like the ones mentioned above.

INFORMATION BASIS FOR PREPARATION OF NON-FINANCIAL INFORMATION STATEMENTS AND GRI INDEX

The Management Report for the DIA Group consists of its financial and non-financial information, based on the recommendations of the CNMV's "Guide for the Preparation of Management Reports of Listed Companies" and the requirements of the new Law 11/2018 on non-financial information of 28 December 2018. This integrated approach therefore encompasses the information required to understand the Group's evolution, results and financial situation, and the information needed to appreciate the impact of the DIA Group's activities on the environment, society and its employees.

The Non-financial Information Statement is issued annually 105-52 and entails consolidated data from the Company overall11 for all of 2018[12] 105-20.

This information is presented in accordance with the Global Reporting Standards "Core" option (102-54), in line with last year's Business and Sustainability Report 105-51. A Global Reporting Initiative (GRI) table is show below, which helps to find the key indicators in the text[13]. The report provides information to facilitate understanding of non-financial performance for those indicators or matters for which it has background data. Any data that had to be estimated due to missing records at year end are duly highlighted. Any omissions, if greater than 5% of the figure, are also highlighted.

For any general enquiries about this report, interest groups should contact the External Relations and CSR Department at Jacinto Benavente 2A, 28232 Las Rozas de Madrid, or by email to comunicacion@diagroup.com and rsc@diagroup.com 105-53.

11. This report does not include in its consolidated data the activity of Finandia E.F.C., S.A.U. For non-financial performance purposes, this subsidiary has 8 employees. The Swiss subsidiary DIA World Trade, which has at least 5 employees, consolidates as "Spain"; the subsidiary DIA Paraguay, S.A., which has one employee, consolidates as "Argentina" (102-48). In addition, the activities of Clarel and Max Descuento in Spain and Portugal have been discontinued and restated as they are pending sale. These businesses have 3,709 respectively, which have been accounted for.

12. The final performance of certain environmental indicators has had to be estimated as it was not possible to obtain information on consumption for the last month(s). Where this has been the case, it is reported according to the indicator.

13. The level of compliance of this report with the Global Reporting Initiative (GRI) is being externally verified by PriceWaterhouseCoopers (102-56).

