

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

DATA IDENTIFYING ISSUER

FISCAL YEAR ENDED 12/31/2011

C.I.F.: A28164754

Registered name: DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

SPECIMEN ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

For a better understanding of this specimen report and completion hereof, it is necessary to read the instructions on how to complete it included at the end of this report.

A OWNERSHIP STRUCTURE OF THE COMPANY

A.1. Complete the following table about the share capital of the company:

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
25/03/2011	67,933,600.00	679,336,000	679,336,000

State whether there are different classes of shares with different rights attaching thereto:

Yes No

A.2. Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the fiscal year, excluding directors

Individual or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
BLUE CAPITAL S.A.R.L.	64,047,813	0	9,428
AMUNDI	9,350,847	11,443,848	3,061

Indicate the most significant changes in the shareholding structure that have occurred during the fiscal year:

A.3. Complete the following tables about members of the Board of Directors of the company who have voting rights attaching to shares of the company:

Individual or corporate name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
MS. ANA MARÍA LLOPIS RIVAS	15,216	0	0,002
MR. MARIANO MARTÍN MAMPASO	10,675	0	0,002
MR. RICARDO CURRÁS DE DON PABLOS	23,707	0	0,003
MR. ANTONIO URCELAY ALONSO	7,609	0	0,001
MR. JULIÁN DÍAZ GONZÁLEZ	12,454	0	0,002
MR. NADRA MOUSSELEM	11,268	0	0,002
MR. NICOLÁS BRUNEL	10,675	0	0,002
MR. PIERRE CUILLERET	11,268	0	0,002
MR. RICHARD GOLDING	9,637	0	0,001
MS. ROSALÍA PORTELA DE PABLO	7,609	0	0,001

Total percentage of voting rights held by the Board of Directors	0,018
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Complete the following tables about members of the company's board of directors who hold rights to shares of the company:

A.4. Describe, if applicable, the family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the company, unless they are immaterial or result from the ordinary course of business:

A.5. Describe, if applicable, the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

A.6. Indicate whether any paracorporate (shareholders') agreements affecting the company pursuant to the provisions of Section 112 of the Securities Market Law (*Ley del Mercado de Valores*) (LMV) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

Yes No

Indicate whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes No

Groupe Arnault, S.A.S., Colony Blue Investor, S.A.R.L and Blue Capital, S.A.R.L. Groupe Arnault SAS, Colony Blue Investor, SARL and Blue Capital, S.A.R.L exercise their DIA voting rights under a concerted verbal action. Blue Capital, S.A.R.L. holds 64,047,813 shares of DIA and Colony Blue Investor, S.A.R.L owns 1 share of DIA. Colony Investors VIII, L.P. owns 75% of C8 Blue Holding, LLC, which in turn has: (i) 50% of Blue Partners S.A.R.L, which in turn owns 50% of Blue Capital S.A.R.L and (ii) 100% Colony Blue Investor S.A.R.L. Colyzeo Investors II, L.P. holds 100% of Blue Cz2 S.A.R.L., which in turn owns 50% of Blue Partners, S.A.R.L., which in turn owns 50% of Blue Capital S.A.R.L.

Groupe Arnault, S.A.S indirectly holds 95% of Cervinia, S.A. (Belgian company) which in turn owns 50% of Blue Capital S.A.R.L.

Interveners in the concerted verbal action
Colyzeo Investors II, L.P
Colony Investors VIII L.P.
Blue Capital S.A.R.L.
Colony Blue Investor S.A.R.L
Groupe Arnault SAS

Expressly indicate whether any of such agreements, arrangements or concerted actions have been modified or terminated during the fiscal year:

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. (the "Company" or "DIA") has no knowledge of any amendment or breach of the aforementioned concerted action during 2011.

A.7. Indicate whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to Section 4 of the Securities Market Law. If so, identify it:

Yes No

A.8. Complete the following tables about the company's treasury stock:

As of year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
13,500,984	2,970,453	2,420

(*) Through:

Individual or corporate name of direct shareholder	Number of direct shares
SOCIÉTÉ GÉNÉRALE	2,970,453

Total	2,970,453
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Describe any significant changes, pursuant to the provisions of Royal Decree 1362/2007, that have occurred during the fiscal year::

Gains/(Losses) on the Company's own stock transferred during the period	0
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A.9. Describe the terms and conditions and the duration of the powers currently in force given by the shareholders acting at the General Shareholders' Meetings to the Board of Directors in order to acquire or transfer shares of the company's own stock:

The sole shareholder resolve at the meeting of 9 May to authorize the Board of Directors for the derivative acquisition of own shares in accordance with the terms described below:

Authorization to the Board of Director, with express powers of delegation, pursuant to the provisions of Section 146 of the Companies Law, for the derivative acquisition of own shares under the following conditions:

- The shares may be acquired directly by the Company or indirectly by any of the Company's subsidiaries, under the terms described hereby.
- The shares may be acquired through sale, permute or any other of the forms permitted by Law.
- The shares may be acquired up to the maximum amount permitted by Law.

- (d) The shares may be acquired at any justified price, although, once the shares be listed in the Stock Exchange Market, the shares will not be acquired at a higher price than the listing price.
- (e) The authorization is granted for a maximum period of five (5) years since this agreement has entered into force.

It was expressly mentioned for the record that the shares acquired by means of this authorization may be used to be delivered to employers or directors of the Company, or as a result of the exercise of any stock options belonging to them, in accordance with the provisions of the third paragraph of Section 146.1 (a). of the Companies Law.

Pursuant to Section 31.4 (f), the board will assume, without delegation, the determination and specification of the policy applied by the Company to its own shares, further to the authorizations granted by the general meeting.

The Board of Directors of the Company, at the meeting of 27 July, 2011 approved the Company's own shares policy. To this end, the Board of Directors, in accordance with provisions of Section 5.4 a) ix) of the Board of Directors Regulation, assumed the setting and implementation of the treasury share policies, within the framework of the authorizations of the general meeting.

A.10. Indicate, if applicable, any legal or by-law restrictions on the exercise of voting rights, and any legal restrictions on the acquisition or transfer of interests in share capital. Indicate whether there are legal restrictions on the exercise of voting rights:

Yes No

Maximum percentage of voting rights that a shareholder may exercise due to legal restrictions	0
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Indicate whether there are by-law restrictions on the exercise of voting rights:

Yes No

Maximum percentage of voting rights that a shareholder may exercise due to by-law restrictions	0
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Indicate whether there are legal restrictions on the acquisition or or transfer of interests in the share capital:

Yes No

A.11. Indicate whether the shareholders acting at a General Shareholders' Meeting have approved the adoption of breakthrough measures in the event of a public tender offer pursuant to the provisions of Law 6/2007:

Yes No

If applicable, describe the approved measures and the terms on which the restrictions will become ineffective.

B STRUCTURE OF THE COMPANY'S MANAGEMENT

B.1. Board of Directors

B.1.1. Describe the maximum and minimum number of directors set forth in the by-laws:

Maximum number of directors	15
Minimum number of directors	5

B.1.2. Complete the following table identifying the members of the Board of Directors:

Individual or corporate name of director	Representative	Position	Date first appointment	Date last appointment	Election procedure
MS. ANA MARÍA LLOPIS RIVAS	-	CHAIRMAN	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. MARIANO MARTÍN MAMPASO	-	VICE-CHAIRMAN	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. RICARDO CURRÁS DE DON PABLOS	-	CHIEF EXECUTIVE OFFICER	28/06/2000	24/06/2010	VOTE AT SHAREHOLDERS' MEETING
MR. ANTONIO URCELAY ALONSO	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. JULIÁN DÍAZ GONZÁLEZ	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. NADRA MOUSSALEM	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. NICOLÁS BRUNEL	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. PIERRE CUILLERET	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
MR. RICHARD GOLDING	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING
DOÑA ROSALÍA PORTELA DE PABLO	-	DIRECTOR	05/07/2011	05/07/2011	VOTE AT SHAREHOLDERS' MEETING

Total number of directors	10
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Indicate vacancies on the Board of Directors during the period:

B.1.3. Complete the following table about the members of the Board and each member's status:

EXECUTIVE DIRECTORS

Individual or corporate name of director	Committee that has proposed the director's appointment	Position within the Company's structure
MR. RICARDO CURRÁS DE DON PABLOS	NOMINATING AND COMPENSATION COMMITTEE	CHIEF EXECUTIVE OFFICER

Total number of executive directors	1
Total % of Board members	10.000

EXTERNAL PROPRIETARY DIRECTORS

Individual or corporate name of director	Committee that has proposed the director's appointment	Individual or corporate name of the significant shareholder represented by the director or that has proposed the director's appointment
MR. NADRA MOUSSALEM	NOMINATING AND COMPENSATION COMMITTEE	BLUE CAPITAL S.A.R.L.
MR. NICOLÁS BRUNEL	NOMINATING AND COMPENSATION COMMITTEE	BLUE CAPITAL S.A.R.L.

Total number of proprietary directors	2
Total % of Board members	20.000

EXTERNAL INDEPENDENT DIRECTORS

Individual or corporate name of director

MR. MARIANO MARTÍN MAMPASO

Profile

Degree in Economics. He joined Procter & Gamble in 1976, where he remained for 33 years, until his retirement as global chairman for the company's sales, in June 2009. He is a member of the board of directors of AECOC, of the Management Board of GS1 US and of the Executive Board of the Global Commerce Initiative.

Individual or corporate name of director

MR. ANTONIO URCERLAY ALONSO

Profile

A graduate in Law from the Complutense University of Madrid (1984), he worked in the marketing department of Procter & Gamble (1984-1985), was director general of Ahold Spain (1984-1985), served in the law firm J y B Cremades (1985-1990), he was director general of the supermarket chain Digma S. A. (1985-1993) and Leche Pascual, S. A. (1993-1996). In 1996 he joined Toys R Us Europe, of which he is currently chairman, with responsibility for its operations in France, Germany, Spain, United Kingdom, Austria, Portugal, Poland and Switzerland, and is a member of the Executive Committee of Toys R Us Inc. In addition, he is a member of the Board of Directors of AECOC, an association of manufacturers and distributors.

Individual or corporate name of director

MR. JULIÁN DÍAZ GONZÁLEZ

Profile

Julian Diaz Gonzalez was appointed as an independent external director and chairman of the Audit and Compliance Committee of DIA on 5th July 2011. Mr. Diaz has a degree in Business Administration from the Comillas Pontifical University - ICADE. After holding the positions of Director General in TNT Leisure, S. A. , Director General of the Airport Division of Aldeasa, Director General of Aeroboutiques de Mexico S.A. de CV and Director-general of Deor S. A. de CV, he joined Latinoamericana Duty-Free, S.A. de CV. Since 2004, he has held the position of Chief Executive Officer of Dufry AG. In addition, he is a member of the Board of Directors of Dufry International AG, Duty Free Caribbean Holdings and Chairman of the Group Executive Committee of Dufry AG.

Individual or corporate name of director

MR. PIERRE CULLERET

Profile

Born in France. Graduate of HEC Paris. He also studied at the University of California at Berkeley. After a period with the Bouygues group in the United Kingdom and in Gemini Consulting in France, he founded The Phone House in 1996. In 2000 he became CEO of the insurance group of the Carphone Warehouse Group plc. Since August 2005 he has occupied the position of CEO of Micromanía. In 2011 he was appointed Senior Vice Chairman of Gamestop.

Individual or corporate name of director

MR. RICHARD GOLDING

Profile

Degree in Business Administration from the London Thames University. In his professional career, he has occupied the following positions, among others: director of marketing for the Cadbury Schweppes group, CEO of Aspro Leisure, chairman and CEO of Dorna Sports Promotion, CEO of Two Wheel Promotion, Chairman for the tobacco business and part of the food business of RJR Nabisco for Spain, Portugal, Italy, France, Andorra and the UK. He is currently Executive Chairman and member of the board of directors of the Parques Reunidos group.

Individual or corporate name of director

MS. ROSALÍA PORTELA DE PABLO

Profile

Degree in Economics from the Complutense University of Madrid. Master's Degree in Economics from the University of Memphis. After a long period at Procter & Gamble, she worked in Repsol, Kimberly Clark and Telefonica. Then she moved to ONO, where she currently holds the position of CEO. She

has accumulated a broad experience in the sectors of consumer goods, food retail and telecommunications.

Total number of independent directors	6
Total % of Board members	60.000

OTHER EXTERNAL DIRECTORS

Individual or corporate name of director	Committee that has proposed the director's appointment
MS. ANA MARÍA LLOPIS RIVAS	NOMINATING AND COMPENSATION COMMITTEE

Total number of other external directors	1
Total % of Board members	10.000

Describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management or its shareholders.

Individual or corporate name of director

MS. ANA MARÍA LLOPIS RIVAS

Profile

Degree in Physics from the University of Maryland. PhD in Materials Science Engineering from the University of California at Berkeley. After working at Procter & Gamble, Banesto and Schweppes, she was founder and CEO of Openbank, after which she formed part of the Supervisory Board of ABN Amro. Until April 2011 she was a director of British American Tobacco.

Reasons

On 24 May, 2011, the General Shareholders' Meeting of Société Générale appointed Ms. Rosalía Portela de Pablo as an independent member of the Board of Directors of this Company for a period of four years.

On 20 June, 2011, Société Générale communicated a holding in of 53,443,661 shares representing 7.87% of the share capital of Carrefour Société Anonyme that entitled them to the same holding in DIA after the reception by Carrefour shareholders of a dividend in kind consisting of DIA's shares. Société Générale has not communicated any significant shareholding in DIA to CNMV, what may imply that it reduced or sold that shareholding after DIA was listed in the Stock Exchange Market. Additionally Société Générale has had business relations with DIA during 2011.

As a consequence of the foregoing Ms. Ana María Llopis is considered as "Other external director".

Indicate the changes, if any, in the type of director during the period:

B.1.4. Describe, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 5% of share capital.

State whether formal petitions for presence on the Board have been received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been satisfied.

Yes No

B.1.5. State whether any director has withdrawn from his/her position before the expiration of his/her term of office, whether the director has given reasons to the Board and by what means, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

Yes No

B.1.6. Indicate the powers delegated to the CEO(s), if any:

Individual or corporate name of director:

MR. RICARDO CURRÁS DE DON PABLOS

Brief description

The CEO is granted with all the powers that can be delegated in accordance with the Law, the Company's by-laws and the Board of Directors Regulations, pursuant to the resolution of the Board of Directors of 5 July 2011 which was executed in a public deed on 29 July 2011.

B.1.7. Identify the directors who are managers or directors of companies within the listed company's group, if any:

Individual or corporate name of director	Corporate name of entity within the group	Position
MR. RICARDO CURRÁS DE DON PABLOS	DIA SABANCI SUPERMARKETLERI TICARET ANOMIN SIRKETI	DIRECTOR
MR. RICARDO CURRÁS DE DON PABLOS	FINANDIA. E.F.C. S.A.U.	DIRECTOR

B.1.8. Identify the directors of your company, if any, who are members of the Board of Directors of other companies listed on official stock exchanges in Spain other than those of your Group, that have been reported to your company:

B.1.9. Indicate and, if applicable, explain whether the company has established rules regarding the number of boards of which its directors may be members:

Yes No

Description of the rules
Pursuant to article 18.5 of the Board Regulation, Directors may not be appointed if, in addition to the board of the Company, they are members of more than six (6) boards of directors of commercial companies. For these purposes, boards of which a director is a member as a proprietary director proposed by the Company or by any company in its group, and those not involving actually engaging in a commercial business, will not be taken into account.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the Company's general policies and strategies reserved for approval by the full Board:

The investment and financing policy	YES
The definition of the structure of the group of companies	YES
The corporate governance policy	YES
The corporate social responsibility policy	YES
The strategic or business plan, as well as management objectives and annual budgets	YES
The policy regarding compensation and evaluation of performance of senior management	YES
The risk control and management policy, as well as the periodic monitoring of the internal information and control systems	YES
The dividend policy, as well the treasury stock policy and, especially, the limits thereto	YES

B.1.11. Complete the following tables regarding the aggregate compensation of directors accrued during the fiscal year:

a) At the Company covered by this report:

Compensation item	Data in thousands of euros
Fixed compensation	426
Variable compensation	221
Daily fees	0
Token payments	0
Share options and/or other financial instruments	473
Other	3
Total:	1,123

Other benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension funds and plans: Contributions	0
Pension funds and plans: Obligations incurred	0
Life insurance premiums	3
Guarantees given by the company for the benefit of directors	0

b) On account of membership by the Company's directors on other boards of directors and/or in the senior management of Group companies:

Compensation item	Data in thousands of euros
Fixed compensation	0
Variable compensation	0
Daily fees	0
Token payments	0
Share options and/or other financial instruments	0
Other	0

Total:	0
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Other benefits	Data in thousands of euros
Advances	
Loans granted	
Pension funds and plans: Contributions	
Pension funds and plans: Obligations incurred	
Life insurance premiums	
Guarantees given by the company for the benefit of directors	

c) Total compensation by type of director:

Type of director	Per company	Per group
Executive	687	0
External Proprietary	93	0
External Independent	268	0
Other external	75	0

Total:	1,123	0
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d) As a percentage of the profits attributable to the controlling company:

Total compensation of directors (in thousands of euros)	1,123
Total compensation of directors / profits attributable to the controlling company (as a %)	1.1

B.1.12. Identify the members of the Company's senior management who are not executive directors and state the total compensation accruing to them during the fiscal year:

Individual or corporate name	Position
ANTONIO ARNAZ MARTÍN	Chief Financial Officer DIA Group
ANTONIO COTO GUTIÉRREZ	Executive Officer for America and Partnership
JAVIER LA CALLE VILLALÓN	Executive Officer for Portugal, Turkey and China
BRUNO PERTRIAUX	Executive Officer for France
CONCEPCIÓN BRAVO CABANILLAS	Human Resources Officer DIA Group
IGNACIO GOSALVEZ QUINTANA	Organization and Systems Director DIA Group
MIGUEL ÁNGEL IGLESIAS PEINADO	Legal Department Director
ISABEL FERNÁNDEZ DE CORDOBA	Internal Audit Director
DIEGO CAVESTANY DE DALMASES	Operational Executive Officer DIA Spain
JUAN CUBILLO JORDÁN DE URRIES	Commercial and Merchandise Director DIA Group

Total senior management compensation (in thousands of euros)	2,832
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B.1.13. Identify, on an aggregate basis, if there are indemnity or “golden parachute” provisions for the benefit of senior management, including executive directors, of the company or its group in the event of dismissals or changes of control. Indicate whether such agreements must be reported to and/or approved by the decision-making bodies of the company or its group:

Number of beneficiaries	1
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	Board of Directors	Shareholders (at the General Shareholders' Meeting)
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Decision-making body approving the provisions	YES	NO
Is information about these provisions provided to the shareholders at the General Shareholders' Meeting?	YES	

B.1.14. Describe the process to set the compensation of the members of the Board of Directors and the relevant provisions of the by-laws with regard thereto.

Process to set the compensation of the members of the Board of Directors and by-law provisions
<p>Pursuant to Article 39 of the Company's by-laws:</p> <ol style="list-style-type: none"> 1. The compensation of directors will consist of a fixed monthly stipend and per diems for attending meetings of the board of directors and its committees. The maximum amount of compensation to be paid by the Company to its directors in these categories will be the amount determined for that purpose by the general shareholders meeting, which will remain in effect until an amending resolution is adopted. 2. The board of directors, within the maximum set by the general shareholders meeting, each financial year will fix the specific amount to be received by each of the directors, it being permissible for it to vary the amount to be received by each of them based on: <ol style="list-style-type: none"> (a) the director's membership or lack of membership on a delegated body of the board; (b) the positions the director occupies therein or, in general, (c) the director's dedication to administration tasks or service to the Company. 3. The compensation foreseen in the preceding sections, deriving from membership on the board of directors, will be compatible with and independent of such other professional or employment compensation as may correspond to the directors for the performance of management work or for advice other than the group supervision and decision making inherent in their capacities as directors, which will be subject to the applicable legal scheme. 4. Inside directors may be compensated by delivery of shares of the Company or another group company to which they belong, options thereon or instruments indexed to their price. All other directors may be compensated with a delivery of shares, as long as they undertake to hold the shares until expiration of their office. When dealing with shares of the Company or instruments indexed to the price thereof, the compensation must be resolved by the general shareholders meeting. The resolution, if applicable, will state the number of shares to be delivered, the price of exercise of the option rights, the value of the shares taken as a reference and the term of this form of compensation. 5. The compensation of directors will be stated in the Report, broken down by each director. 6. Together with the annual corporate governance report, the board of directors must prepare and disseminate an annual report on compensation of directors, which is to include complete, clear and comprehensible information regarding the Company's compensation policy, approved by the board for the year in course and, if applicable, the policy contemplated for future years. It also will include an overall summary of how the compensation policy was applied during the financial year, and details of the individual compensation earned by each of the directors. This report is to be disseminated and submitted to vote on a consultative basis, as a separate point of the agenda, by the ordinary general shareholders meeting. 7. The Company will encourage all shareholders and, in particular, institutional shareholders to attend general meetings and prudently exercise their votes therein when dealing with compensation of the Directors. <p>Article 32 of the Board of Directors Regulation:</p> <p>The compensation of directors will consist of a fixed monthly stipend and per diems for attending meetings of the board of directors and its committees. The maximum amount of compensation to be paid by the Company to its directors in these categories will be the amount determined for that purpose by the general shareholders meeting, which will remain in effect until an amending resolution.</p> <ol style="list-style-type: none"> 2. The board of directors, within the maximum set by the general shareholders meeting, each financial year will fix the specific amount to be received by each of the directors,

it being permissible for it to vary the amount to be received by each of them based on:

(a) the director's membership or lack of membership on a delegated body of the board;

(b) the positions the director occupies therein or, in general,

(c) the director's dedication to administration tasks or service to the Company.

3. The board will see to it that compensation is reasonable and consistent with compensation paid in the market as regards companies of similar size and activity.

4. The compensation deriving from membership on the board of directors, will be compatible with and independent of such other professional or employment compensation as may correspond to the directors for the performance of management work or for advice other than the group supervision and decision-making inherent in their capacities as directors, which will be subject to the applicable legal scheme.

5. Inside directors may be compensated by delivery of shares of the Company or another group company to which they belong, options thereon or instruments indexed to their price.

When dealing with shares of the Company or instruments indexed to the price thereof, the compensation must be resolved by the general shareholders meeting. The resolution, if applicable, will state the number of shares to be delivered, the price of exercise of the option rights, the value of the shares taken as a reference and the term of this form of compensation.

Ownership of shares and the ability to exercise stock options and rights of acquisitions of shares or compensation based on changes in the prices thereof will be subject to predetermined and measurable performance criteria.

Ownership of shares may not be effective, nor may rights be exercised, until a minimum term of two (2) years has elapsed after the award thereof. Once full ownership of shares is acquired, the directors must retain a minimum number of them until the ends of their terms in office, if applicable subject to the need to finance costs related to acquisition of those shares. In this regard, the number of shares retained must be equal to two times the value of total annual compensation.

6. Compensation of inside directors may also include variable compensation tied to profitability of the Company or pension schemes.

The fixed element of compensation must be sufficient so that the Company may retain the variable components if the director does not meet the performance criteria that have been established.

For any possible variable compensation, it must be ensured that such compensation bears a relationship to the professional performance of the beneficiaries, and does not derive simply from a general trend in the markets or the company's business sector, or other similar circumstances. Specifically, the variable components of compensation

must:

(a) be tied to predetermined and measurable performance criteria;

(b) promote the sustainability of the Company in the long term, including nonfinancial criteria, such as compliance with standards and procedures, that are appropriate to the creation of long-term value in the Company.

(c) when paid, in significant part be deferred for a minimum period of time, in order to determine whether the established performance conditions have been satisfied;

(d) have the part of the compensation subject to the deferred payment determined based on the relative weight of the variable component by comparison with the fixed component of compensation; and

(e) regarding contractual arrangements entered into with directors, include a clause allowing the Company to claim repayment of the variable components of compensation when the payment is not in accordance with those performance conditions, or when the compensation has been paid based on information the inaccuracy of which is later manifestly demonstrated.

7. Payments for termination of contract will not exceed an established amount equivalent to two years of fixed annual compensation, and will not be paid when termination of the contract is based on inadequate performance.

8. Regarding outside directors, the board will adopt all measures available to it to ensure that their compensation, including the part, if any, they receive as members of committees, is in accordance with the following criteria:

(a) an outside director will be compensated based on actual time commitment, qualification and responsibility;

(b) the amount of an outside director's compensation should be calculated in a manner that offers incentives for the director's commitment, but does not constitute an obstacle to the independence thereof; and (c) an outside director must be excluded from compensation by way of delivery of

shares, stock options or instruments indexed to the share value, as well as the pension schemes financed by the Company for cases of dismissal, death or otherwise. The foregoing

limitation will not apply to compensation by way of delivery of shares, when it is conditioned on the outside directors holding the shares until they cease to be directors.

9. Directors will be entitled to payment of their justified travel expenses incurred to attend meetings of the board of directors or its committees.

10. The Company may secure civil liability insurance for its directors.

11. The compensation of outside directors and inside directors will be stated in the notes to the financial statements, broken down by each director.

12. Together with the annual corporate governance report, the board of directors must prepare and disseminate an annual report on compensation of directors, which is to include complete, clear and comprehensible information regarding the Company's compensation policy, approved by the board for the year in course and, if applicable, the policy contemplated for future years. It also will include an overall summary of how the compensation policy was applied during the financial year, and details of the individual compensation earned by each of the directors. This report is to be disseminated and submitted to vote on a consultative basis, as a separate point of the agenda, by the ordinary general shareholders meeting.

13. The Company will encourage all shareholders and, in particular, institutional shareholders to attend general meetings and prudently exercise their votes therein when dealing with compensation of the Directors.

Pursuant to the abovementioned, the sole shareholder of the Company resolved on 9 May 2011 to set out a maximum gross amount of one million Euros (€1,000,000) per year as remuneration for the Board of Directors.

State whether the full Board has reserved the right to approve the following decisions:

At the proposal of the Company's chief executive, the appointment and, if applicable, the removal of senior managers, as well as their indemnity provisions.	YES
The compensation of directors and, in the case of executive directors, the additional compensation for their executive duties and other terms and conditions that must be included in their contracts.	YES

B.1.15. State whether the Board of Directors approves a detailed compensation policy and specify the matters covered thereby:

Yes No

Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising therefrom.	YES
Variable compensation items.	YES
Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.	YES
Terms and conditions that must be included in the contracts with executive directors performing senior management duties, which will include (i) duration, (ii) amount of prior notice, and (iii) any other clauses regarding hiring bonuses as well as indemnification or "golden parachute" provisions in the event of early termination or dissolution of the contractual relationship between the company and the executive director.	YES

B.1.16. State whether the Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting for consultative purposes. If so, describe the relevant portions of the report regarding the compensation policy approved by the Board for the following years and the most significant changes experienced by such policies vis-à-vis the policy applied during the fiscal year, and provide an outline of the

manner in which the compensation policy was applied during the fiscal year. Describe the role of the Compensation Committee and, if external advice has been provided, state the name of the external advisors that have given such advice:

Yes No

Issues that the compensation policy report passes upon
See Section B.1.15

Role of the Compensation Committee
<p>Pursuant to Article 38 of the Board of Directors Regulation, Without prejudice to such other tasks as may be assigned to it from time to time by the board of directors, the nominating and compensation committee in any event will have the following authority:</p> <p>(a) evaluating the competence, knowledge, experience and level of dedication required of members of the board of directors;</p> <p>(b) making proposals to the board of directors of independent directors to be appointed by co-option or, if applicable, for submission to decision by the general meeting, and proposals for re-election and dismissal of those directors by the Company;</p> <p>(c) reporting on proposals of the board of directors for appointment of other directors to be appointed by co-option or, if applicable, for submission to decision by the general shareholders meeting, and proposals for re-election and dismissal of those directors by the general meeting;</p> <p>(d) reporting on the senior management appointments and removals that the chief executive of the Company proposes to the board;</p> <p>(e) reporting to the board on matters of gender diversity and, in particular, seeing to it that procedures for selection of directors and senior managers do not suffer from implicit bias preventing selection of women;</p> <p>(f) proposing to the board of directors (i) the system for and amount of annual compensation of directors, (ii) the individual compensation of inside directors and senior managers and the other terms of their contracts and (iii) the basic terms of contracts of senior managers;</p> <p>(g) analyzing, formulating and periodically reviewing the compensation policy applied to inside directors and the management team, including schemes for compensation in the form of shares and the application thereof, and guaranteeing that it is proportionate to the compensation paid to other directors and members of the management team and other personnel of the Company;</p> <p>(h) overseeing compliance with the compensation policy set by the Company;</p> <p>(i) generally supervising compliance with the Company's applicable corporate governance rules.</p> <p>(j) reporting to the shareholders on its performance of its duties, for this purpose attending the general shareholders meeting; and</p> <p>(k) assisting the board in preparation of the report on the compensation policy for directors, and sending the board any other reports on compensation contemplated in this regulation.</p>

Has external advice been provided?

Yes No

Name of the external advisors
Towers Watson Consulting

B.1.17. Indicate the identity of the members of the Board of Directors, if any, who are also members of the board of directors, managers or employees of companies that hold a significant interest in the listed company and/or in companies within its group:

Individual or corporate name of	Individual or corporate name of	Position
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director	significant shareholder	
MR. NADRA MOUSSELEM	BLUE CAPITAL S.A.R.L.	Main Director of Colony Capital, a company which co owns Blue Capital S.A.R.L.
MR. NICOLÁS BRUNEL	BLUE CAPITAL S.A.R.L.	Director of LVMH/Groupe Arnault since 2002, a company which owns 50% of Blue Capital S.A.R.L.

Describe, if applicable, any significant relationships other than the ones contemplated in the prior item, of the members of the Board of Directors linking them to significant shareholders and/or at companies within the group:

Individual or corporate name of director	Individual or corporate name of related significant shareholder	Description of relationship
MS. ANA MARÍA LLOPIS RIVAS	SOCIÉTÉ GÉNÉRALE	She is member of the Board of Société Générale and holds shares of such company. Moreover, Amundi (DIA's significant shareholder) is a company owned by Société Générale and Credit Agricole (25%-75%, respectively)

B.1.18. State whether the Regulations of the Board of Directors have been amended during the fiscal year:

Yes No

B.1.19. Indicate the procedures for the appointment, re-election, evaluation and removal of directors. List the competent bodies, the procedures to be followed and the criteria applied in each of such procedures.

Appointment/ re-election

The Boar of Directors Regulation provides that:

- Article 18. Appointment of directors

1. Directors will be appointed by the general meeting or the board of directors, in accordance with the provisions in the Capital Companies Act and the articles of association.
2. Proposals for appointment of directors submitted by the board of directors for consideration of the general meeting and the appointment resolutions adopted by that body by virtue of the co-option authority legally attributed to it must be preceded by:
 - (a) the corresponding proposal of the nominating and compensation committee, in the case of independent directors; and
 - (b) the report of the nominating and compensation committee, in the case of other directors.

3. When the board departs from the proposals of the nominating and compensation committee it must state the reasons for so acting in the minutes.
4. The Company will provide the assistance necessary in order for the new directors to rapidly acquire sufficient knowledge of the Company, and its corporate governance rules, for that purpose being entitled to establish orientation programmes. Similarly, it will also offer directors refresher courses when circumstances make that advisable.
5. Directors may not be appointed if, in addition to the board of the Company, they are members of more than six (6) boards of directors of commercial companies. For these purposes, boards of which a director is a member as a proprietary director proposed by the Company or by any company in its group, and those not involving actually engaging in a commercial business, will not be taken into account.
6. The board will see to it that procedures for selection of directors do not suffer from implicit bias making selection of female directors difficult, and will cause the Company deliberately to seek and include as potential candidates women meeting the professional profile sought.

- **In accordance with Article 5**

The following are non delegable powers of the Board:

appointment of directors by way of co-option and referring proposals to the general meeting regarding appointment, ratification, re-election and removal of directors, as well as acceptance of director resignations.

- **Additionally Article 38 sets forth:**

The Nominating and Compensation Committee has in any event the following authority: (i) making proposals to the board of directors of independent directors to be appointed by co-option or, if applicable, for submission to decision by the general meeting, and proposals for re-election and dismissal of those directors by the Company and (ii) reporting on proposals of the board of directors for appointment of other directors to be appointed by co-option or, if applicable, for submission to decision by the general shareholders meeting, and proposals for re-election and dismissal of those directors by the general meeting;

Evaluation:

Pursuant to Article 5 The board, as the one responsible for the corporate governance policy, once each year will evaluate the quality and efficiency of the functioning of the board, the performance of their duties by the chairman of the board and the chief executive of the Company, as well as the functioning of its committees, based on the reports presented by them.

It is expected that the Board of Directors be evaluated within one year after the date when DIA was first listed in the Stock Exchange Market.

Removal:

Directors will cease to act as such when the term for which they were appointed has elapsed, when so resolved by the general meeting in exercise of the authority corresponding to it and when they resign.

The directors affected by proposed removals will refrain from participating in deliberations and votes dealing with them.