Global Reporting Standard equivalence Act 11/2018: Global Reporting Standard

		GRI	Material for DIA	Scope	Page
Business model	Brief description of the Group's business model, including: 1.) business setting, 2.) organisation, 3.) geographical presence, 4.) objectives and strategies, 5.) main factors and trends that can affect outlook.	102-2, 102-6	Yes	Global	5, 44, 52
Policies	The policies applied by the Group in relation to these points, including: 1.) due diligence procedures applied to identify, assess, prevent and mitigate risks and significant impacts 2.) verification and control procedures, including what measures have been adopted.	GRI 103: Economic, environmental and social performance factor	Yes	Global	Statement of non-financial information
Policy results	The results of these policies should be relevant non-financial key performance indicators that enable:				
KPIs	1.) progress to be monitored and assessed, and 2.) comparisons to be made between companies and sectors, according to the national, European or international benchmark frameworks used for each area.	GRI 103: Economic, environmental and social performance factor	Yes	Global	Statement of non-financial information
Risk management	The main risks relating to these matters with regard to the Group's activities, including where relevant and proportional, trade, product or services relations that could have a negative effect in these areas and *how the Group manages these risks, *explaining the procedures used to detect them and assess them according to the national, European or international benchmark frameworks used for each area. *Information should be included on the impacts detected, showing a breakdown, particularly on the main short, medium and long-term risks.	102-15	Yes	Global	Risk Management at DIA Group
Environmental issues	**Global Environment**				
	1.) Detailed information on the current and foreseeable effects of the Company's activities on the environment and, if applicable, on health and safety, assessment procedures or environmental certification; 2.) Resources dedicated to environmental risk pre vention; 3.) Application of the principle of precaution, the amount of provisions and guarantees for environmental risks.	GRI 103: Environmental focus, 102-11, 307-1	Yes (OP3. Eco-efficiency)	Global	Environment, 73, 75, 79, 44
	Pollution				
	1.) Measures for preventing, reducing or offsetting carbon emissions that seriously affect the environment; 2.) Taking into account any kind of atmospheric pollution specific to an activity, including sound and light contamination.	GRI 103: Emissions management approach, 305-2, 305-5, 305-6	Yes (OP3. Eco-efficiency)	Global	Environment, 78, 79
	Circular economy and waste management				
	Waste: Measures for prevention, recycling, reusing, other forms of recovery and waste elimination;	GRI 103: Waste management approach, 306-2	Yes (OP3. Eco-efficiency)	Global	Environment, 76, 77
	Actions to combat food waste.	GRI 103: Waste management approach	Yes (OP4. Food waste)		Environment, 76, 77
	Sustainable use of resources				
	Water consumption and water supply according to local limitations;		No material	Global	
	Consumption of raw materials and measures adopted to improve efficiency of use;	301-1	Yes (OP3. Eco-efficiency)	Global	76
	Direct and indirect consumption of energy, measures adopted to improve energy efficiency and use of renewable energies.	GRI 103: Energy management approach, 302-1	Yes (OP3. Eco-efficiency)	Global	Environment, 77, 79
	Climate Change				
	Significant elements of greenhouse gas emissions generated as a result of Company activity, including the use of goods and services it produces; The measures adopted to adapt to the consequences of climate change; Medium and long-term voluntary reduction targets for greenhouse gas emissions and the measures implemented for this purpose.	GRI 103: Emissions and energy management approach,	Yes (OP3. Eco-efficiency)	Global	Environment
	Protection of biodiversity				
	Measures adopted to preserve or restore biodiversity;		No material	Global	
	Impacts caused by activities or operations in protected areas.		No material	Global	

		GRI	Material for DIA	Scope	Page
Social and employee issues	**Employees**				
	Total number of employees by gender, age, country and professional category;	102-8, 405-1	Yes (RH2. Labour practices)	Global	63, 69, 66
	Total number of employees by type of contract,	102-8	Yes (RH2. Labour practices)	Global	63, 69
	Average annual number of permanent contracts, temporary, full and part-time contracts by gender, age and professional category,	102-8	Yes (RH2. Labour practices)	Global	63, 69
	Number of terminations by gender, age and professional category;	401-1	Yes (RH2. Labour practices)	Global	65
	Average remuneration and evolution by gender, age and professional category or equivalent value;	405-2	Yes (RH2. Labour practices)	Global	67
	Wage gap, remuneration of equal jobs or company averages,	405-2	Yes (RH3. Gender equality)	Global	67
	Average remuneration of board members and executives, including variable remuneration, allowances, indemnities, payment of long-term savings plans and any other benefit, broken down by gender,	GRI 103: Diversity management approach	Yes (RH3. Gender equality)	Global	Employees
	Implementation of policies safeguarding employees' right to disconnect,	GRI 103: Employment management approach	Yes (RH2. Labour practices)	Global	Employees
	Employees with disabilities.	405-1	Yes (RH2. Labour practices)	Global	66
	Work organisation				
	Organisation of work time.	GRI 103: Employment management approach	Yes (RH2. Labour practices)	Global	Employees
	Hours of absenteeism.	403-2	Yes (RH2. Labour practices)	Global	68
	Measures adopted to facilitate work - life balance and promote shared responsibility among couples.	GRI 103: Employment management approach	Yes (RH3. Gender equality)	Global	Employees
	Health and safety				
	Health and safety conditions in the workplace;	GRI 103: Health and safety management approach	Yes (RH4. Health and safety)	Global	Employees
	Workplace accidents, specifying accident rates and seriousness,	403-2	Yes (RH4. Health and safety)	Global	68
	Professional illnesses; by gender.	403-3	Yes (RH4. Health and safety)	Global	
	Social relations				
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff;	GRI 103: Employment management approach	Yes (RH2. Labour practices)	Global	Employees
	Percentage of employees covered by a collective agreement, by country;	102-41	Yes (RH2. Labour practices)	Global	69
	Balance of collective agreements, particularly in the area of health and safety in the workplace.	403-4	Yes (RH2. Labour practices)	Global	69
	Training				
	Policies implemented in the area of training;	GRI 103: Training and education management approach	Yes (RH1. Development of human capital)	Global	Employees
	Total hours of training by professional category.	404-1	Yes (RH1. Development of human capital)	Global	69
	Universal accessibility for persons with disabilities				
	Equality				
	Measures adopted to promote equal opportunities for and treatment of men and women;	GRI 103: Diversity and equal opportunities approach	Yes (RH3. Gender equality)	Global	Employees
	Equality plans (Chapter III of Constitutional Law 3/2007 of 22 March for effective equality between women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for persons with disabilities;		Yes (RH3. Gender equality)	Global	
	The policy against all types of discrimination and, if applicable, diversity management.		Yes (GC2. Ethics and compliance)	Global	
Human rights	Application of due diligence procedures with regard to human rights;	GRI 103: Management approach to Non-discrimination, Child Labour, Forced labour	No material	Global	Employees
	Prevention of risks of violation of human rights and, if applicable, measures to mitigate, manage and address possible abuses committed;		No material	Global	
	Cases of human rights violations reported;	406-1, 102-16, 102-17, 102-41	No material	Global	50, 66, 69
	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;		No material	Global	
	Elimination of workplace and job discrimination;		No material	Global	
	Elimination of forced labour;	409-1, 102-16, 102-17	No material	Global	50, 66, 69
	Abolishment of child labour.	408-1, 102-16, 102-17	No material	Global	50, 66, 69