The board of directors may only propose removal of an independent director prior to the end of the articles term when there is just cause, found by the board of directors after a report from the nominating and compensation committee. For these purposes, just cause is breach of the duties inherent in the position, or having been affected by any of the circumstances contemplated in section 2 of this Article. Such removal may also be proposed as a result of public tender offers, mergers or other similar corporate transactions resulting in a significant change in the capital structure of the Company.

B.1.20. Indicate the circumstances under which the resignation of directors is mandatory.

Directors will place their directorships at the disposal of the board of directors and formally tender their resignations, if the Board deems it to be desirable, in the following circumstances:

- (a) when they are affected by any of the circumstances of disqualification or prohibition contemplated in provisions of a general nature and the articles of association;
- (b) when by reason of facts attributable to the director in his capacity as such there has been serious damage to the credit and reputation of the company, or he loses the commercial and professional honour necessary to be a director of the Company;
- (c) when they cease to serve in the management positions with which, if applicable, their appointment as directors was associated;
- (d) when they are tried for alleged criminal offenses or subject to disciplinary proceedings for serious or very serious infractions brought by the supervisory authorities; and
- (e) when remaining on the board could endanger the interests of the Company or the reasons for which they were appointed disappear; in particular, in the case of proprietary outside directors, when the shareholder they represent sells or transfers all or a part of its interest in a manner that results in its losing status as a significant shareholder or shareholder with an interest sufficient to justify the appointment.

In any of the cases indicated in the preceding section, the board of directors, in light of the specific circumstances, may require that the director resign the position and, if applicable, propose the director's removal to the general meeting. Without prejudice to notice of the removal as a material disclosure, the board will state the reason for the removal in the annual corporate governance report.

B.1.21. Explain whether the powers of the top executive of the company are vested in the chairman of the Board. If so, indicate the measures that have been taken to mitigate the risks of accumulation of powers in a single person:

Yes No

Indicate and, if applicable, explain whether rules have been established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors.

Yes NO

Description of the rules
The board of directors also will meet when so requested by at least two of the independent directors, in which case it must be called by order of the chairman. The same directors will be entitled to require the president to include certain matters in the call for any meeting of the board, without prejudice to the right of proposal corresponding to each director.

B.1.22. ¿ Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes NO

Describe the method used by the Board of Directors to adopt resolutions, including at least the minimum quorum required to hold a valid meeting and the majorities required to adopt resolutions:

Description of resolution:

Quórum	%
	50.01

Type of majority	%
	50.01

B.1.23. Explain whether there are specific requirements, other than the requirements relating to directors, to be appointed chairman.

Yes NO

B.1.24. Does the Chairman have a tie-breaking vote?

Yes NO

B.1.25. Indicate whether the by-laws or the Regulations of the Board of Directors set forth any age limit for directors:

Yes NO

Age limit for the Chairman	Age limit for the CEO	Age limit for directors
0	0	0

B.1.26. Indicate whether the by-laws or the Regulations of the Board of Directors establish any limit on the term of office for independent directors:

Yes NO

Maximum term of office	12
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B.1.27. If the number of women directors is scant or nil, describe the reasons therefore as well as the initiatives adopted to correct such situation.

In particular, indicate whether the Nominating and Compensation Committee has established procedures to ensure that selection processes are free from any implied bias hindering the selection of women directors, and deliberately searches for women candidates that meet the required profile:

Yes NO

Describe the main procedures

The board will see to it that procedures for selection of directors do not suffer from implicit bias making selection of female directors difficult, and will cause the Company deliberately to seek and include as potential candidates women meeting the professional profile sought.

B.1.28. Indicate whether there are formal procedures for proxy-voting at meetings of the Board of Directors. If so, briefly describe them.

According to Article 17 of Board Directors Regulation, Directors must attend meetings of the board, for which reason absence will be reduced o indispensable cases. When they cannot attend in person, they will arrange for special written proxies for each meeting to another member of the board, to the extent possible with instructions. Independent directors may only grant proxies to another independent director. Proxies may be granted by any postal, electronic or fax mechanism, provided that the identity of the director and the sense of the instructions are assured.

B.1.29. Indicate the number of meetings that the Board of Directors has held during the fiscal year. In addition, specify the number of meetings, if any, at which the chairman was not in attendance:

Number of meetings of the Board	6
Number of meetings of the Board at which the Chairman was not in attendance	0

Indicate the number of meetings held by the different committees of the Board of Directors during the fiscal year:

Number of meetings of the Executive Committee	0
Number of meetings of the Audit Committee	3
Number of meetings of the Nominating and Compensation Committee	3
Number of meetings of the Nominating Committee	0
Number of meetings of the Compensation Committee	0

B.1.30. Indicate whether the annual individual financial statements and the annual consolidated financial statements that are submitted to the Board of Directors for approval have been previously certified:

Number of absences of directors during the fiscal year	2
% of absences over total votes during the fiscal year	3.333

B.1.31. Indicate whether the annual individual financial statements and the annual consolidated financial statements that are submitted to the Board of Directors for approval have been previously certified:

Yes NO

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
ANTONIO ARNANZ MARTÍN	Chief Financial Officer DIA Group

B.1.32. Explain the mechanisms, if any, adopted by the Board of Directors to avoid any qualifications in the audit report on the annual individual and consolidated financial statements prepared by the Board of Directors and submitted to the General Shareholders' Meeting.

According to Article 35 of the Board of Directors Regulation:

The board of directors will arrange for definitive preparation of the financial statements in a manner that will not result in qualifications by the auditor. However, when the board concludes that its position should be maintained, it will publicly explain the substance and scope of the disagreement.

In light of the above, in order to avoid that the financial accounts be submitted to the General shareholders' meeting with a qualified auditors' report. The audit and compliance committee in any event will have the following authority: (i) supervising and reviewing the process of preparation and presentation of the regulated financial information that, in accordance with article 35 of the Securities Market Act, is to be provided by the board to the markets and their supervisory bodies, and in general seeing to compliance with the legal requirements in this area, the appropriate delimitation of the scope of consolidation and the proper application of generally accepted accounting principles, and reporting on proposals for changes in accounting principles and standards suggested by management; (ii) Periodically supervising and reviewing the effectiveness of the Company's internal control procedures, internal audit and risk management systems, verifying the appropriateness and completeness thereof and proposing the hiring, appointment and removal of those responsible therefore; proposing the budget for such services and verifying that the members of the management team take account of the conclusions and recommendations in its reports; and discussing with the Company's auditors such significant weaknesses in the internal control system as may be discovered in the conduct of the audit; (iii) establishing the appropriate relationships with auditors or audit companies to receive information regarding such questions as may compromise their independence, for examination by the committee, and those of anyone else involved in the process of auditing accounts, and such other communications as may be contemplated in the legislation regarding auditing and audit standards. In any event, annually they must receive from the auditors or audit companies written confirmation of their independence as regards the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of the audit law; (iv) serving as a communications channel between the board of directors and the auditors; evaluating the results of each audit and the responses of the management team to its recommendations and mediating in the event of disputes between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements, and examining the circumstances, if any, underlying resignation of the auditor.

B.1.33. Is the secretary of the Board of Directors a director?

Yes NO

B.1.34. Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the appointment and removal thereof have been reported upon by the Nominating Committee and approved by the full Board.

Procedure for appointment and removal

The board of directors will elect a secretary, the appointment of which may be of one of its members or a person not a member of the board, with capacity to perform the functions inherent in that position. If the secretary of the board of directors is not a director, it will have voice but no vote. The secretary will be appointed and removed by the Board of Director, following a report of the Compensation and Nominating Committee.

Does the Nominating Committee report on the appointment?	YES
Does the Nominating Committee report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the secretary of the Board especially responsible for ensuring compliance with good governance recommendations?

Yes NO

Comments
<p>In accordance with Article 12 of the Board of Directors Regulation, in addition to the authority given by law and the articles of association, the secretary of the board of directors will have the following functions:</p> <p>(a) to maintain custody of the corporate documentation, duly reflect meetings in the minute books and certify the resolutions of the collective management bodies;</p> <p>(b) to see to the formal and substantive legality of the actions of the board of directors and its delegated bodies, verifying that they are consistent with the letter and spirit of the laws and the regulations thereof, including those approved by the regulatory agencies, as well as seeing to observance of the rules in the articles, this regulation, the meeting regulation and other internal rules and regulations of the Company;</p> <p>(c) to verify that the recommendations regarding corporate governance accepted by the Company are followed;</p>

B.1.35. Indicate the mechanisms, if any, used by the company to preserve the independence of the auditors, the financial analysts, the investment banks and the rating agencies.

DIA has different mechanism in order to maintain the independence of the outside auditors, among which it is highlighted that the main roles of the Audit and Compliance Committee are:

- (a) proposing to the board of directors, for submission to the general shareholders meeting, the appointment of the outside auditors, as well as the conditions for hiring them, the scope of their professional assignment and, if applicable, revocation or non-renewal of the appointment
- (b) establishing the appropriate relationships with auditors or audit companies to receive information regarding such questions as may compromise their independence, for examination by the committee, and those of anyone else involved in the process of auditing accounts, and such other communications as may be contemplated in the legislation regarding auditing and audit standards. In any event, annually they must receive from the auditors or audit companies written confirmation of their independence as regards the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of the audit law.
- (c) annually, prior to the issue of the audit report, issuing a report stating an opinion regarding the independence of the auditors or audit companies. This report in any event must opine on the provision of services in addition to audit services, ensuring respect for the existing rules in this regard, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditors' independence;

Additionally, Article 35 of Board of Directors Regulation sets forth:

1. The board of directors will establish an objective, professional and ongoing relationship with the Company's outside auditor, respecting its independence to the maximum extent.
2. The relationships referred to under the preceding number normally will be channeled through the audit and compliance committee.

3. The board of directors will publicly report the overall fees paid by the Company to the audit firm, for both audit services and other services.

4. The board of directors will arrange for definitive preparation of the financial statements in a manner that will not result in qualifications by the auditor. However, when the board concludes that its position should be maintained, it will publicly explain the substance and scope of the disagreement.

The Economic and Finance Department coordinates the relations with the financial analyst, investment banks and rating agencies, managing their request of information and the investments of qualified and particular investors on the base of the principles of transparency, non discrimination, veracity and reliability of the information provided.

In order to materialize these principles, in strict compliance of regulations of the Stock Exchange Market, DIA has several channels of communication:

- publication of information related to the quarterly results and other events such as strategic plans or corporate operations;
- presentations to investors;
- sent of communiqué or press releases

B.1.36. Indicate whether the company has changed the external auditor during the fiscal year. If so, identify the incoming and the outgoing auditor:

Yes NO

Auditor saliente	Auditor entrante

If there has been any disagreement with the outgoing auditor, describe the content thereof:

Yes NO

B.1.37. Indicate whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group.

Yes NO

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	0	88	88
Amount of non-audit work / Aggregate amount billed by the audit firm (%)	0	6.690	6.690

B.1.38. State whether the audit report on the Annual Financial Statements for the prior fiscal year has observations or qualifications. If so, state the reasons given by the chairman of the Audit Committee to explain the content and scope of such observations or qualifications.

Yes NO

B.1.39. Indicate the consecutive number of years for which the current audit firm has been auditing the annual financial statements of the company and/or its group. In addition, state the percentage represented by such number of years with respect to the total number of years in which the annual financial statements have been audited:

	Company	Group
Number of consecutive years	20	20

	Company	Group
Number of years audited by the current audit firm / Number of years in which the company has been audited (%)	100.0	100.0

B.1.40. Indicate the interests of members of the Board of Directors in the share capital of companies that engage in the same, similar or complementary activities, both with respect to the company and its group, and which have been reported to the company. In addition, state the position or duties of such directors in such companies:

Individual or corporate name of director	Name of company in which shares are held	% interest	Position or duties
MR. RICARDO CURRÁS DE DON PABLOS	CARREFOUR SOCIÉTÉ ANONYME	0.001	NONE
MR. NADRA MOUSSALEM	CARREFOUR SOCIÉTÉ ANONYME	0.001	NONE

B.1.41. Indicate whether there is any procedure for directors to hire external advisory services, and if so, describe it:

Yes NO

Description of procedure

Article 23. Expert assistance

1. In order to be assisted in the performance of their duties, outside directors may request the engagement, at the expense of the Company, of legal, accounting, technical, commercial, financial and other expert advisors. Such advice must necessarily relate to specific problems of a degree importance and complexity that arise in the discharge of the directors' duties.

2. The request to engage the advisor will be channelled through the chairman of the board of directors of the Company, which may subject it to prior authorisation of the board of directors, which may be denied when there are reasons so justifying, including the following circumstances:

(a) it is not necessary for proper performance of the functions entrusted to the outside directors;

(b) the cost thereof is not reasonable in view of the importance of the problem and the assets and income of the Company;

(c) the technical assistance sought may be adequately provided by experts and technicians of the Company; or

(d) it may result in a risk to the confidentiality of the information that is to be provided to the expert.

B.1.42. Indicate whether there is any procedure for directors to obtain sufficiently in advance the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

Yes NO

Description of procedure

Article 22. Rights of information and examination

1. A director has a duty diligently to keep abreast of the progress of the Company. For that purpose, the director may request information regarding any aspect of the Company, and examine its books, records, documents and other documentation. The right of information extends to investee companies if possible.

2. Exercise of the right of information will first be channelled through the chairman of the board of directors, which will forward the request to the appropriate spokesman for the Company. If in the judgment of the chairman the information is confidential, it will advise the requesting and receiving director of that circumstance and the duty of confidentiality, in accordance with the provisions of law and this regulation.

B.1.43. State whether the company has established any rules requiring directors to inform the company —and, if applicable, resign from their position— in cases in which the credit and reputation of the company may be damaged. If so, describe such rules:

Yes NO

Description of rules

Directors will place their directorships at the disposal of the board of directors and formally tender their resignations, if the Board deems it to be desirable when remaining on the board could endanger the interests of the Company or the reasons for which they were appointed disappear; in particular, in the case of proprietary outside directors, when the shareholder they represent sells or transfers all or a part of its interest in a manner that results in its losing status as a significant shareholder or shareholder with an

interest sufficient to justify the appointment.

B.1.44. State whether any member of the Board of Directors has informed the company that he has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against him for the commission of any of the crimes contemplated in Section 124 of the Companies Law:

Yes NO

Indicate whether the Board of Directors has analyzed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the director should remain in office.

Yes NO

B.2. Committees of the Board of Directors

B.2.1. List all the committees of the Board of Directors and the members thereof:

AUDIT COMMITTEE

Name	Position	Class
MR JULIÁN DIAZ GONZÁLEZ	President	Independent
MR NADRA MOUSSALEM	Member	Proprietary
MR RICHARD GOLDING	Member	Independent

NOMINATING AND COMPENSATION COMMITTEE

Name	Position	Class
MR PIERRE CUIILLERET	President	Independent
MR MARIANO MARTÍN MAMPASO	Member	Independent
MR NICOLÁS BRUNEL	Member	Proprietary

B.2.2. State whether the Audit Committee has the following duties:

Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.	YES
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.	YES
Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit area; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its	YES

reports.	
Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.	YES
Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.	YES
Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.	YES
Ensure the independence of the external auditor.	YES
In the case of groups of companies, favor the auditor of the group as the auditor responsible for audit work at the companies that form part thereof.	NO

B.2.3. Describe the rules of organization and operation of, and the duties assigned to, each of the Board committees.

Name of the committee

NOMINATING AND COMPENSATION COMMITTEE

Brief description

Main rules governing the Nominating and Compensation Committee:

Article 38 of the Board of Directors Regulations:

1. The nominating and compensation committee will be comprised of outside directors, the majority independent, in a number determined by the board of directors, with a minimum of three and a maximum of five. The members of the nominating and compensation committee will be appointed by the board of directors.
2. The nominating and compensation committee will appoint a chairman from among its members. The chairman will be an independent director. The chairman must be replaced every four years, and may be re-elected after the term of one year elapses since he left office.
3. At least one of the members of the nominating and compensation committee must have knowledge and experience regarding compensation policies.
4. Without prejudice to such other tasks as may be assigned to it from time to time by the board of directors, the nominating and compensation committee in any event will have the following authority:
 - (a) evaluating the competence, knowledge, experience and level of dedication required of members of the board of directors;
 - (b) making proposals to the board of directors of independent directors to be appointed by co-option or, if applicable, for submission to decision by the general meeting, and proposals for re-election and dismissal of those directors by the Company;
 - (c) reporting on proposals of the board of directors for appointment of other directors to be appointed by co-option or, if applicable, for submission to decision by the general shareholders meeting, and proposals for re-election and dismissal of those directors by the general meeting;
 - (d) reporting on the senior management appointments and removals that the chief executive of the Company proposes to the board;
 - (e) reporting to the board on matters of gender diversity and, in particular, seeing to it that procedures for selection of directors and senior managers do not suffer from implicit bias preventing selection of women;
 - (f) proposing to the board of directors (i) the system for and amount of annual compensation of directors, (ii) the individual compensation of inside directors and senior managers and the other terms of their contracts and (iii) the basic terms of contracts of senior managers;
 - (g) analysing, formulating and periodically reviewing the compensation policy applied to inside directors and the management team, including schemes for compensation in the form of shares and the application

- thereof, and guaranteeing that it is proportionate to the compensation paid to other directors and members of the management team and other personnel of the Company;
- (h) overseeing compliance with the compensation policy set by the Company;
 - (i) generally supervising compliance with the Company's applicable corporate governance rules.
 - (j) reporting to the shareholders on its performance of its duties, for this purpose attending the general shareholders meeting; and
 - (k) assisting the board in preparation of the report on the compensation policy for directors, and sending the board any other reports on compensation contemplated in this regulation.
5. The nominating and compensation committee will meet as often as necessary, in the judgment of its chairman. The chairman must call a meeting upon request for the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority.
6. It will be called by the chairman of the committee, on his own initiative, or on request of the chairman of the board of directors or two members of the committee itself. The call will be sent by letter, telegram, fax, e-mail, or in any other manner allowing evidence of receipt.
7. The nominating and compensation committee may validly meet when a majority of its members attend the meeting in person or by proxy. Resolutions will be passed by a majority of the members in attendance, in person or by proxy.
8. Minutes will be prepared of the resolutions adopted at each meeting, which will be reported to the full board. The minutes will be available to all members of the board at the office of the secretary thereof, but will not be subject to sending or delivery on a discretionary basis, unless the chairman of the committee otherwise orders.
9. When so requested by the committee, the members of the board of directors, the management team and the employees of the company are required to attend meetings of the nominating and compensation committee and cooperate with it and give it access to the information available to them.
10. In the absence of a specific rule, to the extent not incompatible with its nature, the provisions of this regulation regarding the functioning of the board of directors will be applicable to the nominating and compensation committee.

Article 42 of the Company's by-laws:

1. The board of directors will establish a nominating and compensation committee, on a permanent basis, which will be comprised of outside directors, the majority independent, in a number determined by the board of directors, with a minimum of three (3) and a maximum of five (5). The members of the nominating and compensation committee will be appointed by the board of directors.
2. At least one of the members of the nominating and compensation committee must have knowledge and experience regarding compensation policies.
3. Without prejudice to such other tasks as may be assigned to it from time to time by the board of directors, the nominating and compensation committee in any event will have the following authority:
 - (a) evaluating the competence, knowledge, experience and level of dedication required of members of the board of directors;
 - (b) making proposals to the board of directors of independent directors to be appointed by co-option or, if applicable, for submission to decision by the general meeting, and proposals for re-election and dismissal of those directors by the Company;
 - (c) reporting on proposals of the board of directors for appointment of other directors to be appointed by co-option or, if applicable, for submission to decision by the general shareholders meeting, and proposals for re-election and dismissal of those directors by the general meeting;
 - (d) reporting on the senior management appointments and removals that the chief executive of the Company proposes to the board;
 - (e) reporting to the board on matters of gender diversity and, in particular, seeing to it that procedures for selection of directors and senior managers do not suffer from implicit bias preventing selection of women;
 - (f) proposing to the board of directors (i) the system for and amount of annual compensation of directors, (ii) the individual compensation of inside directors and senior managers and the other terms of their contracts and (iii) the basic terms of contracts of senior managers;
 - (g) overseeing compliance with the compensation policy set by the Company
 - (h) generally supervising compliance with the Company's applicable corporate governance rules.
4. The nominating and compensation committee will designate a chairman from amongst its members, who must be an independent director.

5. When exercising its tasks, the committee may request the assistance of executive directors and senior managers of the Company. Also, if it deems this appropriate, it may hire the services of external advisors.

Name of the committee

AUDIT AND COMPLIANCE COMMITTEE

Brief description

Main rules governing the Audit Committee:

Article 37 Board of Directors Regulation:

The board of directors will establish an audit and compliance committee, of a permanent nature, which will be comprised of a minimum of three directors and a maximum of five, appointed by the board of directors itself from among its outside directors. In this regard, at least one of the members of the audit committee will be independent.

2. The members of the audit committee, particularly its chairman, will be appointed on the basis of their knowledge and background in accounting, auditing or risk management matters.

3. Without prejudice to such other tasks as may be assigned to it from time to time by the board of directors, the audit and compliance committee in any event will have the following authority:

(a) reporting to the general shareholders meeting in answer to questions raised by shareholders that fall within the scope of its responsibilities;

(b) supervising and reviewing the process of preparation and presentation of the regulated financial information that, in accordance with article 35 of the Securities Market Act, is to be provided by the board to the markets and their supervisory bodies, and in general seeing to compliance with the legal requirements in this area, the appropriate delimitation of the scope of consolidation and the proper application of generally accepted accounting principles, and reporting on proposals for changes in accounting principles and standards suggested by management;

(c) Periodically supervising and reviewing the effectiveness of the Company's internal control procedures, internal audit and risk management systems, verifying the appropriateness and completeness thereof and proposing the hiring, appointment and removal of those responsible therefore; proposing the budget for such services and verifying that the members of the management team take account of the conclusions and recommendations in its reports; and discussing with the Company's auditors such significant weaknesses in the internal control system as may be discovered in the conduct of the audit;

(d) proposing to the board of directors, for submission to the general shareholders meeting, the appointment of the outside auditors, as well as the conditions for hiring them, the scope of their professional assignment and, if applicable, revocation or non-renewal of the appointment;

(e) establishing the appropriate relationships with auditors or audit companies to receive information regarding such questions as may compromise their independence, for examination by the committee, and those of anyone else involved in the process of auditing accounts, and such other communications as may be contemplated in the legislation regarding auditing and audit standards. In any event, annually they must receive from the auditors or audit companies written confirmation of their independence as regards the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of the audit law.

(f) annually, prior to the issue of the audit report, issuing a report stating an opinion regarding the independence of the auditors or audit companies. This report in any event must opine on the provision of services in addition to audit services, ensuring respect for the existing rules in this regard, the limits on the concentration of the auditor's business and, in general, the other requirements designed to safeguard auditors' independence;

- (g) serving as a communications channel between the board of directors and the auditors; evaluating the results of each audit and the responses of the management team to its recommendations and mediating in the event of disputes between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements, and examining the circumstances, if any, underlying resignation of the auditor;
 - (h) supervising compliance with the rules regarding related party transactions with directors or major shareholders or shareholders represented on the board; in particular, it will report to the board regarding such related party transactions and, in general, regarding transactions that imply or may imply conflicts of interest, for purposes of their approval, and will see to it that information in respect thereof is communicated to the market;
 - (i) supervising compliance with internal codes of conduct, in particular the code of conduct for the securities market;
 - (j) establishing an internal mechanism whereby staff can report, confidentially and, if appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the Company;
 - (k) preparing and updating a declaration of ethical values related to the reliability of financial information in compliance with applicable regulations, which will be approved by the board of directors and communicated to all levels within the organisation;
 - (l) establishing procedures to monitor respect for principles of professional integrity and ethics, and measures to identify and correct departures from those values within the organisation;
 - (m) any such others as may be attributed to it by law and other regulations applicable to the Company.
4. The audit and compliance committee will be called by the chairman of the committee, on his own initiative, or on request of the chairman of the board of directors or two members of the committee itself. The call will be sent by letter, telegram, fax, e-mail, or in any other manner allowing evidence of receipt.
5. In any event the audit and compliance committee will be called and will meet, at a minimum, on a quarterly basis, to review the periodic financial information that, in accordance with article 35 of the Securities Market Act, the board must send to the market supervisory authorities as well as the information the board of directors is to approve and include within its annual public documentation.
6. The chairman of the audit and compliance committee will be appointed from among the outside directors or members that have no management functions within the Company, and have no contractual relationship other than the status on the basis of which they are appointed.
7. The chairman must be replaced every four years, and may be re-elected after a term of one year elapses since he left office.
8. Also, the committee will appoint a secretary and may appoint an assistant secretary, neither being required to be a member thereof. If these appointments are not made, those holding those positions on the board will act as such.
9. The audit and compliance committee may validly meet when a majority of its members attend the meeting in person or by proxy. Resolutions will be passed by a majority of the members in attendance, in person or by proxy.
10. Minutes will be prepared of the resolutions adopted at each meeting, which will be reported to the full board, sending or delivering a copy of the minutes to all members thereof.
11. The audit and compliance committee will prepare an annual report of its actions, highlighting the principal incidents, if any, that have arisen in respect of matters within its competence. In addition, when the audit and compliance committee deems it to be appropriate, it is to include proposals for improvement of the company's governance rules in the report.
12. When so requested by the committee, the members of the management team and the employees of the company are required to attend meetings of the audit and compliance committee and cooperate with it and give it access to the information available to them. The committee may also require the Company's auditors to attend its meetings.
13. When it deems it to be necessary for appropriate fulfilment of its duties, the audit and compliance committee may seek the advice of outside experts, making this circumstance known to

the secretary or assistant secretary of the board, who will take responsibility for contracting for the corresponding services.

14. In the absence of a specific rule, to the extent not incompatible with its nature, the provisions of this regulation regarding the functioning of the board of directors will be applicable to the audit and compliance committee.

Article 41 of the Company's by-laws:

1. The board of directors will establish an audit and compliance committee, of a permanent nature, which will be comprised of a minimum of three (3) directors and a maximum of five (5), appointed by the board of directors itself from among its outside directors. In this regard, at least one of the members of the audit and compliance committee will be independent and will be appointed based on his knowledge and experience in accounting or auditing matters, or both.

2. Without prejudice to such other tasks as may be assigned to it from time to time by the board of directors, the audit and compliance committee in any event will have the following authority:

(a) reporting to the general shareholders meeting in answer to questions raised by shareholders that fall within the scope of its responsibilities;

(b) supervising and reviewing the process of preparation and presentation of regulated financial information;

(c) supervising the effectiveness of the Company's internal control procedures, internal audit and risk management systems; and discussing with the Company's auditors such significant weaknesses in the internal control system as may be discovered in the conduct of the audit;

(d) proposing to the board of directors, for submission to the general shareholders meeting, the appointment of the outside auditors, as well as the conditions for hiring them, the scope of their professional assignment and, if applicable, revocation or non-renewal of the appointment;

(e) establishing the appropriate relationships with auditors or audit companies to receive information regarding such questions as may compromise their independence, for examination by the committee, and those of anyone else involved in the process of auditing accounts, and such other communications as may be contemplated in the legislation regarding auditing and audit standards.

In any event, annually they must receive from the auditors or audit companies written confirmation of their independence as regards the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of the Audit Act.

(f) annually, prior to the issue of the audit report, issuing a report stating an opinion regarding the independence of the auditors or audit companies. This report in any event must opine on the provision of additional services referred to in section e) above.

(g) supervising compliance with the rules regarding related party transactions with directors or major shareholders or shareholders represented on the board; in particular, it will report to the board regarding such related party transactions and, in general, regarding transactions that imply or may imply conflicts of interest, for purposes of their approval, and will see to it that information in respect thereof is communicated to the market;

(h) supervising compliance with internal codes of conduct, in particular the code of conduct for the securities market;

(i) any such others as may be attributed to it by the Act and other regulations applicable to the Company.

3. The chairman of the audit and compliance committee will be appointed from among the outside directors or members that have no management functions within the Company, and have no contractual relationship other than the status on the basis of which they are appointed.

4. The chairman must be replaced every four (4) years, and may be re-elected after a term of one year elapses since he left office.

5. Also, the committee will appoint a secretary and may appoint an assistant secretary, neither being required to be a member thereof. If these appointments are not made, those holding those positions on the board will act as such.

6. When exercising its tasks, the committee may request the assistance of executive

directors and senior managers of the Company. Also, if it deems this appropriate, it may hire the services of external advisors.

7. The foregoing committees will be governed by the provisions of the Act, these articles of association and the regulation of the Company's board of directors.

B.2.4. Indicate the advisory and consulting powers as well as the delegated powers, if any, of each of the committees:

. Name of the committee

NOMINATING AND COMPENSATION COMMITTEE

Brief description

See Section B.2.3 above

Name of the committee

AUDIT AND COMPLIANCE COMMITTEE

Brief description

See Section B.2.3 above

B.2.5. Indicate, if applicable, the existence of regulations of the Board committees, where such regulations may be consulted and the amendments made during the fiscal year. Also indicate if any annual report of the activities performed by each committee has been voluntarily prepared.

Name of the committee

NOMINATING AND COMPENSATION COMMITTEE

Brief description

The regulation of this Committee can be found in the Board of Directors Regulation, which is available in the website (www.diacorporate.com).

Name of the committee

AUDIT AND COMPLIANCE COMMITTEE

Brief description

The regulation of this Committee can be found in the Board of Directors Regulation, which is available in the website (www.diacorporate.com).

They draw an annual report about their operation.

B.2.6. Indicate whether the composition of the executive committee reflects the participation of the different directors in the Board of Directors based on their category:

YES NO

If no, explain the composition of your Executive Committee

It does not apply since DIA 's Board of Directors has no Executive Committee

C RELATED-PARTY TRANSACTIONS

C.1. State whether the Board as a full body has reserved for itself the power to approve, after a favorable report of the Audit Committee or any other committee entrusted with such duty, transactions carried out by the company with directors, with significant shareholders or shareholders represented on the Board, or with persons related thereto:

YES NO

C.2. Describe the relevant transactions that involve a transfer of resources or obligations between the company or entities within its group and the company's significant shareholders:

C.3. Describe the relevant transactions that involve a transfer of resources or obligations between the company or entities within its group and the directors or managers of the company:

C.4. Describe the relevant transactions made by the company with other companies belonging to the same group, provided they are not eliminated in the preparation of the consolidated financial statements and they are not part of the ordinary course of business of the company as to their purpose and conditions:

C.5. State whether the members of the Board of Directors have been subject to any conflict of interest situation during the fiscal year pursuant to the provisions of Section 127 *ter* of the Companies Law.

YES NO

C.6. Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, managers or significant shareholders.

Article 27. Conflict of interest

1. A conflict of interest will be deemed to exist in those situations in which the interest of

the Company or the companies in its group is in direct conflict with the personal interest of the director. There is a personal interest of a director when the matter affects it or a related person.

2. For purposes of this regulation persons related to directors are those treated as such under current article 231 of the Capital Companies Act.

3. Conflicts of interest will be governed by the following rules:

(a) A director will avoid situations that could result in a conflict of interest between the Company and the director or related persons;

(b) In any event, a director will, upon learning thereof, advise the board of directors of the existence of conflicts of interest; and

(c) In any event, a director must refrain from attending and participating in the deliberations and votes affecting matters in which the director is personally interested. In this regard, the votes of the directors affected by the conflict that are to refrain from voting will be subtracted for purposes of computation of the necessary voting majority.

(d) In any event, all conflicts of interest involving directors will be disclosed in the annual corporate governance report and in the notes to the financial statements.

4. A director may not directly or indirectly undertake professional or commercial transactions with the Company, absent prior disclosure of the conflict of interest situation and board of directors approval of the transaction, after a report from the audit and compliance committee.

C.7. Is more than one company of the group listed in Spain?

YES NO

D RISK CONTROL SYSTEMS

D.1. General description of the risk control policy adopted by the company and/or its group, describing and assessing the risks covered by the system and a justification for the adjustment of such system to the profile of each kind of risk.

The Board of Directors is responsible for the approval and fixation of the control and risks policy, identifying the main risks of the Company and its subsidiaries, organizing appropriate internal control systems and of information.

The Audit and Compliance Committee has the authority to periodically supervise and review the effectiveness of the Company's internal control procedures, internal audit and risk management systems, verifying the appropriateness and completeness thereof.

I. PURPOSE AND SCOPE

DIA is exposed in the course of its activity to a number of risks, external and internal, that may avoid compliance with its plans or purposes.

In order to minimize the potential negative impact of such risks in the course of its activities, the board of directors has driven the establishment of a system of identification, assessment and risk management, with a three purposes:

- i) to implement adequate control of risks that may have influence in DIA's activities;
- ii) to improve its efficiency and internal functioning; and
- iii) to comply with legal requirements applicable to listed companies in Spain.

The system of risks management will be applied to DIA and its subsidiaries.

II. GENERAL PRINCIPLES

The system of risks management is based on the following principles:

a) Involvement

The whole Company plays an important role for the achievement of the objectives of the system on risks control and management.

The board of directors and the audit and compliance committee take the lead and promotion of the system, being committed to carry out all its powers to establish a system regarding the management of structured risks, constant and continuing to identify, assess and report those risks that may avoid the achievement of the goals and in order to help in the decision-making process.