		GRI	Material for DIA	Scope	Page
Corruption and bribery	Measures adopted to prevent corruption and bribery;	GRI 103: Anti-corruption management approach, 205-2, 205-3	Yes [GC2. Ethics and compliance]	Global	Compliance and Ethics Management, 50, 51
	Anti-money laundering measures,	205-2	No material	Global	51
	Contributions to foundations and non-profits.	102-12	Yes [GC2. Ethics and compliance]	Global	83
Society	**Commitments to sustainable development**				
	Impact of the company's activity on local jobs and development;	GRI 103: Socioeconomic compliance approach, Procurement practices, 419-1, 204-1, 102-12	No material	Global	Employees, Franchisees, Suppliers, Society, 73, 80, 83
	Impact of the company's activity on local towns and the region;		No material	Global	
	Relations with local community players and types of dialogue with these;	102-43	No material	Global	54
	Association activities and sponsorship	102-12, 102-13	No material	Global	82
	Outsourcing and suppliers				
	* Including social issues, gender equality and environmental issues in the procurement policy;	GRI 103: Management approach Environmental and social assessment of suppliers, 102-9, 308-1, 414-1	No material	Global	Suppliers, 72, 75
	* Considering relationships with suppliers and subcontractors and their social and environmental responsibility;				
	Supervision and auditing systems and the results thereof.		No material	Global	
	Consumers				
	Measures for health and safety of consumers;	GRI 103: Customer health and safety Management approach	Yes [AP1. Quality and food safety]	Global	Suppliers
	Claims and complaints systems and resolution.	416-1, 416-2	Yes [CO1. Consumer information and protection]	Global	61
	Tax information				
	Profits earned by country, Taxes paid on profits	GRI 103: Economic performance management approach	Yes [GC4. Tax practices]	Global	Tax Liability
	Public grants received	201-4	Yes [GC4. Tax practices]	Global	81
Other relevant information	Other information about the organizational profile	102-1 to 102-13	No material	Global	5, 36, 44, 52, 63, 69, 72, 74, 82, 83
	Corporate Governance	102-18	Yes [GC1. Governance System]	Global	38
	Stakeholder participation	102-40 to 102-44	Yes [GC3. Transparency and Investors Relations; OP1. Franchisees relationship]	Global	54, 68, 75
	Other information about the report profile	102-45 to 102-56	No material	Global	57, 58, 59, 84, 85, 86