The Management Team, in charge of implementing the management model and prime responsible for identifying, measuring and monitoring risks and to report the results and evolution of the management to the audit and compliance committee, as well as providing assistance and training the risk managers both regarding the design of preventive solutions to avoid the occurrence of any risk and developing procedures to manage and reduce risks.

b) Using a method

The model proposed by the Committee of Sponsoring Organizations of the Treadway Commission II (COSO II), a standard method for risk management which is deemed as the best practice worldwide.

The risk management process is based on five recurring phases:

- i) identification of risks with potential impact on DIA's purposes;
- ii) assessment of the risks identified according to their probability of occurrence and influence on DIA;
- iii) definition of the response to risks;
- iv) monitoring key risks; and
- v) reporting the most remarkable information.

c) Monitoring and objective assessment

The internal audit function, as independent and objective function, supports the audit and compliance committee in connection with its responsibility to monitor and assess the reliability and effectiveness of the system on risks management, assessing the whole functioning of the system.

d) Transparency

Information to regulators by means of the usual channels of communication and on the the required information required by law, identifying the risks of DIA and the functioning of the systems in place for its management and control.

III. RISK RATING

DIA is currently developing its own risk map, as a result of those stages of identification, assessment and prioritization carried out according to the COSO II method. In accordance with such method, the risks are classified into four types of risks: i) strategic; ii) operational; iii) financial and reporting; and iv) regulatory requirements. The Internal Audit Department is in charge of drafting such map.

a) Strategic Risks

These risks affect targets directly related to the strategy, with the expansion plans, planning and allocation of resources, financing policies, etc.

In this category, DIA considers that environmental risks are the key. DIA's growth strategy is based on the expansion through internal growth, based on the opening of new shops and through a plan for speeding up the expansion, operating in new countries or carrying out potential merger transactions, either through the acquisition of other companies in the same sector or by means of the purchase and sale of assets.

To carry out its plans and achieve its strategic purposes, DIA identifies and assesses those external risks for the activity which are in connection with demographic and socioeconomic changes as well as with market trends in those countries where it operates.

b) Operational risks

This kind of risks has impact on the goals relating to the effective and efficient use of resources and that may refer to the economic losses caused by the use of inadequate internal procedures, human errors regarding the management, or decisions of third parties, etc.

DIA manages own establishments as well as under franchise agreements, with an increase weight of the latter model of management. Such management model under franchise implies several risks, including: (i) the illegal use of the corporate brand; (ii) an inadequate management of the commercial establishment; and (iii) non-renewal of agreements due to a decision or will of the franchisee.

To reduce the impact of these risks, DIA has an International Management for the group which is focused on the development of the franchise and a Franchise Management in each country, highly specialized in regulatory and operational aspects of the franchises. This Management is in charge of designing and implementing the strategy for the franchises.

Moreover, within the organizational structure of DIA, there are areas for the supervision and control, whose main aims are to advise on an ongoing basis to franchisees and to monitor the proper operation of the establishments and use of the brand.

DIA sells goods with high consume and, especially, food products and beverages. Due the exercise of this activity, DIA is exposed to remarkable risks of civil liability inherent to the marketing of such products. In order to minimize and/or prevent the occurrence of these risks with a severe impact on its reputational image, DIA implements numerous quality controls on products available to consumers.

DIA Group has focused its efforts on identifying their own brand of quality, through its Program of integrated quality management, covering the following areas:

- i) The selection of ingredients / base products: after the decision to develop an own label product, there is a technical definition of the product, describing the specifications of quality exactly. Afterwards, a tasting comparison of a sample of representative consumers is carry out in order to assess the perception of the consumer on organoleptic characteristics and design of products in development.
 - ii) Manufacturing: through the adoption by selected suppliers of strict hygiene and safety measures. Similarly, these suppliers must pass a strict initial audit before being selected to work with the DIA Group's own brand.
 - iii) Finished product: after product development and in every store, there is a department in charge of quality control of finished products and take samples from each truck that gets into it. Goods that do not meet defined quality standards are not accepted. This system finishes when DIA gets the quality certification ISO 9001:2008, regarding the approval process, validation and control of own-brand suppliers, as well as in the control of fruit and vegetables.
- c) Financial risks and reporting

DIA operates in seven countries and its business is exposed to several financial risks such as liquidity and credit risk, tax risk, risk regarding managing the exchange rate, etc.

Moreover, this kind of risks includes those that have impact on the goals of reliability of information provided both internally and externally, errors in information management, lack of information, etc.

d) Regulatory risks

This kind of risks include those arising from regulatory passed by the legislator or regulatory bodies (see section D. 4 in connection with the systems being implemented at DIA to control and manage this type of risks).

The main risks to which DIA is exposed are covered through the signing of the relevant insurance policies, the most important being a policy for damages and decrease of profits and a civil liability policy.

D.2. Indicate whether any of the various types of risks (operational, technological, financial, legal, reputational, tax-related, etc.) affecting the company and/or its group materialized during the fiscal year.

YES NO

If so, indicate the circumstances giving rise to them and whether the established control systems have worked:

Materialized risk

Risk arising from the split of Carrefour Group and autonomous operating.

Circumstances that have given rise to the risk

In June 2011 the General Shareholder's Meeting of Carrefour, S.A. resolved the split of its subsidiary DIA.

Operating of the Control systems

Risks arising from the separation from Carrefour Group and an autonomous operating are mainly based on the potential loss of DIA's negotiation power with providers of goods and services.

In order to mitigate the potential effects from the split, there have been taken several actions in relation to the internal negotiation proceedings, which have contributed to mitigate the possible effects of the lack of joint negotiation. Among these actions there are included some transitorily agreements with Carrefour Group.

D.3. Indicate whether there is any committee or other decision-making body in charge of establishing and supervising these control mechanisms.

YES NO

If so, describe its duties:

Name of the committee

AUDIT AND COMPLIANCE COMMITTEE

Brief description

See Section B.2.3 above.

The Internal Audit depends directly from the Audit and Compliance Committee, which ensures the necessary autonomy and independency of its functions and in the responsible exercise of supervision of the System of Control and Risks Management.

The Audit Direction evaluates the integrated operating of the System.

D.4. Identification and description of the procedures for compliance with the various regulations that affect the company and/or its group.

The Legal Department is responsible to identify, measure and mitigate any legal risk and it provides DIA with the necessary legal certainty, with view of the compliance of the applicable legal framework.

In order to implement this task properly, it has been developed a 'regulations map' in which all the regulations applicable to the Company are identified, with special attention to the specific legislation on the value chain, which has been classified in six different groups:

- Legislation applicable to the consumer industry and the relations of the Company with clients, franchisees, service and goods providers, competitors, etc;
- Legislation applicable to storage, distribution and transport of goods;
- Legislation applicable to real estate and urban development, applicable to logistical platforms and premises;
- Legislation applicable to intellectual property, copyright and internet domains.
- Legislation on Environment in relation to the treatment of waste;
- Legislation on Stock Exchange Market, applicable to listed companies.

The Legal Department's annual plan consists of the design and celebration of training sessions about any new legislation or jurisprudence applicable and relevant to the DIA's activity.

Finance Department and Human Resources Department, in turn, have their own procedures to watch tax, accounting and labor regulation.

Internal Audit Department, which directly reports to the Audit and Compliance Committee, includes annually in its Audit Plan, the checking and verification of the compliance of the regulations and the revision of the procedures set up by DIA to achieve a proper observance of the legal framework.

E GENERAL SHAREHOLDERS' MEETING

E.1. Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Companies Law in connection with the quorum needed to hold a valid General Shareholders' Meeting.

YES NO

	Quorum % different from that established as a general rule in Section 102 of the Companies Law	Quorum % different from that established in Section 103 of the Companies Law for the special cases set forth in such Section 103
Required quorum upon 1st call	0	0
Required quorum upon 2nd call	0	0

E.2. Indicate and, if applicable, explain whether there are differences with the rules provided by the Companies Law for the adoption of corporate resolutions.

YES NO

E.3. Explain the rights of the shareholders regarding general shareholders' meetings which are different from the rights provided in the Companies Law.

E.4. Indicate, if applicable, the measures adopted to encourage the participation of shareholders at General Shareholders' Meetings.

As of the very publication date of the call of a general meeting and until the seventh day preceding the date scheduled for the meeting at first call, inclusive, the shareholders may request in writing any information or clarification they deem appropriate, or present in writing the questions they deem relevant, on the issues included in the agenda. Furthermore, with the same prior notice and in the same manner, the shareholders may request information or clarifications or present questions in writing on any information accessible to the public that the Company may have provided to the Spanish Securities Market Commission since the last general meeting was held.

1. Without prejudice to their publication on the Company's website, any reports and documents which may be mandatory by law shall be made available to shareholders whenever legally required.
2. Specifically, any shareholder may, from the date of publication of the notice of a general meeting, examine at the registered address the proposals for resolutions, reports and other documentation relating to the matters comprised in the agenda which must be made available to shareholders pursuant to the law and the articles of association. In addition and where legally applicable, shareholders may request that the full text of the documents made available to them be given or sent to them free of charge.
3. When the general meeting is to approve the annual accounts, any shareholder may, from the time of publication of the notice, obtain from the Company at the registered address, immediately and free of charge, the annual accounts, the management report, and the auditors' report, including both the individual ones and the consolidated ones where applicable.
4. Likewise, when the general meeting is to pass a resolution to amend the articles of association, shareholders shall be entitled, from the time of publication of the notice, to examine at the registered address the full text of the proposed modification and of the written report relating thereto drawn up by the board of directors or, where applicable, by the shareholder(s) who made the proposal, and to request that such documents be given or sent to them free of charge.
5. The board of directors shall assess whether it would be appropriate to make available to shareholders, by reason of the calling of a general meeting, any additional information to help improve their knowledge of how to exercise their rights regarding the general meeting and the matters to be dealt at it, such as shareholder's guides, etc.

1. Shareholders may take part in general meetings either by attending in person or through another person, who does not have to be a shareholder.
2. The proxy must be granted specifically for each meeting, without prejudice to the provisions of Article 187 of the Capital Company Act for cases of family representation and the grant of general powers of attorney.
3. The proxy must be granted in writing, using the delegation formula printed on the attendance card or any other permitted by law, or by means of any distance communication methods which adequately guarantee the proxy granted and both the grantor's and the proxy holder's identities.
4. Proxies conferred by distance communication methods shall only be deemed to be valid if they are granted:
 - (a) By post, sending to the Company the attendance card issued by the entity in charge of making book entry records duly signed and filled in by the shareholder, or by any other written method which, in the opinion of the board of directors at a previous resolution passed for that purpose, provides an adequate guarantee of the proxy granted and of both the grantor's and the proxy holder's identities; or
 - (b) Using electronic communication methods which provide an adequate guarantee of the proxy granted and of both the grantor's and the proxy

holder's identities. Proxies granted by these methods shall be valid if the electronic document under which the proxy was granted includes the legally recognised signature used by the grantor or any other kind of identification of the shareholder which may be authorised by the board of directors under a prior resolution passed for that purpose, attaching an electronic copy of the attendance card and of the proxy.

5. Proxies granted by any of the above mentioned distance communication methods must be received by the Company by midnight on the day immediately prior to the date of the general meeting on the first or second call, as applicable. Failure to comply with this requirement shall result in the proxy being deemed not to have been granted for the call in relation to which the said time period was not complied with.

6. The board of directors is hereby authorised to give effect to the above provisions by laying down rules, means and procedures appropriate to the state of the art for granting proxies through electronic methods, where applicable complying with any rules which may be issued for that purpose.

E.5. Indicate whether the chairman of the General Shareholders' Meeting is also the chairman of the Board of Directors. Describe, if applicable, the measures adopted to ensure independence and proper operation of the General Shareholders' Meeting:

YES NO

Description of measures
<p>Pursuant to article 24 of the by-laws, the board of the General Meeting will consist of the Chairman and Secretary of the General Meeting and those members of the board of directors in attendance at the meeting.</p> <p>Without prejudice with the provisions of the Companies Law:</p> <ol style="list-style-type: none"> 1. General Meetings may be called by the board of directors by publishing an announcement in the Official Gazette of the Commercial Registry and the Company's website, at least one month prior to the date scheduled for the meeting. This call will also be announced as a material disclosure. 2. The board of directors may call an extraordinary general shareholders' meeting if it considers this appropriate in the corporate interest. 3. Furthermore, the board of directors will call a general meeting if this requested by shareholders who hold, at least, 5% of the capital stock, indicating in the request the issues to be discussed at the meeting. <p>In this case, the meeting will be called in order to be held within the timeframe foreseen by the Act. The board of directors will draw up the agenda, and will necessarily include the matter or matters covered by the request.</p> <ol style="list-style-type: none"> 4. The call announcement will contain any references required by the Act, in each case, and will indicate the date, place and time of the meeting at first call and all the matters to be discussed. The announcement may also indicate the date on which the general meeting will convene at second call, as the case may be. Between the first and second meetings at least twenty-four (24) hours must elapse. 5. Any shareholders representing, at least, five per cent (5%) of the capital stock may request that an addition be published to the call of a general shareholders' meeting, including one or more points in the agenda. <p>This right will be exercised by providing a notification by authentic means, to be received at the registered address within five (5) days following publication of the call.</p> <p>The addition to the call will be published at least fifteen (15) days before the date scheduled for the Meeting. The failure to publish an addition to the call within the timeframe that is legally established will render the Meeting null and void.</p> <ol style="list-style-type: none"> 6. The General Meeting may not discuss or decide on any matters that are not included in the agenda, unless otherwise provided by law. 7. In order for the courts to call a Meeting, the provisions of the Act will apply. 8. The provisions of this article will apply without prejudice to what is foreseen by law for specific

situations.

The Article 24 of the General Meeting Regulations provides:

1. The chairman of the general meeting, as the person in charge of directing it, shall generally have the broadest possible powers to ensure the general meeting runs as well as possible including, among others, the following:

- (a) To start the meeting;
 - (b) To declare that the general meeting has been validly established;
 - (c) To address the general meeting, if he deems it appropriate, in order to report on the Company's progress, aims and projects, and to explain and support the resolution proposals made by the board of directors;
 - (d) To establish an order for speaking, granting the floor to those shareholders who request it, withdrawing it or refusing to grant it when he deems a matter to have been sufficiently discussed or if it was not included in the agenda or it hinders the progress of the meeting, or requesting them to clarify any issues which were not sufficiently explained during the speech;
 - (e) To grant the floor to those directors or senior executives he may deem appropriate so that they may address the general meeting and report to it on the main matters under their management;
 - (f) To accept or reject new proposals in relation to the matters included in the agenda;
 - (g) To specify when it is time to vote;
 - (h) To organise voting and, with the secretary's assistance, count the votes.
 - (i) To announce the result of votes and the approval of resolutions;
 - (j) To resolve on any issues which may arise during the general meeting regarding the rules contained in these regulations;
 - (k) To temporarily suspend the general meeting;
 - (l) To declare that the meeting has come to an end and adjourn it;
 - (m) And, generally, to carry out any powers, including those relating to order and discipline, which may be appropriate for the proper progress of the meeting.
2. The chairman may, even when he is present at the meeting, entrust the management of the discussions to any director he may deem appropriate or to the secretary, who shall carry out this function on the chairman's behalf.

The board of directors may require that a Notary Public be present to take the minutes of the meeting, and shall always be under an obligation to do so when so requested, at least five days prior to the scheduled date of the meeting, by a number of shareholders representing at least one percent of the capital stock. The Notary's certification shall be deemed to constitute the minutes of the meeting in either case.

E.6. Indicate the amendments, if any, made to the Regulations for the General Shareholders' Meeting during the fiscal year.

E.7. Indicate the data on attendance at the general shareholders' meetings held during the fiscal year referred to in this report:

Date of General Shareholders' Meeting	Datos de asistencia				Total
	% of shareholders present in person	% of shareholders represented by proxy	% distance voting		
			Electronic voting	Other	
25/03/2011	100.000	0.000	0.000	0.000	100.000

E.8. Briefly describe the resolutions adopted by the shareholders acting at the general shareholders' meetings held during the fiscal year referred to in this report and the percentage of votes by which each resolution was passed.

See Section G

E.9. Indicate whether there are any by-law restrictions requiring a minimum number of shares to attend the General Shareholders' Meeting.

YES NO

E.10. Indicate and justify the policies followed by the company with respect to proxy-voting at the General Shareholders' Meeting.

Article 18. Proxy Rights. Form and Methods for Voting by Proxy

1. Shareholders may take part in general meetings either by attending in person or through another person, who does not have to be a shareholder.
2. The proxy must be granted specifically for each meeting, without prejudice to the provisions of Article 187 of the Capital Company Act for cases of family representation and the grant of general powers of attorney.
3. The proxy must be granted in writing, using the delegation formula printed on the attendance card or any other permitted by law, or by means of any distance communication methods which adequately guarantee the proxy granted and both the grantor's and the proxy holder's identities.
4. Proxies conferred by distance communication methods shall only be deemed to be valid if they are granted:
 - (a) By post, sending to the Company the attendance card issued by the entity in charge of making book entry records duly signed and filled in by the shareholder, or by any other written method which, in the opinion of the board of directors at a previous resolution passed for that purpose, provides an adequate guarantee of the proxy granted and of both the grantor's and the proxy holder's identities; or
 - (b) Using electronic communication methods which provide an adequate guarantee of the proxy granted and of both the grantor's and the proxy holder's identities. Proxies granted by these methods shall be valid if the electronic document under which the proxy was granted includes the legally recognised signature used by the grantor or any other kind of identification of the shareholder which may be authorised by the board of directors under a prior resolution passed for that purpose, attaching an electronic copy of the attendance card and of the proxy.
5. Proxies granted by any of the above mentioned distance communication methods must be received by the Company by midnight on the day immediately prior to the date of the general meeting on the first or second call, as applicable. Failure to comply with this requirement shall result in the proxy being deemed not to have been granted for the call in relation to which the said time period was not complied with.
6. The board of directors is hereby authorised to give effect to the above provisions by laying down rules, means and procedures appropriate to the state of the art for granting proxies through electronic methods, where applicable complying with any rules which may be issued for that purpose.

Additionally, Article 21 of the Company's bylaws provides:

1. Any shareholder entitled to attend may be represented at a General Meeting through another person, even if not a shareholder, meeting the requirements and formalities imposed by the articles of association, the regulation of the General Meeting and the Act.
2. A proxy will be conferred in writing or by post or electronic mail, in which case the provisions foreseen in Article 29 herein will apply for the issue of votes through these means, to the extent that this is not incompatible with the nature of the proxy.
3. The Chairman and Secretary of the General Meeting will enjoy the broadest powers to recognise the validity of the document or means to accredit the proxy.
4. A proxy may always be revoked. Attendance at the General Meeting by the represented shareholder, either in person or by issuing a long-distance vote, will be deemed to revoke the proxy granted, regardless of its date.

E.11. Indicate whether the Company is aware of any policy of institutional investors as to participating or not in the decisions of the Company:

YES NO

E.12. Indicate the address and manner for accessing corporate governance content on your website.

DIA's web page is the following: www.diacorporate.com. In order to access to the corporate information, you may enter the tab "Information for investors" and next the tab "Corporate Governance".

F DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Indicate the company's degree of conformance to the recommendations of the Unified Good Governance Code.

If the company does not comply with any of such recommendations, please explain the recommendations, standards, practices or criteria applied by the company. En el supuesto de no cumplir alguna de ellas, explique las recomendaciones, normas, prácticas o criterios, que aplica la sociedad.

1. The By-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.

See sections: A.9, B.1.22, B.1.23 y E.1, E.2.

Complies

2. When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:

- a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: C.4 y C.7

Not applicable

3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Shareholders' Meeting for approval:

- a) The transformation of listed companies into holding companies through "subsidiarization," i.e., reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;
- b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;
- c) Transactions whose effect is tantamount to the liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information to which recommendation 28 refers, are made public at the time of publication of the notice of call to the General Shareholders' Meeting.

Complies

5. Matters that are substantially independent are voted on separately at the General Shareholders' Meeting, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

- a) To the appointment or ratification of directors, which shall be voted on individually;
- b) In the event of amendments of the By-Laws, to each article or group of articles that are substantially independent of one another.

See section: E.8

Complies

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for the account of different clients can divide their votes in accordance with the instructions given by such clients.

See section: E.4

Complies

- 7. The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the company.**

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfills its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it carries on its business, and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies

- 8. The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to ensure that Management meets the objectives set while pursuing the company's interest and corporate purpose. As such, the full Board reserves for itself the right to approve: Las políticas y estrategias generales de la sociedad, y en particular:**

- a) The company's policies and general lines of strategy, and in particular:**

- I. The strategic or business plan as well as the management targets and annual budgets;**
- II. The investment and financing policy;**
- III. The design of the structure of the corporate group;**
- IV. The corporate governance policy;**
- V. The corporate social responsibility policy;**
- VI. The policy for compensation and assessment of the performance of senior managers**
- VII. The risk control and management policy, as well as the periodic monitoring of internal information and control systems.**
- VIII. The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.**

See sections: B.1.10, B.1.13, B.1.14 y D.3

- b) The following decisions:**

- i) At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.**

See section: B.1.14.

- ii) The compensation of directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.**

See section: B.1.14.

- iii) The financial information that the Company must periodically make public due to its status as listed company.**

- iv) **Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Shareholders' Meeting.**
- v) **The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.**

Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").

However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

- 1. They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;**
- 2. They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;**
- 3. The amount thereof is no more than 1% of the Company's annual revenues.**

It is recommended that related-party transactions only be approved by the Board upon the prior favorable report of the Audit Committee or such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the full Board.

See sections: C.1 and C.6

Complies

- 9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no few than five and no more than fifteen members.**

See sections: B.1.1

Complies

- 10. External directors, proprietary and independent, occupy an ample majority of the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the company's share capital.**

See sections: A.2, A.3, B.1.3 y B.1.14.

Complies

- 11. If there is an external director who cannot be deemed either proprietary or independent, the company explains such circumstance and the links such director maintains with the company or its managers or with its shareholders.**

See sections: B.1.3

Complies

- 12. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.**

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent

- 1. In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.**
- 2. In companies with a plurality of shareholders represented on the Board but not otherwise related.**

See sections: B.1.3, A.2 y A.3

Complies

- 13. The number of independent directors represents at least one-third of the total number of directors.**

Ver epígrafe: B.1.3

Complies

- 14. The status of each director is explained by the Board at the General Shareholders' Meeting at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the Nominating Committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.**

See sections: B.1.3 y B.1.4

Complies

15. When the number of women directors is scant or nil, the Board explains the reasons for this situation and the measures taken to correct it; and in particular, the Nominating Committee takes steps to ensure that, when new vacancies are filled:

- a) Selection procedures do not have an implied bias that hinders the selection of women directors;**
- b) The company deliberately looks for women with the target professional profile and includes them among the potential candidates.**

See sections: B.1.2, B.1.27 y B.2.3.

Complies

16. The Chairman, as the person responsible for the effective operation of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular evaluations of the Board and, where appropriate, the chief executive officer.

See section: B.1.42

Complies

17. When the Chairman of the Board is also the chief executive of the company, one of the independent directors is authorized to request the call to a Board meeting or the inclusion of new business on the agenda; to coordinate and hear the concerns of external directors; and to lead the Board's evaluation of the chairman.

See section: B.1.21

Not applicable

18. The Secretary of the Board takes particular care to ensure that the Board's actions:

- a) Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;**
- b) Comply with the company's by-laws and the Regulations for the General Shareholders' Meeting, the Regulations of the Board and other regulations of the company;**
- c) Are informed by those good governance recommendations included in this Unified Code as the company has subscribed to.**

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and removal are reported by the Nominating Committee and approved by the full Board; and that such appointment and removal procedures are set forth in the Regulations of the Board.

See section: B.1.34

Complies

- 19. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each director is entitled to propose items of the agenda that were not originally included therein.**

See Section: B.1.29

Complies

- 20. Directors' absences are limited to unavoidable cases and quantified in the *Annual Corporate Governance Report*. And when there is no choice but to grant a proxy, it is granted with instructions**

See sections: B.1.28 y B.1.30

Complies in part

- 21. When directors or the secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them**

Not applicable

- 22. The full Board evaluates the following on a yearly basis:**

- a) **The quality and efficiency of the Board's operation;**
- b) **On the basis of a report submitted to it by the Nominating Committee, how well the chairman of the Board and the chief executive of the company have carried out their duties;**
- c) **The performance of its Committees, on the basis of the reports furnished by them.**

See section: B.1.19

Complies

- 23. All directors are able to exercise the right to request any additional information they require on matters within the Board's purview. Unless the *By-Laws* or the *Regulations of the Board* provide otherwise, such requests are addressed to the Chairman or the secretary of the Board.**

See sections: B.1.42

Complies

- 24. All directors are entitled to call on the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right,**

which, in special circumstances, may include external advice at the company's expense.

See sections: B.1.41

Complies

25. Companies organize induction programs for new directors to rapidly and adequately acquaint them with the company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.

Complies

26. Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:

- a) Directors apprise the Nominating Committee of their other professional duties, in case they might detract from the necessary dedication;
- b) Companies lay down rules about the number of boards on which their directors may sit.

See sections: B.1.8, B.1.9 y B.1.17

Complies

27. The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Shareholders' Meeting, as well as the interim appointment of directors to fill vacancies, are approved by the Board:

- a) On the proposal of the Nominating Committee, in the case of independent directors.
- b) Subject to a prior report from the Nominating Committee, in the case of other directors.

See section: B.1.2

Complies

28. Companies post the following director information on their websites, and keep such information updated:

- a) Professional and biographical profile;
- b) Other Boards of Directors of listed or unlisted companies on which they sit;
- c) Indication of the director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related.
- d) Date of their first and subsequent appointments as a company director; and
- c) Shares held in the company and options thereon held by them.

Complies

29. Independent directors do not hold office as such for a continuous period of more than 12 years.

See section: B.1.2

- 30. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them do likewise when such shareholder reduces its interest to a level that requires a reduction in the number of its proprietary directors.**

See section: A.2, A.3 y B.1.2

Complies

- 31. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term set by the By-Laws for which he was appointed, except where good cause is found by the Board upon a prior report of the Nominating Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his position or comes under any of the circumstances described in section III.5 (Definitions) of this Code.**

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the equity structure of the Company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 12.

See sections: B.1.2, B.1.5 y B.1.26

Complies

- 32. Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.**

If a director is indicted or tried for any of the crimes described in Section 124 of the Companies Law, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

Complies

- 33. All directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.**

When the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusions and, if

he chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he is not a director.

Complies

34. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a significant event, the reason for the withdrawal is explained in the *Annual Corporate Governance Report*.

See section: B.1.5

Not applicable

35. The compensation policy approved by the Board specifies at least the following points:

- a) The amount of the fixed components, with a breakdown showing the fees, if any, for attending the meetings of the Board and its Committees and an estimate of the fixed annual fixed compensation they give rise to;
- b) Variable compensation items, including, in particular:
 - i) The classes of directors to which they apply, as well as an explanation of the relative weight of variable to fixed compensation items.
 - ii) Performance evaluation criteria used to calculate entitlement to compensation in shares, share options or any other variable component;
 - iii) Main parameters and grounds for any system of annual bonuses or other non-cash benefits; and
 - iv) An estimate of the absolute amount of variable compensation arising from the proposed compensation plan, as a function of the degree of compliance with benchmark assumptions or targets.
- c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar systems), with an estimate of the amount thereof or the equivalent annual cost.
- d) Terms and conditions that must be included in the contracts of executive directors performing senior management duties, which will include:
 - i) Duration;
 - ii) Notice periods; and
 - iii) Any other provisions relating to hiring bonuses, as well as indemnity or “golden parachute” provisions in the event of early or other termination of the contractual relationship between the company and the executive director.

See section: B.1.15

Complies

36. Compensation paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable compensation linked to the company’s performance or pension schemes is confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subjected to the condition that the directors hold the shares until they cease to hold office as directors.

See sections: A.3 y B.1.3

Complies

37. The compensation of external directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to compromise their independence.

Complies

38. The compensation linked to company earnings takes into account any qualifications included in the external auditor's report that reduce such earnings.

Not applicable

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies

40. The Board submits a report on director compensation policy to the vote of the shareholders at a General Shareholders' Meeting, as a separate item on the agenda and for advisory purposes. This report is made available to the shareholders separately or in any other manner that the Company deems appropriate.

Such report shall focus especially on the compensation policy the Board has approved for the current year, as well as on the policy, if any, established for future years. It will emphasize the most significant changes in such policies with respect to the policy applied during the fiscal year prior to that to which the General Shareholders' Meeting refers. It shall also include an outline of the manner in which the compensation policy was applied in such prior fiscal year.

The Board also reports on the role played by the Compensation Committee in the preparation of the compensation policy and, if external advice was provided, it states the name of the external advisors that have given such advice.

See section: B.1.16

Complies

41. The Notes to the Financial Statements list the individual directors' compensation during the fiscal year, including:

a) A breakdown of the compensation of each director, to include where appropriate:

- i) Attendance fees or other fixed compensation received as a director;
 - ii) The additional compensation received as chairman or member of a Board committee;
 - iii) Any compensation received under profit-sharing or bonus schemes, and the reason for the accrual thereof;
 - iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;
 - v) Any severance package agreed or paid;
 - vi) Any compensation received as a director of other companies in the group;
 - vii) Compensation for the performance of senior management duties by executive directors;
 - viii) Any item of compensation other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the omission thereof detracts from a true and fair view of the total compensation received by the director.
- b) A breakdown of any delivery to directors of shares, share options or any other instrument indexed to the price of the shares, specifying:
- i) Number of shares or options awarded during the year, and the terms and conditions for the exercise thereof;
 - ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the end of the year, specifying their price, date and other requirements for exercise;
 - iv) Any change during the year in the terms for the exercise of previously-awarded options.
- c) Information on the relationship, in such past fiscal year, between the compensation received by executive directors and the profits or other measures of performance of the company.

Complies in part

42. When there is an Executive Committee (hereinafter, "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the secretary of the Board.

See sections: B.2.1 y B.2.6

Not applicable

43. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Not applicable

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors forms a single Nominating and Compensation Committee as a separate committee of the Board, or a Nominating Committee and a Compensation Committee.

The rules governing the make-up and operation of the Audit Committee and the Nominating and Compensation Committee or committees are set forth in the Regulations of the Board, and include the following:

- a) The Board appoints the members of such Committees, taking into account the background knowledge, qualifications and experience of the directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work done.**
- b) These Committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee.**
- c) Committee Chairmen are independent directors.**
- d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties.**
- e) Minutes are prepared of their meetings, and a copy is sent to all Board members.**

See sections: B.2.1 y B.2.3

Complies

- 45. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit Committee, the Nominating Committee or, if they exist separately, to the Compliance or Corporate Governance Committee.**

Complies

- 46. The members of the Audit Committee and, particularly, the Chairman thereof, are appointed taking into account their background knowledge and experience in accounting, auditing and risk management matters.**

Complies

- 47. Listed companies have an internal audit function which, under the supervision of the Audit Committee, ensures the smooth operation of the information and internal control systems.**

Complies

- 48. The head of internal audit presents an annual work plan to the Audit Committee; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.**

Complies

- 49. Risk control and management policy specifies at least:**

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks;**

- b) **The determination of the risk level the company sees as acceptable;**
- c) **Measures in place designed to mitigate the impact of the risks identified, should they materialize;**
- d) **The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.**

See section: *D*

Complies in part

50. The Audit Committee's role is:

1. **With respect to the internal control and reporting systems:**
 - a) **To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation and the correct application of accounting standards.**
 - b) **To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.**
 - c) **To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.**
 - d) **To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.**
2. **With respect to the external auditor:**
 - a) **To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.**
 - b) **To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.**
 - c) **To monitor the independence of the external auditor, to which end:**
 - i) **The company reports a change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.**
 - ii) **The Audit Committee ensures that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors.**
 - iii) **In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.**
 - d) **In the case of groups, the Audit Committee favors the auditor of the group assuming responsibility for the audits of the companies that form part thereof.**

See sections: *B.1.35, B.2.2, B.2.3 y D.3*

Complies partially

- 51. The Audit Committee may cause any company employee or manager to appear before it, and even order their appearance without the presence of any other manager.**

Complies

51. The Audit Committee reports to the Board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:

- a) **The financial information that the company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.**
- b) **The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**
- c) **Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.**

See sections: B.2.2 y B.2.3

Complies

52. The Board of Directors seeks to present the financial statements to the shareholders at the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the chairman of the Audit Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See section: B.1.38

Complies

53. The majority of the members of the Nominating Committee –or of the Nominating and Compensation Committee, if one and the same– are independent directors.

See sections: B.2.1

Complies

54. The Nominating Committee has the following duties, in addition to those stated in the preceding recommendations:

- a) **To assess the qualifications, background knowledge and experience necessary to sit on the Board, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**
- b) **To examine or organize, in the manner it deems appropriate, the succession of the chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.**
- c) **To report on senior manager appointments and removals that the chief executive proposes to the Board.**
- d) **To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.**

See section: B.2.1

Complies

55. The Nominating Committee consults with the Company's chairman and the chief executive, especially on matters relating to executive directors.

And that any board member may request that the Nominating Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

See section: B.2.3

Complies in part

56. The Compensation Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) To propose to the Board of Directors:

- i) The compensation policy for directors and senior managers;**
- ii) The individual compensation of executive directors and other terms of their contracts.**
- iii) The basic terms and conditions of the contracts with senior managers.**

b) To ensure compliance with the compensation policy set by the company.