GRI Index		Page/Omission	Scope	External verification
General Disclosures				
Organizational Profile	102-1 Name of the organization	36	Global	Yes
	102-2 Activities, brands, products, and services	5, 28	Global	Yes
	102-3 Location of headquarters	36	Global	Yes
	102-4 Location of operations	36	Global	Yes
	102-5 Ownership and legal form	36	Global	Yes
	102-6 Markets served	5	Global	Yes
	102-7 Scale of the organization	5	Global	Yes
	102-8 Information on employees and other workers	63, 69	Global	Yes
	102-9 Supply chain	72	Global	Yes
	102-10 Significant changes to the organization and its supply chain	72	Global	Yes
	102-11 Precautionary Principle or approach	54,75	Global	Yes
	102-12 External initiatives	83	Global	Yes
	102-13 Membership of associations	82	Global	Yes
Strategy	102-14 Statement from senior decision-maker	36	Global	Yes
	102-15 Key impacts, risks, and opportunities	44	Global	Yes
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	67, 68	Global	Yes
	102-17 Mechanisms for advice and concerns about ethics	42, 66, 68	Global	Yes
Governance	102-18 Governance structure	38	Global	Yes
Stakeholder Engagement	102-40 Communicating critical concerns	54	Global	Yes
	102-41 List of stakeholder groups	68	Global	Yes
	102-42 Identifying and selecting stakeholders	54	Global	Yes
	102-43 Approach to stakeholder engagement	54, 74	Global	Yes
	102-44 Key topics and concerns raised	54	Global	Yes
Report Profile	102-45 Entities included in the consolidated financial statements	36	Global	Yes
	102-46 Defining report content and topic Boundaries	57	Global	Yes
	102-47 List of material topics	58	Global	Yes
	102-48 Restatements of information	84	Global	Yes
	102-49 Changes in reporting	58	Global	Yes
	102-50 Reporting period	84	Global	Yes
	102-51 Date of most recent report	84	Global	Yes
	102-52 Reporting cycle	84	Global	Yes
	102-53 Contact point for questions regarding the report	84	Global	Yes
	102-54 Claims of reporting in accordance with the GRI Standards	84	Global	Yes
	102-55 GRI content index	88	Global	Yes
	102-56 External assurance	84	Global	Yes

Specific standard disclosures				
Specific Standard Disclosures: Economic category				
Aspect: Economic Performance				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Society	Global	Yes
	103-2 The management approach and its components	Society	Global	Yes
	103-3 Evaluation of the management approach	Society	Global	Yes
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	80	Global	Yes
	201-4 Financial assistance received from government	81	Global	Yes
Aspect: Procurement Practices				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Suppliers	Global	Yes
	103-2 The management approach and its components	Suppliers	Global	Yes
	103-3 Evaluation of the management approach	Suppliers	Global	Yes
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	72	Global	Yes
Aspect: Anti-corruption				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Compliance and Ethics Management	Global	Yes
	103-2 The management approach and its components	Compliance and Ethics Management	Global	Yes
	103-3 Evaluation of the management approach	Compliance and Ethics Management	Global	Yes
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	50	Global	Yes
	205-3 Confirmed incidents of corruption and actions taken	50	Global	Yes
Specific Standard Disclosures: Environmental category				
Materiales				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environment	Global	Yes
	103-2 The management approach and its components	Environment	Global	Yes
	103-3 Evaluation of the management approach	Environment	Global	Yes
GRI 301: Materials	301-1 Materials used by weight or volume	75, 76	Global	Yes
Energy				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environment	Global	Yes
	103-2 The management approach and its components	Environment	Global	Yes
	103-3 Evaluation of the management approach	Environment	Global	Yes
GRI 302: Energy	302-1 Energy consumption within the organization	77, 79	Global	Yes
Emissions				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environment	Global	Yes
	103-2 The management approach and its components	Environment	Global	Yes
	103-3 Evaluation of the management approach	Environment	Global	Yes
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	78	Global	Yes
	305-2 Energy indirect (Scope 2) GHG emissions	78	Global	Yes
	305-5 Reduction of GHG emissions	78	Global	Yes
	305-6 Emissions of ozone-depleting substances (ODS)	78	Global	Yes
Effluents and waste				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environment	Global	Yes
	103-2 The management approach and its components	Environment	Global	Yes
	103-3 Evaluation of the management approach	Environment	Global	Yes
GRI 306: Effluents and waste	306-2 Waste by type and disposal method	77	Global	Yes
Environmental compliance				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Environment	Global	Yes
	103-2 The management approach and its components	Environment	Global	Yes
	103-3 Evaluation of the management approach	Environment	Global	Yes
GRI 307: Environamental compliance	307-1 Non-compliance with environmental laws and regulations	75	Global	Yes