See sections: B.1.14 y B.2.3

Complies

57. The Compensation Committee consults with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior managers

Complies

G OTHER INFORMATION OF INTEREST

If you believe that there is any relevant principle or aspect regarding the corporate governance practices applied by your company that has not been discussed in this Report, please mention it and explain it below.

GENERAL INFORMATION

Distribuidora Internacional de Alimentación, S.A. ('DIA' or 'the Company') secured a listing on the Spanish securities markets on 5 July 2011. Since that date it has been subject to all the obligations applicable to any listed

company, including those relating to corporate governance. Consequently, the information contained in this report refers for the most part, unless otherwise indicated, to the period from 5 July 2011 to the end of 2011.

SECTION A.1

In March 2011, before the Company's shares were listed, Norfin Holder, S.L., the sole shareholder of the parent company, approved a Euros 64,034,810.83 increase in DIA's share capital. As a result, total share capital stood at Euros 67,933,600, represented by 679,336,000 ordinary shares of Euros 0.10 par value each. This share capital increase was carried out with a charge to the share premium.

SECTION A.2

The information set forth in this section is included in the official registry of significant shareholders held by the Spanish National Securities Market Commission (CNMV). This information states that:

I) Amundi has filed notice that it manages the following collective investment institutions which hold DIA shares: Amundi Iberia; Amundi IS; Amundi Japan; Amundi Lux; Amundi Paris; CPR; ETG; Russel and S2G.

II) Groupe Arnault, S.A.S., Colony Blue Investor, S.A.R.L. and Blue Capital, S.A.R.L. have filed notice that they exercise their voting rights in DIA jointly by virtue of a verbal agreement. Blue Capital, S.A.R.L. owns 64,047,813 DIA shares and Colony Blue Investor, S.A.R.L. owns 1 DIA share.

Colony Investors VIII, L.P. owns 75% of C8 Blue Holding, LLC, which in turn owns: (i) 50% of Blue Partners, S.A.R.L., which in turn owns 50% of Blue Capital S.A.R.L., and (ii) 100% of Colony Blue Investor S.A.R.L.

Colyzeo Investors II, L.P. owns 100% of Cz2 Blue S.A.R.L., which in turn owns 50% of Blue Partners, S.A.R.L., which in turn owns 50% of Blue Capital S.A.R.L.

Groupe Arnault, S.A.S. is the indirect owner of 95% of Cervinia S.A. (a Belgian company) which in turn owns 50% of Blue Capital, S.A.R.L.

III) Notice has been filed of the signing of a lock-up agreement between Groupe Arnault, S.A.S., Colony Blue Investor, S.A.R.L. and Blue Capital, S.A.R.L. on 1 July 2011, whereby these companies undertake not to sell their DIA shares for one year from the date on which the shares began trading.

IV) According to information filed with the CNMV, Groupe Arnault, S.A.S. owns financial instruments on 5,000,000 DIA shares, representing 0.74% of its share capital and with the option to purchase these shares upon request. One half of these financial instruments expired in mid-July 2011.

SECTION A.5

It is hereby noted that throughout 2011 DIA and Carrefour have maintained commercial and contractual relations (both those resulting from the transition following the spin-off of DIA from the Carrefour Group, and others arising in the Company's normal course of business). Groupe Arnault, S.A.S., Colony Blue Investor, S.A.R.L. and Blue Capital, S.A.R.L. have significant shareholdings in both DIA and Carrefour.

SECTION A.8

On 28 July 2011, pursuant to articles 146 et seq. of the Spanish Companies Act, the Company's board of directors agreed to implement an own share buyback programme under the following terms:

- The number of own shares purchased shall not exceed 2% of share capital.

- The maximum duration of the programme shall be 12 months, unless an amendment to this term is made public pursuant to article 4 of European Commission (EC) Regulation No. 2273/2003.

- The purpose of the programme is to fulfil the obligations relating to the remuneration scheme for directors and to the share and share option delivery programmes, under the terms approved by the board of directors.

- Pursuant to article 6.3 of EC Regulation No. 2273/2003, management of the programme will be entrusted to a financial intermediary.

By October 2011, a total of 13,586,720 shares had been repurchased, reaching the maximum number of shares permitted under the buyback programme.

Regarding other transactions carried out during the year, before the end of the year 85,736 shares were issued to Company directors in respect of remuneration (this did not include 18,284 shares as remuneration to two Company directors, which were in the process of being issued at 31 December 2011. Of these, 10,675 have already been issued in 2012 to the director in question, while 7,609 shares have not been issued as Mr. Currás has relinquished his remuneration as a Company director).

Consequently, the number of own shares of the Company at the end of the year stood at 13,500,984.

On 21 December 2011, the Company signed a contract with Société Générale whereby the latter undertook to purchase up to 13,586,720 shares by 2 February 2012 or whenever the entire number of shares were purchased. At the end of the year, these shares had not yet been purchased in their entirety.

Subsequently, the deadline for the purchase by Société Générale of all the parent company's shares under the terms of the equity swap contract signed by both parties was 16 January 2012. A total of 13,586,720 shares have been purchased, and consequently the indirect stake in the parent company's share capital is 2%.

At the end of 2011, under the terms of the aforementioned equity swap contract, Société Générale had purchased 2,970,453 DIA shares, representing 0.43% of DIA's share capital.

SECTION B.1.2

DIA directors were appointed by the former sole shareholder by virtue of decisions made on 24 June 2010 and 5 July 2011, before the Company's initial stock market listing.

It is hereby noted, with respect to the appointment of the various positions on the board of directors of the Company, that:

I). Mr. Ricardo Currás de MR. Pablos was appointed to the position of Managing Director of DIA by the Company board of directors on 5 July 2011.

II). Mr. Mariano Martín Mampaso was appointed to the position of Vice-Chairman of the board of directors of DIA by the board of the Company on 23 August 2011.

SECTION B.1.3.

Regarding any changes that may have occurred in terms of the nature of each director, it should be pointed out that Ms. Ana María Llopis was initially appointed as an independent director of the Company, as set forth in the registry document published on 13 May 2011 (section 14.1).

However, following her appointment as independent director of Société Générale, a company that has a significant shareholding of 7.87% in the Company (due to its shareholding of 7.87% in Carrefour's share capital after Carrefour distributed a dividend in kind consisting of DIA shares), at the time of the flotation of DIA, and given the business relationship that Société Générale maintains with DIA, it was decided to reclassify Ms. Ana María Llopis as another external director. This reclassification was reported in the share notice published on 5 July 2011 (section 11.6).

SECTION B.1.8.

Mr. Nicolás Brunel is a director of IsCool Entertainment, a French company that is traded on the unregulated Alternext market.

Mr. Mariano Martín is a director of Zinkia Entertainment, S.A., a company that is listed on Spain's MAB (Alternative Stock Market).

SECTION B.1.11.

The information set forth in this section relating to directors' remuneration shows the amounts that have been recognised since 1 January 2011.

The remuneration of Company directors for their duties as such has been recognised since 5 July 2011 in accordance with the provisions adopted by the former sole shareholder of the Company on 9 May 2011, and by the board of directors of the Company on 5 July 2011, who agreed that remuneration to the board in 2011 shall take the form of Company shares. The agreed price per share used to calculate the number of shares to be issued to each director was the closing price of DIA shares on the day that the Company was first publicly listed (i.e., Euros 3.20 per share). Consequently, the remuneration of the board of directors was settled by issuing DIA shares, net of withholding taxes, and has therefore been included in this section under the share options and/or other financial instruments.

Mr. Ricardo Currás expressly and voluntarily relinquished this remuneration for his duties as director, in accordance with the specific DIA policy in this regard applied in the past (whereby executive directors do not receive any remuneration for their duties as directors).

Furthermore, it should be noted that the figures set forth in this section also include the remuneration of Mr. Ricardo Currás for his senior management duties within the Company since 1 January 2011. Specifically, the items labelled fixed remuneration, variable remuneration and other (insurance premiums) relate to the Managing Director's executive duties as a member of senior management.

Mr. Currás's variable remuneration shown in this section, which amounts to Euros 221 thousand (the same figure shown in the Company's annual accounts), relates to the variable remuneration estimated for Mr. Currás at 31 December 2011, which was finally set at Euros 274 thousand for 2011.

It is hereby also noted that the Managing Director Mr. Ricardo Currás, as a member of the Company's senior management, is expected to be the beneficiary of a long-term incentive plan for the 2011-2014 period. Notice of this plan was filed by DIA as price-sensitive information on 7 December 2011. The aim of the aforementioned plan is to grant variable remuneration, payable partly in cash and partly via the contingent issuance of DIA shares, subject to the fulfilment of various Company and Group business targets and of certain indicators linked to the Company's share price. Payment of this remuneration is also subject to the beneficiaries maintaining their professional or mercantile relationship with DIA and/or its subsidiaries on the dates in question. The aforementioned plan is subject to approval by the shareholders at their annual general meeting.

SECTION B.1.12.

The information set forth in this section regarding remuneration for senior management refers to amounts recognised as from 1 January 2011.

SECTION B.1.13.

Only one member of DIA's senior management, the Managing Director, had accrued benefits of this nature under the terms described below at 31 December 2011.

Should the Company decide to terminate his contract and end the professional relationship and any other contractual relation, for whatsoever reason other than dismissal with cause for disciplinary reasons, the aforementioned director has the right to compensation equivalent to 45 days' pay per year of service (for the period from 24 November 1986 to 30 April 2009), plus 8 days' salary per year of service (for the period from 1 May 2009), up to a maximum of his most recent gross annual salary (for clarification, gross annual salary shall be

understood to exclude payments in kind, capital gains and income obtained by acquiring or exercising share options or bonus shares or other similar benefits).

The information provided to the shareholders at the general meeting regarding this type of clause is included in the appendix to this report, which sets forth the information required pursuant to article 61 bis of the Securities Market Act.

SECTION B.1.18.

It is hereby noted that as part of the stock market listing process (which took place on 5 July 2011), the various regulations required of all publicly listed companies (regulations of the board of directors, regulations of the general meeting and internal standards of conduct in securities markets) were approved.

SECTION B.1.21.

Notwithstanding the fact that the Managing Director is not the chairman of the board of directors, it is hereby noted that article 10 of the board regulations establishes that should the Company chairman also be the Company CEO, (this is not currently the Company's case), the board of directors shall entitle one of the independent directors proposed by the appointments and remuneration committee to request that the Chairman convene a board meeting or include new items on the agenda if the director deems it necessary, to coordinate and reflect the concerns of the external directors and to direct the evaluation of the chairman by the board.

SECTION B.1.34.

It is hereby noted that the secretary of the Company's board of directors, Mr. Ramiro Rivera Romero, was appointed before the appointments and remuneration committee was created.

SECTION B.1.29.

It is hereby noted that since the public listing of the Company, six (6) sessions of the board of directors have been held, of which three (3) were held in writing without a meeting. The committees of the board of directors have each met on three (3) occasions.

SECTION B.1.37.

It is hereby noted that the auditors' fees for audit and non-audit services rendered to the DIA Group during the year referred to in this report amounted to Euros 1,315 thousand (net of VAT). It is also hereby noted that the auditors' fees for non-audit services rendered to the DIA Group in 2011 amounted to Euros 88 thousand (net of VAT), which represents 6.69% of Group fees. No amounts for non-audit services have been invoiced to the Company separately.

SECTION B.1.39.

To calculate the number of consecutive years that the current auditing firm has audited the Company's accounts, we took as the starting date the year in which the firm was first entered in the registry as DIA's auditor (1992).

SECTION B.1.40.

Notwithstanding the information on Mr. Ricardo Currás set forth in section B.1.7. above, Mr. Currás is a shareholder of Carrefour.

SECTION C.2.

It is hereby noted that throughout 2011 DIA and Carrefour maintained commercial and contractual relations (both those resulting from the transition period following the spin-off of DIA from Grupo Carrefour, and other relating to the Company's normal business). Groupe Arnault, S.A.S., Colony Blue Investor, S.A.R.L. and Blue Capital, S.A.R.L. have significant shareholdings in both DIA and Carrefour.

SECTION C.3.

There are no significant transactions involving the transfer of funds or liabilities between the Company or DIA Group companies and the Company's management or directors. Nevertheless, it is hereby noted that in 2011 the Company's directors have received Euros 1,123 thousand in DIA shares as remuneration for their duties as Company directors since 5 July 2011 and cash for the performance of the executive duties of the Managing Director.

At 31 December 2011 no loans or advances had been granted to senior management or Company directors, and no guarantees or obligations had been extended on their behalf.

SECTION C.4.

It is hereby noted that, as indicated in the notes to the 2011 annual accounts, transactions with DIA Group associates in France and Bladis SAS totalled Euros 47,922 thousand. These were performed in the ordinary course of the Company's business. The credit and debit balances associated with these transactions and shown on the statements of financial position amount to Euros 4,279 thousand and Euros 4,215 thousand, respectively.

Furthermore, in 2011 dividends totalling Euros 368,600 thousand were distributed to Norfin Holder, S.A., the Company's sole shareholder until 5 July 2011.

The 2011 consolidated directors' report sets forth the main corporate movements regarding transactions with related parties as follows:

I. ED S.A.S., a subsidiary that acquired all the shares of Erteco, S.A.S. from Carrefour S.A., and Bladis S.A.S., an associate that is accounted for using the equity method.

II. DIA World Trade, a new company incorporated in Geneva (Switzerland).

III. Changes in the share capital of DIA Group companies Sabanci Supermarketleri Ticaret Anonim Sirketi, Shanghai DIA Retail Co., Beijing DIA Commercial Co., LTD, DIA Portugal, S.A. and DIA Argentina, S.A. in 2011.

SECTION D.2.

The risks inherent in DIA's business and/or management model have materialised but have had no significant material impact. Risks are inherent to the business model, and their appearance may affect DIA's business to a greater or lesser degree. However, because the control systems in place are functioning properly, none of these risks has affected the Company significantly.

SECTION E.6.

It is hereby noted that as part of the stock market listing process (which took place on 5 July 2011) the various regulations required of all publicly listed companies (regulations of the board of directors, regulations of the general meeting and internal standards of conduct in securities markets) were approved.

SECTIONS E.7 AND E.8

Until its stock market listing (on 5 July 2011) DIA was a solely owned company. No annual general shareholders' meeting has been held since then. Nevertheless, given that the ACGR calls for sections E.7 and E.8 to be completed with reference to at least one general meeting, 25 March 2011 has been considered the date on which,

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prior to the public listing, the sole shareholder of the Company approved documentation including the annual accounts of the Company for the prior year (2010).



APPENDIX

TO THE ANNUAL CORPORATE GOVERNANCE REPORT OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. FOR 2011

I. Introduction.

Spain's Sustainable Economy Law 2/2011 (hereinafter the "**Sustainable Economy Law**") amended the existing legal structure, incorporating new reporting requirements for listed limited liability companies. Among other measures, the Sustainable Economy Law amended Securities Market Law 24/1988 of 28 July 1988 (the "**Securities Market Law**"), introducing a new chapter VI entitled "On the annual corporate governance report". The aforementioned chapter contains a new article 61 bis, which regulates the contents of the annual corporate governance report (the "**ACGR**"). Article 61 bis repeals and revises the contents of articles 116 and 116 bis of the aforementioned legislation, which regulated the ACGR and the obligation to include additional information in the directors' report, respectively. It also stipulates that the ACGR must include a description of the features of the internal control and risk management systems, with respect to the financial reporting process.

To prepare its 2011 ACGR, Distribuidora Internacional de Alimentación, S.A. ("**the Company**" or "**DIA**") has used the contents and structure of the model set forth in Circular 4/2007 of 27 December 2007, issued by the Spanish Securities Market Commission, which remains in force. Notwithstanding the above, the incorporation of the contents set forth in the Sustainable Economy Law with regard to corporate governance, which are not specifically included in the sections of the prevailing model and forms, has made it necessary to prepare this Appendix (pursuant to the letter issued by the Spanish Securities Market Commission to all issuers on 28 December 2011).

II. Contents.

This Appendix includes the reporting contents set forth in the new article 61 bis of the Securities Market Law, particularly the following points:

- Securities not traded on an EU regulated market, indicating, where applicable, the different classes of shares and, for each class of share, the rights and obligations conferred.
- Any restriction on the transfer of securities or on voting rights.
- Standards applicable to any amendments to the company's articles of association.
- Significant agreements entered into by the company which would come into force or be amended or annulled in the event of a change in control resulting from a takeover, and the effects thereof.
- Agreements between the company and members of the board of directors, management personnel or employees that provide for compensation in the event that these individuals resign, are wrongfully dismissed or their professional relationship with the company is terminated as the result of a takeover.
- A description of the main internal control and risk management systems related to the financial reporting process.

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III. Development.

The above-mentioned points are individually developed as follows:

- **Securities not traded on an EU regulated market, indicating, where applicable, the different classes of shares and, for each class of share, the rights and obligations conferred.**

There are no DIA securities which are not traded on an EU regulated market. All DIA shares (ISIN ES0126775032) are listed through the Spanish Stock Exchange's Linking System.

All shares are ordinary, of the same class, and are held through book entries.

Shares are not divisible and confer upon their holder the condition of shareholder, with all the corresponding rights, powers and legal and statutory attributes, including the following: participation in the distribution of corporate earnings and the equity resulting from liquidation; preferential subscription rights for the issue of new shares or convertible bonds; the right to attend general meetings under the terms set forth in the articles of association, with one vote for every share with voting rights held; and the right to challenge corporate agreements and the right to information.

- **Any restriction on the transfer of securities or on voting rights.**

There are no legal or statutory restrictions to the acquisition or transfer of DIA shares, nor is there any statutory clause which limits the maximum number of votes which may be exercised by a single shareholder, on the basis of one voting right per share (see section A.10 of the ACGR).

Notwithstanding the above, and as set forth in the Company's share prospectus, a number of the Company's significant shareholders (Groupe Arnault, S.A.S, Colony Blue Investor S.à.r.l. and Blue Capital S.à.r.l.) have signed a lock-up commitment to maintain their DIA shares, whereby they undertake to refrain from selling their shares in the Company during a period of one year following the trading of the shares in question (i.e. from 5 July 2011). In addition, DIA shareholders Groupe Arnault, S.A.S, Colony Blue Investor S.à.r.l. and Blue Capital S.à.r.l. have reported that they exercise their voting rights with regards to DIA jointly by virtue of a verbal agreement.

As a listed entity, the acquisition of certain significant shareholdings is subject to prior notification to the issuer and the Spanish Securities Market Commission, pursuant to article 53 of the Securities Market Law, Royal Decree 1362/2007 of 19 October 2007, and the Spanish Securities Market Commission Circular of 19 December 2007, which stipulate as the first threshold for notification 3% of share capital or total voting rights (or 1% in cases where the party obliged to report resides in a tax haven or in a country or territory with zero taxation, or with which there is no effective exchange of tax information in accordance with prevailing legislation).

In addition to the above, the Company has not been notified of any associative arrangements between shareholders which restrict the free transferability of shares or which may lead to restrictions to voting rights.



- **Standards applicable to any amendments to the company's articles of association.**

Applicable standards are in line with the regulation set forth in the revised text of the Spanish Companies Act. In accordance with article 16 of the articles of association, the shareholders are responsible for amending the articles of association at their general meeting.

With respect to the right to information in the event of amendment, article 19 of the articles of association stipulates that the notification calling the general meeting, as well as any other information which should be mentioned in accordance with prevailing legislation, should also state the right of all shareholders to examine the unabridged text of the proposed amendment and any reports thereon at the company's registered offices, and to request that this documentation be issued by the Company immediately and free of charge.

Likewise, in accordance with the revised text of the Companies Act, specifically article 286, when an amendment is proposed to the articles of association, the directors must prepare the unabridged text of the proposal, as well as a written report supporting the amendment to be made, which should be made available to the shareholders when the meeting at which the amendment will be discussed is called.

With respect to the quorum and votes required to agree any amendment to the DIA articles of association, at the first call shareholders representing at least 50% of the share capital with voting rights must be present. At the second call, only 25% of the share capital with voting rights is required, although on occasions where less than 50% of the share capital is present, any agreement amending the articles of association will require a favourable vote from two-thirds of the share capital present or represented on the board of directors.

- **Significant agreements entered into by the company which would come into force or be amended or annulled in the event of a change in control resulting from a takeover, and the effects thereof.**

The syndicated loan of Euros 1,050 million extended to DIA by a number of financial institutions on 13 May 2011 (increasing the syndicate of financial institutions on 4 July 2011) includes clauses which stipulate early maturity of the financing in the event of a change in Company control, in which case the loans and any interest accrued thereon will fall due and will be payable immediately.

On 9 May 2011 DIA also signed an agreement with Carrefour World Trade, S.A., a Carrefour Group company, for a three-year term from the date on which the Company's shares were listed, whereby the aforementioned companies would jointly create and develop own brand products, select suppliers for the aforementioned products and negotiate the purchasing terms and conditions for some of these products so that more competitive prices could be obtained. This contract includes a specific compensation clause covering the event of a change in direct or indirect control of either of the parties in favour of certain food distribution groups. Pursuant to this clause, should the contract be terminated due to a cause of this nature, DIA would be liable for payment of up to Euros 35 million in respect of compensation.



Other than the above, the Company has no significant agreements which would come into force or be amended or annulled in the event of a change in control resulting from a takeover, and the effects thereof. However, given the numerous contracts entered into by the Company, it cannot be ruled out that some may include clauses which foresee amendments to or termination of the agreement in the event of a corporate transaction that leads to a change in control of the Company.

- **Agreements between the company and members of the board of directors, management personnel or employees that provide for compensation in the event that these individuals resign, are wrongfully dismissed or their professional relationship with the company is terminated as the result of a takeover.**

As described in the ACGR, of DIA's senior management at 31 December 2011, benefits of this nature are only extended to the executive director under the terms and conditions set forth in the aforementioned report. In general terms, a right has been established whereby this individual is entitled to compensation should the Company decide to end his contract, professional relationship and any other relationship, for any reason other than justified disciplinary dismissal. This compensation is equivalent to forty-five days of salary per year of service (for the period from 24 November 1986 to 30 April 2009), plus eight days of salary per year of service, up to the limit of his last annual gross salary (for the period started on 11 May 2009).

With respect to the above, please see sections B.1.13 and G (in relation to B.1.13) of the ACGR.

- **A description of the main internal control and risk management systems related to the financial reporting process.**

The mechanisms that comprise the risk management and control systems related to the financial reporting process (internal control over financial reporting or "ICOFR systems") are as follows:

a) Control environment:

- The bodies and/or duties responsible for: (i) the existence and maintenance of an adequate ICOFR system; (ii) its implementation; and (iii) its monitoring.

DIA's board of directors is the body ultimately responsible for the existence and maintenance of an adequate and effective ICOFR system. According to the Company's board regulations, the duties of the board of directors which cannot be delegated include approval of "*the control and risk management policy, identifying the Company's main risks and organising adequate internal control and reporting systems*".

The audit and compliance committee is responsible for monitoring the ICOFR system. The board regulations stipulate that this committee shall "*supervise and review the process for preparing and presenting financial information*" and "*supervise and review the effectiveness of internal control procedures*". The audit and compliance committee



supervises an internal audit area, which ensures the correct functioning of the internal control over financial reporting systems.

As required by the audit and compliance committee, the management team is responsible for implementing the ICOFR system, identifying, measuring and monitoring risks and designing preventative solutions to prevent them from arising.

ii. Whether the following exist, in particular with respect to the financial information preparation process:

- **Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of areas of responsibility and authority, with adequate distribution of duties and functions; and (iii) ensuring that there are sufficient procedures for these to be correctly communicated throughout the entity.**
- **Code of conduct, approval body, level of distribution and instruction, the principles and values included (indicating any specific mention to the recognition of transactions and preparation of financial information), and the body responsible for analysing breaches and proposing corrective measures or penalties.**
- **Whistleblowing channel allowing the audit committee to be informed of any financial or accounting irregularities, in addition to any breaches of the code of conduct or irregular activities within the organisation, stating whether this channel is confidential in nature.**
- **Training and refresher programmes for personnel involved in the preparation and review of financial information, as well as assessment of the ICOFR system, which covers (as a minimum) accounting standards, audit, internal control and risk management.**

The individual with ultimate responsibility for the design and review of the organisational structure of DIA and its subsidiaries (the “**DIA Group**”) is the Managing Director, followed by the steering committee.

A DIA Group organisational chart has been created, along with descriptions of positions, ranging from higher levels to management and, on occasion, certain technical positions.

The existing power structure is brought into line with the organisational structure through the delegation of duties to each person in accordance with his/her role and position, enabling the Company to carry out its activities through a decentralised structure which allows each of the centres to operate during the ordinary course of business. Notwithstanding the above, certain particularly relevant powers are exercised in a joint, centralised manner with certain financial limitations.



Furthermore, a number of issues are subject to approval by the board of directors and the shareholders at their general meeting.

The descriptions of positions are currently being reviewed and, where applicable, duties related to the ICOFR system are being developed.

Up until it was listed, DIA applied the Carrefour Group's code of professional conduct, as it belonged to that group. Since the spin-off from the Carrefour Group, the board of directors has driven the preparation and distribution of a DIA Group code of ethics. This code, which is currently being prepared, includes an adequate functional structure at subsidiary and Group level, as well as a whistleblowing channel, which allows breaches of the code of ethics and important irregularities (particularly of a financial and accounting nature) to be reported.

The reporting of these issues is currently carried out through the normal channels of communication: reporting to the HR department, those responsible for the logistics platform/store/functional area, the customer service centre, etc.

The general training plan, which meets the different needs of the DIA Group, will be adapted to cover those requirements which have not yet been covered concerning issues related to the ICOFR systems.

b) Assessment of financial reporting risks

i. The main features of the risk identification process (include risks related to error or fraud), with respect to:

- **Whether the process exists and is documented.**
- **Whether the process covers all financial reporting objectives (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, rights and obligations), whether it is updated and, if so, how frequently.**
- **The existence of a process to identify the scope of consolidation, which considers issues such as the possible existence of complex corporate structures or special purpose vehicles.**
- **Whether the process considers the impact of other risk types (operational, technological, financial, legal, reputational, environmental, etc.) that may affect the financial statements.**
- **The entity's governance body responsible for supervising the process.**

DIA has decided to base its risk management system on COSO II methodology (*Committee of Sponsoring Organizations for the Commission on Fraudulent Financial Reporting – Treadway Commission*) or the Enterprise Risk Management Integrated Framework. The Company has undertaken to design and implement a formal process, the required organisational structure



and a risk management support tool to facilitate the process for identifying, assessing and monitoring risks and automating the reporting and regular updating of the key risk map, both at Group level and for each line of business/country.

The risk map will consider risks related to the financial information preparation process, as well as other risk types considered key for DIA.

The risk management process is based on five recurring stages:

- Identification of risks with a potential impact on DIA's objectives.
- Assessment of the risks identified based on their probability of occurrence and their impact on DIA.
- Definition of the risk response procedure.
- Monitoring of key risks.
- Reporting of the most significant key information.

To ensure the reliability and accuracy of financial reporting, this procedure covers all related objectives (existence and occurrence, completeness, measurement and accuracy, rights and obligations, presentation and disclosure).

The finance area is responsible for determining the scope of consolidation for the DIA Group on an ongoing basis, while the audit and compliance committee supervises the adequate limitation of the aforementioned scope, in accordance with the board of directors' regulations.

The board of directors' regulations stipulate that the audit and compliance committee is responsible for "*supervising and regularly updating the effectiveness of the Company's internal control, internal audit and risk management system procedures*".

c) Control activities

- i. Procedures to review and authorise financial information and description of the ICOFR system, to be published on the securities market, indicating those responsible for execution, as well as documentation describing the flow of activities and controls (including those relating to fraud risk) for the different kinds of transactions that may have a material impact on the financial statements, together with the procedure for the accounting close and the specific review of relevant judgments, estimates, measurements and projections.

During the first half of 2012 existing documentation on those processes which may have a material impact on the financial statements will be completed with the preparation of workflows, descriptions and risk and control matrices. This documentation, which will be updated on a



constant basis, will also state the person responsible for each key control.

One of these processes will be the process for the accounting close, consolidation and reporting.

- ii. Internal control over financial reporting system policies and procedures (including access security, monitoring changes, how changes are made, operating continuity and segregation of duties) which support the entity's relevant processes for the preparation and publication of financial information.

DIA has a corporate information security policy, which sets forth the policy for protecting information with respect to access control, user responsibilities, communication and operation security, change management, development security, incident management, business continuity and compliance. The policy and its associated regulatory framework are based on the ISO 27000 catalogue of international standards.

The aforementioned policy defines the criteria used to mitigate those risks which affect information confidentiality, completeness and availability. DIA uses a technological risk management process to identify any threats, as well as to establish action plans to ensure compliance with business objectives derived from dependence on IT systems.

DIA has introduced the controls required to ensure the segregation of duties and user access to information on a need-to-know basis.

Business processes which are critical for the Company have various organisational and technological solutions which ensure business continuity for DIA. There is a systems continuity plan whereby the main applications are replicated and stored in sufficiently separate locations. Critical processes, such as warehousing and re-supply, have sufficient alternatives so that activity can continue should access to the offices be unavailable.

- iii. Internal control policies and procedures to supervise management of activities outsourced to third parties, as well as issues related to evaluation, calculation or measurement which are entrusted to independent experts and which may have a material impact on the financial statements.

The Company has no activities outsourced to third parties which may affect the financial statements.

d) Information and communication

- i. A specific function designed to define and keep updated accounting policies (accounting policy area or department) and resolve any queries or conflict derived from interpretation of these policies, maintaining smooth communication with those responsible for operations within the organisation, as well as ensuring the existence of an updated accounting



policies manual which is distributed to the units through which the entity operates.

Since the spin-off from the Carrefour Group, the administration area (which, in organisational terms, reports to DIA's finance area) has been preparing an accounting policies manual, which sets forth the accounting policies adapted to the Company's requirements. These policies have been developed based on International Financial Reporting Standards (IFRS). The consolidation manual will be updated regularly and distributed to the various subsidiaries.

The administration area is responsible for resolving any queries derived from interpretation of the above-mentioned accounting policies.

The legal area is responsible for identifying, measuring and minimising legal risks, and for providing DIA with the necessary legal security, continually ensuring compliance with prevailing regulations.

To adequately carry out this function, a "regulation map" has been designed and implemented, which identifies and details all regulations applicable DIA's various activities, with a particular focus on key legislation concerning the value chain.

The legal area's annual activities plan involves the planning and organisation of ongoing training sessions (in-person or e-learning) on any developments concerning legislation or case law with a relevant impact on DIA activity.

The finance and HR areas each have procedures to monitor applicable tax, accounting and employment regulations, and to subsequently adapt these throughout all areas of activity. Use is made of both official tools (Official State Gazettes and legal/case law databases) and external tools (newsletters from various law firms).

- ii. Mechanisms to obtain and prepare financial information with standardised formats, to be applied and used by all the entity or Group's units, which support the main financial statements and the notes thereto, as well as information on internal control over financial reporting systems ("ICOFR systems").

Since the spin-off from the Carrefour Group, DIA has implemented an IT consolidation tool which, following the uploading of data by each subsidiary, allows financial information to be prepared in a standardised format, thereby facilitating the consolidation process. In this way, a single tool with one accounting plan is used to centralise information from all the individual financial statements of each of the Group's units.

e) **Supervision of system functions**

- i. The activities carried out by the audit committee to supervise the ICOFR system, as well as whether the entity has an internal control department whose duties include supporting the committee in its supervision of the internal control systems, including ICOFR.



Information should be given on the scope of the ICOFR system assessment performed during the year, as well as the procedure used by the person responsible for carrying out the assessment to report the results thereof, whether the entity has an action plan detailing any possible corrective measures, and if the impact on financial information has been taken into consideration.

The internal audit area's duties include supporting the audit and compliance committee with respect to supervision of the correct functioning of the internal control over financial reporting system. In accordance with the internal audit plan approved by the audit and compliance committee, the audit area supervises the correct functioning of part of the group of services that comprise ICOFR, assessing design and effectiveness and issuing a report which will be reviewed and reported to the audit and compliance committee.

- ii. If there is a discussion procedure whereby the auditor (in accordance with the technical standards governing the audit profession), the internal audit area and other experts can inform senior management and the audit committee or entity's directors of any significant internal control weakness detected during the review of the annual accounts, or any other processes entrusted to them. Information should also be provided as to whether there is an action plan to correct or mitigate the weaknesses observed.

The board of directors' regulations stipulate the audit and compliance committee's duty to "*act as a channel for communication between the board of directors and the auditors, assess the results of each audit and the responses from the management team to the recommendations set forth therein, and mediate in the event of discrepancies between the auditors and the management team concerning the principles and criteria used to prepare the financial statements*".

The internal audit area will regularly inform DIA Group management and the audit and compliance committee of the results of ICOFR system reviews and the rest of the internal audits carried out during the year, as well as the status of implementation of any action plans which arose therefrom.

Once a year the auditors will formally report any significant internal control weaknesses detected during the course of their work to the audit and compliance committee. This report shall include comments from DIA management and, if applicable, any action plans to be implemented to mitigate the weaknesses detected.

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