Supplier environmental assessment				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Suppliers	Global	Yes
	103-2 The management approach and its components	Suppliers	Global	Yes
	103-3 Evaluation of the management approach	Suppliers	Global	Yes
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	75	Global	Yes
Specific Standard Disclosures: Social category				
Employment				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	Employees	Global	Yes
GRI 401: Employment	401-1 New employee hires and employee turnover	65	Global	Yes
Occupational Health and Healthy				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	Employees	Global	Yes
GRI 403: Occupational Health and Healthy	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	68	Global	Yes
	403-3 Workers with high incidence or high risk of diseases related to their occupation	68	Global	Yes
	403-4 Worker participation, consultation, and communication on occupational health and safety	68	Global	Yes
Training and Education				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	69	Global	Yes
GRI 404: Training and Education	404-1 Average hours of training per year per employee	69	Global	Yes
Diversity and equal Opportunity				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	Employees	Global	Yes
GRI 405: Diversity and equal Opportunity	405-1 Diversity of governance bodies and employees	66	Global	Yes
	405-2 Ratio of basic salary and remuneration of women to men	66	Global	Yes
Non-discrimination				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	Employees	Global	Yes
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	66	Global	Yes
Child labor				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	Employees	Global	Yes
GRI 408:Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	69	Global	Yes
Forced or compulsory labor				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Employees	Global	Yes
	103-2 The management approach and its components	Employees	Global	Yes
	103-3 Evaluation of the management approach	Employees	Global	Yes
GRI 409: Forced or compulsory labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	69	Global	Yes
Supplier social assessment				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Suppliers	Global	Yes
	103-2 The management approach and its components	Suppliers	Global	Yes
	103-3 Evaluation of the management approach	Suppliers	Global	Yes
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	72-73	Global	Yes

Customer Health and Safety				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Suppliers	Global	Yes
	103-2 The management approach and its components	Suppliers	Global	Yes
	103-3 Evaluation of the management approach	Suppliers	Global	Yes
GRI 416: Customer Health and Safey	416-1 Assessment of the health and safety impacts of product and service categories	72	Global	Yes
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	72	Global	Yes
Marketing and Labeling				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Clients	Global	Yes
	103-2 The management approach and its components	Clients	Global	Yes
	103-3 Evaluation of the management approach	Clients	Global	Yes
GRI 417: Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	60	Global	Yes
Socioeconomic Compliance				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Society	Global	Yes
	103-2 The management approach and its components	Society	Global	Yes
	103-3 Evaluation of the management approach	Society	Global	Yes
GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	80	Global	Yes

DIA

2018

Consolidated Director's Report 2018

THE AUDITED VERSION OF THIS DOCUMENT IS AVAILABLE AT WWW.DIACORPORATE.COM